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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)

PROFIT WARNING AND INSIDE INFORMATION

This announcement is made by AVIC International Holding (HK) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a substantial decrease in the profit for the year ended 31 December 2014 as compared to the corresponding year 2013. It arose mainly from the respective one-off gain on disposal of Sinbo Investment Limited and on disposal of available-for-sale investments recorded by the Group in 2013.

Based on the information currently available, though gain on bargain purchase of not more than HK\$200 million on the acquisition of Ease Triumph International Limited (further details of the transaction were included in the circular of the Company dated 11 December 2014) and a fair value gain on equity investment at fair value through profit or loss of approximately HK\$65 million were recorded for the year ended 31 December 2014, the followings are expected to have a negative impact on the Group’s profit: (i) provisions were made for impairment of loans to associates which have been loss-making in recent years and of other receivables which have been long overdue of approximately HK\$100 million; (ii) a share of loss of the joint venture was recorded in 2014 of approximately HK\$30 million as compared to a share of profit of approximately HK\$61 million in 2013, as there had been a one-off gain on disposal of available-for-sale investments recorded by the joint venture in 2013; (iii) a loss on derecognition of an available-for-sale investment of approximately HK\$20 million was recorded in 2014 as compared to approximately HK\$2 million recorded in 2013; and (iv) a fair value loss on derivative financial instruments of approximately HK\$10 million was recorded in 2014 as compared to a fair value gain of approximately 4 million recorded in 2013.

As the Company is still in the process of finalising the audited consolidated annual results of the Group for the year ended 31 December 2014, the information contained in this announcement is only based on the preliminary assessment by the Company’s management according to the management accounts of the Group, which have not been reviewed nor audited by the Company’s auditors. Details of the audited consolidated annual results of the Group for the year ended 31 December 2014 are expected to be announced by the end of March 2015.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 10 March 2015

As at the date of this announcement, the Board of the Company 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.