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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)

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, 18 May 2018, at Avic Hotel, No. 10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the People's Republic of China 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 11 April 2018:

ORDINARY RESOLUTIONS

1. The resolution relating to the Report of the Board of the Company for the year ended 31 December 2017;
2. The resolution relating to the Report of the supervisory committee of the Company for the year ended 31 December 2017;
3. The resolution relating to the audited financial statements of the Company for the year ended 31 December 2017;
4. The resolution relating to the profit distribution plan (including distribution of 2017 final dividend) of the Company for the year ended 31 December 2017;
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 2018 respectively, and to determine their remuneration;

* *For identification purpose only*

6. The resolution relating to the re-election of Mr. Lin Zuoming as an executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
7. The resolution relating to the re-election of Mr. Tan Ruisong as an executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
8. The resolution relating to the new appointment of Mr. Chen Yuanxian as an executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
9. The resolution relating to the re-election of Mr. Li Yao as a non-executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
10. The resolution relating to the re-election of Mr. He Zhiping as a non-executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
11. The resolution relating to the re-election of Mr. Patrick de Castelbajac as a non-executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;

12. The resolution relating to the re-election of Mr. Liu Renhuai as an independent non-executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
13. The resolution relating to the new appointment of Mr. Li Xianzong as an independent non-executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
14. The resolution relating to the new appointment of Mr. Liu Weiwu as an independent non-executive Director of the Company with a term of office commencing from the establishment of the sixth session of the Board until the date on which the term of the sixth session of the Board will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
15. The resolution relating to the re-election of Mr. Zheng Qiang as a Shareholder representative Supervisor of the Company with a term of office commencing from the establishment of the sixth session of the Supervisory Committee until the date on which the term of the sixth session of the Supervisory Committee will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;
16. The resolution relating to the new appointment of Mr. Guo Guangxin as a Shareholder representative Supervisor of the Company with a term of office commencing from the establishment of the sixth session of the Supervisory Committee until the date on which the term of the sixth session of the Supervisory Committee will expire, the grant of an authorization to the executive Director of the Company to sign the relevant service contract on behalf of the Company with him and the grant of an authorization to the remuneration committee of the Company to determine his remuneration;

17. 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

18. 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 shares in the capital of the Company (whether Domestic Shares or H Shares), 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 Domestic Shares and/or 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:
 - i. 20 percent of the aggregate nominal amount of the Domestic Shares in issue; and/or
 - ii. 20 percent of the aggregate nominal amount of the H Shares in issue, respectively,
- 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.

(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 authorised:

- (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 make all necessary amendments to the Articles of Association to reflect such increase 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.”

19. 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 Domestic Shares and/or 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 Domestic Shares or H Shares authorised 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 Domestic Shares or H Shares in issue, respectively, 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 each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting 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
 - (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, the Domestic Share Class Meeting and the H Share Class Meeting 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, by a special resolution of Domestic Shareholders at a class meeting for Domestic Shareholders or by a special resolution of H Shareholders at a class meeting for H Shareholders; or
 - (d) the date of expiration of a period of 12 months after this special resolution has been passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting.
- (5) the Board is hereby authorised 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, the amendment of the relevant clauses of the Articles of Association relating to, among other things, the total amount of share capital and structure of shareholding, 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.
20. 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, 11 April 2018

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 16 March 2018, the H Share register of members of the Company will be closed from Saturday, 28 April 2018 to Friday, 18 May 2018 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of the Company's H Shares and Domestic Shares whose names appear on the Company's Register of Members at the opening of business on Friday, 18 May 2018 are entitled to attend and vote at the AGM.

In order to be eligible to attend and vote at the AGM, holders of the Company's H Shares 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, 27 April 2018 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 2017 FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year 2017 in an aggregate amount of RMB178,983,655.08, representing a dividend of RMB0.03 per Share (2016: RMB0.02 per Share), calculated based on the existing number of total issued Shares of 5,966,121,836 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 18 August 2018. Further announcement will be made in this regard in due course.

The 2017 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, 30 May 2018 (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, 25 May 2018 to Wednesday, 30 May 2018 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to receive the 2017 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, 24 May 2018 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.

- b. Holders of H Shares or Domestic Shares who wish to attend the AGM must complete the reply slip to confirm the attendance, and return the same to the correspondence address designated by the Company not later than 20 days before the date of the AGM, i.e. on or before Friday, 27 April 2018.
- c. 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, the form of proxy, and a notarially certified copy of the power of attorney or other documents of authorization, where appropriate, must be delivered in the case of holders of Domestic Shares, to the correspondence address designated by the Company, and in the case of holders of H Shares, 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 notice, the Board comprises executive Director Mr. Lin Zuoming, non-executive Directors Mr. Tan Ruisong, Mr. Wu Xiandong, Mr. Li Yao, Mr. He Zhiping and Mr. Patrick de Castelbajac as well as independent non-executive Directors Mr. Lau Chung Man, Louis, Mr. Liu Renhuai and Mr. Yeung Chi Wai.