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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)

## INFORMATION ON THE PAYMENT OF 2011 FINAL DIVIDEND

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) dated 27 March 2012 in relation to the annual results of the Company for the year ended 31 December 2011, the annual report of the Company for the year ended 31 December 2011 published on 5 April 2012 and the announcement of the voting results of the 2011 annual general meeting of the Company dated 25 May 2012 (the “**2011 AGM**”). The board of directors of the Company (the “**Board**”) hereby announces further information in relation to the payment of the 2011 final dividend of the Company (the “**2011 Final Dividend**”).

The resolution in relation to the profit distribution plan of the Company for the year ended 31 December 2011 was approved at the 2011 AGM. The 2011 Final Dividend of RMB0.01 (equivalent to approximately HK\$0.012294) per share (tax inclusive) will be paid to holders of H shares whose names appear on the register of members of the Company at the close of business on Friday, 8 June 2012. The 2011 Final Dividend is expected to be paid to holders of H shares of the Company on or before Wednesday, 8 August 2012.

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.

Pursuant to the regulations promulgated by the State Administration of Tax, the dividend (bonus) received by the overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents according to the relevant laws. However, the overseas resident individual shareholders of the shares issued by

domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between China mainland and Hong Kong (Macau).

Pursuant to the aforesaid tax regulations, when the 2011 Final Dividend is to be distributed to the holders of H shares whose names appeared on the register of members of H shares of the Company as at 8 June 2012, the Company will withhold 10% of the dividend to be distributed to the individual holders of H shares of the Company as individual income tax unless otherwise specified by the tax regulations and relevant tax agreements, in which case the Company will withhold individual income tax of such dividend at the tax rates and according to the procedures as specified by the relevant regulations.

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.

Holders of H shares of the Company are recommended to consult their taxation advisors regarding relevant tax laws and regulations in the PRC, Hong Kong and other countries on the dividend payment by the Company and on the taxation implications of holding or dealing in the H shares of the Company.

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

Hong Kong, 6 June 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.*