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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)

TERMINATION OF JOINT VENTURE AGREEMENT

The board (“Board”) of directors (“Directors”) of AVIC International Holding (HK) Limited (the “Company”) refers to its announcement and circular dated 4 January 2006 and 26 January 2006, which were issued in relation to the joint venture agreement (the “JV Agreement”) entered into by Sino-Aviation Investments Limited (“SAIL”, a wholly-owned subsidiary of the Company), 中國航空技術國際控股有限公司 (AVIC International Holding Corporation*, formerly being or known as China National Aero-Technology Import & Export Corporation) (“AVIC International”) and 成都飛機工業(集團)有限責任公司 (Chengdu Aircraft Industry (Group) Corporation Limited*) (“Chengdu Aircraft”) on 4 January 2006.

As the Company stated in the above mentioned announcement and circular, the JV Agreement was to establish a joint venture company (“JV Company”) to engage in the research and development, design and manufacture of parts and components for commercial aircraft and provision of related technical services. Under the JV Agreement, the total registered capital of the JV Company was agreed to be RMB100 million (equivalent to approximately HK\$120 million), to which the parties to the JV Agreement would make capital contributions in the proportions of 40% (by SAIL), 45% (by Chengdu Aircraft) and 15% (by AVIC International). The JV Agreement would be effective upon satisfaction of the prescribed conditions, including the internal approval of each party and the approvals by the authorities in the People’s Republic of China being obtained.

However, as the Company has disclosed in its previous annual reports, the JV Agreement has not become effective as the conditions have not been satisfied since 2006. As at the date of this announcement, the JV Company has not been established nor any of the parties to the JV Agreement have made any capital contributions to the JV Company.

Given the long passage of time since the JV Agreement was made, on 30 September 2016, the parties entered into a termination agreement to terminate the JV Agreement. The parties were released from their capital contributions and all other obligations and commitments in the JV Agreement. No termination fee or other compensation was paid or payable by any party in respect of the termination of the JV Agreement.

The Company, in agreement with the other parties, decided an end should be put to the JV Agreement since the market and other changes, including technology changes, over the past decade have largely overtaken the commercial reasons and expectations of the parties when the terms of the agreement were negotiated. Therefore, the Board considers that the termination of the JV Agreement is in the interests of the Company and its shareholders as a whole.

By order of the Board of
AVIC International Holding (HK) Limited
Wu Guangquan
Chairman

Hong Kong, 30 September 2016

** English or Chinese translation, as the case may be, is for identification only.*

As at the date of this announcement, the Board comprises Mr. Wu Guangquan, Mr. Pan Linwu, Mr. Lai Weixuan, Mr. Xu Hongge and Mr. Xiao Nan as executive Directors; Mr. Chow Wai Kam as non-executive Director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Li Zhaoxi as independent non-executive Directors.