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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)

INFORMATION ON THE PAYMENT OF 2014 FINAL DIVIDEND

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) dated 30 March 2015 in relation to the annual results of the Company for the year ended 31 December 2014, the annual report of the Company for the year ended 31 December 2014 and the circular of 2014 annual general meeting of the Company (the “**2014 AGM**”) published on 26 April 2015 and the announcement of the voting results of the 2014 AGM dated 12 June 2015. The board of directors of the Company (the “**Board**”) hereby announces further information in relation to the payment of the 2014 final dividend of the Company (the “**2014 Final Dividend**”).

The resolution in relation to the profit distribution plan (including distribution plan of the 2014 Final Dividend) of the Company for the year ended 31 December 2014 was approved at the 2014 AGM. The 2014 Final Dividend of RMB0.02 (equivalent to approximately HK\$0.025344) per share (tax inclusive) will be paid to holders of H shares whose names appear on the register of members of the Company at the close of business on Thursday, 25 June 2015. The 2014 Final Dividend is expected to be paid to holders of H shares of the Company on or before Thursday, 27 August 2015.

Pursuant to the “Enterprise Income Tax Law of the People’s Republic of China”, the “Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” (collectively, the “**Enterprise Income Tax Law**”) and the “Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Offshore Non-resident Enterprise Holders of H Shares” (the “**Notice**”), all implemented in 2008, the Company is required to withhold enterprise income tax at the rate of 10% when distributing the final dividend to non-resident enterprise shareholders whose names appear on the H share register of members of the Company.

Pursuant to the regulations promulgated by the State Administration of Tax, the dividend (bonus) received by the overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents according to the relevant laws. However, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between China mainland and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2014 Final Dividend is to be distributed to the holders of H shares whose names appeared on the register of members of H shares of the Company as at 25 June 2015, the Company will withhold 10% of the dividend to be distributed to the individual holders of H shares of the Company as individual income tax unless otherwise specified by the tax regulations and relevant tax agreements, in which case the Company will withhold individual income tax of such dividend at the tax rates and according to the procedures as specified by the relevant regulations.

Profit Distribution for Investors of Southbound Trading

For investors (including enterprises and individuals) investing in the H shares of the Company listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) through the Shanghai Stock Exchange (the “**Southbound Trading**”), the Company will enter into “the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading” (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depository and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other profit distribution arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company.

The Company will strictly comply with the Enterprise Income Tax Law and the Notice to withhold for payment of enterprise income tax. After the withholding and payment of non-resident enterprise income tax by the Company, any enterprise shareholder who may be entitled to a deduction or exemption of enterprise income tax in accordance with the relevant laws, regulations or treaties may itself apply to the competent tax authority for a tax refund pursuant to the provisions of applicable laws, regulations or treaties. The Company will have no liability in respect of any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of the above withholding and payment.

Holders of H shares of the Company are recommended to consult their taxation advisors regarding relevant tax laws and regulations in the PRC, Hong Kong and other countries on the dividend payment by the Company and on the taxation implications of holding or dealing in the H shares of the Company.

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

Beijing, 26 June 2015

As at the date of this announcement, the Board comprises executive directors Mr. Lin Zuoming and Mr. Tan Ruisong and non-executive directors Mr. Gu Huizhong, Mr. Gao Jianshe, Mr. Guo Chongqing and Mr. Maurice Savart as well as independent non-executive directors Mr. Lau Chung Man, Louis and Mr. Liu Renhuai and Mr. Yeung Jason Chi Wai.

** For identification purposes only.*