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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 with limited liability)*  
**(Stock code: 00161)**

## **ANNOUNCEMENT MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO RENEWAL OF THE FINANCIAL SERVICES AGREEMENT**

### **RENEWAL OF THE 2015 FINANCIAL SERVICES AGREEMENT**

Reference is made to the announcements of the Company dated 29 September 2015 and 11 August 2017 and the circulars of the Company dated 24 November 2015 and 25 September 2017 in relation to the 2015 Financial Services Agreement and the Supplemental Financial Services Agreement entered into between the Company and AVIC Finance, pursuant to which AVIC Finance will provide to the Group a range of financial services as the Company may request from time to time for a term ending on 31 December 2018.

On 26 September 2018, the Company and AVIC Finance entered into the 2018 Financial Services Agreement for renewal of the 2015 Financial Services Agreement. Pursuant to the 2018 Financial Services Agreement, AVIC Finance will provide to the Group a range of financial services as the Company may request from time to time for a term commencing from the Effective Date to 31 December 2021.

## **IMPLICATIONS UNDER THE LISTING RULES**

Aviation Industry is the ultimate holding company of the Company and AVIC Finance. As at the date of this announcement, Aviation Industry held approximately 62.52% of the equity interest in AVIC International (a controlling Shareholder holding approximately 37.50% of the issued share capital of the Company), which in turn owned 100% equity interest of AVIC Shenzhen (a controlling Shareholder holding approximately 33.93% of the issued share capital of the Company), and Aviation Industry also directly and indirectly held the entire equity interest in AVIC Finance. Accordingly, AVIC Finance is a connected person of the Company and the transactions contemplated under the 2018 Financial Services Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Deposit Cap exceed 5%, the Deposit Services is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios for the Deposit Cap exceed(s) 25%, the Deposit Services contemplated under the 2018 Financial Services Agreement also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As each of the applicable percentage ratios in respect of Spot FX Trading Cap is more than 0.1% but less than 5%, the transactions contemplated under the Foreign Exchange Services are subject to the reporting, annual review and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since the Loan Services and the Guarantee Services are on normal commercial terms and no security over the assets of the Group will be granted in respect of the financial assistance, the transactions in respect of the Loan Services and the Guarantee Services are exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

It is expected that the Other Services will not be, on an annual basis, more than the de minimis threshold of 0.1% calculated under Rule 14A.76(1) of the Listing Rules. The Other Services is also exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

If the Group will provide any securities over its assets in any transaction in respect of the Loan Services and Guarantee Services or any transaction in respect of the Other Services will exceed the de minimis threshold in the future, the Group will comply with the applicable requirements in relation to connected transactions under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the 2018 Financial Services Agreement.

The independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2018 Financial Services Agreement.

A circular containing, among other things, details of the 2018 Financial Services Agreement, a letter from the Independent Board Committee, a letter from the independent financial adviser, such other information as required under the Listing Rules and a notice of the EGM is expected to be despatched to the Shareholders on or before 23 November 2018, which is more than 15 Business Days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## **RENEWAL OF THE 2015 FINANCIAL SERVICES AGREEMENT**

Reference is made to the announcements of the Company dated 29 September 2015 and 11 August 2017 and the circulars of the Company dated 24 November 2015 and 25 September 2017 in relation to the 2015 Financial Services Agreement and the Supplemental Financial Services Agreement entered into between the Company and AVIC Finance, pursuant to which AVIC Finance will provide to the Group a range of financial services as the Company may request from time to time for a term ending on 31 December 2018.

On 26 September 2018, the Company and AVIC Finance entered into the 2018 Financial Services Agreement for renewal of the 2015 Financial Services Agreement. Pursuant to the 2018 Financial Services Agreement, AVIC Finance will provide to the Group a range of financial services as the Company may request from time to time for a term commencing from the Effective Date to 31 December 2021.

## **2018 FINANCIAL SERVICES AGREEMENT**

The major terms of the 2018 Financial Services Agreement are set out below.

### **Date:**

26 September 2018

### **Parties:**

The Company and AVIC Finance

### **Term:**

From the Effective Date to 31 December 2021

## **Scope of services:**

AVIC Finance will provide to the Group a range of financial services as the Company may request from time to time. Such services include:

### *(a) Deposit Services*

Design of the most beneficial deposit portfolios for the Group such as current deposit, call deposit and time deposit;

### *(b) Loan Services*

- (i) provision of Loan Services to the Group on normal commercial terms where no security over the assets and equity rights or guarantee will be required if the Group meets the credit requirements of AVIC Finance. If the Group cannot meet the credit requirements of AVIC Finance, AVIC Finance and the Group can enter into separate agreements in relation to the Loan Services, provided that the relevant disclosure and approval procedures have been fulfilled by the Company and/or any member companies of the Group in accordance with the listing rules of the places where the Company and/or any member companies of the Group are listed; and
- (ii) if the provision of Loan Services does not involve the security over the assets, guarantee or provision of counter-guarantee, there will be no maximum transaction limit on the maximum daily balance (including the accrued interests) of the loans to be provided by AVIC Finance to the Group;

### *(c) Settlement Services*

provision of Settlement Services for intra-group transactions and the transactions between the Group and the member companies of Aviation Industry or any other third parties;

### *(d) Foreign Exchange Services:*

- (1). provision of Foreign Exchange Services to the Group such as spot exchange settlement and sale, and consultation services in relation to foreign exchange business;
- (2). AVIC Finance provides spot foreign exchange settlement and sale services for foreign currencies such as US dollars, Euro, Hong Kong dollars, Japanese yen and British pounds. The foreign exchange settlement under the Group's current accounts will be directly performed by AVIC Finance, and the foreign exchange settlement under capital account and purchase of foreign exchange will be examined by the banks while determination of the exchange rate and fund settlement will be performed by AVIC Finance;

(e) *Guarantee Services*

provision of guarantee at the request of the Company and/or any member companies of the Group for financing, lease financing, bidding activities or performance, etc., with no counter-guarantee in favour of AVIC Finance required. If counter-guarantee is required to be provided by the Company and/or any member companies of the Group, AVIC Finance will enter into separate agreements with the Company and/or any member companies of the Group provided that there is consensus between both parties and the relevant disclosure and approval procedures have been fulfilled by the Company and/or any member companies of the Group in accordance with the listing rules of the places where the Company and/or any member companies of the Group are listed; and

(f) *Other Financial Services*

if AVIC Finance provides any other financial services as approved by CBRC to the Group including but not limited to bills acceptance, discounting services and accounts receivable factoring services, AVIC Finance and the Group will enter into a separate agreement, in accordance with the 2018 Financial Services Agreement.

**Price determination:**

(a) *Deposit Services:*

The interest rates payable to the Group shall not be lower than (i) the minimum benchmark interest rates prescribed by the PBOC for the same type of deposits; (ii) the interest rates offered by the major commercial banks in the PRC to the Group for the same type of deposits; and (iii) the interest rates offered by AVIC Finance to any other member companies of Aviation Industry for the same type of deposits.

(b) *Loan Services:*

Interest rates of the loans shall not be higher than (i) the maximum interest rates prescribed by PBOC for the same type of loans; (ii) the interest rates offered by AVIC Finance to any other member companies of Aviation Industry with the same credit rating; and (iii) the interest rates offered by major commercial banks in the PRC for same type of loans.

(c) *Settlement Services:*

The fees charged shall not be higher than the fees charged to the Group by major commercial banks in PRC for the same type of services at that time or the fees charged by AVIC Finance to any other member companies of Aviation Industry for the same type of services for the same period.

(d) *Foreign Exchange Services:*

The exchange rate for the exchange settlement services shall not be lower than the rates for the same period offered by AVIC Finance to any third party for the same types of services and in the same amount or the rates for same types of services and in the same amount offered by other commercial banks to the Group.

The exchange rate for the exchange sale services shall not be higher than the rates for the same period offered by AVIC Finance to any third party for the same types of services and in the same amount or the rates for the same types of services and in the same amount offered by other commercial banks to the Group.

(e) *Other Financial Services:*

The fees so charged shall not be higher than the maximum charging fees prescribed by the PBOC for the same type of services (if applicable), or the charging fees offered either by major commercial banks in the PRC to the Group or by AVIC Finance to any other member companies of Aviation Industry with the same credit ratings for same type of services.

**Internal control procedures of the Group in price determination:**

The Company has adopted the following measures to monitor the pricing and terms of the transactions contemplated under the 2018 Financial Services Agreement:

- (1). Officers of the finance departments of each of the Group's member companies are responsible for monitoring the banking activities. The officers will (1) check the current deposit and lending benchmark rates published by the PBOC; (2) check the deposit and lending rates quoted by other commercial banks; and (3) obtain quotes for rate or fee comparison from over two major commercial banks or financial institutions in cooperation with the Group to decide which institution the Group will select for a particular service.
- (2). Officers of the finance departments of each of the Group's member companies will report to the management on the capital requirements of the member companies of the Group. Definitive financing documents will be entered into only after the said financing documents having obtained (1) the approval of the board of directors or shareholder(s) of the companies (as the case may be); and (2) the approval of the legal department and finance department on the specific terms of loans and security to be entered into with financial institutions.
- (3). The Company and its subsidiaries have a relatively sound financial management system, including the examination and approval procedures for the security of loans borrowed by each of the subsidiaries from banks and financial institutions. Each of the subsidiaries will follow the said procedures in the examination and approval for the financing proposals.

## **Undertakings:**

AVIC Finance undertakes to the Company, among other things, that:

- (a) If AVIC Finance, for whatever reasons, fails to pay any amount of the Company's deposit, the Company shall have the right to offset against the outstanding loan amounts due to AVIC Finance by the Company, and the Company shall have the right to terminate the 2018 Financial Services Agreement.
- (b) AVIC Finance will fully compensate any loss suffered by the Group due to the default of AVIC Finance.
- (c) Where there are deposits placed by the Group with AVIC Finance, AVIC Finance shall provide its monthly reports and annual reports audited by a qualified accounting firm to the Company regularly.
- (d) AVIC Finance will forthwith notify the Company if, among other things,
  - (i) AVIC Finance contravenes or fails to comply with relevant rules of the Measures;
  - (ii) any material event occurs such as a bank run, failure to pay any debt due, a great sum of overdue loan or payment for guarantee made, serious malfunction of the computer system, robbery, fraud or any serious breach or criminal case involving the directors or senior management of AVIC Finance;
  - (iii) there is any material change in its shareholding or equity structure, or its operation which may affect normal operation of AVIC Finance;
  - (iv) AVIC Finance has advanced to a single shareholder of a loan exceeding either 50% of its registered capital or the amount of capital contributed by that shareholder;
  - (v) the total balance of the deposits placed with AVIC Finance by the Group exceeds 30% of the customers' total deposit balance with AVIC Finance;
  - (vi) there is any loan due from the shareholder of AVIC Finance to AVIC Finance which is overdue for over one year and unpaid;
  - (vii) AVIC Finance has suffered loss which is equivalent to over 30% of its registered capital in one year or over 10% of its registered capital in three consecutive years;
  - (viii) AVIC Finance has been imposed with administrative penalty or ordered for restructuring by supervisory body such as CBRC; and
  - (ix) AVIC Finance has a serious financial crisis or any event occurs which may affect the funds placed by the Group with AVIC Finance.

## Conditions precedent:

The 2018 Financial Services Agreement shall become effective upon (but in any event not earlier than 1 January 2019):

- (a) the due execution of the 2018 Financial Services Agreement by the Company and AVIC Finance;
- (b) the Company having obtained approval of its internal authorities on the 2018 Financial Services Agreement and the transactions contemplated thereunder (such as board of directors and shareholders) in accordance with its articles of association, and relevant laws, rules and regulations (including but not limited to the Listing Rules); and
- (c) AVIC Finance having obtained approval of its internal authorities on the 2018 Financial Services Agreement and the transactions contemplated thereunder (such as board of directors and shareholders) in accordance with its articles of association, and relevant laws, rules and regulations.

## HISTORICAL FIGURES AND ANNUAL CAPS

### (a) Deposit Cap:

Set out below is a summary of the historical transaction amounts of deposit services provided by AVIC Finance to the Group under the 2015 Financial Services Agreement and the Supplemental Financial Services Agreement for the following periods:

	Historical figures for the following periods		
	Year ended 31 December 2016 (RMB)	Year ended 31 December 2017 (RMB)	Eight months from 1 January 2018 to 31 August 2018 (RMB)
the maximum daily outstanding balances (including accrued interests which is not cumulative in nature, inclusive of foreign currency converted into RMB)	1,734,620,000	2,998,486,000	2,998,486,000

Set out below are the proposed caps for the Deposit Services for the following periods:

	<b>Year ended 31 December 2019 (RMB)</b>	<b>Year ended 31 December 2020 (RMB)</b>	<b>Year ended 31 December 2021 (RMB)</b>
Deposit Cap (the maximum daily outstanding balances including accrued interests which is not cumulative in nature, inclusive of foreign currency converted into RMB)	4,000,000,000	4,000,000,000	4,000,000,000

AVIC Finance shall assist the Company in observing the Deposit Cap.

**(b) Spot FX Trading Cap:**

Set out below is a summary of the foreign exchange services handled by AVIC Finance under the 2015 Financial Services Agreement for the following periods:

	<b>Historical figures for the following periods</b>		
	<b>Year ended 31 December 2016 (US\$)</b>	<b>Year ended 31 December 2017 (US\$)</b>	<b>Eight Months from 1 January 2018 to 31 August 2018 (US\$)</b>
The maximum daily amount for foreign exchange settlement and sale handled by AVIC Finance	5,294,528	6,373,310	5,000,000

Set out below are the proposed caps for the Foreign Exchange Services for the following periods:

	<b>For the period from the Effective Date to 31 December 2019 (US\$)</b>	<b>Year ending 31 December 2020 (US\$)</b>	<b>Year ending 31 December 2021 (US\$)</b>
Spot FX Trading Cap (the maximum daily amount for the proposed maximum daily transaction amount for foreign exchange settlement and sale to be handled by AVIC Finance)	US\$26,000,000 (equivalent to approximately HK\$154,947,000)	US\$26,000,000 (equivalent to approximately HK\$154,947,000)	US\$26,000,000 (equivalent to approximately HK\$154,947,000)

## **BASIS OF THE ANNUAL CAPS**

### **(a) Deposit Cap**

The Deposit Cap is determined with reference to the following factors:

- (1) With the development of the Group's business, it is expected that orders and sales revenue will increase continuously. As of 2016, 2017 and 30 June 2018, the business of high-tech electronic products of the Group contributed to approximately 46%, 53% and 68% of the Group's revenue. During the year ended 31 December 2017, the Group's sales revenue from the segment of the high-tech electronic products was approximately RMB19,290,550,000, representing an increase of 27.80% compared to RMB15,094,917,000 in 2016. For the six months ended 30 June 2018, the Group's sales revenue from the segment of the high-tech electronic products increased further to RMB16,910,543,000, representing an increase of 41.02% compared to RMB11,991,376,000 for the six months ended 30 June 2017. The management of the Company expected that the growth in orders and sales revenue of the business segment of high-tech electronic products will drive the increase in the Group's capital and needs of financial services.
- (2) The transfer of equity interest in Chengdu Jujin Trading Co., Ltd. (成都聚錦商貿有限公司) ("Chengdu Jujin"), which the Group is promoting, will also bring substantial cash inflow into the Group. According to the announcement of the Company dated 15 June 2018 and the circular dated 29 July 2018, Chengdu AVIC Raise Real Estate Company Limited, a subsidiary of the Company, will sell its 20% equity interest and creditor's rights in Chengdu Jujin. The sale of Chengdu Jujin's equity interest and creditor's rights is expected to receive no less than RMB419,087,240 in cash.
- (3) Due to the above reasons, the Group's funds will also increase, which will lead to an increase in demand for deposits.

### **(b) Spot FX Trading Cap**

The Spot FX Trading Cap is determined with reference to the following factors:

1. the amount of the settlement and sale of foreign exchange business required during the ordinary course of business of the Group over the past 3 years; and
2. the fact that certain subsidiaries of the Group had entered into various overseas projects with relatively long contract duration in recent years, including but not limited to the provision of comprehensive equipment services, construction general contracting and engineering general contracting projects. Such overseas projects led to the demand for settlement and sale of foreign exchange business by the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2018 FINANCIAL SERVICES AGREEMENT**

The reasons for the Group to enter into the 2018 Financial Services Agreement are as follows:

1. The interest rates of the Deposit Services, Loan Services and Other Financial Services provided by AVIC Finance to the Group will be equivalent to or more favourable than (as the case may be) the interest rates provided by the main commercial banks in the PRC to the Group. The benefits of providing Deposit Services to the Group by AVIC Finance include: the Group is able to obtain the prime deposit rate provided by AVIC Finance and obtain the Other Financial Services on more favourable terms provided by AVIC Finance. Further, AVIC Finance provides a centralized platform for the management of the surplus cash of the members of the Group and cash can be injected into the subsidiaries of the Company which are in need of capital, thus enhancing the efficiency of the use of capital of the Group.
2. The terms of the financial services provided by AVIC Finance to the Group are more favourable than those provided by other financial institutions for the same type of services, and this would lower the finance expenses of the Group.
3. AVIC Finance is under the supervision of PBOC and CBRC, and is required to provide services in compliance with the rules and operation requirements of such regulatory institutions. Furthermore, AVIC Finance has implemented risk monitoring measures which help to reduce the capital risk.
4. As AVIC Finance and the Group are members of the Aviation Industry, AVIC Finance is able to provide more convenient and efficient services than those provided by the main commercial banks in the PRC due to its knowledge of the Group's operation.
5. According to the relevant requirements made by the PBOC and CBRC, the clients of AVIC Finance are only limited to members of Aviation Industry. Further, Aviation Industry, being the parent company of AVIC Finance, had provided an undertaking to AVIC Finance, pursuant to which Aviation Industry undertakes to provide capital input to AVIC Finance when AVIC Finance is in need of capital. The above two factors enable the risks exposed to AVIC Finance to be more controllable as compared to the risk exposed to other financial entities.
6. Considering the above factors, the Board considers that the risk exposed by the Group in relation to the provision of financial services by AVIC Finance is relatively lower when compared with the provision of the said services by other financial institutions.

The Directors (excluding the independent non-executive Directors, who shall provide their recommendation after taking into account the advice of the independent financial adviser to be engaged) consider that the terms of the 2018 Finance Services Agreement (including the Annual Caps) are fair and reasonable and on normal commercial terms and that the entering into of the 2018 Financial Services Agreement is in the interest of the Company and the Shareholders as a whole.

None of the Directors has material interest in the transactions contemplated under the 2018 Financial Services Agreement or is required to abstain from voting on the Board resolutions in relation to the 2018 Financial Services Agreement and the transactions contemplated thereunder.

## **INFORMATION OF THE COMPANY AND THE GROUP**

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of flat panel displays and modules, printed circuit boards and watches, logistic service relating to engineering and shipping building and engineering procurement and construction projects in the PRC. The Group continued to promote the exit of real estate business.

## **INFORMATION OF AVIC FINANCE**

AVIC Finance is a company incorporated in the PRC and a non-banking financial institution approved by CBRC, which is principally engaged in the provision of financial services mainly including deposit taking, provision of loans, issue of corporate debentures, inter-bank lending, as well as other financial services such as finance leasing, bills acceptance and discounting, entrusted loans and entrusted investment to member companies, arrangement of buyer's credit for member companies products, underwriting of corporate debentures of member companies, provision of financial advisory, credit certification and other advisory agency service and security to member companies, and other financial services as may be approved by CBRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

Aviation Industry is the ultimate holding company of the Company and AVIC Finance. As at the date of the announcement, Aviation Industry held approximately 62.52% of the equity interest in AVIC International (a controlling Shareholder holding approximately 37.50% of the issued share capital of the Company), which in turn owned 100% equity interest of AVIC Shenzhen (a controlling Shareholder holding approximately 33.93% of the issued share capital of the Company), and Aviation Industry also directly and indirectly held the entire equity interest in AVIC Finance. Accordingly, AVIC Finance is a connected person of the Company and the transactions contemplated under the 2018 Financial Services Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Deposit Cap exceed(s) 5%, the Deposit Services is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios for the Deposit Cap exceed(s) 25%, the Deposit Services contemplated under the 2018 Financial Services Agreement also constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

As each of the applicable percentage ratios in respect of Spot FX Trading Cap is more than 0.1% but less than 5%, the transactions contemplated under the Foreign Exchange Services are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since the Loan Services and the Guarantee Services are on normal commercial terms and no security over the assets of the Group will be granted in respect of the financial assistance, the transactions in respect of the Loan Services and the Guarantee Services are exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

It is expected that the Other Services will not be, on an annual basis, more than the de minimis threshold of 0.1% calculated under Rule 14A.76(1) of the Listing Rules. The Other Services is also exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

If the Group will provide any securities over its assets in any transaction in respect of the Loan Services and Guarantee Services or any transaction in respect of the Other Services will exceed the de minimis threshold in the future, the Group will comply with the applicable requirements in relation to connected transactions under Chapter 14A of the Listing Rules.

## **EGM**

The EGM will be convened by the Company at which resolution will be proposed to consider and, if thought fit, approve the 2018 Financial Services Agreement and the Annual Caps contemplated thereunder.

AVIC International and its associates (including AVIC Shenzhen) are required to abstain from voting at the EGM in respect of the resolutions to approve the 2018 Financial Services Agreement and the Annual Caps. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder other than AVIC International and its associates is required to abstain from voting at the EGM.

## **GENERAL**

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the 2018 Financial Services Agreement.

The independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2018 Financial Services Agreement.

A circular containing, among other things, details of the 2018 Financial Services Agreement, a letter from the Independent Board Committee, a letter from the independent financial adviser, such other information as required under the Listing Rules and a notice of the EGM is expected to be despatched to the Shareholders on or before 23 November 2018, which is more than 15 Business Days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## DEFINITIONS

“2015 Financial Services Agreement”	the financial services agreement dated 29 September 2015 entered into between the Company and AVIC Finance in relation to the provision of financial services to the Group (details of which are set out in the announcement of the Company dated 29 September 2015 and the circular of the Company dated 24 November 2015)
“2018 Financial Services Agreement”	the financial services agreement dated 26 September 2018 entered into between the Company and AVIC Finance in relation to the provision of financial services to the Group
“Annual Caps”	Deposit Cap and Spot FX Trading Cap for the period from the Effective Date to 31 December 2019 and each of the two years ending 31 December 2021
“associate(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Aviation Industry”	Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司), a limited liability company established in the PRC, holding 62.52% of the equity interest in AVIC International and the holding company of AVIC Finance
“AVIC Finance”	AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司), a limited liability company established in the PRC and a non-banking financial institution approved by the CBRC
“AVIC International”	AVIC International Holding Corporation (中國航空技術國際控股有限公司), a limited liability company established in the PRC, a controlling shareholder of the Company
“AVIC Shenzhen”	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 the announcement, its entire equity interest was owned by AVIC International
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Company”	AVIC International Holdings Limited (中航國際控股股份有限公司) (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 PRC with limited liability, whose H Shares are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit Cap”	the proposed maximum daily outstanding balance of deposits (including accrued interest) to be placed by the Group with AVIC Finance during the term of the 2018 Financial Services Agreement
“Deposit Services”	the deposit services to be provided by AVIC Finance to the Group under the 2018 Financial Services Agreement
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) of nominal value of RMB1.00 each in the capital of the Company which are subscribed for and traded in RMB
“Effective Date”	the later of: (a) the date on which all the conditions under the 2018 Financial Services Agreement have been satisfied (please refer to the paragraph headed “Conditions precedent” in this announcement for details); or (b) 1 January 2019
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the 2018 Financial Services Agreement and the Annual Caps
“Foreign Exchange Services”	the foreign exchange services to be provided by AVIC Finance to the Group under the 2018 Financial Services Agreement
“Group”	the Company and its subsidiaries
“Guarantee Services”	the guarantee services to be provided by AVIC Finance to the Group under the 2018 Financial Services Agreement
“H Share(s)”	overseas listed foreign invested share(s) of the nominal value of RMB1.00 each in the capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK\$
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Wei Wei to advise the Independent Shareholders in respect of the transactions contemplated under the 2018 Financial Services Agreement and the Annual Caps

“Independent Shareholders”	Shareholders other than AVIC International and its associates (including AVIC Shenzhen)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services”	the loan services to be provided by AVIC Finance to the Group under the 2018 Financial Services Agreement
“Measures”	Measures for the Administration of Finance Companies of Enterprises Groups (企業集團財務公司管理辦法)
“Other Financial Services”	the financial services other than Deposit Services, Foreign Exchange Services, Loan Services, Guarantee Services and Settlement Services
“Other Services”	the financial services other than Deposit Services, Foreign Exchange Services, Loan Services and Guarantee Services
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Settlement Services”	the settlement services to be provided by AVIC Finance to the Group under the 2018 Financial Services Agreement
“Share(s)”	share(s) of the Company, including Domestic Share(s) and H Share(s)
“Shareholder(s)”	holders of Shares
“Spot FX Trading Cap”	the proposed maximum daily transaction amount for foreign exchange settlement and sale to be handled by AVIC Finance under the 2018 Financial Services Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Financial Services Agreement”	the supplemental financial services agreement dated 11 August 2017 entered into between the Company and AVIC Finance in relation to the revision of deposit service cap of 2015 Financial Services Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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.

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

Shenzhen, PRC, 26 September 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 purposes only*