

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 00161)

DISCLOSEABLE AND CONNECTED TRANSACTION CAPITAL INCREASE AGREEMENT

THE JV COMPANY

On 16 April 2013, Shanghai Tian Ma (a non-wholly owned subsidiary of the Company) entered into the JV Agreement with Shanghai Zhangjiang Company and Shanghai Industrial Investment, pursuant to which the JV Partners established the JV Company with a total registered capital of RMB5 million (equivalent to approximately HK\$6.3 million), the equity interests of which were held as to 40%, 20% and 40% by Shanghai Industrial Investment, Shanghai Zhangjiang Company and Shanghai Tian Ma, respectively. The registered capital of RMB5 million in the JV Company have been fully paid up as at the date of this announcement. The JV Partners intend to utilize the investment in the JV Company as a platform to set up a new mass production line for the 5.5 generation of AM-OLED.

THE CAPITAL INCREASE AGREEMENT

On 4 March 2014, Shanghai Tian Ma entered into the Capital Increase Agreement with Shanghai Zhangjiang Company and Shanghai Industrial Investment, pursuant to which Shanghai Industrial Investment, Shanghai Zhangjiang Company and Shanghai Tian Ma have conditionally agreed to make a capital contribution of RMB398 million (equivalent to approximately HK\$503.8 million), RMB199 million (equivalent to approximately HK\$251.9 million) and RMB398 million (equivalent to approximately HK\$503.8 million) to the registered capital of the JV Company, respectively, which are in proportion to their respective holding of equity interests of 40%, 20% and 40% in the JV Company as at the date of this announcement. The JV Partners shall make their capital contribution simultaneously in two phases. In the first phase, Shanghai Industrial Investment, Shanghai Zhangjiang Company and Shanghai Tian Ma will contribute RMB120 million (equivalent to approximately HK\$151.9 million), RMB60 million (equivalent to approximately HK\$75.9 million) and RMB120 million (equivalent to approximately HK\$151.9 million) respectively in cash. In the second phase, Shanghai Industrial Investment and Shanghai Zhangjiang Company will contribute RMB278 million (equivalent to approximately HK\$351.9 million) and RMB139 million (equivalent to approximately HK\$175.9 million) in cash respectively while Shanghai Tian Ma will make contribution by way of injection of the Injected Construction in the amount of RMB278 million (equivalent to approximately HK\$351.9 million). The holding of equity interests in the JV Company by the respective JV Partners shall remain unchanged upon completion of the Proposed Capital Increase.

The second capital contribution by Shanghai Tian Ma under the Capital Increase Agreement shall be made by way of injection of the Injected Construction, which refers to the construction by Shanghai Tian Ma of the factory buildings for the JV Company to an extent of completion for not less than 25%, together with the land use right of an industrial land located at Pudong New District Huiqing Road (浦東新區滙慶路) in Shanghai with an aggregate area of approximately 120,000 m² to be contributed by Shanghai Tian Ma to the JV Company. Such capital contribution into the JV Company which involves injection of assets other than cash would constitute a disposal of assets by the Company under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

The JV Company is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As at the date of this announcement, each of SOCC (wholly-owned by Shanghai Industrial Investment) and Shanghai Zhangjiang Company is a substantial shareholder of Shanghai Tian Ma, owning 10% and 30% of the equity interests in Shanghai Tian Ma, respectively. As the JV Company is owned as to 40% and 20%, respectively, by Shanghai Industrial Investment and Shanghai Zhangjiang Company, the JV Company is an associate of Shanghai Industrial Investment, and thus a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, the Proposed Capital Increase and the transactions contemplated thereunder (including the contribution of the Injected Construction by Shanghai Tian Ma and the possible Loan of a maximum amount of RMB100 million) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to, among other things, the reporting, announcement requirements and independent shareholders' approval requirement.

In addition, the capital contribution by way of Injected Construction by Shanghai Tian Ma to the JV Company constitutes a disposal of the same by Shanghai Tian Ma under the Listing Rules. As the percentage ratios under the Listing Rules applicable for the disposal and the Loan, when aggregate with the establishment of the JV Company pursuant to the JV Agreement are more than 5% but less than 25%, the contribution of the Injected Construction by Shanghai Tian Ma contemplated under the Capital Increase Agreement also constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Capital Increase Agreement or is required to abstain from voting on the Board resolutions in relation to the approval of the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement.

GENERAL

An independent board committee of the Company comprising Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Zhang Ping, being all independent non-executive Directors, has been established to advise the independent Shareholders in relation to the Proposed Capital Increase. An independent financial adviser will be appointed to advise such independent board committee and the independent Shareholders on the same.

A circular containing, among other things, (a) further details of the Capital Increase Agreement and the Proposed Capital Increase, (b) such other information as required under the Listing Rules, (c) a letter from the independent board committee of the Company and a letter from the independent financial adviser to the independent board committee and the independent Shareholders in respect of the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement, and (d) a notice convening the EGM is expected to be despatched to the Shareholders on or before 25 March 2014.

INTRODUCTION

On 16 April 2013, Shanghai Tian Ma (a non-wholly owned subsidiary of the Company) entered into the JV Agreement with Shanghai Zhangjiang Company and Shanghai Industrial Investment, pursuant to which the JV Partners established the JV Company with a total registered capital of RMB5 million (equivalent to approximately HK\$6.3 million). The registered capital of RMB5 million in the JV Company has been fully paid up as at the date of this announcement. As at the date of this announcement and prior to the Proposed Capital Increase, the JV Company is owned as to 40% by Shanghai Industrial Investment, as to 20% by Shanghai Zhangjiang Company and as to 40% by Shanghai Tian Ma, respectively. The JV Partners intend to utilize the investment in the JV Company as a platform to set up a new mass production line for the 5.5 generation of AM-OLED. The JV Company is currently accounted for as an associated company of the Company.

On 4 March 2014, the JV Partners entered into the Capital Increase Agreement, pursuant to which Shanghai Industrial Investment, Shanghai Zhangjiang Company and Shanghai Tian Ma have conditionally agreed to make capital contribution in an aggregate amount of RMB995 million (equivalent to approximately HK\$1,259.5 million) to the registered capital of the JV Company in proportion to their respective holding of equity interests in the JV Company as at the date of this announcement. The holding of equity interests in the JV Company by the respective JV Partners shall remain unchanged upon completion of the Proposed Capital Increase.

The contribution to be made by Shanghai Tian Ma to the JV Company of RMB398 million (equivalent to approximately HK\$503.8 million) shall comprise cash of RMB120 million (equivalent to approximately HK\$151.9 million) and the Injected Construction in the amount of RMB278 million (equivalent to approximately HK\$351.9 million) pursuant to the Capital Increase Agreement.

Principal terms of the Capital Increase Agreement are summarised as follows:

THE CAPITAL INCREASE AGREEMENT

Date: 4 March 2014

Parties:

- (a) Shanghai Industrial Investment;
- (b) Shanghai Zhangjiang Company; and
- (c) Shanghai Tian Ma.

Major Terms of the Capital Increase Agreement:

(1) The Proposed Capital Increase

Subject to the terms and conditions of the Capital Increase Agreement, the JV Partners have agreed to increase the registered capital of the JV Company from RMB5 million as at the date of this announcement to RMB1,000 million (equivalent to approximately HK\$1,265.8 million) upon completion of the Proposed Capital Increase.

The Proposed Capital Increase shall be made in proportion to the JV Partners' respective holding of equity interests in the JV Company in the following manners:

Shanghai Industrial Investment	RMB398 million (equivalent to approximately HK\$503.8 million) in cash
Shanghai Zhangjiang Company	RMB199 million (equivalent to approximately HK\$251.9 million) in cash
Shanghai Tian Ma	RMB120 million (equivalent to approximately HK\$151.9 million) in cash and RMB278 million (equivalent to approximately HK\$351.9 million) by way of contribution of the Injected Construction
Total	RMB995 million (equivalent to approximately HK\$1,259.5 million)

The Proposed Capital Increase shall be made in two phases as follows:

(a) **First Phase:** The first phase shall be made within 10 business days upon the Capital Increase Agreement becoming effective as follows:

Shanghai Industrial Investment	RMB120 million (equivalent to approximately HK\$151.9 million) in cash
Shanghai Zhangjiang Company	RMB60 million (equivalent to approximately HK\$75.9 million) in cash
Shanghai Tian Ma	RMB120 million (equivalent to approximately HK\$151.9 million) in cash
Total	RMB300 million (equivalent to approximately HK\$379.7 million)

- (b) **Second Phase:** The second phase shall be made upon the Injected Construction having been transferred to the JV Company in accordance with the Capital Increase Agreement as follows:

Shanghai Industrial Investment	RMB278 million (equivalent to approximately HK\$351.9 million) in cash
Shanghai Zhangjiang Company	RMB139 million (equivalent to approximately HK\$175.9 million) in cash
Shanghai Tian Ma	RMB278 million (equivalent to approximately HK\$351.9 million) by way of contribution of the Injected Construction
Total	<hr/> RMB695 million (equivalent to approximately HK\$879.7 million)

The amount of capital contribution under the Capital Increase Agreement was arrived at arm's length negotiation among the JV Partners and determined with reference to the total investment amount of the setting up of the new mass production line for the 5.5 generation of AM-OLED as well as the cash in hand of each of the JV Partners at the current stage. Shanghai Tian Ma intends to fund its cash capital contribution by internal resources and bank loans.

(2) The Injected Construction:

- (a) Pursuant to the Capital Increase Agreement, Shanghai Tian Ma shall, upon the construction works for the factory buildings of the Injected Construction having been completed as to not less than 25%, transfer the Injected Construction to the JV Company as capital contribution. Upon the completion of the 25% of the construction works of the Injected Construction but prior to the completion of the asset appraisal of the Injected Construction, the subsequent construction works will continue but the JV Company shall bear such construction cost. However, Shanghai Tian Ma shall retain the ownership and the right of control of the construction works before the transfer of the Injected Construction to the JV Company.
- (b) Upon not less than 25% of the construction work of the factory buildings of the Injected Construction having been completed, the value of the Injected Construction will be appraised by a qualified valuer approved by the JV Partners (the "Valuer"):
- (i) If the value of the Injected Construction as determined by the Valuer exceeds RMB278 million (being the agreed amount of capital contribution by Shanghai Tian Ma under the Capital Increase Agreement), any amount in excess should be deemed as Loan payable by the JV Company to Shanghai Tian Ma. In any event, the amount of Loan shall be no more than RMB100 million.
- (ii) If the value of the Injected Construction as determined by the Valuer is less than RMB278 million, or if Shanghai Tian Ma fails to make the capital contribution with the Injected Construction, Shanghai Tian Ma shall make up the amount fall short in cash and ensure its total capital contribution (including first phase contribution and second phase contribution) under the Capital Increase Agreement shall amount to RMB398 million.

- (c) The JV Company shall, after the Injected Construction being transferred to it, continue and complete all subsequent construction works at its costs.
- (d) In any event, the amount of capital contribution to be made by Shanghai Tian Ma under the Capital Increase Agreement (including the first phase contribution in cash, the second phase contribution by way of contribution of the Injected Construction, any excess amount of contribution in the Injected Construction to be accounted as the Loan as mentioned in item (b)(i) above (if any) and any contribution to make up the amount fall short of the contribution in the Injected Construction as mentioned in item (b)(ii) above (if any)), shall not exceed RMB500 million in total.

As the JV Partners intend the Loan (if any) to be repaid by the JV Company forthwith, no interests would be counted in respect of the Loan.

Summary of Holding of Equity Interests and Capital Contribution: Set out below is a summary of the proportion of the holding of equity interests in the JV Company and the amount of capital contribution under the JV Agreement and the Capital Increase Agreement:

	Shanghai Industrial Investment	Shanghai Zhangjiang Company	Shanghai Tian Ma	Total
Proportion of Holding of Equity Interests	40%	20%	40%	100%
Existing Registered Capital (already paid-up) (in RMB)	2 million (in cash)	1 million (in cash)	2 million (in cash)	5 million
Proposed Capital Increase (in RMB)	398 million	199 million	398 million	995 million
– First Phase (in RMB)	120 million (in cash)	60 million (in cash)	120 million (in cash)	300 million
– Second Phase (in RMB)	278 million (in cash)	139 million (in cash)	278 million (by contribution of the Injected Construction)	695 million
Total Registered Capital upon completion of the Proposed Capital Increase (in RMB)	400 million	200 million	400 million	1,000 million

(3) Conditions precedent:

The Capital Increase Agreement shall take effect conditionally upon (a) Shanghai Tian Ma having obtained relevant approvals from the Shenzhen Stock Exchange in respect of the Proposed Capital Increase; (b) the Company having obtained the independent Shareholders' approval in compliance with the relevant requirements under the Listing Rules in respect of Proposed Capital Increase; and (c) Shanghai Industrial Investment and Shanghai Zhangjiang Company having obtained the relevant approvals from their respective competent authorities in respect of the Proposed Capital Increase.

FURTHER INFORMATION OF THE INJECTED CONSTRUCTION

Based on unaudited balance sheet of Shanghai Tian Ma, the book value of the land use right of the land where the Injected Construction locates as at 28 February 2014 was RMB45.6 million (equivalent to approximately HK\$57.7 million).

The contribution of the Injected Construction constitutes a disposal of the Injected Construction by the Group for the purpose of the Listing Rules. By contributing the Injected Construction assuming its appraised value is RMB 278 million (being the capital contribution amount by Shanghai Tian Ma in the second phase contribution), the Group estimates that it will accrue a gain of approximately RMB152.4 million (equivalent to approximately HK\$192.9 million) and in determining such gain the Group has taken into account the construction cost of 25% of the Injected Construction which is estimated to be approximately RMB80 million (equivalent to approximately HK\$101.26 million). As such contribution of the Injected Construction is part of the Proposed Capital Increase, Shanghai Tian Ma will not receive any additional sale proceeds.

REASONS AND BENEFITS FOR ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Group, based on an extensive research and theory, intends to utilize the investment in the JV Company as a platform to set up a new mass production line for the 5.5 generation of AM-OLED in Shanghai for the purpose of further improving the Group's corporate core competitiveness and achieving industrial clustering. Such products are mainly targeted at small-sized, middle and high end mobile terminals, entertainment display units, etc. AM-OLED technology is a new generation display technology with one of the highest potential in mobile display industry. The Proposed Capital Increase to develop AM-OLED technology is vital for the Group to improve the Group's core competitiveness in tablet display industry and to stimulate the transformation of the entire electronic and information industry.

The Directors (excluding the independent non-executive Directors who will give their recommendation taking into consideration the advice of independent financial adviser to be engaged) consider that the terms of the Capital Increase Agreement and the Proposed Capital Increase (including the contribution of the Injected Construction) by Shanghai Tian Ma are fair and reasonable and on normal commercial terms and that the entering into of the Capital Increase Agreement and the transactions contemplated thereunder (including the contribution of the Injected Construction) are in the interest of the Company and the independent Shareholders as a whole.

INFORMATION OF THE GROUP

The Company is an investment holding company. It is principally engaged in the manufacturing and sales of high-tech electronic products, retails and high-end consumer products, real estate and hotel, trading and logistics, and resources investment and development.

INFORMATIN OF SHANGHAI TIAN MA

Shanghai Tian Ma, a joint venture company established in the PRC, is principally engaged in the investment, construction and operation of production line in TFT-LCD. As at the date of this announcement, Shanghai Tian Ma is directly owned, among others, as to 10%, 20%, 21% and 30% by SOCC (a wholly-owned subsidiary of Shanghai Industrial Investment), Shanghai Zhangjiang Company, the Company and Tian Ma respectively.

Tian Ma is a subsidiary of the Company and is principally engaged in manufacturing and sale of liquid crystal displays and modules. Hence, as at the date of this announcement, the Company directly and indirectly owns 21% and 30% equity interests of Shanghai Tian Ma respectively, which has been accounted as a subsidiary of the Company.

On 1 November 2013, Tian Ma entered into five framework agreements in relation to conditional acquisition by Tian Ma of equity interests in certain companies established in PRC, and the consideration for such acquisition will be satisfied by Tian Ma issuing its shares to the respective vendor. Among the five framework agreements, one conditional framework agreement was entered into by Tian Ma in relation to the acquisition of 70% equity interest in Shanghai Tian Ma from the Company, Shanghai Zhangjiang Company, Shanghai State-owned Assets Operation Co., Ltd. (上海國有資產經營有限公司) and SOCC. As at the date of this announcement, such acquisitions have not yet been completed. Please also refer to the circular of the Company dated 30 January 2014 for further information of such acquisitions.

INFORMATION OF SHANGHAI INDUSTRIAL INVESTMENT

Shanghai Industrial Investment, a state-owned enterprise established in the PRC, is principally engaged in capital management in industrial system implementation; investment, operation and management of assets; trading of manufacturing data and industrial goods (save for those governed by specific rules); investment consultancy; import and export trade of self and agent textile and apparel, light industry products, hardware and mineral products and electromechanical products (save for those which can only be operated by companies appointed by the state or those products and technology that are banned from import and export); operation of imported material processing and three types of processing plus compensation trades business; operation of counter trade and transshipment trade; and import trade agent business of automobile. As at the date of this announcement, Shanghai Industrial Investment and its associates did not hold any Shares.

INFORMATION OF SHANGHAI ZHANGJIANG COMPANY

Shanghai Zhangjiang Company, a state-owned enterprise established in the PRC, is principally engaged in operation and transfer of high-technology project; development and design of municipal infrastructure facilities; consultation and operation of real estate and malls; and the business of construction materials and metals. As at the date of this announcement, Shanghai Zhangjiang Company and its associates did not hold any Shares.

INFORMATION OF THE JV COMPANY

The JV Company, a limited liability company established in the PRC on 25 April 2013, is principally engaged in the research and development, design and sales of OLED and OLED technology; technology development, technology consultation, technology service and technology transfer business in information technology industry; lease of self-owned equipment (excluding financial lease); and import and export trade of goods and technology. As at the date of this announcement, the JV Company is owned as to as to 40%, 20% and 40% by Shanghai Tian Ma, Shanghai Zhangjiang Company and Shanghai Industrial Investment, respectively. The JV Company is not, and will not be after the completion of the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement accounted for as a subsidiary and consolidated in the Company's accounts.

Key Financial Information of the JV Company

Based on the unaudited management accounts of the JV Company prepared according to PRC accounting standards, the total asset and the net asset value of the JV Company as at 31 December 2013 was approximately RMB48.9 million and RMB3.1 million, respectively. The net loss before tax and net loss after tax from the date of the establishment of the JV Company (i.e. 25 April 2013) to 31 December 2013 was approximately RMB2.5 million and RMB1.9 million, respectively.

IMPLICATIONS UNDER THE LISTING RULES

The JV Company is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As at the date of this announcement, each of SOCC (wholly-owned by Shanghai Industrial Investment) and Shanghai Zhangjiang Company is a substantial shareholder of Shanghai Tian Ma, owning 10% and 30% of the equity interests in Shanghai Tian Ma, respectively. As the JV Company is owned as to 40% and 20%, respectively, by Shanghai Industrial Investment and Shanghai Zhangjiang Company, the JV Company is an associate of Shanghai Industrial Investment, and thus a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, the Proposed Capital Increase and the transactions contemplated thereunder (including the contribution of the Injected Construction by Shanghai Tian Ma and the possible Loan of a maximum amount of RMB100 million) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to, among other things, the reporting, announcement requirements and independent shareholders' approval requirement.

In addition, the capital contribution by way of Injected Construction by Shanghai Tian Ma to the JV Company constitutes a disposal of the same by Shanghai Tian Ma under the Listing Rules. As the percentage ratios under the Listing Rules applicable for the disposal and the Loan, when aggregate with the establishment of the JV Company pursuant to the JV Agreement are more than 5% but less than 25%, the contribution of the Injected Construction by Shanghai Tian Ma contemplated under the Capital Increase Agreement also constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Capital Increase Agreement or is required to abstain from voting on the Board resolutions in relation to the approval of the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement.

EGM

An EGM will be convened by the Company at which resolutions will be proposed to consider and, if thought fit, approve the Capital Increase Agreement and the transactions contemplated thereunder (including the contribution of the Injected Construction). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholders are required to abstain from voting at the EGM.

GENERAL

An independent board committee of the Company comprising Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Zhang Ping, being all independent non-executive Directors, has been established to advise the independent Shareholders in relation to the Proposed Capital Increase. An independent financial adviser will be appointed to advise such independent board committee and the independent Shareholders on the same.

A circular containing, among other things, (a) further details of the Capital Increase Agreement and the Proposed Capital Increase, (b) such other information as required under the Listing Rules, (c) a letter from the independent board committee of the Company and a letter from the independent financial adviser to the independent board committee and the independent Shareholders in respect of the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement, and (d) a notice convening the EGM is expected to be despatched to the Shareholders on or before 25 March 2014.

The Proposed Capital Increase is subject to certain conditions precedent, and therefore may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“AM-OLED”	active-matrix organic light-emitting diode
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase agreement in relation to the JV Company dated 4 March 2014 entered into among the JV Partners regarding the proposed capital increase in the JV Company
“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 thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Proposed Capital Increase and the transactions contemplated under the Capital Increase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Injected Construction”	the construction in progress of factory buildings for the JV Company (including the land use rights) located at Pudong New District Huiqing Road (浦東新區滙慶路) in Shanghai occupying an aggregate area of approximately 120,000 m ² . The Injected Construction is proposed to be contributed by Shanghai Tian Ma to the JV Company under the Proposed Capital Increase
“JV Agreement”	the joint venture agreement dated 16 April 2013 entered into among the JV Partners regarding the establishment of the JV Company

“JV Company”	上海天馬有機發光顯示技術有限公司 (Shanghai Tian Ma Organic Light-Emitting Technology Company Limited), a limited liability company established on 25 April 2013 under the laws of the PRC pursuant to the JV Agreement
“JV Partners”	Shanghai Industrial Investment, Shanghai Zhangjiang Company and Shanghai Tian Ma
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the possible Loan from Shanghai Tian Ma to the JV Company, the principal amount of which shall be the value of the Injected Construction in excess of RMB278 million (if any), but shall in any event be not more than RMB100 million
“OLED”	organic light-emitting diode
“percentage ratio(s)”	has the meaning ascribed thereto under the Listing Rules
“PRC”	The People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Capital Increase”	the proposed capital increase contemplated under the Capital Increase Agreement (including the contribution of the Injected Construction)
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Industrial Investment”	Shanghai Industrial Investment (Group) Co., Ltd. (上海工業投資(集團)有限公司), a state-owned enterprise established in the PRC
“Shanghai Zhangjiang Company”	Shanghai Zhang Jiang (Group) Co., Ltd. (上海張江(集團)有限公司), a state-owned limited company established in the PRC
“Shanghai Tian Ma”	Shanghai Tian Ma Microelectronics Co., Ltd. (上海天馬微電子有限公司), a non-wholly-owned subsidiary of the Company and as at the date of this announcement, its equity interest is owned as to 30% by Tian Ma, 21% by the Company, 20% by Shanghai Zhangjiang Company, 19% by Shanghai State-owned Assets Operation Co., Ltd. (上海國有資產經營有限公司), and 10% by SOCC. Please also refer to the paragraph headed “Information of Shanghai Tai Ma” above in this announcement for further details of Shanghai Tian Ma
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	share(s) of the Company
“SOCC”	Shanghai Optical Communications Corporation (上海光通信公司), an enterprise owned by the whole people (全民所有制企業) established in the PRC and is wholly-owned by Shanghai Industrial Investment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“TFT-LCD”	TFT colour liquid crystal display
“Tian Ma”	Tian Ma Microelectronics Company Limited (天馬微電子股份有限公司) (Stock code: 000050), a non-wholly owned subsidiary of the Company, the A shares of which are listed on the Shenzhen Stock Exchange
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	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
Wu Guang Quan
Chairman

Shenzhen, the PRC, 4 March 2014

As at the date of this announcement, the Board comprises a total of 8 Directors, Mr. Wu Guang Quan, Mr. You Lei, Mr. Pan Lin Wu, Mr. Chen Hong Liang and Mr. Liu Jun as executive Directors; and Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Zhang Ping as independent non-executive Directors.

Unless otherwise specified in this announcement, amounts denominated in RMB into Hong Kong dollars at HK\$1.00 to RMB0.79 for illustration purpose only. No representation has been made by the Company that any amount have been, could have been or could be converted at the above rate or at any other rates or at all.