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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)

ANNOUNCEMENT IN RELATION TO DISTRIBUTION OF 2010 FINAL DIVIDEND

The board of directors of AviChina Industry & Technology Company Limited (the “**Company**”) hereby announces further information in relation to the distribution of the 2010 final dividend of the Company (the “**2010 Final Dividend**”).

The State Administration of Taxation has confirmed recently that 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 and paid 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 Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2010 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 27 May 2011, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares of the Company unless otherwise specified by the tax regulations and relevant tax agreements, in which case the Company will withhold and pay individual income tax of such dividend at the tax rates and according to the procedures as specified by the relevant regulations.

The arrangements of the withholding and payment of dividend as individual income tax are as follows:

Type of the holders of H shares	Registered address shown on the register of members of H shares	Withholding and payment tax rates of the Company
Individual holders	Hong Kong and Macau	10%
	Outside Hong Kong and Macau	10%, 15% or 20%
Enterprise holders (non-resident enterprise)	Hong Kong and other areas	10%

Should the holders of H shares of the Company have any doubt in the aforesaid arrangements, they are recommended to consult their taxation advisors regarding the relevant tax laws and regulations in the Mainland China, Hong Kong and other countries on the taxation implications of the dividend payment by the Company and of holding or disposal in the H shares of the Company.

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

Hong Kong, 13 July 2011

As at the date of this announcement, 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.

**For identification purpose only.*