



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

Based on the information currently available and after preliminary review of the Group's financial position, the Board notes that due to keen competition within the automobile industry, the Group is expected to incur a loss for the year ended 31st December 2006.

As the financial statements of the Group for the year ended 31st December 2006 has not yet been finalized, the Board is not in a position to quantify the loss at present. The Group will make appropriate disclosure in its 2006 results announcement to be issued by the Company on or before 30th April 2007.

Shareholders of the Company and public investors are cautioned not to place undue reliance on such estimate for the reasons mentioned herein, but should exercise caution when dealing in the securities of the Company.

This announcement is made pursuant to the Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Based on the information currently available and after preliminary review of the Group's financial position, the Board notes that due to keen competition within the automobile industry, the Group is expected to incur a loss for the year ended 31st December 2006.

As the financial statements of the Group for the year ended 31st December 2006 has not yet been finalized and the estimate herein contained is based on preliminary calculations and has not been audited or reviewed by the Company's auditors, the Board is not in a position to quantify the loss at present. The estimate may or may not differ materially from the actual audited results of the Group prepared under International Financial Reporting Standards. The detailed audited results of the Group for the financial year ended 31st December 2006 will be provided in the 2006 results announcement to be issued by the Company on or before 30th April 2007.

Shareholders of the Company and public investors are therefore cautioned not to place undue reliance on such estimate, but should exercise caution when dealing in the securities of the Company.

Definitions:

"Board"	the board of directors of the Company
"Company"	AviChina Industry & Technology Company Limited
"Group"	the Company and all or any of its subsidiaries

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

Hong Kong, 18 January 2007

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. Tian Min, Mr. Chen Huaqiu, 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 purposes only