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If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **AviChina Industry & Technology Company Limited**, you should at once hand this circular and the enclosed proxy form and reply slip to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

- (1) PROPOSED CHANGE OF DIRECTORS OF THE COMPANY;**
 - (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
 - (3) PROPOSED GENERAL MANDATE TO ISSUE SHARES;**
 - (4) PROPOSED DISTRIBUTION OF 2018 FINAL DIVIDEND;**
 - (5) PROPOSED GENERAL MANDATE TO REPURCHASE SHARES; AND**
- NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of AviChina Industry & Technology Company Limited* to be held at 9:00 a.m. on Friday, 17 May 2019 at AVIC Hotel, No.10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC is set out on pages 14 to 20 of this circular.

A reply slip and a form of proxy for use at the AGM are enclosed and are also published on the website of the Stock Exchange (www.hkexnews.hk). Shareholders who intend to attend the AGM shall complete and return the reply slip in accordance with the instructions printed thereon on or before Friday, 26 April 2019. Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for the holding of such meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the AGM or any adjournment thereof (as the case may be) and voting in person if you so wish.

10 April 2019

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at 9:00 a.m. on Friday, 17 May 2019 at AVIC Hotel, No.10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“AVIC”	Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司), a controlling shareholder of the Company holding directly and indirectly 56.04% equity interest of the Company as of the Latest Practicable Date
“Board”	the board of directors of the Company
“Company”	AviChina Industry & Technology Company Limited* (中國航空科技工業股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Stock Exchange
“Company Law”	the Company Law of the PRC (as amended from time to time)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are traded in HK dollars and listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of the H Share(s)
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue General Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise all powers of the Company to issue, allot or otherwise deal with additional H Shares representing up to the limit of 20% of the aggregate nominal value of the H Shares in issue as at the date of approving the Issue General Mandate Resolution at the AGM

DEFINITIONS

“Issue General Mandate Resolution”	the special resolution to be proposed to the Shareholders at the AGM in relation to the granting of the Issue General Mandate to the Board
“Latest Practicable Date”	Wednesday, 3 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People’s Republic of China
“Repurchase General Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise all powers of the Company to repurchase or otherwise deal with the H Shares representing up to the limit of 10% of the aggregate nominal value of the H Shares in issue as at the date of approving the Repurchase General Mandate Resolution at the AGM
“Repurchase General Mandate Resolution”	the special resolution to be proposed to the Shareholders at the AGM in relation to the granting of the Repurchase General Mandate to the Board
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	the ordinary share(s) of the Company, which are all H Shares as at the Latest Practicable Date
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers (as amended from time to time)
“%”	percent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Tan Ruisong
Mr. Chen Yuanxian
Mr. Wang Xuejun

Non-executive Directors:

Mr. Li Yao
Mr. He Zhiping
Mr. Patrick de Castelbajac

Independent non-executive Directors:

Mr. Liu Renhuai
Mr. Liu Weiwu
Mr. Wang Jianxin

Registered Office:

8th Floor, Tower 2
No. 5A Rongchang East Street
Beijing Economic-Technological
Development Area
Beijing, PRC

*Principal place of business
in Hong Kong:*

Unit 2202A, 22th Floor
Fairmont House
8 Cotton Tree Drive
Central, Hong Kong

10 April 2019

To the Shareholders:

Dear Sir or Madam,

- (1) PROPOSED CHANGE OF DIRECTORS OF THE COMPANY;**
 - (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
 - (3) PROPOSED GENERAL MANDATE TO ISSUE SHARES;**
 - (4) PROPOSED DISTRIBUTION OF 2018 FINAL DIVIDEND;**
 - (5) PROPOSED GENERAL MANDATE TO REPURCHASE SHARES; AND**
- NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice of the AGM, and to provide you with all the information reasonably necessary to enable you to make informed decisions on whether to vote for or against the proposed resolution(s) at the AGM.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED CHANGE OF DIRECTORS OF THE COMPANY

Due to other work commitment, each of Mr. Tan Ruisong, Mr. Li Yao and Mr. Patrick de Castelbajac has tendered a resignation to the Board to retire as Director and other positions in the special committees under the Board, respectively. The terms of office of Mr. Tan Ruisong, Mr. Li Yao and Mr. Patrick de Castelbajac will not be terminated until the appointment of the candidates for new Directors has been approved at the AGM.

Each of Mr. Tan Ruisong, Mr. Li Yao and Mr. Patrick de Castelbajac has confirmed to the Company that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the Shareholders of the Company in connection with his resignation as the Director.

The Board takes this opportunity to express sincere gratitude for the contributions that Mr. Tan Ruisong, Mr. Li Yao and Mr. Patrick de Castelbajac have made for the Company during their terms of service.

According to the relevant articles in the Articles of Association in relation to the composition of the Board, the Board shall consist of nine Directors. Accordingly, the Company proposed that, three new Directors who would fill their vacancies shall be elected at the AGM. Mr. Lian Dawei (“**Mr. Lian**”), Mr. Yan Lingxi (“**Mr. Yan**”) and Mr. Xu Gang (“**Mr. Xu**”) have been nominated as the candidates of Directors with a term of office commencing from the date on which their respective proposed appointment to be approved at the AGM until the date on which the resolution relating to the election of the new session of the Board will be considered at the annual general meeting to be convened in 2021. The salary of Mr. Lian, Mr. Yan and Mr. Xu will be determined by the Remuneration Committee of the Company by reference to their qualifications, experience and the prevailing market conditions, subject to the authorization of the AGM. As at the Latest Practicable Date, no director service contract has been entered into between each of Mr. Lian, Mr. Yan and Mr. Xu and the Company.

The biographical details of Mr. Lian, Mr. Yan and Mr. Xu are set out as follows:

Mr. Lian Dawei (廉大為), 56, a doctorate degree holder and a researcher level senior engineer. Mr. Lian graduated from the Department of Urban Construction of Harbin Institute of Architectural Engineering with a bachelor of engineering degree majoring in heating and ventilation, and successively obtained his master degree in technology economy and management from Tsinghua University and doctorate degree in engineering and project management from Beijing Jiaotong University. Mr. Lian had successively been the deputy division director, division director, department chief, vice president and president of China Aviation Planning and Design Institute, the general manager of China Aviation Planning and Design Institute Company Limited (“**AVIC Planning**”), etc. Mr. Lian has been the chairman of the board of AVIC Planning since August 2016.

Mr. Yan Lingxi (閔靈喜), 48, a master degree holder and a senior engineer. Mr. Yan graduated from Beijing University of Aeronautics and Astronautics with a bachelor degree in engineering in 1991 and with a master degree in management in 1999. He commenced his career in the aviation industry in July 1991 and worked in the reform bureau of the Ministry of Aero-Space Industry, the corporate management office of Nanjing Jincheng Machinery Factory, the corporate management department and the asset and business management department of Aviation Industry of China Corporation, respectively. He was appointed as the

LETTER FROM THE BOARD

deputy director and the director of the corporate assets management department of Aviation Industry of China Corporation II. From June 2012 to September 2016, Mr. Yan had been a director of China Avionics System Company Limited. From August 2014 to September 2016, Mr. Yan had been a director of AVICOPTER PLC. From October 2016 to February 2018, Mr. Yan had successively been the head of the office of the board of directors and the deputy director of capital management department of AVIC, and a director of the Board, the deputy general manager and the secretary of the board of directors of AVIC Capital Company Limited. From April 2003 to October 2016, Mr. Yan had been the director of the securities and legal department, the secretary of the Board and the assistant to the general manager of the Company, respectively. Mr. Yan was the standing deputy general manager of the Company from February 2018 to March 2019.

Mr. Xu Gang (徐崗), 47, a doctorate degree holder. Mr. Xu graduated from Tianjin University with a bachelor degree in information management system engineering. Mr. Xu also holds a master degree in business administration from Roosevelt University in Chicago and a doctorate degree in economics from Nankai University. In 1995, Mr. Xu worked for the Tianjin Economic and Technology Development Area Administrative Committee. He was nominated as the deputy head of the Investment Promotion Bureau of Tianjin Free Trade Zone in 2003 and was promoted as its head in 2005, when he started to actively participate in the Airbus A320 Series Final Assembly Line programme jointly initiated by Airbus and its Chinese partners. From 2008 to 2011, Mr. Xu was the deputy general manager of Airbus Tianjin A320 Series Final Assembly Line and the head of the Investment Promotion Bureau of Tianjin Free Trade Zone Administrative Committee. In 2011, he was appointed as the chairman of board of Airbus Tianjin Final Assembly Line and the vice president of Tianjin Free Trade Zone Administrative Committee. From 2014 to 2017, Mr. Xu was appointed as the Party Secretary of Tianjin Youth League. From January 2018, Mr. Xu has served as chief executive officer of Airbus China and the head of Airbus China, responsible for all commercial aircraft operations and helicopter, defense and aerospace operations of Airbus in China.

As far as the Directors are aware, save as disclosed in this circular, as at the Latest Practicable Date, each of Mr. Lian, Mr. Yan and Mr. Xu does not hold any directorships in other public listed companies nor did they hold any position with the Company or other members of the Group in the last three years. Save for 267,740 H Shares (representing 0.004 % of the issued share capital of the Company as at the Latest Practicable Date) held by Mr. Yan, each of Mr. Lian, Mr. Yan and Mr. Xu does not have any relationship with any Director, supervisor, senior management or substantial or controlling shareholders of the Company, and each of Mr. Lian, Mr. Yan and Mr. Xu has no other any interests or short positions within the meaning of Part XV of the SFO in the Shares, underlying shares or debentures of the Company or any of its associated corporations.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any matters that need to be brought to the attention of the Shareholders of the Company in relation to the proposed appointment of each of Mr. Lian, Mr. Yan and Mr. Xu.

Each proposal in relation to the appointment of the candidates for Directors of the Company will be submitted for the consideration and approval of the Shareholders by way of an ordinary resolution at the AGM.

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

To reflect the actual changes in the share capital of the Company as a result of the H Share placing (for details, please refer to the announcements of the Company dated 14 December 2018 and 21 December 2018), the Board proposed to increase the registered capital of the Company and revise Article 19 and Article 22 in the Articles of Association, details of which are as follows (and amendments are showed in track changes):

“**Article 19** Upon the approval of the securities regulatory authorities of the State Council, a total number of 1,679,800,500 shares of overseas listed foreign invested shares (including 1,527,090,000 shares issued by the Company, and 152,710,500 existing shares held by State-owned shareholder of the Company sold pursuant to the relevant requirements of the PRC regulations on reduction of State-owned shares), had been issued and sold after the establishment of the Company.

Upon the approval of the securities regulatory authorities of the State Council, the Company issued and sold 305,416,000 shares of overseas listed foreign invested shares on 10 March, 2010, and Aviation Industry Corporation of China sold 29,217,402 existing shares pursuant to the relevant requirements of the PRC regulations on reduction of state-owned shares. The Company issued 183,404,667 domestic shares on 18 January, 2012; the Company issued and allotted 342,000,000 shares of overseas listed foreign invested shares on 2 March, 2012; the Company issued 491,692,669 Domestic Shares in June 2016; 3,609,687,934 domestic shares of the Company were converted into overseas listed foreign invested shares in June 2018; the Company issued and allotted 279,000,000 shares of overseas listed foreign invested shares in December 2018.

The current shareholding structure of the Company is: the total number of issued ordinary shares of the Company amounts to 5,966,121,836.245.121.836 shares, ~~of which, 3,297,780,902 shares are held by Aviation Industry Corporation of China, representing 55.28% of the Company’s total issued ordinary shares; 183,404,667 shares are held by AVIC Mechanical & Electrical Systems Co., Ltd., representing 3.07% of the Company’s total issued ordinary shares; 99,488,927 shares are held by China Huarong Asset Management Corporation, representing 1.66% of the total issued ordinary shares; 14,706,448 shares are held by China Cinda Asset Management Co., Ltd, representing 0.25% of the Company’s total issued ordinary shares; 14,306,990 shares are held by China Orient Asset Management Corporation, representing 0.24% of the Company’s total issued ordinary shares; 2,356,433,902 shares are held by holders of overseas listed foreign invested shares, representing 39.50% of the Company’s total issued ordinary shares~~ all being overseas listed foreign invested shares.”

“**Article 22** The registered capital of the Company is RMB5,966,121,836.245.121.836.”

At the same time, due to the demand of business operations of the Company, the Board proposed to revise Article 92 of the Articles of Association, details of which are as follows:

“**Article 92** The Board shall be accountable to the shareholders’ general meeting and exercise the following functions and powers:

1. to convene shareholders’ general meetings and to report on its work to the shareholders’ general meeting;

LETTER FROM THE BOARD

2. to implement the resolutions of the shareholders' general meeting;
3. to decide on the business plans and investment plans of the Company;
4. to formulate the annual financial budgets and final accounts of the Company;
5. to formulate the profit distribution plans and plans for making up losses of the Company;
6. to formulate plans for the increase or reduction of the registered capital of the Company and plans for the issue of bonds;
7. to draft plans for the merger, division or dissolution of the Company;
8. to draft plans for changes in the corporate form of the Company;
9. to engage or dismiss the Company's general manager, and based on the recommendations of the general manager, to engage or dismiss the deputy general manager(s) and the chief financial officer(s) of the Company, decide on their remuneration, authorize the manager to determine investment, financing programs, connected transactions and annual guarantee plans for the Company's subsidiaries, each amount of which shall be within the respective caps as approved by the Board;
10. to formulate the basic management systems of the Company;
11. to formulate proposals for any amendments to the Articles of Association;
12. to decide on the establishment of special committees and the appointment and dismissal of relevant persons in charge;
13. to propose the appointment and change of the Company's accounting firms at the shareholders' general meetings;
14. to consider and decide on matters related to the changes to the proportion of shares of subsidiaries held in PRC listed companies actually controlled by the Company due to the issue of new shares (including new issue, ~~or~~ placement or convertible bonds, etc.) by such listed companies;
15. to consider and decide on the transfer, pledge or creation of rights of any third parties of all or part of shares held in PRC listed companies ~~by subsidiaries~~ actually controlled by the Company;
- ~~16. to consider and decide on all resolutions to be proposed at the general meetings of PRC listed companies in which subsidiaries have interests and subsidiaries' votes are necessary in accordance with the articles of association of such listed companies;~~

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167. to draft material acquisition or disposal proposals of the Company (assets acquired or disposed of (including interests) exceeding 20% of the net assets shown in the latest Company's balance sheets considered at the general meeting); and
178. to exercise any other powers conferred by the shareholders' general meetings or by the Articles of Association.

Resolutions by the Board on matters referred to in the preceding paragraphs may be passed by the affirmative votes of more than half of the Directors with the exception of resolutions on matters referred to in items 6, 7, and 11 above which shall require the affirmative votes of more than two-thirds of the Directors. The Board shall comply with State laws, administrative regulations, the Articles of Association and shareholders' resolutions to perform duties.

Resolutions by the Board in respect of the matters specified in items 14, ~~and 16, and 17~~ above, if required to be passed at the shareholders' general meeting pursuant to the relevant requirements of the Hong Kong Stock Exchange, should be proposed and considered at the shareholders' general meeting after being passed."

The proposed amendments to the Articles of Association will be submitted for the consideration and approval of the Shareholders by way of a special resolution at the AGM, at which an authorization will also be sought to authorise any executive Director of the Company to make corresponding revision to the amendments to the Articles of Association according to the opinions of the relevant regulatory authorities. The proposed amendments to the Articles of Association are also subject to the approval, registration and/or filing with the relevant regulatory authorities.

PROPOSED GENERAL MANDATE TO ISSUE SHARES

In order to provide the Board with flexibility and discretion to issue new Shares, the Company proposed to grant the Issue General Mandate to the Board to allot, issue and deal with additional H Shares of the Company up to the limit of 20% of the aggregate nominal value of the H Shares in issue as at the date of passing the Issue General Mandate Resolution at the AGM. As at the Latest Practicable Date, the total issued share capital of the Company comprised 6,245,121,836 H Shares. Subject to the passing of the Issue General Mandate Resolution at the AGM and on the basis that no further Shares are issued before the AGM, the Company will be allowed to issue a maximum of 1,249,024,367 H Shares.

The Issue General Mandate shall be effective until whichever is the earliest of: (i) the conclusion of the next annual general meeting of the Company following the passing of the Issue General Mandate Resolution at the AGM; or (ii) the expiration of the 12-month period following the passing of the Issue General Mandate Resolution at the AGM; or (iii) the revocation or variation of the authorisation given under the Issue General Mandate Resolution by a special resolution of the Company in a general meeting. Any exercise of the power by the Board under the Issue General Mandate shall comply with the relevant requirements of the Listing Rules, the Articles of Association and the applicable laws and regulations of the PRC. As at the Latest Practicable Date, the Board had no plan to issue new Shares pursuant to the Issue General Mandate. The proposal on granting the Issue General Mandate to issue Shares is subject to the Shareholders' approval by a special resolution at the AGM.

LETTER FROM THE BOARD

PROPOSED DISTRIBUTION OF 2018 FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year 2018 in an aggregate amount of RMB187,353,655.08, representing a dividend of RMB0.03 per Share (2017: RMB0.03 per Share), calculated based on the existing number of total issued Shares of 6,245,121,836 Shares as at the Latest Practicable Date, which is subject to adjustment (if any) based on the number of the total issued Shares as at the Record Date (as defined below).

The final dividend will be paid to those Shareholders whose names appear on the Company's register of members at the close of business on Wednesday, 29 May 2019 (the "**Record Date**"). To determine the identity of the Shareholders entitled to receive the final dividend, the Company's register of members will be closed from Friday, 24 May 2019 to Wednesday, 29 May 2019 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. In order to be entitled to receive the final dividend, all transfer instruments accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's H shares registrar, by not later than 4:30 p.m. on Thursday, 23 May 2019.

In accordance with Article 152 of the Articles of Association, the dividend will be declared in RMB to the Shareholders. The dividend payable to Shareholders will be paid within three months after the dividend declaration date. The dividend to be paid in Hong Kong Dollars will be converted based on the average closing exchange rate between RMB and Hong Kong Dollars issued by the People's Bank of China for the five business days prior to the declaration of dividends at the AGM. Subject to the approval of the Company's Shareholders at the AGM, the aforementioned dividend is expected to be paid by the Company on or before 16 August 2019.

PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

In order to provide the Board with flexibility and discretion to repurchase H Shares at the appropriate time, the Company proposed to grant the Repurchase General Mandate to the Board by way of a special resolution considered and approved at the AGM, to repurchase H Shares of the Company up to the limit of 10% of the aggregate nominal value of H Shares in issue as at the date of passing the Repurchase General Mandate Resolution under the conditions as set out at the AGM.

Explanatory statement in relation to the Repurchase General Mandate is set out in the appendix to this circular.

AGM

The Company hereby confirms that the AGM will be held at 9:00 am on Friday, 17 May 2019 at AVIC Hotel, No.10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC. The notice of the AGM is set out on pages 14 to 20 of this circular.

A reply slip and a form of proxy for use at the AGM are enclosed and are also published on the website of the Stock Exchange (www.hkexnews.hk). Shareholders who intend to attend the AGM shall complete and return the reply slip in accordance with the instructions printed thereon on or before Friday, 26 April 2019. Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the

LETTER FROM THE BOARD

enclosed form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for the holding of such meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the AGM or any adjournment thereof (as the case may be) and voting in person if you so wish.

The resolutions to be approved at the AGM will be voted by way of poll. The poll results announcement of the AGM will be published on the website of the Stock Exchange and the website of the Company.

RECOMMENDATION

The Board considers that the resolutions as set out in the notice of the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of such resolutions to be proposed at the AGM.

Yours faithfully,
By Order of the Board
AviChina Industry & Technology Company Limited
Xu Bin
Company Secretary

* *For identification purpose only*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to enable you to make an informed decision on whether to vote for or against the special resolution to approve the grant of the Repurchase General Mandate to the Board.

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LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below. The Company is empowered by the Articles of Association to repurchase its own securities.

REGISTERED CAPITAL

As at the Latest Practicable Date, the total issued share capital of the Company was RMB6,245,121,836, comprising 6,245,121,836 H Shares. Subject to the passing of the proposed resolution for the grant of the Repurchase General Mandate and on the basis that no H Shares will be allotted, issued or repurchased by the Company on or prior to the date of the AGM, the Company will be allowed under the Repurchase General Mandate to repurchase a maximum of 624,512,183 H Shares, being the maximum of 10% of the aggregate nominal value of H Shares in issue as at the date of passing the relevant resolution.

REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase General Mandate is in the interests of the Company and the Shareholders as a whole. An exercise of the Repurchase General Mandate may, depending on the then market conditions and funding arrangements, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASES

When repurchasing the H Shares, the Company may only apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC, including, without limitation, surplus funds and undistributed profits of the Company.

Taking into account the current good working capital position of the Company, the Directors consider that, if the Repurchase General Mandate were to be exercised in full, it would not have a material adverse effect on the working capital and/or the gearing position of the Company as compared with its position as at 31 December 2018 as disclosed in the Company's latest published audited accounts contained in the annual

report for the year 2018. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at an appropriate time having taking into consideration the circumstances then prevailing which shall be in the best interests of the Company and the Shareholders as a whole.

STATUS OF REPURCHASED H SHARES

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates of such repurchased H Shares shall be cancelled and destroyed. The Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

H SHARE PRICES

The highest and lowest prices at which the H Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

Month	H Share (HK\$)	
	Highest price	Lowest price
2018		
April	5.750	4.980
May	5.320	4.790
June	5.200	4.430
July	4.950	4.480
August	4.820	4.480
September	5.160	4.520
October	5.400	4.570
November	5.940	5.290
December	5.490	4.580
2019		
January	5.210	4.740
February	5.570	5.130
March	5.510	4.890
1 April to the Latest Practicable Date	5.280	5.010

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company under appropriate circumstances to make purchases pursuant to the Repurchase General Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

DISCLOSURE OF INTERESTS

None of the Directors or their close associates (as defined in the Listing Rules), to the best of their knowledge, having made all reasonable enquiries, has any present intention to sell to the Company any of the H Shares if the Repurchase General Mandate is approved at the AGM.

None of the core connected persons (as defined under the Listing Rules) of the Company has notified the Company that he, she or it has a present intention to sell any H Shares to the Company, or has undertaken not to do so, if the Repurchase General Mandate is exercised.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase General Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, AVIC was the controlling shareholder of the Company and directly and indirectly held 56.04% of the total issued share capital of the Company. The Company expects that the exercise of the Repurchase General Mandate in full will not have any implications for AVIC under the Takeovers Code.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase General Mandate whether in whole or in part will not result in the percentage of the Shares held by the public being less than the relevant prescribed minimum percentage as required by the Stock Exchange. Moreover, the Directors will not make share repurchase on the Stock Exchange if such repurchase would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

SECURITIES REPURCHASE MADE BY THE COMPANY

The Company did not repurchase any H Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of AviChina Industry & Technology Company Limited (the “Company”) will be held at 9:00 am on Friday, 17 May 2019, at AVIC Hotel, No.10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC to consider and approve the following resolutions. Unless otherwise indicated, capitalized terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 10 April 2019:

ORDINARY RESOLUTIONS

1. The resolution relating to the Report of the Board of the Company for the year ended 31 December 2018;
2. The resolution relating to the Report of the supervisory committee of the Company for the year ended 31 December 2018;
3. The resolution relating to the audited financial statements of the Company for the year ended 31 December 2018;
4. The resolution relating to the profit distribution plan (including distribution of 2018 final dividend) of the Company for the year ended 31 December 2018;
5. The resolution relating to the appointment of ShineWing (HK) CPA Ltd. and ShineWing Certified Public Accountant LLP, as the international and domestic auditors of the Company for the financial year 2019 respectively, and to determine their remuneration;
6. The resolution relating to the new appointment of Mr. Lian Dawei as a Director of the Company with a term of office commencing from the approval date at the AGM until the date on which the re-election of the seventh session of the Board is passed at the annual general meeting to be held in 2021, the grant of an authorization to the remuneration committee to determine his remuneration after taking into account his qualifications, experience and the prevailing market conditions, and the grant of an authorization to an executive Director of the Company to sign the relevant service contract on behalf of the Company with him;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

7. The resolution relating to the new appointment of Mr. Yan Lingxi as a Director of the Company with a term of office commencing from the approval date at the AGM until the date on which the re-election of the seventh session of the Board is passed at the annual general meeting to be held in 2021, the grant of an authorization to the remuneration committee to determine his remuneration after taking into account his qualifications, experience and the prevailing market conditions, and the grant of an authorization to an executive Director of the Company to sign the relevant service contract on behalf of the Company with him;
8. The resolution relating to the new appointment of Mr. Xu Gang as a Director of the Company with a term of office commencing from the approval date at the AGM until the date on which the re-election of the seventh session of the Board is passed at the annual general meeting to be held in 2021, the grant of an authorization to the remuneration committee to determine his remuneration after taking into account his qualifications, experience and the prevailing market conditions, and the grant of an authorization to an executive Director of the Company to sign the relevant service contract on behalf of the Company with him;
9. The resolution(s) to be proposed at the AGM by shareholders holding 3% or more of the total number of the Company's shares carrying voting rights, if any, by way of ordinary resolution(s).

SPECIAL RESOLUTIONS

10. **“THAT:**
 - (1) subject to the required approval or endorsement from or registration with the relevant regulatory authorities in the PRC, the proposed amendments to the Articles of Association (details of which are set out in the paragraph headed “Proposed Amendments to the Articles of Association” in the letter from the Board contained in the Circular) be and are hereby approved and confirmed;
 - (2) any one of the Directors or authorized representative of the Chairman of the Board be and is hereby authorized to implement and take all steps and to do all acts and things as may be necessary or desirable to give effect to the proposed amendments to the Articles of Association, including, without limitation, to obtain all necessary approvals from the relevant regulatory authorities in the PRC, and to sign and execute such further documents, or to do any other matters incidental thereto and/or as contemplated thereunder, as such Director or authorized representative may in his absolute discretion deem appropriate; and
 - (3) any one of the Directors or authorized representative of the Chairman of the Board be and is hereby authorised to make such other modifications to the proposed amendments to the Articles of Association as may be required by the relevant regulatory authorities in the PRC.

NOTICE OF ANNUAL GENERAL MEETING

11. To consider, and if thought fit, pass the following resolution on the proposed general mandate to issue Shares:

“THAT:

- (1) the Board be and is hereby granted, during the Relevant Period (as hereafter defined), an unconditional general mandate to issue, allot and/or deal with additional H Shares in the capital of the Company, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
- (a) such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make or grant offers, agreements or options which might require the exercise of such powers after the end of the Relevant Period;
 - (b) the aggregate nominal amount of the H Shares to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board other than pursuant to the share option scheme (if any) adopted by the Company for the grant or issue of shares of the Company, shall not exceed 20 percent of the aggregate nominal amount of the H Shares in issue, in each case as at the date of passing of this resolution; and
 - (c) the Board will only exercise its power under the general mandate in accordance with the Company Law and the Listing Rules (as each of them may be amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant government authorities in the People’s Republic of China are obtained;

and, for the purposes of this resolution:

“Relevant Period” means the period from the date of passing this resolution until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- ii. the date of expiration of the 12-month period following the passing of this resolution; or
- iii. the date on which the authority granted to the Board set out in this resolution is revoked or varied by a special resolution of the Company in a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (2) contingent on the Board resolving to exercise the general mandate and/or issue shares pursuant to paragraph (1) of this resolution, the Board be and is hereby authorized:
- (a) to approve, execute and do, or procure to be executed and done all such documents, deeds and matters which it may consider necessary in connection with the exercise of the General Mandate and/or the issue of shares, including but not limited to the time, price, quantity and place for such issue, to make all necessary applications to the relevant authorities, and to enter into underwriting agreement(s) or any other agreement(s);
 - (b) to determine the use of proceeds, and to make all necessary filings and registration with the relevant authorities in the People's Republic of China, Hong Kong and/or other places and jurisdictions (as appropriate); and
 - (c) to increase the registered capital of the Company and to register the increased capital with the relevant authorities so as to reflect the new capital and/or share capital structure of the Company.”
12. To consider, and if thought fit, pass the following resolution on the proposed general mandate to repurchase Shares:

“THAT:

- (1) subject to paragraphs (2) and (3) below, the exercise by the Board during the Relevant Period (as defined in paragraph (4) below) of all the powers of the Company to repurchase H Shares in issue, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body, is approved;
- (2) the aggregate nominal value of H Shares authorized to be repurchased pursuant to the approval in paragraph (1) above during the Relevant Period (as defined in paragraph (4) below) shall not exceed 10% of the aggregate nominal value of H Shares in issue, as at the date of the passing of this special resolution;
- (3) the approval in paragraph (1) above shall be conditional upon:
 - (a) the special resolution to be passed at the AGM shall be of the same terms as the resolution set out in this paragraph (except for this sub-paragraph (3)(a));
 - (b) compliance with the relevant requirements of the Company Law and the regulations of the regulatory authorities (including the Stock Exchange) of the place of listing of the Company as amended from time to time; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) the approval of or the filing with the State Administration of Foreign Exchange, China Securities Regulatory Commission and/or any other regulatory authorities (if applicable) as may be required by the laws, rules and regulations of the PRC has been obtained or made.
- (4) For the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution in the AGM until whichever is the earliest of:
- (a) the conclusion of the next annual general meeting of the Company following the passing of this special resolution;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws to be held;
 - (c) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution of the Shareholders at a general meeting; or
 - (d) the date of expiration of a period of 12 months after this special resolution has been passed at the AGM.
- (5) the Board is hereby authorized to:
- (a) formulate and implement specific repurchase plans, including but not limited to the repurchase price, the amount of repurchases, the timing and period for repurchases;
 - (b) notify creditors and publish announcements in accordance with the requirements of the Company Law, the Articles of Association and the relevant requirements of the Stock Exchange (if applicable) as amended from time to time;
 - (c) open a foreign stock account and complete the corresponding procedure of change in foreign exchange registration;
 - (d) perform the relevant approval procedure in accordance with the requirements of the regulatory authority and the place of listing, including filing with China Securities Regulatory Commission;
 - (e) complete the procedure for the cancellation of the repurchased Shares, the reduction of the Company’s registered capital, and perform the relevant domestic and foreign registration and filing procedures according to the statutory requirements in the PRC and foreign regions; and
 - (f) sign and execute other documents and complete other matters relevant to repurchases of Shares.”

NOTICE OF ANNUAL GENERAL MEETING

13. The resolution(s) to be proposed at the AGM by Shareholders holding 3% or more of the total number of the Company's shares carrying voting rights, if any, by way of special resolution(s).

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

Beijing, 10 April 2019

Notes:

(1) CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY TO ATTEND AND VOTE AT THE AGM

As disclosed in the announcement of the Company dated 20 March 2019, the H Share register of members of the Company will be closed from Saturday, 27 April 2019 to Friday, 17 May 2019 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders of the Company whose names appear on the Company's Register of Members at the opening of business on Friday, 17 May 2019 are entitled to attend and vote at the AGM.

In order to be eligible to attend and vote at the AGM, Shareholders of the Company shall lodge all transfer instruments together with the relevant share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Shares Registrar, not later than 4:30 p.m. on Friday, 26 April 2019 at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong.

(2) CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY TO RECEIVE THE 2018 FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year 2018 in an aggregate amount of RMB187,353,655.08, representing a dividend of RMB0.03 per Share (2017: RMB0.03 per Share), calculated based on the existing number of total issued Shares of 6,245,121,836 Shares as at the Latest Practicable Date, which is subject to adjustment based on the number of the total issued Shares of the Company as at the Record Date (as defined below). Subject to the approval of the Shareholders at the AGM, the aforementioned dividend is expected to be paid by the Company on or before 16 August 2019. Further announcement will be made in this regard in due course.

The 2018 final dividend will be paid to those Shareholders whose names appear on the Company's register of members at the close of business on Wednesday, 29 May 2019 (the "**Record Date**"). To determine the identity of the Shareholders entitled to receive the final dividend, the Company's register of members will be closed from Friday, 24 May 2019 to Wednesday, 29 May 2019 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to receive the 2018 final dividend, all transfer instruments accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company's H shares registrar, not later than 4:30 p.m. on Thursday, 23 May 2019 at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong.

(3) REGISTRATION PROCEDURES FOR ATTENDING THE AGM

- a. The Shareholder or its proxies shall produce his identification proof. If a corporation Shareholder's legal representative or any other person authorized by the board of directors or other governing body of such corporate Shareholder attends the AGM, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid authorization document of the board of directors or other governing body of such corporate shareholder (as the case may be) to prove the identity and authorization of that legal representative or other person.

NOTICE OF ANNUAL GENERAL MEETING

- b. Shareholders may deliver the reply slip by post or facsimile to the correspondence address designated by the Company.

(4) PROXIES

- a. Any Shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on his behalf at the AGM. A proxy needs not be a Shareholder. Any Shareholder who wishes to appoint a proxy should first review the form of proxy for use in the AGM.
- b. Any Shareholder shall appoint its proxy in writing. The instrument appointing a proxy must be in writing signed under the hand of the appointer or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument shall be affixed with the seal of the body corporate or shall be signed by the directors of the board of the body corporate or by attorneys duly authorized. If the instrument is signed by an attorney of the appointer, the power of attorney authorizing the attorney to sign or other documents of authorization must be notarially certified. In order to be valid, for H shareholders, the form of proxy, and a notarially certified copy of the power of attorney or other documents of authorization, where appropriate, must be delivered to Computershare Hong Kong Investor Services Limited, the Company's H shares registrar, at 17M Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the AGM and return of a form of proxy will not preclude a Shareholder from attending AGM or any adjournment thereof (as the case may be) in person and voting at the AGM if he or she so wishes.

(5) THE AGM IS EXPECTED TO LAST FOR HALF A DAY. SHAREHOLDERS ATTENDING THE MEETING ARE RESPONSIBLE FOR THEIR OWN TRANSPORTATION AND ACCOMMODATION EXPENSES.

Designated address of the Company:

Building A, No. 14 Xiaoguan Dongli, Andingmenwai, Chaoyang District, Beijing, the PRC (Postal code: 100029)
Telephone No: 86-10-58354335/4313 Facsimile No: 86-10-58354310
Attention: Mr. Liu Kai/Mr. Hao Weidi

As at the date of this circular, the Board comprises executive Directors Mr. Tan Ruisong, Mr. Chen Yuanxian and Mr. Wang Xuejun, non-executive Directors Mr. Li Yao, Mr. He Zhiping and Mr. Patrick de Castelbajac as well as independent non-executive Directors Mr. Liu Renhuai, Mr. Liu Weiwu and Mr. Wang Jianxin.