



# 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**

#### **Summary**

The board of directors (the "Board") of AviChina Industry & Technology Company Limited (the "Company") announces that on 18 September 2006 the Company has completed all the formal and necessary procedures required by trading of the unlisted shares of Hongdu Aviation on the Shanghai Stock Exchange. Thereafter, all the share reform proposals on Dongan Motor, Changhe Auto, Hafei Aviation and Hongdu Aviation (the "Share Reform Proposals") put forward by the Company have been completed.

The Board is of the view that the financial impact on the Group will be deducted from the Shareholders' Equity of the consolidated financial statements for the year 2006 prepared under the International Financial Reporting Standards. The details of the accounting treatment of the financial impact will be disclosed in the next annual report and financial statements for the year 2006.

The announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Please refer to the circular dispatched to the shareholders on 26 April 2006 and 12 July 2006 respectively. Unless the context otherwise requires, the terms defined in the above two circulars shall have the same meaning in this announcement.

The Board announces that on 18 September 2006 the Company has completed all the formal and necessary procedures required by trading of the unlisted shares of Hongdu Aviation on the Shanghai Stock Exchange. Thereafter, the share reform proposals on Dongan Motor, Changhe Auto, Hafei Aviation and Hongdu Aviation put forward by the Company have been completed.

As at the date of this announcement, the Company holds 59.51% interest in Dongan Motor, 62.39% interest in Changhe Auto and another 0.83% interest through Dongan Motor, 50.05% interest in Hafei Aviation through Harbin Aviation Group, a wholly-owned subsidiary of the Company and 55.29% interest in Hongdu Aviation through Hongdu Aircraft, a wholly-owned subsidiary of the Company.

The Board is of the view that the financial impact on the Group will be deducted from the Shareholders' Equity of the consolidated financial statements for the year 2006 prepared under the International Financial Reporting Standards.

According to the financial information based on the unaudited interim report for the six months ended 30 June 2006, the financial impact amounted to approximately RMB517 million (approximately HK\$502 million). The Shareholders' Equity will be reduced by the same amount. The above amount may be different from and subject to the audited figures. The details of the accounting treatment of the financial impact on the Group will be disclosed in the next annual report and financial statements for the year 2006.

By order of the Board  
**AviChina Industry & Technology Company Limited**  
**Yan Lingxi**  
*Company Secretary*

Hong Kong, 18 September 2006

*As at the date of this announcement, the Board of the Company comprises executive directors Mr. Zhang Hongbiao, Mr. Wu Xiandong and Mr. Tan Ruisong and non-executive directors Mr. Liang Zhenhe, Mr. Song Jingang, Mr. Wang Bin, Mr. Chen Huaiqiu, Mr. Tian Min, Mr. Wang Yong, 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