

In this Annual Report, unless the context otherwise requires, the following terms shall have the meanings indicated.

“3C”	CCC, being the abbreviation of China Compulsory Certification, which shall mean the “China Compulsory Certification”, the certification marking is the certified mark in the Catalogue permitted for use in the ex-factory sale, import and use of the products
“A Shares”	Renminbi-denominated Domestic Shares traded on the Shanghai Stock Exchange by PRC legal persons or individuals
“automobile financing and insurance”	a type of insurance cover in the vehicle insurance in the PRC, where vehicle buyers obtaining bank mortgage loans must first purchase this type of insurance cover, and the insurance company is responsible to make investigation on the credibility of the loan applicant, so that in the event the money borrower fails to make repayments as agreed, the insurance company will be responsible for the losses of the bank
“AVIC”	中國航空工業總公司(Aviation Industry of China Corporation), the predecessor of AVIC I and AVIC II
“AVIC II”	中國航空工業第二集團公司 (China Aviation Industry Corporation II)
“AVIC II Group”	AVIC II and its subsidiaries and associates (excluding the Group)
“AviChina”, “the Company”	中國航空科技工業股份有限公司(AviChina Industry & Technology Company Limited, a joint stock limited company established in the PRC with limited liability on 30 April 2003.
“Board” or “Board of Directors”	the board of directors of the Company
“Changhe Auto”	江西昌河車股份有限公司(Jiangxi Changhe Automobile Co., Ltd.), a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 63.88% of its interests being held by Changhe Industry Company and 0.96% of its interests being held by Dongan Motor

“Changhe Group”	昌河飛機工業（集團）有限責任公司 (Changhe Aircraft Industries (Group) Ltd.), a wholly-owned subsidiary of AVIC II
“Changhe Industry Company”	江西昌河航空工業有限公司 (Jiangxi Changhe Aviation Industry Company Limited), a wholly-owned subsidiary of the Company
“Directors”	the director(s) of the Company
“Domestic Shares”	ordinary shares of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi by PRC corporate entities
“Dongan Group”	哈爾濱東安發動機集團有限公司 (Harbin Dongan Engine (Group) Co., Ltd., a wholly-owned subsidiary of AVIC II, formerly known as Harbin Dongan Engine Manufacturing Company
“Dongan Motor”	哈爾濱東安汽車動力股份有限公司 (Harbin Dongan Auto Engine Co., Ltd.), a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 70.01% of its interests being held by the Company
“EADS”	European Aeronautic Defence and Space Company -EADS N.V., a limited liability corporation incorporated in the Netherlands, with its principal place of business at Le Carre, Beechavenue 130-132, 1119 PR Schiphol, Rijk, the Netherlands
“economy sedan”	for the purpose of this annual report, sedans with a total engine capacity below 1.6 litres (excluding 1.6 litres) and basic sales price below RMB100,000
“Group”	AviChina and all or any of its subsidiaries
“H Shares”	overseas listed foreign invested shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Stock Exchange
“Hafei Auto”	哈飛汽車股份有限公司 (Hafei Motor Co., Ltd.), a joint stock limited liability company with foreign investment which is held as to 74.81% by Hafei Industry Company
“Hafei Aviation”	哈飛航空工業股份有限公司 (Hafei Aviation Industry Co., Ltd.), a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 55.73% of its interests being held by Hafei Industry Company

“Hafei Industry Company”	哈爾濱飛機工業集團有限公司(Harbin Aircraft Industry (Group) Co., Ltd.), the Company’s wholly-owned subsidiary, formerly known as Hafei Aircraft Manufacturing Company
“Hafei Machinery”	哈爾濱哈飛機電產品製造有限責任公司(Harbin Hafei Mechanical and Electrical Products Manufacturing Company Limited)
“Harbin Embraer”	哈爾濱安博威飛機工業有限公司(Harbin Embraer Aircraft Industry Co., Ltd.), a joint venture established in the PRC held as to 24.5% by Hafei Industry Group, 24.5% by Hafei Aviation and 51% by Embraer
“Hongdu Aviation”	江西洪都航空工業股份有限公司(Jiangxi Hongdu Aviation Industry Co., Ltd.), a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 54.75% of its interests being held by Hongdu Industry Company
“Hongdu Group ”	江西洪都航空工業集團有限責任公司(Jiangxi Hongdu Aviation Industrial Group Corporation), a wholly-owned subsidiary of AVIC II
“Hongdu Industry Company”	江西洪都飛機工業有限公司(Jiangxi Hongdu Aircraft Industry Co., Ltd.), a wholly-owned subsidiary of the Company
“Interim Performance” Incentive Programme	a programme involving the formulation of critical performance appraisal indicators for various positions, and the entering of performance agreements with persons participating in such programme for a term of three years. To be qualified for the award under the Interim Performance Incentive Programme, the participants must achieve the requirement for key performance indicators, and the award will be paid in cash to the qualified participants. The amounts of the awards are to be calculated according to the adjusted key performance indicators
“Listing”	listing of the Company’s overseas listed foreign shares on the main board of the Hong Kong Stock Exchange on 30 October 2003
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“mini-sized vehicles”	generally refers to mini-vans and mini-trucks with lengths not exceeding 3.5 metres, with engine capacity below 1.0 litre and total loading capability below 600 kilogrammes, according to “Motor Vehicles and Semi-trailer—Types—Terms and definitions” (reference No. GB/T 3730-1-1998) issued by the China Association of Automobile Manufacturers. In recent years, the length of mini-sized vehicles was extended to 3.7 metres as a result of modification to comply with new anti-crash reinforcement requirements
“Over-allotment Option”	the option granted by the Company and the Promoters to the Joint Global Coordinators, pursuant to the underwriting and placing agreement dated 20 October 2003, to require the Company and the Promoters to allot, issue or sell up to an aggregate of 79,999,500 additional H Shares at the Offer Price solely to cover over-allocations in the International Offering
“Promoters”	AVIC II, China Hua Rong Asset Management Corporation, China Cinda Asset Management Corporation and China Orient Asset Management Corporation
“Prospectus”	the prospectus issued by the Company on 21 October 2003 solely in respect of the Public Offer
“SARS”	severe acute respiratory syndrome, also known as atypical pneumonia
“Share Appreciation Rights Plan”	an incentive plan for a term of ten years, wherein grantees of this plan may receive payment in cash in respect of the appreciated portion of the shares during the period between the date of grant and the exercise date, subject to the terms of the plan
“Shares”	Domestic Shares and H Shares
“ST Aero”	Singapore Technologies Aerospace Ltd. (新加坡科技宇航公司), formerly the Singapore Aerospace Technology Pte Ltd. (新加坡宇航技術國際飛機結構私人有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Strategic Cooperation Agreement”	the agreement entered into between the Company and EADS on 17 October 2003 in relation to cooperation between the Company and EADS in aviation business
“Supervisors”	the members of the Supervisory Committee of AviChina
“Trainer”	aeroplanes designed and used for pilot training purposes