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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)

INSIDE INFORMATION ANNOUNCEMENT

UPDATE ON THE ACQUISITION OF 100% OF THE EQUITY INTEREST IN AVIC HELICOPTER

This announcement is made by AviChina Industry & Technology Company Limited* (the “**Company**”) under the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 12 October 2018 in relation to the proposed acquisition (the “**Proposed Acquisition**”) of 100% of the equity interest in AVIC Helicopter Co., Ltd. (“**AVIC Helicopter**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those in the Announcement.

On 12 October 2018, the Company, AVIC and Tianjin Free Trade Zone Investment entered into a share transfer framework agreement, and they have been working together closely to proceed with the Proposed Acquisition since then.

The Board is pleased to announce that, after mutual negotiations among the Parties, the Proposed Acquisition has achieved progress. The Company, AVIC and Tianjin Free Trade Zone Investment have reached a consensus on the overall proposal of the Proposed Acquisition, and detailed terms of the formal transaction agreement in relation to the Proposed Acquisition are under negotiations. The consideration for the

Proposed Acquisition is proposed to be settled by issuance of the Company's domestic shares to AVIC and Tianjin Free Trade Zone Investment.

The Company will comply with the applicable requirements of the Listing Rules when and where appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing with the securities of the Company.

By Order of the Board
AviChina Industry & Technology Company Limited*
Xu Bin
Company Secretary

Beijing, 13 October 2019

As at the date of this announcement, the Board comprises executive Directors Mr. Chen Yuanxian and Mr. Wang Xuejun, non-executive Directors Mr. Yan Lingxi, Mr. Lian Dawei, and Mr. Xu Gang as well as independent non-executive Directors Mr. Liu Renhuai, Mr. Liu Weiwu and Mr. Wang Jianxin.

** For identification purposes only*