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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)

VOLUNTARY ANNOUNCEMENT

This announcement is a voluntary announcement made by the board of directors (the “**Board**”) of AVIC International Holding (HK) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available:

- (1) the Group is expected to record revenue from the property development and investment business for the year ended 31 December 2017 of approximately HK\$1.5 billion, representing a significant increase as compared to the same period in 2016 (2016: approximately HK\$100 million). However, as a result of the significant increase in cost of sales (the inventories of properties from the property development and investment business of the Group are expected to be impaired and the impairment will be included in the cost of sales), the Group is expected to record gross loss of approximately HK\$200 million (2016: gross profit of approximately HK\$30 million).
- (2) The Group is expected to record a significant decrease of approximately 50% in loss before tax for the year ended 31 December 2017. The improvement in the loss position was mainly attributable to the decrease in the losses of certain investments held by the Group, as well as a one-off gain on disposal of convertible loans of approximately HK\$87 million recorded.

The information contained in this announcement is based on a preliminary assessment of the management accounts of the Group for the year ended 31 December 2017, which have not been audited nor reviewed by the Company’s auditors. The overall results of the Group for the year ended 31 December 2017 will only be ascertained when all the relevant results and accounting treatments are finalised.

The annual results announcement of the Group for the year ended 31 December 2017 is expected to be published in March 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 February 2018

As at the date of this announcement, the Board comprises of Mr. Liu Hongde, Mr. Pan Linwu, Mr. Lai Weixuan, Ms. Zhou Chunhua and Mr. Xu Hongge 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.