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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 company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00161)

DISCLOSEABLE TRANSACTION MASTER COOPERATION AGREEMENT

MASTER COOPERATION AGREEMENT

On 10 September 2019, Wuhan Tianma, SFA (SZ) and SFA Engineering entered into the Master Cooperation Agreement, pursuant to which the parties agreed to collaborate in relation to the G6 Project Phase 2 according to the terms set out therein. The term of the Master Cooperation Agreement commences from the date of the Master Cooperation Agreement to 31 December 2019 with the aggregate amount of consideration not exceeding RMB710,890,000, among which the maximum aggregated consideration payable to SFA Engineering being US\$90,000,000 (equivalent to approximately RMB640,890,000) and the maximum aggregated consideration payable to SFA (SZ) being RMB70,000,000.

LISTING RULES IMPLICATIONS

As SFA Engineering is a controlling shareholder of SFA (SZ), pursuant to Rules 14.22 and 14.23, the transactions contemplated under the Master Cooperation Agreement are required to be aggregated. As the applicable percentage ratio(s) set out in Rule 14.07 of the Listing Rules in respect of the Master Cooperation Agreement and the transactions contemplated thereunder on an aggregated basis is/are more than 5% and all of such ratios are below 25%, the Master Cooperation Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

MASTER COOPERATION AGREEMENT

Date:

10 September 2019

Parties:

1. Wuhan Tianma;
2. SFA Engineering; and
3. SFA (SZ).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SFA Engineering, SFA (SZ) and their ultimate beneficial owners are Independent Third Parties.

Subject matter

Wuhan Tianma, SFA Engineering and SFA (SZ) shall collaborate in relation to the G6 Project Phase 2.

Pursuant to the Master Cooperation Agreement, Wuhan Tianma shall treat SFA Engineering and SFA (SZ) as its cooperation partners and include SFA Engineering and SFA (SZ) into its list of eligible suppliers.

Upon the satisfaction of the Cooperation Conditions (as defined below), if SFA Engineering and SFA (SZ) participate in the bidding for the procurement projects of Wuhan Tianma and win the bidding, Wuhan Tianma, SFA Engineering and SFA (SZ) shall enter into specific procurement contracts and perform their respective obligations in accordance with the schedule and quality requirements set out in the specific procurement contracts.

Term

The term of the Master Cooperation Agreement shall commence from the date of the Master Cooperation Agreement to 31 December 2019.

Cooperation conditions

During the term of the Master Cooperation Agreement, SFA Engineering and SFA (SZ) shall (i) be validly existing under relevant applicable laws; (ii) satisfy the requirements of qualified supplies of Wuhan Tianma; and (iii) possess good contractual performance capability and integrity (collectively, the "**Cooperation Conditions**").

Consideration and basis of determination

According to the Master Cooperation Agreement, the price of the goods to be provided by SFA Engineering and SFA (SZ) under the specific procurement contracts will be determined through (i) bidding procedure; or (ii) arm's length negotiation on the basis of fair market rate.

The aggregate amount of consideration in respect of the Master Cooperation Agreement shall not exceed RMB710,890,000, among which the maximum aggregated consideration payable to SFA Engineering being US\$90,000,000 (equivalent to approximately RMB640,890,000) and the maximum aggregated consideration payable to SFA (SZ) being RMB70,000,000, both of which are determined with reference to (i) the aforesaid pricing principle; and (ii) the production and operation needs of Wuhan Tianma.

INFORMATION OF THE COMPANY, THE GROUP AND WUHAN TIANMA

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.

Wuhan Tianma, a company established in the PRC with limited liability, is principally engaged in the design, manufacturing and sales of materials, equipment and products related to flat panel display and the provision of related technology development, technology consultation, technology service and technology transfer, import and export of goods and technology (excluding goods and technology that are prohibited and restricted to be imported or exported by the applicable laws and regulations of the PRC). As at the date of this announcement, Wuhan Tianma is an indirect non wholly-owned subsidiary of the Company.

INFORMATION OF SFA ENGINEERING AND SFA(SZ)

SFA Engineering is a company established in Republic of Korea and is principally engaged in manufacturing and marketing of automatic equipment including fine display equipment and logistics systems.

SFA (SZ) is a limited liability company established in the PRC and is principally engaged in wholesale, technical consultation and technical services of liquid crystal display production equipment and its spare parts, semiconductor production equipment and its spare parts and industrial automation equipment etc. As at the date of this announcement, SFA Engineering is the controlling shareholder of SFA (SZ).

REASONS FOR AND BENEFITS OF THE MASTER COOPERATION AGREEMENT

Wuhan Tianma is investing to construct the G6 Project Phase 2 and is in need of the OLED MASK AMHS System and Film Box AMHS System etc., related equipment, components and parts in relation to the construction of G6 Project Phase 2, whereas SFA Engineering and SFA (SZ) are professional manufacturer and wholesaler in the field of relevant equipment, components and parts and are able to provide Wuhan Tianma with the necessary equipment, components and parts for construction of G6 Project Phase 2. The fairness of the price of the purchased equipment, components and parts can be ensured through the bidding procedure as well.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Master Cooperation Agreement is on normal commercial terms and the terms thereof are fair and reasonable and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

The following words and phrases used in this announcement have the meanings assigned:

“AMHS”	automated material handling systems (自動搬運系統)
“AMOLED”	Active-matrix organic light-emitting diode (主動矩陣有機發光二極體)
“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
“controlling shareholder”	has the meaning ascribed to such term under the Listing Rules
“Director(s)”	director(s) of the Company
“EPC”	Engineering, procurement and construction
“G6 Project Phase 2”	the construction project of the Sixth Generation of LTPS AMOLED production line project phase 2
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LTPS”	Low temperature poly-silicon (低溫多晶矽)
“Master Cooperation Agreement”	the master cooperation agreement dated 10 September 2019 entered into between Wuhan Tianma, SFA (SZ) and SFA Engineering in relation to the purchase of production equipment necessary for the G6 Project Phase 2
“OLED”	Organic Light-Emitting Diode (有機發光二極體)
“percentage ratios”	has the meaning ascribed to such term under the Listing Rules
“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
“SFA Engineering”	SFA Engineering Corp., a company incorporated in the Republic of Korea, an Independent Third Party
“SFA (SZ)”	SFA Engineering (Shenzhen) Co., Ltd. (三發機電(深圳)有限公司), a company established with limited liability in PRC, and as at the date of this announcement, it is a subsidiary of SFA Engineering, an Independent Third Party
“Shareholder(s)”	holder(s) of shares (including domestic shares and H shares) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$”	United States dollars, the lawful currency of the United States of America
“Wuhan Tianma”	Wuhan Tian Ma Microelectronics Co., Ltd. (武漢天馬微電子有限公司), a company established with limited liability under the laws of the PRC, an indirect non wholly-owned subsidiary of the Company

In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this announcement, unless otherwise indicated, the conversion of US\$ into RMB is based on the exchange rate of US\$1=RMB7.121. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or US\$ has been or could have been or may be converted at such or another rate or at all.

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

Shenzhen, PRC, 10 September 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.