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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

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR OFFSHORE NON-RESIDENT ENTERPRISE HOLDERS OF H SHARES IN RESPECT OF THE PROPOSED 2010 FINAL DIVIDEND

Pursuant to the relevant PRC laws and regulations, the Company is required to withhold enterprise income tax at the rate of 10% when distributing the 2010 final dividend to offshore non-resident enterprise holders of H shares of the Company.

Shareholders of the Company should read this announcement carefully.

Reference is made to the annual results announcement of AviChina Industry & Technology Company Limited (the “**Company**”) for the year ended 31 December 2010 dated 29 March 2011 whereby the board of directors of the Company (the “**Board**”) resolved to recommend, subject to the approval by the shareholders of the Company, a final dividend for the year ended 31 December 2010 in an aggregate amount of RMB49,490,245 (tax inclusive). Holders of H shares of the Company (“**H Shares**”) whose names appear on the Company’s H share register of members on 27 May 2011 (the “**Record Date**”) will be entitled to receive the final dividend, if approved by the shareholders of the Company at the 2010 annual general meeting.

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.

Any H Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and the Company will distribute the final dividend to such non-individual shareholders after withholding enterprise income tax of 10%. Any natural person shareholder whose H Shares are registered under the name of any such non-individual shareholders and who does not wish to have any enterprise income tax to be withheld by the Company may consider transferring the legal title of the relevant H Shares into his or her name and duly lodge all transfer documents with the relevant H Share certificates with the Company’s H share registrar no later than 4 p.m. on 6 May 2011 for registration. The 10% enterprise income tax will not be withheld from the final dividend payable to any natural person shareholders whose names appear on the H share register of members of the Company.

The Company’s register of members will be closed from 7 May 2011 to 27 May 2011 (both days inclusive), during which period no transfer of H Shares will be effected. In order to be entitled to receive the final dividend, all transfer instruments accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s H Shares Registrar, by not later than 4 p.m. on 6 May 2011.

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.

By Order of the Board

AviChina Industry & Technology Company Limited*

Yan Lingxi

Company Secretary

Hong Kong, 20 April 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.*