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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

COMPLETION OF ISSUANCE OF DOMESTIC SHARES TO AMES

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) dated 25 January 2011 (the “**Announcement**”) and the circular of the Company despatched to the shareholders on 21 February 2011 (the “**Circular**”) in relation to, among other things, the proposed acquisition by the Company from AMES of the entire equity interest in Tianjin Aviation (the “**Tianjin Aviation Acquisition**”), as well as the announcement of the Company dated 6 January 2012 in relation to the final consideration for the Tianjin Aviation Acquisition and the corresponding adjustment made to the number of Consideration Shares to be issued to AMES. Unless otherwise defined, all capitalized terms used herein shall have the same meanings as those defined in the Announcement and the Circular.

Completion of issuance of Domestic Shares to AMES

The board of directors (the “**Board**”) of the Company is pleased to announce that all of the conditions precedent to the Tianjin Aviation Acquisition, as set out in the Acquisition Agreement, have been satisfied, and the Consideration Shares involving 183,404,667 new Domestic Shares had been issued to AMES by the Company on 18 January 2012 (the “**Completion of Issuance**”).

Change of share capital of the Company upon Completion of Issuance

Upon Completion of Issuance, the total number of issued shares of the Company has increased from 4,949,024,500 shares to 5,132,429,167 shares. In particular, the total number of Domestic Shares has increased from 2,934,590,598 Domestic Shares to 3,117,995,265 Domestic Shares, and the total number of H Shares held by the public shareholders remains unchanged.

The share capital of the Company immediately following the Completion of Issuance is set out as follows:

	Upon Completion of Issuance	
Holder of Domestic Shares or H Shares	No. of shares	Approximate percentage of issued share capital (%)
Holder of Domestic Shares		
AVIC	2,806,088,233	54.67%
AMES	183,404,667	3.57%
Other holders of Domestic Shares	128,502,365	2.51%
Holder of H Shares		
Public shareholders	2,014,433,902	39.25%
Total	5,132,429,167	100.00%

The Company will publish a further announcement as and when there is any further development on the Tianjin Aviation Acquisition.

By Order of the Board

AviChina Industry & Technology Company Limited*

Yan Lingxi

Company Secretary

Hong Kong, 18 January 2012

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 purposes only.*