

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ACQUISITION OF EQUITY INTEREST IN SHENNAN CIRCUIT

ACQUISITION OF EQUITY INTEREST IN SHENNAN CIRCUIT

On 28 December 2011, the Company and Shenzhen Company (the controlling Shareholder) have entered into the Share Transfer Agreement, pursuant to which the Company has conditionally agreed to acquire 4.65% equity interest in Shennan Circuit from Shenzhen Company for a total consideration of RMB53,000,000 (equivalent to approximately HK\$65,222,740).

As at the date of this announcement, the Company held approximately 88.34% interest in the registered capital of Shennan Circuit. The remaining approximate 11.66% interest was held by Shenzhen Company as to 4.65% approximately, and by Independent Third Parties as to 7.01% approximately.

Upon the Completion, the Company will own approximately 92.99% in the registered capital of Shennan Circuit.

IMPLICATIONS ON THE LISTING RULES

Shenzhen Company is a promoter of the Company and the controlling Shareholder, which as at the date of this announcement held approximately 58.77% of the issued share capital of the Company. Accordingly, Shenzhen Company is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios are more than 0.1% but less than 5%, the Acquisition is only subject to reporting and announcement requirements and exempted from the independent Shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

THE SHARE TRANSFER AGREEMENT

Date

28 December 2011

Parties

Vendor : Shenzhen Company

Purchaser : the Company

Shenzhen Company is a promoter of the Company and the controlling Shareholder, which as at the date of this announcement held approximately 58.77% of the issued share capital of the Company. Accordingly, Shenzhen Company is a connected person of the Company.

As at the date of this announcement, the Company held approximately 88.34% interest in the registered capital of Shennan Circuit. The remaining approximate 11.66% interest was held by Shenzhen Company as to 4.65% approximately, and by Independent Third Parties as to 7.01% approximately.

Condition precedent

The Share Transfer Agreement is conditional upon the obtaining of the relevant approvals from the state authorities.

Asset to be acquired

4.65% equity interest free from encumbrances, pledge, guarantee and liabilities in Shennan Circuit held by Shenzhen Company.

Pursuant to the Share Transfer Agreement, the Company will be entitled to or responsible for all rights, obligations and liabilities in the Subject Interest accrued from 31 May 2011.

Financial information of Shennan Circuit

Based on the audited accounts of Shennan Circuit prepared according to PRC accounting standards, the net assets value of Shennan Circuit as at 31 December 2010 was approximately RMB832,632,900 (equivalent to approximately HK\$1,024,652,840).

The audited turnover, profit before and after taxation and extraordinary items of Shennan Circuit prepared in accordance with PRC accounting standards for the two financial years ended 31 December 2009 and 2010 are set out as follows:

	For the financial year ended 31 December	
	2010 <i>(RMB)</i> <i>(approximately)</i>	2009 <i>(RMB)</i> <i>(approximately)</i>
Turnover	1,650,530,422	1,203,180,881
Profit before taxation and extraordinary items	173,525,663	136,292,819
Profit after taxation and extraordinary items	151,659,334	115,704,119

Furthermore, the appraised net asset value of 4.65% equity interest of Shennan Circuit as at 31 May 2011 according to the Valuation Report was RMB48,081,000 (equivalent to approximately HK\$59,169,330).

The original cost to the Subject Interest paid by Shenzhen Company was RMB6,500,000.

Consideration

The total consideration of the Acquisition is RMB53,000,000 (equivalent to approximately HK\$65,222,740), which shall be paid by the Company to Shenzhen Company in one single payment within 30 working days after the relevant approvals from the state authorities have been obtained.

The Group intends to settle the above consideration with internal resources.

The consideration of the Subject Interest was determined with reference to an independent valuation of the Subject Interest by the Valuer adopting the asset-based method. Pursuant to the Valuation Report, the appraised value of the Subject Interest as at 31 May 2011 was RMB48,081,000 (equivalent to approximately HK\$59,169,330). Taking into account the valuation above and the reasons and benefits as stated in the paragraph below headed “Reasons for and benefits of the entering into of the Share Transfer Agreement”, the Board consider that the consideration of the Acquisition is fair and reasonable and the terms and conditions of the Share Transfer Agreement are in the interests of the Company and the Shareholders as a whole.

COMPLETION

The completion of the Acquisition shall take place upon the transfer of the Subject Interest to the Company is registered with the relevant government authority. Upon the Completion, the Company will own approximately 92.99% in the registered capital of Shennan Circuit and Shenzhen Company will cease to own any equity interest in Shennan Circuit. Shennan Circuit will remain as a subsidiary of the Company.

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, hotel operation and property development as well as the agriculture related resources industry.

INFORMATION OF SHENZHEN COMPANY

Shenzhen Company is a promoter of the Company and the controlling Shareholder and is a PRC state-owned company. It is a diversified enterprise and its business is carried out by its numerous subsidiaries. Its major business areas cover hi-technology manufacturing, real estate and property management, hotel service, department store retailing as well as import and export trading.

INFORMATION AND SHAREHOLDING STRUCTURE OF SHENNAN CIRCUIT

Shennan Circuit is a company established in the PRC with limited liability and is principally engaged in the manufacture and sale of printed circuit boards. As at the date of this announcement, the registered capital of Shennan Circuit was RMB139,800,000, of which RMB123,500,000 (representing approximately 88.34% of the registered capital) was contributed by the Company and RMB6,500,000 (representing approximately 4.65% of the registered capital) was contributed by Shenzhen Company. The remaining registered capital of RMB9,800,000 (representing approximately 7.01% of the registered capital) was contributed by Independent Third Parties). Mr. You Lei is a Director and the managing director of Shennan Circuit.

REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE SHARE TRANSFER AGREEMENT

Through the Acquisition, Shenzhen Company will no longer own any equity interest in Shennan Circuit. The Acquisition will enhance the Group's control in Shennan Circuit, which will in turn benefit the Group by facilitating the governance structure and enhancing the efficiency in decision-making process and business operation of Shennan Circuit. In light of the satisfactory operation and financial performance of Shennan Circuit and the increased shareholding in Shennan Circuit pursuant to the Acquisition, the Directors consider that the Group will be further benefited from the future financial results of Shennan Circuit.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Transfer Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Share Transfer Agreement is in the interest of the Company and the Shareholders as a whole.

Further, none of the Directors has material interest in the Share Transfer Agreement or is required to abstain from voting on the Board resolutions in relation to the Share Transfer Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Shenzhen Company is a promoter of the Company and the controlling Shareholder, which as at the date of this announcement held approximately 58.77% of the issued share capital of the Company. Accordingly, Shenzhen Company is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios are more than 0.1% but less than 5%, the Acquisition is only subject to reporting and announcement requirements and exempted from the independent Shareholders' approval pursuant to Rule 14A.32 of the Listing Rules.

DEFINITIONS

The following words and phrases used in this announcement have the same meanings assigned:

“Acquisition”	the proposed acquisition of the Subject Interest pursuant to the Share Transfer Agreement
“Board”	the board of Directors
“Company”	CATIC Shenzhen Holdings Limited (深圳中航集團股份有限公司), a joint stock limited company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition contemplated under the Share Transfer Agreement upon the transfer of the Subject Interest to the Company is registered with the relevant government authority
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of Shares

“Shares”	shares of the Company
“Share Transfer Agreement”	a conditional share transfer agreement entered into between the Company and Shenzhen Company on 28 December 2011 in relation to the Acquisition
“Shennan Circuit”	Shenzhen Shennan Circuit Co., Ltd. (深南電路有限公司 Shenzhen Shennan Circuit Co., Ltd.), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company
“Shenzhen Company”	AVIC International Shenzhen Company Limited (中國航空技術深圳有限公司), a limited liability company established in the PRC, a controlling shareholder of the Company, and as at the date of this announcement, its entire equity interest is owned by AVIC International Holding Corporation (中國航空技術國際控股有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Interest”	4.65% equity interest in Shennan Circuit held by Shenzhen Company
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Valuation Report”	a valuation report issued by the Valuer on 26 October 2011 in relation to the valuation of the Subject Interest
“Valuer”	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), a certified public valuer and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

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

Shenzhen, the PRC, 28 December 2011

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

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted into Hong Kong dollars at RMB0.8126 to HK\$1.00 for illustration purpose only. No representation has been made by the Company that any amount have been, could have been or could be converted at the above rate or at any other rates or at all.