



AviChina

AviChina Industry & Technology Company Limited
中国航空科技工业股份有限公司

Interim Report 2010



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HIGHLIGHTS OF INTERIM RESULTS

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 2010 prepared under International Financial Reporting Standards.

Revenue

– comprehensive operating business (continuing operations and discontinued operations)	RMB6,917 million
– continuing operating business	RMB2,505 million

Net profit attributable to the equity holders of the Company

– net profit of comprehensive operating business (continuing operations and discontinued operations)	RMB397 million
– net profit of continuing operating business	RMB111 million

Profit per share, basic and diluted

– net profit of comprehensive operating business (continuing operations and discontinued operations)	RMB0.082
– net profit of continuing operating business	RMB0.023

Equity attributable to the equity holders of the Company	RMB6,400 million
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INTERIM DIVIDEND

The Board recommended that no interim dividend be paid for the six months ended 30 June 2010.

BUSINESS REVIEW

During the period under review, the major business segments of the Group comprised the entire aircraft business, aviation parts and components business and automobile engine business (pending completion of disposal). During the first half of 2010, the Group continued to conduct business reorganization and capital operation in order to achieve its strategic objective of becoming a flagship manufacturer with a completed value chain of civil aviation products as well as a platform for overseas financing, merger and acquisition for China's aviation industry. The disposal of the entire vehicle business had been completed and the disposal of the automobile engine business is underway. In the first half of 2010, the Group further improved the industry chain of its aviation business and strengthened the profitability of the aviation business through capital operation. At the same time, the performance of the existing aviation products business had improved. These resulted in a stable growth in the profitability of the Group.

Affected by the change in the scope of consolidation arising from the disposal of the entire vehicle business for the six months ended 30 June 2010, the comprehensive operating business (comprising continuing operations and discontinued operations) of the Group recorded a revenue of RMB6,917million, representing a decrease of 24.94% when compared to that of the corresponding period in 2009. However, the net profit of the comprehensive operating business attributable to equity holders of the Company for the first half of 2010 was RMB397 million, representing a significant increase of RMB389 million as compared with RMB8 million in the corresponding period of last year.

For the six months ended 30 June 2010, the continuing operating business of the Group recorded a revenue of RMB2,505 million, representing an increase of 11.33% over that of the corresponding period in 2009. The net profit from the continuing operating business attributable to equity holders of the Company for the first half of 2010 was RMB111 million, representing an increase of 35.37% as compared with RMB82 million in the corresponding period of last year.

Entire Aircraft and Aviation Parts and Components Business:

For the first half of 2010, the PRC national economy generally presented a positive trend with a stable growth. Led by the new strategy, the PRC aviation industry continued to adapt to the economic globalization, accelerate its pace in moving towards the world and deepen its merger with the international market in active pursuit of a faster and better development. Aviation Industry Corporation of China (“**AVIC**”), the controlling shareholder of the Company, re-entered the list of the world top 500 enterprises with a remarkable lift in terms of the ranking. With these favorable backgrounds, the Group further expanded the scale of the research and development, manufacture and sales in aviation manufacture business to realize a steady development of its aviation products business.

For the first half of 2010, the Group recorded a sales revenue of RMB2,505 million from its aviation products, representing an increase of 11.33% as compared with the corresponding period in 2009.

During the first half of 2010, the Group continued to expand its market. With the grand opening of the Shanghai World Expo, the exhibition of the development of China's aviation industry in the China Aviation Pavilion has received many positive responses. The products of the Group were also exhibited in several international aviation exhibitions attracting the attention of aviation industry in the world.

On 26 May 2010, the delivery ceremony of the 120th K8E trainer jointly manufactured by China and Egypt was held. On 10 June 2010, the delivery of the assembly parts of the 6th L15 advanced trainer, which the Group has participated in its investment and development, was completed.

During the first half year of 2010, the Group received five purchasing orders for Y-12 aircraft. The production of the first Y-12F aircraft, which is self-developed by the Group, also completed the Wing-Fuselage Connection Joint. On 20 July 2010, the new 3rd N-5B model agricultural-forestry aircraft, which is self-developed by Jiangxi Hongdu Aviation Industry Co., Ltd. ("**Hongdu Aviation**"), completed its first flight in Nanchang, marking a substantial breakthrough in the research and development of the new generation of N-5B aircraft.

During the reporting period, the subcontract manufacturing of the Group also made significant achievements. In April 2010, the carbon fiber composite material developed by Hongdu Aviation completed the first assembly trial and such material will be used in the 6th L15 advanced trainer, which will significantly reduce the manufacturing cost for L15. In July 2010, Hongdu Aviation completed the delivery of the first batch of parts and components of engine nacelle for the Boeing 787 subcontract manufacturing project.

In March 2010, Harbin Hafei Airbus Composite Manufacturing Centre Company Limited ("**Hafei Airbus Composite Materials Manufacturing Centre**"), a joint venture directly invested by the Group, Airbus China Limited and other joint venture partners signed a wide-bodied Airbus A350XWB elevators workpackage contract with Aernnova Aerospace SAU ("**ANN**"), a Spanish Company. Pursuant to the contract, Hafei Airbus Composite Materials Manufacturing Centre will be ANN's sole supplier for the elevators of widebodied Airbus A350XWB. On 2 July 2010, Hafei Airbus Composite Materials Manufacturing Centre delivered the first A320 elevators work-package to a factory of Airbus in Spain. On 21 July 2010, Hafei Airbus Composite Materials Manufacturing Centre entered into a ventral fairing work-package contract for A350XWB with Alestis Aerospace SL, a Spanish Company, at the Farnborough Airshow.

On 26 May 2010, Airbus (Tianjin) Final Assembly Co., Ltd., a joint venture of which the Group has invested and participated in the its establishment, completed the final assembly of the 10th Airbus A320 series aircraft.

In respect of its aviation electronics business, the Group actively completed the research and development of new products, with a number of aviation electronics products attaining the international advanced standards.

Automobile Engine Business:

During the first half of 2010, the Group continued with its business reorganization and the disposal of the entire vehicle business has now been completed. The disposal of the automobile engine business has not been completed, pending the change of shareholders registration process. For the six months ended 30 June 2010, the total sales revenue of the automobile engines products of the Group amounted to RMB4,412 million.

FUTURE OUTLOOK

Entire Aircraft and Aviation Parts and Components Business:

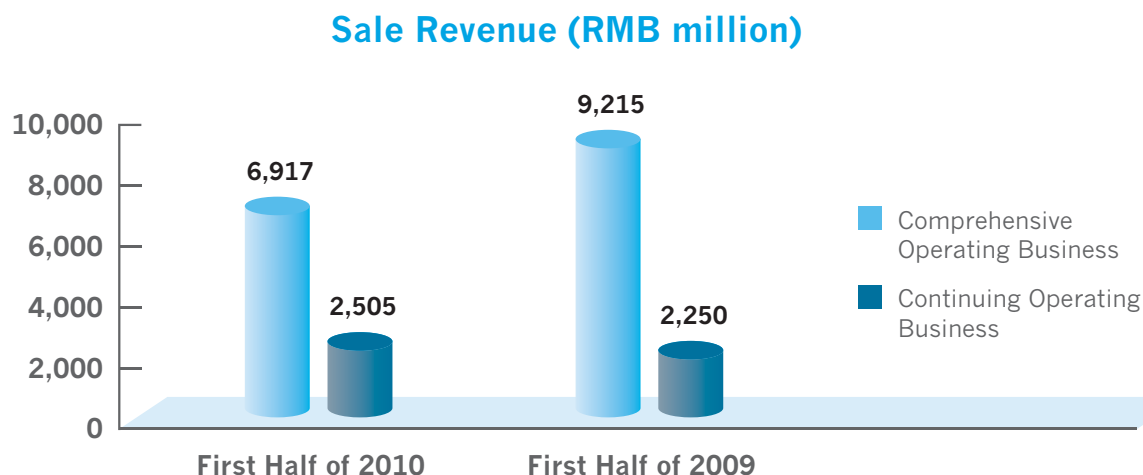
With the stable and rapid development of the national economy, the PRC aviation transportation industry will maintain its rapid growth momentum and will account for an increasing proportion in the national transportation system. China will also become the country with the fastest growth rate in the aviation transportation industry. The PRC government will gradually open the low altitude airspace policy and China's general aviation will become an important industry for expansion of domestic demand and promotion of the national economic development. General aviation will become an increasingly important part in production industry and general living. The establishment of an aviation emergency rescue system with helicopter as the principal rescue aid should not be delayed. The enormous market demand for general aviation and the positive policy support from the government will bring opportunities to the Group for continuous development.

As an important sub-system of aviation manufacturing, the manufacturing of aviation electronics will benefit from the development of China's entire aviation manufacturing industry.

In the second half of 2010, the Group will further enhance its research and development efforts, put more emphasis on talent training, improve the technology innovation and self development capabilities, perfect the management and control model and enhance the management and control to strengthen the profitability of its existing aviation business. The Group will also actively engage in international collaboration with an open attitude, with a view to merging into the world's aviation industry chain. The Group will continue to acquire aviation business assets domestically and overseas, acquire aviation business assets through negotiations with AVIC with a view to further strengthen its aviation industry chain, expand its aviation business scale and further develop its aviation business. These will further consolidate the market share of the Group in helicopter, trainers, general purpose aircraft, and regional jet industry.

FINANCIAL REVIEW

Revenue

*Comprehensive operating business (Continuing operations and Discontinued operations)*

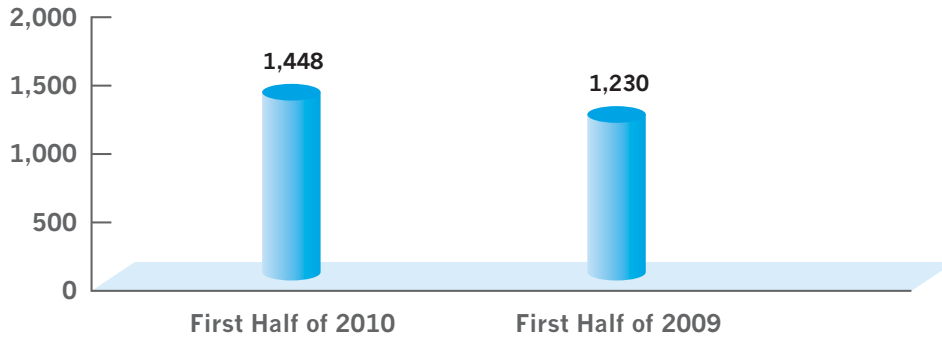
For the six months ended 30 June 2010, the comprehensive operating business (continuing operations and discontinued operations) of the Group recorded a revenue of RMB6,917 million, representing a decrease of RMB2,298 million, or 24.94%, as compared to RMB9,215 million for the corresponding period in 2009 which is mainly attributable to a change in the scope of consolidation of the Group's results arising from the disposal of the entire vehicle business of the Group.

Continuing operations

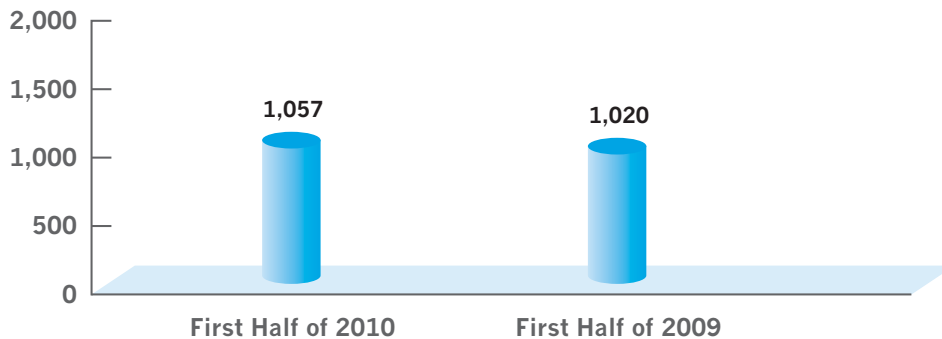
For the six months ended 30 June 2010, the continuing operations of the Group recorded a revenue of RMB2,505 million, representing an increase of RMB255 million, or 11.33%, as compared to RMB2,250 million for the corresponding period in 2009. Such increase is mainly attributable to the increase in the sales volume of the entire aircraft and aviation electronics products.

Segment Information

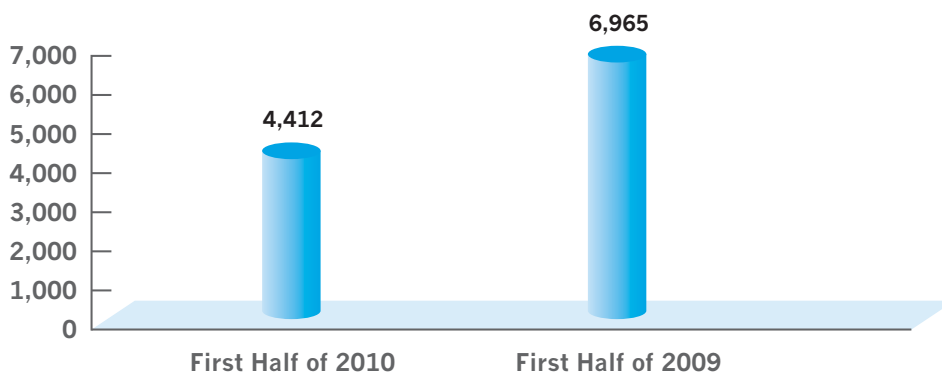
Entire Aircraft Segment (RMB million)



Aviation Parts and Components Segment (RMB million)



Automobile Segment (RMB million)



Comprehensive operating business

For the six months ended 30 June 2010, the revenue of the entire aircraft segment of the Group amounted to RMB1,448 million, representing an increase of 17.72% as compared to the corresponding period in 2009 and accounting for 20.93% of the revenue of the comprehensive operating business. Such increase in revenue is mainly attributable to the increase in the sales volume of the helicopters and trainers. The revenue of the aviation parts and components segment amounted to RMB1,057 million, representing an increase of 3.63% as compared to the corresponding period in 2009 and accounting for 15.28% of the revenue of the comprehensive operating business. The revenue of the automobile business segment (discontinued operations) amounted to RMB4,412 million, representing a decrease of 36.65% as compared to the corresponding period in 2009 and accounting for 63.79% of the revenue of the comprehensive operating business.

Gross profit*Comprehensive operating business*

For the six months ended 30 June 2010, the comprehensive operating business of the Group recorded a gross profit of RMB1,668 million, representing an increase of RMB177 million, or 11.87%, as compared to RMB1,491 million for the corresponding period in 2009.

Continuing operations

For the six months ended 30 June 2010, the continuing operations of the Group recorded a gross profit of RMB554 million, representing an increase of RMB65 million, or 13.29%, as compared to RMB489 million for the corresponding period in 2009, mainly attributable to the increase in the sales revenue and the improvement of the gross profit rate.

Selling and distribution expenses (Continuing operations)

For the six months ended 30 June 2010, the selling and distribution expenses of the Group's continuing operations amounted to RMB23 million, which was at the same level as that of the corresponding period of last year.

General and administrative expenses (Continuing operations)

For the six months ended 30 June 2010, the general and administrative expenses of the Group's continuing operations amounted to RMB359 million, representing an increase of RMB27 million, or 8.13%, as compared to RMB332 million of the corresponding period in 2009. Such increase was mainly attributable to the increase in the expenses for research and development.

Finance costs, net (Continuing operations)

For the six months ended 30 June 2010, the net finance costs of the continuing operations of the Group amounted to RMB31 million, representing an increase of RMB6 million, or 24%, as compared with the corresponding period in 2009. Such increase was mainly attributable to the reduction of the interest income received from the bank.

Net profit attributable to equity holders of the Company

Comprehensive operating business

For the six months ended 30 June 2010, the net profit of the comprehensive operating business of the Group attributable to the equity holders of the Company amounted to RMB397 million, representing a significant increase of RMB389 million from RMB8 million of the corresponding period in 2009.

Continuing operations

For the six months ended 30 June 2010, the net profit of the continuing operations attributable to the equity holders of the Company amounted to RMB111 million, representing an increase of 35.37% from RMB82 million for the corresponding period in 2009. Such increase was mainly due to the stable growth in the sales revenue and the improved profitability of the aviation products as well as the injection of more profitable aviation business assets following the reorganization of the Group.

Liquidity and Financial Resources

As at 30 June 2010, the net cash and cash equivalents of the Group amounted to RMB4,013 million. Cash and cash equivalents were mainly derived from cash and bank deposits at the beginning of 2010, funds generated from operations during this period and the fund raising proceeds.

As at 30 June 2010, the Group's total borrowings amounted to RMB2,392 million, out of which short-term borrowings amounted to RMB937 million, current portion of long-term borrowings amounted to RMB585 million and non-current portion of long-term borrowings amounted to RMB870 million.

The Group's long-term borrowings are repayable as follows:

	RMB million
Within one year	585
In the second year	456
In the third to fifth year	414
After the fifth year	–
	<hr/>
Total	<u>1,455</u>

As at 30 June 2010, the Group's bank borrowings amounted to RMB2,227 million (the average interest rate of which was 4.24% per annum), representing a decrease of RMB229 million as compared to that at the beginning of 2010; and other borrowings amounted to RMB165 million (the average interest rate of which was 3.27% per annum), representing an increase of RMB11 million as compared to that at the beginning of 2010.

Seasonal influence on the Group's borrowings was relatively insignificant.

CAPITAL STRUCTURE

As at 30 June 2010, the Group's borrowings were mainly denominated in Renminbi whilst cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollars and United States dollars.

PLEDGE ON ASSETS

As at 30 June 2010, the Group's secured borrowings amounted to RMB20 million. These borrowings were secured by receivables with a net book value of RMB21 million.

GEARING RATIO

As at 30 June 2010, the Group's gearing ratio was 9.50% (31 December 2009: 11.82% as restated), which was derived from dividing the total borrowings by total assets.

EXCHANGE RATE RISKS

The Company has kept some proceeds from fund raising activities in Hong Kong dollar denominated deposits. The exposure risk to the fluctuations in exchange rates during the period under review was insignificant.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2010, the Group did not provide any guarantees for any third party and had no significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

1. On 23 March 2010, the Company and AVIC entered into: (1) Equity Acquisition Agreement I, pursuant to which the Company agreed to purchase and AVIC agreed to sell the 86.74% equity interest held by AVIC in Chengdu CAIC Electronics Co., Ltd. ("**AVIC Kaitian**") ("**AVIC Kaitian Acquisition**"); and (2) Equity Acquisition Agreement II, pursuant to which the Company agreed to purchase and AVIC agreed to sell the 100% equity interest held by AVIC in Lanzhou Flight Control Co., Ltd. ("**AVIC Lanfei**") ("**AVIC Lanfei Acquisition**", together with AVIC Kaitian Acquisition, collectively referred to as the "**Acquisitions**"). The final consideration amounts for AVIC Kaitian Acquisition and AVIC Lanfei Acquisition, as filed with and confirmed by the state-owned assets supervision and management authorities or its authorized representatives, were RMB581,333,000 and RMB327,327,800, respectively. The Acquisitions constituted discloseable and connected transactions for the Company pursuant to Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The transactions were approved by the independent shareholders of the Company at the extraordinary general meeting held on 19 May 2010. Details of the transactions can be referred to in the announcements of the Company dated 23 March 2010 and 11 May 2010 and the circular of the Company dated 13 April 2010.



2. On 1 June 2010, (i) the Company; (ii) AVIC; (iii) AVIC Avionics Systems Co., Ltd. (“**AVIC Avionics Systems**”), a wholly-owned subsidiary of AVIC; and (iv) Hanzhong Aviation Industry (Group) Co., Ltd. (“**Hanzhong Aviation**”), an indirect 70% owned subsidiary of AVIC, entered into the subscription agreement, as subsequently amended and supplemented by the supplemental agreement dated 5 July 2010, with China AVIC Avionics Equipment Co., Ltd. (“**AVIC Avionics**”) (the “**Subscription Agreement**”). Pursuant to the Subscription Agreement, AVIC Avionics has agreed to issue and each of the Company, AVIC, AVIC Avionics Systems and Hanzhong Aviation has agreed to subscribe for a total of approximately 336 million new shares in AVIC Avionics (“**New AVIC Avionics Shares**”), subject to adjustment, at a subscription price of not less than RMB7.59 per New AVIC Avionics Share (the “**Subscription Price**”). The consideration for subscription of the New AVIC Avionics Shares by the parties under the Subscription Agreement would be satisfied as follows: (i) the Company would transfer its 86.74% and 100% equity interests in AVIC Kaitian and AVIC Lanfei, respectively to AVIC Avionics for subscription of approximately 123,602,782 new AVIC Avionics Shares at the Subscription Price, which would constitute a discloseable and connected transaction for the Company pursuant to Chapter 14 and Chapter 14A of the Listing Rules; (ii) AVIC would transfer its 3.56% equity interest in AVIC Shaanxi Qianshan Avionics Co., Ltd. (“**Qianshan Avionics**”) to AVIC Avionics for subscription of approximately 1,347,093 New AVIC Avionics Shares at the Subscription Price (“**AVIC Subscription**”); (iii) AVIC Avionics Systems would transfer its 100% equity interests in each of Shaanxi Baocheng Aviation Instrument Co., Ltd. (“**Shaanxi Baocheng**”) and AVIC Taiyuan Aviation Instrument Co., Ltd. (“**Taiyuan Instrument**”) as well as 12.90% equity interest in AVIC Shaanxi Huayan Aero-Instrument Co., Ltd. (“**Shaanxi Huayan**”) to AVIC Avionics for subscription of approximately 152,749,808 new AVIC Avionics Shares at the Subscription Price (“**AVIC Avionics Systems Subscription**”); and (iv) Hanzhong Aviation would transfer its 67.10% equity interest in Shaanxi Huayan and 96.44% equity interest in Qianshan Avionics to AVIC Avionics for subscription of 58,584,284 New AVIC Avionics Shares at the Subscription Price (“**Hanzhong Aviation Subscription**”). The AVIC Subscription, AVIC Avionics Systems Subscription and Hanzhong Aviation Subscription would constitute discloseable and connected transactions for the Company pursuant to Chapter 14 and Chapter 14A of the Listing Rules. Upon completion of the transactions contemplated under the Subscription Agreement, the equity interest held by the Company in AVIC Avionics would be diluted from 49.93% to 44.54%. Such dilution would constitute a deemed disposal by the Company of its approximately 5.39% equity interest in AVIC Avionics, which also would constitute a discloseable transaction for the Company under the Listing Rules. As disclosed previously, the accounts of AVIC Avionics will however continue to be consolidated in the accounts of the Company. Details of the transactions can be referred to in the announcements of the Company dated 2 June 2010 and 6 July 2010 and the circular of the Company dated 12 July 2010.

SUBSEQUENT EVENTS

On 30 July 2010, (i) Hongdu Aviation, a non wholly-owned subsidiary of the Company; (ii) Jiangxi Provincial Investment Group Corp. (“**Jiangxi Investment**”); (iii) Xi’an Aircraft Industry (Group) Company Limited (“**Xi’an Aircraft**”); (iv) AVIC Aircraft Corporation Ltd. (“**AVIC Aircraft**”); (v) Jiangxi Copper Corporation (“**Jiangxi Copper**”); (vi) Jiangxi International Trust Co., Ltd. (“**Jiangxi International Trust**”); (vii) Jiangxi Rare Earth and Rare Metals Tungsten Group Corporation (“**Jiangxi Tungsten Group**”); and (viii) Jiangxi Tungsten Industry Group Co., Ltd. (“**Jiangxi Tungsten Company**”) entered into the Promoters’ Agreement for the establishment of a joint venture company namely, Jiangxi Hongdu Commercial Aircraft Corporation Limited (the “**Joint Venture Company**”) with a registered capital of RMB1,200,000,000. The parties have agreed to make capital contributions to the Joint Venture Company in proportion to their respective equity interests in the Joint Venture Company in two phases. Upon completion of the transactions contemplated under the Promoters’ Agreement, the Joint Venture Company will be held as to 25.50%, 25%, 17.17%, 8.33%, 8.33%, 7.33%, 4.17% and 4.17% by Hongdu Aviation, Jiangxi Investment, Xi’an Aircraft, AVIC Aircraft, Jiangxi Copper, Jiangxi International Trust, Jiangxi Tungsten Group and Jiangxi Tungsten Company, respectively. As AVIC holds 100% equity interest in AVIC Aircraft and 85.91% equity interest in Xi’an Aircraft indirectly through AVIC Aircraft, the entering into of the Promoters’ Agreement by Hongdu Aviation with, among other parties, Xi’an Aircraft and AVIC Aircraft constituted a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Details of the transaction can be referred to in the announcement of the Company dated 1 August 2010.

USE OF PROCEEDS

As the Company resolved to dispose of the Group’s automobile business, the investment in the automobile projects was reduced. As at 30 June 2010, a total of RMB802 million of the proceeds raised had been invested in the manufacture and research and development of new advanced trainer models, helicopters, composite materials and wind power products. The rest of the proceeds has been placed in short term deposits in banks in the PRC. The Company will utilize the rest of the proceeds in accordance with the specific plan on use of proceeds.

EMPLOYEES

As at 30 June 2010, the Group had 21,119 employees. The Group’s staff costs of the continuing operations amounted to RMB464 million for the six months ended 30 June 2010, representing an increase of RMB72 million compared with RMB392 million of the corresponding period of last year.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

At the Board meeting convened on 9 April 2010, Mr. Wang Jun was appointed as a vice president and the chief financial officer of the Company and Mr. Zhang Kunhui was appointed as a vice president of the Company. Due to the reallocation of work, Mr. Li Yao resigned as a vice president and chief financial officer of the Company and Mr. Liu Chunhui and Mr. Tian Xueying resigned as vice presidents of the Company with effect from 9 April 2010.

There was no change of the directors and supervisors of the Company during the reporting period.

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 Listing Rules as its code for securities transactions by its directors and supervisors. The Board has also confirmed that, having made specific enquiry of all directors and supervisors, all the directors and supervisors of the Company had complied with the required standards set out in the Model Code for the six months ended 30 June 2010.

THE INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2010, none of the directors, supervisors and chief executive of the Company had any interests or short positions in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“**SFO**”)), which are required to be notified to the Company and the Stock Exchange pursuant to Part XV, Part 7 and Part 8 of the SFO, or required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, pursuant to the register kept under Section 336 of the SFO, shareholders holding 5% or more than 5% equity interests in the Company and its associated corporations were as follows:

Name of Shareholders	Class of shares	Capacity	Number of shares	Approximate percentage of shareholdings to the same class of shares	Approximate percentage of shareholdings to share capital in issue	Nature of shares held
AVIC	Domestic Shares	Beneficial owner	2,806,088,233	95.62%	56.70%	Long position
European Aeronautic Defence and Space Company — EADS N.V.	H Shares	Interests of a party to an agreement to acquire interests in a listed corporation under s.317(1)(a) and s.318	248,909,827	12.36%	5.03%	Long position
The Hamon Investment Group Pte Limited	H Shares	Investment manager	159,220,000 (Note 1)	7.90%	3.22%	Long position
The Dreyfus Corporation (Note 2)	H Shares	Investment manager	107,326,000	5.33%	2.17%	Long position

Notes:

- These shares are held directly by various controlled corporations of The Hamon Investment Group Pte Limited, of which 28,898,000 shares were held by Hamon Asset Management Limited, 107,326,000 shares were held by Hamon U.S. Investment Advisors Limited and 22,996,000 shares were held by Hamon Investment Management Limited.
- A corporation controlled by The Bank of New York Mellon Corporation.

Save as disclosed above, as at 30 June 2010, the Company had not been notified of any interests and short positions in 5% or more than 5% of shares and underlying shares of the Company which had been recorded in the register kept by the Company under section 336 of the SFO.

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. The audit committee had reviewed the Company's unaudited condensed consolidated interim financial information for the six months ended 30 June 2010.

CORPORATE GOVERNANCE

The Company has strictly complied with and has operated according to applicable laws, and regulations as well as its Articles of Association. The Company has also established an internal audit department to enhance the monitoring of the Group's continuing connected transactions. After reviewing the Company's arrangements on corporate governance, the Board is of the view that the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2010.

SIGNIFICANT EVENTS

On 2 March 2010, the Company entered into a placing agreement with BOCI Asia Limited for the placing of, on a fully underwritten basis, an aggregate of 334,633,402 H Shares to not less than 6 independent professional, institutional and/or other investors at the subscription price of HK\$3.40 per H Share (the "**H Share Placing**"). The H Share Placing was completed on 10 March 2010, raising net proceeds of approximately HK\$1,016 million. Details of the H Share Placing can be referred to in the announcements of the Company dated 3 March 2010 and 10 March 2010.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

For the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Lin Zuoming

Chairman

Beijing, 17 August 2010

As at the date of this report, the Board comprises executive directors Mr. Lin Zuoming, Mr. Tan Ruisong and Mr. Wu Xiandong and non-executive directors Mr. Gu Huizhong, Mr. Xu Zhanbin, Mr. Geng Ruguang, Mr. Zhang Xinguo, Mr. Gao Jianshe, Mr. Li Fangyong, Mr. Chen Yuanxian, 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.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2010

	Note	For the six months ended 30th June	
		2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited) (Restated)
Continuing operations			
Revenue	3	2,505,464	2,250,140
Cost of sales		(1,951,042)	(1,761,638)
Gross profit		554,422	488,502
Other income	4	50,439	37,409
Other gains, net	5	43,076	26,947
Selling and distribution expenses		(22,716)	(22,827)
General and administrative expenses		(358,941)	(331,635)
Operating profit		266,280	198,396
Finance income	7	20,436	31,454
Finance costs	7	(51,474)	(56,006)
Finance costs, net		(31,038)	(24,552)
Share of results of associates		13,049	8,682
Profit before income tax		248,291	182,526
Income tax expense	8	(41,193)	(33,479)
Profit for the period from continuing operations		207,098	149,047
Discontinued operations			
Profit for the period from discontinued operations	9	787,263	104,560
Profit for the period		994,361	253,607
Attributable to:			
Equity holders of the Company		397,363	7,763
Non-controlling interests		596,998	245,844
		994,361	253,607
Basic and diluted earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period from:			
– continuing operations	11	RMB0.023	RMB0.018
– discontinued operations	11	RMB0.059	RMB(0.016)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

17

For the six months ended 30th June 2010

	For the six months ended 30th June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited) (Restated)
Profit for the period	994,361	253,607
Other comprehensive (expenses)/income, net of tax		
Change in fair value of available-for-sale financial assets	(50,405)	121,444
Transfer from available-for-sale financial assets reserve to income statement upon disposal of available-for-sale financial assets	(42,100)	(4,673)
	(92,505)	116,771
Total comprehensive income for the period	901,856	370,378
Attributable to:		
Equity holders of the Company	342,852	79,069
Non-controlling interests	559,004	291,309
	901,856	370,378

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2010

	Note	30th June 2010 RMB'000 (Unaudited)	31st December 2009 RMB'000 (Unaudited) (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,104,700	2,165,566
Investment properties	12	53,200	53,806
Land use rights	12	271,993	275,526
Intangible assets	12	226,481	224,636
Interests in associates		512,970	417,127
Available-for-sale financial assets		329,373	457,853
Deferred income tax assets		46,836	49,122
Total non-current assets		3,545,553	3,643,636
Current assets			
Accounts receivable	13	2,383,658	2,444,576
Advances to suppliers		392,664	320,176
Other receivables and prepayments	14	750,805	596,065
Inventories		4,050,533	3,414,363
Financial assets held for trading		22,675	101
Pledged deposits		63,325	85,114
Term deposits with initial term of over three months		2,143,878	1,441,516
Cash and cash equivalents		4,012,762	2,195,816
		13,820,300	10,497,727
Assets classified as held for sale	9	7,821,186	7,929,748
Total current assets		21,641,486	18,427,475
Total assets		25,187,039	22,071,111



CONDENSED CONSOLIDATED BALANCE SHEET

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As at 30th June 2010

	Note	30th June 2010 RMB'000 (Unaudited)	31st December 2009 RMB'000 (Unaudited) (Restated)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	19	4,949,025	4,643,609
Reserves		1,450,055	719,635
		6,399,080	5,363,244
Non-controlling interests		6,289,922	4,244,319
Total equity		12,689,002	9,607,563
LIABILITIES			
Non-current liabilities			
Long-term borrowings	18	869,990	1,151,518
Retirement benefit obligations		102,920	105,177
Deferred income from government grants		182,019	191,167
Deferred income tax liabilities		28,672	39,672
Total non-current liabilities		1,183,601	1,487,534
Current liabilities			
Accounts payable	15	3,632,729	3,222,236
Advances from customers		795,098	907,866
Other payables and accruals	16	668,898	760,669
Amounts payable to ultimate holding company	17	1,279,185	370,524
Current portion of retirement benefit obligations		6,013	6,910
Current portion of long-term borrowings	18	584,500	496,000
Short-term borrowings	18	937,300	961,800
Current income tax liabilities		63,374	84,253
		7,967,097	6,810,258
Liabilities directly associated with assets classified as held for sale	9	3,347,339	4,165,756
Total current liabilities		11,314,436	10,976,014
Total liabilities		12,498,037	12,463,548
Total equity and liabilities		25,187,039	22,071,111
Net current assets		10,327,050	7,451,461
Total assets less current liabilities		13,872,603	11,095,097

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2010

	Attributable to equity holders of the Company					Subtotal RMB'000 (Unaudited)	Non- controlling interests RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
	Share capital RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Available-for- sale financial assets reserve RMB'000 (Unaudited)	Statutory surplus reserve RMB'000 (Unaudited)	Accumulated losses RMB'000 (Unaudited)			
For the six months ended 30th June 2010								
Balance at 1st January 2010, as restated	4,643,609	2,699,241	129,515	31,178	(2,140,299)	5,363,244	4,244,319	9,607,563
Total comprehensive income for the period	-	-	(54,511)	-	397,363	342,852	559,004	901,856
<i>Transactions with owners</i>								
Issuance of new shares (Note 19)	305,416	588,208	-	-	-	893,624	-	893,624
Deemed distribution to holding company (Note 2(a))	-	(908,661)	-	-	-	(908,661)	-	(908,661)
Partial disposal of interests in a subsidiary (Note 1(e))	-	708,021	-	-	-	708,021	426,565	1,134,586
Contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	1,119,543	1,119,543
Dividend to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(59,509)	(59,509)
	305,416	387,568	-	-	-	692,984	1,486,599	2,179,583
Balance at 30th June 2010	4,949,025	3,086,809	75,004	31,178	(1,742,936)	6,399,080	6,289,922	12,689,002
For the six months ended 30th June 2009								
Balance at 1st January 2009, as restated	4,643,609	901,678	60,854	31,178	(2,343,692)	3,293,627	3,551,026	6,844,653
Total comprehensive income for the period	-	-	68,530	-	10,539	79,069	291,309	370,378
<i>Transactions with owners</i>								
Distribution of net liabilities of automobile business to holding company	-	104,106	-	-	-	104,106	64,904	169,010
Contribution from non-controlling shareholder of a subsidiary	-	-	-	-	-	-	1,440	1,440
Dividend to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(80,209)	(80,209)
	-	104,106	-	-	-	104,106	(13,865)	90,241
Balance at 30th June 2009, as restated	4,643,609	1,005,784	129,384	31,178	(2,333,153)	3,476,802	3,828,470	7,305,272



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

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For the six months ended 30th June 2010

	Note	For the six months ended 30th June	
		2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited) (Restated)
Net cash (used in)/generated from operating activities			
– continuing operations		(294,636)	(451,973)
– discontinued operations	9	1,019,759	713,616
		<u>725,123</u>	<u>261,643</u>
Net cash used in investing activities			
– continuing operations		(767,569)	(513,515)
– discontinued operations	9	(1,152,611)	(279,736)
		<u>(1,920,180)</u>	<u>(793,251)</u>
Net cash generated from/(used in) financing activities			
– continuing operations	20	2,879,151	469,160
– discontinued operations	9	(425,670)	(153,298)
		<u>2,453,481</u>	<u>315,862</u>
Net increase/(decrease) in cash and cash equivalents		1,258,424	(215,746)
Cash and cash equivalents at 1st January		3,617,682	2,635,800
Cash and cash equivalents at 30th June		<u>4,876,106</u>	<u>2,420,054</u>
Analysis:			
Cash and cash equivalents		4,012,762	925,039
Cash and cash equivalents classified as held for sale	9	863,344	1,495,015
		<u>4,876,106</u>	<u>2,420,054</u>

1 ORGANISATION AND PRINCIPAL ACTIVITIES

AviChina Industry & Technology Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 30th 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 6th November 2008. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 30th October 2003.

The Company and its subsidiaries are collectively referred to as the “Group”. The Group is principally engaged in the research, development, manufacture and sale of aviation and automobile products.

The Company’s directors regard AVIC, a company established in the PRC, as being the ultimate holding company of the Company. AVIC, AVIC I and AVIC II are all state-owned enterprises under control of the State Council of the PRC government.

This condensed consolidated interim financial information (“Condensed Financial Information”) is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated, and is approved for issue on 17th August 2010.

This Condensed Financial Information has not been audited.

Reorganisation of the Group

- (a) In connection with the Group’s overall strategy on distribution of automobile businesses, in the second half of 2009, the Group decided to distribute its entire 100% equity interests in Harbin Hafei Automobile Industry Group Co., Ltd (“Harbin Automobile Group”) and 54.51% equity interests in Harbin Dongan Auto Engine Co., Ltd. (“Dongan Motor”).

The distribution of Harbin Automobile Group was completed on 31st August 2009 and that of Dongan Motor has not yet been completed at 30th June 2010.

- (b) On 19th May 2010, the Company acquired from AVIC its entire 100% and 86.74% equity interests in Lanzhou Flight Control Co., Ltd. (“AVIC Lanfei”) and Chengdu CAIC Electronics Co., Ltd. (“AVIC Kaitian”) respectively, for an aggregate cash consideration of approximately RMB 0.9 billion.

AVIC Lanfei is engaged in the research, manufacture and sale of aviation auto control equipments and instruments. AVIC Kaitian is engaged in the research, manufacture and sale of air data systems and various types of aviation instruments.

- (c) On 1st June 2010, China AVIC Avionics Equipment Co., Ltd. (“AVIC Avionics”, a subsidiary of the Company), and the Company entered into a subscription agreement, pursuant to which AVIC Avionics will issue and the Company will subscribe approximately 124 million new shares of AVIC Avionics (equivalent to approximately RMB0.9 billion). The share issuance will be satisfied by the Company transferring its then entire 100% and 86.74% equity interests in AVIC Lanfei and AVIC Kaitian respectively, being valued at an aggregate of approximately RMB0.9 billion, to AVIC Avionics.

1 ORGANISATION AND PRINCIPAL ACTIVITIES (Continued)

Reorganisation of the Group (Continued)

- (d) On 1st June 2010, AVIC Avionics, AVIC and certain of AVIC's other subsidiaries entered into a subscription agreement, pursuant to which AVIC Avionics will issue and AVIC and certain of its other subsidiaries will subscribe an aggregate of approximately 213 million new shares of AVIC Avionics (equivalent to approximately RMB 1.6 billion). The share issuance will be satisfied by AVIC and certain of its other subsidiaries transferring their entire 100%, 100%, 80% and 100% equity interests in Shaanxi Baocheng Aviation Instrument Co., Ltd. ("Shaanxi Baocheng"), AVIC Taiyuan Aviation Instrument Co., Ltd. ("Taiyuan Instrument"), AVIC Shaanxi Huayan Aero-Instrument Co., Ltd. ("Shaanxi Huayan") and AVIC Shaanxi Qianshan Avionics Co., Ltd. ("Qianshan Avionics") respectively, being valued at an aggregate of approximately RMB 1.6 billion, to AVIC Avionics.

Upon this share issuance, the equity interests held by the Company in AVIC Avionics will be diluted from 49.93% to 44.54%. On the same day, the Company, AVIC and certain of its other subsidiaries entered into an agreement that upon the above mentioned share issuance, AVIC and certain of its other subsidiaries undertake to exercise their then entire 35% voting rights in AVIC Avionics in accordance with the instructions of the Company. Although the Company will hold less than 50% equity interests in AVIC Avionics, AVIC Avionics will remain as a subsidiary of the Company due to such arrangement.

The proposed transactions in (c) and (d) were approved by the independent shareholders at the Extraordinary General Meeting of the Company on 17th August 2010 and have not yet been completed on the date of this financial information (Note 23 (a) and (b)).

- (e) On 30th June 2010, Jiangxi Hongdu Aviation Industry Co., Ltd. ("Hongdu Aviation", a subsidiary of the Company) issued approximately 95 million new shares to the Company, Jiangxi Hongdu Aviation Industry Group Co., Ltd. ("Hongdu Group", another of AVIC's subsidiary), and other independent investors for an aggregate cash consideration of approximately RMB2.5 billion, in which approximately RMB0.25 billion were subscribed by the Company.

Upon this share issuance, the equity interests held by the Company in Hongdu Aviation were diluted from 55.29% to 45.62%. Pursuant to the agreement entered into between the Company and Hongdu Group, Hongdu Group undertakes to exercise its then entire 4.4% voting rights in Hongdu Aviation in accordance with the instructions of the Company. Although the Company holds less than 50% equity interests in Hongdu Aviation, Hongdu Aviation remains as a subsidiary of the Company due to such arrangement.

Given that Hongdu Aviation remains as a subsidiary of the Company, the gain on dilution of approximately RMB0.7 billion has been accounted for as an addition to the Group's equity for the six months ended 30th June 2010.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This Condensed Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” promulgated by the International Accounting Standards Board (“IASB”) and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This Condensed Financial Information should be read in conjunction with the 2009 annual financial statements.

(a) Restatement of prior year’s financial statements due to business combinations under common control

Further to Note 1(a), the results and cashflows of Harbin Automobile Group and Dongan Motor have been included in the discontinued operations of the Group upon classification as held for sale in the second half of 2009. Accordingly, comparative figures for the six months ended 30 June 2009 are restated.

Further to Note 1(b), given that the Company, AVIC Lanfei and AVIC Kaitian are all under common control of AVIC before and after the business combination, the Company applied the principles of merger accounting in preparing this Consolidated Financial Information of the Group.

By applying the principles of merger accounting, this Consolidated Financial Information of the Group also includes the financial positions, results and cash flows of AVIC Lanfei and AVIC Kaitian as if they had been combined with the Group throughout the six months ended 30th June 2010. Comparative figures as at 31st December 2009 and for the six months ended 30th June 2009 have been restated as a result of such. The cash consideration of approximately RMB 0.9 billion paid by the Company to AVIC is accounted for as a deemed distribution to holding company.

The following are reconciliations of the effects arising from the distributions of Harbin Automobile Group and Dongan Motor (Note 1(a)) and the common control combinations of AVIC Lanfei and AVIC Kaitian (Note 1(b)) on the condensed consolidated balance sheet as at 31st December 2009, condensed consolidated income statement and condensed consolidated cash flow statement for the six months ended 30th June 2009.

(i) The condensed consolidated balance sheet as at 31st December 2009:

	Balances as previously reported RMB’000 (Audited)	Merger of AVIC Lanfei and AVIC Kaitian RMB’000	Elimination of inter-company balances RMB’000	Balances as restated RMB’000 (Unaudited)
Total non-current assts	2,962,194	681,442	–	3,643,636
Total current assets	17,382,144	1,084,184	(38,853)	18,427,475
Total non-current liabilities	1,180,216	307,318	–	1,487,534
Total current liabilities	10,337,149	677,718	(38,853)	10,976,014
Total equity	8,826,973	780,590	–	9,607,563

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) Restatement of prior year's financial statements due to business combinations under common control (Continued)

(ii) The condensed consolidated income statement for the six months ended 30th June 2009:

	Balances as previously reported RMB'000 (Unaudited)	Reclassification as a result of distribution of Harbin Automobile Group and Dongan Motor RMB'000	Merger of AVIC Lanfei and AVIC Kaitian RMB'000	Elimination of inter-company balances RMB'000	Balances as restated RMB'000 (Unaudited)
Continuing operations					
Revenues	7,883,883	(5,853,808)	286,731	(66,666)	2,250,140
Profit for the period from continuing operations	270,871	(150,791)	28,967	–	149,047
Discontinued operations					
(Loss)/profit for the period from discontinued operations	(46,231)	150,791	–	–	104,560
Profit for the period	224,640	–	28,967	–	253,607

(iii) The condensed consolidated cash flow statement for the six months ended 30th June 2009:

	Balances as previously reported RMB'000 (Unaudited)	Merger of AVIC Lanfei and AVIC Kaitian RMB'000	Balances as restated RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	310,865	(49,222)	261,643
Net cash used in investing activities	(759,159)	(34,092)	(793,251)
Net cash generated from financing activities	311,132	4,730	315,862

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- (b) Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2009, as described in those annual financial statements.

The following new/revised standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1st January 2010:

IFRS 1 (Revised)	First-time Adoption of IFRSs
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction
IFRS 3 (Revised)	Business Combinations
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedge Items
IFRIC 17	Distributions of Non-cash Assets to Owners

The adoption of the above new/revised standards, amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group for the six months ended 30th June 2010.

In addition, the IASB also published a number of amendments to existing standards effective 1st January 2010 under its annual improvement projects. Except for certain presentational changes as described below, these amendments also do not have any significant impact to the results and financial position of the Group.

- IFRS 8 (Amendment), “Operating segments”. This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. The Group has not disclosed the measure of segment assets because this is not regularly reported to the Board of Directors. IFRS 8 (Amendment) is applied retrospectively.

Since 2009, the Group has early adopted IAS 24 (Revised), “Related Party Disclosures” which is effective for annual periods beginning on or after 1st January 2011. The amendment introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose the name of the government and the nature of their relationship, the nature and amount of any individually-significant transactions, and the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party.

There are certain other new/revised standards, amendments to standards and interpretations that are not yet effective for the year beginning 1st January 2010 and have not been early adopted. Management is in the process of assessing their related impacts to the Group.

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 considers the business from a product perspective:

- Aviation – manufacturing, assembly, sales and servicing of helicopters, trainers and other aircraft (“entire aircraft”)
- Aviation – manufacturing and sales of aviation parts and components (“aviation parts & components”)
- Automobiles – manufacturing, assembly, sales and servicing of automobiles and automobile engines

Turnover consists of sales from entire aircraft, aviation parts & components and automobile segments, which are RMB1,448,140,000, RMB1,057,324,000 and RMB4,412,431,000 for the six months ended 30th June 2010 and RMB1,229,974,000, RMB1,020,166,000 and RMB6,965,459,000 for the six months ended 30th June 2009 (as restated) respectively.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the condensed consolidated income statement.

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)

	(Continuing operations)		(Discontinued operations)
	Aviation-entire aircraft RMB'000 (Unaudited)	Aviation-parts & components RMB'000 (Unaudited)	Automobiles RMB'000 (Unaudited)
For the six months ended 30th June 2010			
Total segment revenue	1,448,140	1,169,007	4,412,431
Inter-segment revenue	-	(111,683)	-
Revenue (from external customers)	<u>1,448,140</u>	<u>1,057,324</u>	<u>4,412,431</u>
Segment results	<u>96,558</u>	<u>147,844</u>	<u>892,009</u>
Depreciation and amortisation	63,407	36,665	-
(Reversal of provision)/provision for impairments	(207)	9,458	5,132
Finance costs	45,686	5,788	25,186
Share of results of associates	13,142	(93)	4,748
Income tax expense	<u>20,168</u>	<u>21,025</u>	<u>126,126</u>

3 SEGMENT INFORMATION (Continued)

	(Continuing operations)		(Discontinued operations)
	Aviation-entire aircraft RMB'000 (Unaudited)	Aviation-parts & components RMB'000 (Unaudited)	Automobiles RMB'000 (Unaudited)
For the six months ended 30th June 2009 (restated)			
Total segment revenue	1,229,974	1,120,093	6,965,459
Inter-segment revenue	–	(99,927)	–
Revenue (from external customers)	<u>1,229,974</u>	<u>1,020,166</u>	<u>6,965,459</u>
Segment results	<u>46,892</u>	<u>139,729</u>	<u>151,066</u>
Depreciation and amortisation	55,765	38,023	427,188
Provision/(reversal of provision) for impairments	5,049	8,117	(18,724)
Finance costs	51,072	4,934	91,779
Share of results of associates	8,762	(80)	894
Income tax expense	<u>13,370</u>	<u>20,109</u>	<u>62,356</u>

3 SEGMENT INFORMATION (Continued)

Reconciliation of segment results to profit for the period:

	For the six months ended 30th June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited) (Restated)
Segment result for entire aircraft and aviation components & parts	244,402	186,621
Finance income	20,436	31,454
Corporate overheads	(16,547)	(35,549)
	<hr/>	<hr/>
Profit before income tax for continuing operations	248,291	182,526
Income tax expense	(41,193)	(33,479)
	<hr/>	<hr/>
Profit for the period from continuing operations	<u>207,098</u>	<u>149,047</u>
Segment result for automobiles	892,009	151,066
Finance income	21,380	15,850
	<hr/>	<hr/>
Profit before income tax for discontinued operations	913,389	166,916
Income tax expense	(126,126)	(62,356)
	<hr/>	<hr/>
Profit for the period from discontinued operations	<u>787,263</u>	<u>104,560</u>

4 OTHER INCOME

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000 (Restated)
Rental income	5,925	4,870
Income from government grants	40,577	26,526
Profit from sale of scrap materials	889	990
Income from rendering of maintenance and other services	1,048	4,308
Dividend income from available-for-sale financial assets	2,000	715
	<u>50,439</u>	<u>37,409</u>

5 OTHER GAINS, NET

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000 (Restated)
Fair value loss on financial assets held for trading	(6,018)	(141)
(Loss)/gain on disposal of:		
– Property, plant and equipment	(284)	2,648
– Available-for-sale financial assets	49,529	12,753
– Financial assets held for trading	(151)	11,687
	<u>43,076</u>	<u>26,947</u>

6 EXPENSES BY NATURE

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000 (Restated)
Advertising costs	834	546
Amortisation:		
– Land use rights	3,533	3,533
– Intangible assets	38	38
Auditors' remuneration	4,265	3,835
Changes in inventories of finished goods and work-in-progress	(517,136)	(216,116)
Contract costs incurred	1,159,108	934,169
Depreciation:		
– Investment properties	872	846
– Property, plant and equipment	95,629	89,371
Fuel	95,235	74,168
Insurance	3,167	3,100
Operating lease rentals	8,573	6,746
Provision/(reversal of provision) for impairment:		
– Available-for-sale financial assets	1,235	75
– Inventories	855	(859)
– Receivables	7,161	13,950
Raw materials and consumables used	575,518	453,014
Repairs and maintenance expense	25,714	26,168
Research expenditures and development costs	61,900	43,273
Staff costs	464,252	392,241
Sub-contracting charges	129,494	75,001
Sundries	176,783	178,446
Transportation expenses	7,822	7,643
Travelling	20,720	17,739
Warranty expenses	7,127	9,173
Total cost of sales, selling and distribution expenses, and general and administrative expenses	2,332,699	2,116,100

7 FINANCE COSTS, NET

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000 (Restated)
Finance income:		
Interest income on bank balances and deposits	20,436	31,454
Finance costs:		
Interest expense on bank borrowings		
– Wholly repayable within 5 years	48,180	53,244
– Not wholly repayable within 5 years	2,822	9,293
Interest expense on other borrowings		
– Wholly repayable within 5 years	1,086	531
	52,088	63,068
Less: Amount capitalised in property, plant and equipment	(2,559)	(8,806)
	49,529	54,262
Exchange losses	340	562
Other finance costs	1,605	1,182
	51,474	56,006
	31,038	24,552

8 INCOME TAX EXPENSE

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000 (Restated)
Current income tax	33,584	35,552
Deferred income tax	7,609	(2,073)
	<u>41,193</u>	<u>33,479</u>

Except for certain subsidiaries which are taxed at a preferential rate of 15% (2009: 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% (2009: 25%) on the assessable income of the companies within the Group.

9 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The aggregate results and cash flows of the discontinued operations related to the Group's automobile businesses were as follows:

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000
Revenue	4,412,431	6,965,459
Expenses	(3,499,042)	(6,798,543)
Profit before income tax	913,389	166,916
Income tax expense	(126,126)	(62,356)
Profit from discontinued operations	<u>787,263</u>	<u>104,560</u>
Net cash generated from operating activities	1,019,759	713,616
Net cash used in investing activities	(1,152,611)	(279,736)
Net cash used in financing activities	(425,670)	(153,298)
Net cash (outflows)/inflows	<u>(558,522)</u>	<u>280,582</u>

9 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

The assets/liabilities held for sale related to the Group's automobile businesses were as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000
Assets classified as held for sale		
Property, plant and equipment	1,812,682	1,591,322
Land use rights	62,276	62,276
Interests in associates	28,452	23,704
Deferred income tax assets	101,905	119,961
Accounts receivable	1,757,144	1,764,880
Advances to suppliers	46,714	79,359
Other receivables and prepayments	14,852	64,687
Inventories	715,564	1,314,691
Pledged deposits	–	205,754
Term deposits with initial term of over three months	2,418,253	1,281,248
Cash and cash equivalents	863,344	1,421,866
	<u>7,821,186</u>	<u>7,929,748</u>
Liabilities directly associated with assets classified as held for sale		
Long-term borrowings	200,000	200,000
Accounts payable	1,677,760	2,014,966
Advances from customers	8,209	61,333
Other payables and accruals	1,019,736	1,053,207
Short-term borrowings	325,156	694,318
Current income tax liabilities	116,478	141,932
	<u>3,347,339</u>	<u>4,165,756</u>

10 DIVIDENDS

The Board of Directors of the Company does not recommend the payment of any interim dividend for the six months ended 30th June 2010 (six months ended 30th June 2009: Nil).

11 EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30th June	
	2010	2009
	RMB'000	RMB'000 (Restated)
Profit/(loss) attributable to equity holders of the Company from		
– continuing operations	111,323	81,814
– discontinued operations	286,040	(74,051)
	397,363	7,763
Weighted average number of ordinary shares in issue (thousands)	4,830,252	4,643,609

There was no dilution effect on the basic earnings/(loss) per share for the six months ended 30th June 2009 and 2010 as there were no potential dilutive shares outstanding during the six months ended 30th June 2009 and 2010.

12 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Investment properties RMB'000	Land use rights RMB'000	Intangible assets (note) RMB'000	Total RMB'000
Cost					
As at 1st January 2010, as restated	3,553,210	61,371	322,472	224,767	4,161,820
Additions	49,912	266	-	1,883	52,061
Disposals	(30,840)	-	-	-	(30,840)
As at 30th June 2010	3,572,282	61,637	322,472	226,650	4,183,041
Accumulated depreciation/ amortisation and impairment					
As at 1st January 2010, as restated	1,387,644	7,565	46,946	131	1,442,286
Depreciation/amortisation	95,629	872	3,533	38	100,072
Disposals	(15,691)	-	-	-	(15,691)
As at 30th June 2010	1,467,582	8,437	50,479	169	1,526,667
Net book value					
As at 30th June 2010	2,104,700	53,200	271,993	226,481	2,656,374

12 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LAND USE RIGHTS AND INTANGIBLE ASSETS (Continued)

	Property, plant and equipment RMB'000 (Restated)	Investment properties RMB'000 (Restated)	Land use rights RMB'000 (Restated)	Intangible assets (note) RMB'000 (Restated)	Total RMB'000 (Restated)
Cost					
As at 1st January 2009	14,106,943	55,495	435,343	645,315	15,243,096
Additions	416,997	5,438	895	8,127	431,457
Disposals	(73,937)	–	–	–	(73,937)
Distribution of automobile business	(2,436,612)	–	(19,142)	(32,983)	(2,488,737)
As at 30th June 2009	12,013,391	60,933	417,096	620,459	13,111,879
Accumulated depreciation/ amortisation and impairment					
As at 1st January 2009	6,654,877	5,960	61,943	404,501	7,127,281
Depreciation/amortisation	507,809	846	8,459	4,912	522,026
Disposals	(33,193)	–	–	–	(33,193)
Distribution of automobile business	(1,132,304)	–	(1,627)	(11,470)	(1,145,401)
As at 30th June 2009	5,997,189	6,806	68,775	397,943	6,470,713
Net book value					
As at 30th June 2009	6,016,202	54,127	348,321	222,516	6,641,166

Note:

Intangible assets principally represent development costs capitalised in accordance with the Group's accounting policies.

13 ACCOUNTS RECEIVABLE

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Trade receivables, gross (note (a))		
– Fellow subsidiaries (note (b))	1,645,045	1,617,241
– Others	564,810	433,825
	2,209,855	2,051,066
Less: Provision for impairment of receivables	(93,174)	(85,981)
	2,116,681	1,965,085
Notes receivable (note (c))		
– Fellow subsidiaries (Note 22(b))	236,245	380,221
– Others	30,732	99,270
	266,977	479,491
	2,383,658	2,444,576

Notes:

- (a) Certain of the Group's sales were on advance payment. Sales to small, new or short-term customers are normally expected to be settled shortly after delivery. A credit period of up to six months may be granted in respect of sales to customers with good credit history and long-established relationship with the Group. Terms offered to related parties are similar to those offered to third parties. Ageing analysis of trade receivables is as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Current to 1 year	2,061,860	1,908,278
1 year to 2 years	69,248	62,964
2 years to 3 years	21,011	16,504
Over 3 years	57,736	63,320
	2,209,855	2,051,066

- (b) Trade receivables from fellow subsidiaries are unsecured, non-interest bearing and are repayable in accordance with the relevant trading terms. Details of these balances are disclosed in Note 22(b).
- (c) Substantially all of the notes receivable are bank acceptance notes with average maturity period of within six months.
- (d) Substantially all of the accounts receivable are denominated in RMB and the carrying amounts of accounts receivable approximate their fair values.
- (e) Certain trade receivables were pledged as security for bank loans (Note 18(g)).

14 OTHER RECEIVABLES AND PREPAYMENTS

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Amounts due from customers for contract work	262,240	123,683
Other advances (note)		
– to ultimate holding company	5,407	5,921
– to fellow subsidiaries	175,094	179,919
Other receivables	177,511	187,147
Prepayments and deposits	52,702	48,743
Other current assets	77,851	50,652
	750,805	596,065

Note:

Other advances mainly represent current account balances with the respective related companies which are unsecured, non-interest bearing and are repayable on demand. Details of these balances are disclosed in Note 22(b).

15 ACCOUNTS PAYABLE

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Trade payables (note (a))		
– Fellow subsidiaries (note (b))	861,958	662,954
– Others	2,250,352	1,749,803
	3,112,310	2,412,757
Notes payable (note (c))		
– Fellow subsidiaries (Note 22(b))	321,141	526,064
– Others	199,278	283,415
	520,419	809,479
	3,632,729	3,222,236

15 ACCOUNTS PAYABLE (Continued)

Notes:

- (a) The normal credit period for trade payables generally ranges from 0 to 6 months. Ageing analysis of trade payables is as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Current to 1 year	2,474,056	1,722,081
1 year to 2 years	231,494	504,068
2 years to 3 years	237,242	123,535
Over 3 years	169,518	63,073
	<u>3,112,310</u>	<u>2,412,757</u>

- (b) Trade payables to fellow subsidiaries are unsecured, non-interest bearing and will be settled in accordance with the relevant trading terms. Details of these balances are disclosed in Note 22(b).
- (c) Substantially all of the notes payable are bank acceptance notes with average maturity period of within six months. As at 30th June 2010, notes payable of RMB289,029,000 (31st December 2009: RMB465,839,000 as restated) were secured by pledged deposits to the extent of RMB63,325,000 (31st December 2009: RMB85,114,000 as restated).
- (d) The carrying amounts of accounts payable approximate their fair values.

16 OTHER PAYABLES AND ACCRUALS

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Payable for property, plant and equipment		
– Fellow subsidiaries (note (a))	–	19,239
– Others	10,486	5,700
Wages, salaries and bonuses payables	162,476	203,284
Accrued expenses	151,254	166,666
Deferred income from government grants	24,716	32,362
Consumption tax, business tax and other taxes payable	12,018	16,090
Other advances from (note (b))		
– Ultimate holding company	2,548	12,731
– Fellow subsidiaries	63,166	78,635
Other current liabilities	242,234	225,962
	<u>668,898</u>	<u>760,669</u>

16 OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

- (a) Payable for property, plant and equipment is unsecured, non-interest bearing and will be settled in accordance with the relevant trading terms.
- (b) Other advances mainly represent current account balances with the respective related companies which are unsecured, non-interest bearing and are repayable on demand.

Details of these balances are with these related parties disclosed in Note 22(b).

17 AMOUNTS PAYABLE TO ULTIMATE HOLDING COMPANY

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Payable for acquisition of subsidiaries (Note 1(b))	908,661	–
Others	370,524	370,524
	<u>1,279,185</u>	<u>370,524</u>

18 BORROWINGS

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Short-term borrowings		
Bank borrowings		
– Secured (note (g))	250,000	290,000
– Unsecured	687,300	671,800
	<u>937,300</u>	<u>961,800</u>
Current portion of long-term borrowings	584,500	496,000
	<u>1,521,800</u>	<u>1,457,800</u>
Long-term borrowings		
Bank borrowings		
– Secured (note (g))	1,289,490	1,493,890
Other borrowings		
– Secured (note (c) and (g))	100,000	108,628
– Unsecured (note (c))	65,000	45,000
	<u>165,000</u>	<u>153,628</u>
	<u>1,454,490</u>	<u>1,647,518</u>
Less: Current portion of long-term borrowings	<u>(584,500)</u>	<u>(496,000)</u>
	<u>869,990</u>	<u>1,151,518</u>
Total borrowings	<u><u>2,391,790</u></u>	<u><u>2,609,318</u></u>

18 BORROWINGS (Continued)

Notes:

(a) The long-term borrowings are analysed as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Wholly repayable within five years		
– Bank borrowings	1,289,490	1,284,000
– Other borrowings	165,000	153,628
	<u>1,454,490</u>	<u>1,437,628</u>
Not wholly repayable within five years		
– Bank borrowings	–	209,890
	<u>1,454,490</u>	<u>1,647,518</u>

(b) The long-term borrowings are repayable as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Bank borrowings:		
– Within one year	584,500	496,000
– In the second year	410,990	596,000
– In the third to fifth years	294,000	192,000
– After the fifth years	–	209,890
	<u>1,289,490</u>	<u>1,493,890</u>
Other borrowings:		
– In the second year	45,000	–
– In the third to fifth year	120,000	153,628
	<u>165,000</u>	<u>153,628</u>
	<u>1,454,490</u>	<u>1,647,518</u>

(c) As at 30th June 2010 and 31st December 2009, other long-term secured borrowings represent loans granted by a fellow subsidiary of the Group which bear interests at 4% to 5% per annum and are repayable in 2012 and 2013.

18 BORROWINGS (Continued)

Notes: (Continued)

(d) The annual effective interest rates of long-term and short-term borrowings at balance sheet date were as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Weighted average effective interest rates		
– Bank borrowings	4.24%	4.14%
– Other borrowings	3.27%	2.29%

(e) The carrying amounts of long-term and short-term borrowings are denominated in the following currencies:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Currency		
Renminbi	2,391,790	2,600,690
United States Dollar	–	8,628
	2,391,790	2,609,318

(f) The carrying amount and fair value of non-current portion of long-term borrowings are as follows:

	Carrying amount		Fair value	
	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Bank borrowings	704,990	997,890	678,094	956,158
Other borrowings	165,000	153,628	158,351	144,340
	869,990	1,151,518	836,445	1,100,498

The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics as at the balance sheet dates. Such discount rates ranged from 5.40% to 5.94% as at 30th June 2010 (31st December 2009: 5.40% to 5.94%) depending on the type of the debt.

(g) The Group's long-term and short-term borrowings are secured as follows:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Securities over the Group's assets, at carrying value:		
– Accounts receivable (Note 13(e))	20,737	56,765
Guarantees provided by:		
– Related parties (Note 22(c))	569,490	772,518
– Subsidiaries within the Group (cross guarantees)	1,050,000	1,080,000

19 SHARE CAPITAL

	30th June 2010 RMB'000	31st December 2009 RMB'000
Registered:	4,949,025	4,643,609
Issued and fully paid:		
2,934,590,598 (31st December 2009: 2,963,808,000) Domestic Shares of RMB1 each	2,934,591	2,963,808
2,014,433,902 (31st December 2009: 1,679,800,500) H Shares of RMB1 each	2,014,434	1,679,801
	4,949,025	4,643,609

On 10th March 2010, the Company issued 334,633,402 H Shares with par value of RMB1 each at HK\$3.40 per share, of which 29,217,402 H Shares issued in exchange of the Domestic Shares held by AVIC and 305,416,000 new H shares for placement to independent investors. The net proceeds of the placement amounted to approximately RMB0.9 billion.

20 SUPPLEMENTARY INFORMATION TO CASH FLOW STATEMENT

During the six months ended 30th June 2010, net cash generated from financing activities of continuing operations mainly included the net proceeds derived from the:

- (i) subscription of new shares of Hongdu Aviation by non-controlling shareholders amounting to approximately RMB2.25 billion on 30th June 2010 (Note 1(e)); and
- (ii) placement of new H shares by the Company amounting to approximately RMB0.9 billion on 10th March 2010 (Note 19).

21 CAPITAL COMMITMENTS

The Group has the following capital commitments not provided for as at 30th June 2010:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Acquisition of property, plant and equipment:		
– Authorised but not contracted for	211,320	21,350
– Contracted but not provided for	584,786	9,992
	796,106	31,342
Construction commitments:		
– Authorised but not contracted for	31,000	31,000
– Contracted but not provided for	693	1,697
	31,693	32,697
Investments in an associate		
– Contracted but not provided for	40,745	122,908
	868,544	186,947

22 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown in Note 1 about the Reorganisation of the Group and elsewhere in the Condensed Financial Information. Management of the Group are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed.

(a) Significant transactions with related parties:

	For the six months ended 30th June	
	2010 RMB'000	2009 RMB'000 (Restated)
Income:		
Revenue from sale of goods and materials		
– Fellow subsidiaries	1,962,950	1,678,109
Rendering of services		
– Fellow subsidiaries	1,048	4,308
Expenses:		
Purchase of goods and raw materials		
– Fellow subsidiaries	908,925	710,237
Service fees payable		
– Fellow subsidiaries	45,785	42,300
Rental expenses		
– Fellow subsidiaries	6,325	5,618
Key management compensations		
– Salaries, bonuses and other welfares	3,697	1,387

In the opinion of the directors of the Company, the above transactions were carried out in the ordinary course of the Group's business and were determined based on mutually agreed terms.

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Assets:		
Trade receivables		
– Fellow subsidiaries	1,645,045	1,617,241
Notes receivable		
– Fellow subsidiaries	236,245	380,221
Advance to suppliers		
– Fellow subsidiaries	167,662	123,652
Other receivables and prepayments		
– Ultimate holding company	5,407	5,921
– Fellow subsidiaries	175,094	179,919
Liabilities:		
Trade payables		
– Fellow subsidiaries	861,958	662,954
Notes payable		
– Fellow subsidiaries	321,141	526,064
Advance from customers		
– Fellow subsidiaries	635,923	727,124
Other payables and accruals		
– Ultimate holding company	2,548	12,731
– Fellow subsidiaries	63,166	97,874

22 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Other items:

	30th June 2010 RMB'000	31st December 2009 RMB'000 (Restated)
Guarantees on bank loans granted to the Group from		
– Ultimate holding company	229,490	423,890
– Fellow subsidiaries	340,000	348,628

In addition, certain of the Group's property, plant and equipment with carrying value of approximately RMB260,906,000 at 30th June 2010 (31st December 2009: RMB292,979,000) were situated on leasehold land in the PRC which are granted by AVIC for the Group's use at no cost or have been leased from certain fellow subsidiaries under long-term leases (Note 22(a): Rental expenses).

23 SUBSEQUENT EVENTS

- (a) Upon completion of the proposed transactions in Notes 1(c) and 1(d), the Company's effective interests in AVIC Lanfei and AVIC Kaitian will be diluted to 44.54% and 38.63% respectively. Any gain/loss on dilution will be recognised in the equity of the Group given that AVIC Avionics will remain as a subsidiary of the Company.
- (b) The acquisitions in Note 1(d) will be accounted for using merger accounting given the Company, Shaanxi Baocheng, Taiyuan Instrument, Shaanxi Huayan and Qianshan Avionics are under common control of AVIC before and after the acquisitions. As at 31st December 2009, in aggregate, these acquirees had total assets and net assets of approximately RMB2,969 million and RMB1,093 million respectively, and recorded revenue and net profit of approximately RMB1,449 million and RMB139 million respectively for the year then ended.
- (c) On 30th July 2010, Hongdu Aviation, certain of other AVIC's subsidiaries and other independent investors (collectively the "Promoters") entered into an agreement for the establishment of a new company, Jiangxi Hongdu Commercial Aircraft Corporation Limited (the "Joint Venture Company"). The registered capital of the Joint Venture Company is RMB1.2 billion and the Promoters will make capital contributions in cash in proportion to their respective equity interests in it. Hongdu Aviation will own 25.5% of its equity interests which will be accounted for using the equity method of accounting in the Group's consolidated financial statements.

BOARD OF DIRECTORS

Chairman, Executive Director	Lin Zuoming
Vice Chairman,	
Executive Director	Tan Ruisong
Executive Director	Wu Xiandong
Non-Executive Director	Gu Huizhong
Non-Executive Director	Xu Zhanbin
Non-Executive Director	Geng Ruguang
Non-Executive Director	Zhang Xinguo
Non-Executive Director	Gao Jianshe
Non-Executive Director	Li Fangyong
Non-Executive Director	Chen Yuanxian
Non-Executive Director	Wang Yong
Non-Executive Director	Maurice Savart
Independent	
Non-Executive Director	Guo Chongqing
Independent	
Non-Executive Director	Li Xianzong
Independent	
Non-Executive Director	Lau Chung Man, Louis

SUPERVISORY COMMITTEE

Chairman	Li Yuhai
Supervisors	Tang Jianguo
	Bai Ping
	Wang Yuming
	Yu Guanghai

SENIOR MANAGEMENT

President	Tan Ruisong
Vice Presidents	Wang Jun
	Ni Xianping
	Zheng Qiang
	Zhang Kunhui
Company Secretary	Yan Lingxi

THE LEGAL NAME OF THE COMPANY

中國航空科技工業股份有限公司
 AviChina Industry & Technology Company Limited
 Abbreviation name in Chinese: 中航科工
 Abbreviation name in English: AviChina
 Legal representative: Lin Zuoming

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AUTHORISED REPRESENTATIVE

Wu Xiandong Yan Lingxi

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PLACE OF LISTING, STOCK NAME AND STOCK CODE

Main Board of The Stock Exchange of
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Stock code: 2357

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