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中航國際控股股份有限公司 AVIC INTERNATIONAL HOLDINGS LIMITED

(formerly known as CATIC Shenzhen Holdings Limited (深圳中航集團股份有限公司))

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

(Stock Code: 00161)

FURTHER DEVELOPMENT IN RELATION TO THE CONNECTED TRANSACTION INVOLVING THE POTENTIAL DISPOSAL OF 24.5% EQUITY INTEREST IN AVIC CONSTRUCTION ENGINEERING COMPANY LIMITED THROUGH PUBLIC TENDER

EQUITY TRANSACTION AGREEMENT

The Board is pleased to announce that on 23 January 2018, Engineering Company and AVIC Shenzhen entered into the Equity Transaction Agreement with Shenzhen Lian Heng in respect of the disposal of the AVIC Construction Engineering Interest and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen at an aggregate consideration of RMB121,541,200. The consideration for the disposal of the AVIC Construction Engineering Interest is RMB39,440,520. The consideration for the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen is RMB82,100,680.

Upon completion of the Potential Disposal, Engineering Company will cease to have any equity interest in AVIC Construction Engineering.

INTRODUCTION

Reference is made to the announcement (the “**Announcement**”) of the Company dated 29 November 2017 in relation to the potential disposal of 24.5% equity interest in AVIC Construction Engineering by Engineering Company through a public tender process to be conducted on CBEE. Capitalised terms used in this announcement shall have the meanings as ascribed to them in the Announcement unless the context otherwise requires.

The Board is pleased to announce that on 23 January 2018, Engineering Company and AVIC Shenzhen entered into the equity transaction agreement (the “**Equity Transaction Agreement**”) with Shenzhen Lian Heng Investment Company Limited* (深圳市聯恒投資有限公司) (“**Shenzhen Lian Heng**” or the “**Purchaser**”) in respect of the disposal of the AVIC Construction Engineering Interest and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen at an aggregate consideration of RMB121,541,200. The consideration for the disposal of the AVIC Construction Engineering Interest is RMB39,440,520. The consideration for the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen is RMB82,100,680.

Upon completion of the Potential Disposal, Engineering Company will cease to have any equity interest in AVIC Construction Engineering.

EQUITY TRANSACTION AGREEMENT

Date : 23 January 2018

Parties : (i) AVIC Shenzhen (as one of the vendors);
(ii) Engineering Company (as one of the vendors); and
(iii) Shenzhen Lian Heng (as purchaser)

The transaction was arranged through a public tender process (listing-for-sale) (公開掛牌) conducted on CBEE, which is an open exchange platform for the trading of assets and equities.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject Matter : The disposal of the AVIC Construction Engineering Interest by Engineering Company and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen by AVIC Shenzhen

Consideration : RMB121,541,200, which shall be satisfied by the Purchaser in the following manner:

- (i) RMB36,460,000, being the deposit which has already been paid by the Purchaser in accordance with the requirements of AVIC Shenzhen, Engineering Company and CBEE to the designated account of CBEE as the guarantee of intention of the Purchaser to be the transferee prior to the signing of the Equity Transaction Agreement and will be considered as part of the consideration; and
- (ii) RMB85,081,200, being the remaining amount of the consideration which shall be satisfied by one (1) lump-sum payment to a designated account of CBEE within two (2) business days after signing of the Equity Transaction Agreement.

AVIC Shenzhen, Engineering Company and the Purchaser agree that CBEE can transfer the consideration respectively to the designated accounts of the Company and AVIC Shenzhen according to their proportion of equity interest held in AVIC Construction Engineering within three (3) business days after the issue of the equity transaction certificates in relation to the Potential Disposal and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen.

The consideration was based on the base price of open offer through CBEE, which is determined with reference to the appraised value of AVIC Construction Engineering's equity interest approved by the relevant regulatory authority of State-owned assets in the PRC.

- Conditions Precedent : Completion of the Potential Disposal and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen is conditional upon the fulfillment of the following conditions:
- (i) Engineering Company and AVIC Shenzhen having completed the approval and filing legal procedures regarding the Potential Disposal and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen under the Equity Transaction Agreement in accordance with the relevant laws;
 - (ii) Engineering Company and AVIC Shenzhen having completed all the procedures in relation to the open offer through CBEE in accordance with the relevant laws, rules and regulations; and
 - (iii) the Purchaser having completed the approval or authorisation procedures in respect of the Potential Disposal and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen in accordance with the relevant laws and its articles of association.
- Other major terms : (i) The Purchaser shall procure AVIC Construction Engineering to deal with the business registration in respect of the Potential Disposal and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen within twenty (20) business days after receiving the equity transaction certificates issued by CBEE, and AVIC Shenzhen and Engineering Company shall provide necessary assistance and cooperation.
- (ii) Completion of the Potential Disposal under the Equity Transfer Agreement shall take place on the date of completion of the business registration in respect of the Potential Disposal and the disposal of 51% equity interest in AVIC Construction Engineering held by AVIC Shenzhen and issuance of the new business license of AVIC Construction Engineering by the registration authority.

(iii) The profit and loss of relevant assets of AVIC Construction Engineering during the period from the appraisal reference date of AVIC Construction Engineering, i.e. 30 June 2017, to the completion of the Potential Disposal under the Equity Transfer Agreement shall be borne by the Purchaser, unless Engineering Company and AVIC Shenzhen fail to perform the obligation of due care.

INFORMATION OF THE PURCHASER

The Purchaser is a limited liability company established in the PRC, and is principally engaged in industrial, agricultural, high-tech project investment, entrusted asset management and investment consulting businesses.

FINANCIAL IMPACT OF THE POTENTIAL DISPOSAL

Based on the consideration of RMB39,440,520 after deducting the carrying amount of the investment costs paid by the Group in connection with the AVIC Construction Engineering Interest, the Group is expected to record a gain of RMB3,239,020 from the Potential Disposal, which is subject to audit by the auditors of the Company.

For further information relating to the Potential Disposal, including but not limited to the public tender procedures, reasons for and benefits of the Potential Disposal, listing rules implications and the parties involved, please refer to the announcement of the Company dated 29 November 2017.

By order of the Board
AVIC International Holdings Limited
Liu Hong De
Chairman

Shenzhen, PRC, 23 January 2018

As at the date of this announcement, the Board comprises a total of 9 Directors, Mr. Liu Hong De, Mr. Lai Wei Xuan, Mr. You Lei, Ms. Zhou Chun Hua, Mr. Chen Hong Liang, Mr. Liu Jun as executive Directors; and Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Wei Wei as independent non-executive Directors.

** For identification purpose only*