



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

Share Reform of Hafei Aviation and Hongdu Aviation

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

Pursuant to the rules and regulations promulgated by related authorities of the PRC, the Board wishes to announce that Hafei Aviation and Hongdu Aviation (both subsidiaries of the Company, whose A shares are listed on the Shanghai Stock Exchange) have commenced the procedures for share reform on the date of this announcement.

Trading in the A shares of Hafei Aviation and Hongdu Aviation listed on the Shanghai Stock Exchange has been suspended on the date of this announcement pending the release of further announcements containing details of the proposals for the share reform.

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

Pursuant to the rules and regulations issued by the PRC authorities, including "The Guidelines on Share Reform Proposals of the Listed Companies" and "Provisions on Management of Share Reform Proposals of Listed Companies", Hafei Aviation and Hongdu Aviation have agreed with the Shanghai Stock Exchange on the feasibility and details of the share reform and commenced the procedures for share reform on the date of this announcement.

Trading in the A shares of Hafei Aviation and Hongdu Aviation listed on the Shanghai Stock Exchange has been suspended on the date of this announcement pending the release of further announcements containing details of the proposals for the share reform of Hafei Aviation and Hongdu Aviation. Hafei Aviation and Hongdu Aviation will disclose further details of the proposals in accordance with the development of the share reform.

The Company will comply with the requirement under the Listing Rules in relation to future development of the share reform and details of the share reform proposals of Hafei Aviation and Hongdu Aviation.

Definitions

"A share(s)"	Renminbi-denominated Domestic Shares traded on the Shanghai Stock Exchange by PRC legal persons or individuals
"the Company"	AviChina Industry & Technology Company Limited
"the Board"	the board of directors of the Company
"Hafei Aviation"	Hafei Aviation industry Co., Ltd., a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 55.73% of its interests being held by the Company through a wholly-owned subsidiary
"Hongdu Aviation"	Jiangxi Hongdu Aviation industry Co., Ltd., a joint stock limited company whose shares are listed on the Shanghai Stock Exchange with 54.75% of its interests being held by the Company through a wholly-owned subsidiary
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"PRC"	the People's Republic of China

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

Hong Kong, 12 June 2006

As at the date of this announcement, the board of the Company comprises executive directors Mr. Zhang Hongbiao and Mr. Wu Xiangdong, and non-executive directors Mr. Liang Zhenhe, Mr. Song Jingang, Mr. Tan Ruisong, Mr. Wang Bin, Mr. Chen Huaqiu, Mr. Tian Min, Mr. Wang Yong, Mr. Maurice Savart as well as independent non-executive directors Dr. The Hon. Li Kwok-Po, David, Mr. Guo Chongqing and Mr. Li Xianzong.

* For identification purposes only