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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)

**ENTERING INTO SUPPLEMENTARY AGREEMENT TO THE
SUBSCRIPTION AGREEMENT IN RELATION TO SUBSCRIPTION
OF NEW HAFEI AVIATION A SHARES AND FURTHER DELAY IN
DESPATCH OF CIRCULAR**

On 11 July 2012, Hafei Aviation on the one side and the Company, AVIC Helicopter and AVIC Hafei on the other side entered into the Supplementary Agreement to the Subscription Agreement.

As additional time is required to reflect the valuation results and the changes made in the Supplementary Agreement in the Circular, the despatch date of the Circular will be postponed to on or before 20 July 2012.

Reference is made to the announcements of the Company dated 25 May 2012 and 14 June 2012, respectively, (collectively, the “**Announcements**”) in relation to, among other things, the proposed subscription of new Hafei Aviation A Shares by: (i) the AVIC Helicopter with AVIC Helicopter Interests; (ii) AVIC Hafei with AVIC Hafei Assets; and (iii) the Company with Changhe Aviation Interests, which constitute discloseable and connected transactions of the Company. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

A. ENTERING INTO THE SUPPLEMENTARY AGREEMENT

On 11 July 2012, Hafei Aviation on the one side and the Company, AVIC Helicopter and AVIC Hafei on the other side entered into a supplementary agreement to the

Subscription Agreement (the “**Supplementary Agreement**”). The principle terms of the Supplementary Agreement are set out as follows:

1. Recognition of valuation results

The parties to the Supplementary Agreement recognize the final valuation report (the “**Valuation Report**”) dated 15 June 2012 issued by the Independent Valuer. According to the Valuation Report, the valuation results of AVIC Helicopter Interest, AVIC Hafei Assets and Changhe Aviation Interest calculated using the cost method as at the Valuation Date were RMB1,842 million, RMB811 million and RMB641 million, respectively. Such valuation results are subject to the final confirmation by and registration with the competent state-owned assets supervision and administration authority or its authorized representatives.

2. Adjustment to the number of new Hafei Aviation A Shares to be subscribed for by each relevant party

Based on the above valuation results, the number of new Hafei Aviation A Shares to be subscribed for by AVIC Helicopter, AVIC Hafei and the Company under the Subscription Agreement will be adjusted from 105,453,700 to 107,510,979, from 46,962,800 to 47,341,165 and from 37,255,100 to 37,409,221 new Hafei Aviation A Shares, respectively.

B. FURTHER DELAY IN DESPATCH OF CIRCULAR

As stated in the Announcements, a circular (the “**Circular**”) containing, among other things, (1) further details of the Proposed Placing of Hafei Aviation; (2) the final valuation results of the Changhe Aviation Interest, AVIC Helicopter Interest and AVIC Hafei Assets; and (3) the letter from the independent board committee of the Company and the recommendation from the independent financial adviser on the connected transactions mentioned above are expected to be despatched to the Shareholders on or before 13 July 2012.

As additional time is required to reflect the valuation results and the changes made in the Supplementary Agreement in the Circular, the despatch date of the Circular will be postponed to on or before 20 July 2012.

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

Hong Kong, 11 July 2012

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. Sheng Mingchuan and Mr. Maurice Savart as well as independent non-executive Directors Mr. Guo Chongqing, Mr. Li Xianzong and Mr. Lau Chung Man, Louis.

** For identification purposes only.*