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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)

**PROGRESS ANNOUNCEMENT REGARDING THE H SHARE FULL
CONVERSION PLAN:
LISTING APPROVAL GRANTED BY THE STOCK EXCHANGE**

References are made to the announcements of AviChina Industry & Technology Company Limited* (the “**Company**”) dated 9 and 30 May 2018 in relation to the participation in the H share full circulation pilot project by the Company. Unless otherwise indicated, capitalized terms used in this announcement shall have the same meanings as those defined in the announcement dated 30 May 2018.

The Company is pleased to inform the shareholders of the Company and potential investors that, the Company completed relevant approval procedures in relation to the overseas listing of the domestic shares under the H share full circulation pilot project on 1 June 2018.

The Company, on behalf of the Participating Shareholders, has completed the cancellation registration procedure for the domestic shares under the Conversion held by the Participating Shareholders in China Securities Depository and Clearing Corporation Limited (“**China Clearing**”), Beijing Branch. On 1 June 2018, the Participating Shareholders holding 3,609,687,934 domestic shares have been removed from the register of members of domestic shares of the Company maintained by China Clearing.

The Company applied to the Listing Committee of the Stock Exchange for approval of the listing of and for permission to deal in 3,609,687,934 H shares (“**Converted H Shares**”, being the maximum domestic shares to be converted under the Conversion). The Company is pleased to announce that the listing approval was granted by the Stock Exchange on 1 June 2018.

* *For identification purposes only*

The Company is also conducting the following works in connection with the Conversion Plan:

- (i) giving instructions to H share registrar of the Company in relation to the relevant share certificates of the Converted H Shares; and
- (ii) enabling the Converted H Shares to be accepted as eligible securities by HKSCC Nominees Limited (“**HKSCC**”), for depository, settlement and delivery purposes, which will take effect from the commencing date of listing of the Converted H Shares on the Stock Exchange.

The domestic Participating Shareholders of the Company can only conduct share trading after the below procedures relating to the arrangements of registration, depository and transaction settlement after the Conversion are completed:

- (i) Subject to the authorization from the domestic Participating Shareholders, the Company will, on their behalf, appoint China Clearing as the nominee to hold the Converted H Shares and to deal with the relevant matters. China Clearing, as the nominee, will deposit such portion of the Converted H Shares into HKSCC and provide nominee services;
- (ii) The Company will also apply to China Clearing for establishing specified accounts of H share “Full Circulation” for the domestic Participating Shareholders. Such accounts will serve as the secondary accounts that China Clearing opens at HKSCC to hold securities as a nominee, and they will be used for initial record and maintenance of the detailed information of investors holding the Converted H Shares;
- (iii) The Company will apply to China Clearing, Shenzhen Branch for the maintenance of the detailed record of the initial holding of the Converted H Shares held by the domestic Participating Shareholders. Meanwhile, the Company will submit applications for a domestic transaction commission code and abbreviation, which shall be confirmed by China Clearing, Shenzhen Branch pursuant to the authorization of the Shenzhen Stock Exchange (the “**Shenzhen Stock Exchange**”);
- (iv) According to the “Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing” (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), the domestic Participating Shareholders should complete the overseas shareholding registration with the local foreign exchange administration bureau before the shares are sold, and after the overseas shareholding registration, open a specified bank account for H

share “Full Circulation” at Bank of China Co., Ltd., open a specified fund account for H share “Full Circulation” at Guosen Securities Company Limited (“**Guosen Securities**”), and appoint Guosen Securities (Hong Kong) Brokerage Company Limited (“**Guosen Securities (Hong Kong)**”) as overseas agent broker for share transaction settlement;

- (v) The domestic Participating Shareholders of the Company can only conduct share trading after the above procedures as set out in (i) to (iv) are completed;
- (vi) Domestic Participating Shareholders shall employ the specified account for H share “Full Circulation”, submit entrusted sell order of the Converted H Shares through Guosen Securities, and the relevant shares will be sold through the securities trading account opened by China Clearing in Guosen Securities (Hong Kong). After completion of the transaction, Guosen Securities (Hong Kong) and China Clearing, China Clearing and Guosen Securities, Guosen Securities and Participating Shareholders will conduct settlement respectively; and
- (vii) The Shenzhen Stock Exchange authorizes Shenzhen Securities Communications Co., Ltd. to provide services relating to entrusted sell orders and completion report between Guosen Securities and Guosen Securities (Hong Kong) for the Converted H Shares, and the real-time market forwarding services of the relevant H shares.

Further Announcement will be made by the Company when and where appropriate.

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, 1 June 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.

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