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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**  
**PROPOSED ISSUANCE OF CONVERTIBLE CORPORATE**  
**BONDS OF AVIC AVIONICS**

This announcement is made by AviChina Industry & Technology Company Limited\* (the “**Company**”) under the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”)) and rule 13.09 of the Hong Kong Listing Rules.

Reference is made to the voluntary announcement of the Company dated 11 May 2017, in relation to the trading suspension of the shares of China Avionics Systems Co., Ltd.\* (“**AVIC Avionics**”) (a non wholly-owned subsidiary of the Company) from 12 May 2017 due to the planning of a major event.

On 18 May 2017, AVIC Avionics announced on the Shanghai Stock Exchange that it proposes to launch a public issuance of convertible corporate bonds with a total expected amount of proceeds not exceeding RMB2.4 billion (including RMB2.4 billion) (the “**Proposed Issuance of Convertible Corporate Bonds**”). The concrete plan in relation to the Proposed Issuance of Convertible Corporate Bonds is still under discussion, which is subject to certain uncertainties. As applied to the Shanghai Stock Exchange, the shares of AVIC Avionics will resume trading on 19 May 2017.

Further announcement will be made by the Company in due course pursuant to the relevant requirements of the Hong Kong Listing Rules.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing with the securities of the Company.**

By Order of the Board  
**AviChina Industry & Technology Company Limited\***  
**Xu Bin**  
*Company Secretary*

Beijing, 18 May 2017

*As at the date of this announcement, the Board comprises executive Director Mr. Lin Zuoming, non-executive Directors Mr. Tan Ruisong, Mr. Wu Xiandong, Mr. Li Yao, Mr. He Zhiping and Mr. Patrick de Castelbajac as well as independent non-executive Directors Mr. Lau Chung Man, Louis, Mr. Liu Renhuai and Mr. Yeung Chi Wai.*

*\* For identification purposes only.*