
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 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)

**I. PROPOSED CHANGE OF REGISTERED CAPITAL;
II. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION;
AND
III. NOTICE OF EGM**

A notice convening the EGM of AviChina Industry & Technology Company Limited to be held at 9:00 a.m. on Friday, 15 January 2021 at Avic Hotel, No. 10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the People's Republic of China is set out on pages 6 to 8 of this circular.

A form of proxy for use at the EGM is enclosed and is also published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed on the form not less than 24 hours before the time fixed for the holding of EGM or any adjournment of that meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM or any adjournment of that meeting (as the case may be) and voting in person if you so wish.

30 December 2020

* For identification purpose only

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DEFINITIONS

The following terms have the following meanings in this circular, unless the context otherwise requires:

“Acquisition”	the acquisition of the equity interests in AVIC Helicopter Co., Ltd.* (中航直升機有限責任公司), Harbin Aircraft Industry Group Co., Ltd.* (哈爾濱飛機工業集團有限責任公司) and Changhe Aircraft Industries (Group) Co., Ltd.* (昌河飛機工業(集團)有限責任公司) pursuant to the equity acquisition and share issuance agreement dated 28 November 2019 entered into among the Company, AVIC and Tianjin Free Trade Zone Investment
“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), the controlling shareholder of the Company, holding 56.35% equity interest in the Company directly and indirectly as at 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 Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 9:00 a.m. on Friday, 15 January 2021 at Avic Hotel, No. 10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC for the purpose of considering and, if thought fit, approving, among other things, (i) the proposed change of registered capital; (ii) the proposed amendments to the Articles of Association
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issuance”	the issuance of domestic shares by the Company to AVIC and/or Tianjin Free Trade Zone Investment as the consideration for the Acquisition

DEFINITIONS

“Latest Practicable Date”	24 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Tianjin Free Trade Zone Investment”	Tianjin Free Trade Zone Investment Company Limited* (天津保稅區投資有限公司), a limited liability company incorporated in the PRC
“%”	per cent.

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. Wang Xuejun
Mr. Zhao Hongwei

Non-executive Directors:

Mr. Yan Lingxi
Mr. Lian Dawei
Mr. Xu Gang

Independent non-executive Directors:

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

Registered Office:

2nd floor, Building 27
No. 26 Xihuan South Street
Beijing Economic Technological
Development Area
Beijing, PRC

Place of business in Hong Kong:

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

30 December 2020

To the Shareholders

Dear Sir or Madam,

**I. PROPOSED CHANGE OF REGISTERED CAPITAL;
II. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION;
AND
III. NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 24 December 2020 relating to (1) the proposed change of registered capital; and (2) the proposed amendments to the Articles of Association.

The purpose of this circular is to provide you with, among other things, (i) details of the proposed change of registered capital; (ii) details of the proposed amendments to the Articles of Association; and (iii) the notice of the EGM.

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LETTER FROM THE BOARD

II. PROPOSED CHANGE OF REGISTERED CAPITAL

The Acquisition and the Issuance have been completed. The shares issued under the Acquisition are 1,500,669,406 domestic shares, among which 1,250,899,906 domestic shares are held by AVIC and 249,769,500 domestic shares are held by Tianjin Free Trade Zone Investment. The total number of issued shares of the Company has been increased from 6,210,662,836 shares to 7,711,332,242 shares, among which 6,210,662,836 shares are overseas listed foreign invested shares and 1,500,669,406 shares are domestic shares. The registered capital of the Company will increase correspondently.

The proposed change of registered capital is subject to the Shareholder's consideration and approval by way of a special resolution at the EGM.

III. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

Whereas the total number of issued shares of the Company will increase from 6,210,662,836 shares to 7,711,332,242 shares upon completion of the Issuance, the Board proposed to amend the Articles of Association as follows:

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 Company canceled a total of 34,459,000 repurchased shares of overseas listed foreign invested shares in June and September 2020-; the Company issued 1,500,669,406 domestic shares in December 2020.

The current shareholding structure of the Company is: the total number of issued ordinary shares of the Company amounts to 6,210,662,836/7,711,332,242 shares, ~~all being overseas listed foreign invested shares.~~ among which 1,500,669,406 shares are held by shareholders of domestic shares, representing 19.46% of the total number of issued ordinary shares of the Company, and 6,210,662,836 shares are held by shareholders of overseas listed foreign invested shares, representing 80.54% of the total number of issued ordinary shares of the Company.

LETTER FROM THE BOARD

Article 22 The registered capital of the Company is RMB6,245,121,8367,711,332,242.

The proposed amendments to the Articles of Association are subject to the Shareholders' consideration and approval by way of a special resolution at the EGM, at which an authorization will also be sought to authorize any one of the Directors to make corresponding revision to the Articles of Association according to the opinions of the relevant regulatory authorities. The proposed amendments to the Articles of Associations are also subject to the approval, registration and/or filing with the relevant regulatory authorities.

IV. EGM

The EGM will be held at 9:00 a.m. on Friday, 15 January 2021 at Avic Hotel, No. 10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC. The notice of the EGM is set out on pages 6 to 8 of this circular.

A form of proxy for use at the EGM is also enclosed. Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed on the form as soon as possible and in any event no later than 24 hours before the time fixed for the holding of EGM or any adjournment of that meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of that meeting (as the case may be).

To the best knowledge of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the special resolutions relating to (1) the proposed change of registered capital; and (2) the proposed amendments to the Articles of Association at the EGM.

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, all votes at the EGM will be taken by poll. The Company will announce the results of the poll in accordance with the Hong Kong Listing Rules following the EGM.

V. RECOMMENDATION

The Board considers that the resolutions as set out in the notice of the EGM 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 EGM.

Yours faithfully,
By Order of the Board
AviChina Industry & Technology Company Limited*
Wang Xuejun
Chairman

NOTICE OF EGM



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 EGM

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of AviChina Industry & Technology Company Limited* (the “Company”) will be held at 9:00 a.m. on Friday, 15 January 2021, 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 shall have the same meanings as those defined in the circular of the Company dated 30 December 2020 (the “Circular”):

SPECIAL RESOLUTIONS

1. “**THAT** the change of registered capital (details of which are set out in the paragraph headed “Proposed Change of Registered Capital” in the letter from the Board contained in the Circular) be and is hereby approved and confirmed.”
2. “**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; and
 - (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 fit.”

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

Beijing, 30 December 2020

NOTICE OF EGM

As at the date of this notice, the Board comprises executive Directors Mr. Wang Xuejun and Mr. Zhao Hongwei, 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 purpose only*

Notes:

1. CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY TO ATTEND AND VOTE AT THE EGM

Pursuant to Article 41 of the Articles of Association, the H Share register of members of the Company will be closed from Saturday, 26 December 2020 to Friday, 15 January 2021 (both days inclusive), during which period no transfer of H shares will be registered. Shareholders whose names appear on the Company's Register of Members at the opening of business on Friday, 15 January 2021 are entitled to attend and vote at the EGM.

In order to be eligible to attend and vote at the EGM, 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 Thursday, 24 December 2020 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong.

2. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

The Shareholder or its proxies shall produce its 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 EGM, 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 authorisation of that legal representative or other person.

3. PROXIES

- a. Any Shareholder who is entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his behalf at the EGM. 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 EGM.
- 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 notorially certified. In order to be valid, for holders of H Shares, the form of proxy, and a notorially 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 Share registrar, at 17M Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the EGM and return of a form of proxy will not preclude a Shareholder from attending EGM or any adjournment thereof (as the case may be) in person and voting at the EGM if he or she so wishes.

NOTICE OF EGM

- 4. THE EGM 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