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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

PROPOSED GRANT OF AN ENTRUSTED LOAN TO AVIC KAITIAN

On 14 June 2013, the board of directors (the “**Board**”) of AviChina Industry & Technology Company Limited (the “**Company**”) resolved that the Company proposed to grant an entrusted loan of RMB50 million with a term of three years at an interest rate not higher than the base interest rate promulgated by the People's Bank of China for the same type of loans (the “**Proposed Grant of Entrusted Loan**”) to Chengdu CAIC Electronics Co., Ltd. (“**AVIC Kaitian**”), an indirect non wholly-owned subsidiary of the Company through China AVIC Electronics Co., Ltd. (“**AVIC Avionics**”), a non wholly-owned subsidiary of the Company whose A shares are listed on the Shanghai Stock Exchange. The entrusted loan will be used for facilitating the construction project of a new production line of AVIC Kaitian.

As of the date of this announcement, Aviation Industry Corporation of China (“**AVIC**”) is the controlling shareholder of the Company and therefore a connected person of the Company. As AVIC holds more than 10% indirect interests in AVIC Kaitian, AVIC Kaitian is a connected subsidiary of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”). Accordingly, when the terms of the definitive agreement in relation to the Proposed Grant of Entrusted Loan are formalised, the Proposed Grant of Entrusted Loan to AVIC Kaitian by the Company will constitute a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

It should be noted that as at the date of this announcement, no definitive agreement in relation to the Proposed Grant of Entrusted Loan has been entered into by the parties and there is uncertainty over the Proposed Grant of Entrusted Loan. The Company will make further announcement(s) as and when appropriate in compliance with the Hong Kong Listing Rules should there be any development on the matters pertaining to the Proposed Grant of Entrusted Loan.

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

Beijing, 14 June 2013

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.*