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中國航空科技工業股份有限公司
AviChina Industry & Technology Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2357)

INSIDE INFORMATION ANNOUNCEMENT

THE H SHARE FULL CIRCULATION PLAN OF THE COMPANY

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

Reference is made to the announcement of the Company dated 9 May 2018 in relation to the proposed participation in the H share full circulation pilot project by the Company. On 9 May 2018, the Company received the formal approval by China Securities Regulatory Commission in relation to the participation in the H share full circulation pilot project by the Company.

The Company hereby announces further details of the H share full circulation plan of the Company (the “**Plan**”) as follows:

1. SIZE OF THE CONVERSION AND THE CONVERSION PLAN

All existing holders of the Company’s domestic shares (the “**Participating Shareholders**”) have decided to participate in the Plan and authorize the Company to convert up to an aggregate of 3,609,687,934 domestic shares into H shares that are eligible to be listed and traded on the Main Board of the Stock Exchange (the “**Conversion**”) on their behalf:

Name of the Participating Shareholders	Maximum number of domestic shares to be converted into H	Percentage in the total issued shares of the Company after the
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* For identification purposes only

	shares	Conversion(approximately)
Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司)	3,297,780,902	55.28%
AVIC Electromechanical Systems Company Limited (中航機電系統有限公司)	183,404,667	3.07%
China Hua Rong Asset Management Corporation (中國華融資產管理股份有限公司)	99,488,927	1.67%
China Cinda Asset Management Corporation (中國信達資產管理股份有限公司)	14,706,448	0.25%
China Orient Asset Management Corporation (中國東方資產管理股份有限公司)	14,306,990	0.24%
Total	3,609,687,934	60.50%

Assuming there are no other share capital changes and all domestic shares held by the Participating Shareholders are converted into H shares, the share capital structure of the Company before and after completion of the Conversion will be as follows:

Class of shares	Before		After	
	Number of shares	Percentage (approximately)	Number of shares	Percentage (approximately)
Domestic shares	3,609,687,934	60.50%	0	0%
H shares	2,356,433,902	39.50%	5,966,121,836	100%
Total	5,966,121,836	100%	5,966,121,836	100%

The Conversion is still subject to the completion of the relevant requirements stipulated by the “Implementing Rules for the Pilot Program on ‘Full Circulation’ of H Shares (for Trial Implementation)” jointly released by China Securities Depository and Clearing Corporation Limited and the Shenzhen Stock Exchange on 20 April 2018, the “Guide to the Pilot Program on ‘Full Circulation’ of H Shares (for Trial Implementation)” released by China Securities Depository and Clearing Corporation Limited on 22 May 2018, and certain procedures including the registration and application for listing of new H shares in accordance with the requirements of the Stock Exchange.

2. CORPORATE ACTIONS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has passed the resolution to implement the Conversion. Subject to the fulfillment of all pre-requisite

procedures for the Conversion by the Company, the Conversion shall take place as soon as practicable.

3. BENEFITS OF THE PLAN AND THE CONVERSION

The Company is mainly engaged in the research and development, manufacture and sales of aviation products, and relevant engineering services. The Company considers that the Plan has a positive impact on the Company and its shareholders. After the Conversion, the proportion and market capitalization of the Company's tradeable H shares will increase and the Company's image and reputation will also benefit from the Plan. The Conversion will further strengthen the relationships between the Company and its shareholders, and drive the Company's value growth and sustainable development.

The Company has engaged China International Capital Corporation Limited as its financial advisor, Beijing Jingtian & Gongcheng Law Firm as its PRC legal advisor and Baker & McKenzie as its Hong Kong legal advisor in relation to the Plan and the Conversion.

The Conversion is still subject to the performance of other relevant procedures required by the Stock Exchange and other relevant onshore and offshore regulatory authorities. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Beijing, 30 May 2018

As at the date of this announcement, 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.