

*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.*



# **AVIC International Holding (HK) Limited**

## **中國航空工業國際控股(香港)有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 232)**

### **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF EASE TRIUMPH INTERNATIONAL LIMITED**

#### **THE ACQUISITION**

The Company refers to the announcement dated 24 September 2014 in relation to the possible acquisition of non-aviation business in PRC from the parent group. The Company is pleased to announce that on 1 December 2014, Sanba Investment, an indirect wholly-owned subsidiary of the Company, and Onfield entered into the Agreement, pursuant to which Sanba Investment conditionally agreed to acquire, and Onfield conditionally agreed to sell, the Sale Shares of Ease Triumph. Onfield is an indirect subsidiary of AVIC International (which is also a controlling shareholder of the Company), and therefore a connected person of the Company.

Ease Triumph holds equity interest in two companies, Dalian Hanghua and Chongqing Hanglong, which were set up for the development and sale of properties in Dalian and Chongqing respectively. Dalian Hanghua is currently engaged in the construction of a large scale development project in Dalian comprising offices, retails shops and residential buildings with a total planned GFA of approximately 434,461 sq. m. upon completion. Chongqing Hanglong was established in September 2014 for the purpose of developing a site which consists of 12 parcels of land in Chongqing with a total GFA of approximately 401,514 sq. m. upon completion for residential and commercial purposes.

The Consideration for the sale and purchase of the Sale Shares is HK\$325,881,324, which shall be satisfied by cash payment by Sanba Investment to Onfield at Completion. Following the Completion, Ease Triumph will become a wholly-owned subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

The Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios of the Acquisition exceeds 100%. As Onfield is a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **THE INDEPENDENT BOARD COMMITTEE AND THE CIRCULAR**

The Independent Board Committee comprising all of the three independent non-executive Directors has been formed to advise the Independent Shareholders on the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation of the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) financial information of Ease Triumph; (v) a property valuation of Ease Triumph; and (vi) the notice of the SGM, are expected to be dispatched to the Shareholders on or around 12 December 2014.

**As completion of Acquisition is subject to the fulfilment of various conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should therefore exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.**

## **THE AGREEMENT**

Date: 1 December 2014

### **Parties**

- (1) Sanba Investment (as the purchaser); and
- (2) Onfield (as the vendor).

### **The Acquisition**

Sanba Investment conditionally agreed to acquire, and Onfield conditionally agreed to sell, the Sale Shares of Ease Triumph subject to the terms and conditions of the Agreement. Ease Triumph holds 52.08% equity interest in Dalian Hanghua and 99% equity interest in Chongqing Hanglong, which are companies set up for the development and sale of properties in Dalian and Chongqing respectively. Upon Completion, Ease Triumph will become an indirect wholly-owned subsidiary of the Company.

Further information on Ease Triumph is set out in the section headed “Information on the Target Group” below.

### **Conditions Precedent**

The Completion is conditional upon the satisfaction (or, in respect of the conditions set out in (b), (e), (g) and (i), the waiver by Sanba Investment) of the following conditions precedent:

- (a) the Independent Shareholders having approved the Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;

- (b) Sanba Investment having completed its legal, financial and business due diligence on each Target Group Company and the results of such due diligence are satisfactory to Sanba Investment;
- (c) all necessary approvals, authorisations and consents from Aviation Industry and/or from any third parties (including but not limited to the relevant governmental authorities) required for the Acquisition under the applicable rules and regulations in the applicable jurisdictions having been obtained by Onfield;
- (d) Sanba Investment having completed all procedures and obtained all approvals under the applicable laws for the execution and performance of the Agreement and related documentation;
- (e) the warranties given by Onfield set out in the Agreement having remained true and accurate in all material respects at Completion;
- (f) the reporting accountants having completed the audit of and issued an unqualified opinion on the accountants' report of Ease Triumph in accordance with the requirements of the Listing Rules and the applicable accounting standards in relation to the Acquisition;
- (g) Sanba Investment having received an opinion issued by Jia Yuan Law Offices, the PRC legal advisers to Sanba Investment, in respect of the Acquisition and each of Dalian Hanghua and Chongqing Hanglong in form and substance satisfactory to Sanba Investment;
- (h) LCH (Asia-Pacific) Surveyors Limited having completed the valuation of the properties held by each of Dalian Hanghua and Chongqing Hanglong in accordance with the requirements of the Listing Rules and the content and results of such valuation being satisfactory to Sanba Investment; and
- (i) there being no material adverse change, after 31 July 2014, in the business, operation, assets, financial positions or prospects of each of the Target Group Companies.

If any of the conditions precedent set out in the Agreement has not been fulfilled or waived by Sanba Investment (in respect of the conditions set out in (b), (e), (g) and (i)) on or before 31 January 2015, Sanba Investment may, at its sole discretion and by giving written notice to Onfield, terminate the Agreement with immediate effect.

### **The Consideration**

The Consideration is HK\$325,881,324, which shall be satisfied by cash payment to Onfield on Completion which shall take place on the day when all the conditions precedent set out in the Agreement are fulfilled or, if applicable, waived by Sanba Investment. The Consideration will be settled by the then internal resources available to the Group.

The Consideration was determined after arm's length negotiation between the parties to the Agreement. Such Consideration reflects a 55.6% discount to the reassessed net asset value of the Target Group. Reassessed net asset value discount is one of the common methodologies used by investors when determining the valuation of real estate companies or assets. Reassessed net asset value discount of different real estate assets or companies can vary significantly depending on investors' perception of the risk levels associated with the specific property projects or activities involved. The implied reassessed net asset value discount provided above is meant to offer Independent Shareholders an additional reference point on valuation. The reassessed net asset value of the Target Group was determined based on the following formula:

	<i>HK\$</i>
Unaudited consolidated net assets of the Target Group attributable to the entire equity interest in Ease Triumph owned by Onfield as at 31 July 2014	(62,959,883)
Add: Additional capital injection in cash to Ease Triumph by Onfield on 25 November 2014	250,000,000
Add: Property revaluation gain of the Dalian project attributable to Ease Triumph arising from the preliminary appraisal by LCH (Asia-Pacific) Surveyors Limited as at 31 October 2014 ( <i>Note 1</i> )	484,803,637
Add: Property revaluation gain of the Chongqing project attributable to Ease Triumph arising from the preliminary appraisal by LCH (Asia-Pacific) Surveyors Limited as at 31 October 2014 ( <i>Note 2</i> )	62,123,193
	<b>733,966,947</b>
<b>Reassessed net asset value of the Target Group</b>	

*Note:*

1. This represents the revaluation surplus arising from the difference between the preliminary valuation of the Dalian project of HK\$4,762,500,000 as at 31 October 2014 (equivalent to RMB3,750,000,000 based on the exchange rate of RMB1.00 to HK\$1.27) and its book value of HK\$3,831,617,441 as at 31 July 2014. Ease Triumph holds 52.08% of Dalian project.
2. This represents the revaluation surplus arising from the difference between the preliminary valuation of the Chongqing project of HK\$1,003,300,000 as at 31 October 2014 (equivalent to RMB790,000,000 based on the exchange rate of RMB1.00 to HK\$1.27) and its land cost of HK\$940,549,300 (equivalent to RMB740,590,000 based on the exchange rate of RMB1.00 to HK\$1.27). Ease Triumph holds 99% of Chongqing project.

The Directors (excluding the independent non-executive Directors, the opinion of whom after taking into account the advice from the independent financial adviser will be included in the Circular) consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole, taking into account, among other things, the terms and conditions of the Agreement and the quality and size of the property portfolio held by the Target Group.

## **Completion**

Completion shall take place on the day when all the conditions precedent set out in the Agreement are fulfilled or waived by Sanba Investment at such time and place as the parties to the Agreement may agree.

## INFORMATION ON THE TARGET GROUP

Dalian Hanghua is primarily engaged in the development and sale of properties in Dalian. Chongqing Hanglong was established in September 2014 for the purpose of the development and sale of properties in Chongqing. Details of these property development projects relating to the use, GFA and development status as at 31 October 2014 are set out in the table below:

Company	Project	Location	Planned use	Total site area (sq. m.)	Total planned GFA upon completion (sq. m.)	Estimated completion date	Equity interest held by Ease Triumph	Preliminary valuation in existing state as at 31 October 2014 (RMB) (Note 1)
Dalian Hanghua	The International Square (中航國際廣場)	Dalian	Residential and commercial	46,937.50	434,461	2015-2018	52.08%	3,750,000,000
Chongqing Hanglong	12 parcels of land situated in a newly developed residential area (Note 2)	Chongqing	Residential and commercial	375,252	401,514	2018	99%	790,000,000

### Notes:

- (1) The values are based on the preliminary valuation by LCH (Asia-Pacific) Surveyors Limited of the fair value of the properties or rights to properties owned by the Target Group as at 31 October 2014.
- (2) As at 31 October 2014, the contracts for the grant of state-owned land use rights with the Bureau of Land Resources and Housing of Chongqing\* (重慶市國土資源和房屋管理局) had been signed and the deposit for the full cost of the acquisition of the land had been settled by the Target Group but the relevant land use rights certificates had not been obtained.

## OVERVIEW OF THE PROPERTY PROJECTS OF THE TARGET GROUP

### (a) Dalian – International Square (中航國際廣場)

The International Square is a developing large scale development located at the Southeastern side of Zhongshang Road of the Shahekou District of the Dalian City, an area with ancillary facilities and a developed transportation system. It comprises four parcels of land having a total site area of approximately 46,937.50 sq. m. (excluding communal site area). The total consideration of RMB1,760,000,000 was fully paid by Dalian Hanghua in 2012. The International Square will be developed for commercial and residential purposes, comprising offices, retail shops and residential buildings. The total planned GFA of the development upon completion is approximately 434,461 sq. m..

Pre-sale of certain units of the International Square commenced in June 2013. As at 31 July 2014, the unaudited customer deposits, which represented the proceeds of the pre-sales of properties, amounted to HK\$1,438,406,483.

**(b) The Chongqing project**

The project comprises 12 parcels of land with a total site area of approximately 375,252 sq. m. (the “**Chongqing Site**”), which are situated in a newly developed residential area with communal facilities in the Liangjiangxin District of Chongqing. The total planned GFA of the development upon completion is approximately 401,514 sq.m.. With regard to the Chongqing Site, Chongqing Hanglong entered into two contracts for the grant of state-owned land use rights with the Bureau of Land Resources and Housing of Chongqing\* (重慶市國土資源和房屋管理局) (the “**Contracts**”) on 29 September 2014 pursuant to which the land use rights of the Chongqing Site would be granted to Chongqing Hanglong based on the terms of the contracts. The consideration for the use of the Chongqing Site was already paid in full. Based on the advice of Sanba Investment’s PRC legal adviser, Jia Yuan Law Offices, on the basis that the relevant procedures for the application for state-owned land use rights certificates for the Chongqing Site are being complied with, there will be no foreseeable legal impediments for Chongqing Hanglong in obtaining the land use rights certificates of the Chongqing Site. The Directors expect that such land use rights certificates will be obtained in the first half of 2015.

As advised by Jia Yuan Law Offices, Chongqing Hanglong’s right to occupy and use the Chongqing Site has been protected by PRC laws since the date it entered into the above contracts for the grant of state-owned land use rights with the Bureau of Land Resources and Housing of Chongqing. Therefore, the development progress of the Chongqing Site will not be affected by the application process of the land use rights certificates. As the application for the land use rights certificates is a procedural matter and as advised by Jia Yuan Law Offices, there are no foreseeable legal impediments for obtaining them, Sanba Investment did not make it a condition precedent for Onfield to procure Chongqing Hanglong to obtain the land use rights certificate. Further, as advised by Jia Yuan Law Offices, according to the Contract Law of the People’s Republic of China and the Articles in the Reply of the Relevant Matters concerning Land Grant Contract by Bureau of Land and Resources\* (國土資源廳關於土地出讓合同有關問題的復函), Chongqing Hanglong and the Bureau of Land Resources and Housing of Chongqing shall perform the obligations as provided in the Contracts, which include the transfer of the right to use the Chongqing Site. Accordingly, in the event that the application for the land use rights certificates was terminated (except for any termination caused by any breach of the Contracts by Chongqing Hanglong), Chongqing Hanglong is entitled to ask the Bureau of Land Resources and Housing of Chongqing to return the consideration paid for the Chongqing Site and claim for any losses arising from the termination.

Based on the above, the Directors consider that the acquisition of Chongqing Hanglong at this stage is in the interest of the Company and its shareholders as a whole.

The project is still at an early planning stage. The Chongqing Site will be developed for residential and commercial use and it is expected that construction will commence in 2015 and be completed in 2018.

## FINANCIAL INFORMATION OF EASE TRIUMPH

Set out below is the financial information of Ease Triumph, based on the unaudited consolidated financial statements of Ease Triumph.

	For the year ended		Seven months ended 31 July	
	31 December	31 December		
	2012	2013	2013	2014
	HK\$	HK\$	HK\$	HK\$
Net loss before tax and extraordinary items	(54,902,908)	(37,951,843)	(14,742,448)	(38,568,622)
Net loss after tax and extraordinary items	(43,215,125)	(28,621,731)	(11,114,602)	(34,413,208)

The net assets of Ease Triumph and the net deficiency in assets of Ease Triumph attributable to the interest owned by Onfield as at 31 July 2014 (based on the unaudited consolidated financial statements of the Target Group for the seven months ended 31 July 2014) amounted to HK\$263,772,451 and HK\$62,959,883, respectively.

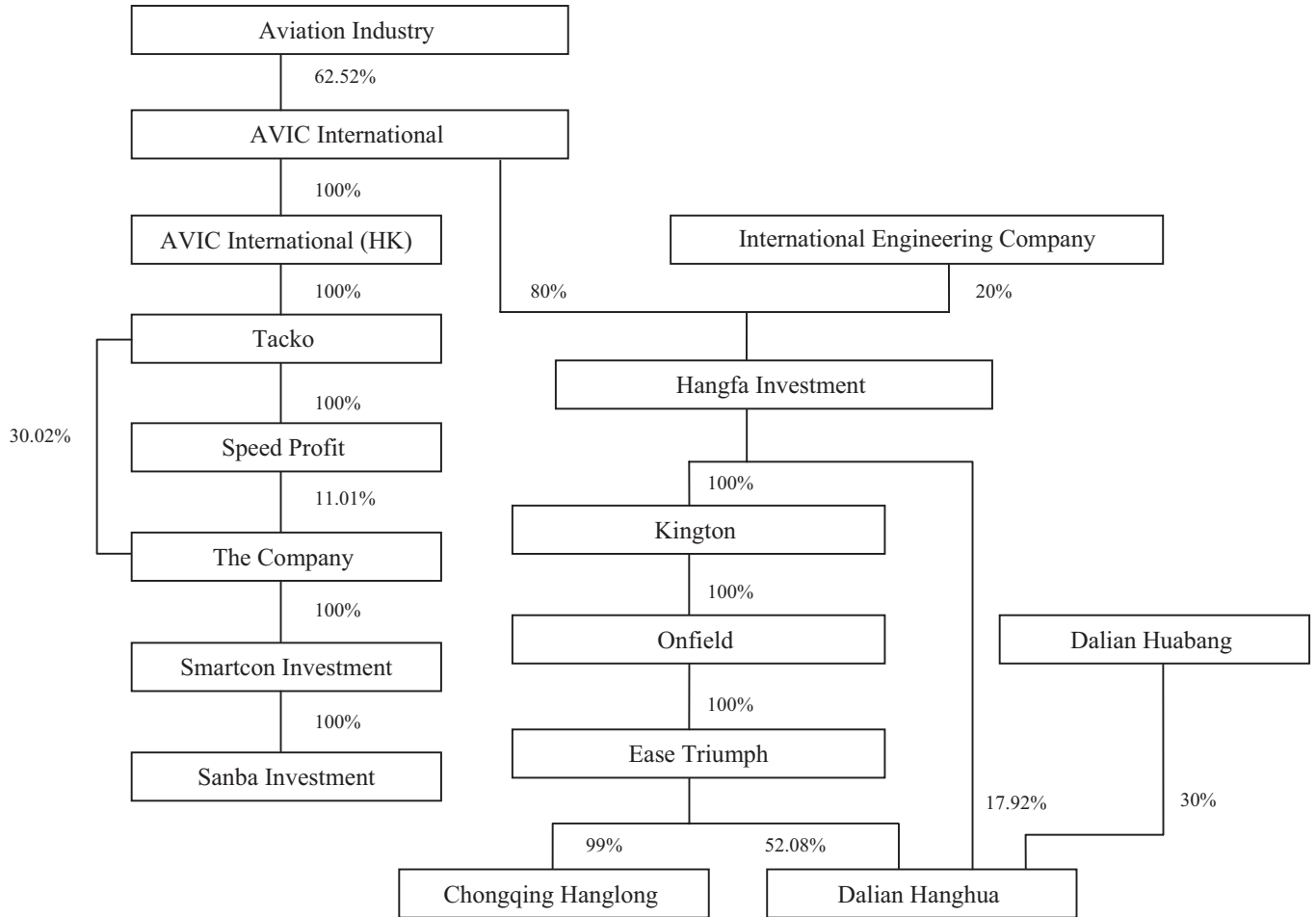
*Note:*

- (1) On 9 September 2014, Chongqing Hanglong was incorporated in the PRC. Ease Triumph owns a 99% equity interest in Chongqing Hanglong. The registered share capital of Chongqing Hanglong amounting to US\$62,530,000 has been fully paid up. On 29 September 2014, Chongqing Hanglong entered into two contracts with the Bureau of Land Resources and Housing of Chongqing under which Chongqing Hanglong was granted the right to use the Chongqing Site for commercial purposes for a term of 40 years and for residential purposes for a term of 50 years for a total consideration of RMB740,590,000. Such consideration was already been paid in full by Chongqing Hanglong, part of which was settled by a deposit in the amount of RMB370,300,000 from Ease Triumph. Based on the legal opinion from Jia Yuan Law Offices that there will be no foreseeable legal impediments for Chongqing Hanglong in obtaining the land use rights certificates of the Chongqing Site, the Directors expect that such land use rights certificate will be obtained in the first half of 2015.

## SHAREHOLDING STRUCTURE OF THE TARGET GROUP

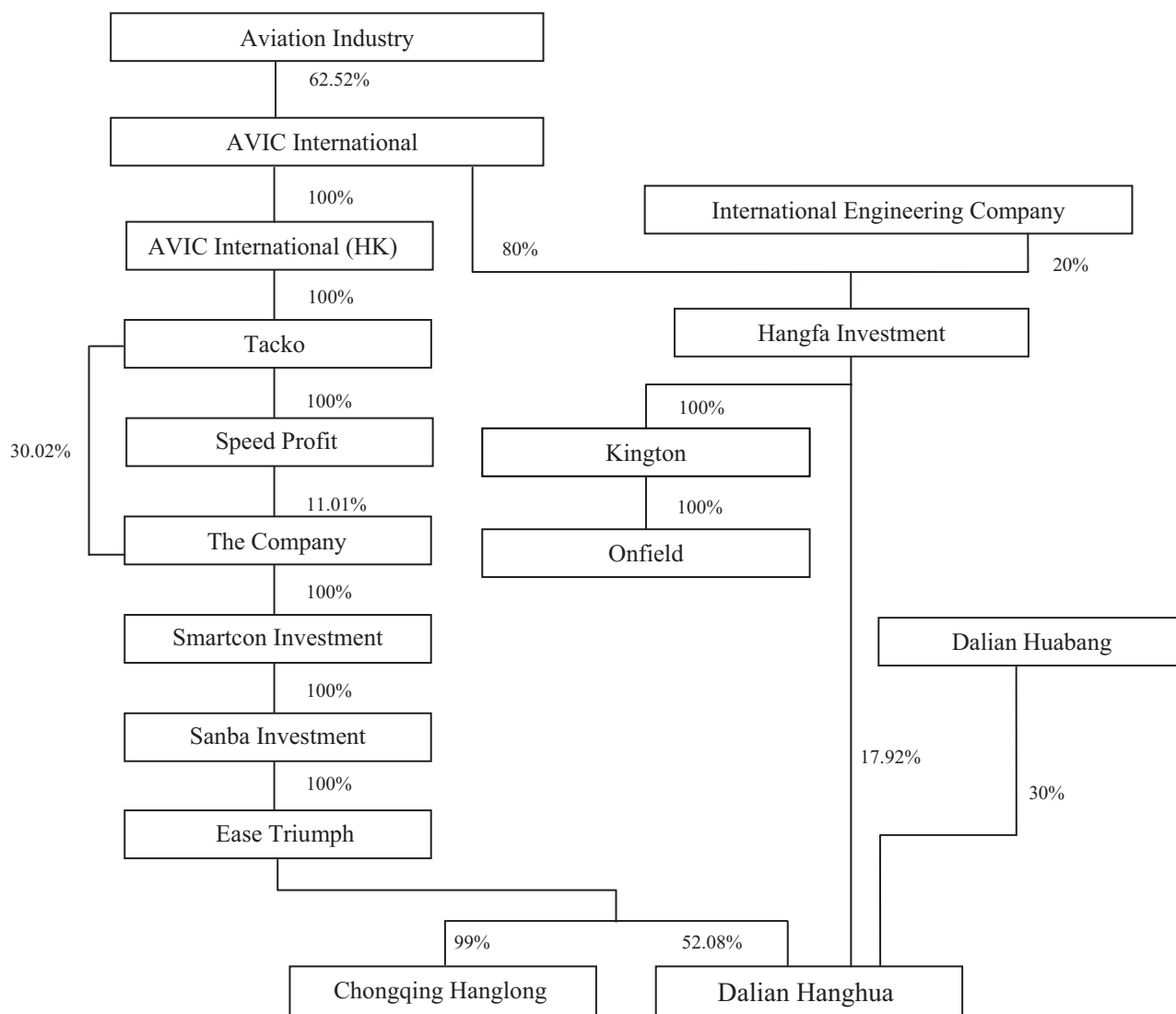
Set out below is the shareholding structure of the Target Group immediately before and after Completion:

### Shareholding structure of the Target Group as at the date of the Agreement





## Shareholding structure of the Target Group immediately after Completion



## INFORMATION ABOUT THE GROUP

The Company was incorporated in Bermuda whose ordinary shares are listed on the Main Board of the Stock Exchange which is indirectly held by AVIC International as to 41.03%. The Group's principal business activities include:

- production and distribution of knitting and textile products, knitted fabrics and clothing;
- aero-technology related business including the development, manufacture and distribution of helicopters; and
- trading business.

Currently, the Company and the Board do not have any plan to dispose of, terminate or scale-down the Company's existing principal business. Subject to the available resources of the Company, PRC regulatory environment and the economic conditions, the Company and the Board may consider to acquire other real estate assets or businesses in the future.

## **INFORMATION ABOUT ONFIELD, AVIATION INDUSTRY AND AVIC INTERNATIONAL**

Onfield is an investment holding company incorporated in the BVI with limited liability. Onfield is indirectly held by Aviation Industry and AVIC International.

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

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

## **THE MANAGEMENT OF THE BUSINESS OF THE TARGET GROUP**

Although the Target Group is engaged in property development business, which is different from the Company's existing business, the Company will have sufficient management expertise to manage the business of the Target Group to be acquired.

The Company will conduct its project development and project management operations through Dalian Hanghua and Chongqing Hanglong, which will be responsible for the daily operations of the respective projects, including, among other things, the implementation of the project design management, pre-construction planning, construction management, quality control, pre-sale activities, sales, marketing, completion and delivery of completed properties. Dalian Hanghua has established and Chongqing Hanglong will establish their own operations departments for project development, finance, planning and design, construction and procurement, budgeting, marketing and sales. These departments are supported and monitored by a general manager who will report to the management of the Company and the Board.

Upon Completion, Dalian Hanghua and Chongqing Hanglong will be responsible for the day-to-day running of the relevant projects. Certain key planning and long-term development strategies of the Target Group, such as positioning, commercial assessment and project financing, will be carried out by the management of the Company and the Board.

At the Board level, Mr. Wu Guangquan and Mr. Pan Linwu, both Executive Directors, possess relevant management experience in property development and will assist the Board to make strategic decisions for the business development of the Target Group. Further details of the management expertise will be set out in the Circular.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Directors (excluding the independent non-executive Directors) consider that the Acquisition is in the interests of the Company for the following reasons:

- (a) The Enlarged Group will be engaged in the development and sale of properties which will enhance its growth potential and benefit the existing Shareholders in the long run**

Upon Completion, the Group will have acquired two property development projects located in Dalian and Chongqing at an attractive valuation of 55.6% discount to the reassessed net asset value. The Enlarged Group will be engaged in the development and sale of properties which enables the Enlarged Group to set up a potential growth business with a long-term return.

**(b) The projects in the Target Group are expected to deliver near term revenues and profits as well as a pipeline of future growth**

Dalian Hanghua commenced pre-sale of certain units of the International Square in June 2013 and it is expected that revenue will be recognised in 2015. The project in Chongqing will commence construction in 2015 and is expected to be completed in 2018. The two projects provide an identifiable source of future revenues and asset growth to 2019 and 2020.

**(c) The Enlarged Group will have strong capacity to raise funds for its property development business**

It is expected that the Target Group will have a strong growth potential and will significantly increase the amount of real estate portfolio assets of the Group. This will enable the Enlarged Group to obtain equity and debt financing more easily, which will in turn enhance the Enlarged Group's profitability and facilitate further financing. The Enlarged Group will have strong capability to raise funds to develop its business so as to create value for its Shareholders.

On the basis of the foregoing, the Directors (excluding all the independent non-executive Directors of the Company, who will provide their opinion based on the recommendation from the independent financial adviser in the Circular) are of the view that the terms of the Acquisition, which have been agreed after arm's length negotiations, are on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **RISKS ASSOCIATED WITH THE ACQUISITION**

A number of conditions precedent to the Completion as set out in this announcement involve decisions of third parties, including the approval by Independent Shareholders at the SGM. As fulfilment of these conditions precedent are not within the control of the parties involved in the Acquisition, there is no assurance that they can be fulfilled and/or the Acquisition will be completed as contemplated.

The risks relating to the business of the Target Group, the Group, the business, legal and regulatory environment for property development in the PRC and the general economic, legal and political climate of the PRC will be set out in the Circular.

## **FINANCIAL EFFECTS OF THE ACQUISITION**

Following Completion, Ease Triumph will become an indirect wholly-owned subsidiary of the Company and will be accounted for as a subsidiary of the Company. Accordingly, its financial results (including earnings, assets and liabilities) will be consolidated into and reflected in the financial statements of the Group after Completion. Further details on the financial effects of the Acquisition on the Group will be set out in the Circular.

## **LISTING RULES IMPLICATIONS**

The Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules as one of the applicable percentage ratios of the Acquisition exceeds 100%. Further, as Onfield is an indirect subsidiary of AVIC International (a controlling shareholder of the Company), Onfield is a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTIONS**

Upon the Company acquiring the Target Group, any transaction between the Enlarged Group (comprising the Target Group) and Aviation Industry Group (including its associates) and/or Dalian Huabang will constitute a connected transaction or a continuing connected transaction of the Company. It is expected that, upon Completion, certain other borrowings and advances between the Target Group and Aviation Industry Group (and its associates) and/or Dalian Huabang will constitute connected transactions of the Company which may be subject to the reporting, annual review, announcement and/or the shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the relevant requirements of Chapter 14A of the Listing Rules after it has made a decision on the relevant transaction(s), and further details of these connected transactions will be included in the Circular.

## **THE INDEPENDENT BOARD COMMITTEE AND THE CIRCULAR**

The Independent Board Committee comprising all of the three independent non-executive Directors has been formed to advise the Independent Shareholders on the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

Each of Tacko and Speed Profit and their respective associates will abstain from voting at the SGM in respect of the resolutions to consider the Acquisition as a result of having a material interest therein. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed in this announcement, no other Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the recommendation of the Independent Board Committee in relation to the Acquisition; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) financial information of Ease Triumph; (v) a property valuation of Ease Triumph; and (vi) the notice of the SGM, are expected to be dispatched to the Shareholders on or around 12 December 2014.

**As completion of the Acquisition is subject to the fulfilment of various conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should therefore exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.**

## DEFINITIONS

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

“Acquisition”	the purchase of the Sale Shares pursuant to the Agreement;
“Agreement”	the share transfer agreement dated 1 December 2014 entered into between Onfield and Sanba Investment in respect of the Acquisition;
“Aviation Industry”	Aviation Industry Corporation of China (中國航空工業集團公司), an enterprise owned by the whole people (全民所有制企業) established in the PRC and holds 62.52% of the equity interest in AVIC International as at 30 June 2014, a controlling shareholder of the Company;
“Aviation Industry Group”	Aviation Industry and its subsidiaries, excluding the Group and the Target Group;
“AVIC International”	AVIC International Holding Corporation (中國航空技術國際控股有限公司), a company incorporated with limited liability in the PRC and a non-wholly owned subsidiary of Aviation Industry, a controlling shareholder of the Company;
“AVIC International (HK)”	AVIC International (HK) Group Limited, a company incorporated with limited liability in Hong Kong and is wholly-owned by AVIC International, a controlling shareholder of the Company;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Chongqing Hanglong”	Chongqing Hanglong Real Estate Company Limited* (重慶航龍置業有限公司), a company incorporated in the PRC with limited liability, a member of the Target Group which is 99% owned by Ease Triumph and 1% owned by Chongqing Hang Yue Company Limited* (重慶航悅置業有限公司); Chongqing Hang Yue Company Limited is a company incorporated in the PRC with limited liability and wholly-owned by Chongqing Jianghang Investment Company Limited* (重慶江航投資有限公司), a company incorporated in the PRC with limited liability which is indirectly wholly-owned by Hangfa Investment;
“Circular”	the circular to be sent to the Shareholders in relation to the SGM containing, among other things, details of the Acquisition;
“Company”	AVIC International Holding (HK) Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 232);

“Completion”	completion of the Acquisition pursuant to the terms of the Agreement;
“Consideration”	the total consideration of HK\$325,881,324 for the Acquisition;
“Dalian Hanghua”	Dalian Hanghua Real Estate Company Limited* (大連航華置業有限公司), a company incorporated in the PRC with limited liability, a member of the Target Group;
“Dalian Huabang”	Dalian Huabang Investment Development Company Limited* (大連華邦投資發展有限公司), a company incorporated in the PRC with limited liability and an independent third party;
“Directors”	the directors of the Company;
“Ease Triumph”	Ease Triumph International Limited (拓業國際有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by Onfield as at the date of this announcement;
“Enlarged Group”	the Group and the Target Group upon Completion;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“Hangfa Investment”	Hangfa Investment Limited* (航發投資管理有限公司), a company incorporated in the PRC with limited liability which is 80% owned by AVIC International and 20% owned by International Engineering Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors of the Company;
“Independent Shareholders”	Shareholders except for Speed Profit and Tacko, each of their associates and those who are required to abstain from voting at the SGM to be convened to approve the Acquisition and matters relating to it;
“International Engineering Company”	China National Aero-Technology International Engineering Corporation (中國航空技術國際工程有限公司) a limited liability company established in the PRC, a wholly owned subsidiary of 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)) which is a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange;

“Kington”	Kington Investments Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of Hangfa Investment;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Onfield”	Onfield International Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of Kington;
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, being the lawful currency of the PRC;
“Sale Shares”	250,000,002 shares of Ease Triumph, representing the entire share capital of Ease Triumph;
“Sanba Investment”	Sanba Investment Limited, a company incorporated with limited liability in the BVI and is wholly-owned by Smartcon Investment;
“SGM”	the special general meeting of the Company to be held to approve, among other things, matters relating to the Acquisition;
“Shareholders”	holders of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Smartcon Investment”	Smartcon Investment Limited, a company incorporated with limited liability in the BVI and is wholly-owned by the Company;
“Speed Profit”	Speed Profit Enterprises Limited, a company incorporated with limited liability in the BVI and is wholly-owned by Tacko;
“sq. m.”	square meter;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tacko”	Tacko International Limited, a company incorporated with limited liability in the BVI and wholly-owned by AVIC International (HK), a controlling shareholder of the Company;
“Target Group”	Ease Triumph, Dalian Hanghua and Chongqing Hanglong, collectively, and each of them a Target Group Company.

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

*The English names of Chinese entities marked with “\*” are translations of their Chinese names and are included in this announcement for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

By order of the Board  
**AVIC International Holding (HK) Limited**  
**Wu Guangquan**  
*Chairman*

Hong Kong, 1 December 2014

*As at the date of this announcement, the Board comprises Mr. Wu Guangquan, Mr. Pan Linwu, Mr. You Lei, Mr. Ji Guirong and Mr. Zhang Chuanjun as executive directors; Mr. Ip Tak Chuen, Edmond as non-executive director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Li Zhaoxi as independent non-executive directors.*