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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 SECOND GRANT UNDER THE RESTRICTED
SHARE INCENTIVE SCHEME OF JONHON OPTRONIC

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the "**Company**") dated 27 October 2016 in relation to, among other things, the adoption of a restricted share incentive scheme (the "**Restricted Share Incentive Scheme**") by China Aviation Optical-Electrical Technology Co., Ltd.* (中航光電科技股份有限公司) ("**JONHON Optron**ic"), a subsidiary of the Company, and the grant of the first batch of the restricted shares thereunder.

On 18 November 2019, JONHON Optron ic proposed to grant the second batch of the restricted shares under the Restricted Share Incentive Scheme to certain participants (the "**Proposed Second Grant**").

Pursuant to the Proposed Second Grant, JONHON Optron ic will grant a total of 32.065 million restricted shares to 1,215 selected participants, representing approximately 2.9963% of the issued share capital of JONHON Optron ic as at the date of this announcement. The grant price under the Proposed Second Grant is RMB23.43 per restricted share. The sources of shares under the Proposed Second Grant include but not limited to the shares to be repurchased by JONHON Optron ic from the secondary stock market in accordance with relevant laws and regulations or the issuance of new A shares to the specific investors.

As at the date of this announcement, the Proposed Second Grant is subject to the obtaining of necessary approvals, including but not limited to the approval by the shareholders at the general meeting of JONHON Optron ic, the approval of the board of directors of the Company and the approval of relevant regulatory authorities.

If all the shares involved under the Proposed Second Grant will be granted through issuance of new A share to specific investors, upon implementation of the Proposed Second Grant, the equity

interest in JONHON Optronics held by the Company will be diluted from 39.78% to 38.63%. Therefore, the Proposed Second Grant may constitute a deemed disposal of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). As the highest of the applicable size test percentage ratios in respect of the Proposed Second Grant is less than 5%, the Proposed Second Grant is exempt from the announcement and shareholders' approval requirements under the Listing Rules.

The Proposed Second Grant also involves the grant of 115,000 restricted shares to Mr. Guo Zeyi, the chairman of the board of directors of JONHON Optronics and Mr. Zhao Yong, the general manager of JONHON Optronics, respectively. Each of Mr. Guo Zeyi and Mr. Zhao Yong is a connected person of the Company at the subsidiary level. Therefore, such grant will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the applicable size test percentage ratios in respect of such grant is less than 1%, the grant of restricted shares by JONHON Optronics to Mr. Guo Zeyi and Mr. Zhao Yong is exempt from the announcement and independent shareholders' approval requirements under the Listing Rules.

The Company will comply with the applicable requirements of the Listing Rules for any further arrangement in relation to the Restricted Share Incentive Scheme in due course.

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

Beijing, 18 November 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*