

AFI KLM E&M and Hangxin make new strategic move in China

Paris, Amstelveen, Guangzhou, 20 February 2009 – Air France Industries and Hangxin Aviation Engineering Group made a new strategic move in China. Within the context of the ongoing economic crisis, AFI KLM E&M reviewed the key elements of its presence and perspectives in the Chinese MRO market. As a result of the review, Hangxin Aviation Engineering Group and Air France Industries initiated a share transfer agreement in December 2008 and signed on Feb 19 the final agreement in Hong Kong.

This move was successfully achieved for both parties and guarantees an appropriate return of investment for both shareholders. Senior management and cadre employees of Hangxin Aviation Engineering Group (Hangxin A.E. Group) have purchased) the Hangxin shares owned by Air France.

Mr. Bu Fansheng, Chairman of the board and President of Hangxin A. E. Group, said: *“Air France Industries has made a positive impact to Hangxin A.E. Group in the fields of management, technical engineering and internationalization since it originally acquired its shareholding in 2002. As a result, Hangxin A.E. Group is now privileged to be able to make its own operation and development, decisions. This transaction represents an unprecedented strategic opportunity and ushers in a new era of independent development.”*

The President of Air France Industries, Mr Alain Bassil, said: *“ Hangxin A. E. Group significantly contributed to the Air France Industries knowledge and presence in the Chinese market. This move gives higher flexibility to AFI KLM E&M and opens a new phase of potential alliances and long term agreements in line with the new Chinese MRO market challenges and our PRC airlines customers’ expectations”.*

Hangxin A.E Group and Air France Industries are sincerely grateful to the airworthiness authorities, airlines and industry insiders for their strong support during this share transfer process and are fully confident that both groups will see vigorous development going forward.

About HANGXIN

Hangxin Aviation Engineering Group is one of the largest aviation engineering enterprises involving in aviation components maintenance, facing to all airlines and aircraft user in China and Asia-Pacific Area to supply integrative avionic services such as the development of avionics maintenance and avionics equipment retrofit, mechanical components & accessories maintenance, foreign customer's maintenance agent and aviation material business etc.

Hangxin A. E. Group has got the most famous airworthiness certificates in and out of China, as CAAC, FAA and EASA, etc., and has been authorized as repair center by 8 first classed OEM in the world. On components maintenance, Hangxin Group has established the maintenance capability for Boeing, Airbus, kinds of helicopters and lateral aircraft of more than 40 types, more than 1000 items of avionic devices, more than 500 items of mechanic components and 8000 P/N of components. Customers cover more than 30 Airlines and aircraft operators located in China, Southeast Asia and North America.

About AFI KLM E&M

Air France Industries and KLM Engineering & Maintenance (AFI KLM E&M), which joined forces following the Air France KLM merger, are world-leading multi-product MRO (Maintenance, Repair, Overhaul) providers. Together they support more than 900 aircraft and serve upwards of 150 major international airlines.

AFI KLM E&M offer a comprehensive and complementary portfolio of Boeing and Airbus airframe services, GE and CFM engine overhaul, maintenance and component pool operational support and a powerful logistics network. Headquartered at Paris-Charles De Gaulle and Amsterdam Schiphol, AFI KLM E&M know all about the operational and regulatory demands of a worldwide fleet. Some 15,000 highly skilled personnel leverage on over 75 years of hands-on experience, offering EASA, FAA, CAAC and 30 other international accreditations.

Start-ups and airlines wishing to outsource maintenance can access a one-stop-shop approach, while other airlines can customize their maintenance contracts. AFI KLM E&M partner with leading OEM and MRO companies to develop new products and increase geographical presence. Combined sales offices in Shanghai, Bangkok, Miami, Buenos Aires, Jakarta, Dubai and Paris/Amsterdam offer a single contact point and dedicated local support.

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