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AviChina
AviChina Industry & Technology Company Limited
中國航空科技工業股份有限公司

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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

Summary

Hongdu Aviation, a subsidiary of the Company, will make a warning statement in Shanghai on 25 May 2004.

This announcement is made pursuant to the Rule 13.09(2) of the Listing Rules.

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Hongdu Aviation will publish a warning statement in Shanghai on 25 May 2004.

Hongdu Aviation has opened an account with the Nanchang business division, Minfa Securities to make dedicated investment in PRC government bonds. Through this account, Hongdu Aviation has purchased short-term government bonds of approximately RMB120 million (such investment is included as trading investments in the Company's accounts for the year ended 31 December 2003).

There have been recent press reports about Minfa Securities which has attracted serious attention from Hongdu Aviation. According to these press report, Minfa Securities is allegedly involved in irregular trading. Hongdu Aviation stated that it could not ascertain the impact of the business situation of Minfa Securities on its investment in short-term government bonds through its account with Minfa Securities. As such, Hongdu Aviation reminds investors about its risks.

The Company will make an announcement if there is further development in respect of this matter.

Definitions:

- "Company" 中國航空科技工業股份有限公司 AviChina Industry & Technology Company Limited
- "Hongdu Aviation" 江西洪都航空工業股份有限公司 Jiangxi Hongdu Aviation Industry Co., Ltd., a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 54.75% held by Hongdu Industry Company
- "Hongdu Industry Company" 江西洪都飛機工業有限公司 Jiangxi Hongdu Aircraft Industry Co., Ltd., a wholly-owned subsidiary of the Company
- "Listing Rules" the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- "Minfa Securities" 閩發證券有限責任公司 Minfa Securities Company Limited, a company established in the PRC and engaged in securities business
- "PRC" the People's Republic of China

By order of the board
AviChina Industry & Technology Company Limited
Yan Lingxi
Company Secretary

Hong Kong, 24 May 2004

As at the date of this announcement, the board of the Company comprises executive directors Mr. Zhang Yanzhong and Mr. Wu Xiandong, and non-executive directors Mr. Chi Yaozong, Mr. Song Jingang, Mr. Chen Huaiqiu, Mr. Xu Tongxing, Mr. Cui Xuewen, Mr. Jiang Liang, Mr. Yang Jinhuai, Mr. Ni Xianping and Ms. Hu Jiarui, as well as independent non-executive directors Dr. The Hon. Li Kwok-Po, David and Mr. Guo Chongqing.

* For identification purposes only