

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本公告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。



中國航空科技工業股份有限公司
Avi China Industry & Technology Company Limited*
(於中華人民共和國註冊成立之股份有限公司)
(股份代號：2357)

關連交易

資本注入中航鋰電

謹此提述本公司於二零一零年七月六日之公告。董事會謹宣佈，於二零一零年十一月十五日，(i) 本公司非全資附屬公司洪都航空；(ii) 中航鋰電；(iii) 成飛集成；(iv) 導彈研究院；(v) 中航工業；(vi) 中航投資；(vii) 航空投資及(viii) 興航投資簽訂了增資協議，據此，投資者同意向中航鋰電資本注入共計人民幣 13.33 億元。於本公告日，中航鋰電由中航工業透過導彈研究院間接全資持有。資本注入完成後，中航鋰電將由成飛集成、導彈研究院、中航工業、中航投資、航空投資、洪都航空和興航投資分別持有 63.63%，16.84%，3.43%，2.81%，9.67%，2.37%及 1.25%之權益。

於本公告日，本公司之控股股東中航工業分別擁有中航鋰電、成飛集成、導彈研究院、中航投資及航空投資100%，70.77%，100%，100%及33%之股份權益。根據上市規則第14A章之規定，中航工業、中航鋰電、成飛集成、導彈研究院、中航投資及航空投資為本公司之關連人士。因此，洪都航空與，其中包括，中航工業、中航鋰電、成飛集成、導彈研究院、中航投資與航空投資簽訂增資協議將構成本公司之關連交易。

由於有關洪都航空對中航鋰電之資本注入之適用比率最高者高於0.1%但低於5%，因此根據上市規則第14A章之規定，洪都航空與，其中包括，中航工業、中航鋰電、成飛集成、導彈研究院、中航投資及航空投資簽訂增資協議須遵守報告及公告要求，唯可豁免獨立股東之批准要求。

1. 增資協議

日期： 二零一零年十一月十五日

各方： (1) 洪都航空；
(2) 中航鋰電；
(3) 成飛集成；
(4) 導彈研究院；
(5) 中航工業；
(6) 中航投資；
(7) 航空投資； 及
(8) 興航投資。

董事經作出一切合理查詢後確認，就其深知及確信，興航投資為獨立於本公司及本公司關連人士之獨立第三方。

資本注入：

根據增資協議，投資者同意向中航鋰電注入總金額為人民幣 133,300 萬元，其中包括：

- (i) 洪都航空將認購人民幣 1,900 萬元之註冊資本，代價為人民幣 3,800 萬元；
- (ii) 成飛集成將認購人民幣 51,000 萬元之註冊資本，代價為人民幣 102,000 萬元；
- (iii) 中航工業將認購人民幣 2,750 萬元之註冊資本，代價為人民幣 5,500 萬元；
- (iv) 中航投資將認購人民幣 2,250 萬元之註冊資本，代價為人民幣 4,500 萬元；
- (v) 航空投資將認購人民幣 7,750 萬元之註冊資本，代價為人民幣 15,500 萬元； 及

(vi) 興航投資將認購人民幣 1,000 萬元之註冊資本，代價為人民幣 2,000 萬元。

導彈研究院將不認購中航鋰電之註冊資本，其於中航鋰電的註冊資本將於資本注入完成後保持為人民幣 13,500 萬元。

投資者之資本注入將分兩個階段進行。第一階段資本注入共計人民幣 33,300 萬元，投資者將於增資協議簽署後 30 日內進行。

第二階段資本注入共計人民幣 100,000 萬元，將由成飛集成完成其建議非公開發行股份，並獲得募集資金後繳付出資 30 日內進行。成飛集成之非公開發行股份須獲得其股東大會、國資委及證監會之批准。

投資者將對中航鋰電按照以下方式注資：

投資者	出資方式	資本注入金額 (人民幣)	
		第一階段	第二階段
洪都航空	現金	38,000,000	-
成飛集成	現金	20,000,000	1,000,000,000
中航工業	現金	55,000,000	-
中航投資	現金	45,000,000	-
航空投資	現金	155,000,000	-
興航投資	現金	20,000,000	-
	小計:	333,000,000	1,000,000,000
	總計:		1,333,000,000

中航鋰電之增資計劃及每中航鋰電人民幣 1 元註冊資本之認購價格為人民幣 2 元，均依據獨立評估師，上海東洲資產評估有限公司出具的經國資委授權部門備案後之評估報告註明的中航鋰電淨資產值而釐定。根據評估報告，於二零一零年六月三十日，中航鋰電之經評估淨資產值為人民幣 27,000 萬元，每中航鋰電人民幣 1 元註冊資本之淨資產值為人民幣 2 元。

中航鋰電資本注入完成前後的股權結構如下：

	資本注入完成前		資本注入完成後	
	中航鋰電之註冊資本數額	百分比	中航鋰電之註冊資本數額	百分比
洪都航空	-	-	19,000,000	2.37%
成飛集成	-	-	510,000,000	63.63%
導彈研究院	135,000,000	100%	135,000,000	16.84%
中航工業	-	-	27,500,000	3.43%
中航投資	-	-	22,500,000	2.81%
航空投資	-	-	77,500,000	9.67%
興航投資	-	-	10,000,000	1.25%
總計：	135,000,000	100%	801,500,000	100%

於本公告日，中航鋰電之註冊資本為人民幣 13,500 萬元。資本注入完成後，中航鋰電之註冊資本增加將至人民幣 80,150 萬元。

投資者除對其於中航鋰電按增資協議之資本注入外，並無其他協議義務，亦無任何對中航鋰電資金之進一步承諾。

中航鋰電之業務範圍：

中航鋰電主要從事於鋰電子電池及相關整合式產品的研發、生產及銷售，以及產品和技術的進出口業務。根據增資協議，中航鋰電將用投資者之資本注入進行鋰電子電池及相關整合式產品業務的進一步研發。

中航鋰電董事會構成：

第一階段注資完成後，中航鋰電董事會將包括 5 名董事，包括 2 名成飛集成提名之董事，1 名中航工業提名之董事，1 名導彈研究院提名之董事及 1 名航空投資提名之董事。

第二階段注資完成後，成飛集成將另增加提名 2 名董事至中航鋰電董事會。因此，中航鋰電之董事會將包括共 7 名董事，包括成飛集成提名之 4 名董事，中航工業提名之 1 名董事，導彈研究院提名之 1 名董事以及航空投資提名之 1 名董事。

損益分配:

中航鋰電之損益將根據各方對中航鋰電之註冊資本的實際資本注入進行分配。

II. 簽訂增資協議的原因及益處

基於新能源產業目前良好的政策環境與發展契機，本公司擬通過本次增資快速進入新能源產業中之鋰電子動力電池這一具備巨大增長空間的領域，獲得較好的投資收益。

資本注入協議的條款為各方公平協商釐定。董事認為資本注入協議的條款屬於一般商業條款，公平合理，且符合本公司及其股東的整體利益。

III. 公司及各方資料

本公司

本公司為於中國成立之股份有限公司，其H股於香港聯交所上市。於本公告日，本公司控股股東中航工業持有本公司56.70%權益。本公司主要從事民用航空產品之研究、開發、製造及銷售。

洪都航空

洪都航空為一家於上海證券交易所上市之股份有限公司，於本公告日，由本公司持有其43.63%權益，由中航工業之全資附屬公司江西洪都航空工業集團有限責任公司持有其4.38%權益。洪都航空主要從事基礎教練機、通用民用飛機及航空零部件之研發、生產、銷售和維修，以及航空產品轉包生產。

中航鋰電

中航鋰電為於二零零九年九月十四日在中國成立之有限責任公司。於本公告日，中航鋰電為導彈研究院之全資附屬公司。中航鋰電主要從事於鋰電子電池及相關集成產品的研發、生產及銷售，以及產品和技術的進出口業務。根據按中國會計準則編制之經審計財務資料，中航鋰電於截至二零零九年十二月三十一日期間稅項及非經常項目前後之淨虧損分別為人民幣 3,000,200 元及人民幣 2,250,200 元。根據按中國會計準則編制之未經審計財務資料，中航鋰電於截至二零一零年六月三十日期間稅項及非經常項目前後之淨利潤分別為人民幣 5,027,800 元及人民幣 3,694,500 元。

成飛集成

成飛集成，一家其 A 股於深圳證券交易所上市之股份有限公司，於本公告日，由中航工業間接持有 70.77%權益。成飛集成主要從事於工模具的設計、研究和製造。

導彈研究院

於本公告日，導彈研究院為中航工業之全資附屬公司。

中航工業

中航工業由中國國務院直接所有及控制。於公告日，中航工業為本公司之控股股東，持有本公司56.70%權益，中航工業主要從事航空產品及非航空產品，如汽車發動機和零部件之開發和生產。

中航投資

於本公告日，中航投資為中航工業之全資附屬公司，主要從事於實業投資、股權投資及投資諮詢。

航空投資

航空投資，一家於中國成立之有限責任公司，於本公告日，由中航工業透過中航投資持有其 33%權益。航空投資主要從事於股票投資以及相關諮詢服務。

興航投資

興航投資，一家於中國成立之有限責任公司，主要從事於工業投資及投資諮詢服務。

上市規則影響

於本公告發佈之日，本公司之控股股東中航工業分別直接或間接持有中航鋰電、成飛集成、導彈研究院、中航投資、航空投資100%、70.77%、100%、100%及33%權益。根據上市規則第14A章之規定，中航工業、中航鋰電、成飛集成、導彈研究院、中航投資、航空投資為本公司之關連人士。因此，洪都航空與，其中包括，中航工業、中航鋰電、成飛集成、導彈研究院、中航投資、航空投資簽訂增資協議構成本公司之關連交易。

由於有關洪都航空對中航鋰電資本注入之最高適用比率高於0.1%但低於5%，因此根據上市規則第14A章之規定，洪都航空與，其中包括中航工業、中航鋰電、

成飛集成、導彈研究院、中航投資、航空投資簽訂增資協議須遵守有關申報和公告的要求，唯可豁免獨立股東批准的要求。

概無董事在增資協議下之預期交易中持有重大權益，因此，亦無董事須於批准增資協議之董事會決議中放棄投票。

釋義

「航空投資」	航建航空產業股權投資(天津)有限公司,一家於中國成立之有限責任公司,於本公告日,由中航工業透過中航投資持有其33%權益
「中航工業」	中國航空工業集團公司,本公司之控股股東,持有本公司 56.70%權益
「中航投資」	中航投資控股有限公司,於本公告日,為中航工業之全資附屬公司
「中航鋰電」	中航鋰電(洛陽)有限公司,於本公告日,由中航工業透過導彈研究院間接全資持有
「董事會」	本公司之董事會
「導彈研究院」	中國空空導彈研究院,於本公告日,為中航工業之全資附屬公司
「增資協議」	資本注入之各方於二零一零年十一月十五日簽訂之增資協議
「資本注入」	根據增資協議,投資者向中航鋰電注入總額為人民幣 133,300 萬元之資本,詳情載於本公告“資本注入”段中
「成飛集成」	四川成飛集成科技股份有限公司,一家其 A 股於深圳證券交易所上市之股份有限公司,於本公告日,由中航工業間接持有其 70.77%權益
「本公司」	中國航空科技工業股份有限公司
「關連人士」	見上市規則中之定義
「控股股東」	見上市規則中之定義
「證監會」	中國證券監督管理委員會

「董事」	本公司董事
「香港」	中華人民共和國香港特別行政區
「洪都航空」	江西洪都航空工業股份有限公司，一家其 A 股於上海證券交易所上市之股份有限公司，本公司持有其 43.63%權益，中航工業之全資附屬公司江西洪都航空工業集團有限責任公司持有其 4.38%權益
「投資者」	洪都航空、成飛集成、中航工業、中航投資、航空投資及興航投資
「上市規則」	香港聯合交易所有限公司證券上市規則（以不時修訂之為準）
「各方」	增資協議各方，(i)洪都航空，(ii)中航鋰電，(iii)成飛集成，(iv)導彈研究院，(v)中航工業，(vi)中航投資，(vii)航空投資及 (viii)興航投資
「中國」	中華人民共和國
「人民幣」	中國法定貨幣人民幣
「國資委」	中國國務院國有資產監督管理委員會
「聯交所」	香港聯合交易所有限公司
「興航投資」	洛陽興航投資有限責任公司，一家於中國成立之有限責任公司

承董事會命
中國航空科技工業股份有限公司
公司秘書
閔靈喜

香港，二零一零年十一月十六日

於本公告發佈日期，本公司董事會由執行董事林左鳴先生、譚瑞松先生、吳獻東先生，及非執行董事顧惠忠先生、徐占斌先生、耿汝光先生、張新國先生、高建設先生、李方勇先生、陳元先先生、王勇先生、莫利斯•撒瓦 (Maurice Savart) 先生，以及獨立非執行董事郭重慶先生、李現宗先生、劉仲文先生組成。

*僅供識別

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.



中國航空科技工業股份有限公司

AviChina Industry & Technology Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2357)

CONNECTED TRANSACTION

CAPITAL INJECTION TO AVIC LITHIUM

Reference is made to the announcement of the Company dated 6 July 2010. The Board announces that on 15 November 2010, (i) Hongdu Aviation, a non wholly-owned subsidiary of the Company, (ii) AVIC Lithium, (iii) Chengfei Integration, (iv) CAMA, (v) AVIC, (vi) AVIC Capital, (vii) Aviation Investment and (viii) Xinghang Capital entered into the Capital Increase Agreement, pursuant to which the Investors have agreed to make capital contribution of RMB1,333,000,000 in aggregate to AVIC Lithium. As of the date of this announcement, AVIC Lithium is indirectly wholly-owned by AVIC through CAMA. Upon completion of the Capital Injection, AVIC Lithium will be owned as to 63.63%, 16.84%, 3.43%, 2.81%, 9.67%, 2.37% and 1.25% by Chengfei Integration, CAMA, AVIC, AVIC Capital, Aviation Investment, Hongdu Aviation and Xinghang Capital, respectively.

As at the date of this announcement, AVIC, the Controlling Shareholder of the Company, is interested in 100%, 70.77%, 100%, 100% and 33% equity interests in AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment, respectively. Pursuant to Chapter 14A of the Listing Rules, AVIC, AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment are connected persons of the Company. Accordingly, the entering into of the Capital Increase Agreement by Hongdu Aviation with, among other parties, AVIC, AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment will constitute a connected transaction for the Company.

As the highest of the applicable size test percentage ratios in relation to Hongdu Aviation's capital injection to AVIC Lithium is more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement by Hongdu Aviation with, among other parties, AVIC, AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. THE CAPITAL INCREASE AGREEMENT

Date: 15 November 2010

Parties: (1) Hongdu Aviation;
(2) AVIC Lithium;
(3) Chengfei Integration;
(4) CAMA;
(5) AVIC;
(6) AVIC Capital;
(7) Aviation Investment; and
(8) Xinghang Investment.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, so far as the Directors are aware, Xinghang Investment is a third party independent of the Company and its connected persons.

Capital Injections:

Pursuant to the Capital Increase Agreement, the Investors have agreed to inject a total of RMB1,333,000,000 to AVIC Lithium, of which:

- (i) Hongdu Aviation will subscribe for the registered capital of RMB19,000,000 at a consideration of RMB38,000,000;
- (ii) Chengfei Integration will subscribe for the registered capital of RMB510,000,000 at a consideration of RMB1,020,000,000;
- (iii) AVIC will subscribe for the registered capital of RMB27,500,000 at a consideration of RMB55,000,000;
- (iv) AVIC Capital will subscribe for the registered capital of RMB22,500,000 at a consideration of RMB45,000,000;
- (v) Aviation Investment will subscribe for the registered capital of RMB77,500,000 at a consideration of RMB155,000,000; and
- (vi) Xinghang Investment will subscribe for the registered capital of RMB10,000,000 at a consideration of RMB20,000,000.

CAMA will not subscribe for registered capital in AVIC Lithium and its registered capital in AVIC Lithium will remain at RMB135,000,000 after completion of the Capital Injection.

The capital contribution will be made by the Investors in two phases. Phase 1 capital contribution amounting to RMB333,000,000 in aggregate will be made by the Investors within 30 days upon execution of the Capital Increase Agreement.

Phase 2 capital contribution amounting to RMB1,000,000,000 in aggregate will be made by Chengfei Integration within 30 days upon Chengfei Integration having completed its proposed non-public placing of shares and obtained the placing proceeds. The proposed non-public placing of the shares of Chengfei Integration is conditional upon the approvals by its shareholders at general meeting, SASAC and CSRC.

The Investors will make their respective capital contributions to AVIC Lithium as follows:

Investors	Form of contribution	Amount of capital contribution (RMB)	
		Phase 1	Phase 2
Hongdu Aviation	Cash	38,000,000	-
Chengfei Integration	Cash	20,000,000	1,000,000,000
AVIC	Cash	55,000,000	-
AVIC Capital	Cash	45,000,000	-
Aviation Investment	Cash	155,000,000	-
Xinghang Investment	Cash	20,000,000	-
	Sub-Total:	333,000,000	1,000,000,000
	Total:		1,333,000,000

The capital increase plan of AVIC Lithium and the subscription price of RMB2 per RMB1 registered capital of AVIC Lithium are determined with reference to the net asset value of AVIC Lithium as stated in the valuation report issued by an independent valuer namely, Shanghai Orient Certified Appraisal Co., Ltd., which has been filed with the authorized representative of SASAC. According to the valuation report, the appraised net asset value of AVIC Lithium as at 30 June 2010 was RMB270,000,000 in aggregate, amounting to a net asset value of RMB2 per RMB1 registered capital of AVIC Lithium.

The shareholding structure of AVIC Lithium before and after completion of the Capital Injection is set out as follows:

	Before completion of Capital Injection		After completion of Capital Injection	
	Amount of the registered capital of AVIC Lithium	Percentage	Amount of the registered capital of AVIC Lithium	Percentage
Hongdu Aviation	-	-	19,000,000	2.37%
Chengfei Integration	-	-	510,000,000	63.63%
CAMA	135,000,000	100%	135,000,000	16.84%
AVIC	-	-	27,500,000	3.43%
AVIC Capital	-	-	22,500,000	2.81%
Aviation Investment	-	-	77,500,000	9.67%
Xinghang Investment	-	-	10,000,000	1.25%
Total:	135,000,000	100%	801,500,000	100%

As of the date of this announcement, the registered capital of AVIC Lithium is RMB135,000,000. Upon completion of Capital Injection, the registered capital of AVIC Lithium will increase to RMB801,500,000.

The Investors are not under any contractual obligations and have no commitment to further funding of AVIC Lithium other than their respective capital contributions to AVIC Lithium under the Capital Increase Agreement.

Business scope of AVIC Lithium:

AVIC Lithium is principally engaged in the research and development, production, sales and marketing of lithium-ion battery and related integrated product as well as the import and export business of goods and technologies. Pursuant to the Capital Increase Agreement, AVIC Lithium will use the capital injected by the Investors for further development of its lithium-ion battery and related integrated product business.

Constitution of the board of directors of AVIC Lithium:

Upon completion of Phase 1 capital contribution, the board of directors of AVIC Lithium will comprise five (5) directors, including two (2) directors to be nominated by Chengfei Integration, one (1) director to be nominated by AVIC, one (1) director to be nominated by CAMA and one (1) director to be nominated by Aviation Investment.

Upon completion of Phase 2 capital contribution, two (2) additional directors to be nominated by Chengfei Integration will be appointed to the board of directors of AVIC Lithium. Accordingly, the board of directors of AVIC Lithium will comprise a total of seven (7) directors, including four (4) directors to be nominated by Chengfei Integration, one (1) director to be nominated by AVIC, one (1) director to be nominated by CAMA and one (1) director to be nominated by Aviation Investment.

Sharing of profit and loss:

Profit and loss of AVIC Lithium will be shared amongst the shareholders based on their respective actual capital contributions to the registered capital of AVIC Lithium.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

In view of the favourable national policy support and optimistic development potential for new energy, the Company intends to gain a speedy entry to the lithium-ion battery new energy business by way of making the proposed capital injection, in order to capture the remarkable development opportunities and gain a better investment return.

The terms of the Capital Injection Agreement are agreed after arm's length negotiations amongst the Parties. The Directors consider that the terms of the Capital Injection Agreement are determined on normal commercial terms and that such terms are fair and reasonable so far as the Company and its shareholders as a whole are concerned, and that the capital contribution to be made by Hongdu Aviation to AVIC Lithium is in the interests of the Company and its shareholders as a whole.

III. INFORMATION OF THE COMPANY AND THE PARTIES

The Company

The Company is a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Stock Exchange. As at the date of this announcement, the Company is held as to 56.70% by AVIC, the Controlling Shareholder of the Company. The Company is mainly engaged in the research and development, manufacture and sales of civilian aviation products.

Hongdu Aviation

Hongdu Aviation, a joint stock limited company whose A shares are listed on the Shanghai Stock Exchange, is owned as to 43.63% by the Company and 4.38% by Hongdu Aviation Industry Group Ltd., a wholly-owned subsidiary of AVIC as at the date of this announcement. Hongdu Aviation is mainly engaged in the research, development, manufacture, sale and maintenance of basic training aircraft, general civilian aircraft as well as aviation spare parts. It is also engaged in subcontract manufacturing of aviation products.

AVIC Lithium

AVIC Lithium is a limited liability company established in the PRC on 14 September 2009. It is a wholly-owned subsidiary of CAMA as at the date of this announcement. AVIC Lithium is principally engaged in the research and development, production, sales and marketing of lithium-ion battery and related integrated product as well as the import and export business of goods and technologies. According to the audited financial statements of AVIC Lithium prepared in accordance with the PRC Accounting Standards, the net loss of AVIC Lithium for the period ended 31 December 2009 before and after taxation and extraordinary items were approximately RMB3,000,200 and RMB2,250,200. According to the unaudited financial statements of AVIC Lithium prepared in accordance with the PRC Accounting Standards, the net profit of AVIC Lithium for the period ended 30 June 2010 before and after taxation and extraordinary items were approximately RMB5,027,800 and RMB3,694,500.

Chengfei Integration

Chengfei Integration, a joint stock limited company whose A shares are listed on the Shenzhen Stock Exchange, is indirectly owned as to 70.77% by AVIC as at the date of this announcement. Chengfei Integration is mainly engaged in the design, research and manufacture of mould.

CAMA

CAMA, a wholly-owned subsidiary of AVIC as at the date of this announcement.

AVIC

AVIC, the Controlling Shareholder of the Company holding 56.70% equity interest in the Company as at the date of this announcement, is held and controlled by the State Council of the PRC, and is mainly engaged in the development and manufacture of aviation products and non-aviation products such as automobile engine and parts and components.

AVIC Capital

AVIC Capital, a wholly-owned subsidiary of AVIC as at the date of this announcement, is mainly engaged in investment in enterprises, equity and investment consultant.

Aviation Investment

Aviation Investment, a limited liability company established in the PRC, is owned as to 33% by AVIC through AVIC Capital as at the date of this announcement. Aviation Investment is mainly engaged in investment in stock and related consultancy service.

Xinghang Investment

Xinghang Investment, a limited liability company established in the PRC, is mainly engaged in investment in industrial and investment consultancy services.

LISTING RULES IMPLICATIONS

As of the date of this announcement, AVIC, the Controlling Shareholder of the Company, is interested in 100%, 70.77%, 100%, 100% and 33% equity interests in AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment, respectively. Pursuant to Chapter 14A of the Listing Rules, AVIC, AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment are connected persons of the Company. Accordingly, the entering into of the Capital Increase Agreement by Hongdu Aviation with, among other parties, AVIC, AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment will constitute a connected transaction for the Company.

As the highest of the applicable size test percentage ratios in relation to Hongdu Aviation's capital injection to AVIC Lithium is more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement by Hongdu Aviation with, among other parties, AVIC, AVIC Lithium, Chengfei Integration, CAMA, AVIC Capital and Aviation Investment is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Capital Increase Agreement and thus no Director is required to abstain from voting on the board resolutions approving the Capital Increase Agreement in accordance with the Listing Rules.

DEFINITIONS

“Aviation Investment”	Hangjian Aviation Industry Equity Investment (Tianjin) Co., Ltd.(航建航空產業股權投資(天津)有限公司), a limited liability company established in the PRC, is owned as to 33% by AVIC through AVIC Capital as at the date of this announcement.
“AVIC”	China Aviation Industry Corporation (中國航空工業集團公司), the Controlling Shareholder of the Company holding 56.70% equity interest in the Company
“AVIC Capital”	AVIC Capital Holdings Co., Ltd. (中航投資控股有限公司), a wholly-owned subsidiary of AVIC as at the date of this announcement
“AVIC Lithium”	China Aviation Lithium Battery (Luoyang) Co., Ltd. (中航鋰電(洛陽)有限公司), indirectly wholly-owned by AVIC through CAMA as at the date of this announcement

“Board”	the board of directors of the Company
“CAMA”	China Airborne Missile Academy (中國空空導彈研究院) a wholly-owned subsidiary of AVIC as at the date of this announcement
“Capital Increase Agreement”	the Capital Increase Agreement dated 15 November 2010 entered into between the Parties in respect of the Capital Injection
“Capital Injection”	an aggregate of RMB1,333,000,000 capital to be injected by the Investors to AVIC Lithium under the Capital Increase Agreement, details of which are set out under the section headed “Capital Injections” in this announcement
“Chengfei Integration”	Sichuan Chengfei Integration Technology Holdings Co., Ltd. (四川成飛集成科技股份有限公司), a joint stock limited company whose A shares are listed on the Shenzhen Stock Exchange, is indirectly owned as to 70.77% by AVIC as at the date of this announcement
“Company”	AviChina Industry & Technology Company Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hongdu Aviation”	Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司), a joint stock limited company whose A shares are listed on the Shanghai Stock Exchange, is owned as to 43.63% by the Company and as to 4.38% by Hongdu Aviation Industry Group Ltd., a wholly-owned subsidiary of AVIC, as at the date of this announcement
“Investors”	Hongdu Aviation, Chengfei Integration, AVIC, AVIC Capital, Aviation Investment and Xinghang Investment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“Parties”	parties to the Capital Increase Agreement, namely, (i) Hongdu Aviation, (ii) AVIC Lithium, (iii) Chengfei Integration, (iv) CAMA, (v) AVIC, (vi) AVIC Capital, (vii) Aviation Investment and (viii) Xinghang Investment
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinghang Investment”	Luoyang Xinghang Investment Co.,Ltd. (洛陽興航投資有限責任公司), a limited liability company established in the PRC

By Order of the Board
AviChina Industry & Technology Company Limited*
Yan Lingxi
Company Secretary

Hong Kong, 16 November 2010

As at the date of this announcement, the Board comprises executive directors Mr. Lin Zuoming, Mr. Tan Ruisong and Mr. Wu Xiandong and non-executive directors Mr. Gu Huizhong, Mr. Xu Zhanbin, Mr. Geng Ruguang, Mr. Zhang Xinguo, Mr. Gao Jianshe, Mr. Li Fangyong, Mr. Chen Yuanxian, Mr. Wang Yong, Mr. Maurice Savart as well as independent non-executive directors Mr. Guo Chongqing, Mr. Li Xianzong and Mr. Lau Chung Man, Louis.