
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 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).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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 NEW APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR;
(2) PROPOSED GENERAL MANDATE TO ISSUE SHARES;
(3) PROPOSED DISTRIBUTION OF 2013 FINAL DIVIDEND;
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, 13 June 2014 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 7 to 11 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 before Friday, 23 May 2014. 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 AGM 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.

16 April 2014

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Introduction	3
Proposed new appointment of independent non-executive Director	4
Proposed General Mandate to issue Shares	5
Proposed distribution of 2013 final dividend	5
AGM	6
Recommendation	6
Notice of Annual General Meeting	7

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 on Friday, 13 June 2014
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“Company”	AviChina Industry & Technology Company Limited
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi by PRC nationals and/or PRC incorporated entities
“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 Shares (whether Domestic Shares or H Shares) representing up to the limit of 20% of the aggregate nominal values of the Domestic Shares and/or H Shares in issue as at the date of passing the General Mandate Resolution at the AGM
“General Mandate Resolution”	the special resolution to be proposed to the Shareholders at the AGM in relation to the granting of the General Mandate to the Board
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign invested shares 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
“HK\$” or “HK dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	Wednesday, 9 April 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“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
“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)
“Shareholder(s)”	holders of Domestic Shares and holders of H Shares
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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. Lin Zuoming

Mr. Tan Ruisong

Non-executive Directors:

Mr. Gu Huizhong

Mr. Gao Jianshe

Mr. Sheng Mingchuan

Mr. Maurice Savart

Independent non-executive Directors:

Mr. Guo Chongqing

Mr. Li Xianzong

Mr. Lau Chung Man, Louis

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 B, 15/F, United Centre

Queensway 95

Hong Kong

16 April 2014

To the Shareholders:

Dear Sir or Madam,

**(1) PROPOSED NEW APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR;
(2) PROPOSED GENERAL MANDATE TO ISSUE SHARES;
(3) PROPOSED DISTRIBUTION OF 2013 FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding, among other things, the resolutions to be proposed at the forthcoming AGM in relation to, among other things, (1) the proposed new appointment of independent non-executive Director; (2) the proposed General Mandate to issue Shares; and (3) the proposed distribution of 2013 final dividend.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED NEW APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

According to Article 89 of the Articles of Association in relation to the composition of the Board, the Board consists of nine Directors, including three independent non-executive Directors. Due to other work commitments as required by his current employer, Mr. Li Xianzong has applied for the resignation from his position as an independent non-executive Director. Accordingly, the Company proposed that, a new independent non-executive Director who would fill his vacancy shall be elected at the AGM in accordance with the requirement with respect to the composition of the Board as provided in the Articles of Association. Mr. Li Xianzong's term of office will not be terminated until the appointment of the candidate for a new independent non-executive Director has been approved at the AGM. For further details, please refer to the announcement of the Company published on 6 January 2014.

Mr. Liu Renhuai has been nominated as the new independent non-executive Director with a term of office commencing from the date on which his proposed appointment has been approved at the AGM until the date on which the resolution relating to the re-election of the Board will be considered at the AGM to be convened in 2015. The proposed salary to be paid to Mr. Liu Renhuai as director's fee is RMB170,000 per annum (pre-tax). The proposed salary was determined and recommended by the Remuneration Committee of the Company by reference to his qualifications and experience and the prevailing market conditions, subject to approval of the AGM. No service contract has been entered into between Mr. Liu and the Company.

The biographical details of Mr. Liu Renhuai are set out as follows:

Mr. Liu Renhuai, aged 73, an academician of the Chinese Academy of Engineering, graduated from Lanzhou University in 1963. He was elected as academician of the division of mechanical and vehicle technology of Chinese Academy of Engineering in 1999 and one of the first academicians of the division of engineering management of Chinese Academy of Engineering in 2000. He used to work as the president of Jinan University, director of the guiding committee on education of mechanics for colleges and universities of the Ministry of Education, vice chairman of Chinese Mechanics Society and chairman of Chinese Vibration Engineering Society from 1995 to 2013. He is currently a professor and a board member of Jinan University, director of the institute of applied mechanics, and director of the research center of strategic management of Jinan University. Mr. Liu served as a non-executive director of Sino-Tech International Holdings Limited (whose shares are listed on the Stock Exchange) from August 2010 to January 2012. He is currently an independent director of Guangdong Hongda Blasting Co., Ltd. (whose A shares are listed on the Shenzhen Stock Exchange).

As far as the Directors are aware, save as disclosed above, as at the Latest Practicable Date, Mr. Liu Renhuai did not hold any directorships in other public listed companies nor did he hold any position with the Company or other members of the Group in the last three years. Mr. Liu Renhuai does not have any relationship with any Director, supervisor, senior management or substantial or controlling Shareholders of the Company, and does not have any interests in the shares of the Company and its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rules 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 in relation to the proposed appointment of Mr. Liu Renhuai.

LETTER FROM THE BOARD

PROPOSED GENERAL MANDATE TO ISSUE SHARES

In order to provide the Board with flexibility and discretion to issue new Shares, the Company proposes to grant the General Mandate to the Board to allot, issue and deal with additional Domestic Shares and/or H Shares of the Company up to the limit of 20% of the aggregate nominal values of the Domestic Shares and/or H Shares respectively in issue as at the date of passing the General Mandate Resolution at the AGM. As at the Latest Practicable Date, the issued share capital of the Company comprised 3,117,995,265 Domestic Shares and 2,356,433,902 H Shares. Subject to the passing of the 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 623,599,053 Domestic Shares and/or 471,286,780 H Shares. The General Mandate shall be effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the passing of the General Mandate Resolution at the AGM; (ii) the expiration of the 12-month period following the passing of the General Mandate Resolution at the AGM; or (iii) the revocation or variation of the authority given under the General Mandate Resolution by a special resolution of the Company in a general meeting. Any exercise of the power by the Board under the 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 General Mandate. The proposal on granting the General Mandate to issue Shares is subject to the Shareholders' approval by a special resolution at the AGM.

PROPOSED DISTRIBUTION OF 2013 FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year 2013 in an aggregate amount of RMB109,488,583.34, representing a dividend of RMB0.02 per Share (2012: RMB0.02 per Share), based on the existing number of total issued Shares of 5,474,429,167 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). The proposed distribution of 2013 final dividend is subject to Shareholders' approval by way of an ordinary resolution at the AGM.

The 2013 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, 25 June 2014 (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, 20 June 2014 to Wednesday, 25 June 2014 (both days inclusive), during which period no transfer of H Shares 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, 19 June 2014, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong.

In accordance with Article 151 of the Articles of Association, the dividend will be declared in RMB to the Shareholders. The dividend payable to the holders of Domestic Shares will be paid in RMB within three months after the dividend declaration date. The dividend payable to holders of H Shares is calculated and declared in RMB and will be paid in HK\$ within three months after the dividend declaration date. The amount denominated in HK\$ will be converted based on the average closing conversion rate between RMB and HK\$ issued by the People's Bank of China for the five working days prior to the declaration of dividends at the AGM to be held on 13 June 2014.

LETTER FROM THE BOARD

AGM

The AGM will be held at 9:00 a.m. on Friday, 13 June 2014 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 7 to 11 of this circular. A reply slip and a form of proxy for use at the AGM are also enclosed.

Shareholders who intend to attend the AGM shall complete and return the reply slip in accordance with the instructions printed thereon before Friday, 23 May 2014. 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 as soon as possible and in any event no later than 24 hours before the time fixed for the holding of AGM or any adjournment thereof (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 AGM or any adjournment thereof (as the case may be).

RECOMMENDATION

The Board considers that (1) the proposed new appointment of independent non-executive Director; (2) the proposed General Mandate to issue Shares; and (3) the proposed distribution of 2013 final dividend as mentioned above 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 the relevant resolutions to be proposed at the AGM.

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

* For identification purpose only

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 a.m. on Friday, 13 June 2014, 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 16 April 2014:

ORDINARY RESOLUTIONS

1. The resolution relating to the Report of the Board of the Company for the year ended 31 December 2013;
2. The resolution relating to the Report of the Supervisory Committee of the Company for the year ended 31 December 2013;
3. The resolution relating to the audited financial statements of the Company for the year ended 31 December 2013;
4. The resolution relating to the profit distribution plan (including distribution of 2013 final dividend) of the Company for the year ended 31 December 2013;
5. The resolution relating to the appointment of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP, as the international and domestic auditors of the Company for the financial year 2014, respectively and to determine their remuneration;
6. The resolution relating to the appointment of Mr. Liu Renhuai as an independent non-executive Director of the Company with a term of office commencing from the date on which the proposed appointment has been approved at the AGM until the date on which the resolution relating to the re-election of the Board will be considered at the AGM to be convened in 2015, the determination of his remuneration as RMB170,000 per annum (pre-tax), and the grant of an authorization to any executive Director of the Company to sign the relevant service contract on behalf of the Company with him; and

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

7. 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

8. 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 of the People's Republic of China 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;

NOTICE OF ANNUAL GENERAL MEETING

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 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.”
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 special resolution(s).

By Order of the Board
AviChina Industry & Technology Company Limited*
Yan Lingxi
Company Secretary

Beijing, 16 April 2014

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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

Pursuant to Article 40 of the Articles of Association, the H Share register of members of the Company will be closed from Saturday, 24 May 2014 to Friday, 13 June 2014 (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 on Friday, 13 June 2014 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, 23 May 2014 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 2013 FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year 2013 in an aggregate amount of RMB109,488,583.34, representing a dividend of RMB0.02 per Share (2012: RMB0.02 per Share), based on the existing number of total issued Shares of 5,474,429,167 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). The Company will pay the 2013 final dividend to eligible Shareholders as soon as practicable after the resolution on distribution of 2013 final dividend is approved at the AGM.

The 2013 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, 25 June 2014 (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, 20 June 2014 to Wednesday, 25 June 2014 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to receive the 2013 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, 19 June 2014, 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 authorisation 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. before Friday, 23 May 2014.
- 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.

NOTICE OF ANNUAL GENERAL MEETING

- 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, on 17M Floor, 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:

9/F, Easyhome Tower, No. 3A Dongzhimen South Avenue, Dongcheng District, Beijing, the PRC (Postal code: 100007)

Telephone No.: 86-10-58354335/4752

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. Lin Zuoming, Mr. Tan Ruisong and non-executive directors Mr. Gu Huizhong, Mr. Gao Jianshe, Mr. Sheng Mingchuan, Mr. Maurice Savart as well as independent non-executive directors Mr. Guo Chongqing, Mr. Li Xianzong and Mr. Lau Chung Man, Louis.