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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)

(Stock Code: 00161)

CONTINUING CONNECTED TRANSACTIONS: SALE FRAMEWORK AGREEMENTS PURCHASE FRAMEWORK AGREEMENTS AGENCY SERVICES FRAMEWORK AGREEMENTS CONSTRUCTION SERVICES FRAMEWORK AGREEMENT

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION: FINANCIAL FRAMEWORK AGREEMENTS

INTRODUCTION

The Existing Framework Agreements, setting out the basic content of the transactions between the Group on one hand, and Aviation Industry or AVIC International (including their respective associates, where applicable) on the other hand, were entered into on 5 September 2012. As each of the Existing Framework Agreements will expire on 31 December 2014, the Company (or its subsidiary) entered into the New Framework Agreements with Aviation Industry and AVIC International (as the case may be) on 16 October 2014 to renew the Existing Framework Agreements. It is expected that the members of the Group will from time to time enter into individual agreements with each of the aforesaid connected persons (and/or their respective associates) for the transactions contemplated under the New Framework Agreements as required. Each such agreement will set out the specific goods or services requested by the relevant party and information which may be relevant to such goods or services. These agreements will be in all material respects consistent with the guidelines, terms and conditions as contained in the New Framework Agreements.

LISTING RULES IMPLICATIONS

As Aviation Industry and AVIC International are connected persons of the Company, the Group's transactions with such parties (including their respective associates, where appropriate) constitute continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the transactions contemplated under the New Framework Agreements exceed 5%, the New Framework Agreements (including their respective annual caps) will be subject to, among other things, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios for the annual caps of the New Aviation Industry Financial Framework Agreement and the New AVIC International Financial Framework Agreement in relation to provision of loans and guarantee, in aggregate, exceed 25%, the New Aviation Industry Financial Framework Agreement and the New AVIC International Financial Framework Agreement also constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Framework Agreements and the related annual caps.

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements and the related annual caps.

A circular containing, among other things, details of the New Framework Agreements, 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 28 November 2014.

On 16 October 2014, the New Framework Agreements, setting out the basic content of the transactions between the Group on one hand, and Aviation Industry or AVIC International (including their respective associates, where applicable) on the other hand, were entered into by the Company (or its subsidiary) and Aviation Industry or AVIC International (as the case may be). It is expected that the members of the Group will from time to time enter into individual agreements with each of the aforesaid connected persons (and/or their respective associates) for the transactions contemplated under the New Framework Agreements as required. Each such agreement will set out the specific goods or services requested by the relevant party and information which may be relevant to such goods or services. These agreements will be in all material respects consistent with the guidelines, terms and conditions as contained in the New Framework Agreements.

The principal terms of the New Framework Agreements are summarised as follows:

1.1 The New Aviation Industry Sale Framework Agreement

On 5 September 2012, the Company and Aviation Industry entered into the Aviation Industry Sale Framework Agreement for a term from 5 September 2012 to 31 December 2014, in relation to, among other things, the sale of certain goods by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) from time to time. The Aviation Industry Sale Framework Agreement and its related annual caps were approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the Aviation Industry Sale Framework Agreement:

Annual caps for the following periods under the Aviation Industry Sale Framework Agreement		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
105,000,000	148,000,000	195,000,000

As the Aviation Industry Sale Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and Aviation Industry entered into the New Aviation Industry Sale Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) Aviation Industry

Duration:

The New Aviation Industry Sale Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New Aviation Industry Sale Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New Aviation Industry Sale Framework Agreement, the Group will sell to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) the following goods from time to time:

- (i) computer software and hardware;
- (ii) engineering machinery and related parts;
- (iii) aviation-related products, metal materials and fasteners;
- (iv) printed circuit board, liquid crystal display products; and
- (v) watches, etc.

The price of various goods to be sold by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) under the New Aviation Industry Sale Framework Agreement will be determined on a fair and reasonable basis (1) through bidding procedure; and (2) based on fair market rate by negotiation between the parties, and in principle, it will not deviate from the price and terms offered by the Group to independent third parties.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of sale by the Group to Aviation Industry and its associates (other than AVIC International and its Associated Companies) for the following periods:

Historical figures for the following periods		
From 5 September 2012 to 31 December 2012 (RMB) (approx.)	Year ended 31 December 2013 (RMB) (approx.)	Eight months ended 31 August 2014 (unaudited) (RMB) (approx.)
13,980,000	102,000,000	5,080,000

Set out below are the proposed annual caps for the transactions contemplated under the New Aviation Industry Sale Framework Agreement for the following periods:

Proposed annual caps for the following periods		
Year ending 31 December 2015 (RMB)	Year ending 31 December 2016 (RMB)	Year ending 31 December 2017 (RMB)
150,000,000	180,000,000	200,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical sales of related goods to Aviation Industry and its associates (other than AVIC International and its Associated Companies). Taking into consideration the future economic growth trends as well as the development plan of the Group for the coming three years, it is expected that there will be a boost in the sales of goods by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies).

Reasons for and Benefits of the Transactions:

The sales of goods contemplated under the New Aviation Industry Sale Framework Agreement will be conducted in the ordinary and usual course of business of the Group and Aviation Industry and its associates (other than AVIC International and its Associated Companies) and the terms and transaction price will be determined based on principles stipulated above, which the Directors expect would not deviate from the market price.

Given that the Group is ultimately controlled by Aviation Industry, the Group has established mutually beneficial relationships with Aviation Industry and/or its associates by long-term cooperation. The Group and Aviation Industry and/or its associates fully understand the specifications and quality of each other's products, which helps the Group to effectively control the transaction risk and communication costs during the sales process and is beneficial to the business development of the Group.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New Aviation Industry Sale Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New Aviation Industry Sale Framework Agreement and the transactions contemplated thereunder (including the related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.2 The New Aviation Industry Purchase Framework Agreement

On 5 September 2012, the Company and Aviation Industry entered into the Aviation Industry Purchase Framework Agreement for a term from 5 September 2012 to 31 December 2014, in relation to, among other things, the purchase of certain goods by the Group from Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) from time to time. The Aviation Industry Purchase

Framework Agreement and its related annual caps were approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the Aviation Industry Purchase Framework Agreement for the following periods:

Annual caps for the following periods under the Aviation Industry Purchase Framework Agreement		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
24,000,000	32,000,000	35,000,000

As the Aviation Industry Purchase Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and Aviation Industry entered into the New Aviation Industry Purchase Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) Aviation Industry

Duration:

The New Aviation Industry Purchase Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New Aviation Industry Purchase Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New Aviation Industry Purchase Framework Agreement, the Group will purchase from Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) the following goods from time to time:

- (i) machine tools, mechanical equipments, bearing and separate components;
- (ii) electronic components and electrical equipments; and

(iii) metal materials etc.

The price of various goods to be purchased by the Group from Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) under the New Aviation Industry Purchase Framework Agreement will be determined on a fair and reasonable basis (1) through bidding procedure; and (2) based on fair market rate by negotiation between the parties, and in principle, it will not deviate from the price and terms offered to the Group by independent third parties.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of purchase by the Group from Aviation Industry and its associates (other than AVIC International and its Associated Companies) for the following periods:

Historical figures for the following periods		
From 5 September 2012 to 31 December 2012 <i>(RMB)</i> <i>(approx.)</i>	Year ended 31 December 2013 <i>(RMB)</i> <i>(approx.)</i>	Eight months ended 31 August 2014 (unaudited) <i>(RMB)</i> <i>(approx.)</i>
20,000	25,870,000	23,140,000

Set out below are the proposed annual caps for the transactions contemplated under the New Aviation Industry Purchase Framework Agreement for the following periods:

Proposed annual caps for the following periods		
Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
200,000,000	300,000,000	400,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical purchases of related goods from Aviation Industry and/or its associates (other than AVIC International and its Associated Companies). Taking into consideration the future economic growth trends and the development plans of the Group for the coming three years, it is expected there will be a boost in the demand for goods from Aviation Industry and/or its associates (except AVIC International and its Associated Companies).

Reasons for and Benefits of the Transactions:

The purchases of goods contemplated under the New Aviation Industry Purchase Framework Agreement will be conducted in the ordinary and usual course of business of the Group and Aviation Industry and its associates (other than AVIC International and its Associated Companies) and the terms and transaction price will be determined based on principle stipulated above, which the Directors expect would not deviate from the market price.

Given that the Group is ultimately controlled by Aviation Industry, the Group has established mutually beneficial relationships with Aviation Industry and/or its associates by long-term cooperation. The Group and Aviation Industry and/or its associates fully understand the specifications and quality of each other's products, which helps the Group to purchase high quality goods at a lower cost, to effectively control the transaction risk and is beneficial to the business development of the Group.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New Aviation Industry Purchase Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New Aviation Industry Purchase Framework Agreement and the transactions contemplated thereunder (including the related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.3 The New AVIC International Sale Framework Agreement

On 5 September 2012, the Company and AVIC International entered into the AVIC International Sale Framework Agreement for a term from 5 September 2012 to 31 December 2014, in relation to, among other things, the sale of certain goods by the Group to AVIC International and/or its Associated Companies from time to time. The AVIC International Sale Framework Agreement and its related annual caps were approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the AVIC International Sale Framework Agreement for the following periods:

Annual caps for the following periods under the AVIC International Sale Framework Agreement		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
450,000,000	700,000,000	950,000,000

As the AVIC International Sale Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and AVIC International entered into the New AVIC International Sale Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) AVIC International

Duration:

The New AVIC International Sale Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New AVIC International Sale Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New AVIC International Sale Framework Agreement, the Group will sell to AVIC International and/or its Associated Companies the following goods from time to time:

- (i) mobile hospital, medical devices and supporting facilities;
- (ii) engineering machinery, bearings and spare parts;
- (iii) watches;
- (iv) products related to agriculture;
- (v) liquid crystal displays (liquid crystal display and liquid crystal display module), glass, module and related materials;
- (vi) communication and energy-saving devices; and
- (vii) ship-related raw materials and components etc.

The price of various goods to be sold by the Group to AVIC International and/or its Associated Companies under the New AVIC International Sale Framework Agreement will be determined on a fair and reasonable basis (1) through bidding procedure; and (2) based on fair market rate by negotiation between the parties, and in principle, it will not deviate from the price and terms offered by the Group to independent third parties.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of sale by the Group to AVIC International and its Associated Companies for the following periods:

Historical figures for the following periods		
From 5 September 2012 to 31 December 2012 <i>(RMB)</i> <i>(approx.)</i>	Year ended 31 December 2013 <i>(RMB)</i> <i>(approx.)</i>	Eight months ended 31 August 2014 (unaudited) <i>(RMB)</i> <i>(approx.)</i>
34,230,000	47,950,000	446,710,000

Set out below are the proposed annual caps for the transactions contemplated under the New AVIC International Sale Framework Agreement for the following periods:

Proposed annual caps for the following periods		
Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
3,000,000,000	3,200,000,000	3,500,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical sales of related goods from the Group to AVIC International and/or its Associated Companies and in consideration of the developing plans of the Group for the coming three years. A subsidiary of AVIC International has been in a trial production stage in the first half of 2014 and is expected to commence formal production in the second half of 2014. The Company expected that as the production capacity of such subsidiary increases continuously, it will have more additional sale and purchase business with the Group. Besides, as the global shipping industry recovers, the ship building and trade business of the Group has increased significantly since the second half of 2013. Based on the orders at hand, it is expected that there will be additional sale and purchase business of ship components and spare parts of large amount between the Group and AVIC International and its Associated Companies in the future.

Reasons for and Benefits of the Transactions:

The sales of goods contemplated under the New AVIC International Sale Framework Agreement will be conducted in the ordinary and usual course of business of the Group and AVIC International and its Associated Companies and the terms and transaction price will be determined based on principles stipulated above, which the Directors expect would not deviate from the market price.

AVIC International and/or its Associated Companies are proposed to purchase goods from the Group on a continuous basis, given the fact that the Group and AVIC International and/or its Associated Companies

fully understand the specifications and quality of each other's products with a time-proof mutual trust business relationship, which helps the Group to effectively control the transaction risk and communication costs during the sales process, and is beneficial to the business development of the Group.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New AVIC International Sale Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New AVIC International Sale Framework Agreement and the transactions contemplated thereunder (including the related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.4 The New AVIC International Purchase Framework Agreement

On 5 September 2012, the Company and AVIC International entered into the AVIC International Purchase Framework Agreement for a term from 5 September 2012 to 31 December 2014, in relation to, among other things, the purchase of certain goods by the Group from AVIC International and/or its Associated Companies from time to time. The AVIC International Purchase Framework Agreement and its related annual caps were approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the AVIC International Purchase Framework Agreement for the following periods:

Annual caps for the following periods under the AVIC International Purchase Framework Agreement		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
2,000,000,000	3,600,000,000	3,800,000,000

As the AVIC International Purchase Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and AVIC International entered into the New AVIC International Purchase Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) AVIC International

Duration:

The New AVIC International Purchase Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New AVIC International Purchase Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New AVIC International Purchase Framework Agreement, the Group will purchase from AVIC International and/or its Associated Companies the following goods from time to time:

- (i) bitumen;
- (ii) bearings;
- (iii) medium-size glass slide and liquid crystal displays (LCD) panel;
- (iv) prefabricated house;
- (v) office supplies and appropriate computer software and hardware, energy-saving products; and
- (vi) ships and ship-related raw materials and components etc.

The price of various goods to be purchased by the Group from AVIC International and/or its Associated Companies under the New AVIC International Purchase Framework Agreement will be determined on a fair and reasonable basis (1) through bidding procedure; and (2) based on fair market rate by negotiation between the parties, and in principle, it will not deviate from the price and terms offered to the Group by independent third parties.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of purchase by the Group from AVIC International and its Associated Companies for the following periods:

Historical figures for the following periods		
From 5 September 2012 to 31 December 2012 <i>(RMB)</i> <i>(approx.)</i>	Year ended 31 December 2013 <i>(RMB)</i> <i>(approx.)</i>	Eight months ended 31 August 2014 (unaudited) <i>(RMB)</i> <i>(approx.)</i>
217,830,000	606,080,000	1,003,740,000

Set out below are the proposed annual caps for the transactions contemplated under the New AVIC International Purchase Framework Agreement for the following periods:

Proposed annual caps for the following periods		
Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
3,500,000,000	4,000,000,000	4,500,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical purchases of related goods by the Group from AVIC International and/or its Associated Companies and in consideration of business plans of the Group, especially the continuous growth in shipping business and purchases of asphalt and bearings. It is expected that the purchase amount by the Group from AVIC International and/or its Associated Companies will gradually increase.

Reasons for and Benefits of the Transactions:

The purchases of goods contemplated under the New AVIC International Purchase Framework Agreement will be conducted in the ordinary and usual course of business of the Group and AVIC International and its Associated Companies and the terms and transaction price will be determined based on principle stipulated above, which the Directors expect would not deviate from the market price.

The Group is proposed to purchase goods from AVIC International and/or its Associated Companies on a continuous basis, given that the Group and AVIC International and its Associated Companies fully understand the specifications and quality of each other's products and the Group has established a time-proven mutual trust business relationship with AVIC International and its Associated Companies, which help the Group to purchase high quality goods at a lower cost, to effectively control the transaction risk and are beneficial to the business development of the Group.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New AVIC International Purchase Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New AVIC International Purchase Framework Agreement and the transactions contemplated thereunder (including its related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.5 The New Aviation Industry Agency Services Framework Agreement

On 5 September 2012, the Company and Aviation Industry entered into the Aviation Industry Agency Services Framework Agreement, the Engineering Services Framework Agreement and the Aviation Industry Labour Agency Services Framework Agreement, all for a term from 5 September 2012 to 31 December 2014, in relation to, among others, the provision and acceptance of agency services, engineering

exploration, development and design services and labour agency services between the Group and Aviation Industry and/or its associates (other than AVIC International and its Associated Companies), from time to time. Each of the Aviation Industry Agency Services Framework Agreement, the Engineering Services Framework Agreement and the Aviation Industry Labour Agency Services Framework Agreement, including their respective annual caps, was approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the Aviation Industry Agency Services Framework Agreement, the Engineering Services Framework Agreement and the Aviation Industry Labour Agency Services Framework Agreement for the following periods:

Annual caps for the following periods		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
The Aviation Industry Agency Services Framework Agreement		
64,000,000	132,000,000	136,000,000
The Engineering Services Framework Agreement		
20,000,000	24,000,000	27,000,000
The Aviation Industry Labour Agency Services Framework Agreement		
5,000,000	11,000,000	13,000,000

As each of the Aviation Industry Agency Services Framework Agreement, the Engineering Services Framework Agreement and the Aviation Industry Labour Agency Services Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and Aviation Industry entered into the New Aviation Industry Agency Services Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) Aviation Industry

Duration:

The New Aviation Industry Agency Services Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New Aviation Industry Agency Services Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules

(including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New Aviation Industry Agency Services Framework Agreement, the Group will provide agency services to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) from time to time, such agency services including but not limited to:

- (i) tendering agency services;
- (ii) patent technology development, design, consultation services; and
- (iii) import and export agency, warehousing and logistics services.

According to the New Aviation Industry Agency Services Framework Agreement, Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) will provide to the Group from time to time, such engineering exploration, design services and labour agency services, including but not limited to:

- (i) exploration, development of engineering project and design of engineering project etc.;
- (ii) despatch of personnel domestically and internationally; and
- (iii) management consultation, technology design and development services etc.

The services charged by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) and the services fees to be paid by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) under the New Aviation Industry Agency Services Framework Agreement will be determined on a fair and reasonable basis by: (1) standard of government pricing for engineering exploration and design if government pricing is available; (2) going through bidding procedure; and (3) negotiation between the parties based on fair market rate for services in the absence of government pricing, and in principle, it will not deviate from the price and terms offered/accepted by the Group to/by independent third parties (as the case may be).

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of agency services transactions between Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) and the Group for the following periods:

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 (RMB) (approx.)	Year ended 31 December 2013 (RMB) (approx.)	Eight months ended 31 August 2014 (unaudited) (RMB) (approx.)
Amount			
Provision of services by the Group	4,270,000	46,320,000	26,600,000
Acceptance of services by the Group	6,150,000	9,180,000	5,200,000

Set out below are the proposed annual caps for the transactions contemplated under the New Aviation Industry Agency Services Framework Agreement for the following periods:

Proposed annual caps for the following periods			
	Year ending 31 December 2015 (RMB)	Year ending 31 December 2016 (RMB)	Year ending 31 December 2017 (RMB)
Provision of services by the Group	120,000,000	150,000,000	200,000,000
Acceptance of services by the Group	35,000,000	38,000,000	40,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical transaction amounts of agency services provided to and by Aviation Industry and/or its associates (other than AVIC International and its Associated Companies). Also, the business development, in particular, the increase price for the Group's provision of agency services in bidding and tendering agency to Aviation Industry and its associates (other than AVIC International and its Associated Companies) as well as the closer cooperation on technology sharing and consulting management between the Group and Aviation Industry and its associates have been taken into consideration.

Reasons for and Benefits of the Transactions:

Since the members of the Group engaging in bidding and tendering agency are well familiar with the business of Aviation Industry and its associates, they have better understanding of various requirements on qualifications required by Aviation Industry and its associate on tendering parties for agency projects entrusted by Aviation Industry and its associates.

The import and export agency business is one of the principal activities of the Group. Certain members of the Group possess professional expertise and extensive resources in import and export business field and are familiar with the procedures and processes related to the import and export business, such as custom declaration and applications for letters of credit. The professional import and export agency services will further increase the revenue of the Group.

Members of the Group engaging in real estate and engineering construction will require planning and design services in respect of their large number of real estate development businesses in the future, in particular for the construction projects such as airport undertaken by International Engineering Company in Kenya, which require special engineering exploration and road design services. Aviation Industry and its associates (other than AVIC International and its Associated Companies) have their own professional planning and design institutions, which possess extensive experiences in the design of aviation related premises and are able to provide more professional and reliable services such as engineering survey and design.

Through good cooperation with various provinces and cities over the years, Aviation Industry and its associates (other than AVIC International and its Associated Companies) have set up a well-established labor market system and obtained relevant qualification on overseas despatch of personnel, so as to provide quality labor agency services to the Group in an efficient manner.

Each of the Group and Aviation Industry and its associates (other than AVIC International and its Associated Companies) has rich technical experience in various areas of different businesses, and the cooperation between the parties will produce synergy effects and share the benefit of development by way of technical and consulting services.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New Aviation Industry Agency Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New Aviation Industry Agency Services Framework Agreement and the transactions contemplated thereunder (including its related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.6 The New AVIC International Agency Services Framework Agreement

On 5 September 2012, the Company and AVIC International entered into the AVIC International-Agency Services Provision Framework Agreement and the AVIC International-Agency Services Acceptance Framework Agreement, respectively for a term from 5 September 2012 to 31 December 2014, in relation

to, among other things, the provision and acceptance of agency services between the Group and AVIC International and/or its Associated Companies from time to time. Each of the AVIC International-Agency Services Provision Framework Agreement and the AVIC International-Agency Services Acceptance Framework Agreement (including their respective annual caps) was approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the AVIC International-Agency Services Provision Framework Agreement and the AVIC International-Agency Services Acceptance Framework Agreement for the following periods respectively:

Annual caps for the following periods under the AVIC International-Agency Services Provision Framework Agreement		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
81,000,000	125,000,000	160,000,000

Annual caps for the following periods under the AVIC International-Agency Services Acceptance Framework Agreement		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
23,500,000	65,000,000	72,000,000

As the AVIC International-Agency Services Provision Framework Agreement and the AVIC International-Agency Services Acceptance Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and AVIC International entered into the New AVIC International Agency Services Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) AVIC International

Duration:

The New AVIC International Agency Services Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New AVIC International Agency Services Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New AVIC International Agency Services Framework Agreement, the Group will provide to AVIC International and/or its Associated Companies from time to time, agency services, including but not limited to:

- (i) tendering services;
- (ii) import and export services and logistics warehousing services;
- (iii) patent technology services, trademark rights, software development and consultation services; and
- (iv) labor agency services etc.

According to the New AVIC International Agency Services Framework Agreement, AVIC International and/or its Associated Companies will provide to the Group from time to time, agency services, including but not limited to:

- (i) import and export and logistics warehousing services and storage and transportation services;
- (ii) patent, technology development and consultation services; and
- (iii) exploration, design and development services of construction projects etc.

The services fee charged by the Group to AVIC International and/or its Associated Companies and the services fees to be paid by the Group to AVIC International and/or its Associated Companies under the New AVIC International Agency Services Framework Agreement will be determined on a fair and reasonable basis by: (1) standard of government pricing for engineering exploration and design if government pricing is available; (2) going through bidding procedure; and (3) negotiation of both parties based on fair market rate for services in the absence of government pricing, and in principle, it will not deviate from the price and terms offered/accepted by the Group to/by independent third parties (as the case may be).

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of agency services transactions between AVIC International and/or its Associated Companies and the Group for the following periods:

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 (RMB) (approx.)	Year ended 31 December 2013 (RMB) (approx.)	Eight months ended 31 August 2014 (unaudited) (RMB) (approx.)
Amount			
Provision of services by the Group	17,310,000	44,810,000	25,650,000
Acceptance of services by the Group	7,950,000	32,260,000	21,980,000

Set out below are the proposed annual caps for the transactions contemplated under the New AVIC International Agency Services Framework Agreement for the following periods:

Proposed annual caps for the following periods			
	Year ending 31 December 2015 (RMB)	Year ending 31 December 2016 (RMB)	Year ending 31 December 2017 (RMB)
Provision of services by the Group	160,000,000	200,000,000	220,000,000
Acceptance of services by the Group	120,000,000	150,000,000	160,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical transaction amounts of agency services provided to/by AVIC International and/or its Associated Companies (as the case may be) and also taking into account the fact that the position of Tianma in the liquid crystal display industry will be further improved upon completion of the Tianma Reorganization and the agency services provided to AVIC International and/or its Associated Companies by the Group will be gradually increased and at the same time, the cooperation on technology sharing and consulting management between the Group and AVIC International and its Associated Companies have become closer, which result in a gradual increase in the transaction amount of agency services between the Group and AVIC International and/or its Associated Companies.

Reasons for and Benefits of the Transactions:

Since members of the Group engaging in professional bidding and tendering agency are well familiar with the business of AVIC International and its subsidiaries, they have better understanding of various requirements on qualifications required by AVIC International and its Associated Companies on tendering parties for agency projects entrusted by AVIC International and its Associated Companies.

AVIC International and its Associated Companies and the Group have their own companies which engage in professional import and export agency, logistics, storage and transportation services, and those companies have professional standards and extensive experiences accumulated over long periods for different kinds of goods. Based on different kinds of services, the Group selects acceptance or provision of import and export agency, logistics, storage and transportation services, which is beneficial to the Group for increasing its revenues and lowering the cost.

Upon completion of the Tianma Reorganization, 深圳中航光電子有限公司 (Shenzhen AVIC Opto-electronics Limited) (“Shenzhen Opto-electronics”) will become a wholly-owned subsidiary of the Company. NLT Technologies, Ltd., (“NLT Company”), a subsidiary of Shenzhen Opto-electronics in Japan, has an extensive overseas customer base. Among the European and Japanese LCD manufacturers, NLT Company enjoys a relatively large market share. NLT Company could facilitate to enlarge the import and export agency business of AVIC International and its connected persons. Moreover, NLT Company has more than 2,000 registered technological patents in different countries and regions, and has applied such technologies, such as 3D display technology and On-Cell technology to manufacturing. NLT Company will give full play to its advantages in the industry and provide the services related to product design, technical services and right of using trademarks to the companies of AVIC International and its Associated Companies engaged in LCD businesses. Furthermore, each of the Group and AVIC International and its Associated Companies has rich technical experience in various areas of different businesses, and the parties will produce synergy effects and share the benefit of development by way of technical and consulting services.

Members of the Group have plans to expand their plants in different regions in future. Since AVIC International and its Associated Companies have companies engaging in exploration and development of engineering projects which are familiar with the situation as well as the expansion plans of the subsidiaries of the Group, they are able to provide the Group with quality services.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New AVIC International Agency Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm’s length basis, and the New AVIC International Agency Services Framework Agreement and the transactions contemplated thereunder (including its related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.7 The New Aviation Industry Financial Framework Agreement

On 5 September 2012, the Company and Aviation Industry entered into the Aviation Industry Financial Framework Agreement for a term from 5 September 2012 to 31 December 2014, in relation to, among other things, the provision or acceptance of loans and provision or acceptance of guarantees between the Group and Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) from time to time. The Aviation Industry Financial Framework Agreement and its related annual caps were approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the Aviation Industry Financial Framework Agreement for the following periods:

Annual caps for the following periods under the Aviation Industry Financial Framework Agreement			
	Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
Total financial assistance	6,650,000,000	8,450,000,000	9,200,000,000
Total interest/guarantee fee of the financial assistance	650,000,000	820,000,000	880,000,000

The breakdown of the said annual caps under the Aviation Industry Financial Framework Agreement is as follows for the following periods:

	From 5 September 2012 to 31 December 2012 (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
Amount			
Acceptance of loans/guarantees by the Group	4,150,000,000	6,450,000,000	7,000,000,000
Provision of loans/guarantees by the Group	2,500,000,000	2,000,000,000	2,200,000,000
<i>Total</i>	<u>6,650,000,000</u>	<u>8,450,000,000</u>	<u>9,200,000,000</u>
Interest/guarantee fee			
Acceptance of loans/guarantees by the Group	641,000,000	813,000,000	872,000,000
Provision of loans/guarantees by the Group	9,000,000	7,000,000	8,000,000
<i>Total</i>	<u>650,000,000</u>	<u>820,000,000</u>	<u>880,000,000</u>

As the Aviation Industry Financial Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and Aviation Industry entered into the New Aviation Industry Financial Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) Aviation Industry

Duration:

The New Aviation Industry Financial Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New Aviation Industry Financial Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New Aviation Industry Financial Framework Agreement, the Group will enter into the following financial assistance transactions with Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) from time to time:

- (i) provision or acceptance of loans; and
- (ii) provision or acceptance of guarantees.

The fees payable or to be charged by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) under the New Aviation Industry Financial Framework Agreement will be determined in accordance with the following principles:

- (i) Provision of loans by the Group

The interest rates of the loans will be in the range of 3% to 18%, be determined on a fair and reasonable basis and based on fair market rate and the benchmark interest rate stipulated by the People's Bank of China at the same period, and in principle, it will not be lower than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

(ii) Acceptance of loans by the Group

The interest rates of the loans will be in the range of 3% to 18%, be determined on a fair and reasonable basis and based on fair market rate and the benchmark interest rate stipulated by the People's Bank of China at the same period, and in principle, it will not be higher than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

(iii) Provision of guarantees by the Group

The guarantee fee rate will be determined on a fair and reasonable basis and based on fair market rate, and in principle, it will not be lower than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

(iv) Acceptance of guarantees by the Group

The guarantee fee rate will be determined on a fair and reasonable basis and based on fair market rate, and in principle, it will not be higher than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

The transactions contemplated under the New Aviation Industry Financial Framework Agreement will not include the Exempted Financial Assistance.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of financial assistance between Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) and the Group contemplated under the Aviation Industry Financial Framework Agreement for the following periods:

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 (RMB) (approx.)	Year ended 31 December 2013 (RMB) (approx.)	Eight months ended 31 August 2014 (unaudited) (RMB) (approx.)
Amount			
Acceptance of loans/guarantees by the Group	3,318,420,000	2,016,440,000	2,075,500,000
Provision of loans/guarantees by the Group	317,250,000	184,000,000	101,760,000
<i>Total</i>	<u>3,635,670,000</u>	<u>2,200,440,000</u>	<u>2,177,260,000</u>

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 (RMB) (approx.)	Year ended 31 December 2013 (RMB) (approx.)	Eight months ended 31 August 2014 (unaudited) (RMB) (approx.)
Interest/guarantee fee			
Acceptance of loans/guarantees by the Group	274,500,000	134,530,000	54,830,000
Provision of loans/guarantees by the Group	420,000	6,660,000	3,930,000
<i>Total</i>	<u>274,920,000</u>	<u>141,190,000</u>	<u>58,760,000</u>

Set out below are the proposed annual caps for the transactions contemplated under the New Aviation Industry Financial Framework Agreement for the following periods:

Proposed annual caps for the following periods			
	Year ending 31 December 2015 (RMB)	Year ending 31 December 2016 (RMB)	Year ending 31 December 2017 (RMB)
Total financial assistance	5,700,000,000	6,300,000,000	6,500,000,000
Total interest/guarantee fee of the financial assistance	380,000,000	440,000,000	440,000,000

The Board intends to breakdown the said annual caps under the New Aviation Industry Financial Framework Agreement as follows:

	Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
Amount			
Acceptance of loans/guarantees by the Group	4,500,000,000	5,000,000,000	5,000,000,000
Provision of loans/guarantees by the Group	1,200,000,000	1,300,000,000	1,500,000,000
<i>Total</i>	<u>5,700,000,000</u>	<u>6,300,000,000</u>	<u>6,500,000,000</u>
Interest/guarantee fee			
Acceptance of loans/guarantees by the Group	300,000,000	350,000,000	350,000,000
Provision of loans/guarantees by the Group	80,000,000	90,000,000	90,000,000
<i>Total</i>	<u>380,000,000</u>	<u>440,000,000</u>	<u>440,000,000</u>

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical transaction amount of financial assistance between the Group and Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) and in consideration of the funding needs for future business expansion of the Group.

Reasons for and Benefits of the Transactions:

Subject to the restrictions from government policies, it is not easy for the subsidiaries of the Group engaging in real estate business to obtain loans from banks and other financial institutions, however, the non-bank financial institutions under Aviation Industry engaging in financial services are able to provide the Group with financial assistance such as provision of loans and guarantee, which alleviate their funding pressure. Meanwhile, since Aviation Industry and its associates (other than AVIC International and its Associated Companies) and the Group are well familiar with each other's business and mode of transaction, while compared with other commercial banks and independent financial institutions, it may ensure effective communication to provide each other with a fast, efficient and orderly financing platform and realize the requirement of obtaining capital swiftly during the stage of business development.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New Aviation Industry Financial Framework Agreement is entered into in the ordinary and usual course of business of the

Group and on normal commercial terms negotiated on arm's length basis, and the New Aviation Industry Financial Framework Agreement and the transactions contemplated thereunder (including its related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.8 The New AVIC International Financial Framework Agreement

On 5 September 2012, the Company and AVIC International entered into the AVIC International Financial Framework Agreement for a term from 5 September 2012 to 31 December 2014, in relation to, among other things, the provision or acceptance of loans and provision or acceptance of guarantees between the Group and AVIC International and/or its Associated Companies from time to time. The AVIC International Financial Framework Agreement was approved by the Independent Shareholders at the 2012 EGM. Set out below are the annual caps for the transactions contemplated under the AVIC International Financial Framework Agreement for the following periods:

Annual caps for the following periods under the Aviation Industry Financial Framework Agreement			
	Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
Total financial assistance	11,700,000,000	22,000,000,000	29,000,000,000
Total interest/guarantee fee of the financial assistance	357,200,000	420,000,000	450,000,000

The breakdown of the said annual caps under the AVIC International Financial Framework Agreement as revised with breakdown for the year ending 31 December 2014 and approved at the extraordinary general meeting held on 15 July 2014 is as follows:

	From 5 September 2012 to 31 December 2012 <i>(RMB)</i>	Year ended 31 December 2013 <i>(RMB)</i>	Year ending 31 December 2014 <i>(RMB)</i>
Amount			
Acceptance of loans/guarantees by the Group	11,650,000,000	21,900,000,000	23,800,000,000
Provision of loans/guarantees by the Group	50,000,000	100,000,000	5,200,000,000
Total	<u>11,700,000,000</u>	<u>22,000,000,000</u>	<u>29,000,000,000</u>
Interest/guarantee fee			
Acceptance of loans/guarantees by the Group	355,000,000	416,000,000	341,000,000
Provision of loans/guarantees by the Group	2,200,000	4,000,000	109,000,000
Total	<u>357,200,000</u>	<u>420,000,000</u>	<u>450,000,000</u>

As the AVIC International Financial Framework Agreement will expire on 31 December 2014, on 16 October 2014, the Company and AVIC International entered into the New AVIC International Financial Framework Agreement, details of which are set out below.

Date:

16 October 2014

Parties:

- (i) the Company; and
- (ii) AVIC International

Duration:

The New AVIC International Financial Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New AVIC International Financial Framework Agreement having obtained approval from the Board and all necessary or appropriate approval or consent as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New AVIC International Financial Framework Agreement, the Group will enter into the following financial assistance transactions with AVIC International and/or its Associated Companies from time to time:

- (i) provision or acceptance of loans; and
- (ii) provision or acceptance of guarantees.

The fees payable or to be charged by the Group to AVIC International and/or its Associated Companies under the New AVIC International Financial Framework Agreement will be determined in accordance with the following principles:

- (i) Provision of loans by the Group

The interest rates of the loans will be in the range of 3% to 18%, be determined on a fair and reasonable basis and based on fair market rate and the benchmark interest rate stipulated by the People's Bank of China at the same period, and in principle, it will not be lower than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

- (ii) Acceptance of loans by the Group

The interest rates of the loans will be in the range of 3% to 18%, be determined on a fair and reasonable basis and based on fair market rate and the benchmark interest rate stipulated by the People's Bank of China at the same period, and in principle, it will not be higher than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

- (iii) Provision of guarantees by the Group

The guarantee fee rate will be determined on a fair and reasonable basis and based on fair market rate, and in principle, it will not be lower than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

- (iv) Acceptance of guarantees by the Group

The guarantee fee rate will be determined on a fair and reasonable basis and based on fair market rate, and in principle, it will not be higher than those charged by other independent third parties nor would the terms deviate from those offered by other independent third parties.

The transactions contemplated under the New AVIC International Financial Framework Agreement will not include the Exempted Financial Assistance.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts of financial assistance between AVIC International and its Associated Companies and the Group contemplated under the AVIC International Financial Framework Agreement for the following periods:

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 <i>(RMB)</i> <i>(approx.)</i>	Year ended 31 December 2013 <i>(RMB)</i> <i>(approx.)</i>	Eight months ended 31 August 2014 (unaudited) <i>(RMB)</i> <i>(approx.)</i>
Amount			
Acceptance of loans/guarantees by the Group	6,664,010,000	6,422,720,000	9,206,320,000
Provision of loans/guarantees by the Group	17,000,000	87,250,000	1,498,890,000
<i>Total</i>	<u>6,681,010,000</u>	<u>6,509,970,000</u>	<u>10,705,210,000</u>

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 <i>(RMB)</i> <i>(approx.)</i>	Year ended 31 December 2013 <i>(RMB)</i> <i>(approx.)</i>	Eight months ended 31 August 2014 (unaudited) <i>(RMB)</i> <i>(approx.)</i>
Interest/guarantee fee			
Acceptance of loans/guarantees by the Group	100,270,000	101,320,000	58,280,000
Provision of loans/guarantees by the Group	530,000	2,100,000	32,190,000
<i>Total</i>	<u>100,800,000</u>	<u>103,410,000</u>	<u>90,470,000</u>

Set out below are the proposed annual caps for the transactions contemplated under the New AVIC International Financial Framework Agreement for the following periods:

Proposed annual caps for the following periods			
	Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
Total financial assistance	18,000,000,000	21,500,000,000	26,000,000,000
Total interest/guarantee fee of the financial assistance	700,000,000	830,000,000	1,080,000,000

The Board intends to breakdown the said annual caps under the New AVIC International Financial Framework Agreement as follows for the following periods:

	Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
Amount			
Acceptance of loans/guarantees by the Group	15,000,000,000	18,000,000,000	22,000,000,000
Provision of loans/guarantees by the Group	3,000,000,000	3,500,000,000	4,000,000,000
Total	18,000,000,000	21,500,000,000	26,000,000,000
Interest/guarantee fee			
Acceptance of loans/guarantees by the Group	500,000,000	600,000,000	800,000,000
Provision of loans/guarantees by the Group	200,000,000	230,000,000	280,000,000
Total	700,000,000	830,000,000	1,080,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to the historical transaction amount of financial assistance between AVIC International and its Associated Companies and the Group during the past three years, and based on the funding needs of various business for future business expansion of the Group as well as the amount of long-term loan guarantee contracts entered into in the past.

Reasons for and Benefits of the Transactions:

The Group needs to obtain substantial amount of loans from commercial banks to satisfy their funding needs. As required by commercial banks, AVIC International, as a controlling shareholder of the Company, provides the related guarantees for the Group. Meanwhile, since AVIC International and its Associated Companies and the Group are well familiar with each other's business and mode of transaction, while compared with other commercial banks and independent financial institutions, it may ensure effective communication to provide each other with a fast, efficient and orderly financing platform and satisfy the requirement of obtaining capital swiftly during the stage of business development.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New AVIC International Financial Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New AVIC International Financial Framework Agreement and the transactions contemplated thereunder (including its related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

1.9 The New AVIC International Construction Services Framework Agreement

On 5 September 2012, International Engineering Company and AVIC International entered into the AVIC International Construction Services Framework Agreement for a term from 5 September 2012 to 31 December 2013, in relation to, among other things, the provision of construction services by International Engineering Company (and/or its subsidiaries) to AVIC International and/or its Associated Companies. On 10 April 2013, International Engineering Company entered into the Supplemental Agreement with AVIC International to revise the relevant caps and extend the terms of the AVIC International Construction Services Framework Agreement to 31 December 2014. The AVIC International Construction Services Framework Agreement and the Supplemental Agreement were approved by the Independent Shareholders at the 2012 EGM and the extraordinary general meeting of the Company held on 19 July 2013, respectively. Set out below are the annual caps for the transactions contemplated under the AVIC International Financial Framework Agreement (as revised by the Supplemental Agreement) (in terms of contract sum committed if awarded as a result of successful bid) for the following periods:

Annual caps for the following periods under the AVIC International Construction Services Framework Agreement (as revised by the Supplemental Agreement)		
Year ended 31 December 2012 (from 5 September 2012 to 31 December 2012) (RMB)	Year ended 31 December 2013 (RMB)	Year ending 31 December 2014 (RMB)
200,000,000	1,700,000,000	1,000,000,000

As the AVIC International Construction Services Framework Agreement (as revised by the Supplemental Agreement) will expire on 31 December 2014, on 16 October 2014, International Engineering Company and AVIC International entered into the New AVIC International Construction Services Framework Agreement, details of which are set out below:

Date:

16 October 2014

Parties:

- (i) International Engineering Company; and
- (ii) AVIC International

Duration:

The New AVIC International Construction Services Framework Agreement is for a term from 1 January 2015 to 31 December 2017 and is conditional upon, among other things, the New AVIC International Construction Services Framework Agreement having obtained approval from the board of directors of International Engineering Company and that of the Board, respectively and all necessary or appropriate approval or consent obtained by the Company as required by the Stock Exchange or under the relevant laws, regulations or rules (including the Listing Rules) and (if required) from the Independent Shareholders at the Company's general meeting.

Details of the Transactions:

According to the New AVIC International Construction Services Framework Agreement, International Engineering Company (and/or its subsidiaries) will provide construction services to AVIC International and/or its Associated Companies.

These construction services are expected to include, among others, site clean-up, foundation work, main structure, building decoration, building roofing, building drainage and heating, electrical work, intelligent building, ventilation and air-conditioning, elevators and outdoor accessory building, outdoor environment, outdoor drainage and heating and project design, construction, completion and quality warranty services of sub-outdoor units, all in respect of property development projects in the PRC and worldwide.

The price of various services to be provided by International Engineering Company (and/or its subsidiaries) to AVIC International and/or its Associated Companies under the New AVIC International Construction Services Framework Agreement will be determined on a fair and reasonable basis (1) through bidding procedure; and (2) based on fair market rate by negotiation of both parties, and in principle, it will not deviate from the price and terms offered by International Engineering Company to independent third parties.

Historical Figures and Annual Caps:

Set out below is a summary of the historical transaction amounts and contracted amount for provision of the said construction services by International Engineering Companies (and its subsidiaries) to AVIC International and its Associated Companies for the years ended 31 December 2012, 31 December 2013 and for the eight months ended 31 August 2014:

Historical figures for the following periods			
	From 5 September 2012 to 31 December 2012 <i>(RMB)</i> <i>(approx.)</i>	Year ended 31 December 2013 <i>(RMB)</i> <i>(approx.)</i>	Eight months ended 31 August 2014 (unaudited) <i>(RMB)</i> <i>(approx.)</i>
Contracted amount	116,150,000	1,092,790,000	772,940,000
Actual transaction amount	4,800,000	254,420,000	520,000,000

Set out below are the proposed annual caps for the transactions contemplated under the New AVIC International Construction Services Framework Agreement (in terms of contract sum committed if awarded as a result of successful bid):

Proposed annual caps for the following periods		
Year ending 31 December 2015 <i>(RMB)</i>	Year ending 31 December 2016 <i>(RMB)</i>	Year ending 31 December 2017 <i>(RMB)</i>
1,000,000,000	1,200,000,000	1,500,000,000

Basis of the Proposed Annual Caps:

The proposed annual caps are determined with reference to (i) the historical transaction amount of construction work of AVIC International and its Associated Companies; (ii) the plans of property projects proposed to be developed and constructed in the next three years by AVIC International and its Associated Companies; (iii) the expected number of property projects which may be secured by International Engineering Company (and/or its subsidiaries) through bidding; and (iv) market rate for projects of construction services.

Reasons for and Benefits of the Transactions:

International Engineering Company and its subsidiaries possess qualification for construction. The construction services contemplated under the New AVIC International Construction Services Framework Agreement will be conducted in the ordinary course of the business of International Engineering Company and/or its subsidiaries with contracts awarded by bidding and the transaction price will also be based on market rate. International Engineering Company (and its subsidiaries) and AVIC International (and its

Associated Companies) are familiar with each other's background. With fast and easy communication, both risks and costs for transaction will be reduced. With construction projects undertaken by International Engineering Company and/or its subsidiaries, the Group's revenue will increase which is beneficial to the business development of the Group.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the independent financial adviser) are of the view that the New AVIC International Construction Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms negotiated on arm's length basis, and the New AVIC International Construction Services Framework Agreement and the transactions contemplated thereunder (including its related annual caps) are fair and reasonable and in the interests 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 business of high-tech electronic products, retails and high-end customer products, real estate and hotel, trading and logistics, resource investment and development.

RELATIONS WITH AVIATION INDUSTRY AND AVIC INTERNATIONAL

Aviation Industry is an enterprise owned by the whole people (全民所有制企業) established in the PRC. Aviation Industry's core businesses consist of transport aircraft, engine, helicopter, avionics and systems, general aviation, aviation research, flight test, trade and logistics, assets management, finance services, engineering planning and construction, automobile etc.

AVIC International is a state-owned enterprise in the PRC. As the comprehensive platform under Aviation Industry, AVIC International's core businesses consist of international aviation, trading and logistics, retail and luxurious goods, real estate and hotel, electronics technology, and resources investment and development.

As at the date of this announcement, Aviation Industry owns 62.52% of the equity interest in AVIC International. As at the date of this announcement, AVIC International is a controlling shareholder of the Company holding approximately 39.37% of the issued share capital of the Company, and it owns 100% equity interest of AVIC Shenzhen, which in turn is a controlling shareholder of the Company holding approximately 35.63% of the issued share capital of the Company. Aviation Industry and AVIC International hold, in aggregate, 64% interest in Beijing Raise Science Company Limited (北京瑞賽科技有限公司) ("Beijing Raise"). AVIC International, AVIC Shenzhen and Beijing Raise hold perpetual subordinated convertible securities which, in aggregate, may be converted into 801,634,795 Domestic Shares at the initial conversion price of RMB3.47 (subject to adjustment according to the terms thereof) as at the date of this announcement.

Hence, Aviation Industry, AVIC International and their associates (including their Associated Companies) are connected persons of the Company under Chapter 14A of the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

As Aviation Industry and AVIC International are connected persons of the Company, the Group's transactions with such parties (including their associates, where appropriate) constitute continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps of the transactions contemplated under the New Framework Agreements exceed 5%, the New Framework Agreements (including their respective annual caps) will be subject to, among other things, the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable percentage ratios for the annual caps of the New Aviation Industry Financial Framework Agreement and the New AVIC International Financial Framework Agreement in relation to provision of loans and guarantee, in aggregate, exceed 25%, the New Aviation Industry Financial Framework Agreement and the New AVIC International Financial Framework Agreement also constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the New Framework Agreements. Save for Mr. Wu Guang Quan, Mr. Lai Wei Xuan and Mr. You Lei, all being executive Directors, who are also directors of AVIC International, have to abstain from voting in respect of the New AVIC International Sale Framework Agreement, the New AVIC International Purchase Framework Agreement, the New AVIC International Agency Services Framework Agreement, the New AVIC International Financial Framework Agreement and the New AVIC International Construction Services Framework Agreement, none of the Directors has abstained from voting at the meeting of the Board on the resolutions to approve the New Framework Agreements and the related annual caps.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Framework Agreements and the related annual caps. None of the members of the Independent Board Committee has any material interest in the New Framework Agreements.

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreements and the related annual caps.

EGM

The EGM will be convened by the Company at which resolutions will be proposed to consider and, if thought fit, approve the New Framework Agreements and the related annual caps. Notice convening the EGM will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, AVIC Shenzhen holds 395,709,091 Domestic Shares, representing approximately 35.63% of the issued share capital of the Company, and AVIC International holds 437,264,906 Domestic Shares, representing approximately 39.37% of the issued share capital of the Company.

Each of AVIC International, AVIC Shenzhen and their respective associates will abstain from voting at the EGM in respect of the resolutions to consider the New Framework Agreements (including the related annual caps) as a result of having material interest therein. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed in this announcement, no other Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, details of the New Framework Agreements; a letter from the Independent Board Committee containing its opinions and recommendations in respect of the New Framework Agreements and the related annual caps; a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its opinion in respect of the New Framework Agreements and the related annual caps; 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 28 November 2014 as additional time is required for the preparation and finalisation of the contents of the circular.

DEFINITIONS

“2012 EGM”	the extraordinary general meeting of the Company convened and held on 24 December 2012 at which, among other things, the Existing Framework Agreements and related annual caps were approved
“2012 Circular”	the circular of the Company dated 25 October 2012 in relation to, among other things, the Existing Framework Agreements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Associated Companies”	in relation to a company, means its subsidiaries, any other company in which a company or its subsidiaries, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or an amount for triggering a mandatory general offer or establishing legal or management control over a business enterprise under the PRC Law) or more of voting power at general meetings, or to control the composition of a majority of the board of directors, and any other company which is its subsidiary
“Aviation Industry”	Aviation Industry Corporation of China (中國航空工業集團公司), an enterprise owned by the whole people (全民所有制企業) established in the PRC and holds 62.52% of the equity interest in AVIC International as at the date of this announcement

“Aviation Industry Agency Services Framework Agreement”	the agency services framework agreement entered into between the Company and Aviation Industry dated 5 September 2012 in relation to the provision of agency services to the Group by Aviation Industry and/or its associates (other than AVIC International and its Associated Companies), details of which are set out in the 2012 Circular
“Aviation Industry Financial Framework Agreement”	the financial assistance framework agreement entered into between the Company and Aviation Industry dated 5 September 2012 in relation to the financial assistance transactions between the Group and Aviation Industry and/or its associates (other than AVIC International and its Associated Companies), details of which are set out in the 2012 Circular
“Aviation Industry Labour Agency Services Framework Agreement”	the labour agency services framework agreement entered into between the Company and Aviation Industry dated 5 September 2012 in relation to the provision of labour agency services to the Group by Aviation Industry and/or its associates (other than AVIC International and its Associated Companies), details of which are set out in the 2012 Circular
“Aviation Industry Purchase Framework Agreement”	the purchase framework agreement entered into between the Company and Aviation Industry dated 5 September 2012 in relation to the purchase transactions by the Group from Aviation Industry and/or its associates (other than AVIC International and its Associated Companies), details of which are set out in the 2012 Circular
“Aviation Industry Sale Framework Agreement”	the sale framework agreement entered into between the Company and Aviation Industry dated 5 September 2012 in relation to the sale of goods by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies), details of which are set out in the 2012 Circular
“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, and a controlling shareholder of the Company
“AVIC International – Agency Services Provision Framework Agreement”	the agency services provision framework agreement entered into between the Company and AVIC International dated 5 September 2012 in relation to the provision of agency services to AVIC International and/or its Associated Companies by the Group, details of which are set out in the 2012 Circular
“AVIC International – Agency Services Acceptance Framework Agreement”	the agency services acceptance framework agreement entered into between the Company and AVIC International dated 5 September 2012 in relation to the acceptance of agency services by AVIC International and/or its Associated Companies to the Group, details of which are set out in the 2012 Circular

“AVIC International Construction Services Framework Agreement”	the project construction contract framework agreement entered into between International Engineering Company and AVIC International dated 5 September 2012 in relation to the provision of construction services by International Engineering Company and/or its subsidiaries to AVIC International and/or its Associated Companies, details of which are set out in the 2012 Circular. It was subsequently supplemented and revised by the Supplemental Agreement
“AVIC International Financial Framework Agreement”	the financial assistance framework agreement entered into between the Company and AVIC International dated 5 September 2012 in relation to the financial assistance transactions between the Group and AVIC International and/or its Associated Companies, details of which are set out in the 2012 Circular and the circular of the Company dated 16 May 2014, respectively
“AVIC International Labour Agency Services Framework Agreement”	the labour agency services framework agreement entered into between the Company and AVIC International dated 5 September 2012 in relation to the provision of labour agency services to the Group by AVIC International and its Associated Companies, details of which are set out in the 2012 Circular
“AVIC International Purchase Framework Agreement”	the purchase framework agreement entered into between the Company and AVIC International on 5 September 2012 in relation to the purchase transactions by the Group from AVIC International and/or its Associated Companies, details of which are set out in the 2012 Circular and the announcements of the Company dated 27 January 2014 and 17 March 2014, respectively
“AVIC International Sale Framework Agreement”	the sale framework agreement entered into between the Company and AVIC International on 5 September 2012 in relation to the sale transactions by the Group to AVIC International and/or its Associated Companies, details of which are set out in the 2012 Circular
“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 this announcement, its entire equity interest is owned by AVIC International
“Board”	the board of Directors
“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 meanings as ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the meanings as ascribed thereto in the Listing Rules
“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
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purposes of considering and, if thought fit, approving, among other things, the New Framework Agreements and the related annual caps
“Engineering Services Framework Agreement”	the engineering exploration, development design service framework agreement entered into between the Company and Aviation Industry dated 5 September 2012 in relation to the provision of engineering exploration, development and design services by Aviation Industry and/or its associates (other than AVIC International and its Associated Companies) to the Group, details of which are set out in the 2012 Circular
“Exempted Financial Assistance”	financial assistance transactions involving connected persons which are fully exempt pursuant to the provisions of the Listing Rules
“Existing Framework Agreements”	the Aviation Industry Sale Framework Agreement, the Aviation Industry Purchase Framework Agreement, the AVIC International Sale Framework Agreement, the AVIC International Purchase Framework Agreement, the Aviation Industry Agency Services Framework Agreement, the Engineering Services Framework Agreement, the Aviation Industry Labour Agency Services Framework Agreement, the AVIC International Labour Agency Services Framework Agreement, the AVIC International-Agency Services Provision Framework Agreement, the AVIC International-Agency Services Acceptance Framework Agreement, the Aviation Industry Financial Framework Agreement, the AVIC International Financial Framework Agreement and the AVIC International Construction Services Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the New Framework Agreements and the related annual caps

“Independent Shareholders”	Shareholders other than AVIC International, AVIC Shenzhen and their respective associates
“International Engineering Company”	China National Aero-Technology International Engineering Corporation Limited (中國航空技術國際工程有限公司), a limited liability company established in the PRC, and as at the date of this announcement, its entire equity interest is owned by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Aviation Industry Agency Services Framework Agreement”	the agency services framework agreement entered into between the Company and Aviation Industry dated 16 October 2014 in relation to the agency service transactions between the Group and Aviation Industry and its associates (other than AVIC International and its Associated Companies)
“New Aviation Industry Financial Framework Agreement”	the financial assistance framework agreement entered into between the Company and Aviation Industry dated 16 October 2014 in relation to the financial assistance transactions between the Group and Aviation Industry and its associates (other than AVIC International and its Associated Companies)
“New Aviation Industry Purchase Framework Agreement”	the purchase framework agreement entered into between the Company and Aviation Industry dated 16 October 2014 in relation to the purchase transactions by the Group from Aviation Industry and/or its associates (other than AVIC International and its Associated Companies)
“New Aviation Industry Sale Framework Agreement”	the sale framework agreement entered into between the Company and Aviation Industry dated 16 October 2014 in relation to the sale transactions by the Group to Aviation Industry and/or its associates (other than AVIC International and its Associated Companies)
“New AVIC International Agency Services Framework Agreement”	the agency services framework agreement entered into between the Company and AVIC International dated 16 October 2014 in relation to the agency services transactions between the Group and AVIC International and/or its Associated Companies
“New AVIC International Construction Services Framework Agreement”	the construction services framework agreement entered into between International Engineering Company and AVIC International dated 16 October 2014 in relation to the provision of construction services by International Engineering Company and/or its subsidiaries to AVIC International and/or its Associated Companies

“New AVIC International Financial Framework Agreement”	the financial assistance framework agreement entered into between the Company and AVIC International dated 16 October 2014 in relation to the financial assistance transactions between the Group and AVIC International and/or its Associated Companies
“New AVIC International Purchase Framework Agreement”	the purchase framework agreement entered into between the Company and AVIC International dated 16 October 2014 in relation to the purchase transactions by the Group from AVIC International and/or its Associated Companies
“New AVIC International Sale Framework Agreement”	the sale framework agreement entered into between the Company and AVIC International dated 16 October 2014 in relation to the sale transactions by the Group to AVIC International and/or its Associated Companies
“New Framework Agreements”	the New Aviation Industry Sale Framework Agreement, the New Aviation Industry Purchase Framework Agreement, the New AVIC International Sale Framework Agreement, the New AVIC International Purchase Framework Agreement, the New Aviation Industry Agency Services Framework Agreement, the New AVIC International Agency Services Framework Agreement, the New Aviation Industry Financial Framework Agreement, the New AVIC International Financial Framework Agreement and the New AVIC International Construction Services Framework Agreement
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares (including Domestic Shares and H shares) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 10 April 2013 entered into between International Engineering Company and AVIC International to amend certain terms of the AVIC International Construction Services Framework Agreement, details of which are set out in the circular of the Company dated 20 May 2013
“Tian ma”	Tian Ma Micro-electronics Company Limited (天馬微電子股份有限公司), a non-wholly-owned subsidiary of the Company, the A Shares of which are listed on the Shenzhen Stock Exchange

“Tianma Reorganization”

a series of acquisitions and other transactions conducted by Tianma, details of which are set out in the circular of the Company dated 30 January 2014

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, 16 October 2014

As at the date of this announcement, the Board comprises a total of 9 Directors, Mr. Wu Guang Quan, Mr. You Lei, Mr. Lai Wei Xuan, 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.