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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  
VARIATION OF THE TERMS RELATING TO  
THE PROPOSED ACQUISITIONS**

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) and Rule 13.09 of the Hong Kong Listing Rules.

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) dated 9 December 2012 in relation to the proposed acquisitions by China AVIC Electronics Co., Ltd. (“**AVIC Avionics**”, formerly named as China AVIC Avionics Equipment Co., Ltd.), a non wholly-owned subsidiary of the Company, of the equity interests in certain aviation assets held by AVIC Avionics Systems Co., Ltd. (“**AVIC Avionics Systems**”) (the “**Originally Proposed Acquisitions**”), a wholly-owned subsidiary of Aviation Industry Corporation of China (“**AVIC**”), the controlling shareholder of the Company.

On 13 June 2013, the board of directors of AVIC Avionics resolved to vary certain terms of the Originally Proposed Acquisitions, pursuant to which, AVIC Avionics proposed to acquire 100% equity interest in each of Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀錶有限公司) (“**Keeven Instrument**”), and Suzhou Changfeng Avionics Co., Ltd. (蘇州長風航空電子有限公司) (“**Changfeng Avionics**”, formerly named as AVIC Radar and Electrical Technology Co., Ltd. (中航(蘇州)雷達與電子技術有限公司)) held by AVIC Avionics Systems and 100% equity interest in Shaanxi Oriental Aeronautic Instrument Manufacture Co., Ltd. (“**Oriental Instrument**”) held by Hanzhong Aviation Industry Group Co., Ltd. (“**Hanzhong Aviation Group**”) (together, the “**Proposed Acquisitions**”). AVIC

Avionics will not acquire any equity interest in Luoyang Longsheng Technology Development Company (洛陽隆盛科技發展公司) currently.

#### **A. Summary of the preliminary terms of the Proposed Acquisitions**

It is intended that the consideration for the acquisition of equity interest in each of Keeven Instrument and Changfeng Avionics under the Proposed Acquisitions will be RMB1,401.71 million and the final consideration will be determined as at 31 December 2012 being the base date with reference to the net assets of Keeven Instrument and Changfeng Avionics as filed with and confirmed by the relevant competent PRC authorities. The consideration for the acquisition of the equity interest in Oriental Instrument will be subject to the valuation result as appraised by an independent valuer and as filed with and confirmed by the relevant competent PRC authorities.

#### **B. Information on the counterparties**

##### *AVIC Avionics Systems*

AVIC Avionics Systems is a limited liability company incorporated in the PRC, which is wholly owned by the state. AVIC Avionics Systems is principally engaged in the research, manufacture, sales and services of all kinds of aircraft, airborne avionics system and equipment. The registered capital of AVIC Avionics Systems is RMB210 million.

Based on the audited financial statements of AVIC Avionics Systems for the year ended 31 December 2012, the total assets, the net assets value, the revenue, the total profits and the net profits of AVIC Avionics Systems amounted to RMB37,736.12 million, RMB19,212.33 million, RMB14,139.81 million, RMB1,765.57 million and RMB1,431.84 million, respectively.

##### *Hanzhong Aviation Group*

Hanzhong Aviation Group is a limited liability company incorporated in the PRC. Hanzhong Aviation Group is principally engaged in the development, research, manufacture and sales of airplanes, landing gears, aviation mechanical products etc. and relevant technical consulting and services. The registered capital of Hanzhong Aviation Group is RMB210 million.

Based on the audited financial statements of Hanzhong Aviation Group for the year ended 31 December 2012, the total assets, the net assets value, the revenue, the total profits and the net profits of Hanzhong Aviation Group amounted to RMB3,523.26 million, RMB2,210.93 million, RMB1,788.75 million, RMB122.68 million and RMB115.16 million, respectively.

#### **C. Information on the target companies**

##### *Keeven Instrument*

Keeven Instrument is principally engaged in the manufacture and sales of aircraft instrument, sensor and autopilot and related products. The registered capital of Keeven Instrument is RMB63.44 million.

Based on the audited financial statements of Keeven Instrument for the year ended 31 December 2012 prepared in accordance with the PRC accounting standards, the total assets, the net assets value, the revenue and the net profits of Keeven Instrument amounted to RMB1,178.84 million, RMB464.34 million, RMB419.28 million and RMB8.41 million, respectively. Based on the valuation report prepared by an independent valuer as at 31 December 2012, the net assets value of Keeven Instrument amounted to RMB541.95 million.

#### *Changfeng Avionics*

Changfeng Avionics is principally engaged in the research, manufacture, sales and services of avionics, airborne equipment and aviation products. The registered capital of Changfeng Avionics is RMB59.63 million.

Based on the audited financial statement of Changfeng Avionics for the year ended 31 December 2012 prepared in accordance with the PRC accounting standards, the total assets, the net assets value, the revenue and the net profits of Changfeng Avionics amounted to RMB1,721.29 million, RMB470.21 million, RMB678.44 million and RMB95.27 million, respectively. Based on the valuation report prepared by an independent valuer as at 31 December 2012, the net assets value of Changfeng Avionics amounted to RMB859.76 million.

#### *Oriental Instrument*

Oriental Instrument is principally engaged in the manufacture and sales of aeronautic instrument and other civil mechanical and electrical instruments. The registered capital of Oriental Instrument is RMB19.16 million.

Based on the audited financial statement of Oriental Instrument for the year ended 31 December 2012 prepared in accordance with the PRC accounting standards, the total assets, the net assets value, the revenue and the net profits of Oriental Instrument amounted to RMB284.13 million, RMB142.02 million, RMB187.14 million and RMB19.81 million, respectively.

Oriental Instrument is currently a public-owned enterprise and undergoes the system transformation implemented by Hanzhong Aviation Group. Subject to the audit and valuation work as well as filing with the relevant PRC authorities, the formal equity transfer agreements will be executed upon completion of the transformation.

### **D. Reasons for and benefits of the Proposed Acquisitions**

The Proposed Acquisitions will contribute to extending the production line of AVIC Avionics and thereby improving the overall competitiveness of the Company so as to create a synergy effect with the target companies and further improve the profitability and enhance the position in the industry of the Company.

### **E. Hong Kong Listing Rules Implications**

As AVIC is the controlling shareholder of the Company and AVIC Avionics Systems and Hanzhong Aviation Group are both subsidiaries of AVIC, each of AVIC, AVIC Avionics Systems and Hanzhong Aviation Group is a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. The Proposed Acquisitions, if proceeded, will

constitute connected transactions of the Company. If any formal agreement is entered into in respect of the Proposed Acquisitions, the Company will comply with the applicable requirements in accordance with the relevant provisions under the Hong Kong Listing Rules.

**It should be noted that the terms of the formal agreements for the Proposed Acquisitions are still subject to further negotiations between the parties and the approval of the independent shareholders of AVIC Avionics. Potential investors are advised to exercise caution when dealing in the shares of the Company.**

For further details relating to the Proposed Acquisitions, please refer to the announcement dated 14 June 2013 published by AVIC Avionics on the website of the Shanghai Stock Exchange.

By Order of the board of directors

**AviChina Industry & Technology Company Limited\***

**Yan Lingxi**

Company Secretary

Beijing, 14 June 2013

*As at the date of this announcement, the board of directors 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 purposes only.*