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AVIC International Holding (HK) Limited **中國航空工業國際控股(香港)有限公司**

(Incorporated in Bermuda with limited liability)

(Stock Code: 232)

UPDATE ON THE PROPOSED VERY SUBSTANTIAL DISPOSAL

Financial Adviser to the Company

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

This announcement is made by AVIC International Holding (HK) Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

We refer to the announcements of the Company dated 7 September 2016, 19 September 2017, 27 October 2017 and 17 April 2018 and the circulars of the Company dated 29 December 2017 and 31 May 2018. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the circular dated 31 May 2018 (the “**Circular**”).

As disclosed in the Circular, on 17 April 2018, the Board resolved to dispose of the entire issued share capital of Ease Triumph and the Shareholder’s Loan by way of a public tender through CBEE. A special general meeting was subsequently held on 15 June 2018 in which the resolution in respect of the granting of the Proposed Mandate to the Directors was duly passed.

The public tender process commenced on 25 June 2018 through CBEE. Through the process, the Company had identified two potential purchasers who indicated their interest in the Proposed Disposal but only one of them paid the transaction deposit as required by CBEE in order to be eligible to participate in the public tender. After having conducted background checks on this potential purchaser (the “**Potential Purchaser**”), the Company found out that it is a connected person of the Company at subsidiary level and therefore could not satisfy the qualification regarding the independence of participating bidders as specified under the subsection headed “The Proposed Disposal – V. Major Terms of the Proposed Disposal” in the “Letter for the Board” of the Circular. The Company will therefore not be able to use the Proposed Mandate to enter into any transaction regarding the Proposed Disposal with the Potential Purchaser. Any transaction to be conducted with the Potential Purchaser will also constitute a connected transaction of the Company which will be subject to the requirements under Chapter 14A of the Listing Rules.

The Company is now in the process of negotiating with the Potential Purchaser with a view to entering into an agreement regarding the disposal of the entire issued share capital of Ease Triumph and the Shareholder’s Loan, which, if materialised, will constitute a very substantial disposal and a connected transaction of the Company that will be subject to separate reporting, announcement and independent shareholders’ approval requirements under the Listing Rules. As disclosed in the Circular, the Proposed Mandate will remain valid for 12 months since the date of approval by the Shareholders at the SGM on 15 June 2018. If the transaction with the Potential Purchaser falls through, the Company will continue its efforts to dispose of its real estate business through other ways, including seeking a qualified purchaser by public tender through CBEE during the validity of the Proposed Mandate. The Company will issue further update announcements regarding the potential transaction as and when appropriate or required.

Shareholders and potential investors of the Company should note that the transaction with the Potential Purchaser may or may not proceed or materialise and the final terms of the potential disposal, which are still subject to further negotiations among the parties, have yet to be finalised. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

By order of the Board
AVIC International Holding (HK) Limited
Liu Hongde
Chairman

Hong Kong, 3 September 2018

As at the date of this announcement, the Board comprises Mr. Liu Hongde, Mr. Lai Weixuan, Mr. Fu Fangxing, Mr. Yu Xiaodong and Mr. Zhang Zhibiao as executive Directors; Mr. Chow Wai Kam as non-executive Director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Zhang Ping as independent non-executive Directors.