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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)

INITIAL GRANT OF SHARES UNDER RESTRICTED SHARE INCENTIVE SCHEME

On 30 March 2011, the Board approved an initial grant of restricted shares under the Restricted Share Incentive Scheme of the Company, pursuant to which approximately 37,013,900 Restricted Shares, representing approximately 0.748% of the issued share capital of the Company as at the date of this announcement, were resolved to be granted to 149 selected Scheme Participants on 30 March 2011 at the Grant Price of HKD4.15 per Restricted Share.

On the same date i.e. 30 March 2011, upon approval by the Board, the Initial Grant was made to the 149 selected Scheme Participants under the Scheme.

Reference is made to the announcement of the AviChina Industry Company Limited (the “**Company**”) dated 23 February 2011 (the “**Announcement**”), the circular dated 24 February 2011 (the “**Circular**”) in relation to the Restricted Share Incentive Scheme (the “**Scheme**”) and the announcement of the Company dated 29 March 2011 in relation to the passing of the resolution by shareholders of the Company for the adoption and implementation of the Scheme. Unless otherwise specified, capitalized terms used in this announcement shall have the meanings as those defined in the Circular and the Announcement.

Pursuant to the Scheme, the year for the Initial Grant is 2011 and the Initial Grant is conditional upon the satisfaction of, among other things, certain financial performance criteria in the year preceding the year of grant i.e. 2010. The financial results of the Company prepared under the International Financial Reporting Standards have fulfilled the specified financial performance criteria. Furthermore, the individual performance of each of the selected Scheme Participants in 2010 has satisfied the specified conditions for the Initial Grant and there was no occurrence of specified events under the Scheme Rules in relation to the Company and the selected Scheme Participants which would prohibit the Initial Grant of Restricted Shares. Accordingly, the Initial Grant to the selected Scheme Participants can be granted pursuant to the Scheme Rules.

On 30 March 2011, the board of directors of the Company (the “**Board**”) approved, among other things, the Initial Grant of Restricted Shares under the Scheme, determined the 149 selected Scheme Participants, the number of Grant Shares, the Grant Date and the Grant Price, details of which are set out as follows:

- i. Approved that at the Initial Grant, approximately 37,013,900 Restricted Shares, representing approximately 0.748% of the issued share capital of the Company as at the date of this announcement, be granted to 149 selected Scheme Participants. The 149 selected Scheme Participants included executive and non-executive directors, senior management and mid-level management of the Group and other key employees who, in the opinion of the Board, contributed directly to the overall business performance and will contribute to the sustainable development of the Group. Among the aggregate number of Restricted Shares to be granted under the Initial Grant, 6,230,470 Restricted Shares were approved to be granted to the following ten directors of the Company (as opposed to the proposed grant to nine directors as disclosed in the Circular and the Announcement):

Name of Director	Number of Restricted Shares granted under the Initial Grant
Lin Zuoming	708,590
Tan Ruisong	636,950
Wu Xiandong	636,950
Gu Huizhong	636,950
Xu Zhanbin	636,950
Geng Ruguang	636,950
Zhang Xinguo	636,950
Gao Jianshe	636,950
Li Fangyong	636,950
Chen Yuanxian	426,280
Total	6,230,470

- ii. Grant Date: 30 March 2011.
- iii. Grant Price: HKD4.15 per Restricted Share, which is the highest of: (i) the closing price of the H Shares on the Hong Kong Stock Exchange on the Grant Date; (ii) the average closing price of the H Shares for the five trading days as quoted on the Hong Kong Stock Exchange immediately preceding the Grant Date; and (iii) the nominal value of the Restricted Shares.
- iv. In principle, 50% of the Grant Price shall be funded by the Company and the remaining 50% of the Grant Price should be funded by the selected Scheme Participant at his/her own cost.
- v. The directors of the Company, including independent non-executive directors, confirm that the Initial Grant is fair and reasonable, and is in the interests of the Company and its shareholders as a whole.
- vi. All the Restricted Shares granted will be subject to a lock up period of two years from the Grant Date, as well as other specified conditions and timing for unlocking under the Scheme. For details, please refer to the Circular.

As the ten directors, who were approved to be granted the Restricted Shares under the Initial Grant, were considered to have material interest in the board resolutions for approving their respective grants, each of the interested Directors had abstained from voting on the board resolutions for approving their respective grants. On the same date i.e. 30 March 2011, upon approval by the Board, the Initial Grant was made to the 149 selected Scheme Participants under the Scheme.

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

Hong Kong, 30 March 2011

As at the date of this announcement, 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.

**For identification purpose only.*