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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)

ANNOUNCEMENT

**PROPOSED ACQUISITION OF EQUITY INTEREST IN XI'AN FORSTAR BY
JONHON OPTRONIC**

On 24 October 2013, China Aviation Optical-Electrical Technology Co., Ltd. (中航光電科技股份有限公司) (“**JONHON OPTRONIC**”) (whose A shares are listed on the Shenzhen Stock Exchange), a non wholly-owned subsidiary of AviChina Industry & Technology Company Limited (the “**Company**”), entered into a letter of intent (“**Letter of Intent**”) with all the shareholders of Xi'an Forstar S&T Co., Ltd. (“**Xi'an Forstar**”), pursuant to which, JONHON OPTRONIC proposed to acquire not less than 51% equity interest in Xi'an Forstar, an independent third party of the Company (the “**Proposed Acquisition**”), with its proprietary funds of not more than RMB185 million in cash. Upon the completion of the Proposed Acquisition, Xi'an Forstar will become a subsidiary of JONHON OPTRONIC.

Xi'an Forstar is a joint stock limited liability company incorporated in the PRC and principally engaged in the research, manufacture and sales of electrical connectors, photoelectric devices and other instruments. The registered capital of Xi'an Forstar is RMB41,800,000. As at the date of this announcement, Xi'an Forstar is held as to 29.78%, 17.928%, and 8.621% by Shaanxi State-Owned Assets Management Co., Ltd. (陝西省國有資產經營有限公司), China-Belgium Direct Equity Investment Fund (中國—比利時直接股權投資基金), and Shaanxi Venture Capital Guiding Fund Centre (陝西省創業投資引導基金管理中心), respectively. The remaining equity interests of Xi'an Forstar are held by individual shareholders.

Based on the unaudited financial statements of Xi'an Forstar for the nine months ended 30 September 2013, the total assets of Xi'an Forstar as at 30 September 2013 amounted to RMB307,726,000. The revenue and the net profits (before and after taxation) of Xi'an Forstar for the nine months ended 30 September 2013 amounted to RMB224,472,900, RMB18,377,000 and RMB15,625,200, respectively.

Based on the audited financial statements of Xi'an Forstar for the year ended 31 December 2012 prepared in accordance with the PRC accounting standards, the total assets, the revenue and the net profits (before and after taxation) of Xi'an Forstar amounted to RMB289,521,300, RMB281,405,400, RMB17,654,200 and RMB15,318,400, respectively.

Upon completion of the Proposed Acquisition, the product line of JONHON OPTRONIC will be expanded to include radio frequency connectors etc. currently manufactured by Xi'an Forstar. Accordingly, the Proposed Acquisition will contribute to expanding the production scale of JONHON OPTRONIC, enriching its product types and perfecting its industry chain, and thereby improving the profitability and radio frequency connectors technologies of the Company so as to further enhance the leading position of the Company in the domestic connectors industry as well as its further development capabilities.

The Company will make further announcement(s) as and when appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited should there be any development on the matters pertaining to the Proposed Acquisition.

For further details relating to the Proposed Acquisition, please also refer to the announcement dated 24 October 2013 published by JONHON OPTRONIC on the website of the Shenzhen Stock Exchange (www.szse.cn).

It should be noted that as at the date of this announcement, no definitive agreement in relation to the Proposed Acquisition was entered into by the parties and the contracting parties, pricing and terms of the Proposed Acquisition are not determined. There is uncertainty over the Proposed Acquisition, which will be subject to, among other things, the relevant internal approval procedures of JONHON OPTRONIC. The Company wishes to emphasize that as the Letter of Intent is an intentional and framework arrangement between parties, the Proposed Acquisition contemplated under the Letter of Intent may or may not proceed. Therefore, shareholders of the Company and investors are advised to 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, 24 October 2013

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

** For identification purposes only.*