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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)**

### **2012 Interim Results Announcement**

#### **Financial Highlights**

- For the six months ended 30 June 2012, the Group achieved a revenue of RMB7,311 million, representing an increase of 22.46% as compared with RMB5,970 million of the continuing operations of the corresponding period in 2011.
- For the six months ended 30 June 2012, the net profit attributable to the equity holders of the Company amounted to RMB313 million, representing an increase of 13.82% as compared with RMB275 million of the continuing operations of the corresponding period in 2011.

The board of directors (the “**Board**”) of AviChina Industry & Technology Company Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2012 prepared according to International Financial Reporting Standards as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Note	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
<b>Continuing operations</b>			
Revenue	3	7,311,495	5,969,945
Cost of sales		(5,856,492)	(4,717,835)
		<hr/>	<hr/>
Gross profit		1,455,003	1,252,110
Other income	4	45,260	34,915
Other gains, net	5	8,257	6,875
Selling and distribution expenses		(146,723)	(113,356)
General and administrative expenses		(810,502)	(684,536)
		<hr/>	<hr/>
Operating profit		551,295	496,008
Finance income	7	103,748	72,354
Finance costs	7	(71,920)	(62,917)
		<hr/>	<hr/>
Finance income, net		31,828	9,437
Share of results of associates		37,066	64,488
		<hr/>	<hr/>
Profit before income tax		620,189	569,933
Income tax expense	8	(76,781)	(78,902)
		<hr/>	<hr/>
Profit for the period from continuing operations		543,408	491,031
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	9	-	145,317
		<hr/>	<hr/>
<b>Profit for the period</b>		<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>			
Equity holders of the Company		312,513	329,554
Non-controlling interests		230,895	306,794
		<hr/>	<hr/>
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share for profit attributable to equity holders of the Company during the period:</b>			
Basic		RMB	RMB
- continuing operations	11	0.0589	0.0557
- discontinued operations	11	-	0.0111
		<hr/>	<hr/>
Diluted			
- continuing operations	11	0.0587	0.0557
- discontinued operations	11	-	0.0111
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
<b>Profit for the period</b>	543,408	636,348
	-----	-----
<b>Other comprehensive expenses, net of tax</b>		
Change in fair value of available-for-sale financial assets	(13,614)	(41,932)
	-----	-----
<b>Total comprehensive income for the period</b>	529,794	594,416
	=====	=====
<b>Attributable to:</b>		
Equity holders of the Company	306,814	311,686
Non-controlling interests	222,980	282,730
	-----	-----
	529,794	594,416
	=====	=====
<b>Total comprehensive income attributable to equity holders of the Company from:</b>		
Continuing operations	529,794	449,099
Discontinued operations	-	145,317
	-----	-----
	529,794	594,416
	=====	=====

## CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		4,502,101	4,483,458
Investment properties		28,240	28,046
Land use rights		564,805	590,429
Intangible assets		55,588	52,694
Interests in associates		1,094,366	1,052,664
Available-for-sale financial assets		616,357	632,368
Deferred income tax assets		77,992	66,851
<b>Total non-current assets</b>		6,939,449	6,906,510
<b>Current assets</b>			
Accounts receivable	12	5,764,187	4,387,540
Advances to suppliers		869,156	840,211
Other receivables and prepayments		1,592,421	1,355,061
Inventories		9,729,904	8,196,727
Financial assets held for trading		14,418	530
Pledged deposits		550,979	635,252
Term deposits with initial term of over three months		3,325,575	2,347,969
Cash and cash equivalents		3,109,489	6,303,412
<b>Total current assets</b>		24,956,129	24,066,702
<b>Total assets</b>		31,895,578	30,973,212

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Note	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Unaudited) (Restated)
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		5,474,429	4,949,025
Reserves		3,111,085	2,596,369
		<hr/>	<hr/>
Non-controlling interests		8,585,514 6,725,794	7,545,394 6,572,866
		<hr/>	<hr/>
<b>Total equity</b>		<b>15,311,308</b>	<b>14,118,260</b>
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<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		1,252,080	1,171,080
Deferred income from government grants		258,436	252,632
Deferred income tax liabilities		16,163	10,221
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>1,526,679</b>	<b>1,433,933</b>
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<b>Current liabilities</b>			
Accounts payable	13	8,745,961	6,913,854
Advances from customers		1,743,755	3,964,371
Other payables and accruals		2,086,207	2,021,419
Amounts payable to ultimate holding company		466,379	466,379
Current portion of long-term borrowings		170,500	251,000
Short-term borrowings		1,708,249	1,636,304
Current income tax liabilities		136,540	167,692
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>15,057,591</b>	<b>15,421,019</b>
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total liabilities</b>		<b>16,584,270</b>	<b>16,854,952</b>
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total equity and liabilities</b>		<b>31,895,578</b>	<b>30,973,212</b>
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<b>Net current assets</b>		<b>9,898,538</b>	<b>8,645,683</b>
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Total assets less current liabilities</b>		<b>16,837,987</b>	<b>15,552,193</b>
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## **NOTES:**

### **1 Organisation and principal activities**

AviChina Industry & Technology Company Limited (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 30 April 2003 as a joint stock company with limited liability under the PRC laws as a result of a group reorganisation of China Aviation Industry Corporation II (“**AVIC II**”). AVIC II merged with China Aviation Industry Corporation I (“**AVIC I**”) to form Aviation Industry Corporation of China (“**AVIC**”) on 6 November 2008. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) on 30 October 2003. The address of its registered office is 8th Floor, Tower 2, No. 5A Rongchang East Street, Beijing Economic Technological Development Area, Beijing, the PRC.

The Company and its subsidiaries are collectively referred to as the “**Group**”. The Group is principally engaged in the research, development, manufacture and sale of aviation products.

The Company’s directors regard AVIC, a company established in the PRC, as being the ultimate holding company of the Company. AVIC, AVIC I and AVIC II are all state-owned enterprises under control of the State Council of the PRC government.

This condensed consolidated interim financial information (“**Condensed Financial Information**”) is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated, and is approved for issue by the Board of Directors on 28 August 2012.

This Condensed Financial Information has not been audited.

### **2 Basis of preparation and accounting policies**

This Condensed Financial Information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” promulgated by the International Accounting Standards Board (“**IASB**”) and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This Condensed Financial Information should be read in conjunction with the 2011 annual financial statements.

## **2 Basis of preparation and accounting policies (Continued)**

### **(a) Restatement of prior year's financial statements due to business combination under common control**

On 18 January 2012, the Company acquired from AVIC Mechanical & Electrical Systems Co., Ltd. (“**AMES**”, a subsidiary of AVIC) its entire 100% equity interests in Tianjin Aviation Mechanical and Electrical Co., Ltd. (“**Tianjin Aviation**”).

The consideration of RMB 772,745,000 was satisfied by the Company by:

- (i) issuing 183,404,667 new shares with par value of RMB1 each to AMES; and
- (ii) settling the remaining RMB193,186,000 in cash.

Accordingly deemed distribution of approximately RMB376,591,000 consisting of the above share issuance and cash settlement was recognized in the Group's equity during the period.

Given that Company and Tianjin Aviation are both under common control of AVIC immediately before and after the business combination, the Company applied the principles of merger accounting in preparing this Consolidated Financial Information of the Group.

By applying the principles of merger accounting, this Consolidated Financial Information of the Group also includes the financial positions, results and cash flows of Tianjin Aviation as if they had been combined with the Group throughout the six months ended 30 June 2012. Comparative figures as at 31 December 2011 and for the six months ended 30 June 2011 have been restated as a result of such.

## 2 Basis of preparation and accounting policies (Continued)

### (a) Restatement of prior year's financial statements due to business combination under common control (Continued)

The following are reconciliations of the effects arising from the abovementioned common control combinations on the condensed consolidated balance sheet as at 31 December 2011, condensed consolidated income statement for the six months ended 30 June 2011.

(i) The condensed consolidated balance sheet as at 31 December 2011:

	Balances as previously reported RMB'000 (Audited)	Merger of Tianjin Aviation RMB'000	Elimination of inter-company balances RMB'000	Balances as restated RMB'000 (Unaudited)
Total non-current assts	6,446,445	460,065	-	6,906,510
Total current assets	23,131,615	949,564	(14,477)	24,066,702
Total non-current liabilities	1,433,933	-	-	1,433,933
Total current liabilities	14,966,804	468,692	(14,477)	15,421,019
Total equity	<u>13,177,323</u>	<u>940,937</u>	<u>-</u>	<u>14,118,260</u>

(ii) The condensed consolidated income statement for the six months ended 30 June 2011:

	Balances as previously reported RMB'000 (Unaudited)	Merger of Tianjin Aviation RMB'000	Elimination of inter-company balances RMB'000	Balances as restated RMB'000 (Unaudited)
<b>Continuing operations</b>				
Revenue	<u>5,796,673</u>	<u>189,387</u>	<u>(16,115)</u>	<u>5,969,945</u>
Profit for the period from continuing operations	413,754	77,277	-	491,031
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	<u>145,317</u>	<u>-</u>	<u>-</u>	<u>145,317</u>
Profit for the period	<u>559,071</u>	<u>77,277</u>	<u>-</u>	<u>636,348</u>



## 2 Basis of preparation and accounting policies (Continued)

**(b) Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.**

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

IAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
IFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
IFRS 7 (Amendment)	Disclosures – Transfers of financial assets

The adoption of the above does not have any significant impact to the results and financial position of the Group for the six months ended 30 June 2012.

The following new/revised standards, amendments to standards and interpretation have been issued but are not yet effective for the financial year beginning 1 January 2012 and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
IAS 1 (Amendment)	Presentation of financial statements	1 July 2012
IAS 19 (Amendment)	Employee benefits	1 January 2013
IAS 27 (Revised 2011)	Separate financial statements	1 January 2013
IAS 28 (Revised 2011)	Associates and joint ventures	1 January 2013
IAS 32 (Amendment)	Financial instruments: Presentation - Offsetting financial assets and financial liabilities	1 January 2014
IFRS 7 (Amendment)	Financial instruments: Disclosures - Offsetting financial assets and financial liabilities	1 January 2013
IFRS 7 and IFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
IFRS 9	Financial instruments	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair value measurements	1 January 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013

Management is in the process of assessing their related impacts to the Group.

### 3 Segment information

The chief operating decision-maker has been identified as the Board of Directors which reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board of Directors considers the business from a product perspective:

- Aviation - manufacturing, assembly, sales and servicing of helicopters, trainers and other aircrafts (“**entire aircrafts**”)
- Aviation - manufacturing and sales of aviation parts and components (“**aviation parts & components**”)
- Automobiles - manufacturing, assembly, sales and servicing of automobile engines

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the condensed consolidated income statement.

The Group is domiciled in the PRC from where all of its revenue from external customers is derived and in where all of its assets are located.

### 3 Segment information (Continued)

	(Continuing operations)			(Discontinued operations)
	Aviation- entire aircrafts RMB'000 (Unaudited)	Aviation-parts & components RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Automobiles RMB'000 (Unaudited)
<b>For the six months ended 30 June 2012</b>				
Total segment revenue	3,856,698	3,778,112	7,634,810	-
Inter-segment revenue	-	(323,315)	(323,315)	-
Revenue (from external customers)	<u>3,856,698</u>	<u>3,454,797</u>	<u>7,311,495</u>	<u>-</u>
Segment results	<u>108,612</u>	<u>432,839</u>	<u>541,451</u>	<u>-</u>
Depreciation and amortisation	86,247	137,622	223,869	-
Provision for impairments on receivables and inventories	12,967	33,741	46,708	-
Finance costs	34,178	37,742	71,920	-
Share of results of associates	(9,386)	46,452	37,066	-
Income tax expense	<u>20,727</u>	<u>56,054</u>	<u>76,781</u>	<u>-</u>
<b>For the six months ended 30 June 2011 (restated)</b>				
Total segment revenue	2,919,769	3,393,453	6,313,222	864,457
Inter-segment revenue	-	(343,277)	(343,277)	-
Revenue (from external customers)	<u>2,919,769</u>	<u>3,050,176</u>	<u>5,969,945</u>	<u>864,457</u>
Segment results	<u>28,139</u>	<u>495,390</u>	<u>523,529</u>	<u>169,554</u>
Depreciation and amortisation	59,762	133,014	192,776	-
(Reverse of provision)/provision for impairments on receivables and inventories	(17,757)	42,339	24,582	8,372
Finance costs	36,620	26,297	62,917	3,277
Share of results of associates	8,691	55,797	64,488	4,061
Income tax expense	<u>4,813</u>	<u>74,089</u>	<u>78,902</u>	<u>25,529</u>

### 3 Segment information (Continued)

Reconciliation of segment results to profit for the period:

	For the six months ended 30 June	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited) (Restated)
Segment result for entire aircrafts and aviation components & parts	541,451	523,529
Finance income	103,748	72,354
Corporate overheads	(25,010)	(25,950)
Profit before income tax for continuing operations	620,189	569,933
Income tax expense	(76,781)	(78,902)
Profit for the period from continuing operations	<u>543,408</u>	<u>491,031</u>
Segment result for automobiles	-	169,554
Finance income	-	1,292
Profit before income tax for discontinued operations	-	170,846
Income tax expense	-	(25,529)
Profit for the period from discontinued operations	<u>-</u>	<u>145,317</u>

### 4 Other income

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (Restated)
Rental income	6,428	5,571
Profit from sale of scrap materials	3,224	4,955
Income from rendering of maintenance and other services	11,809	1,053
Dividend income from available-for-sale financial assets	23,799	23,336
	<u>45,260</u>	<u>34,915</u>

## 5 Other gains, net

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (Restated)
Fair value (loss)/gain on financial assets held for trading	(766)	548
Gain on disposal of:		
- property, plant and equipment	1,447	1,564
- a subsidiary	4,340	-
- financial assets held for trading	3,236	4,763
	<u>8,257</u>	<u>6,875</u>

## 6 Expenses by nature

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (Restated)
Advertising costs	5,306	6,675
Amortisation on:		
- Land use rights	5,474	6,696
- Intangible assets	2,081	2,462
Auditors' remuneration	6,086	5,195
Changes in inventories of finished goods and work-in-progress	(976,213)	(918,879)
Contract costs incurred	3,394,575	2,518,524
Depreciation on:		
- Investment properties	480	682
- Property, plant and equipment	215,834	182,936
Less: amortisation of deferred income from government grant	(9,361)	(11,459)
	<u>206,953</u>	<u>172,159</u>
Fuel	146,597	112,793
Insurance	7,099	18,060
Operating lease rentals	46,760	21,698
Provision for impairment:		
- Inventories	934	6,611
- Receivables	45,774	17,971
Raw materials and consumables used	1,841,291	1,795,266
Repairs and maintenance expense	63,756	52,713
Research expenditures and development costs	194,098	154,743
Staff costs	1,267,542	1,077,060
Sub-contracting charges	150,788	113,675
Sundries	322,536	276,288
Transportation expenses	33,903	33,119
Travelling	48,377	42,898
	<u>6,813,717</u>	<u>5,515,727</u>
Total cost of sales, selling and distribution expenses, and general and administrative expenses	<u><u>6,813,717</u></u>	<u><u>5,515,727</u></u>

## 7 Finance income, net

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (Restated)
Finance income:		
Interest income on bank balances and deposits	103,748	72,354
Finance costs:		
Interest expense on bank borrowings		
- Wholly repayable within 5 years	42,961	38,514
- Not wholly repayable within 5 years	-	3,200
	<u>42,961</u>	<u>41,714</u>
Interest expense on other borrowings		
- Wholly repayable within 5 years	24,193	14,862
- Not wholly repayable within 5 years	10,275	10,017
	<u>77,429</u>	<u>66,593</u>
Less: Amount capitalised in property, plant and equipment	(8,479)	(9,113)
	<u>68,950</u>	<u>57,480</u>
Other finance costs	2,970	5,437
	<u>71,920</u>	<u>62,917</u>
	<u>31,828</u>	<u>9,437</u>

## 8 Income tax expense

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (Restated)
Current income tax	79,579	108,125
Deferred income tax	(2,798)	(29,223)
	<u>76,781</u>	<u>78,902</u>

Except for certain subsidiaries which are taxed at a preferential rate of 15% (2011: 15%), in accordance with the relevant PRC enterprise income tax rules and regulations, provision for PRC enterprise income tax is calculated based on the statutory income tax rate of 25% (2011: 25%) on the assessable income of the companies within the Group.

## 9 Assets held for sale and discontinued operations

The aggregate results of the discontinued operations related to Harbin Dongan Auto Engine Co., Ltd. were as follows:

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Revenue	-	864,457
Expenses	-	(693,611)
	<hr/>	<hr/>
Profit before income tax	-	170,846
Income tax expense	-	(25,529)
	<hr/>	<hr/>
Profit from discontinued operations	-	145,317
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## 10 Dividends

The Board of Directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).



## 11 Earnings per share

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding shares held for the restricted share incentive scheme.

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares issued under the restricted share incentive scheme. A calculation is done to determine the number of shares that could have been converted at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding unvested awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the restricted shares, with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per shares, of which details are as follows:

	For the six months ended 30 June	
	2012	2011
	RMB'000	RMB'000 (Restated)
Profit attributable to equity holders of the Company from		
- continuing operations	312,513	274,777
- discontinued operations	-	54,777
	<u>312,513</u>	<u>329,554</u>
Weighted average number of ordinary shares in issue less shares held for restricted share scheme for calculating basic earnings per share (thousands)	5,308,132	4,930,518
Potential dilutive effect arising from restricted shares (thousands)	<u>14,473</u>	<u>1,639</u>
Weighted average number of ordinary shares in issue for calculating diluted earnings per share (thousands)	<u>5,322,605</u>	<u>4,932,157</u>

## 12 Accounts receivable

	30 June 2012 RMB'000	31 December 2011 RMB'000 (Restated)
Trade receivables, gross (note (a))		
- Fellow subsidiaries (note (b))	2,697,276	2,570,031
- Others	1,880,124	1,334,400
	<u>4,577,400</u>	<u>3,904,431</u>
Less: Provision for impairment of receivables	(209,119)	(182,393)
	<u>4,368,281</u>	<u>3,722,038</u>
Notes receivable (note (c))		
- Fellow subsidiaries	1,184,092	392,411
- Others	211,814	273,091
	<u>1,395,906</u>	<u>665,502</u>
	<u>5,764,187</u>	<u>4,387,540</u>

### Notes:

- (a) Certain of the Group's sales were on advance payment. Sales to small, new or short-term customers are normally expected to be settled shortly after delivery. A credit period of up to six months may be granted in respect of sales to customers with good credit history and long-established relationship with the Group. Terms offered to related parties are similar to those offered to third parties. Ageing analysis of trade receivables is as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000 (Restated)
Current to 1 year	3,890,019	3,478,382
1 year to 2 years	492,648	256,779
Over 2 years	194,733	169,270
	<u>4,577,400</u>	<u>3,904,431</u>

- (b) Trade receivables from fellow subsidiaries are unsecured, non-interest bearing and are repayable in accordance with the relevant trading terms.
- (c) Substantially all of the notes receivable are bank acceptance notes with average maturity period of within six months.
- (d) Substantially all of the accounts receivable are denominated in RMB and the carrying amounts of accounts receivable approximate their fair values.
- (e) Certain trade receivables were pledged as security for bank loans.

### 13 Accounts payable

	30 June 2012 RMB'000	31 December 2011 RMB'000 (Restated)
Trade payables (note (a))		
- Fellow subsidiaries (note (b))	1,898,388	1,305,969
- Others	5,578,172	3,817,493
	<u>7,476,560</u>	<u>5,123,462</u>
Notes payable (note (c))		
- Fellow subsidiaries	603,298	880,474
- Others	666,103	909,918
	<u>1,269,401</u>	<u>1,790,392</u>
	<u><u>8,745,961</u></u>	<u><u>6,913,854</u></u>

#### Notes:

(a) The normal credit period for trade payables generally ranges from 0 to 6 months. Ageing analysis of trade payables is as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000 (Restated)
Current to 1 year	6,396,124	4,345,657
1 year to 2 years	589,854	423,823
2 years to 3 years	217,911	91,082
Over 3 years	272,671	262,900
	<u>7,476,560</u>	<u>5,123,462</u>

(b) Trade payables to fellow subsidiaries are unsecured, non-interest bearing and will be settled in accordance with the relevant trading terms.

(c) Substantially all of the notes payable are bank acceptance notes with average maturity period of within six months being secured by pledged deposits to the extent of RMB 550,979,000 (31 December 2011: RMB 635,252,000 as restated).

(d) The carrying amounts of accounts payable approximate their fair values.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In the first half of 2012, the world economy lacked recovery momentum and the domestic economy had seen increased downward pressure with slowing down in profit growth and high sustained costs of state-owned enterprises. Standing in all the unfavorable outside environment, the entire aircraft business and aviation parts and components business of the Group still achieve a stable increase. For the six months ended 30 June 2012, the Group recorded a revenue of RMB7,311 million, representing an increase of 22.46% over that of the continuing operations of the corresponding period in 2011. The net profit attributable to equity holders of the Company for the first half of 2012 was RMB313 million, representing an increase of 13.82% as compared with RMB275 million of that of the continuing operations in the corresponding period of last year.

During the first half of 2012, in the face of new situations and challenges and through developing strategic industry and improving both quality and efficiencies, Aviation Industry Corporation of China ("**AVIC**"), the Company's controlling shareholder, was listed on the Fortune Global 500 for the fourth consecutive year with an advance in ranking each year. In June 2012, AVIC was awarded as one of the China's 500 Most Valuable Brands for the first time. In the first half of 2012, the Company continued to push ahead the reorganization of its assets and explored new scope of aviation manufacturing business in accordance with the strategy set down by the Board. The acquisition of Tianjin Aviation Mechanical and Electrical Co., Ltd. ("**Tianjin Aviation**") from the Company's controlling shareholder had been completed and the operating results of Tianjin Aviation have been consolidated into the Company's financial results for the period, which bring new profit contribution to the Company. The acquisition has extended the business of the Company to include aviation mechanical and electrical business, and has enhanced the Company's manufacturing capabilities in aviation products and assemblies, and further completed the system of aviation business of the Company. Hafei Aviation Industry Co., Ltd. ( "**Hafei Aviation**") launched a reorganization of its helicopter business with AVIC Helicopter Limited ("**AVIC Helicopter**"), Harbin Aircraft Industry Group Limited ("**AVIC Hafei**"), and the Company injecting certain related helicopter business and assets as consideration for the new A shares of Hafei Aviation.

In the first half of the year, the Company also completed its H shares placing. In addition, China AVIC Avionics Equipment Co., Ltd. ("**AVIC Avionics**") received the approval of the issuance examination committee of China Securities Regulatory Commission on the non-public placing of its A shares. China Aviation Optical-Electrical Technology Co., Ltd.

("JONHON Optronics") also commenced work on a non-public placing of its A shares. Furthermore, the Company completed the establishment of the new session of the Board and Supervisory Committee.

During the first half of 2012, products of the Group participated in the Singapore Airshow, which expanded the market impact of the Group's products and established the foundation for opening up the international market. At the same time, the Group actively extended the domestic market, with Z-8 helicopter and Y-12 aircraft expected to receive new market orders.

In March 2012, Y-12F aircraft successfully completed the icing wind tunnel test project, and as the first icing wind tunnel testing on China's general-purpose aircraft, its successful completion has great milestone significance for China's general-purpose aviation and general-purpose aircraft design. In May 2012, Y-12F also completed all risk adjustments for trial flights, thus laying the foundation for airworthy test flight.

In June 2012, the assembling and manufacturing project for Legacy 600/650 Executive Jets by Harbin Embraer Aircraft Industry Co., Ltd. ("**Harbin Embraer**"), an associated company of the Group, received the approval reply by the National Development and Reform Commission. In the meantime, Harbin Embraer and ICBC Financial Leasing Co. signed a sales agreement of 10 Legacy 650 executive jets in Rio de Janeiro, which included confirmed order for 5 jets and intended order for 5 jets. The first executive jet is expected to be delivered at the end of 2013. At the same time, Hafei Aviation signed a subcontracting agreement with Boeing Australia for the Boeing 737 aileron adjustment sheet project, which is the third project between Hafei Aviation and Boeing and an indication of the high recognition of the Group by the partners in international cooperation.

During the first half of 2012, the Group continued to improve its technology research and development capacity of avionics products. AVIC Avionics and JONHON Optronics, as supporting units for the Shenzhou series, provided a strong support for the successful launch of Shenzhou-9. JONHON Optronics has completed the appraisal evaluations for 14 scientific and technological achievements, which are representative of the latest research achievements on new product development of JONHON Optronics in the recent two years.

## **FUTURE OUTLOOK**

In the first half of 2012, the State Council promulgated the "12th-Five" National Strategic Emerging Industries' Development Plan ("**the Plan**") and the Ministry of Industry and Information Technology issued the Development Plan for High-end Equipment

Manufacturing Industry in the "12th-Five" period, which serve to further confirm the high-end equipment manufacturing industry, including the aviation equipment, as the key development direction and main task during the "12th-Five" period. They also serve to provide a favorable policy support for the development of China's aviation industry, which will bring benefits to the Group. In addition, the State will further implement the plans on new aviation emergency rescue system and comprehensive transportation system in the next five years, which will also promote the further development of the Group's aviation business.

In the second half of 2012, the Group will focus on development strategy by fully promoting the stable continuous growth of its various businesses, making full use of the supports provided by the various industry policies, and through research and manufacture of large passenger aircraft, promoting the industry development and transformation upgrading of its related subsidiaries. The Group will continue to proceed with the reorganization of the helicopter business through placing of A shares to acquire relevant assets. It will also promote international cooperation and improve the economic benefit from international cooperation. The Group will endeavor to promote value management, deepen the implementation of strategic cost management, strengthen its internal control system, enhance the quality and quantity efficiency of economic development, and promote management improvement and project innovation. At the same time, the Group will, in accordance with the investment direction of proceeds, continue to negotiate with AVIC, the controlling shareholder of the Company, on matters relating to investment in new aviation business by the Group and acquisition of related aviation business, with a view to extending the Group's aviation business chain and achieving its targets in steady development, enhanced quality and efficiency, promoted reform, controlled costs, strengthened management and stable progress.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2012, the Group achieved a revenue of RMB7,311 million, representing an increase of RMB1,341 million, or 22.46%, as compared with RMB5,970 million of the continuing operations for the corresponding period in 2011 which was mainly attributable to the increase of the helicopters business during the period. Among that, the revenue from helicopter products amounted to RMB3,619 million, representing an increase of RMB1,112 million, or 44.36%, as compared with that of the corresponding period last year.

## **Segment Information**

For the six months ended 30 June 2012, the revenue of the entire aircraft segment of the Group amounted to RMB3,857 million, representing an increase of 32.09% as compared with that of the corresponding period in 2011 and accounting for 52.76% of the revenue of the Group. The revenue of the aviation parts and components segment amounted to RMB 3,454 million, representing an increase of 13.25% as compared with that of the corresponding period in 2011 and accounting for 47.24% of the revenue of the Group.

## **Gross profit**

For the six months ended 30 June 2012, the Group recorded a gross profit of RMB1,455 million, representing an increase of RMB203 million, or 16.21%, as compared with RMB1,252 million of the continuing operations for the corresponding period in 2011, mainly attributable to the increase in the sales revenue of helicopter products and the stability of the gross profit of aviation products.

## **Selling and distribution expenses**

For the six months ended 30 June 2012, the selling and distribution expenses of the Group amounted to RMB147 million, representing an increase of RMB34 million or 30.09% over RMB113 million of the continuing operations for the corresponding period of last year, which is mainly attributable to the increase in the expenses of three Guarantees and sales service. The selling and distribution expenses accounted for 2.01% of the revenue, representing an increase of 0.12 percentage points as compared with 1.89% of the continuing operations for the corresponding period of last year.

## **General and administrative expenses**

For the six months ended 30 June 2012, the general and administrative expenses of the Group amounted to RMB811 million, representing an increase of RMB126 million, or 18.39%, as compared with RMB685 million of the continuing operations for the corresponding period of last year. Such increase was mainly attributable to the increase in the expenses for research and development and wages of the staff. The general and administrative expenses accounted for 11.09% of the revenue, representing a decrease of 0.38 percentage points compared with 11.47% of the continuing operations for the corresponding period of last year.

## **Finance income, net**

For the six months ended 30 June 2012, the net finance income of the Group amounted to RMB32 million, representing an increase of RMB23 million compared with RMB9 million of the continuing operations of the Group of the corresponding period in 2011. This was mainly attributable to the increase of interest income resulted from the growth of daily average deposit balance and the up-adjustment on the interest rate. Please refer to note 7 to the financial information for details.

## **Net profit attributable to equity holders of the Company**

For the six months ended 30 June 2012, the net profit of attributable to the equity holders of the Company amounted to RMB313 million, representing an increase of RMB 38 million, or 13.82% from RMB275 million of the continuing operations in the corresponding period of 2011. Such increase was mainly attributable to the steady growth in the sales revenue of the aviation products.

## **Liquidity and Financial Resources**

As at 30 June 2012, the net cash and cash equivalents of the Group amounted to RMB3,109 million. Cash and cash equivalents were mainly derived from cash and bank deposits at the beginning of 2012 and proceeds generated from operations during this period.

As at 30 June 2012, the Group's total borrowings amounted to RMB3,131 million, out of which short term borrowings amounted to RMB1,708 million, current portion of long-term borrowings amounted to RMB171 million and non-current portion of long-term borrowings amounted to RMB1,252 million.

The Group's long-term borrowings are repayable as follows:

	RMB million
Within one year	171
In the second year	553
In the third to fifth year	262
After the fifth year	437
Total	1,423



As at 30 June 2012, the Group's bank borrowings amounted to RMB1,693 million (the average interest rate of which was 6% per annum), representing a decrease of RMB77 million as compared with that at the beginning of 2012; and other borrowings amounted to RMB1,438 million (the average interest rate of which was 5% per annum), representing a decrease of RMB150 million as compared with that at the beginning of 2012.

Seasonal influence on the Group's borrowings was insignificant.

## **CAPITAL STRUCTURE**

As at 30 June 2012, the Group's borrowings were mainly denominated in Renminbi whilst cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

## **PLEDGE ON ASSETS**

As at 30 June 2012, the Group's borrowings amounting to RMB241 million were secured by receivables with a net book value of RMB255 million.

## **GEARING RATIO**

As at 30 June 2012, the Group's gearing ratio was 9.82% (31 December 2011: 9.87% as restated), which was derived from dividing the total borrowings by total assets as at 30 June 2012.

## **EXCHANGE RATE RISKS**

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. The foreign currencies exchange risks mainly arise from transactions involving assets, liabilities, and operating activities of the Group and are primarily associated with United States Dollar, Euro and Hong Kong Dollar. In addition, the Company has some deposits denominated in Hong Kong Dollar, being part of the proceeds raised from the previous fund raising activities. The directors of the Company are of the opinion that the exchange rate risks to the Group are low and will not have any material adverse impact on the Group's financial results.

## CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2012, the Group did not provide any guarantees for any third party and had no significant contingent liabilities.

## MATERIAL ACQUISITIONS AND DISPOSALS

1. On 18 January 2012, the Company completed the issuance of 183,404,667 domestic shares to AVIC Electromechanical Systems Company Limited (“**AMES**”), a wholly-owned subsidiary of AVIC, in relation to the acquisition of Tianjin Aviation. Upon completion of the issuance, the total number of issued domestic shares of the Company increased from 2,934,590,598 to 3,117,995,265, and the total number of issued shares of the Company increased from 4,949,024,500 shares to 5,132,429,167 shares. Details of the transactions can be referred to the announcement of the Company dated 25 January 2011, the circular of the Company dated 21 February 2011 and the announcement of the Company dated 18 January 2012.
2. On 27 March 2012, Jiangxi Changhe Aviation Industry Co., Ltd. (“**Changhe Aviation**”), a wholly-owned subsidiary of the Company, entered into a Share transfer agreement with Changhe Aircraft Industries Group Co., Ltd. (“**CAIG**”), pursuant to which Changhe Aviation agreed to transfer, subject to certain conditions, 51% of the equity interest held by it in Jiujiang Changhe Automobile Co., Ltd. (“**JiuJiang Auto**”) to CAIG, for a consideration of approximately RMB 65,970,000 (“**Share Transfer**”). The consideration will be satisfied by CAIG by way of cash. Upon completion of the Share Transfer, Jiujiang Auto ceased to be a subsidiary of the Company.

Pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the Share Transfer constituted a connected transaction of the Company and was subject to announcement and reporting requirements but exempt from the Company’s independent shareholders’ approval requirements. Details of the transactions can be referred to the announcement of the Company dated 27 March 2012.

3. On 2 May 2012, the board of directors of JONHON Optronic resolved to place not more than 68.5 million new JONHON Optronic A Shares for subscription by not more than 10 target investors including the Company (“**JONHON Optronic Placing**”). The total proceeds of the Proposed Placing will not exceed RMB1 billion. All target investors will

subscribe for the new JONHON Optronics Shares by cash. None of the target investors will be a connected person of the Company. On 2 May 2012, the Company entered into a subscription agreement with JONHON Optronics for subscription, subject to certain conditions and adjustment (if any), of the new JONHON Optronics A shares at the placing price by cash in an aggregate amount of RMB250 million. The placing price will be finally determined by the board of directors of JONHON Optronics pursuant to the authorisation of its shareholders at the general meeting and after being approved by the relevant PRC government authorities and having taken into account the bidding prices offered by the target investors. Upon completion of the JONHON Optronics Placing, such new JONHON Optronics A shares will be listed on the Shenzhen Stock Exchange. The JONHON Optronics Placing has been approved by the State-owned Assets Supervision and Administration Commission of the State Council on 27 July 2012 and passed by its shareholders at the general meeting of JONHON Optronics on 1 August 2012. The JONHON Optronics Placing is still subject to the approval by China Securities Regulatory Commission. Upon completion of the JONHON Optronics Placing, the equity interest held by the Company in JONHON Optronics will be diluted by approximately 2.68% from 43.34% to approximately 40.66% of the enlarged share capital of JONHON Optronics. JONHON Optronics will remain as a subsidiary of the Company after the completion.

Pursuant to the Listing Rules, such dilution constitutes a deemed disposal by the Company of 2.68% equity interest in JONHON Optronics but is lower than 5%, the proposed deemed disposal is exempt from announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the transactions can be referred to the announcements of the Company dated 17 April 2012, 4 May 2012 and 30 July 2012 respectively.

4. On 25 May 2012, the Board and the board of directors of Hafei Aviation respectively resolved to issue approximately 252,894,000 new Hafei Aviation A shares for subscription by AVIC Helicopter, Harbin Aircraft Industry Group Limited (“**AVIC Hafei**”), the Company and not more than ten independent qualified investors respectively (“**Hafei Aviation Placing**”). Hafei Aviation entered into a subscription agreement with AVIC Helicopter, AVIC Hafei and the Company on 25 May 2012 and a supplemental agreement on 11 July 2012, according to which approximately 256,301,061 new Hafei Aviation A shares will be issued among which: (i) AVIC Helicopter will subscribe for approximately 107,510,979 new Hafei Aviation A shares for a consideration to be satisfied by the transfer of its equity interest in AVIC Helicopter to Hafei Aviation (“**AVIC Helicopter Subscription**”); (ii) AVIC Hafei will subscribe for approximately 47,341,165 new Hafei Aviation A shares for a consideration to be

satisfied by the transfer of its equity interest in the helicopter business assets of AVIC Hafei to Hafei Aviation (“**AVIC Hafei Subscription**”); (iii) the Company will subscribe for approximately 37,409,221 new Hafei Aviation A shares for a consideration to be satisfied by the transfer of its equity interest in Changhe Aviation to Hafei Aviation (“**Company’s Subscription**”); and (iv) to place an aggregate of approximately 64,039,696 new Hafei Aviation A shares to not more than 10 independent qualified investors for subscription in cash (“**Cash Subscription**”). The Subscription Price for the AVIC Helicopter Subscription, AVIC Hafei Subscription and Company’s Subscription is RMB17.13. The Subscription Price of the Cash Subscription is not less than RMB17.13 per new Hafei Aviation A Share.

Pursuant to Chapter 14A of the Listing Rules, the AVIC Helicopter Subscription and AVIC Hafei Subscription constitute connected transactions of the Company and shall comply with the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules and also constitute discloseable transactions of the Company. The Company will subscribe for the new Hafei Aviation A shares for a consideration to be satisfied by the transfer of its equity interest in Changhe Aviation to Hafei Aviation. Following completion of the Hafei Aviation Placing, the Company will indirectly hold equity interest in Changhe Aviation through its subsidiary, Hafei Aviation, and Changhe Aviation will continue to be a subsidiary of the Company, where the Company’s equity interest in Changhe Aviation will be diluted accordingly. Pursuant to Chapter 14 of the Listing Rules, the transfer of the Company’s equity interest in Changhe Aviation to Hafei Aviation as the consideration for the Company’s Subscription will constitute a discloseable transaction of the Company. Upon completion of the Hafei Aviation Placing, the equity interest to be held by the Company directly and indirectly in Hafei Aviation will be diluted by approximately 15.13% from 50.05% to approximately 34.92%. While Hafei Aviation will remain to be a subsidiary of the Company following completion of the Hafei Aviation Placing, such dilution will constitute a deemed disposal by the Company of approximately 15.13% equity interest in Hafei Aviation. Pursuant to Chapter 14 of the Listing Rules, such deemed disposal will constitute a discloseable transaction of the Company. Details of the transactions can be referred to the announcements of the Company dated 6 February 2012, 25 May 2012, 14 June 2012 and 11 July 2012 and the circular of the Company dated 19 July 2012 respectively.

5. On 19 June 2012, AVIC Avionics received the approval of the issuance examination committee of China Securities Regulatory Commission on the non-public issuance of A shares of AVIC Avionics. Details of the transactions can be referred to the announcements of the Company dated 27 October 2011, 2 November 2011, 10 November

2011, 12 December 2011, 11 April 2012, 20 April 2012 and 20 June 2012 respectively.

## **USE OF PROCEEDS**

As at 30 June 2012, a total of RMB2,260 million (including the proceeds raised from the placing conducted by the Company in March 2010) had been invested in the manufacture and research and development of advanced trainer models, helicopters, aviation composite materials, acquisition of aviation assets and equity investment. The rest of the proceeds has been placed in short term deposits in banks in the PRC.

## **EMPLOYEES**

As at 30 June 2012, the Group had approximately 35,935 employees. The Group's staff costs amounted to RMB1,268 million for the six months ended 30 June 2012, representing an increase of RMB191 million, or 17.73% as compared with RMB1,077 million of the continuing operations for the corresponding period of last year.

The remuneration policies and the training plans of the Company remain the same as those set out in the 2011 annual report of the Company.

## **CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

On the annual general meeting convened on 25 May 2012, the term of service of all directors of the third session of the Board and all supervisors of the third session of the Supervisory Committee expired, and the directors of the fourth session of the Board and supervisors representing the shareholders of the fourth session of the Supervisory Committee were elected. At the meeting of Board convened on 25 May 2012, Mr. Lin Zuoming was elected as the Chairman of the fourth session of the Board, and Mr. Tan Ruisong was elected as the Vice Chairman. After the annual general meeting and the meeting of the Board, the members of the fourth session of the Board are as follows: Mr. Lin Zuoming (Chairman, executive director), Mr. Tan Ruisong (Vice Chairman, executive director, President), Mr. Gu Huizhong (non-executive director), Mr. Gao Jianshe (non-executive director), Mr. Sheng Mingchuan (non-executive director), Mr. Maurice Savart (non-executive director), Mr. Guo Chongqing (independent non-executive director), Mr. Li Xianzong (independent non-executive director), Mr. Lau Chung Man, Louis (independent non-executive director).

At the meeting of the Supervisory Committee convened on 25 May 2012, Ms. Bai Ping was appointed as the chairman of the fourth session of Supervisory Committee. After the annual general meeting and the meeting of the supervisors, the members of the fourth session of Supervisory Committee are as follows: Ms. Bai Ping (Chairman, supervisor representing the shareholders), Mr. Yu Guanghai (supervisor representing the shareholders), Ms. Li Jing (supervisor representing the employees).

At the Board meeting convened on 25 May 2012, Mr. Tan Ruisong was appointed as President of the Company. Mr. Wang Jun, Mr. Ni Xianping, Mr. Zheng Qiang, Mr. Zhang Kunhui were appointed as vice presidents of the Company. Mr. Wang Jun was appointed as CFO. Mr. Yan Lingxi was appointed as Company Secretary of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code for securities transactions by its directors and supervisors. The Board has also confirmed that, having made specific enquiries of all directors and supervisors, all the directors and supervisors of the Company had complied with the required standards set out in the Model Code for the six months ended 30 June 2012.

## **AUDIT COMMITTEE**

The Board has established an audit committee and set out the Terms of Reference of the Audit Committee in accordance with “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants. The audit committee had reviewed the Company’s unaudited condensed consolidated interim financial information for the six months ended 30 June 2012.

## **CORPORATE GOVERNANCE**

The Company has strictly complied with and has operated according to applicable laws, and regulations as well as its Articles of Association. The Company has also established an Internal Audit Department to enhance the monitoring of the Group’s continuing connected transactions. After reviewing the Company’s arrangements on corporate governance, the Board is of the view that the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules effective before 1 April 2012 for the three months from 1 January 2012 to 31 March 2012 and

upon the Company making timely arrangements and adjustments on its corporate governance, complied with all the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules as amended and effective after 1 April 2012 during the three months from 1 April 2012 to 30 June 2012.

## **SIGNIFICANT EVENT**

On 24 February 2012, the Company entered into a placing agreement with the BOCI Asia Limited in relation to the placing, on a fully underwritten basis, of an aggregate of 342,000,000 H Shares at a placing price of HK\$3.55 per H Share to not less than 6 but not more than 10 independent professional, institutional, and/or other investors (“**H Share Placing**”). The H Shares Placing was completed on 2 March 2012. The net proceeds were approximate HK\$1,178 million. Details of the H Share Placing can be referred to in the announcements of the Company dated 26 February 2012 and 2 March 2012, respectively.

## **PURCHASE, SALE AND REDEMPTION OF SECURITIES**

For the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **INFORMATION DISCLOSURE ON THE WEBSITE OF THE HONG KONG STOCK EXCHANGE**

The electronic version of this announcement will be published on both the websites of the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.avichina.com](http://www.avichina.com)). The interim report of the Company for the six months ended 30 June 2012, which contains all information as required by Appendix 16 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board  
**Lin Zuoming**  
Chairman

Beijing, 28 August 2012

*As at the date of this report, the Board of the Company comprises executive directors Mr. Lin Zuoming, Mr. Tan Ruisong and non-executive directors Mr. Gu Huizhong, Mr. Gao Jianshe, Mr. Sheng Mingchuan, Mr. Maurice Savart as well as independent non-executive directors Mr. Guo Chongqing, Mr. Li Xianzong and Mr. Lau Chung Man, Louis.*

*\* For identification purpose only*