

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



中航國際控股股份有限公司

AVIC INTERNATIONAL HOLDINGS LIMITED

(formerly known as CATIC Shenzhen Holdings Limited (深圳中航集團股份有限公司))
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00161)

VERY SUBSTANTIAL DISPOSAL: PROPOSED DISPOSAL OF 73.87% EQUITY INTEREST IN AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

PROPOSED AVIC MARITIME DISPOSAL

The Board announces that on 27 August 2019 (after trading hours), CMII (as offeror) and the Company (as offeree) entered into the Implementation Agreement, pursuant to which CMII agreed to make the Acquisition Offer at the offer price of S\$0.15 per Target Share to acquire the Target Shares (all the shares owned by the Company in AVIC Maritime on the date when the Acquisition Offer (if materialized) is made, being 210,947,369 shares in AVIC Maritime, representing approximately 73.87% of the total issued shares of AVIC Maritime as at the date of this announcement) from the Company at the cash consideration of S\$31,642,105.35 (subject to possible upward adjustment pursuant to the SG Takeovers Code) subject to the fulfillment of the Pre-Condition. Upon the signing of the Implementation Agreement, the Company shall within one business day provide an Irrevocable Undertaking to CMII to undertake to conditionally accept the Acquisition Offer to be made by CMII.

Pursuant to the Implementation Agreement, CMII undertook that with regard to the AVIC Group Corporate Guarantees, it shall within 6 months upon completion of the AVIC Maritime Disposal and having become the controlling shareholder of AVIC Maritime, provide the Corporate Guarantee Beneficiaries with corporate guarantees issued by CMII or members of its Group to replace the AVIC Group Corporate Guarantees, and procure the complete release and discharge of all AVIC Group Corporate Guarantees. Accordingly, the continued provision of the AVIC Group Corporate Guarantees during the period after completion of the AVIC Maritime Disposal and prior to the release and discharge of the AVIC Group Corporate Guarantees will constitute provision of financial assistance by the Group to a third party under Chapter 14 of the Listing Rules.

In the event CMII has made the Acquisition Offer and the AVIC Maritime Disposal takes place, upon completion of the AVIC Maritime Disposal, the Company will no longer hold any equity interest in AVIC Maritime and AVIC Maritime will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

Reference is made to the Company's announcement dated 26 April 2019 and the circular dated 24 June 2019 in relation to the Weihai Shipyard Disposal and the AVIC Sunda Disposal which in aggregate constituted a major disposal of the Company. As (i) CMOEI and CMSK (being the purchaser under the Weihai Shipyard Disposal and the AVIC Sunda Disposal, respectively) and CMII are all subsidiaries of CMG, CMII is connected or associated with CMOEI and CMSK, and (ii) the AVIC Maritime Disposal, the Weihai Shipyard Disposal and the AVIC Sunda Disposal are conducted within a 12-month period; the Disposals and the Related Transactions are required to be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As the highest applicable aggregated percentage ratio in respect of the Disposals and Related Transactions exceeds 75%, the Disposals and Related Transactions constitute a very substantial disposal of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, (a) further details of the Implementation Agreement, (b) such other information as required under the Listing Rules, and (c) a notice convening an extraordinary general meeting is expected to be despatched to the Shareholders on or before 25 October 2019, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

PROPOSED AVIC MARITIME DISPOSAL

The Board announces that on 27 August 2019 (after trading hours), the Company entered into the Implementation Agreement with CMII, the principal terms of which are set out below:

Date: 27 August 2019

Parties: the Company (as offeree); and
CMII (as offeror)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of CMII and its ultimate beneficial owner(s) is an Independent Third Party.

Subject Matter:

CMII agreed to make the Acquisition Offer to acquire the Target Shares (all the shares owned by the Company in AVIC Maritime on the date when the Acquisition Offer (if materialized) is made, being 210,947,369 shares in AVIC Maritime, representing approximately 73.87% of the total issued shares of AVIC Maritime as at the date of this announcement) from the Company subject to the fulfillment of the Pre-Condition.

Pre-Condition:

The making of the Acquisition Offer is subject to the Company having obtained all necessary approval for the transfer of the Target Shares under the Acquisition Offer (including the shareholders' approval at the EGM) pursuant to the requirements under the Listing Rules on or before the Long Stop Date.

Consideration:

Subject to the Acquisition Offer having been materialized, the offer price of each Target Share is S\$0.15. Accordingly, the total consideration for the transfer of the Target Shares is S\$31,642,105.35 (equivalent to approximately RMB162,007,579).

Pursuant to Rule 15.2 of the Singapore Code on Take-overs and Mergers, the consideration to be made under the Acquisition Offer should be, among others, not less than the highest price paid by the offeror (i.e. CMII) or any person acting in concert with it for voting rights of the offeree company (i.e. AVIC Maritime) during the offer period and within 3 months prior to its commencement.

To the best knowledge, information and belief of the Company, CMII and its concert party have not purchase any voting rights of AVIC Maritime within 3 months prior to the date of this announcement.

Should the offeror (i.e. CMII) or any person acting in concert with it acquire voting rights in the offeree company (i.e. AVIC Maritime) at a price higher than the offer price during the offer period, the aforesaid consideration will have to be adjusted upwards accordingly.

Basis of the Consideration

The consideration of S\$31,642,105.35 for the Target Shares was determined with the offer price of S\$0.15 per Target Share proposed by CMII. With reference to the premium rate of the offer price in 23 offer deals in Singapore's capital market during the period from January 2017 up to 27 August 2019, representing all offer deals took place in the aforesaid period which the offeree company were companies listed on SGX. Among the 23 offer deals, 11 of them took place in 2017, 5 of them took place in 2018, 7 of them took place in 2019, and none of the 23 offeree companies is principally engage in shipbuilding and design business. Having considered there was no change in the Singapore Code on Take-overs and Mergers during the sampling period, the Company believes the 2017 deals have similar referential value as compared to those took place in 2018 and 2019 despite a time gap of around 2 years. Besides, as there were relatively lesser offer deals in 2018 and 2019, inclusion of the 2017 deals as reference data can help to ensure sufficiency of the sample size. Therefore, since AVIC Maritime is also a company listed on SGX, the Board believes the sample size and data is sufficient and has a high referential value for determining the consideration in the AVIC Maritime Disposal.

A summary of the premium rate of the offer price in the aforesaid 23 offer deals is as follow:

	Trading price of the Last Trading Day	Nearest one-month average trading price including the Last Trading Day	Nearest 3-month average trading price including the Last Trading Day	Nearest 6-month average trading price including the Last Trading Day
Average premium rate	30.6%	34.8%	38.9%	40.7%
Median premium rate	19.8%	24.3%	25.3%	25.3%
Highest premium rate	252.9%	259.7%	284.3%	285.3%
Lowest premium rate	1.6%	6.2%	11.9%	15.3%

As at 27 August 2019, the statistic of the shares of AVIC Maritime was as follows:

Period	Benchmark Price ⁽¹⁾ (S\$)	Premium over Benchmark Price ⁽²⁾ (%)
Last traded price of the Shares on the SGX-ST on 27 August 2019 (the “ Last Trading Day ”)	0.1090	37.6
VWAP per Share for the one-month period up to and including the Last Trading Day	0.0900	66.7
VWAP per Share for the three-month period up to and including the Last Trading Day	0.0906	65.6
VWAP per Share for the six-month period up to and including the Last Trading Day	0.0904	65.9
VWAP per Share for the 12-month period up to and including the Last Trading Day	0.0913	64.3

Notes:

- (1) Based on data extracted from Bloomberg L.P. on 27 August 2019, being the Last Trading Day, figures rounded to the nearest four decimal places.
- (2) Premia rounded to the nearest decimal place.

In light of the above and having compared the premium rate of the AVIC Maritime Disposal with the premium rate level in the Singapore market, the Board is of the view that the offer price of S\$0.15 per Target Share was in line with the recent offer deals in the Singapore market, and therefore fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Payment manner of the Consideration

If the Pre-Condition is fulfilled on or before the Long Stop Date, CMII undertook that upon fulfillment of the Pre-Condition, it (or its financial advisor) shall publish a formal offer announcement on the SGX in relation to its firm intention to make the Acquisition Offer and issue the Offer Document not earlier than 14 days and not later than 21 days from the date of the formal offer announcement.

The Company shall accept the Acquisition Offer within 3 business days after the issue of the Offer Document. Upon the acceptance of the Acquisition Offer and such offer has become unconditional, CMII shall transfer the total consideration to the Central Depository (Pte) Limited of Singapore, and the Central Depository (Pte) Limited of Singapore shall release the total consideration to the bank account designated by the Company within 7 business days.

Irrevocable Undertaking:

Pursuant to the Implementation Agreement, the Company shall provide the Irrevocable Undertaking to CMII within one business day from the date of the Implementation Agreement. On 27 August 2019, the Company has provided the Irrevocable Undertaking to CMII, pursuant to which the Company shall undertake that:

- (a) it shall accept the Acquisition Offer in respect of all the Target Shares, and any other Shares (the “**Further Shares**”) which the Company or its nominees may subsequently acquire after the date of the Irrevocable Undertaking (collectively, the “**Relevant Shares**”) by no later than 3 business days after the dispatch date of the Offer Document, or, in the case of the Further Shares, by no later than 3 business days after the date of acquisition thereof;
- (b) except pursuant to the Acquisition Offer, the Company shall not sell, charge, encumber, grant any option over or otherwise dispose of any Relevant Share or any interest therein which would or might restrict or impede its acceptance of the Acquisition Offer;
- (c) except pursuant to the Acquisition Offer, it shall not enter into any agreement or arrangement, incur any obligation, grant or dispose of any right or interest or give any indication of intent in relation to the Relevant Shares which would or might restrict or impede its acceptance of the Acquisition Offer; and
- (d) notwithstanding the provisions of the SG Takeovers Code or any terms of the Acquisition Offer regarding withdrawal, not to withdraw its acceptance(s) of the Acquisition Offer for any reason.

The Irrevocable Undertaking will lapse upon the earlier of:

- (a) a pre-conditional offer announcement not being released by CMII on SGX by 29 August 2019, or such other date as may be extended by the mutual agreement of the parties and subject to the requirements of the SG Takeovers Code;
- (b) the Pre-Condition not being fulfilled by the Long-Stop Date;
- (c) a formal offer announcement not being released by CMII on SGX within two business days of the satisfaction of the Pre-Condition; or
- (d) the Acquisition Offer, if and when made, being withdrawn (after consent from the Securities Industry Council of Singapore has been obtained for the withdrawal) or lapsing for whatever reason.

Replacement of AVIC Group Corporate Guarantee

As at the date of this announcement, members of AVIC Group have provided corporate guarantees (the “**AVIC Group Corporate Guarantees**”) in favour of the creditor banks (the “**Corporate Guarantee Beneficiaries**”) of AVIC Maritime and its subsidiaries for approximately RMB3,060,000,000 and USD463,940,000 (equivalent to an aggregate amount of approximately RMB6.4 billion).

Pursuant to the Implementation Agreement, CMII undertook that it shall within 6 months upon completion of the AVIC Maritime Disposal and having become the controlling shareholder of AVIC Maritime, provide the Corporate Guarantee Beneficiaries with corporate guarantees issued by CMII or members of its Group to replace the AVIC Group Corporate Guarantees, and procure the complete release and discharge of all AVIC Group Corporate Guarantees.

Accordingly, the continued provision of the AVIC Group Corporate Guarantees during the period after completion of the AVIC Maritime Disposal and prior to the release and discharge of the AVIC Group Corporate Guarantees will constitute provision of financial assistance by the Group to a third party under Chapter 14 of the Listing Rules.

Completion:

Upon completion of AVIC Maritime Disposal (if materialized), the Company will no longer hold any equity interest in AVIC Maritime and AVIC Maritime will cease to be a subsidiary of the Company.

INFORMATION OF AVIC MARITIME

AVIC Maritime is limited company incorporated in Singapore and its shares are listed on the Catalist of the SGX. It is mainly engaged in shipbuilding project management and consultancy, design and engineering as well as ship-trading.

As at the date of this announcement, the Company owns 210,947,369 shares in AVIC Maritime (representing approximately 73.87% of the issued share capital of AVIC Maritime) and AVIC Maritime is accounted for as a subsidiary of the Company.

Set out below are the consolidated financial figures of AVIC Maritime together with its subsidiaries for the two financial years ended 31 December 2017 and 31 December 2018 and the six months ended 30 June 2019 extracted from its 2017 and 2018 annual reports and 2019 interim report and prepared in accordance with Singapore Financial Reporting Standards:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the six months ended 30 June 2019
	(Audited)	(Audited)	(Unaudited)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit before taxation	59,872	42,200	30,353
Profit after taxation	38,811	26,515	22,138
Net assets	252,701	230,377	259,672

INFORMATION OF THE PARTIES

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of flat panel displays and modules, printed circuit boards and watches, EPC projects, shipping business and trade and logistic business.

CMII

CMII is a limited liability company established in Hong Kong and it is principally engaged in investment business. CMII is an indirect wholly-owned subsidiary of CMG, a company incorporated in Hong Kong which is principally engaged in financial services, investment and capital operation, shipping, real estate, and urban zone comprehensive development and operation.

REASONS AND BENEFITS FOR THE AVIC MARITIME DISPOSAL

In recent years, the Group has closely centered on the strategy of “Reform and Reconstruction, Focus on Breakthrough, Value Growth”. It has continuously focused on its principal businesses of high-tech electronic products, retails and consumer products, international engineering and trading & logistics business, and successively disposed of its loss-suffering non-principal businesses such as real estate development business.

Having considered research reports on shipping industry released by relevant professional institutions (such as the “Industrial and Economic Performance of the Shipping Industry during January-June 2019” (2019年1-6月船舶工業經濟運行情況) issued by the China Association of the National Shipbuilding Industry (中國船舶工業行業協會) and certain research reports issued by renowned domestic brokerage in shipping industry), the Board believes that: Under the effects of international trade frictions and geopolitics factors, the global demand for new ships has fallen sharply. Although the number of China’s shipbuilding completion output has continued to grow, numbers of new shipbuilding orders and shipbuilding orders in hand have fallen year-on-year. As the shipping industry is capital intensive in nature and the operational conditions for the corporates are unsatisfactory, it is difficult for the shipping industry companies to obtain financing from banks or other financial institutions and leading to the prolonged problem of “difficult financing”. Accordingly, the stable and healthy development of the shipbuilding industry will continue to face significant challenges in the short term.

Therefore, the Board decided to gradually withdraw from the shipping business. Due to the long-term loss and extensive investment of Weihai Shipyard of the Group, currently the Company has been actively proceeding with the Weihai Shipyard Disposal. As AVIC Maritime principally engages in shipbuilding and design business, it could provide ship designing services for Weihai Shipyard’s shipbuilding business. Currently, Weihai Shipyard focuses on manufacturing Ro-Pax model of ships, and such model of ships currently owned by Weihai Shipyard were designed by AVIC Maritime. Since both AVIC Maritime and Weihai Shipyard were members of the Group which allows them to have better understanding and high degree of tacit between each other, they could play the synergy effect in full and develop together. Nonetheless, upon completion of the Weihai Shipyard Disposal, the strategic position and business development direction of Weihai Shipyard will be determined by CMOEI, the purchaser under the Weihai Shipyard Disposal. Consequently, AVIC Maritime and Weihai Shipyard will no longer able to play the synergy effect, and the continuous holding of equity interest in AVIC Maritime by the Company will deviate from its strategic goal of “Focus on the Principal Business”. Therefore, the disposal of AVIC Maritime will be more conducive to the Group’s strategy of integrating its resources on development of its principal business, further improving its business performance and investment return.

In conjunction with the basis of the consideration of the AVIC Maritime Disposal set out in the section headed “Proposed AVIC Maritime Disposal – Consideration” above, the Board believes that the offer price of S\$0.15 per Target Share proposed by CMII is in line with the Singapore’s market, and has provided an exit opportunity at premium price to the shareholders of AVIC Maritime, which is beneficial to all the shareholders of AVIC Maritime.

According to the Group’s audited financial information for the year ended 31 December 2018, the total assets, profit (before tax) and revenue of AVIC Maritime only accounted for approximately 3.1%, 8.1% and 1.1% of the Group, respectively, representing a relatively insignificant portion to the overall business of the Group.

Upon completion of the AVIC Maritime Disposal, the shipping business segment of the Group will further downsize and is expected to account for 0.23%, 0.28% and 0.01% of the Group's total assets, profit (before tax) and revenue for the year ended 31 December 2018. The Company will gradually withdraw from the shipping business and will determine the treatment of its remaining shipping business subject to the future market conditions.

As mentioned above, the Group has been focusing on its principal businesses of high-tech electronic products, retails and consumer products, international engineering and trading & logistics business; all of which are operated separately from the shipping business. Therefore, it is expected that the AVIC Maritime Disposal will not have any material adverse impact on the continuous operation and the financial performance of such businesses.

In light of the reasons set out above, the Directors are of the view that the terms and conditions of the Implementation Agreement and the proposed AVIC Maritime Disposal contemplated thereunder are on normal commercial terms and fair and reasonable, and the proposed AVIC Maritime Disposal, if materialized, is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE AVIC MARITIME DISPOSAL

Upon completion of the AVIC Maritime Disposal, it is estimated that the Company will record a gain (before tax) of RMB24,630,000, which is determined by the cash consideration of S\$31,642,105.35 (equivalent to approximately RMB162,007,579) to be received from the AVIC Maritime Disposal, net of RMB137,370,000, the Company's share of AVIC Maritime net asset attributable to its parent company (unaudited) as at 30 June 2019. The final amount of the gain to be recorded shall be subject to the review by the Company's auditor.

INTENDED USE OF PROCEEDS FROM THE AVIC MARITIME DISPOSAL

It is expected that will receive net proceeds of S\$31,642,105.35 (equivalent to approximately RMB162,007,579) from the AVIC Maritime Disposal (not considering of estimated professional fees and other related expenses). The Company intends to apply the net proceeds as follows: (i) 60% for repayment the interest-bearing loans of the Group pursuant to the relevant loan agreements; and (ii) the remaining 40% for general capital purpose and/or applying into other business opportunities.

LISTING RULES IMPLICATIONS

Reference is made to the Company's announcement dated 26 April 2019 and the circular dated 24 June 2019 in relation to the Weihai Shipyard Disposal and the AVIC Sunda Disposal which in aggregate constituted a major disposal of the Company. As (i) CMOEI and CMSK (being the purchaser under the Weihai Shipyard Disposal and the AVIC Sunda Disposal, respectively) and CMII are all subsidiaries of CMG, CMII is connected or associated with CMOEI and CMSK, and (ii) the AVIC Maritime Disposal, the Weihai Shipyard Disposal and the AVIC Sunda Disposal are conducted within a 12-month period; the Disposals and the Related Transactions are required to be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rules 14.22 and 14.23 of the Listing Rules.

As the highest applicable aggregated percentage ratio in respect of the Disposals and Related Transactions exceeds 75%, the Disposals and Related Transactions constitute a very substantial disposal of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, (a) further details of the Implementation Agreement, (b) such other information as required under the Listing Rules, and (c) a notice convening an extraordinary general meeting is expected to be despatched to the Shareholders on or before 25 October 2019, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

DEFINITIONS

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

“Acquisition Offer”	the offer to be made by CMII in relation to the acquisition of the Target Shares from the Company subject to fulfillment of the Pre-Condition under the Implementation Agreement
“AVIC Maritime”	AVIC International Maritime Holdings Limited, a limited established in Singapore whose shares are listed on the SGX, and as at the date of this announcement, its equity interest was owned as to 73.87% by the Company
“AVIC Maritime Disposal”	the proposed disposal of the Target Shares by the Company to CMII under the Acquisition Offer pursuant to the Implementation Agreement
“AVIC Sunda Disposal”	the disposal of 22.35% equity interest in AVIC Sunda Holding Company Limited (中航善達股份有限公司) by the Company to CMSK pursuant to the AVIC Sunda Equity Transaction Agreement dated 26 April 2019, details of which are set out in the Company's announcement dated 26 April 2019 and the circular dated 24 June 2019
“Board”	the board of Directors
“CMG”	CMG Group Limited (招商局集團有限公司), a limited liability company established in the PRC and a State-owned enterprise

“CMII”	China Merchants Industry Investment Limited, a limited liability company established in Hong Kong and indirectly wholly-owned subsidiary of CMG
“CMOEI”	China Merchants Offshore Engineering Investment (Shen Zhen) Co., Ltd.* (深圳市招商局海工投資有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of CMG
“CMSK”	China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司), a joint stock limited company established in the PRC and a subsidiary of CMG
“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 established in the PRC whose H Shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposals and Related Transactions”	the AVIC Maritime Disposal, the Weihai Shipyard Disposal and the AVIC Sunda Disposal
“EPC”	Engineering, procurement and construction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Agreement”	the implementation agreement dated 27 August 2019 entered into between the Company and CMII in relation to the AVIC Maritime Disposal
“Independent Third Party”	independent third party(ies) who is/are independent of and not connected with the Company and its connected person
“Irrevocable Undertaking”	the irrevocable undertaking to be provided by the Company to CMII pursuant to the Implementation Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	26 December 2019 or such other later date as the parties may agree and approved by the Securities Industry Council of Singapore
“Offer Document”	the offer document to be issued by CMII (or its financial advisor) in relation to the Acquisition Offer
“PRC”	the People’s Republic of China and, for the sole purposes of this announcement, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the PRC
“Pre-Condition”	the condition precedent to the making of the Acquisition Offer pursuant to the Implementation Agreement
“RMB”	Renminbi, lawful currency of the PRC
“S\$”	Singapore dollar, lawful currency of Singapore
“SG Takeovers Code”	Singapore Code on Take-overs and Mergers
“SGX”	Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder(s) of shares (including domestic shares and H shares) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Shares”	all the shares owned by the Company in AVIC Maritime on the date when the Acquisition Offer (if materialized) is made, being 210,947,369 shares in AVIC Maritime, representing approximately 73.87% of the total issued shares of AVIC Maritime as at the date of this announcement

“Weihai Shipyard Disposal”

the disposal of 69.77% equity interest in AVIC Weihai Shipyard Company Limited* (中航威海船廠有限公司) and the shareholder’s loan therein by the Company to CMOEI pursuant to the Weihai Shipyard Equity Transaction Agreement dated 26 April 2019, details of which are set out in the Company’s announcement dated 26 April 2019 and the circular dated 24 June 2019

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.

In this announcement, amounts denominated in S\$ and USD have been converted into RMB at the rate of S\$1.00=RMB5.12 and USD1.00=RMB7.08 for illustration purpose only. No representation is made to the effect that any amount in S\$, USD or RMB have been, could have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
AVIC International Holdings Limited
Liu Hong De
Chairman

Shenzhen, the PRC, 27 August 2019

As at the date of this announcement, the Board comprises a total of 9 Directors, Mr. Liu Hong De, Mr. Lai Wei Xuan, Mr. You Lei, Mr. Liu Jun, Mr. Fu Fang Xing and Mr. Chen Hong Liang as executive Directors; and Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Wei Wei as independent non-executive Directors.

* For identification purpose only