

中國航空技術國際控股有限公司

AVIC International Holding Corporation

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



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)

16 March 2020

To the Independent H Shareholder(s)

Dear Sirs,

**(1) VOLUNTARY UNCONDITIONAL OFFER BY
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG
SECURITIES LIMITED ON BEHALF OF AVIC INTERNATIONAL
TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE COMPANY;
(2) VOLUNTARY WITHDRAWAL OF LISTING OF
THE H SHARES OF THE COMPANY;
AND
(3) PROPOSED MERGER BY ABSORPTION OF
THE COMPANY BY AVIC INTERNATIONAL**

EXCLUSIVE FINANCIAL ADVISER TO AVIC INTERNATIONAL



INTRODUCTION

Reference is made to (i) the composite document jointly issued by the Company and AVIC International Holding Corporation (“**AVIC International**”) dated 8 January 2020 (the “**Composite Document**”) in relation to, among other things, the H Share Offer, the Delisting and the Merger; (ii) the announcement jointly issued by the Company and AVIC International dated 14 February 2020 in relation to the poll results of the Extraordinary General Meeting and the H Share Class Meeting; and (iii) the announcement jointly issued by the Company and AVIC International dated 6 March 2020 in relation to the H Share Offer becoming unconditional in all respects (“**Unconditional H Share Offer Announcement**”).

Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document. All references to dates and times contained in this letter refer to Hong Kong dates and times.

THE H SHARE OFFER HAS BECOME UNCONDITIONAL IN ALL RESPECTS

As stated in the Unconditional H Share Offer Announcement, as all of the Conditions of the H Share Offer have been fulfilled, the H Share Offer has become unconditional in all respects on 6 March 2020.

SUBSEQUENT OFFER PERIOD

As disclosed in the Unconditional H Share Offer Announcement, H Shareholders (including the Independent H Shareholders) should note that the latest time and date for acceptance of the H Share Offer will be 4:00 p.m. on Friday, 3 April 2020.

H Shareholders should refer to the Composite Document and the Form of Acceptance for details of the acceptance procedures if they wish to accept the H Share Offer.

APPROVAL FOR THE APPLICATION OF WITHDRAWAL OF LISTING AND LAST DAY OF TRADING OF H SHARES ON THE HONG KONG STOCK EXCHANGE

On 10 March 2020, the Stock Exchange has granted its approval for the withdrawal of the listing of the H Shares of the Company from the Main Board of the Stock Exchange with effect from 9:00 a.m. on Friday, 17 April 2020. The last day of trading in the H Shares on the Stock Exchange was Wednesday, 11 March 2020. Trading in H Shares has been suspended with effect from 9:00 a.m. on Thursday, 12 March 2020 until the withdrawal of listing of the H Shares from the Stock Exchange (i.e. 9:00 a.m. on Friday, 17 April 2020).

NO RIGHT OF COMPULSORY ACQUISITION

AVIC International has no right under the PRC Laws to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. **Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Shares are delisted from the Stock Exchange, this will result in the then Independent H Shareholders holding securities that are not listed on the Stock Exchange. In addition, the Company may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong pursuant to the Takeovers Code.**

MERGER BY ABSORPTION OF THE COMPANY BY AVIC INTERNATIONAL

The Independent H Shareholders are reminded that the effectiveness of the Merger is conditional upon the fulfilment (or waiver, as applicable) of the Merger Conditions, which include the completion of the H Share Offer and the Delisting.

As at the date of this letter, save for Merger Conditions (c) (i.e. a waiver application having been submitted to CSRC for the exemption of making any mandatory offer in relation to change of controlling shareholder of the A-Share Listed Subsidiaries as a result of the Merger within three days after the execution of the Merger Agreement, and such waiver having been granted by CSRC) and (f) (i.e. the Company having submitted the Delisting application to the Stock Exchange and such Delisting having become effective

pursuant to the Listing Rules) set out in the Composite Document, the other Merger Conditions under the Merger Agreement have been fulfilled. AVIC International reserves the right to waive the Merger Condition (c).

The Merger will be implemented and completed by going through the following major processes after the completion of the H Share Offer and the Delisting and the fulfilment or waiver (if applicable) of other Merger Conditions, namely (i) AVIC International will pay a Merger Price of HK\$9.00 per delisted H Share (other than those that may be acquired by AVIC International under the H Share Offer and those held by the Dissenting H Shareholders) in cash to the then existing H Shareholders within seven Business Days after the Merger Effective Date; and (ii) the Company and AVIC Shenzhen will be de-registered in accordance with the PRC Company Law, the Administrative Regulations of the PRC Governing the Company Registration and relevant legal provisions.

Pursuant to the Merger Agreement, the payment to the then existing H Shareholders will be made as soon as possible but in any event within seven Business Days after the Merger Effective Date. After payment had been made to such H Shareholders, the relevant rights attaching to such delisted H Shares shall be deemed as cancelled. No consideration will be paid by AVIC International to AVIC Shenzhen for the Domestic Shares held by AVIC Shenzhen as AVIC Shenzhen will be merged into AVIC International when the Company is merged into AVIC International.

According to Article 188 of the Articles, any Dissenting H Shareholder, who has opposed the Merger Agreement and the Merger contemplated thereunder, will have the right to request the Company or other H Shareholders who have voted for the Merger Agreement and the Merger contemplated thereunder to acquire their H Shares at a “fair price”. The request to acquire his/her/its H Shares at a “fair price” shall be made by a Dissenting H Shareholder to the Company or other H Shareholders who have voted for the Merger Agreement and the Merger contemplated thereunder within the earlier of (a) the expiration of two months from the date of approval of the Merger at the H Share Class Meeting and the Extraordinary General Meeting and (b) the date of completion of the Merger.

Further details in relation to the Merger are set out in the section headed “Merger by Absorption of the Company by AVIC International” in the “Letter from CICC” of the Composite Document.

If the Merger is implemented under the Merger Agreement, AVIC International will pay a Merger Price of HK\$9.00 per H Share in cash to the then existing H Shareholders recorded on the Registers as at the Merger Effective Date (i.e. expected to be on or before 1 September 2020), within seven Business Days after the Merger Effective Date. After payment of the Merger Price had been made, the relevant rights attaching to such H Shares shall be deemed as cancelled.

If the Merger is not implemented under the Merger Agreement, AVIC International will not be obliged to pay the Merger Price to then existing H Shareholders. Under the circumstance that the H Shares have been delisted from the Stock Exchange, the then Independent H Shareholders will be holding securities that are not listed on the Stock Exchange.

EXPECTED TIMETABLE OF THE H SHARE OFFER AND THE MERGER

Set out below is the expected timetable of the H Share Offer and the Merger. Any changes to the timetable will be jointly announced by the Company and AVIC International by way of announcement(s) as soon as possible.

Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptance of the H Share Offer on Friday, 6 March 2020, being the First Closing Date (<i>Note 1</i>)	Tuesday, 17 March 2020
Latest time and date for the H Share Offer remaining open for acceptance and closing of the H Share Offer (<i>Note 2</i>)	4:00 p.m. on Friday, 3 April 2020
Final Closing Date	Friday, 3 April 2020
Announcement of the results of the H Share Offer as at the Final Closing Date	by 7:00 p.m. on Friday, 3 April 2020
Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptance of the H Share Offer on Friday, 3 April 2020 (being the latest date which the H Share Offer remains open for acceptance) (<i>Note 1</i>)	Thursday, 16 April 2020
Latest time for lodging transfers of the H Shares in order to qualify for the Merger Price (<i>Note 3</i>)	4:30 p.m. on Thursday, 16 April 2020
Closure of Registers for the determination of entitlements of the H Shareholders to receive the Merger Price	from Friday, 17 April 2020 onwards
Voluntary withdrawal of the listing of the H Shares from the Stock Exchange	9:00 a.m. on Friday, 17 April 2020
End of the period during which creditors may request the Company and AVIC International to pay off their respective indebtedness	Thursday, 23 April 2020
Expected date for all Merger Conditions to be fulfilled (or waived, as applicable) and the Merger Effective Date (<i>Note 3</i>)	on or before Tuesday, 1 September 2020
Latest date for posting of remittances for the amounts due under the Merger Agreement to the existing H Shareholders as at the Merger Effective Date	within seven Business Days of the Merger Effective Date

Notes:

1. Remittances in respect of the H Shares tendered for acceptance and taken up by AVIC International under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable H Share certificates) will be posted to the H Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days (as defined in the Takeovers Code) following the later of (i) the First Closing Date and (ii) the date of receipt of a duly completed Form of Acceptance by the Registrar in respect of the H Share Offer.
2. In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the H Share Offer is closed to the Independent H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. AVIC International reserves the right to extend the H Share Offer beyond this 28-day period.
3. H Shareholders whose names appear on the Registers on the Merger Effective Date shall be entitled to receive the Merger Price under the Merger Agreement. In order to be qualified for receiving the Merger Price under the Merger Agreement, all registration of transfer of the H Shares shall be recorded on the Registers not later than 4:30 p.m. on Thursday, 16 April 2020.

IMPORTANT NOTICE TO NOMINEES

If you act as a nominee for other persons who are the beneficial shareholders of the H Shares, please inform the relevant beneficial owners of the contents of the terms of the H Share Offer and the implications of not accepting the H Share Offer as set out above.

If you have already accepted the H Share Offer, please ignore this letter.

WARNING

The Merger is conditional upon the fulfilment or waiver (where applicable) of the Merger Conditions as described in the Composite Document in all aspects. As the Merger Conditions (in respect of the Merger) are different from the Conditions (in respect of the H Share Offer), Shareholders and potential investors of the Company should be aware that even following the successful completion of the H Share Offer and the Delisting, there is no certainty that the Merger will proceed. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

On behalf of the Board of
AVIC International Holding Corporation
(中國航空技術國際控股有限公司)
Liu Hong De
Chairman

On behalf of the Board of
AVIC International Holdings Limited
(中航國際控股股份有限公司)
Liu Hong De
Chairman

As at the date of this letter, AVIC International Board comprises: Mr. Liu Hong De, Mr. Li Zong Shun, Mr. Yan Dong, Mr. Xiao Zhi Yuan, Mr. Lai Wei Xuan, Mr. Li Qi Feng, Mr. Fu Fang Xing, Ms. Kong Ling Fen and Mr. You Lei.

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

As at the date of this letter, the Company's Board comprises: 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.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to AVIC International and parties acting in concert with it (except for the Group)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than that expressed by the AVIC International Board and parties acting in concert with AVIC International (except for the Company's Board)) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.