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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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION APPLICATION FOR WHITEWASH WAIVER CLAWBACK OFFER BY AVIC INTERNATIONAL (HK) GROUP LIMITED

We refer to the announcement of AVIC International Holding (HK) Limited (the “**Company**”) dated 19 September 2017 (the “**Announcement**”) in respect of the Acquisition and the application for the Whitewash Waiver by AVIC International (HK) Group Limited (“**AVIC HK**”). Unless otherwise defined herein, capitalised terms and expressions in this announcement shall have the same meanings as defined in the Announcement.

AMENDMENT DEED

The Company is continuing to explore opportunities to dispose of the Group’s real estate business. The Company is currently considering the sale of its real estate business by way of a public tender in the PRC. Due to the complicated procedures involved in the public tender process, the disposal of the real estate business may take longer than expected.

As regards the Acquisition, as disclosed in the Announcement, the Company will pay the consideration for the Acquisition in the amount of HK\$2,400,000,000 in three parts, and the final payment of HK\$800,000,000 (the “**Deferred Consideration**”) will be satisfied by cash within six months after the Acquisition Completion Date.

Having considered the disposal timetable, on 27 October 2017, AVIC International, AVIC HK, and the Company entered into an amendment deed (the “**Amendment Deed**”) to amend the payment terms regarding the Deferred Consideration.

According to the Amendment Deed, the Company shall pay the Deferred Consideration upon the earlier occurrence of the following events:

- (i) the Company having received the proceeds from the disposal of its real estate business, resulting in the Company having net cash balance of more than HK\$800,000,000; and
- (ii) the Company having net cash balance of more than HK\$800,000,000.

The Company shall use its reasonable endeavours to procure that either of the above events is consummated within six months after the Acquisition Completion Date (the “**Six-month Period**”), including conducting financing activities where appropriate. If none of the above events has been consummated within the Six-month Period, the Company shall pay the Deferred Consideration to AVIC HK as soon as practicable upon the occurrence of any of the above events after the expiry of the Six-month Period and such payment shall not be construed as a default.

The Directors (excluding the non-executive Director and the independent non-executive Directors whose views will be rendered upon having received the advice of Somerley) believe that the terms of the Amendment Deed are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

UPDATE ON CONDITIONS TO ACQUISITION COMPLETION

The Company is pleased to announce that one of the conditions to Acquisition Completion, “(d) all applicable waiting periods (and any extensions thereof) under the United States Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, having expired or otherwise having been terminated by the applicable Government Entities;” has been fulfilled.

Shareholders and potential investors should note that the Acquisition and the Offering are subject to various conditions precedent. The issue of this announcement should not be regarded in any way as implying that the Acquisition and the Offering will be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

By order of the Board
AVIC International Holding (HK) Limited
Liu Hongde
Chairman

Hong Kong, 27 October 2017

As at the date of this announcement, the Board comprises of Mr. Liu Hongde, Mr. Pan Linwu, Mr. Lai Weixuan, Ms. Zhou Chunhua and Mr. Xu Hongge as executive Directors; Mr. Chow Wai Kam as non-executive Director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Zhang Ping as independent non-executive Directors.

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