

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)

Amendment to the Articles of Association

Summary

AviChina Industry and Technology Company Limited (the "Company") was duly listed in Hong Kong on 30 October 2003. After the listing, the structure of the Company's share capital and its registered capital have changed. Therefore, amendments shall be made to the Company's Articles of Association ("Articles").

In addition, amendments have been made to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of the Hong Kong Limited (the "Stock Exchange") and certain amendments thereof require listed companies to amend their articles of association.

As such, the board of the directors of the Company proposes to amend the Articles.

Proposal for the amendment of the Articles is subject to shareholders' approval by way of special resolution at the annual general meeting and reporting to the relevant examination and approval authorities. This announcement is made pursuant to Rule 13.51(1) of the Listing Rules.

The Company was duly listed on 30 October 2003. After the Listing, the structure of the Company's share capital and its registered capital have changed. Therefore, amendments shall be made to the Articles.

In addition, the Stock Exchange has made certain amendments to the Listing Rules, and certain amendments thereof require listed companies to amend their articles of association.

As such, the board of the directors of the Company proposes to amend the Articles as follows:

1) Amendment to Article 16 of the Articles

Since the Company's capital structure has changed upon its listing, Article 16 of the Articles shall be amended from:

"Upon the approval of the State Council's department, the Company may issue 1,454,970,000 Overseas Listed Foreign Shares upon its establishment, and in accordance with the State's requirement concerning the reduction of state-owned shares, the state-owned shareholders of the Company will sell 145,440,000 state-owned shares to overseas investors during the issue of Overseas Listed Foreign Shares. Subject to the market conditions, a maximum of 15% of Overseas Listed Foreign Shares may be over-allotted and issued. Assuming the Over-allotment option is exercised, holders of state-owned shares can sell up to 167,250,000 State-owned shares in accordance with the relevant state regulation on reduction of holdings in State-owned shares.

Upon the completion of the aforesaid issue of Overseas Listed Foreign Shares, assuming the Over-allotment Option is not exercised, the structure of the Company's share capital shall be: 4,570,888,500 ordinary shares, of which, 2,842,260,596 shares, 99,733,216 shares, 14,742,800 shares and 14,341,888 shares are held by China Aviation Industry Corporation II, China Hua Rong Asset Management Corporation, China Cinda Asset Management Corporation and China Orient Asset Management Corporation respectively. 1,599,810,000 shares are held by holders of Overseas Listed Foreign Shares, representing 35.00% of the total ordinary shares issuable by the Company.

Assuming the Over-allotment Option is exercised in full, the structure of the Company's share capital shall be: 4,789,048,500 ordinary shares, of which, 2,821,397,150 shares, 99,000,400 shares, 14,633,750 shares and 14,237,200 shares are held by China Aviation Industry Corporation II, China Hua Rong Asset Management Corporation, China Cinda Asset Management Corporation and China Orient Asset Management Corporation respectively. 1,839,780,000 shares are held by holders of Overseas Listed Foreign Shares, representing 38.42% of the total ordinary shares issuable by the Company."

to: "With the approval of the securities authority of the State Council, an aggregate of 1,679,800,500 Overseas Listed Foreign Shares (of which 1,527,090,000 shares were issued by the Company, and 152,710,500 shares were sold by holders of the state-owned shares in accordance with the State's requirement concerning the reduction of state-owned shares) were issued and sold after the establishment of the Company.

The current structure of the Company's share capital is: total issued ordinary shares of the Company is 4,643,608,500 shares, of which, 2,835,305,636 shares are held by the promoter, China Aviation Industry Corporation II, representing 61.06% of the total issued ordinary share capital of the Company; 99,488,927 shares are held by the promoter, China Hua Rong Asset Management Corporation, representing 2.14% of the total issued ordinary share capital of the Company; 14,706,448 shares are held by the promoter, China Cinda Asset Management Corporation, representing 0.32% of the total issued ordinary share capital of the Company; 14,306,990 shares are held by the promoter, China Orient Asset Management Corporation, representing 0.31% of the total issued ordinary share capital of the Company; 1,679,800,500 shares are held by holders of Overseas Listed Foreign Shares, representing 36.17% of the total issued ordinary share capital of the Company."

2) Amendment to Article 19 of the Articles

Since the registered capital of the Company has changed after its listing, Article 19 of the Articles shall be amended from:

"Upon the completion of the issue of the above-mentioned Overseas Listed Foreign Shares, the registered capital of the Company shall be RMB3,116,518,500. If the Over-allotment Option is exercised, the registered capital of the Company shall be adjusted correspondingly and reported to the company examination and approval department authorized by the State Council and the State Council's securities authority."

to: "The registered capital of the Company is RMB 4,643,608,500."

3) Amendment to Article 50 of the Articles

In order to strengthen corporate governance, Article 50 of the Articles shall be amended from:

"The following powers may be exercised by a shareholders' general meeting:

- to decide on the business policies and investment plans of the Company;
- to elect and replace Directors and to decide on matters relating to the remuneration of the Directors;
- to elect and replace Supervisors who are appointed from amongst representatives of the shareholders and to decide on matters relating to the remuneration of the Supervisors;
- to consider and approve the report of the Board;
- to consider and approve the report of the supervisory committee;
- to consider and approve the Company's annual financial budget and final accounts;
- to consider and approve the Company's profit distribution proposals and proposals for making up losses;
- to resolve on an increase or reduction of the registered capital of the Company;
- to resolve on matters such as the merger, division, dissolution or liquidation of the Company;
- to decide on the issuance of debentures of the Company;
- to decide on the appointment, termination or non-renewal of the appointment of auditors of the Company;
- to amend these Articles;
- to consider proposals from shareholders representing 5 per cent. or more (including the 5 per cent.) of the shares in the Company with voting rights;
- to consider material acquisition or disposal proposals (assets acquired or disposed of (including interests) exceeding 20% of the net assets shown in the latest Company's balance sheet considered at the general meeting); and
- to consider other matters which are to be decided by the shareholders in shareholders' general meetings according to the laws, administrative regulations or these Articles."

to: "The following powers may be exercised by a shareholders' general meeting:

- to decide on the business policies and investment plans of the Company;
- to elect and replace Directors and to decide on matters relating to the remuneration of the Directors;
- to elect and replace Supervisors who are appointed from amongst representatives of the shareholders and to decide on matters relating to the remuneration of the Supervisors;
- to consider and approve the report of the Board;
- to consider and approve the report of the supervisory committee;
- to consider and approve the Company's annual financial budget and final accounts;
- to consider and approve the Company's profit distribution proposals and proposals for making up losses;
- to resolve on an increase or reduction of the registered capital of the Company;
- to resolve on matters such as the merger, division, dissolution or liquidation of the Company;
- to decide on the issuance of debentures of the Company;
- to decide on the appointment, termination or non-renewal of the appointment of auditors of the Company;
- to amend these Articles;
- to consider proposals from shareholders representing 5 per cent. or more (including the 5 per cent.) of the shares in the Company with voting rights;
- to consider other matters which are to be decided by the shareholders in shareholders' general meetings according to the laws, administrative regulations or these Articles; and
- to consider other matters at the general meetings as required by the Listing Rules."

4) Amendment to Article 65 of the Articles

Pursuant to the revised Listing Rules, the articles of association of a listed company shall specify that if a shareholder is restricted from voting under the Listing Rule, any votes cast by or on behalf of such shareholder in contravention of such restriction or requirement shall not be counted. As such, Article 65 of the Articles shall be amended from:

"A shareholder (including proxy) when voting at a shareholders' general meeting may exercise his voting rights in accordance with the number of shares carrying the voting right and each share shall have one vote."

to: "A shareholder (including proxy) when voting at a shareholders' general meeting may exercise his voting rights in accordance with the number of shares carrying the voting right and each share shall have one vote. Under the Listing Rules, if any shareholder (including its proxies) is required to abstain from voting on any particular resolution, or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such restriction or requirement shall not be counted."

5) Amendment to paragraph 1 of Article 66 of the Articles

The revised Listing Rules provide that any vote of shareholders at a general meeting to approve (i) connected transactions; (ii) any transactions which are subject to the approval of independent shareholders pursuant to the Listing Rules; (iii) granting of options to substantial shareholders or independent non-executive directors or any of their respective associates; and (iv) any other transactions in which a shareholder has material interests and is therefore required to abstain from voting, must be taken on a poll. In order to reflect this requirement, paragraph 1 of the Article 66 of the Articles shall be amended from:

"At any shareholders' general meeting a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- by the chairman of the meeting;
- by at least two shareholders or proxies entitled to vote; or
- by one or more shareholders present (including proxy of shareholder) in person or by proxy and representing 10 per cent. or more of all Shares carrying the right to vote at the meeting, calculated either alone or jointly."

to: "Subject to the rules prescribed by the Hong Kong Stock Exchange or any relevant stock exchange from time to time, at any shareholders' general meeting a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- by the chairman of the meeting;
- by at least two shareholders or proxies entitled to vote; or
- by one or more shareholders (including proxy of shareholder) alone or jointly representing 10 percent or more (inclusive) of all Shares carrying the right to vote at such meeting."

6) Amendment to Article 71 of the Articles

Pursuant to amendment to Article 50 of the Articles, Article 71 of the Articles shall be amended from:

"The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- work reports of the Board and the supervisory committee;
- plans formulated by the Board for the distribution of profits and for making up losses;
- appointment and removal of the members of the Board and members of the supervisory committee, their remuneration and method of payment;
- annual budget and final accounts reports, balance sheets and profit and loss accounts and other financial statements of the Company; and
- matters other than those required by the laws and administrative regulations or by these Articles to be adopted by special resolutions."

to: "The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- work reports of the Board and the supervisory committee;
- plans formulated by the Board for the distribution of profits and for making up losses;
- appointment and removal of the members of the Board and members of the supervisory committee, their remuneration and method of payment;
- annual budget and final accounts reports, balance sheets and profit and loss accounts and other financial statements of the Company;
- matters other than those required by the laws and administrative regulations or by these Articles to be adopted by special resolutions; and
- other matters required by the Listing Rules, except for those matters which require the approval by special resolutions."

7) Amendment to Article 72 of the Articles

Pursuant to amendment to Article 50 of the Articles, Article 72 of the Articles shall be amended from:

"The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- the increase or decrease of share capital and the issue of shares of any class, options and other similar securities;
- the repurchase of shares of the Company;
- the issuance of debentures of the Company;
- the division, merger, dissolution and liquidation and material acquisitions or disposal;
- amendments to these Articles; and
- any other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution."

to: "The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- the increase or decrease of share capital and the issue of shares of any class, options and other similar securities;
- the repurchase of shares of the Company;
- the issuance of debentures of the Company;
- the division, merger, dissolution and liquidation of the Company;
- amendments to these Articles;
- any other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution; and
- other matters required by the Listing Rules to be resolved by special resolutions."

8) Amendment to paragraph 2 of Article 88 of the Articles

Pursuant to the revised Listing Rules, a notice relating to nomination of directors by shareholders shall be lodged not earlier than the date after the despatch of the notice of the meeting and no later than seven days appointed for the meeting. As such, paragraph 2 of Article 88 of the Articles shall be amended from:

"Intentions on the nomination of candidates of Directors and the written notice of the acceptance of the nomination of the candidates should be issued to the Company seven days before the convening of the shareholders' general meeting."

to: "Intention of nomination of candidates of Directors and the written notice of the acceptance of such nomination should be given to the Company no earlier than the date after the despatch of the notice of the shareholders' general meeting and no later than seven days appointed for the meeting."

9) Amendment to Article 127 of the Articles

Article 127 of the Articles shall be amended from: "Each Director, Supervisor, manager or other senior management officer of the Company shall not cause the following persons or institutions ("Related Parties") to do what the Director, Supervisor, manager or other senior management officer of the Company is prohibited from doing:

- the spouse or minor child of a Director, Supervisor, manager or other senior management officer;
- a person acting in the capacity of a trustee of a Director, Supervisor, manager or other senior management officer or any person referred to in the preceding paragraph (i);
- a person acting in the capacity of partner of a Director, Supervisor, manager or other senior management officer or any person referred to in paragraphs (i) and (ii) above;
- a company in which a Director, Supervisor, manager or other senior management officer, alone or jointly with one or more persons referred to in paragraphs (i), (ii) and (iii) above or other Directors, Supervisors, general manager and other senior management officers have a de facto controlling interest; and
- the directors, supervisors, manager and other senior management officers of the controlled company referred to in the preceding paragraph (iv)."

to: "Each Director, Supervisor, manager and other senior management officer of the Company shall not cause the following persons or institutions ("Related Parties") to do what the Director, Supervisor, manager or other senior management officer is prohibited from doing:

- the spouse or minor child of a Director, Supervisor, manager or other senior management officer;

(ii) a person acting in the capacity of a trustee of a Director, Supervisor, manager or other senior management officer or any person referred to in paragraph (i) above;

(iii) a person acting in the capacity of partner of a Director, Supervisor, manager or other senior management officer or any person referred to in paragraphs (i) and (ii) above;

(iv) a company in which a Director, Supervisor, manager or other senior management officer, alone or jointly with one or more persons referred to in paragraphs (i), (ii) and (iii) above or other Directors, Supervisors, manager or other senior management officers have a de facto controlling interest;

(v) the directors, supervisors, manager or other senior management officers of the controlled company referred to in the preceding paragraph (iv); and

(vi) any person who may be deemed as an associate of such directors, supervisors, managers or other senior management officers pursuant to the Listing Rules."

10) Amendment to Article 130 of the Articles

Pursuant to the revised Listing Rules, unless approval has been granted by the Stock Exchange, Directors shall abstain from voting at board meetings in respect of any matters in which they or any of their associates have material interests and they shall not be counted in the quorum of the board meetings. As such, Article 130 of the Articles shall be amended from:

"Where a Director, Supervisor, manager or other senior management officer of the Company has, directly or indirectly, a material interest in a contract, transaction or arrangement entered into or proposed to be entered into by the Company (other than his contract of employment), he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the matters in question are otherwise subject to the approval of the Board.

Directors shall abstain from voting in relation to contracts, transactions or arrangements in which they have material interests and shall not be counted in the quorum.

Unless the Director, Supervisor, manager or other senior management officer with an interest makes a disclosure to the Board in the manner as described in the preceding paragraph in this Article and the matter is approved by the Board at a meeting at which he was not counted in the quorum and did not vote, the Company may rescind that contract, transaction or arrangement except as against a bona fide party acting in good faith and without knowing the breach of obligation by that Director, Supervisor, manager or other senior management officer.

Where the Related Parties of a Director, Supervisor, manager or other senior management officer have an interest in a contract, transaction or arrangement, such Director, Supervisor, manager or other senior management officer is also deemed to be interested."

to: "Where a Director, Supervisor, manager or other senior management officer of the Company has, directly or indirectly, a material interest in a contract, transaction or arrangement entered into or proposed to be entered into by the Company (other than his contract of employment of a Director, Supervisor, manager or other senior management officer), he shall declare the nature and extent of his interest to the Board at the earliest opportunity, whether or not the matters in question are otherwise subject to the approval of the Board under normal circumstances.

Directors shall abstain from voting in relation to contracts, transactions or arrangements in which they have or their associates have material interest and shall not be counted in the quorum.

Unless the a Director, Supervisor, manager or other senior management officer with an interest makes a disclosure to the Board in the manner as described in the preceding paragraph in this Article and the matter is approved by the Board at a meeting at which he was not counted in the quorum and did not vote, the Company may rescind that contract, transaction or arrangement except as against a bona fide party acting in good faith and without knowing the breach of obligation by such Director, Supervisor, manager or other senior management officer.

When the Related Parties or associates of a Director, Supervisor, manager or other senior management officer of the Company have an interest in a contract, transaction or arrangement, such Director, Supervisor, manager or other senior management officer is also deemed to be interested."

11) Amendment to Article 182 of the Articles

Since the amendments aforesaid involve new definitions, Article 182 of the Articles shall be amended from:

"These Articles are written in Chinese and English. Should there be any discrepancies, the Chinese version shall prevail.

The right to interpret these Articles belong to the Board of the Company. Matters not stipulated in these Articles shall be proposed at the general meeting by the Board.

In these Articles, unless the context otherwise requires, the following terms shall have the meanings indicated:

"these Articles"	the articles of association of the Company
"Board"	the board of Directors of the Company
"Chairman"	the chairman of the Company
"Directors"	any directors of the Company
"Overseas Listed Foreign Shares"	any overseas listed foreign shares of the Company
"address of the Company"	statutory address of the Company, located at No. 67, Jiaonan Street, Dongcheng District, Beijing People's Republic of China
"Renminbi"	the legal currency of the PRC
"Secretary to the Board"	Secretary to the Board appointed by the Board of the Company
"PRC" and "State"	the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Company"	the Company, i.e. AviChina Industry and Technology Company Limited
"auditors"	auditors as defined in the Rules Governing the Listing of Securities on the Stock Exchange
"subsidiaries"	wholly-owned subsidiaries of the Company, including Jiangxi Hongdu Aviation Industry Company Limited, Jiangxi Changhe Aviation Industry Company Limited, Harbin Aircraft Industry Group, Ltd.
to:	"These Articles are written in Chinese and English. Should there be any discrepancies, the Chinese version shall prevail. The right to interpret these Articles belongs to the Board of the Company. Matters not stipulated in these Articles shall be proposed and passed at the general meeting by the Board." Unless otherwise stated, in these Articles, the following terms and wordings shall have the following meaning:
"Articles"	Articles of Association of the Company
"Board"	Board of Directors of the Company
"Chairman"	Chairman of the Company
"Director"	any Director of the Company
"Overseas Listed Foreign Shares"	any overseas listed foreign shares
"Address"	the legal address of the Company as situated at No. 16, Hong Da Bei Lu, Beijing Economic-Technological Development Area, Beijing 100176, PRC
"RMB"	the legal currency of the PRC
"Secretary to the Board"	the Company Secretary as appointed by the Board
"PRC" or "State"	the People's Republic of China
"Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Company"	the Company, AviChina Industry and Technology Company Limited
"Auditor"	the auditor as referred to in the Listing Rules
"Subsidiaries"	Jiangxi Hongdu Aircraft Industry Co., Ltd., Jiangxi Changhe Aviation Industry Company Limited and Harbin Aircraft Industry Group Ltd., the wholly-owned subsidiaries of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"associates"	shall have the meaning as referred to in the Listing Rules"

12) The numbering in the contents, sections and pages of the Articles shall be changed according.

Proposed amendment of the Articles is subject to the approval of the Company's shareholders by way of special resolution at the annual general meeting (the "AGM") to be held at 9:00am on 16 June 2004, Wednesday at AVIC Hotel at No. 2 Donghuan Nan Road, Chaoyang District, Beijing, the PRC as well as the reporting of such amendments to the relevant examination and approval authorities. The special resolution relating to the amendment of the Articles as aforesaid is set out in the notice of the annual general meeting which is published on the newspaper on the same date of this announcement.

By order of the board of
AviChina Industry & Technology Company Limited
 Yan Lingxi
 Company Secretary

Hong Kong, 5 April 2004

* For identification purposes only