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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)

INSIDE INFORMATION ANNOUNCEMENT

TERMINATION OF THE PARTICIPATION IN THE CAPITAL INCREASES OF SHENYANG AIRCRAFT GROUP AND CHENGDU AIRCRAFT GROUP

This announcement is made pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09 of the Hong Kong Listing Rules.

Termination of the participation in the capital increases

Reference is made to the announcements of AviChina Industry & Technology Company Limited (the “**Company**”) dated 18 August 2015 in relation to the participation in the capital increases of Shenyang Aircraft and Chengdu Aircraft and the entering into of the framework agreement on capital increases and connected transactions.

On 18 August 2015, the Company, AVIC Capital Co., Ltd., China Avionics Systems Co., Ltd., AVIC Aircraft Co., Ltd. and AVIC Electromechanical Systems Co., Ltd., as the capital increase participants, and AVIC Shenyang Aircraft Industrial (Group) Co., Ltd. (“**Shenyang Aircraft Group**”) and AVIC Chengdu Aircraft Industrial (Group) Co., Ltd. (“**Chengdu Aircraft Group**”) as the capital increase targets, entered into the Framework Agreement on Capital Increases in AVIC Shenyang Aircraft Industrial (Group) Co., Ltd. and AVIC Chengdu Aircraft Industrial (Group) Co., Ltd. (the “**Framework Agreement on Capital Increases**”). Pursuant to the Framework Agreement on Capital Increases, the

capital increase participants proposed to participate in the capital increases of Shenyang Aircraft Group and Chengdu Aircraft Group in cash.

As there have been considerable changes in relevant policies, after comprehensive consideration of factors in all aspects and after prudent discussion and analysis, the parties to the agreement, after negotiation, have reached a consensus to terminate the Framework Agreement on Capital Increases.

As an intentional agreement, the Framework Agreement on Capital Increases has not been implemented yet; therefore the board of directors of the Company considers the termination of the Framework Agreement on Capital Increases would not have any material adverse impact on the operation or financial conditions of the Company.

The shareholders of the Company and other investors should exercise caution when dealing in the securities of the Company.

By Order of the board of directors
AviChina Industry & Technology Company Limited*

Yan Lingxi
Company Secretary

Beijing, 3 July 2016

As at the date of this announcement, the Board comprises executive Directors Mr. Lin Zuoming and Mr. Tan Ruisong and non-executive Directors Mr. Gu Huizhong, Mr. Gao Jianshe, Mr. Guo Chongqing and Mr. Kiran Rao as well as independent non-executive Directors Mr. Lau Chung Man, Louis, Mr. Liu Renhuai and Mr. Yeung Jason Chi Wai.

** For identification purposes only.*