

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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)

**ANNOUNCEMENT
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
PROPOSED AMENDMENTS TO THE RULES GOVERNING THE
OPERATION OF SHAREHOLDERS' GENERAL MEETINGS**

The announcement is published in accordance with Rule 13.51 (1) of the Hong Kong Listing Rules.

The proposed amendments to the Articles of Association and the Rules Governing the Operation of Shareholders' General Meetings will be submitted for the Shareholders' consideration and approval by way of special resolution(s) at the Shareholders' general meeting of the Company. Notice of the Shareholders' general meeting and circular in relation to, among other things, the proposed amendments to the Articles of Association and the Rules Governing the Operation of Shareholders' General Meetings will be despatched to the Shareholders in due course.

The announcement is published by AviChina Industry & Technology Company Limited (the "**Company**") in accordance with Rule 13.51 (1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

I. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors of the Company (the "**Board**") proposed to amend the articles of association of the Company (the "**Articles of Association**") as follows:

1. To insert new Article 9 after the original Article 8 of the Articles of Association as follows pursuant to the relevant provisions of PRC regulatory authorities:

“Article 9 In accordance with provisions under the Constitution of the Communist Party of China, the Company shall establish an organization for the Communist Party of China. The Party organization shall perform the core leading and political functions. The Company shall establish a working organ for the Party, allocate sufficient personnel to handle Party affairs and guarantee working funds for the Party organization. Prior to making decisions on material issues of the Company, the opinion of the Party organization of the Company shall be considered. When selecting senior managements, the Party organization shall consider and propose opinions and suggestions on the candidates nominated by the Board or managers.”

2. To amend the following original articles in the Articles of Association based on the current situations of the Company:

(1) *paragraph 1 and paragraph 2 of Article 1*

“AviChina Industry & Technology Company Limited (the “**Company**”) is a company limited by shares established in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), Special Provisions of the State Council for Companies Limited by Shares Issuing Shares and Seeking a Listing Outside the PRC (the “~~Special Provisions~~”), Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “~~Mandatory Provisions~~”), Letter of Opinion on Supplements and Amendments to the Articles of Association of the Company Regarding Listing of Shares in Hong Kong (the “~~Letter of Opinion on Supplements and Amendments~~”) and other relevant laws and administrative regulations of the PRC.

Following approval by Document Guozihan Number 2 [2003] of the State-owned Assets Supervision and Administration Commission of the State Council, the Company was established by means of promotion, was registered with the State Administration for Industry and Commerce on April 30, 2003, ~~and obtained a body corporate business license. The registration number of the business license is 100000000037869.~~”

(2) *Article 2*

~~Registered name of the Company:~~

Registered name of the Company in Chinese: 中国航空科技工业股份有限公司

Name of the Company in English: AviChina Industry & Technology Company Limited”

(3) *Article 3*

“Domicile of the Company: 8th floor, Tower 2, No. 5A Rongchang East Street, Beijing Economic Technological Development Area, Beijing.

Postal Code: 100176

Telephone: (8610) 64094825 ~~Faesimile: (8610) 64094826~~”

(4) *paragraph 1 of Article 6*

“The Articles of Association shall come into effect after being passed by way of a special resolution at the general meeting ~~and approval by relevant governmental authorities~~, and shall supersede the original Articles of Association registered with the authorities for industry and commerce.”

(5) *Article 8*

“The Company may invest in other limited liability companies and companies limited by shares. It shall be liable for such invested companies to the extent of the amount of investment. The Company could not become a shareholder with unlimited liabilities of any other economic organizations.

~~Subject to approval by the authorities by the authorities that are unauthorized by the State Council to examine and approve companies, the Company may operate as a holding company as described in the second paragraph of Article 12 of the Company Law, according to the needs of operation and management.”~~

(6) *Article 12*

“All the shares issued by the Company shall have a par value which shall be RMB 1.0 for each share.

~~The above mentioned “RMB” refers to the lawful currency of the People’s Republic of China.”~~

(7) *paragraph 2 of Article 25*

“The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in newspapers ~~recognized by Hong Kong Stock Exchange~~ at least three times within 30 days of the said date. Creditors shall, within 30 days of receiving a written notice or within 90 days of the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for repayment.”

subparagraph 3 of paragraph 4 of Article 43

Where holders of overseas listed foreign invested shares apply for replacement of their share certificates after losing their certificates, such replacement shall comply with the following requirements:

“3. if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days. The newspapers designated by the Board shall be Chinese and English newspapers (each at least one) ~~recognized by Hong Kong Stock Exchange;~~”

(8) *subparagraph 13 of paragraph 1 of Article 52*

The shareholders' general meeting shall exercise the following functions and powers

“13. to consider proposals submitted by shareholders holding ~~5%~~3% or more (inclusive) of the shares with voting rights in the Company;”

(9) *paragraph 1 of Article 56*

“When the Company convenes an annual general meeting, shareholders holding ~~53%~~53% or more of the total shares carrying voting rights of the Company separately or jointly shall have the right to submit new proposals in writing, and the Company shall place matters in the proposals within the scope of functions and powers of the shareholders' general meeting on the agenda, provided that such proposals are delivered to the Company within ~~30~~20 days after dispatch of the aforesaid notice of the meeting.”

(10)*paragraph 1 of Article 86*

“Unless otherwise provided by the relevant laws, regulations and listing rules of the place where the securities of the Company are listed and the articles herein regarding means of shareholders communication, when the Company is to hold a class shareholders' meeting, it shall issue a written notice ~~45~~30 days prior to the meeting informing all the registered shareholders of that class of the matters to be considered at and the date and place of the meeting. Shareholders who intend to attend the meeting shall, within 20 days prior to the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting.”

(11)*Article 89*

“The Company shall have a Board comprising nine Directors. The Board shall include a Chairman and one or two vice-chairman. Of these, more than half of the Board members (including half of the Board members) shall be external Directors (refer to Directors who do not hold any positions in the Company), at least one-third (inclusive) of the Board members shall be independent non-executive Directors and ~~three shall be independent Directors~~ there shall be not less than three independent non-executive Directors.”

(12)*subparagraph 9 of paragraph 1 of Article 91*

The Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

“9. to engage or dismiss the Company's manager, and based on the recommendations of the manager, to engage or dismiss the deputy manager(s) and the chief financial officer(s) of the Company, decide on their remuneration, authorize the manager to determine investment, financing programs, connected transactions and annual guarantee plans for the Company's subsidiaries, each amount of which shall be within the respective caps as approved by the Board;”

(13)Article 97

“The Board meeting or interim Board meeting should be notified via telephone or by fax, e-mail, mail or hand delivery, etc. ~~and within ten days before the meeting.~~

The time and venue of the Board meetings can be pre-stipulated by the Board and shall be recorded in the meeting minutes. If the meeting minutes have been delivered to all Directors at least ten days before the next Board meeting, no notice is needed for the convening of such meeting.

In the event that the Board has not decided on the time and venue of the Board meeting, or in case of urgent matters, where an extraordinary meeting of the Board should be convened as soon as possible, the Chairman or the Secretary to the Board shall, ~~at least 5 days in advance (but less than 10 days) within reasonable period,~~ notify the Directors of the time and venue of the Board meeting via telephone, fax, e-mail, mail or hand delivery, etc. ~~fax, EMS, or registered mail, or through designated persons.~~

In the event that a Director is present at the meeting and has not raised any objection that he has not received notice of meeting prior to the meeting or at the time of the meeting, it shall be deemed that the meeting notice has been delivered to such Director.

The Board meetings may be convened via conference calls or with the help of similar communication equipment. As long as the participating directors can hear clearly the speeches of other Directors and they can communicate, all participating directors shall be deemed to be present at the meeting in person.”

(14)paragraph 4 of Article 98

“The written resolution signed by all Directors should be deemed effective as the resolution has been passed at a legitimate Board meeting. The written resolution may consist of more than one copies of the documents, each of which shall be signed by one or more Directors. A resolution signed by Directors or with Directors’ name on it and delivered by fax, e-mail, mail or hand delivery to ~~by mail, fax or by hand~~ the Company shall be deemed a document signed by the Directors themselves for purposes of this Article.”

paragraph 1 of Article 117

“Under appropriate circumstances with justifiable reason, the supervisors shall be entitled to require the chairman of supervisory committee to convene interim meetings of supervisory committee. Notice of every supervisory committee meeting shall be given within 10 days in advance via telephone, fax, e-mail, mail or hand delivery, etc. ~~by means of telephone or fax,~~ which shall include the time and venue of the meeting, the matters to be considered at the meeting and the date of such notice.”

(15)Article 101

“Meetings of the Board shall in principle be held ~~at the Company’s legal address~~ the place where the Company or its subsidiaries are located, but it may be held in other places within or outside the PRC by the resolution of the Board.”

(16)subparagraph 6 of paragraph 1 of Article 105

The Secretary to the Board shall be a natural person with the necessary professional knowledge and experience and shall be appointed by the Board. His or her main duties shall be as set forth below:

“6. to perform duties and obligations (including other functions authorized by the Board) which are regulated by laws and regulations, regulatory authorities of the place where the Company is listed and/or the Articles of Association on the Secretary to the Board.”

(17)Article 107

“The Company shall have one manager and several deputy managers, who shall be appointed or dismissed by the Board. Unless otherwise specified, the manager in the Articles of Association refers to the general manager, ~~and~~ deputy manager refers to the deputy general manager:

~~The Board will designate a deputy general manager holding the position of chief finance officer to be the person in charge of financial affairs of the Company. Unless otherwise specified in the Articles of Association, all references to and the person in charge of financial affairs of the Company (i.e. chief financial officer) shall mean the chief financial officer~~ deputy general manager so designated by the Board.”

(18)subparagraph 8 of paragraph 1 of Article 108

The Company manager shall be accountable to Board and shall exercise the following functions and powers:

“8. to exercise the power to mortgage, lease, sublet or transfer the Company’s assets within the authorization of the Board, approve a certain amount of investment, financing programs, connected transactions and annual guarantee plans for the Company’s subsidiaries;”

(19)subparagraph 2 of paragraph 1 of Article 116

The supervisory committee shall be accountable to the shareholders’ general meeting and exercise the following functions and powers in accordance with law:

“2. to supervise the performance of corporate duties by Directors ~~supervise any breach by directors~~, managers and other senior management staff, and propose to dismiss the aforesaid staff whoever becomes in breach ~~of the laws, administrative regulations, and the Articles of Association or the resolutions of shareholders’ general meetings~~ in the performance of their corporate duties;”

(20)Article 151

“The Company may distribute profits in either or both of the following forms:

1. Cash; and/or
2. Shares.

Dividends and other payments by the Company to holders of domestic investment shares and holders of overseas listed foreign investment shares of the Company by transactions in the stock markets trading interconnection mechanism shall be distributed and paid in RMB within three months after the declaration date; whereas those to holders of overseas listed foreign investment shares (except the holders of overseas listed foreign investment shares of the Company by transactions in the stock markets trading interconnection mechanism) shall be denominated and declared in RMB and paid in foreign currency within three months after the declaration date. The exchange rate shall be determined based on the average closing exchange rate between RMB and the relevant foreign currency issued by the People’s Bank of China for the five consecutive working days prior to the date of declaration of dividends or distributions. The foreign currency for the cash dividends and other payments by the Company to holders of overseas listed foreign investment shares ~~and other holders of foreign investment shares~~ (except the holders of overseas listed foreign investment shares of the Company by transactions in the stock market trading interconnection mechanism) shall be handled in accordance with state regulations on foreign exchange control. Subject to authorization by the shareholders’ general meeting, the Board may decide on distribution of interim dividends.”

(21)paragraph 1 of Article 163

“The engagement, dismissal or non-renewal of engagement of an accounting firm shall be decided upon by the shareholders’ general meeting ~~and be filed with the securities regulatory authorities of the State Council for record.~~”

(22)Article 177

~~“Article 177 The Company may amend the Article of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.”~~

(23)Article 178

~~“If an amendment to the Articles of Association involves matters provided for in the Mandatory Provisions of Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), it shall become effective upon approval by the authority that is authorized by the State Council to examine and approve companies and the relevant securities regulatory authorities of the State Council. The Articles of Association shall be amended in accordance with the relevant decision-making procedures and necessary formalities provided by the relevant laws, administrative regulations and the Articles of Association. If an amendment to the Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.”~~

(24) subparagraph 1 of paragraph 1 of Article 181

The Company shall abide by the following principles for settlement of disputes:

“1. If any dispute or claims concerning the Company’s business on the basis of the rights or obligations provided for in the Articles of Association, the Company Law or other relevant laws, or administrative regulations arises between a holder of overseas listed foreign investment shares and the Company, between a holder of overseas listed foreign investment shares and a Director, a supervisor, the manager or other senior management staff of the Company or between a holder of overseas listed foreign investment shares and a holder of domestic investment shares, or between the Company and its Directors or senior management, the parties concerned shall submit such dispute or claim for arbitration.”

3. To adjust the following definitions in the original Article 183 of the Articles of Association:

(1) To add a new definition:

“independent non-executive directors” shall have the same meaning as independent directors ascribed thereto under the Company Law and shall have the same meaning as independent non-executive directors ascribed thereto under the Listing Rules;”

(2) To delete two definitions:

~~“overseas listed foreign investment shares”~~ any overseas listed foreign investment shares of the Company;”

~~“Secretary to the Board”~~ the company secretary appointed by the Board;”

4. To adjust part of the terms in the following articles of the Articles of Association:

(1) To amend “chief financial officer” to “the person in charge of financial affairs” in original Article 6.

(2) To amend “securities regulatory authorities of the State Council (國務院證券監督管理機構)” to “securities regulatory authorities of the State Council (國務院證券主管機構)” in original Article 15 and Article 16.

(3) To amend “the original authorities for industry and commerce (原工商行政管理機關)” to “the authorities for industry and commerce (工商行政管理機關)” in original Article 22 and Article 29.

(4) To amend “general manager” to “manager” in original Article 53 and Article 106.

(5) To amend “annual general meeting(s) (股東年會)” to “annual general meeting(s) (股東周年大會)” in original Article 54, Article 144, Article 145, Article 157 and Article 158.

(6) To amend “a shareholders’ general meeting (股東會議)” to “a shareholders’ general meeting (股東大會)” in original Article 47, Article 58, Article 61, Article 63, Article 75, Article 82, Article 85, Article 86, Article 87 and Article 159.

(7) To amend “other executive Directors” to “other Directors” in the original Article 92.

(8) To amend “by mail (郵件)” and “by mail / by post (郵遞)” to “by mail (郵寄)” in original Article 156, Article 179 and Article 180.

5. To make corresponding changes in relation to certain terms, punctuations, sequence numbers, cross references and page numbers as a result of the above amendments.

II. PROPOSED AMENDMENTS TO THE RULES GOVERNING THE OPERATION OF SHAREHOLDERS’ GENERAL MEETINGS

The Board proposed to amend the rules governing the operation of shareholders’ general meetings of the Company (the “**Rules Governing the Operation of Shareholders’ General Meetings**”) as follows:

1. To replace the original Article 12 with the contents as follows:

“**Article 12** To ensure and improve the stability and efficiency of the Company’s routine operation, the shareholders’ general meeting shall clearly define the rights for transactions, external guarantees and connected transactions of the Company, and shall authorize part of such rights to the Board as follows:

(I) Transactions

1. According to the provisions of the Listing Rules concerning notifiable transactions, a transaction (including but not limited to purchase and sale of equity interest, physical assets and other property rights, external investments and formation of joint ventures) of the Company shall be considered and approved by the shareholders’ general meeting if the applicable percentage ratio in relation to the transaction equals to or exceeds 25%, and no connected persons or issuance of shares as consideration is involved thereunder. Except for matters which are required by the Listing Rules, the Articles of Association or these Rules to be considered and approved by the shareholders, the shareholders’ general meeting shall authorize the Board to examine and approve all other matters.
2. Without prejudice to paragraph 1 of this subsection of this article, when the Company uses corporate assets for non-principal business financial investments (including but not limited to financial products and financial derivative instruments), the shareholders’ general meeting shall consider and approve transactions in which the amount of investment is more than 3% (exclusive) of the latest audited net assets value of the Company.

As to matters described in this paragraph, the shareholders' general meeting shall authorize the Board to consider and approve a transaction in which the amount of investment is not more than 3% (inclusive) of the latest audited net assets value of the Company.

3. Without prejudice to paragraph 1 of this subsection of this article, when disposing of a fixed asset, if the aggregation of the expected value of such fixed asset and the value of all other fixed assets disposed of within four months before the date of the proposed disposal is more than 33% of the value of fixed assets of the Company as indicated in the latest balance sheet approved at the shareholders' general meeting, such proposed disposal shall be considered and approved by the shareholders' general meeting. If the percentage is not more than 33%, the Board shall be authorized to approve such proposed fixed asset disposal.

The disposal of fixed assets referred to in this paragraph does not include the provision of guarantee secured by fixed assets.

(II) External guarantees

The following external guarantees of the Company shall be considered and approved by the shareholders' general meeting:

1. any guarantee which is provided after the aggregate amount of the outstanding external guarantees of the Company has been or exceeded 50% of the latest audited net assets value of the Company;
2. any guarantee which is provided after the aggregate amount of the outstanding external guarantees of the Company has been or exceeded 30% of the latest audited total assets value of the Company;
3. a guarantee which is provided to a party whose gearing ratio exceeds 70%;
4. a single guarantee of the Company, whose amount exceeds 3% of the latest audited net assets value of the Company, or exceeds RMB500,000,000 (inclusive);
5. a guarantee provided by the Company for its subsidiary, whose amount exceeds the net asset of the subsidiary taken by the Company based on the shareholding percentage of the Company in that subsidiary; or
6. any other guarantee to be considered by the shareholders' general meeting as required by other laws, administrative regulations and the Listing Rules.

(III) Connected transactions

According to the provisions of the Listing Rules in relation to connected transactions, transactions and matters which are required by the Listing Rules to be approved by the shareholders' general meeting shall be approved in accordance with the requirements of the Listing Rules. With respect to other transactions and matters, the Board or the

mangers are authorized to consider and approve in accordance with the requirements of the Listing Rules.

Notwithstanding the provisions set out in these Rules, if the transactions or matters proposed to be carried out by the Company constitute connected transactions pursuant to the regulatory provisions of the place where the Company is listed, they shall be dealt with according to the relevant provisions.”

2. To adjust original Article 5, Article 23, Article 25, Article 52 and Article 53 unitedly to Articles 61 to 67 under Chapter 7 - Special Procedures for Voting of Class Shareholders as follows:

“Chapter 7 - Special Procedures for Voting of Class Shareholders

Article 61 Holders of different classes of shares are class shareholders.

Except for other class shareholders, holders of domestic shares and H shares shall be deemed as different class shareholders.

Article 62 If the Company intends to alter or abolish the rights of class shareholders, the proposed resolution shall be approved by way of a special resolution at a shareholders’ general meeting in accordance with the provisions of the Articles of Association, and a class meeting shall be called and held. Only class shareholders may attend the class meeting.

Article 63 Unless otherwise required by the relevant laws and regulations, the Listing Rules and the Articles of Association, the notice of class shareholders’ meeting shall be issued 30 days before the date of the meeting to notify all registered class shareholders about the matters to be considered at and the date and venue of the meeting. The class shareholders who intend to attend the meeting should return their written replies stating their intention to attend the meeting to the Company 20 days before the date of the meeting.

If the number of shares carrying voting rights represented by the class shareholders who intend to attend the meeting amounts to more than half of the Company’s total number of the shares carrying voting rights in this class, the Company may convene the class shareholders’ meeting; if not, the Company shall, within five days, notify the shareholders again, by way of a public announcement, about the matters to be considered and the place and date of the meeting. The Company may then convene the class shareholders’ meeting after such announcement.

Article 64 The notice for class shareholders’ general meeting shall only be served on shareholders with the right to vote at such meetings.

Article 65 The procedures to which class shareholders’ meetings are convened shall, to the extent possible, be identical to the procedures which shareholders’ general meetings are convened. The articles in the Rules which are in relation to the procedures of shareholders’ general meetings shall apply to class shareholders’ meetings.

Article 66 Resolutions to be proposed involving the following conditions will be deemed as altering or abolishing the rights of certain class shareholders. The Board shall submit the same to be considered and discussed at a separate class meeting.

1. the increase or decrease of the number of shares of such class, or increase or decrease of the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
2. the conversion of all or part of the shares of such class into shares of another class, or the conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
3. the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
4. the reduction or removal of a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;
5. the addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
6. the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
7. the creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
8. the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
9. the issuance of rights to subscribe for, or convert into, shares of such class or another class;
10. the increase of the rights and privileges of shares of another class;
11. such restructuring of the Company as would cause shareholders of different classes to bear disproportionate liabilities under the restructuring; or
12. the amendment or deletion of the provisions under Chapter 9 of the Articles of Associates in relation to “Special Procedures for Voting of Class Shareholders”.

Article 67 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders’ general meetings, shall have right to vote at class shareholders’ meetings in respect of any of the matters referred to in subparagraphs 2 to 8 and subparagraphs 11 to 12 of Article 66 of these Rules, except that interested shareholders shall not have the right to vote at class shareholders’ meetings. For the purposes of the preceding paragraph, the term “interested shareholders” shall have the following meaning:

1. if the Company is to issue a buyback offer to all of the shareholders in the same proportion or is to buy back its own shares through open transactions on a stock exchange in accordance with Article 26 of the Articles of Association, the controlling shareholder as defined in Article 51 of the Articles of Association shall be an “interested shareholder”;
2. if the Company is to buy back its own shares by agreements outside a stock exchange in accordance with Article 26 of the Articles of Association, holders of shares to which such agreements relate shall be “interested shareholders”;
3. shareholders that, under a proposed restructuring of the Company, would bear liabilities in a proportion smaller than that of the liabilities borne by other shareholders of the same class, and shareholders that have an interest in a proposed restructuring of the Company that is different from the interest in such proposed restructuring of other shareholders of the same class, shall be “interested shareholders”.

Article 68 Resolutions of a class shareholders’ meeting may be passed only by two-thirds or more of the equity interests carrying voting rights that are represented at the meeting in accordance with the preceding Article.

The special procedures for voting of class shareholders shall not apply to the following situations:

1. where, as approved by way of a special resolution at the shareholders’ general meeting, the Company issues, either separately or concurrently, domestic invested shares and overseas listed foreign invested shares every 12 months, and the number of the domestic invested shares and overseas listed foreign invested shares intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective classes;
2. where the plan for issuance of domestic invested shares and overseas listed foreign invested shares upon the establishment of the Company is completed within 15 months of being approved by the securities regulatory authorities of the State Council; and
3. where, upon approval from the securities regulatory authorities of the State Council, domestic shareholders of the Company transfer the shares held by them to overseas investors and such shares could be listed and traded on the overseas stock exchanges as set out in Article 16 of the Articles of Association; and where, upon approval from the securities regulatory authorities of the State Council, the domestic invested shares be converted to overseas listed foreign invested shares, and listed and traded on the overseas stock exchanges as set out in Article 17 of the Articles of Association.”

3. To amend the original paragraph 1 of Article 17 as follows:

“Before the convention of the AGM, shareholders individually or jointly holding ~~5%~~ 3% or more of the total number of shares of the Company carrying voting rights are entitled to register with the Company new resolutions they proposed, provided that such proposal shall be delivered to the Company within 20 days after the date on which the notice of the

AGM is issued. The Company shall, within reasonable time after receipt of the proposal, issue the supplementary notice of shareholders' general meeting, to announce the details of the temporary proposal and submit the temporary proposal to the shareholders' general meeting for consideration. The Company should include the items within the duties of the shareholders' general meeting into the agenda of this meeting. The Company will not accept registration of a new resolution during the course of an extraordinary general meeting and the chairman of the meeting shall not include new resolution in the agenda of that meeting. Where other forms are prescribed in the listing rules of the jurisdiction where securities of the Company are listed, the requirements shall be complied with at the same time."

4. To add new Article 5, Article 25, Article 47, Article 55 and Article 57 as follows:

"Article 5 An extraordinary general meeting shall be convened by the Board within two months in any of the following events:

1. when the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number required by the Articles of Association;
2. when the unrecovered loss of the Company amounts to one-third of the Company's total share capital;
3. upon request in writing to convene an extraordinary general meeting by shareholders holding 10% or more of shares carrying voting rights issued by the Company;
4. when the Board considers it necessary or upon the proposal by the supervisory committee; or
5. upon the proposal by two or more independent non-executive directors.

Article 25 Except as prescribed in relevant laws, regulations, listing rules of the jurisdictions where securities of the Company are listed, the Articles of Association and these Rules in relation to the Board and the form of communication to shareholders, the notice, communication or any other written materials of the Company may be issued in the following manners:

1. delivered by hand;
2. delivered by post;
3. delivered by fax, email, or other electronic format or information carrier;
4. issued on the website of the Company and the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") provided that the laws, administrative regulations and listing rules of the jurisdiction where securities of the Company are listed are complied with;
5. delivered by way of announcement;

6. other forms previously agreed by the Company or the notified personnel, or approved by the notified personnel after receiving the notice; or
7. other forms approved by the relevant local regulatory authorities where securities of the Company are listed or prescribed by the Articles of Association.

Even if these Rules provide otherwise for the delivery of any form of notice, communication or any other written materials, the Company may choose to issue the Company's communication in the form prescribed in subparagraph 4 of paragraph 1 of this article in lieu of sending the written documents to each holder of overseas listed foreign invested shares by hand or prepaid post, provided that the relevant rules of the securities regulatory authorities where securities of the Company are listed are complied with. The aforesaid notice, communication or any other written materials of the Company refer to any document issued or will be issued by the Company for reference or taking action by the shareholders, including but not limited to the reports of the Board (including the balance sheet and profit and loss account), annual reports (including annual financial reports), interim reports (including interim financial reports), meeting notices, listing documents, circulars, proxy forms and reply slips and other communication documents.

Article 47 Except for the rules made from time to time by the Hong Kong Stock Exchange or any related stock exchanges, the shareholders' general meeting shall vote by a show of hands, unless (before or after the announcement to show of hands) the following persons request a written vote:

1. the chairman of the meeting;
2. at least two shareholders with voting right or proxies with voting right;
3. shareholders (including shareholders' proxies) individually or jointly holding 10% or more of shares carrying voting rights at the meeting.

Unless somebody proposes to vote by way of poll, the chairman of the meeting will announce the result of the proposal on the basis of the result of the show of hands, and record it in the minutes of the meeting as a final basis. There is no need to prove the number of votes or proportions supporting or objecting the resolution passed at the meeting.

The request for voting by way of poll can be withdrawn by the proposer.

Article 55 If the chairman of the meeting has any doubt on the poll results, he may arrange for vote counting. If the chairman of the meeting does not arrange for vote counting and the shareholders or their proxies attending the meeting object to the results announced by the chairman, they shall have the right to demand vote counting immediately after the announcement, and the chairman of the meeting shall arrange for vote counting immediately.

If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

Article 57 Shareholders can inspect copies of meeting minutes during office hours of the Company free of charge. If any shareholder requests for copies of relevant meeting minutes, the Company shall distribute the copies within 7 days after receiving a reasonable fee.”

5. To amend the following original articles of the Rules Governing the Operation of Shareholders’ General Meetings:

(1) subparagraph 13 of paragraph 1 of Article 10

The shareholders general meeting is the organ with supreme authority in the Company and shall exercise the following functions and powers pursuant to the law:

“13. to consider proposals submitted by shareholders holding ~~5%~~3% or more (inclusive) of the shares with voting rights in the Company;”

(2) Article 24

~~“Notice of shareholders’ general meeting shall be issued 30 days before the proposed date of the meeting to notify all registered shareholders about the agenda to be discussed and the date and venue of the meeting. Notice of a shareholders’ general meeting shall be delivered to each shareholder (whether or not such shareholder is entitled to vote at the meeting) by hand or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the promoter shareholders, notice of the meeting may also be issued by way of a public announcement (the public announcement referred to in the preceding sentence shall be published in one or more national newspapers designated by the securities regulatory authority of the State Council within the interval between 45 days and 50 days before the date of the meeting). Once such announcement is published, the promoter shareholders will be deemed to have received the notice of the relevant shareholders’ general meeting. If the Company fails to issue notice of the meeting according to the scheduled time, which results in the failure of convention of an AGM within six months after the preceding accounting year, the Company shall promptly report to the stock exchange of the place where the Company is listed and state the reasons for such failure and publish the same in an announcement accordingly.~~

Except as prescribed in the relevant laws, regulations, the Listing Rules and the Articles of Association in relation to the form of communication to shareholders, or all shareholders agree to waive the written notice, when the Company convenes a shareholders’ general meeting, a written notice shall be issued 30 days prior to the meeting to all the shareholders whose names are recorded on the register stating therein the matters proposed to be considered at the meeting as well as the time and venue of the meeting. Shareholders who intend to attend the shareholders’ general meeting shall, within 20 days prior to the day on which the meeting is to be held, serve a written reply on the Company stating that they will attend the meeting.

When calculating the time to issue a notice, the date of the meeting and the date of issue of the notice shall not be included.

In respect of the notices issued under this article, the date of issue shall be the date on which the relevant notices are posted to the post office by the Company or the share registrar appointed by the Company.”

(3) *subparagraph 1 of paragraph 1 of Article 26*

The notice of a shareholders’ general meeting shall meet the following requirements:

“1. to be issued in writing, unless otherwise required by the relevant laws and regulations, the Listing Rules and the Articles of Association;”

(4) *Article 27*

“The Board shall issue notice of the shareholders’ general meeting within ~~45~~30 days after the receipt of the written proposal (which satisfy the requirements) from the supervisory committee requesting the convening of a shareholders’ general meeting.”

(5) *Article 29*

“If the Board fails to issue the meeting notice within 30 days after receiving the written requirement from shareholders who individually or jointly holding 10% or more of the total number of shares of the Company carrying voting rights requesting convening a shareholders’ general meeting, the proposing shareholders may propose in writing to the supervisory committee to convene an extraordinary general meeting. The supervisory committee shall, as soon as possible (but in any event within 30 days of receipt of the written proposal), issue a notice of convening a shareholders’ general meeting.

If the supervisory committee fails to issue a notice of convening a shareholders’ general meeting within 30 days after having received the aforesaid requirement, the shareholders individually or jointly holding 10% or more of the total number of shares of the Company carrying voting rights may convene the meeting by themselves. The procedures according to which such shareholders’ general meetings are convened, to the extent possible, shall be identical to the procedures according to which the shareholders’ general meetings are to be convened by the Board.

Reasonable expenses incurred from the aforesaid situation where shareholders convene the meeting by themselves due to the failure of the Board to convene the meeting shall be borne by the Company, and shall be deducted from the payment to those directors who failed to perform their duties. ~~convene an extraordinary meeting on their own within four months after the Board receives such request.”~~

(6) *Article 31*

“After the notice of a shareholders’ general meeting has been sent, the meeting shall not be convened in advance, delayed or cancelled without a proper reason. The proposals stated in the notice of the shareholders’ general meeting shall not be cancelled. If the meeting must be delayed or cancelled, or part of the proposals must be cancelled for specific reasons, a notice to postpone or cancel the meeting shall be sent at least 5 days before the scheduled date for convening the meeting. Such notice

shall explain the reasons, and notice of the postponement shall also announce the new date to hold the meeting.

The shareholders' general meeting and the resolutions of the meeting shall not become invalid even if there has been any accidental omission to deliver the notice of shareholders' general meeting to a person having the right to receive the notice or that such person fails to receive the notice."

(7) *Article 32*

"A shareholder may attend the shareholders' general meeting in person, or appoint an authorized proxy to attend and vote on the meeting on his behalf. Such proxy may exercise the following rights in accordance with the shareholder's authorisation according to his/her entrustment by the shareholder:

1. the shareholder's right to speak at the shareholders' general meeting;
2. the right to request to vote by poll by himself/herself or in conjunction with others; and
3. the right to vote by show of hands or by poll, except that if a shareholder has appointed more than one proxy, the proxy may only exercise the voting rights by poll.

Directors, supervisors and the Board Secretary shall attend the meeting in person. ~~General~~ The manager, deputy-general manager, chief financial officer the person in charge of financial affairs and other personnel invited by the Board may also attend the meeting."

(8) *Article 36*

"Shareholders attending the shareholders' general meeting shall be registered. Shareholders shall provide the following documents for registration:

1. a natural person shareholder shall produce his own identity card, and provide evidence of shareholding. Authorized proxy attending the meeting shall produce his own identity card, the instrument appointing the proxy and evidence of shareholding of the appointer;
2. the legal representative of a shareholder that is a legal entity shall produce his own identity card, valid evidence for their qualification as legal representative and evidence of shareholding of the legal entity represented thereby. The proxy attending the meeting shall produce his own identity card, the instrument appointing the proxy in writing by the legal representative of the legal entity pursuant to law, or the certified copy of the authorization by the board or other decision-making institution of the legal entity and evidence of shareholding.

If the shareholder is a clearing house recognized by the laws and regulations of the places where the shares of the Company are listed (the "**Recognized Clearing House**") or its proxies, the shareholder may authorize one or more persons whom

it/he/she deems appropriate to be its/his/her representative at any shareholders' general meeting or any class shareholders' meeting. However, if more than one person is authorized, the power of attorney shall specify the number and class of shares to which each such person is authorized. The authorized person could exercise rights on behalf of the Recognized Clearing House (or its proxies), as if the person was an individual shareholder of the Company."

(9) *Article 40*

"The Chairman of the Board shall preside over the shareholders' general meeting and be the chairman of meeting. If the Chairman of the Board cannot attend the meeting for any special reason, the Deputy Chairman shall be the chairman of the meeting.

If both the Chairman and Deputy Chairman cannot attend the meeting, a director jointly chosen by more than half of the directors shall act as chairman of the meeting.

If a shareholders' general meeting is convened by the supervisory committee, the meeting shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee cannot preside over the meeting, a supervisor jointly chosen by more than half of the supervisors shall preside over the meeting.

If a shareholders' general meeting is convened by the shareholders, the convenor shall choose a representative to preside over the meeting.

~~and the chairman fails to designate another director to chair the meeting, the Board shall designate a director to chair the meeting. If the Board fails to designate the chair of the meeting, shareholders present at the meeting shall elect one person to chair the meeting. If the shareholders cannot elect a chairman of the meeting for any reasons, the shareholder holding the greatest number of shares carrying voting rights present at the meeting (including the authorized proxy of shareholder) shall be the chairman."~~

(10) *Article 47*

"An extraordinary shareholders' general meeting shall not vote on matters not contained in the meeting notice.

All proposals to be included in the agenda of the shareholders' general meeting shall be voted on an individual basis and unless the shareholders' general meeting is suspended or that a resolution cannot be made due to special reasons such as force majeure, shall not be suspended or aborted without a valid reason. If there are more than one proposals on the same business to be discussed at the AGM, the voting will be conducted in a sequence in accordance with the time each of such proposals is proposed."

(11) *Article 48*

"The chairman of the meeting is obligated to propose the adoption of vote by poll for the resolutions of the shareholders' general meeting. Each shareholder or proxy authorized by shareholder when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to

vote. Except for vote by cumulative voting method, which is provided by the Articles of Association for the resolutions concerning the election of directors, each share shall have one vote.

The shares of the Company held by the Company itself do not have any voting right and such shares shall not be counted in the total number of shares with voting rights at the shareholders' general meeting.

During the voting by poll, shareholders (including their proxies) with two or more voting rights do not have to use all their voting rights to vote for or against a proposal.

Where any shareholder (including his proxy) is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast in contravention of such requirement or restriction shall not be valid, and shares held or represented by such shareholder with voting rights shall not be included into the total number of shares with voting rights."

(12) paragraph 1 of Article 56

"In addition to the requirements in relation to the scrutinizing of ballot under the Listing Rules, Subject to the provisions of the Listing Rules, before voting starts, shareholders attending the meeting shall elect at least one supervisor and representative of the shareholders the Board Secretary to be the person responsible for tallying the votes. He shall tally up the votes on the spot and shall sign on the statistical information concerning the voting. When the numbers of votes in favour and against are equal, the chairman of the meeting is entitled to cast one extra vote."

(13) Article 61

"In the event that the shareholders' general meeting, due to any force majeure event or other extraordinary reasons, is adjourned for more than one working day, is unable to convene as scheduled or is unable to come up with any resolution, the Board shall explain the reasons to the stock exchange where the shares of the Company are listed and publish an announcement accordingly (if so required by laws or the Listing Rules). The Board shall adopt necessary measures to the shareholders' general meeting as soon as possible."

(14) Article 63

"The number of shareholders (or the proxies) attending the shareholders' general meeting, the percentage of the number of shares represented by the attending shareholders to the total number of shares of the Company carrying voting rights, the way the voting is conducted and the result on the poll for each resolution shall be stated in the published announcement of the shareholders' general meeting. ~~The decision on the resolution proposed by a shareholder shall list the name of the proposing shareholder, his proportion of shareholding and the content of the resolution being proposed.~~ Resolutions proposed but not passed in the meeting or there is a resolution in the present meeting to change a resolution passed at the previous shareholders' general meeting, the Board shall state such fact in the results

announcement. The announcement for the resolutions of the shareholders' general meeting shall, as required, be published ~~in the newspapers and~~ on the website of the Company or the website designated by the Hong Kong Stock Exchange."

(15) Article 64

"The Board Secretary is responsible for keeping the written materials such as name list and attendance book of persons attending the meeting, instrument appointing proxy, information of the poll, minutes of the meeting and resolution announcement."

6. To adjust part of the terms in the following articles:

- (1) To amend "annual general meeting(s) (年度股東大會 或 股東年會)" to "annual general meeting(s) (股東周年大會)" in the original Article 2, Article 3, Article 4, Article 20, Article 21 and Article 34.
- (2) To amend "10% or more (10%以上)" to "10% or more (10%以上 (含10%))" in the original Article 22.
- (3) To amend "chairman of the meeting (大會主席)" to "chairman of the meeting (會議主席)" in the original Article 41, Article 42, Article 43, Article 45, Article 56, Article 57 and Article 60.

7. To make corresponding changes in relation to the chapters, punctuations, sequence numbers, cross references and page numbers as a result of the above amendments.

The proposed amendments to the Articles of Association and the Rules Governing the Operation of Shareholders' General Meetings will be submitted for the consideration and approval of the shareholders of the Company ("**Shareholders**") by way of special resolution(s) at the Shareholders' general meeting of the Company. Notice of the Shareholders' general meeting and circular in relation to, among other things, the proposed amendments to the Articles of Association and the Rules Governing the Operation of Shareholders' General Meetings will be despatched to the Shareholders in due course.

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

Beijing, 30 August 2017

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.

**For identification purposes only*