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If you have sold or transferred all your shares in **AVIC International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE COMPANY

A letter from the Board containing details of the JV Agreement is set out on pages 4 to 11 of the circular.

The Company has obtained written Shareholders' approval for the JV Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from the relevant Shareholders who form a closely allied group of Shareholders and together hold more than 50% of the issued Shares giving the right to attend and vote at a general meeting. Accordingly, no Shareholders' meeting will be held to approve the JV Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

This circular is being despatched to the Shareholders for information only.

21 February 2020

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DEFINITIONS

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

“AMOLED”	Active-matrix Organic Light-emitting Diode
“AVIC International” or “Offeror”	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, a controlling shareholder of the Company
“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 Latest Practicable Date, 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 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
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share Offer”	has its meaning ascribed in the Joint Announcement
“Independent Third Party”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its connected persons

DEFINITIONS

“ITG”	Xiamen International Trade Industry Co., Ltd* (廈門國貿產業有限公司), a limited liability company incorporated in the PRC
“Jincai”	Xiamen Jincai Industry Development Co., Ltd.* (廈門金財產業發展有限公司), a limited liability company incorporated in the PRC and a substantial shareholder of Tian Ma
“Jinyuan”	Xiamen Jinyuan Industry Development Co., Ltd.* Financial Investment Group Co., Ltd.* (廈門金圓產業發展有限公司), a limited liability company incorporated in the PRC
“Jinyuan Investment”	Xiamen Jinyuan Investment Group Co., Ltd.* (廈門金圓投資集團有限公司), a limited liability company incorporated in the PRC and the holding company of Jincai and Jinyuan
“Joint Announcement”	the joint announcement published by the Company and AVIC International on 2 October 2019 in relation to, among others, the voluntary conditional offer to be made by China International Capital Corporation Hong Kong Securities Limited for and on behalf of AVIC International to acquire all of the issued H Shares in the Company and the proposed Merger
“JV Agreement”	the joint venture agreement in relation to the production line construction project for the 6th Generation Soft AMOLED dated 20 December 2019 entered into among Xiamen Tian Ma, Jinyuan, ITG, Xingma and Xiangyu Group in relation to the establishment of the JV Company
“JV Company”	a limited liability company to be jointly established in Xiamen, the PRC by Xiamen Tian Ma, Jinyuan, ITG, Xingma and Xiangyu Group pursuant to the JV Agreement
“Latest Practicable Date”	20 February 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Merger”	has its meaning ascribed in the Joint Announcement
“PRC”	the People’s Republic of China and, for the sole purposes of this circular, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	domestic share(s) and H share(s) of the Company
“Shareholder(s)”	holder(s) of shares (including domestic shares and H shares) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Merger published by the SFC
“Tian Ma”	Tian Ma Microelectronics Company Limited (天馬微電子股份有限公司), (A Shares stock code: 000050), a non-wholly owned subsidiary of the Company, the A shares of which are listed on the Shenzhen Stock Exchange
“Xiamen Tian Ma”	Xiamen Tian Ma Microelectronics Company Limited (廈門天馬微電子有限公司), a wholly-owned subsidiary of Tian Ma
“Xiangyu Group”	Xiamen Xiangyu Group Co., Ltd.* (廈門象嶼集團有限公司), a limited liability company incorporated in the PRC
“Xingma”	Xiamen Xingma Equity Investment Partnership (Limited Partnership)* (廈門興馬股權投資合夥企業(有限合夥)), a limited partnership established in the PRC

In this circular, 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.

LETTER FROM THE BOARD



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)

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Ms. Wong Wai Ling
Mr. Wu Wei
Mr. Wei Wei

Principal place of business in Hong Kong:

Room 1603
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Hong Kong

21 February 2020

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE COMPANY**

INTRODUCTION

Reference is made to the announcement of the Company dated 20 December 2019 in respect of the JV Agreement dated 20 December 2019 entered into among Xiamen Tian Ma, Jinyuan, ITG, Xingma and Xiangyu Group in relation to the establishment of the JV Company.

The purpose of this circular is to provide you with, among other things, (i) further details of the JV Agreement; (ii) the financial information of the Group; and (iii) other information as required to be disclosed under the Listing Rules.

LETTER FROM THE BOARD

JV AGREEMENT

Reference is made to the announcement of the Company dated 12 August 2019 in relation to the investment cooperation framework agreement entered into among Xiamen Torch Committee, Tian Ma (a non-wholly owned subsidiary of the Company) and Xiamen Tian Ma (a wholly-owned subsidiary of Tian Ma) on 12 August 2019 in relation to the proposed establishment of the JV Company by Xiamen Tian Ma and party(ies) to be nominated by Xiamen Municipal Government in the PRC for carrying out the production line construction project for the 6th Generation Soft AMOLED.

On 20 December 2019 (after trading hours), Xiamen Tian Ma entered into the JV Agreement with Jinyuan, ITG, Xingma and Xiangyu Group in relation to the establishment of the JV Company, the principal terms of which are set out below:

Date : 20 December 2019 (after trading hours)

Parties : Xiamen Tian Ma;
Jinyuan;
ITG;
Xingma; and
Xiangyu Group

The relationship between Jinyuan and the Company are set out in the section headed “Listing Rules and Takeovers Code Implications” in this circular.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of ITG, Xingma, Xiangyu Group and their respective ultimate beneficial owner(s) is an Independent Third Party.

Each of Jinyuan, ITG, Xingma and Xiangyu Group is a party nominated Xiamen Municipal Government or a wholly-owned subsidiary of such party.

Subject Matter:

The parties shall establish the JV Company in Xiamen, the PRC.

The business scope of the JV Company shall principally cover design, manufacturing and sales of display devices and related materials; provision of related services on technology development, technology consultation and transfer of technology; service in relation to information technology and related consultation; general freight, agency sales and agency procurement service of display devices and related materials; leasing of self-owned property; import and export business.

Pursuant to the JV Agreement, the JV Company shall construct a production line which is capable for machining 48,000 pieces of soft display of the 6th Generation Soft AMOLED per month.

LETTER FROM THE BOARD

Contribution in the JV Company:

Pursuant to the JV Agreement, the investment in the JV Company shall be RMB48 billion, among which RMB27 billion shall be the registered capital of the JV Company and contributed by the parties in cash and the remaining RMB21 billion shall be financed by the JV Company from banks. Upon establishment of the JV Company, the parties to the JV Agreement shall contribute their respective portion of capital into the JV Company in accordance with the applicable PRC laws and regulations. The number of installments, payment time and amount of each instalment of the capital contribution shall be determined by the needs of the JV Company from time to time during the implementation process of its construction project.

The contribution of the registered capital to be made by the parties to the JV Agreement and their respective equity interest in the JV Company are set out as follows:

	Registered Capital Contribution <i>(RMB billion)</i>	Shareholding in the JV Company <i>(%)</i>
Xiamen Tian Ma	4.05	15%
Jinyuan	5.4	20%
ITG	12.15	45%
Xingma	2.7	10%
Xiangyu Group	2.7	10%
	<hr/>	<hr/>
	27	100%
	<hr/> <hr/>	<hr/> <hr/>

The capital contribution to be made by Xiamen Tian Ma, Jinyuan, ITG, Xingma and Xiangyu Group was determined after arm's length negotiations among each party, with reference to the equity interest of each party in the JV Company and the expected capital requirement of approximately RMB27 billion for the implementation of the production line construction project at the initial stage. The registered capital shall be applied by the JV Company for acquisition of the land of the factories, construction of the factories and the accommodation of the staff, acquisition of the production machinery and raw materials, research and development of the products, etc. It is expected that the remaining investment amount of RMB21 billion shall be financed by the JV Company from banks at appropriate stage after it has commenced operation. The actual application of the fund will be subject to the finalised and approved feasibility report and/or the application report of the project.

The capital contribution of RMB4.05 billion to be made by Xiamen Tian Ma under the JV Agreement will be financed by its internal resources and other means including self-raised funding.

LETTER FROM THE BOARD

Profit Distribution and Risk Sharing:

Unless otherwise agreed by the relevant parties, the profit, liability and/or risks of the JV Company shall be shared by the parties to the JV Agreement in proportion to their respective equity interest in the JV Company.

Corporate Governance:

The JV Company will establish a board of directors comprising seven members, among which, each of Xiamen Tian Ma and ITG can appoint two members, Jinyuan can appoint one member, Xingma and Xiangyu Group can jointly appoint one member; and the employees of the JV Company can elect one representative to be a member of the board. The board of the JV Company will have one chairman to be nominated by Xiamen Tian Ma or its related parties, and one vice chairman to be nominated by ITG. The board of the JV Company shall report to the shareholders' meeting of the JV Company.

The JV Company will also establish a supervisory committee comprising three members, among which ITG can appoint one member; Xingma and Xiangyu Group can jointly appoint one member; and the employees of the JV Company can elect one representative to be a member of the supervisory committee. The supervisory committee of the JV Company will have one chairman to be nominated by ITG and subject to the election by all members of the supervisory committee by simple majority. The supervisory committee of the JV Company shall report to the shareholders' meeting of the JV Company.

Completion:

The establishment of the JV Company and the relevant industrial and business registration procedures are completed on 8 January 2020. Upon establishment of the JV Company, Xiamen Tian Ma, Jinyuan, ITG, Xingma and Xiangyu Group hold 15%, 20%, 45%, 10% and 10% equity interest in the JV Company, respectively. The JV Company is not a subsidiary of the Company and its financial results will not be consolidated into the financial statement of the Group.

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, international engineering and trading and logistic business and EPC projects.

LETTER FROM THE BOARD

Xiamen Tian Ma

Xiamen Tian Ma is a limited liability company established in the PRC which principally engages in the provision of liquid crystal displays and ancillary materials, equipment, products and design, production and sale, and providing related technology development, technology consultation, technology services and technology transfers; import and export business of various products and technology (excluding state-restricted items). As at the date of this circular, Xiamen Tian Ma is wholly-owned by Tian Ma, a non wholly-owned subsidiary of the Company whose A shares are listed on the Shenzhen Stock Exchange.

Jinyuan and its ultimate beneficial owner(s)

Jinyuan is a limited liability company established in the PRC which principally engages in industrial investment.

To the best knowledge of the Directors after making reasonable enquiries, Jinyuan is a subsidiary of Jinyuan Investment, which is a limited liability company (wholly state-owned) established in the PRC principally engages in trade agent, goods wholesale, imports and exports business, and investment consultation.

ITG and its ultimate beneficial owner(s)

ITG is a limited liability company newly established in the PRC for the purpose of participating in the transaction contemplated under the JV Agreement.

To the best knowledge of the Directors after making reasonable enquiries, ITG is a subsidiary of Xiamen ITG Holding Group Co., Ltd* (廈門國貿控股集團有限公司), which is a limited liability company (wholly state-owned) established in the PRC principally engages in equity investment.

Xingma and its ultimate beneficial owner(s)

Xingma is a limited partnership newly established in the PRC for the purpose of participating in the transaction contemplated under the JV Agreement.

To the best knowledge of the Directors after making reasonable enquiries, Xingma is a subsidiary of Xiamen Torch Group Co., Ltd* (廈門火炬集團有限公司) which is a limited liability company (wholly state-owned) established in the PRC principally engages in investment holding.

Xiangyu Group and its ultimate beneficial owner(s)

Xiangyu Group is a limited liability company (wholly state-owned) established in the PRC principally engages in investment holding.

LETTER FROM THE BOARD

To the best knowledge of the Directors after making reasonable enquiries, Xiangyu Group is a wholly-owned subsidiary of State-owned Assets Supervision and Administration commission of Xiamen Municipal Government which is a limited liability company established in the PRC principally engages in operation and management of state-owned assets in the scope of authority, industrial investment, and equity investment.

REASONS AND BENEFITS FOR THE FORMATION OF THE JV COMPANY

The AMOLED soft display has the advantages of high contrast, high response speed, ultra-thin, low power consumption and flexible and foldable display. Its product performance is outstanding, and its share will continue to expand in the high-end display market. With the upcoming of the 5G era, the rising and intelligent transformation in industries such as the Internet of Things, and the rapid development in emerging markets such as virtual reality (VR), smart wearables and smart homes, AMOLED soft display technology has huge market potentials as it will drive a new round of innovation in display applications such as mobile smart terminals with its unique technical advantages.

The coming few years will be a critical period for the development of the display panel industry and there is broad market space in the high-end display market. Tian Ma has to proactively grasp the strategic opportunities in such period, optimize its industrial layout, improve its industrial structure, and increase its market share in the AMOLED soft display market. Tian Ma has accumulated extensive experience in AMOLED industry. Upon the project under the JV Agreement is put into construction, Tian Ma will further integrate its existing resources and efficiently replicates of its AMOLED production line related experience on this project, which will help Tian Ma to enhance the scale effect on its AMOLED products, timely capture demands from its customers, and maintain its competitiveness in the high-end display market, thereby enhancing the Company's overall competitiveness. At the same time, the project under the JV Agreement is also conducive to promoting the rapid development of the AMOLED industry. It will also attract more ancillary suppliers to increase their investment in the AMOLED industry, thereby reduce the raw material procurement costs, optimize the industrial chain structure, and promote the diversification of upstream raw materials in the AMOLED industry.

In light of the reasons set out above, the Directors (including all the independent non-executive Directors) are of the view that the terms and conditions of the JV Agreement are on normal commercial terms and fair and reasonable, and the transaction contemplated thereunder are in the interest of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the JV Agreement and the transaction contemplated thereunder and is required to be abstained from voting on the relevant Board resolution.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE JV AGREEMENT

Taking into account the JV Company is newly established and will not be a subsidiary of the Company and consolidated into the financial statement of the Group, it is expected that the total assets and liabilities of the Group will remain unchanged upon establishment of the JV Company. The overall effects of the establishment of the JV Company on the future earnings of the Group will depend on, among other things, the operating results of the JV Company. It is expected that the making of the capital contribution of RMB4.05 billion by Xiamen Tian Ma would not have any material adverse impact on the financial position of the Group.

The final effect on the assets and earnings to be recorded will be subject to audit by the auditors of the Company.

LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

Listing Rules

Jincai is a substantial shareholder of the Company at subsidiary level which holds approximately 19.02% equity interest in Tian Ma. To the best knowledge of the Directors after making reasonable enquiries, Jincai is a subsidiary of Jinyuan Investment, which in turn is the holding company of Jinyuan. Jinyuan therefore is an associate of Jincai under Rule 14A.13 of the Listing Rules and a connected person of the Company at the subsidiary level. Accordingly, the transaction contemplated under the JV Agreement constitutes a connected transaction of the Company.

Given that (i) Jinyuan is a connected person of the Company at the subsidiary level; (ii) the Board has approved the transaction contemplated under the JV Agreement and (iii) all the independent non-executive Directors have confirmed that the terms of the JV Agreement are fair and reasonable, and that the transaction is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transaction under the JV Agreement is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Nonetheless, as one or more of the applicable percentage ratio in respect of the transaction contemplated under the JV Agreement exceeds 25% but all of them are less than 100%, the transaction contemplated under the JV Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the transaction contemplated under the JV Agreement and thus none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction contemplated under the JV Agreement.

LETTER FROM THE BOARD

A written shareholders' approval has been obtained from AVIC International and AVIC Shenzhen for the approval of the JV Agreement pursuant to Rule 14.44 of the Listing Rules on 2 January 2020. As at the date of such approval and as at the Latest Practicable Date, AVIC International owned 437,264,906 Shares (representing 37.50% of the issued share capital of the Company); and AVIC Shenzhen, a wholly-owned subsidiary of AVIC International, owned 395,709,091 Shares (representing 33.93% of the issued share capital of the Company). Hence, AVIC International and AVIC Shenzhen hold, in aggregate, 832,973,997 Shares, representing approximately 71.43% (i.e. over 50%) of the issued share capital of the Company.

As a result, no general meeting is required to be convened by the Company to approve the Acquisitions under Chapter 14 of the Listing Rules.

Takeovers Code

Reference is made to the Joint Announcement of the Company and AVIC International dated 2 October 2019 in relation to, among others, the H Share Offer and the proposed Merger to be made by China International Capital Corporation Hong Kong Securities Limited for and on behalf of AVIC International to acquire all of the issued H Shares in the Company.

AVIC International as offeror of the H Share Offer has provided written consent on the Company's entering into of the JV Agreement, and therefore the entering into of the JV Agreement and the transaction contemplated thereunder does not constitute a frustrating action of the H Share Offer under Rule 4 of the Takeovers Code. The Company has applied to the Executive for a waiver from compliance with the requirement for the Company to obtain Shareholders' approval in a general meeting of the Company pursuant to Note 1 to Rule 4 of the Takeovers Code. As at the Latest Practicable Date, the waiver application has been granted by the Executive of the SFC.

The purpose of this circular is for Shareholders' information only.

RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the terms of each of the JV Agreement are on normal commercial terms, and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. The Board would recommend the Shareholders to vote in favour of the resolutions in relation to the transaction contemplated under the JV Agreement if the Company were to convene a general meeting for the approval of the same.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 is disclosed in the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively, and the unaudited financial information of the Group for the six months ended 30 June 2019 is disclosed in the interim report of the company for the six months ended 30 June 2019. There was no qualified audit opinion expressed on the consolidated financial statements of the Group for the three years ended 31 December 2018.

The said annual reports and interim report of the Group are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.avic161.com):

- annual report of the Group for the year ended 31 December 2016 (pages 158 to 360) (available on <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0413/LTN20170413363.pdf>);
- annual report of the Group for the year ended 31 December 2017 (pages 156 to 356) (available on <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN201804161385.pdf>);
- annual report of the Group for the year ended 31 December 2018 (pages 175 to 448) (available on <http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0415/LTN20190415860.pdf>); and
- interim report of the Group for the six months ended 30 June 2019 (pages 2 to 49) (available on <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0905/ltn20190905778.pdf>).

INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 December 2019, being the latest practicable date for the purpose of this indebtedness statement, the Group had total borrowings of RMB33,770,792,000, details of which are as follows:

	Secured and unguaranteed <i>RMB'000</i>	Unsecured Guaranteed <i>RMB'000</i>	Unsecured Unguaranteed <i>RMB'000</i>	Total <i>RMB'000</i>
Non-current				
Bank borrowings	6,718,175	2,833,000	7,938,863	17,490,038
Debentures	–	–	2,695,035	2,695,035
Third party borrowings	134,598	–	–	134,598
Amounts due to related parties	1,000,000	–	890,221	1,890,221
	<u>7,852,773</u>	<u>2,833,000</u>	<u>11,524,119</u>	<u>22,209,892</u>
Current				
Bank borrowings	331,360	1,164,500	7,631,216	9,127,076
Debentures	–	–	501,129	501,129
Third party borrowings	49,862	–	199,881	249,743
Amounts due to related parties	500,000	270,000	912,952	1,682,952
	<u>881,222</u>	<u>1,434,500</u>	<u>9,245,178</u>	<u>11,560,900</u>
	<u>8,733,995</u>	<u>4,267,500</u>	<u>20,769,297</u>	<u>33,770,792</u>

Lease liabilities

As at the close of business on 31 December 2019, the Group, as a lessee, has lease liabilities for the remainder of the relevant lease terms amounting to RMB286,190,000 in aggregate. Except for lease liabilities of RMB205,391,000 which are secured by rental deposits and unguaranteed and lease liabilities of RMB3,062,000 which are secured by rental deposits and property, plant and equipment and unguaranteed, all the remaining amounts are unsecured and unguaranteed.

Contingent liabilities

As at the close of business on 31 December 2019, being the latest practicable date for the purpose of this indebtedness statement, the Group has the following financial guarantees outstanding:

Guarantor	Guarantor's relationship with the Group	Guarantee	Guarantee's relationship with the Group	31 December
				2019 Outstanding amounts guaranteed <i>RMB'000</i>
AVIC International Beijing Company Limited (中國航空技術北京有限公司)	Subsidiary of the Company	Tuofu Yuanyang Shipping Company Limited* (拓富遠洋海運有限公司)	Independent third party	78,446

* The English name of the company represents management's best efforts in translating the Chinese name of the company as no English name has been registered or is available.

Save as disclosed above or otherwise mentioned herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any outstanding debentures issued and outstanding or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, other recognised lease liabilities or lease commitments, any other mortgages and charges, material contingent liabilities and guarantees outstanding at the close of business on 31 December 2019, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Circular.

STATEMENT OF SUFFICIENCY OF WORKING CAPITAL

Due to the outbreak of the coronavirus, the Company was unable to receive written responses to its credit status enquires from a substantial portion of the facilities providers of the Group (the "Creditors") since such Creditors had not commenced business or resumed normal operation after the end of the Chinese New Year Holiday and up to the Latest Practicable Date of this circular. Accordingly, the following alternative procedures were adopted to ensure compliance with the written confirmation requirements under Rule 14.66 (12)(b) of the Listing Rules:

- checked the facilities agreements entered between the Group and the relevant Creditors, which are written documents creating the facilities duly signed by the relevant Creditors; and

- thereafter deducted the outstanding loan balances as at 31 December 2019 which was extracted from the Group's management accounts, as well as, reference to the outstanding loan balances as at 31 December 2019 as shown in the enterprise credit report (企業信用報告), i.e. a report issued by the relevant Creditor through the credit report system operated by the People's Bank of China, the contents of which contain details of the credit status of the relevant Group company and can be obtained through application by the Group company at the branch or office of the Creditor.

After due and careful consideration, the Directors are of the opinion that, taking into account the expected financial resources available to the Group including the internally generated funds and the available facilities, the Group has sufficient working capital for its present requirements that is for at least the next 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS

Looking ahead, the second half of 2019 will see global economic fluctuation and the further increase in downward pressure on domestic economy. Despite the external challenges, the Group will maintain its strategic theme of "Reform and Restructure, Focus and Breakthrough, and Value Growth," with an aim to seize market opportunities and enhance the order acquisition capability, accelerate market expansion and project execution, strive to optimize the product structure and adjust the customer structure, as well as speed up the operational improvement of or withdrawal from loss-making businesses. Meanwhile, we will further sharpen our focus on principal business and strip away the real estate business through innovative business models to achieve our whole-year operational target.

High-tech Electronic Products Business

In respect of the high-tech electronic products business, the Group will closely monitor the changes in external environment and markets, continue to improve its market share, strengthen connections with customers in its advantageous fields, reinforce the expansion of new markets and new customers, and lay a solid foundation for reserving orders for new factories. The Group will continue to optimize its product structure, and effectively integrate market expansion with customer classification management to increase customer coverage and penetration of high value-added products. Tian Ma will seize the opportunity to initiate the re-finance project in the capital market, to accelerate the phase II construction of G6 AMOLED (主動矩陣有機發光二極體面板) production line of Wuhan Tianma Microelectronics Co., Ltd. ("Wuhan Tianma") and improve the mass production capacity and quality. Shennan Circuits Co., Ltd. ("SCC") will proactively promote its project in relation to the Proposed Issuance of A share convertible bonds to further consolidate its leading position in the printed circuit boards and packaging substrate ("PCB") field.

Retails and Consumer Products Business

With deep combination of consumption demands of the customers, Fiyta Holdings Limited's ("Fiyta") will accelerate the optimization of its existing channel structures and increase yield per unit, continue to facilitate the cultivation of new brands and expansion of

new business and new markets. It will also continue to strengthen the cost and expense control and improve operating efficiency, speed up the execution of smart retail projects in an orderly manner, and fully promote the continuous improvement of operating results.

International Engineering and Trading and Logistics Business

In the second half of 2019, the international engineering business of the Group will speed up the construction progress of its key projects, focus on the implementation of the Angolan airport project, and promote the early delivery of Algeria project. In respect of the mechatronics engineering business, we will further strengthen our operations control, vigorously promote the execution of key projects, and endeavor to improve the operation as early as possible. Regarding the cement engineering business, we will focus on the key markets, spare no efforts to obtain orders, sign new contracts for the commencement of cement and building materials and petrochemical engineering projects, and facilitate the execution of projects on hand in an orderly manner. For the trading and logistics business, we will continue with the equity transfer of Weihai Shipyard and simultaneously implement the equity transfer of our associate, AVIC Sunda.

Shipping Business

Upon completion of the Company's disposal of 73.87% equity interest in AVIC Maritime Holdings Limited (details of which are set out in the Company's announcement and circular dated 27 August 2019 and 25 October 2019, respectively), 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.

Liquidity and Capital Resources

As at 30 June 2019, the total cash and cash equivalents of the Group amounted to approximately RMB10,116,144,000, including cash in Hong Kong Dollars, US Dollars, Japanese Yen, and Korean Won, which have been converted into Renminbi (31 December 2018: RMB8,526,106,000). The Group's total current borrowings amounted to approximately RMB15,494,269,000; and total non-current borrowings amounted to approximately RMB19,603,104,000 with an annual interest rate ranging from 0.79% to 6.16%. The Group has further strengthened and perfected its regulations in respect of the management of tradable financial assets, and formulated the procedures of decision-making, implementation and risk control.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were of the view that there was no material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

RESPONSIBILITY STATEMENT

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

DISCLOSURE OF INTEREST**Directors, supervisors and chief executives**

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, none of the Directors or supervisors or chief executives of the Company was interested in any share, underlying share or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any Director or supervisor or chief executive of the Company were taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register maintained by the Company under section 352 of the SFO or which was required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following are the details of the persons (other than the Directors, supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in the Shares:

Name of Shareholder	Capacity	Number and class of securities	Approximate percentage of the same class of securities	Approximate percentage of total issued share capital
Domestic Shares				
Aviation Industry Corporation of China, Ltd (“ Aviation Industry Group ”)	Interest of controlled corporations	1,634,608,792 Domestic Shares (<i>Note 1</i>)	196.24%	140.17%

Name of Shareholder	Capacity	Number and class of securities	Approximate percentage of the same class of securities	Approximate percentage of total issued share capital
AVIC International Holding Corporation (“AVIC International”)	Interest of controlled corporations	1,634,608,792 Domestic Shares (Note 1)	196.24%	140.17%
AVIC International Shenzhen Company Limited (“AVIC Shenzhen”)	Beneficial owner	429,774,574 Domestic Shares (Note 1)	51.60%	36.85%
H Shares				
CK Hutchison Holdings Limited	Interest of controlled corporations	30,120,000 H shares (Note 2)	9.04%	2.58%
Cheung Kong (Holdings) Limited	Interest of controlled corporations	30,120,000 H shares (Note 2)	9.04%	2.58%
Cheung Kong Investment Company Limited	Interest of controlled corporations	11,950,000 H shares (Note 2)	3.58%	1.02%
Empire Grand Limited	Beneficial owner	11,950,000 H shares (Note 2)	3.58%	1.02%
Hutchison Whampoa Limited	Interest of controlled corporations	18,170,000 H shares (Note 2)	5.45%	1.56%
Hutchison International Limited	Beneficial owner	18,170,000 H shares (Note 2)	5.45%	1.56%

Notes:

- Aviation Industry Group owns 91.14% of the equity interest in AVIC International which in turn owns 100% equity interest in AVIC Shenzhen. Hence, Aviation Industry Group is deemed, or taken to be, interested in all the Shares in which AVIC International and AVIC Shenzhen are interested in, respectively.

AVIC International owns 100% of the equity interest in AVIC Shenzhen. Hence, AVIC International is deemed, or taken to be, interested in all the Shares in which AVIC Shenzhen is interested.

As at the Latest Practicable Date:

- (1) AVIC International held: (A) 437,264,906 domestic shares, representing approximately 37.50% of the issued share capital of the Company; and (B) perpetual subordinated convertible securities in the outstanding amount of RMB2,663,465,514 which may be converted into 767,569,312 domestic shares at the initial conversion price of RMB3.47 (subject to the adjustment pursuant to the terms of perpetual subordinated convertible securities).
 - (2) AVIC Shenzhen held: (A) 395,709,091 domestic shares, representing approximately 33.93% of the issued share capital of the Company; and (B) perpetual subordinated convertible securities in the outstanding amount of RMB118,207,225 which may be converted into 34,065,483 domestic shares at the initial conversion price of RMB3.47 (subject to the adjustment pursuant to the terms of perpetual subordinated convertible securities).
2. Empire Grand Limited (“**Empire Grand**”) holds 11,950,000 H shares and Empire Grand is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of Cheung Kong (Holdings) Limited (“**CKH**”). Accordingly, CKH was deemed to be interested in the 11,950,000 H shares held by Empire Grand.

Hutchison International Limited (“**HIL**”) holds 18,170,000 H shares and HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited. Hutchison Whampoa Limited was deemed to be interested in the 18,170,000 H shares held by HIL. CKH is entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of Hutchison Whampoa Limited. Accordingly, CKH was deemed to be interested in the 18,170,000 H shares held by HIL. In addition, CKH is a wholly-owned subsidiary of CK Hutchison Holdings Limited (“**CK Hutchison**”). Accordingly, CK Hutchison was deemed to be interested in the 30,120,000 H shares in total held by Empire Grand and HIL.

Long position in shares of members of the Group:

Name of shareholder	Name of subsidiary	Approximate% of equity interest in the subsidiary
Kabao Commerce and Trade Co., Ltd* (卡寶商貿有限公司)	Beijing Kaibao Cleaning Equipment Co., Ltd* (北京凱堡清潔設備有限公司) (a subsidiary of the AVIC International Beijing Company Limited (中國航空技術北京有限公司) (“ Beijing Company ”))	25%
Aviation Industry Corporation of China Chengdu Aircraft Design Institute* (中國航空工業集團公司成都飛機設計研究所)	Chengdu AVIC Raise Real Estate Company Limited* (成都中航瑞賽置業有限公司) (“ Chengdu Raise ”)	30%

Name of shareholder	Name of subsidiary	Approximate% of equity interest in the subsidiary
Chengdu Cheng Fei Enterprise Management Co., Ltd.* (成都成飛企業管理有限公司)	Cheungdu Raise	10%
Jiliang Group Qin Zhou Port Grain and Oil Transportation & Sale Co., Ltd.* (吉糧集團欽州港糧油運銷有限公司)	Guang Xi AVIC Lu Tong Bitumen Co., Ltd.* (廣西中航路通瀝青有限公司) (a subsidiary of AVIC Lu Tong Industrial Co., Ltd.* (“AVIC Lu Tong”) (中航路通實業有限公司))	44%
Zhang Zhihua (張志華)	Guang Xi AVIC Lu Tong Bitumen Co., Ltd (廣西中航路通瀝青有限公司) (a subsidiary of AVIC Lu Tong)	5%
Guizhou Transportation Logistics Group Co., Ltd* (貴州省交通物流集團有限公司)	Guizhou Qian He Logistics Co., Ltd.* (貴州黔和物流有限公司) (a subsidiary of AVIC Lu Tong)	45%
Hu Nan Hong Yi Building Materials Commerce and Trading Co., Ltd.* (湖南省弘易建材商貿有限公司)	Hu Nan AVIC Lu Tong Bitumen Co., Ltd.* (湖南中航路通瀝青有限公司) (a subsidiary of AVIC Lu Tong)	15%
Zhang Zhonghua (張仲華)	Beijing AVIC Lu Tong Bituminous Materials Co., Ltd.* (北京中航路通瀝青材料有限公司) (a subsidiary of AVIC Lu Tong)	30%
Liang Rong (梁嶸)	Beijing AVIC Lu Tong Bituminous Materials Co., Ltd.* (北京中航路通瀝青材料有限公司) (a subsidiary of AVIC Lu Tong)	19%

Name of shareholder	Name of subsidiary	Approximate % of equity interest in the subsidiary
WeiHai Municipal State-Owned Assets Management Limited* (威海市國有資本運營有限公司)	AVIC Weihai Shipyard Co., Ltd.* (中航威海船廠有限公司)	30%
Sun Dawei (孫大為)	Station 68 Limited* (68站有限公司) (an indirect subsidiary of FIYTA (Group) Co., Ltd. (“FIYTA”))	20%
Chen Zhaozhong (陳昭仲)	Station 68 Limited* (68站有限公司) (an indirect subsidiary of FIYTA)	20%
Jiangsu Zhenjiang Shipyard (Group) Co., Ltd.* (江蘇省鎮江船廠(集團)有限公司)	AVIC Zhenjiang Shipyard Marine Pte Ltd (a subsidiary of AVIC International Maritime Holdings Limited)	40%
MOS Glaretec GmbH	Glaretec GmbH (an indirect subsidiary of Shennan Circuit Co., Ltd* (深南電路股份有限公司))	48%
Laos Jeddah Group Co., Ltd.* (老撾吉達蓬集團有限公司)	AVIC International Investment (Laos) Limited* (中航國際投資(老撾)有限公司) (a subsidiary of China National Aero-Technology International Engineering Co., Ltd* (中國航空技術國際工程有限公司))	40%
AVIC Trust Co., Ltd.* (中航信託股份有限公司)	Guangdong International Building Industry Co., Ltd* (廣東國際大廈實業有限公司)	25%
Fuzhou Kaizelin Economic and Trade Co., Ltd* (福州凱澤林經貿有限公司)	AVIC (Xiamen) Medical Technology Co., Ltd* (中航(廈門)醫療科技有限公司) (a subsidiary of Xiamen Company)	49%

Name of shareholder	Name of subsidiary	Approximate% of equity interest in the subsidiary
Inner Mongolia Mountain Road Energy Group Co., Ltd* (內蒙古山路能源集團有限責任公司)	AVIC Photosyn (Shanghai) Renewable Energy Co., LTD* (中航光合(上海)新能源有限公司) (a subsidiary of AVIC International Renewable Energy Development Co., Ltd (中航國際新能源發展有限公司))	49%
Jin Si Fang Investment (Beijing) Co., Ltd.* (金四方投資(北京)有限公司)	Zhong He Zhong (Beijing) Guang Dian Technology Co., Ltd.* (中和中(北京)光電科技有限公司) (an indirect subsidiary of the Company)	17.4%
Shijiazhuang Fangqiu Trade Co., Ltd.* (石家莊方適貿易有限公司)	Zhong He Zhong (Beijing) Guang Dian Technology Co., Ltd.* (中和中(北京)光電科技有限公司) (an indirect subsidiary of the Company)	22.6%

* For identification purpose only

Save as disclosed above and so far as was known to the Directors, as at the Latest Practicable Date, no other person (other than the Directors, the supervisors or chief executives of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Interests in the Group's assets or contracts or arrangements significant to the Group

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any interest in any asset which have been, since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the businesses of the Group.

Service Contracts

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation) between any of the Directors or supervisors of the Company and any member of the Group.

Competing Interests

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's businesses) which competes or is likely to compete either directly or indirectly with the Group's businesses (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

Material Adverse Changes

The Directors confirm that there was no material adverse changes in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published audited accounts of the Company were made up).

Litigation

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and so far as the directors of the Company are aware of, no litigation, arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

Material contracts

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

- (1) the JV Agreement;
- (2) the merger agreement dated 2 October 2019 entered into among AVIC International, the Company and AVIC Shenzhen in relation to the proposed merger by absorption of the Company and AVIC Shenzhen by AVIC International pursuant to the PRC Company Law and other applicable PRC laws at the Merger Price of HK\$9.00 per H share of the Company payable in cash by AVIC International;

- (3) the master cooperation agreement dated 10 September 2019 entered into among Wuhan Tian Ma Microelectronics Co., Ltd. (武漢天馬微電子有限公司) (“Wuhan Tian Ma”), SFA Engineering Corp. and SFA Engineering (Shenzhen) Co., Ltd. (三發機電(深圳)有限公司) in relation to the purchase of production equipment necessary for the G6 Project Phase 2 by Wuhan Tian Ma at the consideration not exceeding RMB710,890,000;
- (4) the implementation agreement dated 27 August 2019 entered into between the Company and China Merchants Industry Investment Limited in relation to the Company’s disposal of 73.87% equity interest in AVIC International Maritime Holdings Limited at the consideration of \$31,642,105.35 Singapore dollars (equivalent to approximately RMB162,007,579);
- (5) the underwriting agreement dated 9 July 2019 entered into between Shennan Circuits Co., Ltd. (深南電路股份有限公司) (“SCC”) and AVIC Securities Co., Ltd. (中航證券有限公司) (“AVIC Securities”), pursuant to which SCC agreed to engage AVIC Securities as the lead underwriter in its proposed issuance of its A share convertible bonds in the maximum amount of RMB1,520,000,000 at the sponsorship and underwriting services fees in the total amount of RMB7,000,000;
- (6) the master cooperation agreement dated 2 July 2019 entered into between Wuhan Tian Ma and Applied Materials South East Asia Pte. Ltd. in relation to the purchase of production equipment necessary for the construction project of the Sixth Generation of LTPS AMOLED production line project phase 2 by Wuhan Tian Ma at the consideration not exceeding US\$80,000,000 (equivalent to approximately RMB548,000,000);
- (7) the Weihai Shipyard equity transaction agreement dated 26 April 2019 (as amended and supplemented by a supplemental agreement dated 20 June 2019) entered into between the Company and China Merchants Offshore Engineering Investment (Shen Zhen) Co., Ltd.* (深圳市招商局海工投資有限公司) (“CMOEI”) in relation to 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 by the Company to CMOEI at the consideration of not exceeding RMB620,000,000;
- (8) the AVIC Sunda equity transfer agreement dated 26 April 2019 entered into between the Company and China Merchants Shekou Industrial Zone Holdings Co., Ltd.* (招商局蛇口工業區控股股份有限公司) (“CMSK”) in relation to the disposal of 149,087,820 A shares in AVIC Sunda Holding Company Limited (中航善達股份有限公司) by the Company to CMSK at the consideration of RMB1,289,609,643 (after adjustment pursuant to the terms of the AVIC Sunda equity transfer agreement);

- (9) the equity transaction agreement dated 10 April 2019 entered into among Chengdu AVIC Raise Real Estate Company Limited (成都中航瑞賽置業有限公司) (“Chengdu Raise”) and Beijing Raise Science Company Limited (北京瑞賽科技有限公司) (“Beijing Raise”) as vendors and Chengdu Pidu Hong Jing Real Estate Company Limited (成都郫都泓璟置業有限公司) (“Chengdu Pidu Hong Jing”) as purchaser, pursuant to which Chengdu Raise and Beijing Raise agreed to transfer 20% and 80% equity interest and their respective creditor’s rights in Chengdu Jujin Trading Co., Ltd. (成都聚錦商貿有限公司) to Chengdu Pidu Hong Jing at an aggregate consideration of RMB2,213,869,547;
- (10) the payment guarantee agreement dated 10 April 2019 entered into among Chengdu Raise and Beijing Raise as creditors, Chengdu Pidu Hong Jing as debtor and Sichuan Languang Development Company Limited (四川藍光發展股份有限公司) as guarantor, pursuant to which the guarantor provided a payment guarantee of RMB1,182,869,547 in respect of the consideration payable by Chengdu Pidu Hong Jing to Chengdu Raise and Beijing Raise;
- (11) the capital increase agreement dated 17 November 2018 entered into among the Company, Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司) (“Aviation Industry Group”), Shaanxi Aviation Industry Development Group Co., Ltd. (陝西航空產業發展集團有限公司) (“Shaanxi Aviation Industry Development”), Xi’an Industrial Investment Group Co., Ltd. (西安工業投資集團有限公司) (“Xi’an Industrial Investment”), AVIC Aircraft Corporation (中航飛機股份有限公司) (“AVIC Aircraft”), Xi’an Aircraft Industry (Group) Co., Ltd. (西安飛機工業(集團)有限責任公司) (“Xi’an Aircraft Industry”), AVIC Airborne Systems Co., Ltd. (中航機載系統有限公司), AVIC International Aviation Development Co., Ltd. (中航國際航空發展有限公司) and AVIC Aviation Electronics Systems Co., Ltd. (中航航空電子系統有限責任公司), pursuant to which Aviation Industry Group, Shaanxi Aviation Industry Development, Xi’an Industrial Investment, AVIC Aircraft and Xi’an Aircraft Industry agreed to make capital contributions in the total sum of approximately RMB6.723 billion to AVIC Xifei Civil Aircraft Co., Ltd. (中航西飛民用飛機有限責任公司) (“AVIC Xifei”); and the Company decided not to exercise the right of first refusal in relation to the said capital increase and its shareholding in AVIC Xifei was diluted from 7.895% to 1.7655%;
- (12) the equity transfer agreement dated 24 October 2018 entered into between the Company as vendor and AVIC International as purchaser, pursuant to which the Company agreed to sell and AVIC International agreed to purchase 60% equity interest in AVIC International Simulation Technology Service Co., Ltd. (中航國際模擬科技服務有限公司) at the consideration of RMB31,611,120;
- (13) the 2018 financial services agreement dated 26 September 2018 entered into between the Company and AVIC Finance Co., Ltd. (“AVIC Finance”), pursuant to which AVIC Finance agreed to provide to the Group a range of financial services as the Company may request from time to time for a term commencing from the

effective date of the agreement to 31 December 2021 at the annual cap of RMB4,000,000,000 for the deposit services to be provided AVIC Finance and US\$26,000,000 for the foreign exchange services to be provided AVIC Finance for each of the financial year during the term of the 2018 financial services agreement;

- (14) the supplemental agreement dated 10 September 2018 entered into among Tian Ma, AVIC International, AVIC Shenzhen, CATIC Xiamen Company Limited (中國航空技術廈門有限公司) (“**Xiamen Company**”) and Xiamen Jincai Industrial Development Company Limited (廈門金財產業發展有限公司) (“**Xiamen Jincai**”), pursuant to which that the term in the framework agreements entered into among Tian Ma, AVIC International, AVIC Shenzhen, Xiamen Company and Xiamen Jincai dated 14 November 2017 and 23 August 2017 (as contemplated under the framework agreement entered by the said parties on 10 March 2017) that the “placing price of placing shares for the proposed A shares placing shall not be lower than the issue price of the consideration shares” shall be deleted; and
- (15) the supplemental agreement dated 10 September 2018 entered into among Tian Ma, Shanghai Industrial Investment (Group) Co., Ltd. (上海工業投資(集團)有限公司) (“**Shanghai Investment Company**”) and Shanghai Zhangjiang (Group) Co., Ltd. (上海張江(集團)有限公司) (“**Shanghai Zhangjiang Company**”), pursuant to which that the term in the agreements entered into among Tian Ma, Shanghai Investment Company and Shanghai Zhangjiang Company dated 14 November 2017 and 23 August 2017 (as contemplated under the framework agreement entered by the said parties on 10 March 2017) that the “placing price of placing shares for the proposed A shares placing shall not be lower than the issue price of the consideration shares” shall be deleted.

MISCELLANEOUS

- (1) Mr. Xiao Zhang Lin (“**Mr. Xiao**”) is the company secretary of the Company. Mr. Xiao, aged 42, holds an MBA degree from Shanghai Jiao Tong University (上海交通大學). He was appointed as a joint company secretary of the Company in February 2018. In 2015, Mr. Xiao was recognized as a senior engineer by Aviation Industry Group. Currently, he is the head of the strategy and operations management department of the Company, the company secretary, and a director of AVIC Real Estate Holding Company Limited, Shennan Circuit Co., Ltd., Fiyta Holdings Limited and Rainbow Department Store Company Limited.
- (2) The registered office of the Company is situated at 39/F, AVIC Center Building, No.1018 Huafu Road, Futian District, Shenzhen, PRC.
- (3) The principal place of business in Hong Kong of the Company is situated at Room 1603, 16/F, China Building, 29 Queen’s Road Central, Central, Hong Kong.

- (4) The H Share registrar of the Company, Hong Kong Registrars Limited, is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (5) Save as otherwise stipulated in this circular, in the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong on any business days from the date of this circular up to and including 14 days (except public holidays) thereafter:

- (1) the articles of association of the Company;
- (2) the letter from the Board, the text of which is set out on pages 4 to 11 of this circular;
- (3) the material contracts mentioned in the paragraph headed "Material Contracts" in this appendix;
- (4) the Company's 2016, 2017 and 2018 annual reports;
- (5) the Company's 2019 interim report;
- (6) a copy of each circular issued by the Company pursuant to the requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules since 31 December 2018; and
- (7) this circular.