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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)

2016 Interim Results Announcement; Proposed Change of Supervisor; and Change of Company Secretary, Authorised Representative, Non-executive Director and Senior Management

Financial Highlights

- For the six months ended 30 June 2016, the Group achieved a revenue of RMB15,391 million, representing an increase of RMB250 million or 1.65% as compared with that of RMB15,141 million in the corresponding period of last year.
- For the six months ended 30 June 2016, the profit attributable to equity holders of the Company amounted to RMB504 million, representing an increase of RMB32 million or 6.78% as compared with that of RMB472 million in the corresponding period of last year.

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 2016 prepared according to International Accounting Standards as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	For the six months ended 30 June	
		2016	2015
		RMB'000 (Unaudited)	RMB'000 (Unaudited) (Restated)
REVENUE	5	15,391,169	15,141,481
Cost of sales		<u>(12,512,079)</u>	<u>(12,279,824)</u>
Gross profit		2,879,090	2,861,657
Other income and gains	5	121,356	144,014
Other expenses		<u>(59,435)</u>	<u>(29,555)</u>
Other income and gains, net		61,921	114,459
Selling and distribution expenses		(252,207)	(217,064)
Administrative expenses		<u>(1,457,851)</u>	<u>(1,694,265)</u>
OPERATING PROFIT		1,230,953	1,064,787
Finance income		112,039	118,437
Finance costs		<u>(207,948)</u>	<u>(217,589)</u>
Finance costs, net	7	(95,909)	(99,152)
Share of profits of:			
Joint ventures		13,124	10,794
Associates		25,089	61,220
PROFIT BEFORE TAX	6	1,173,257	1,037,649
Income tax expense	8	<u>(181,189)</u>	<u>(144,183)</u>
PROFIT FOR THE PERIOD		<u>992,068</u>	<u>893,466</u>
Attributable to:			
Equity holders of the Company		504,202	471,698
Non-controlling interests		<u>487,866</u>	<u>421,768</u>
		<u>992,068</u>	<u>893,466</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic			
– For profit for the period	10	<u>RMB 0.0845</u>	<u>RMB 0.0791</u>
Diluted			
– For profit for the period	10	<u>RMB 0.0845</u>	<u>RMB 0.0791</u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
PROFIT FOR THE PERIOD	992,068	893,466
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Change in fair value	(185,867)	375,706
Income tax effect	27,880	(56,357)
	<u>(157,987)</u>	<u>319,349</u>
Exchange differences on translation of foreign operations	3,415	(103)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(154,572)</u>	<u>319,246</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(154,572)</u>	<u>319,246</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>837,496</u></u>	<u><u>1,212,712</u></u>
Attributable to:		
Equity holders of the Company	424,163	636,419
Non-controlling interests	413,333	576,293
	<u><u>837,496</u></u>	<u><u>1,212,712</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	30 June 2016	31 December 2015
		RMB'000 (Unaudited)	RMB'000 (Audited) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		11,665,909	11,161,067
Investment properties		342,804	346,024
Land use rights		1,675,063	1,639,197
Goodwill		69,188	69,188
Other intangible assets		126,509	138,928
Investment in joint ventures		78,562	75,121
Investments in associates		808,181	838,816
Available-for-sale investments		1,748,754	1,956,185
Deferred tax assets		223,073	207,003
Prepayments, deposits and other receivables		759,463	343,168
Total non-current assets		17,497,506	16,774,697
Current assets			
Inventories		21,518,804	20,360,455
Accounts and notes receivable	11	14,872,862	15,294,498
Prepayments, deposits and other receivables		2,758,025	2,594,120
Financial assets held for trading		54,434	38,530
Pledged deposits		1,169,796	1,728,065
Term deposits with initial term of over three months		824,537	851,160
Cash and cash equivalents		8,504,233	9,535,436
Total current assets		49,702,691	50,402,264
Total assets		67,200,197	67,176,961

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited) (Restated)
EQUITY			
Share capital		5,966,122	5,474,429
Reserves		<u>7,054,046</u>	<u>7,231,065</u>
Equity attributable to equity holders of the Company		13,020,168	12,705,494
Non-controlling interests		<u>14,115,739</u>	<u>13,759,865</u>
Total equity		<u>27,135,907</u>	<u>26,465,359</u>
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings		4,537,218	3,233,391
Deferred income from government grants		814,946	849,189
Deferred tax liabilities		162,248	184,506
Other payables and accruals		<u>12,240</u>	<u>12,240</u>
Total non-current liabilities		<u>5,526,652</u>	<u>4,279,326</u>
Current liabilities			
Accounts and notes payable	12	21,816,711	21,075,103
Other payables and accruals		7,589,338	10,419,518
Interest-bearing bank and other borrowings		4,934,347	4,668,282
Tax payable		<u>197,242</u>	<u>269,373</u>
Total current liabilities		<u>34,537,638</u>	<u>36,432,276</u>
Total liabilities		<u>40,064,290</u>	<u>40,711,602</u>
Total equity and liabilities		<u><u>67,200,197</u></u>	<u><u>67,176,961</u></u>

NOTES:

1. CORPORATE INFORMATION

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, and AVIC became the holding company of the Company thereafter. 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, and the PRC.

The Company and its subsidiaries (the “Group”) are principally involved in the research, development, manufacture and sale of aviation products and the delivery of aviation engineering services such as planning, design, consultation, construction and operation etc.

The Company’s directors regard AVIC, a company established in the PRC, as being the ultimate holding company of the Company. AVIC is a state-owned enterprise under control of the State Council of the PRC government.

This interim condensed consolidated financial information has not been audited. It is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

The unaudited interim condensed consolidated financial statements have been approved for issue by the Board of Directors on 25 August 2016.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard (“IAS”)³⁴ *Interim Financial Reporting* promulgated by the International Accounting Standard Board (“IASB”) and Appendix 16 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

The adoption of the following new standards, interpretations and amendments which are effective for annual periods beginning on or after 1 January 2016 do not have a significant impact to the results and financial position of the Group:

IFRS14	<i>Regulatory Deferral Accounts</i>
Amendments to IFRS 11	<i>Joint Arrangements: Accounting for Acquisitions of Interests</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 27	<i>Equity methods in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	
-IFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
-IFRS 7	<i>Financial Instruments: Disclosures</i>
-IAS 19	<i>Employee Benefits</i>
-IAS 34	<i>Interim Financial Reporting</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IFRS10,IFRS12 and IAS28	<i>Investment Entities: Applying the Consolidation Exception</i>

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 classifies the business into three reportable segments:

- Manufacturing, assembly, sales and servicing of helicopters, trainers and other aircraft (“Aviation entire aircraft”)
- Manufacturing and sales of aviation parts and components (“Aviation parts and components”)
- Delivery of aviation engineering services such as planning, design, consultation, construction and operation etc. (“Aviation engineering services”)

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the interim condensed consolidated statements of profit or loss.

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)

Reconciliation of segment results to profit for the period:

For the six months ended 30 June 2016	Aviation entire aircraft RMB'000	Aviation parts and components RMB'000	Aviation engineering services RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customer	5,126,443	6,741,047	3,523,679	15,391,169
intersegment sales				<u>528,649</u>
				15,919,818
<u>Reconciliation:</u>				
Elimination of intersegment operations				<u>(528,649)</u>
Revenue				<u>15,391,169</u>
Segment results	238,169	929,869	110,074	1,278,112
<u>Reconciliation:</u>				
Interest income				112,039
Corporate and other unallocated expenses				(8,946)
Finance costs				<u>(207,948)</u>
Profit before tax				<u>1,173,257</u>
Other segment information:				
Share of profits and losses of :				
Associates	(14,542)	54,736	(15,105)	25,089
Joint ventures	-	13,124	-	13,124
Impairment losses recognized in the statement of profit or loss	(36,505)	70,658	22,316	56,469
Other non-cash expenses	5,294	-	-	5,294
Depreciation and amortization	195,638	263,301	19,104	478,043
Capital expenditure	197,803	411,543	89,866	699,212
30 June 2016				
Segment assets	26,234,352	29,699,927	12,817,993	68,752,272
<u>Reconciliation:</u>				
Elimination of intersegment receivables				<u>(1,552,075)</u>
Total assets				<u>67,200,197</u>
Segment liabilities	16,229,572	17,448,425	7,938,368	41,616,365
<u>Reconciliation:</u>				
Elimination of intersegment payables				<u>(1,552,075)</u>
Total liabilities				<u>40,064,290</u>
Investments in associates	400,007	309,178	98,996	808,181
Investment in joint ventures	-	71,053	7,509	78,562

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2015	Aviation entire aircraft RMB'000 (Restated)	Aviation parts and components RMB'000 (Restated)	Aviation engineering services RMB'000 (Restated)	Total RMB'000 (Restated)
Segment Revenue:				
Sales to external customer	5,339,993	5,842,003	3,959,485	15,141,481
intersegment sales				538,470
				<u>15,679,951</u>
<u>Reconciliation:</u>				
Elimination of intersegment operations				<u>(538,470)</u>
Revenue				<u>15,141,481</u>
Segment results	242,413	806,357	99,398	1,148,168
<u>Reconciliation:</u>				
Interest income				118,437
Corporate and other unallocated expenses				(11,367)
Finance costs				<u>(217,589)</u>
Profit before tax				<u>1,037,649</u>
Other segment information:				
Share of profits and losses of :				
Associates	874	60,650	(304)	61,220
Joint ventures	-	10,827	(33)	10,794
Impairment losses recognized in the statement of profit or loss	74,671	12,926	60,006	147,603
Other non-cash expenses	(59,788)	-	(1,429)	(61,217)
Depreciation and amortization	195,651	244,560	19,818	460,029
Capital expenditure	356,822	488,493	61,536	906,851
31 December 2015				
Segment assets	28,302,901	28,218,382	12,102,210	68,623,493
<u>Reconciliation:</u>				
Elimination of intersegment receivables				<u>(1,446,532)</u>
Total assets				<u>67,176,961</u>
Segment liabilities	18,331,513	16,525,655	7,300,966	42,158,134
<u>Reconciliation:</u>				
Elimination of intersegment payables				<u>(1,446,532)</u>
Total liabilities				40,711,602
Investments in associates	442,176	255,883	140,757	838,816
Investment in joint ventures	-	67,612	7,509	75,121

4. BUSINESS COMBINATION UNDER COMMON CONTROL

On 30 September 2015 and 10 March 2016, the Company entered into an Equity Transfer Agreement, a Supplementary Agreement and a Share Issuance Agreement (collectively “the Agreements”) with its parent company AVIC to acquire 100% of the equity interest of China Aviation Planning and Design Institute Co., Ltd (“AVIC Planning”) at the consideration of RMB2,173,281,600. The number of consideration shares issued by the Company to AVIC was 491,692,669 shares at the issue price of RMB4.42 per consideration share. AVIC Planning is a subsidiary of AVIC. It is controlled by AVIC before and after the combination, and that control is not temporary, therefore the business combination is involving entities under common control. In accordance with the Agreements, the consideration shares was fully issued by the Company on 28 June 2016, by when the Company obtained the control over AVIC Planning. 28 June 2016 is determined to be the date of acquisition.

	For the period from 1 January 2016 to 28 June 2016	2015
	RMB'000	RMB'000
Revenue	3,438,906	8,677,565
Net profit	135,926	315,074
Net cash flows	(172,399)	(497,284)

The book value of assets and liabilities of AVIC Planning at the date of acquisition and at the balance sheet date of the prior reporting period were as follows:

	28 June 2016	31 December 2015
	RMB'000	RMB'000
Inventories	3,109,187	2,304,182
Other non-current assets	762,296	702,070
Accounts and notes receivable	2,297,958	2,402,039
Cash and cash equivalents	884,382	597,014
Other current assets	562,323	886,896
Total liabilities	<u>(6,751,760)</u>	<u>(6,163,846)</u>
Total	<u>864,386</u>	<u>728,355</u>
Non-controlling interests	<u>(693)</u>	<u>(1,815)</u>
	<u>863,693</u>	<u>726,540</u>
Consolidation difference (recorded in equity)	<u>1,309,589</u>	<u> </u>
Consideration	<u>2,173,282</u>	<u> </u>

5. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Revenue		
Sale of goods	12,394,008	11,553,546
Rendering of services	<u>2,997,161</u>	<u>3,587,935</u>
	<u>15,391,169</u>	<u>15,141,481</u>
Other income		
Income from sale of materials	157,296	127,957
Cost from sale of materials	<u>(137,647)</u>	<u>(117,302)</u>
Profit from sale of materials	19,649	10,655
Income from rendering of maintenance and other services	44,359	41,716
Dividend income	16,105	13,243
Net rental income	<u>7,895</u>	<u>11,768</u>
	<u>88,008</u>	<u>77,382</u>
Gains		
Fair value gains, net:		
Financial assets held for trading	-	167
Gain on disposal of:		
Available-for-sale investments	-	38,023
Interests in an associate	9	-
Interests in a subsidiary	-	7,368
Financial assets held for trading	-	5,372
Others	<u>33,339</u>	<u>15,702</u>
Other income and gains	<u>121,356</u>	<u>144,014</u>
	<u>15,512,525</u>	<u>15,285,495</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/ (crediting):

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Cost of inventories sold	9,816,920	8,963,382
Cost of services provided	2,782,723	3,330,644
Depreciation		
Investment properties	4,344	882
Property, plant and equipment	431,520	426,736
Less: Amortization of deferred income from government grants	<u>(92,315)</u>	<u>(26,809)</u>
	343,549	400,809
Amortization		
Land use rights	29,267	19,429
Intangible assets	12,912	12,982
Research and development costs		
Current period expenditure	684,060	855,421
Less: Government grants released	<u>(256,587)</u>	<u>(230,085)</u>
	427,473	625,336
Auditors' remuneration	2,409	2,374
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages, salaries, housing benefits and other allowances	2,180,289	2,095,223
Pension scheme contributions	330,231	309,829
Foreign exchange differences, net	(13,673)	13,470
Impairment of:		
Available-for-sale investments	21,578	9,444
Accounts and notes receivable and prepayments, deposits and other receivables	30,140	137,459
Write-down of inventories to net realizable value	4,751	700

7. FINANCE COSTS, NET

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Finance income:		
Bank interest income	101,441	107,648
Other interest income	<u>10,598</u>	<u>10,789</u>
	112,039	118,437
Finance costs:		
Interest on bank borrowings and other borrowings	201,490	217,028
Interest on finance leases	<u>130</u>	<u>191</u>
Total interest expense	<u>201,620</u>	<u>217,219</u>
Less: Interest capitalized	(13,493)	(17,242)
Other financial costs	<u>19,821</u>	<u>17,612</u>
	207,948	217,589
Finance costs, net	<u>(95,909)</u>	<u>(99,152)</u>

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax	191,637	199,159
Deferred income tax	<u>(10,448)</u>	<u>(54,976)</u>
Total tax charge for the period	<u>181,189</u>	<u>144,183</u>

Except for certain subsidiaries which are taxed at a preferential rate of 15% (2015: 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% (2015: 25%) on the assessable income of the companies within the Group.

9. DIVIDENDS

The Board of Directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. EARNINGS PER SHARE

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	504,202	471,698
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (thousands)	5,966,122	5,960,395
Potential dilutive effect arising from restricted share (thousands)	<u>-</u>	<u>3,252</u>
Weighted average number of ordinary shares for the purpose of the diluted earnings per share calculation (thousands)	<u>5,966,122</u>	<u>5,963,647</u>

11. ACCOUNTS AND NOTES RECEIVABLE

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
		(Restated)
Accounts receivable		
– Ultimate holding company	3,574	5,618
– Fellow subsidiaries	7,047,209	7,693,114
– A joint venture	279	94
– Associates	33,475	36,395
– Other related party	89	2,766
– Others	<u>6,363,053</u>	<u>5,333,946</u>
Accounts receivable, gross	13,447,679	13,071,933
Provision for impairment	<u>(597,168)</u>	<u>(572,318)</u>
Accounts receivable, net	12,850,511	12,499,615
Notes receivable		
– Fellow subsidiaries	1,010,997	1,561,469
– A joint venture	52	950
– Others	<u>1,011,302</u>	<u>1,232,464</u>
	<u>2,022,351</u>	<u>2,794,883</u>
Accounts and notes receivable	<u><u>14,872,862</u></u>	<u><u>15,294,498</u></u>

Ageing analysis of accounts receivable is as follows:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
		(Restated)
Within 1 year	10,179,512	11,088,902
1 to 2 years	2,447,294	1,476,626
2 to 3 years	494,243	255,875
Over 3 years	<u>326,630</u>	<u>250,530</u>
	<u><u>13,447,679</u></u>	<u><u>13,071,933</u></u>

Certain accounts receivable were pledged as security for bank borrowings.

12. ACCOUNTS AND NOTES PAYABLE

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
Accounts payable (Note (a))		
- Ultimate holding company	-	341
- Fellow subsidiaries	2,312,964	4,740,852
- A joint venture	12,178	12,231
- Associates	6,352	26,254
- Others	14,882,332	11,277,291
	<u>17,213,826</u>	<u>16,056,969</u>
Notes payable (Note (b))		
- Fellow subsidiaries	1,494,224	2,404,922
- A joint venture	14,366	12,247
- Others	3,094,295	2,600,965
	<u>4,602,885</u>	<u>5,018,134</u>
	<u><u>21,816,711</u></u>	<u><u>21,075,103</u></u>

Notes:

- (a) An ageing analysis of the accounts payable as at 30 June 2016 and 31 December 2015, based on the invoice date, is as follows:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited) (Restated)
Within 1 year	11,472,948	12,644,233
1 to 2 years	4,302,414	2,561,982
2 to 3 years	896,665	598,989
Over 3 years	541,799	251,765
	<u>17,213,826</u>	<u>16,056,969</u>

- (b) The bank acceptance notes have an average maturity period of within six months. As at 30 June 2016, notes payable of RMB3,106,797,079 (31 December 2015: RMB3,262,196,000 as restated) were secured by pledged deposits to the extent of RMB 1,097,410,684 (31 December 2015: RMB1,671,851,000 as restated).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2016, the global economy struggled to recover. Meanwhile, the Chinese economy has been in a critical period of structural reform, and still faced with great challenges and difficulties. Following the strategic positioning of building a platform for China's aviation industry and related high-tech industries, the Company proactively coped with challenges, relied on the advantages of AVIC, clearly defined the investment orientation, expanded the business scale of the Company, leading to steady developments in the Company's businesses.

In the first half of 2016, the Company contemplated the acquisition of the 100% equity interest in China Aviation Planning and Design Institute Co., Ltd. (“**AVIC Planning**”) by issuing its domestic shares as consideration. As at the date of this announcement, the aforementioned acquisition has been completed, and the Company's business further expanded to the front-end engineering services of the aviation manufacturing business, such as planning, design and consultation services. Meanwhile, the total number of issued share capital of the Company increased to 5,966,121,836, and the financial results of AVIC Planning have been consolidated into those of the Company.

For the six months ended 30 June 2016, the Group recorded a revenue of RMB15,391 million, representing an increase of 35.56% as compared with that of RMB11,354 million (before restated) in the corresponding period of 2015, and an increase of 1.65% as compared with that of RMB15,141 million (as restated) in the corresponding period of 2015. The profit attributable to equity holders of the Company for the reporting period was RMB504 million, representing an increase of 40% as compared with that of RMB360 million (before restated) in the corresponding period of 2015, and an increase of 6.78% as compared with that of RMB472 million (as restated) in the corresponding period of 2015.

In the first half of 2016, Aviation Industry Corporation of China (“**AVIC**”), the controlling shareholder of the Company, by unremittingly promoting supply-side structural reform and improving qualities and efficiencies, achieved a continuous improvement in its competitiveness and market influence. AVIC was listed on the Fortune Global 500 with an operating revenue of USD62.2 billion, ranking the 143rd, which represented an advance of 16 places as compared with that of last year. It was elected as the China's 500 Most valuable Brands for the fifth consecutive year, ranking the 25th with a brand value of RMB111.8 billion, representing an increase of RMB10.9 billion in its brand value as compared with that of last year.

The Company focused on the international market exploration and the integration into international industry chain. In the first half of 2016, the Company for the first time organized its subsidiaries to attend the 50th Farnborough International Airshow, to proactively expand the international civil aviation products market, strengthen the

co-investment and cooperation with international aviation manufacturers, and build up a platform for further communication with international cooperators.

The helicopter business of the Group remained stable. The research and development (“**R&D**”) of new model helicopters progressed smoothly and the Group is proactively seeking for new orders. The first AC312E, a twin-engine light helicopter, completed its final assembly. AC311 series helicopter completed tasks such as air travel, air patrol, business flight and test flight equipped with medical rescue facilities. AC313 series helicopter successfully fulfilled several forest fire fighting and rescue tasks. Harbin Hafei Aviation Industry Co., Ltd. (“**Hafei Aviation**”), a subsidiary of the Company, participated in the investment and establishment of Harbin General Aircraft Industry Co., Ltd. (“**Harbin General Aircraft**”), which is primarily engaged in the manufacturing and operation of Y12 series aircraft.

In the first half of 2016, Jiangxi Hongdu Aviation Industry Co., Ltd. (“**Hongdu Aviation**”) successfully completed the delivery technology acceptance by overseas customer for the first batch of foreign trade L15 advanced trainers. Hongdu Aviation provided body parts to the C919 civil large commercial aircraft, winning the Silver Award for Excellent Suppliers of Commercial Aircraft Corporation of China Ltd.

The scientific research and innovation on aviation parts and components of the Group have achieved good progress. In the first half of 2016, AVIC Chengdu CAIC Electronics Co., Ltd., a subsidiary of the Company, reached a cooperation consensus for “Mass Entrepreneurship and Innovation” with University of Electronic Science and Technology of China to strengthen the R&D of products. The intelligent laser projector manufactured by AVIC Shanghai Aviation Electric Co., Ltd. won the “the Most Valuable Brand for Laser Projectors for the year 2015”. China Aviation Optical-Electrical Technology Co., Ltd. (“**JONHON Optronics**”) doubled the ordering contracts and sales revenue in new energy auto area. JONHON Optronics established a R&D center in Europe, steadily promoting the construction of a digital design platform. JONHON Optronics was shortlisted for China’s top 100 enterprises in electronic information, and Silver Award for Excellent Suppliers of Commercial Aircraft Corporation of China Ltd. respectively.

AVIC Planning, which was recently acquired by the Company, is a specialized company engaged in the planning, design, consultation, construction and operation of fixed asset investment in aviation industry. In the first half of 2016, the project of AVIC Planning, “the Innovation and Application for the Key Technology of Prestressed Tensegrity Structure” won the second award for National Prize for Progress in Science and Technology.

AVIC Hubei Ali-Jiatai Aircraft Equipment Co., Ltd., in which the Company invested, officially became a new seats supplier to Boeing 737 aircraft. In April 2016, AVIC Hubei Ali-Jiatai Aircraft Equipment Co., Ltd. has obtained the design approval letter for Civil Aircraft Technical Standard Orders issued by Federal Aviation Administration (FAA) in respect of its aircraft seats for Boeing 737 aircraft, being the only airborne product with

independent intellectual property rights in China which obtained the airworthiness certificate from FAA.

FUTURE OUTLOOK

In the first half of 2016, China issued the 13th Five-Year Plan for National Economic and Social Development (“**13th Five-Year Plan**”), pursuant to which China will promote innovation and new breakthrough in strategic frontier areas, speed up the breakthrough of core technologies in areas such as aviation and aerospace; enhance the support of emerging industries, vigorously promote the innovation and industrialization of the emerging frontier areas such as aviation equipment, forming a new batch of growth point; further strengthen the cooperation in international capacity and equipment manufacturing, with focus on industries such as aviation and aerospace, and push forward the “go global” of the equipment, technologies, standards and services; deeply implement “Made in China 2025”, and improve the innovation and basic capability of the manufacturing industry. The government's emphasis over the aviation industry will benefit the development, transformation and upgrade of the aviation business of the Company.

In the second half of 2016, the Company will take this as an opportunity to proactively adapt to national policies. The Company will expand the investment into major aviation manufacturing business by continuously exploring new aviation manufacturing business and enhance the R&D to create core competitiveness of aviation products.

FINANCIAL REVIEW

During the period of the first half of 2016, as the financial results of AVIC Planning, the newly acquired entity, have been consolidated into those of the Group, pursuant to relevant regulations, the related financial data in the corresponding period of last year was restated. Meanwhile, based on the new business portfolio, the business segments of the Group are divided into aviation entire aircraft, aviation parts and components and aviation engineering services.

Revenue

The revenue scale recorded a significant improvement due to the acquisition of AVIC Planning by the Group. For the six months ended 30 June 2016, the Group achieved a revenue of RMB15,391 million, representing an increase of RMB4,037 million or 35.56% as compared with that of RMB11,354 million (before restated) in the corresponding period of last year, and an increase of RMB250 million or 1.65% as compared with that of RMB15,141 million (as restated) in the corresponding period of last year, which is mainly attributable to the increase of the avionics business during this period.

Segment information

For the six months ended 30 June 2016, the revenue of the aviation entire aircraft segment of the Group amounted to RMB5,126 million, representing a decrease of 4.01% as compared with that in the corresponding period of last year and accounting for 33.31% of the total revenue of the Group. The revenue of the aviation parts and components segment of the Group amounted to RMB6,741 million, representing an increase of 15.39% as compared with that in the corresponding period of last year and accounting for 43.80% of the total revenue of the Group. The revenue of the aviation engineering services segment of the Group amounted to RMB3,524 million, representing a decrease of 10.99% as compared with that in the corresponding period of last year and accounting for 22.89% of the total revenue of the Group.

The segment results of the aviation entire aircraft segment of the Group amounted to RMB238 million, representing a slight decrease as compared with that of RMB242 million in the corresponding period of last year. The segment results of the aviation parts and components segment of the Group amounted to RMB930 million, representing an increase of RMB124 million or 15.38% as compared with that of RMB806 million in the corresponding period of last year, which was mainly attributable to the increase in the gross profit resulted from the growth in the revenue and gross profit rate of JONHON Optronic. The segment results of the aviation engineering services segment of the Group amounted to RMB110 million, representing an increase of RMB11 million or 11.11% as compared with that of RMB99 million in the corresponding period of last year.

Gross profit

For the six months ended 30 June 2016, the Group recorded a gross profit of RMB2,879 million, representing an increase of RMB17 million or 0.59% as compared with that of RMB2,862 million in the corresponding period of last year.

Selling and distribution expenses

For the six months ended 30 June 2016, the selling and distribution expenses of the Group amounted to RMB252 million, representing an increase of RMB35 million or 16.13% as compared with that of RMB217 million in the corresponding period of last year which was mainly attributable to the increase in the sales commission and after-sale services of certain subsidiaries. The selling and distribution expenses accounted for 1.64% of the revenue during the reporting period, representing an increase of 0.21 percentage point as compared with that of 1.43% in the corresponding period of last year.

Administrative expenses

For the six months ended 30 June 2016, the administrative expenses of the Group amounted to RMB1,458 million, representing a decrease of RMB236 million or 13.93% as compared

with that of RMB1,694 million in the corresponding period of last year, which was mainly attributable to the decrease in R&D investment of certain subsidiaries based on its R&D progress as compared with that of the corresponding period of last year. The administrative expenses accounted for 9.47% of the revenue during the reporting period, representing a decrease of 1.72 percentage points as compared with that of 11.19% in the corresponding period of last year.

Finance costs, net

For the six months ended 30 June 2016, the net finance costs of the Group amounted to RMB96 million, representing a decrease of RMB3 million or 3.03% as compared with that of RMB99 million in the corresponding period of last year.

Profit attributable to equity holders of the Company

The entire profit scale of the Group was improved upon consolidation of AVIC Planning into the Group. For the six months ended 30 June 2016, the profit attributable to equity holders of the Company amounted to RMB504 million, representing an increase of RMB144 million as compared with that of RMB360 million (before restated), and an increase of RMB32 million or 6.78% as compared with that of RMB472 million (as restated) in the corresponding period of last year, which was mainly attributable to the increase in gross profit and decrease in the administrative expenses of the Group.

Liquidity and financial resources

As at 30 June 2016, the cash and cash equivalents of the Group amounted to RMB8,504 million, which were mainly derived from cash and bank deposits at the beginning of 2016 and proceeds generated from its operations during the reporting period.

As at 30 June 2016, the Group's total borrowings amounted to RMB9,472 million, in which short-term borrowings amounted to RMB4,091 million, current portion of long-term borrowings amounted to RMB844 million and non-current portion of long-term borrowings amounted to RMB4,537 million.

As at 30 June 2016, the Group's bank borrowings amounted to RMB3,406 million with an average interest rate of 4% per annum, representing a decrease of RMB205 million as compared with that at the beginning of the reporting period; and other borrowings amounted to RMB6,066 million with an average interest rate of 5% per annum, representing an increase of RMB1,775 million as compared with that at the beginning of the reporting period.

Seasonal influence on the Group's borrowings was insignificant.

CAPITAL STRUCTURE

As at 30 June 2016, the Group's borrowings were mainly to be settled in Renminbi and cash and cash equivalents were mainly denominated in Renminbi.

MORTGAGE AND PLEDGE ON ASSETS

As at 30 June 2016, the Group's secured borrowings amounted to RMB534 million, which were mortgaged and pledged by receivables and fixed assets with a net book value of RMB579 million.

GEARING RATIO

As at 30 June 2016, the Group's gearing ratio was 14.09% (as restated, as at 31 December 2015: 11.76%), which was derived from dividing the total borrowings by the total assets as at 30 June 2016.

EXCHANGE RATE RISKS

The Group mainly operates in the PRC with most of its transactions settled in Renminbi. The directors (the "**Director(s)**") of the Company are of the opinion that the exchange rate risks to the Group are not significant and will not have any material adverse impact on the Group's financial results.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2016, the Group did not provide any guarantees in favor of any third party and had no significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

On 30 September 2015, the Company entered into the Equity Acquisition and Share Issuance Agreement with AVIC, pursuant to which the Company has conditionally agreed to acquire and AVIC has conditionally agreed to sell 100% equity interest held by AVIC in AVIC Planning ("**Target Equity**"). After filing with and confirmed by the state-owned assets supervision and administration authorities, the valuation of the Target Equity has been adjusted to RMB2,173 million (i.e. RMB2,173,281,600). Taking into account the adjusted valuation of the Target Equity and other factors, on 10 March 2016, the Company entered into the Supplementary Agreement to the Equity Acquisition and Share Issuance Agreement with AVIC, pursuant to which, the consideration for the acquisition of 100% equity interest in AVIC Planning has been confirmed as RMB2,173 million (i.e. RMB 2,173,281,600) and the number of consideration shares to be issued by the Company to AVIC has been adjusted to 491,692,669 shares at the issue price of RMB4.42 per consideration share. On 28 June 2016, all conditions precedent to the acquisition of AVIC Planning, as set out in the Equity

Acquisition and Share Issuance Agreement, have been satisfied, and the Company issued 491,692,669 new domestic shares to AVIC as the consideration for the acquisition of AVIC Planning. Upon completion of the issuance, the total number of issued shares of the Company increased from 5,474,429,167 shares to 5,966,121,836 shares, among which, the total number of domestic shares has increased from 3,117,995,265 shares to 3,609,687,934 shares, and the total number of H shares held by the H shareholders remained unchanged. On 8 August 2016, the Company announced that the AVIC Planning Acquisition has been completed and the entire equity interest in AVIC Planning has been transferred to the Company.

Please refer to the announcements of the Company dated 30 September 2015, 19 October 2015, 10 March 2016, 28 June 2016 and 8 August 2016, and the circular dated 10 May 2016 for details.

USE OF PROCEEDS

As at 30 June 2016, a total of RMB3,436 million out of the proceeds raised by the Company had been invested in the manufacturing, research and development of advanced trainers, helicopters, and aviation composite materials as well as the acquisition of aviation business assets and equity investment. The remaining balance was deposited in banks in the PRC as interest-bearing short-term deposits.

EMPLOYEES

As at 30 June 2016, the Group had approximately 50,257 employees. The Group's staff costs amounted to RMB2,511 million for the six months ended 30 June 2016, representing an increase of RMB106 million or 4.41% as compared with that of RMB2,405 million in the corresponding period of last year.

The remuneration policies and training plans of the Company remained the same as those set out in the 2015 annual report of the Company.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Maurice Savart applied for resignation to the Board as a non-executive Director due to other work commitment, and Mr. Kiran Rao was nominated as the candidate for the new non-executive Director. At the annual general meeting convened on 13 June 2016, Mr. Kiran Rao was appointed as the new non-executive Director of the Company and a member of the Development and Strategy Committee of the Board, and Mr. Maurice Savart ceased to be a non-executive Director and a member of the Development and Strategy Committee of the Board.

Mr. Guo Chongqing applied for resignation to the Board as a non-executive Director due to his age, and Mr. He Zhiping was nominated as the candidate for the new non-executive Director. At the extraordinary general meeting convened on 25 August 2016, Mr. He Zhiping

was appointed as the new non-executive Director of the Company, and Mr. Guo Chongqing ceased to be a non-executive Director.

Due to other business commitment and allocation of more time on new positions, (i) Mr. Chen Guanjun applied to resign as a supervisor and other related positions of the Company with effect from the appointment of his replacement to be approved at the extraordinary general meeting of the Company; (ii) Mr. Tan Ruisong ("**Mr. Tan**") resigned as the general manager of the Company with effect from 25 August 2016; (iii) Mr. Zhang Kunhui ("**Mr. Zhang**") and Mr. Lv Jie ("**Mr. Lv**") resigned as the vice-general managers with effect from 25 August 2016; (iv) Mr. Yan Lingxi ("**Mr. Yan**") resigned as the secretary of the Board, company secretary and authorized representative of the Company with effect from 25 August 2016.

Each of Mr. Chen Guanjun, Mr. Tan, Mr. Lv, Mr. Zhang and Mr. Yan has confirmed that there is no disagreement with the Board and that there is no matter with respect to his resignation that needs to be brought to the attention to the Company's shareholders. The Board would like to take this opportunity to express its sincere gratitude to Mr. Chen Guanjun, Mr. Tan, Mr. Lv, Mr. Zhang and Mr. Yan for their valuable contribution to the Company during their terms of service.

The Board announces that (i) Mr. Zheng Qiang ("**Mr. Zheng**") has been nominated as the supervisor candidate of the Company by AVIC; (ii) Mr. Chen Yuanxian ("**Mr. Chen**") has been appointed as the general manager with a term of office commencing from 25 August 2016 until the expiry of the term of the 5th Session of the Board or his dismissal by the Board; (iii) Mr. Tang Jun ("**Mr. Tang**") has been appointed as the vice general manager with a term of office commencing from 25 August 2016 until the expiry of the term of the 5th Session of the Board or his dismissal by the Board; and (iv) Mr. Gan Liwei ("**Mr. Gan**") has been appointed as the secretary of the Board with a term of office commencing from 25 August 2016 until the expiry of the term of the 5th session of the Board or his dismissal by the Board.

The biographical details of Mr. Zheng and Mr. Chen are set out as follows:

Mr. Zheng Qiang, 52, is a master degree holder and a researcher. He graduated from Northwestern Polytechnical University with a master degree majoring in aircraft design in 1988. Mr. Zheng commenced his career in aviation industry from 1988, and served as an engineer, deputy director and director of Civil Aircraft Division of China Aviation System Engineering Research Institute ("**CASERI**"); deputy chief engineer and director of Aircraft System Engineering Research Division of CASERI since March 1996; deputy director-general and director-general of CASERI since October 1996; deputy head and head of Civil Aircraft Department of AVIC I since August 2001; and assistant to the general manager of AVIC I since September 2004. Mr. Zheng also served as director at AVIC Helicopter Limited from August 2014 to March 2015. Mr. Zheng was appointed as vice general manager of the Company from June 2009 to June 2015. Mr. Zheng has been appointed as director of the management innovation office of AVIC since June 2015.

Mr. Chen Yuanxian, 55, is a doctorate degree holder and a researcher. Mr. Chen graduated from Nanjing University of Aeronautics and Astronautics with a bachelor degree majoring in man-machine engineering in 1982 and graduated from Beijing University of Aeronautics and Astronautics with a master degree and a doctorate degree majoring in man-machine engineering in 1988 and 1998, respectively. He commenced his career in the aviation industry since 1982 and served as a technician, deputy director, deputy chief engineer and chief engineer of China Research Institute of Aero-Accessories. He had been the director-general of China Research Institute of Aero-Accessories since February 2000; head of Airborne Equipment Department of AVIC I since February 2003; deputy chief engineer of AVIC I since June 2007; deputy chief economist of AVIC, head of Strategic Planning Department in September 2008. In March 2013, he was appointed as a director and chief economist of AVIC. Mr. Chen was a director of AVIC Capital Co., Ltd. (“**AVIC Capital**”); Mr. Chen was a non-executive Director of the Company from June 2009 to May 2012. On 25 March 2014, Mr. Chen was appointed as the vice general manager and Chief Financial Officer of the Company.

Save as disclosed above, to the best knowledge and belief of the Board as at the date of this announcement, each of Mr. Zheng and Mr. Chen does not (i) have any relationships with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company; (ii) have any interests or short positions within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Hong Kong Laws) in the shares, underlying shares or debentures of the Company or its associated corporations as at the date of this announcement, save for 322,653 shares and 255,687 shares of the Company held by Mr. Zheng and Mr. Chen, respectively; and (iii) hold any directorships in other listed companies in the last three years. Save as disclosed above, there is no other matter to be brought to the attention of the Company and the shareholders in respect of the proposed appointments of Mr. Zheng and Mr. Chen and there is no other material to be disclosed as required under item (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities (the “**Hong Kong Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

CHANGES OF THE COMPANY SECRETARY AND AUTHORIZED REPRESENTATIVE

As approved by the Board, Mr. Xu Bin (“**Mr. Xu**”) has been appointed as the company secretary and authorized representative of the Company, with effect from 25 August 2016.

The biographical details of Mr. Xu are set out as follows:

Mr. Xu Bin, 38, is a master degree holder and a senior economist. Mr. Xu graduated from Nanchang University in 2000 majoring in law, and then obtained a MBA degree in 2012 from Beijing University of Aeronautics and Astronautics. Mr. Xu served as a lawyer at Jiangxi Ganxing Law Firm since June 2000, and in-house legal counsel at Jiangxi Hongdu Aviation

Industry Group since October 2001. He also successively served as senior manager, head assistant, and deputy head of the Securities and Legal Department of the Company from February 2003 to June 2014. Mr. Xu has been serving as director of Chengdu CAIC Electronics Co., Ltd. since 1 December 2013 and the head of the Compliance Department of the Company since June 2014.

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 Hong Kong Listing Rules on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Shares Trading Management Rules as its own guidelines for securities transactions by its Directors, supervisors and employees of the Company. 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 for securities transactions by Directors and supervisors set out in the Model Code for the six months ended 30 June 2016.

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 and other rules. The audit committee had reviewed the Company’s unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016.

CORPORATE GOVERNANCE

The Company has strictly complied with various applicable laws, rules and regulations as well as its Articles of Association to standardize its operation. After reviewing the corporate governance practices adopted by the Company, the Board was of the view that the Company complied with the requirements of the principles and code provisions set out in the Corporate Governance Code under the Hong Kong Listing Rules for the six months ended 30 June 2016, except for the deviation that the chairman of the Board, Mr. Lin Zuoming was not able to attend the annual general meeting of the Company held on 13 June 2016 due to healthy reason. Mr. Tan Ruisong, vice chairman of the Board, was authorized to chair the annual general meeting and answer the questions raised at the meeting.

OTHER EVENTS

1. On 3 February 2016, AVIC Forstar Science & Technology Co., Ltd., a subsidiary of JONHON OPTRONIC, was officially listed on the National Equities Exchange and Quotations System, with its stock abbreviation as “Forstar” and stock code as “835640”. Please refer to the announcements of the Company dated 26 August 2015, 13 January 2016 and 3 February 2016 for details.
2. On 13 June 2016, Hafei Aviation, a non-wholly owned subsidiary of the Company, entered into the Joint Venture Contract with China Aviation Industry General Aircraft Co., Ltd. (“**CAIGA**”), a subsidiary of AVIC, and Heilongjiang Dazheng Investment Group Co., Ltd. (“**Dazheng Investment**”), pursuant to which Hafei Aviation proposed to contribute RMB200 million in kind in the establishment of Harbin General Aircraft, which shall primarily be engaged in the manufacturing and sales of general fixed-wing aircraft and relevant businesses including client service and etc. Upon the establishment of Harbin General Aircraft, Hafei Aviation, CAIGA and Dazheng Investment will hold 40%, 40% and 20% of the equity interest in Harbin General Aircraft, respectively. Please refer to the announcement of the Company dated 13 June 2016 for details.
3. On 3 July 2016, 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 in AVIC Shenyang Aircraft Industrial (Group) Co., Ltd. and AVIC Chengdu Aircraft Industrial (Group) Co., Ltd. which was entered into by the Company, AVIC Capital, 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. and AVIC Chengdu Aircraft Industrial (Group) Co., Ltd. as the capital increase targets on 18 August 2015. Please refer to the announcement of the Company dated 3 July 2016 for details.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

For the six months ended 30 June 2016, 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 HKEX

The electronic version of this announcement will be published on both the websites of Hong Kong Exchanges and Clearing Limited (“**HKEx**”) (www.hkex.com.hk) and the Company (www.avichina.com). The interim report of the Company for the six months ended 30 June 2016, which contains all information as required by Appendix 16 to the Hong Kong Listing Rules, will be despatched to the shareholders of the Company and published on the websites of HKEx and the Company in due course.

By order of the Board
AviChina Industry & Technology Company Limited*
Chairman
Lin Zuoming

Beijing, 25 August 2016

As at the date of this announcement, the Board comprises executive Director Mr. Lin Zuoming, non-executive Directors Mr. Tan Ruisong, Mr. Gu Huizhong, Mr. Gao Jianshe, Mr. He Zhiping 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 purpose only*