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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)

VOLUNTARY ANNOUNCEMENT

ENTERING INTO OF THE ENTRUSTED MANAGEMENT AGREEMENT BETWEEN AVIC AVIONICS AND AVIC

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) published on 18 June 2014, pursuant to which, China AVIC Electronics Co., Ltd. (“**AVIC Avionics**”), a non wholly-owned subsidiary of the Company, approved a board resolution to accept the entrustment from Aviation Industry Corporation of China (“**AVIC**”) on managing its equity interest in AVIC Avionics Systems Co., Ltd. (the “**Proposed Entrustment**”).

As at the date of this announcement, AVIC Avionics entered into an entrusted management agreement with AVIC in relation to the Proposed Entrustment (the “**Entrusted Management Agreement**”), the principal terms of which (such as shareholders’ rights, entrustment fees and termination date of the agreement) remain the same as those disclosed in the announcement dated 18 June 2014.

As AVIC is the controlling shareholder of the Company as at the date of this announcement, AVIC is a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”). Pursuant to Chapter 14A of the Hong Kong Listing Rules, the entering into of the Entrusted Management Agreement constitutes a continuing connected transaction of the Company. As the services provided under the Entrusted Management Agreement fall within the enterprise management trust services under the Mutual Provision of Services Agreement between the Company and AVIC dated 26 August 2014, which was approved by the board of directors of

the Company and complied with the reporting and announcement requirements according to its then applicable size tests percentage ratios (i.e. more than 0.1% but less than 5%), the Entrusted Management Agreement is accordingly not required to re-comply with the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

For further details relating to the Entrusted Management Agreement, please refer to the announcement dated 29 December 2014 published by AVIC Avionics on the website of the Shanghai Stock Exchange (www.sse.com.cn).

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

Beijing, 29 December 2014

As at the date of this announcement, the board of directors 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. Lau Chung Man, Louis and Mr. Liu Renhuai.

** For identification purposes only.*