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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).

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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)

**(1) PROPOSED DISTRIBUTION OF 2010 FINAL DIVIDEND;
(2) PROPOSED GENERAL MANDATE TO ISSUE SHARES;
(3) PROPOSED INCREASE IN REGISTERED CAPITAL;
(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting (“AGM”) of AviChina Industry & Technology Company Limited to be held at 9:00 a.m. on Friday, 27 May 2011 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.hkex.com.hk). Shareholders who intend to attend the AGM shall complete and return the reply slip in accordance with the instructions printed thereon before Saturday, 7 May 2011. 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.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	an annual general meeting of the Company to be held on Friday, 27 May 2011
“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 and/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 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 the Hong Kong Special Administrative Region, the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	15 April 2011, 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
Mr. Wu Xiandong

Non-executive Directors:

Mr. Gu Huizhong
Mr. Xu Zhanbin
Mr. Geng Ruguang
Mr. Zhang Xinguo
Mr. Gao Jianshe
Mr. Li Fangyong
Mr. Chen Yuanxian
Mr. Wang Yong
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

21 April 2011

To the Shareholders:

Dear Sir or Madam,

**(1) PROPOSED DISTRIBUTION OF 2010 FINAL DIVIDEND;
(2) PROPOSED GENERAL MANDATE TO ISSUE SHARES;
(3) PROPOSED INCREASE IN REGISTERED CAPITAL;
(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
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 (1) the proposed distribution of the 2010 final dividend of the Company; (2) the proposed grant of General Mandate to issue shares to

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LETTER FROM THE BOARD

the Board; (3) the proposed increase in the registered capital of the Company; and (4) the proposed amendments to the Articles of Association.

PROPOSED DISTRIBUTION OF 2010 FINAL DIVIDEND

The Board recommended the payment of a final dividend for the year 2010 in an aggregate amount of RMB49,490,245, equivalent to RMB0.01 per share (tax inclusive) (2009: Nil), based on the existing number of total issued Shares of 4,949,024,500 Shares as at the Latest Practicable Date, subject to adjustment based on the number of total issued Shares as at the close of business on 27 May 2011, being the record date.

The Company will publish a further announcement if there is any change to the per share amount for the 2010 final dividend.

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 Resolutions at the AGM. As at the Latest Practicable Date, the issued share capital of the Company comprised 2,934,590,598 Domestic Shares and 2,014,433,902 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 586,918,120 Domestic Shares and/or 402,886,780 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 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.

PROPOSED INCREASE IN REGISTERED CAPITAL AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As a result of the proposed issue of the consideration shares to AVIC Electromechanical Systems Company Limited (“AMES”) by the Company pursuant to the acquisition of the entire equity interest in Tianjin Aviation Mechanical and Electrical Co., Ltd (“**Tianjin Aviation Acquisition**”), the Board proposed to seek approval from the Shareholders for (1) the proposed increase in the registered capital of the Company from RMB4,949,024,500 to RMB5,131,369,033, subject to the approval of the State-owned Assets Supervision and Administration Commission of the State Council; (2)(i) the proposed amendments to the following articles in the Articles of Association in respect of the change to the capital structure of the Company following completion of the Tianjin Aviation Acquisition; and

LETTER FROM THE BOARD

(2)(ii) the grant of an authorisation to the Board to make all necessary amendments (as modified by any corresponding adjustments, if any, in the final consideration for the Tianjin Aviation Acquisition determined based on the asset valuation result confirmed by and filed with the state-owned assets supervision and administration authorities or its authorized representatives) to the Articles of Association to reflect any change to the capital structure of the Company following completion of the Tianjin Aviation Acquisition and in accordance with the requirements of the relevant PRC authorities and the applicable PRC laws and regulations:

Article 16 of the Articles of Association is proposed to be changed to:

“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 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 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.

Upon the approval of the securities regulatory authorities of the State Council, the Company issued 182,344,533 Domestic Shares in 2011.

The current shareholding structure of the Company is: the total number of issued ordinary shares of the Company amounts to 5,131,369,033 shares, of which, Aviation Industry Corporation of China holds 2,806,088,233 shares, accounting for 54.69% of the total issued ordinary shares; AVIC Electromechanical Systems Company Limited holds 182,344,533 shares, accounting for 3.55% of the total issued ordinary shares; China Huarong Assets Management Corporation holds 99,488,927 shares, accounting for 1.94% of the total issued ordinary shares of the Company; China Cinda Assets Management Corporation holds 14,706,448 shares, accounting for 0.29% of the total issued ordinary shares of the Company; China Orient Assets Management Corporation holds 14,306,990 shares, accounting for 0.28% of the total issued ordinary shares of the Company; overseas listed foreign shareholders hold 2,014,433,902 shares, accounting for 39.25% of the total issued ordinary shares of the Company.”

Article 19 of the Articles of Association is proposed to be changed to: “The registered capital of the Company is RMB5,131,369,033.”

The above figures will be determined once the total number of the consideration shares issued to AMES by the Company has been confirmed.

LETTER FROM THE BOARD

Please refer to the announcement, the circular and the voting results of extraordinary general meeting announcement of the Company dated 25 January 2011, 21 February 2011 and 29 March 2011 respectively for details of the Tianjin Aviation Acquisition.

AGM

The notice of the AGM to be held at 9:00 a.m. on Friday, 27 May 2011 at Avic Hotel, No. 10 Yi, Central East Third Ring Road, Chaoyang District, Beijing, the PRC is set out on pages 7 to 11 of this circular. A reply slip and a form of proxy for use at the AGM is also enclosed.

Shareholders who intend to attend the AGM shall complete and return the reply slip in accordance with the instructions printed thereon before Saturday, 7 May 2011. 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 distribution of the 2010 final dividend; (2) the proposed grant of General Mandate to issue shares to the Board; (3) the proposed increase in the registered capital of the Company; and (4) the proposed amendments to the Articles of Association 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 (“AGM”) of AviChina Industry & Technology Company Limited (the “**Company**”) will be held at 9:00 a.m. on Friday, 27 May 2011, 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 21 April 2011:

ORDINARY RESOLUTIONS

1. The resolution relating to the Report of the Board of the Company for the year ended 31 December 2010;
2. The resolution relating to the Report of the Supervisory Committee of the Company for the year ended 31 December 2010;
3. The resolution relating to the audited financial statements of the Company for the year ended 31 December 2010;
4. The resolution relating to the profit distribution (including distribution of a final dividend) of the Company for the year ended 31 December 2010;
5. The resolution relating to the appointment of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the international and domestic auditors of the Company for the financial year 2011 respectively and to determine their remuneration; and
6. The resolution(s) to be proposed at the AGM by shareholders holding 5% or more of the total number of the Company’s shares carrying voting rights, if any, by way of ordinary resolution(s).

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NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

7. To consider, and if thought fit, pass the following resolution:

“**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 otherwise 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or

NOTICE OF ANNUAL GENERAL MEETING

- (b) the expiration of the 12-month period following the passing of this resolution; or
 - (c) 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);
 - (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.”
8. The resolution relating to the increase in the registered capital of the Company;
9. The resolution relating to the amendments to Article 16 and Article 19 of the Articles of Association.
10. The resolution(s) to be proposed at the AGM by Shareholders holding 5% 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

Hong Kong, 21 April 2011

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) Closure of register of members and eligibility to (1) receive the 2010 final dividend; and (2) attend and vote at the AGM

Pursuant to Article 38 of the Articles of Association, the H Share register of members of the Company will be closed from Saturday, 7 May 2011 to Friday, 27 May 2011 (both days inclusive), during which period no transfer of H shares will be effected. Holders of the Company's H Shares and Domestic Shares whose names appear on the Company's Register of Members on Friday, 27 May 2011 are entitled to (1) receive the 2010 final dividend; and (2) attend and vote at the AGM.

In order to be eligible to (1) receive the 2010 final dividend; and (2) attend and vote at the AGM, holders of the Company's H shares shall lodge all transfers together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H Shares Registrar, not later than 4:30 p.m. on Friday, 6 May 2011 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong.

(2) 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 Saturday, 7 May 2011.
- (c) Shareholders may deliver the reply slip by post or facsimile to the correspondence address designated by the Company.

(3) 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 need not be a shareholder of the Company. 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 at the address stated in note 1 above 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.

NOTICE OF ANNUAL GENERAL MEETING

- (4) **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:	P.O. Box 1655, Beijing, the PRC (Postal code: 100009)
Telephone No.:	86-10-58354319
Facsimile No.:	86-10-58354310
Attention:	Mr. Xu Bin

As at the date of this notice, the Board comprises executive directors Mr. Lin Zuoming, Mr. Tan Ruisong and Mr. Wu Xiandong and non-executive directors Mr. Gu Huizhong, Mr. Xu Zhanbin, Mr. Geng Ruguang, Mr. Zhang Xinguo, Mr. Gao Jianshe, Mr. Li Fangyong, Mr. Chen Yuanxian, Mr. Wang Yong, Mr. Maurice Savart as well as independent non-executive directors Mr. Guo Chongqing, Mr. Li Xianzong and Mr. Lau Chung Man, Louis.