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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)

**CONNECTED TRANSACTION
DEEMED DISPOSAL OF EQUITY INTERESTS IN
AVIC KAITIAN**

THE SUBSCRIPTIONS

Reference is made to the announcements of the Company dated 10 December 2021 and 10 June 2022 in relation to the capital contribution to AVIC Kaitian.

AVIC Kaitian (a non-wholly owned subsidiary indirectly held by the Company through AVIC Avionics) had solicited four strategic investors to subscribe for new shares of AVIC Kaitian representing approximately 18.61% of the enlarged share capital of AVIC Kaitian through public tender at CBEX. Meanwhile, AVIC agreed to subscribe for new shares of AVIC Kaitian representing approximately 7.24% of the enlarged share capital of AVIC Kaitian by way of capitalisation of capital reserve (exclusively state-owned); and four employee stock ownership platforms agreed to subscribe for new shares of AVIC Kaitian representing approximately 4.89% of the enlarged share capital of AVIC Kaitian.

In order to carry out the mixed ownership reform and enhance the core competitiveness of AVIC Kaitian, the Board is pleased to announce that on 28 April 2023, AVIC Kaitian has entered into the Subscription Agreement and the Supplemental Subscription Agreement with the Existing Shareholders, the External Strategic Investors, AVIC, and the Employee Stock Ownership Platforms. Pursuant to the Subscription Agreement and the Supplemental Subscription Agreement, the External Strategic Investors, AVIC and the Employee Stock Ownership Platforms have agreed to subscribe for new shares of AVIC Kaitian at the Subscription Price and in the proportion set out in the paragraph above. The capital contribution amount of the External Strategic Investors is RMB396,000,000.00 in aggregate, the capital contribution amount of AVIC is RMB153,917,460.96, and the capital contribution amount of the Employee Stock Ownership Platforms is RMB104,000,000 in aggregate. Upon Completion, the shareholding of AVIC Avionics in AVIC Kaitian will be diluted from approximately 88.30% to approximately 61.16%, and AVIC Kaitian will remain as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling shareholder of the Company holding directly and indirectly approximately 62.30% of the total issued shares of the Company. The executive partner of Aviation Industrial Fund is AVIC Rongfu, the executive partner of Aviation Asset Restructuring Fund is Beijing Yufeng, and the executive partner of AIC Airborne Fund is Beijing Yuhua, and all these three executive partners are held as to more than 30% by AVIC. Therefore, AVIC, Aviation Industrial Fund, Aviation Asset Restructuring Fund and AIC Airborne Fund are connected persons of the Company under Chapter 14A of the Listing Rules. The Connected Subscriptions, which also constitute a deemed disposal, constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for the Connected Subscriptions is more than 0.1% but less than 5%, the Connected Subscriptions are subject to the reporting and announcement requirements, but are exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as the shareholding of AVIC Avionics in AVIC Kaitian will be reduced from approximately 88.30% to approximately 61.16% upon Completion, the Subscriptions constitute a deemed disposal of AVIC Kaitian. As none of the applicable percentage ratios for the Deemed Disposal exceed 5%, the Deemed Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

THE SUBSCRIPTIONS

Reference is made to the announcements of the Company dated 10 December 2021 and 10 June 2022 in relation to the capital contribution to AVIC Kaitian.

AVIC Kaitian (a non-wholly owned subsidiary indirectly held by the Company through AVIC Avionics) had solicited four strategic investors to subscribe for new shares of AVIC Kaitian representing approximately 18.61% of the enlarged share capital of AVIC Kaitian through public tender at CBEX. Meanwhile, AVIC agreed to subscribe for new shares of AVIC Kaitian representing approximately 7.24% of the enlarged share capital of AVIC Kaitian by way of capitalisation of capital reserve (exclusively state-owned); and four employee stock ownership platforms agreed to subscribe for new shares of AVIC Kaitian representing approximately 4.89% of the enlarged share capital of AVIC Kaitian.

In order to carry out the mixed ownership reform and enhance the core competitiveness of AVIC Kaitian, the Board is pleased to announce that on 28 April 2023, AVIC Kaitian has entered into the Subscription Agreement and the Supplemental Subscription Agreement with the Existing Shareholders, the External Strategic Investors, AVIC and the Employee Stock Ownership Platforms. Pursuant to the Subscription Agreement and the Supplemental Subscription Agreement, the External Strategic Investors, AVIC, and the Employee Stock Ownership Platforms have agreed to subscribe for new shares of AVIC Kaitian at the Subscription Price and in the proportion set out in the paragraph above. The capital contribution amount of the External Strategic Investors is RMB396,000,000.00 in aggregate,

the capital contribution amount of AVIC is RMB153,917,460.96, and the capital contribution amount of the Employee Stock Ownership Platforms is RMB104,000,000 in aggregate. Upon Completion, the shareholding of AVIC Avionics in AVIC Kaitian will be diluted from approximately 88.30% to approximately 61.16%, and AVIC Kaitian will remain as a subsidiary of the Company.

The principal terms of the Subscription Agreement and the Supplemental Subscription Agreement are summarised as follows:

Date: 28 April 2023

Parities:

1. AVIC Kaitian;
2. Existing Shareholders:
 - (1) AVIC Avionics;
 - (2) AVIC Investment;
 - (3) Chengdu Aircraft Design; and
 - (4) Chengdu Aircraft Industry;
3. External Strategic Investors:
 - (1) Guangdong Hongtu;
 - (2) Aviation Industrial Fund;
 - (3) Aviation Asset Restructuring Fund; and
 - (4) AIC Airborne Fund;
4. AVIC;
5. Employee Stock Ownership Platforms:
 - (1) Chendu Hengchuang;
 - (2) Chengdu Gengchuang;
 - (3) Chengdu Lingchuang; and
 - (4) Chengdu Shengchuang.

Subject Matter:

- (1) the External Strategic Investors agreed to make a capital contribution of RMB396,000,00.00 at the Subscription Price to subscribe for 101,278,772 new shares of AVIC Kaitian in total, which represent approximately 18.61% of the enlarged share capital of AVIC Kaitian upon Completion.
- (2) AVIC agreed to make a capital contribution of RMB153,917,460.96 at the Subscription Price to subscribe for 39,365,080 new shares of AVIC Kaitian in total, which represent approximately 7.24% of the enlarged share capital of AVIC Kaitian upon Completion. AVIC will make the capital contribution by way of capitalisation of capital reserve (exclusively state-owned).
- (3) the Employee Stock Ownership Platforms agreed to make a capital contribution of RMB104,000,000.00 at the Subscription Price to subscribe for 26,598,465.00 new shares of AVIC Kaitian in total, which represent approximately 4.89% of the enlarged share capital of AVIC Kaitian upon Completion.

Payment: Upon effectiveness of the Subscription Agreement, the security deposit paid by the External Strategic Investors to CBEX shall become part of the subscription amount. The External Strategic Investors shall transmit the balance of the subscription amount (after deducting the security deposit) to

the designated bank account of AVIC Kaitian in one lump sum within five (5) working days after the day following the signing of the Subscription Agreement.

The Employee Stock Ownership Platforms shall, upon receipt of the first batch of capital contributions corresponding to the partnership interests of the stock ownership platforms subscribed by the incentive recipients as set out in AVIC Kaitian's share incentive scheme, transmit the subscription amount to the designated bank account of AVIC Kaitian within five (5) working days after the day following the signing of the Subscription Agreement.

Transfer Restrictions: The External Strategic Investors undertake to have a long-term holding intention and agree not to transfer the subscribed shares for five years from the date of industrial and commercial change registration, and agree not to pledge the shares held. However Aviation Industrial Fund, Aviation Asset Restructuring Fund and AIC Airborne Fund may transfer the shares to AVIC or any legal entity controlled by AVIC.

Based on the result of the public tender, the Subscription Price is RMB3.91 per share of AVIC Kaitian, which is determined by the parties with reference to the appraised value of all shareholders' equity of AVI Kaitian of RMB1,625,086,300 as at 30 November 2021, as set out in the valuation report prepared based on asset-based approach by a professional independent PRC valuer.

Upon Completion, the registered capital of AVIC Kaitian will be increased from RMB376,897,007 to RMB544,139,324, and AVIC Kaitian will be owned as to: (i) approximately 61.16% by AVIC Avionics; (ii) approximately 3.51% by AVIC Investment; (iii) approximately 3.51% by Chengdu Aircraft Design; (iv) approximately 1.08% by Chengdu Aircraft Industry; (v) approximately 5.92% by Guangdong Hongtu; (vi) approximately 4.70% by Aviation Industrial Fund; (vii) approximately 4.70% by Aviation Asset Restructuring Fund; (viii) approximately 3.29% by AIC Airborne Fund; (ix) approximately 7.24% by AVIC; (x) approximately 1.19% by Chendu Hengchuang; (xi) approximately 1.24% by Chendu Gengchuang; (xii) approximately 1.23% by Chendu Lingchuang; and (xiii) approximately 1.23% by Chendu Shengchuang.

FINANCIAL EFFECTS OF THE SUBSCRIPTIONS AND USE OF PROCEEDS

Upon Completion, the shareholding of AVIC Avionics in AVIC Kaitian will be diluted from 88.30% to 61.16%, and AVIC Kaitian will remain as a non-wholly owned subsidiary of the Company indirectly held through AVIC Avionics. The operating results, financial conditions and cash flows of AVIC Kaitian will continue to be included in the consolidated financial statements of the Group. The deemed disposal resulting from the Subscriptions will be accounted for as equity transaction and no gain or loss will be recognised in the Group's consolidated income statement.

The Board expects the proceeds from the Subscriptions will be used for the independent research and development of core components of AVIC Kaitian to facilitate the conversion of scientific research results.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

Through the mixed ownership reform, the Subscriptions will help to enhance the core competitiveness of AVIC Kaitian and facilitate industrial expansion.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that although the Subscriptions are not conducted in the ordinary and usual course of business of the Group, the Subscriptions and the Subscription Price thereof are on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Subscriptions (including the Connected Subscriptions) have been approved by the Board. Mr. Li Xichuan, the then non-executive Director, who is a deputy chief of the capital operation department of AVIC, had abstained from voting on the relevant Board resolution approving the Subscriptions in accordance with the Company Law of the PRC and the Listing Rules. Save as disclosed above, none of other Directors has or is deemed to have a material interest in such transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling shareholder of the Company holding directly and indirectly approximately 62.30% of the total issued shares of the Company. The executive partner of Aviation Industrial Fund is AVIC Rongfu, the executive partner of Aviation Asset Restructuring Fund is Beijing Yufeng, and the executive partner of AIC Airborne Fund is Beijing Yuhua, and all these three executive partners are held as to more than 30% by AVIC. Therefore, AVIC, Aviation Industrial Fund, Aviation Asset Restructuring Fund and AIC Airborne Fund are connected persons of the Company under Chapter 14A of the Listing Rules. The Connected Subscriptions, which also constitute a deemed disposal, constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for the Connected Subscriptions is more than 0.1% but less than 5%, the Connected Subscriptions are subject to the reporting and announcement requirements, but are exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as the shareholding of AVIC Avionics in AVIC Kaitian will be reduced from approximately 88.30% to approximately 61.16% upon Completion, the Subscriptions constitute a deemed disposal of AVIC Kaitian. As none of the applicable percentage ratios for the Deemed Disposal exceed 5%, the Deemed Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

Information of the Company

The Company is a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange. The Company is mainly engaged in the research and development, manufacture and sales of aviation products, and relevant engineering services.

Information of AVIC Kaitian

AVIC Kaitian is a joint stock limited liability company incorporated in the PRC. As at the date of this announcement, it is a non-wholly owned subsidiary of the Company indirectly held through AVIC

Avionics. AVIC Kaitian is mainly engaged in avionics, aviation instrumentation, engine control systems, aviation ground test equipment, avionics machinery and equipment.

The audited consolidated net profit (before and after taxation) of AVIC Kaitian prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	(RMB)	(RMB)
Net profit before taxation	66,053,854.92	77,291,264.29
Net profit after taxation	59,513,963.46	81,274,943.77

As at 31 December 2022, the audited consolidated net assets of AVIC Kaitian prepared under the China Accounting Standards for Business Enterprises amounted to RMB 1,319,295,537.24.

Information of the Existing Shareholders

AVIC Avionics

AVIC Avionics is a joint stock limited liability company established in the PRC, whose A shares are listed on the Shanghai Stock Exchange. As at the date of this announcement, AVIC Avionics is a non-wholly owned subsidiary of the Company directly held as to 17.01%. It is mainly engaged in the manufacture of avionics products and related accessories.

AVIC Investment

AVIC Investment is a limited company established in the PRC and a subsidiary of AVIC Industry-Finance, and is held as to 73.56%, 16.70%, 4.17%, 2.78%, 1.39% and 1.39% by AVIC Industry-Finance, China Life Insurance Company Limited* (中國人壽保險股份有限公司), Guotong Xinhang (Suzhou) Industrial Investment Fund Partnership (Limited Partnership)* (國同新航(蘇州)產業投資基金合夥企業(有限合夥)), Shanghai International Group Co., Ltd.* (上海國際集團有限公司), Shanghai Shangguo Investment Property Management Co., Ltd.* (上海上國投資產管理有限公司) and Shanghai State-owned Enterprise Reform and Development Equity Investment Fund Partnership (Limited Partnership)* (上海國企改革發展股權投資基金合夥企業(有限合夥)) respectively. AVIC Investment is mainly engaged in real investment and equity investment.

AVIC Industry-Finance is a joint stock limited liability company incorporated in the PRC with its A shares listed on the Shanghai Stock Exchange (stock code: 600705) and is a subsidiary of AVIC as at the date of this announcement. China Life Insurance Company Limited is a joint stock limited company incorporated in the PRC with its A shares listed on the Shanghai Stock Exchange (stock code: 601628) and its H shares listed on the Hong Kong Stock Exchange (stock code: 2628), and is mainly engaged in various life insurance services and consulting and agency services. Guotong Xinhang (Suzhou) Industrial Investment Fund Partnership (Limited Partnership)* is mainly engaged in industrial investment and equity investment. Shanghai International Group Co., Ltd.* is mainly engaged in capital operation and asset management. Shanghai Shangguo Investment Property Management Co., Ltd.* is mainly engaged in asset management. Shanghai State-owned Enterprise Reform and Development Equity Investment Fund Partnership (Limited Partnership)* is mainly engaged in equity investment and investment management.

Chengdu Aircraft Design

Chengdu Aircraft Design is an institution (事業單位) controlled by AVIC, and is mainly engaged in the design of aircraft and integrated multidisciplinary research in aerospace.

Chengdu Aircraft Industry

Chengdu Aircraft Industry is a limited liability company established in the PRC, which is a wholly-owned subsidiary of AVIC as at the date of this announcement. Chengdu Aircraft Industry is primarily engaged in development, production and export of aviation weapons and equipment and manufacture of civil aircraft components.

Information of the External Strategic Investors

Guangdong Hongtu

Guangdong Hongtu is a joint stock limited liability company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002101) and is mainly engaged in the development, design, manufacture, processing and sales of various types of aluminum alloy die castings, magnesium alloy die casting and related accessories for automobiles, motorcycles, household appliances, electronic instruments.

Aviation Industrial Fund

Aviation Industrial Fund is a limited partnership company established in the PRC, whose partnership interest is held as to 12%, 8%, 12%, 1%, 40%, 7% and 20% by the Company, AVIC, AVIC Industry-Finance, AVIC Rongfu, China Life Guangde (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (國壽廣德(天津)股權投資基金合夥企業(有限合夥)), Zhenjiang Dingqiang Intelligent Manufacturing Investment Partnership (Limited Partnership)* (鎮江鼎強智能製造投資合夥企業(有限合夥)) and National Military-civilian Integration Industrial Investment Fund Co., Ltd.* (國家軍民融合產業投資基金有限責任公司) respectively as at the date of the announcement. Aviation Industrial Fund is mainly engaged in investment in non-securities business, investment management and investment consulting. The sole general partner and the executive partner of Aviation Industrial Fund is AVIC Rongfu, which is an associate of the Company and is held as to 50%, 35.7143% and 14.2857% by the Company, AVIC Industry-Finance and AVIC as at the date of this announcement.

China Life Guangde (Tianjin) Equity Investment Fund Partnership (Limited Partnership) is a limited partnership established in the PRC and is beneficially owned as to 99.95% and 0.05% by China Life Insurance Company Limited* and China Life Real Estate Investment Management Co., Ltd.* (國壽置業投資管理有限公司) respectively as at the date of the announcement. Zhenjiang Dingqiang Intelligent Manufacturing Investment Partnership (Limited Partnership) is held as to 90% and 10% by Zhenjiang State Investment Holding Group Co., Ltd.* (鎮江國有投資控股集團有限公司) and Zhenjiang State Investment Venture Capital Co., Ltd.* (鎮江國投創業投資有限公司) respectively as at the date of the announcement. Zhenjiang State Investment Holding Group Co., Ltd. is a limited liability company established in the PRC, which is owned as to 100% by State-owned Assets Supervision and Administration Commission of Zhenjiang Municipal People's Government (鎮江市人民政府國有資產監督管理委員會). National Military-civilian Integration Industrial Investment Fund Co., Ltd. is a limited liability company established in the PRC, whose largest substantial shareholder is the Ministry of Finance of the PRC, which holds 15.6863% of its equity interest as at the date of the announcement.

Aviation Asset Restructuring Fund

Aviation Asset Restructuring Fund is a limited partnership established in the PRC, whose partnership interest is held as to 35.59%, 30.00%, 29.32%, 4.40%, 0.65% and 0.03% by Orient Asset, Guoxin Asset, AVIC Asset, Orient Bangxin, Shanghai Xinsheng Aviation Industry Investment Development Co., Ltd.* (上海欣盛航空工業投資發展有限公司) and Beijing Yufeng respectively as at the date of the announcement. Aviation Asset Restructuring Fund is mainly engaged in private equity investment fund management, venture capital fund management services. The executive partner of Aviation Asset Restructuring Fund is Beijing Yufeng, which is an associate of AVIC and is held as to 40%, 35% and 35% by AVIC Asset, Guoxin Asset and Orient Bangxin respectively.

Orient Asset is a joint stock limited liability company incorporated in the PRC and is held as to 98% by the Ministry of Finance of the PRC and 2% by the National Council of Social Security Funds as at the date of this announcement. Guoxin Asset is a limited liability company established in the PRC and is controlled by the State Council of the PRC. AVIC Asset is wholly owned by AVIC. Orient Bangxin is wholly owned by Orient Asset. Shanghai Xinsheng Aviation Industry Investment Development Co., Ltd.* is wholly owned by AVIC Asset.

AIC Airborne Fund

AIC Airborne Fund is a limited partnership established in the PRC, whose partnership interest is held as to 59.1825%, 40.8155% and 0.0020% by AVIC Aviation Industry Investment Co., Ltd.* (中航航空產業投資有限公司), AVIC Airborne Systems Company Limited* (中航機載系統有限公司) and Beijing Yuhua respectively as at the date of the announcement. AIC Airborne Fund is mainly engaged in venture capital business and investment in airborne system industry. The executive partner of AIC Airborne Fund is Beijing Yuhua, which is a non-wholly owned subsidiary of AVIC Industry-Finance and is held as to 70% and 30% by China Aviation Industry Investment Co., Ltd.* (中航產業投資有限公司) and Nanfang Jianxin Investment Co., Ltd.* (南方建信投資有限公司).

AVIC Aviation Industry Investment Co., Ltd.* and China Aviation Industry Investment Co., Ltd.* are wholly owned by AVIC Industry-Finance. AVIC Airborne Systems Company Limited* is a wholly-owned subsidiary of AVIC. Nanfang Jianxin Investment Co., Ltd.* is a limited liability company established in the PRC and is held as to 42.50%, 42.50% and 15.00% by Jianxin (Beijing) Investment Fund Management Co., Ltd.* (建信(北京)投資基金管理有限責任公司), Southern Industrial Asset Management Co., Ltd.* (南方工業資產管理有限責任公司) and Guangzhou Kai Tak Capital Operation Co., Ltd.* (廣州凱得資本運營有限公司) respectively. Jianxin (Beijing) Investment Fund Management Co., Ltd.* is a limited liability company established in the PRC and is indirectly held as to 67% and 33% by China Construction Bank Corporation* (中國建設銀行股份有限公司, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601939) and the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 00939)) and Hefei Xingtai Financial Holding (Group) Co., Ltd.* (合肥興泰金融控股(集團)有限公司) respectively. Hefei Xingtai Financial Holding (Group) Co., Ltd.* is wholly owned by the State-owned Assets Supervision and Management Commission of Hefei Municipal People's Government (合肥市人民政府國有資產監督管理委員會). Southern Industrial Asset Management Co., Ltd.* is controlled by the State Council of the PRC. Guangzhou Kai Tak Capital Operation Co., Ltd.* is a limited liability company established in the PRC and is held as to 90.00% and 10.00% by Guangzhou Economic and Technological Development Zone Management Committee (廣州經濟技術開發區管理委員會) and Guangdong Provincial Finance Department (廣東省財政廳) respectively.

Information of AVIC

AVIC is controlled by the State Council of the PRC, and is mainly engaged in the development and

manufacture of aviation products and non-aviation products. AVIC is the controlling Shareholder of the Company, holding approximately 62.30% of the share capital of the Company directly and indirectly as at the date of this announcement.

Information of the Employee Stock Ownership Platforms

Chendu Hengchuang

Chendu Hengchuang is a limited partnership established in the PRC, whose partnership interest is held as to 80.16%, 5.95%, 3.17%, 3.17%, 2.78%, 2.78%, 1.19% and 0.79% by Mr. Jia Zhixiao, Mr. Xiang Dongliang, Mr. Jiang Yongze, Mr. Dai Yongbo, Mr. Wu Zhiming, Mr. Ren Wenlin, Mr. Song Yixiong and Mr. Chen Jin respectively as at the date of the announcement. Chendu Hengchuang is an Employee Stock Ownership Platform and is mainly engaged in business management and information consulting services. The executive partner of Chendu Hengchuang is Mr. Jia Zhixiao.

Chengdu Gengchuang

Chengdu Gengchuang is a limited partnership established in the PRC with partnership interests held by 50 natural persons. As at the date of this announcement, no partner holds more than 7% interest in Chengdu Gengchuang. Chengdu Gengchuang is an Employee Stock Ownership Platform and is mainly engaged in business management and information consulting services. The executive partner of Chengdu Gengchuang is Mr. Wang Bo.

Chendu Lingchuang

Chendu Lingchuang is a limited partnership established in the PRC with partnership interests held by 50 natural persons. As at the date of this announcement, no partner holds more than 7% interest in Chengdu Lingchuang. Chendu Lingchuang is an Employee Stock Ownership Platform and is mainly engaged in business management and information consulting services. The executive partner of Chendu Lingchuang is Ms. Chen Tieyan.

Chendu Shengchuang

Chendu Shengchuang is a limited partnership established in the PRC with partnership interests held by 50 natural persons. As at the date of this announcement, no partner holds more than 7% interest in Chengdu Shengchuang. Chendu Shengchuang is an Employee Stock Ownership Platform and is mainly engaged in business management and information consulting services. The executive partner of Chendu Shengchuang is Mr. Huang Qiaoping.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Employee Stock Ownership Platforms, Guangdong Hongtu and their respective ultimate beneficial owners are independent third parties independent of the Company and its connected persons as at the date of this announcement.

DEFINITIONS

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

“AIC Airborne Fund” AIC Yuhua (Shenzhen) Airborne Systems Industry Investment

	Partnership (Limited Partnership)* (航投譽華(深圳)機載系統產業投資合夥企業(有限合夥)), a limited partnership established in the PRC
“associate(s)”	has the same meaning as defined in the Listing Rules
“Aviation Asset Restructuring Fund”	Royal Wind (Beijing) Aviation Asset Restructuring Private Equity Investment Partnership (Limited Partnership)* (禦風(北京)航空資產結構調整私募股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“Aviation Industrial Fund”	Beijing Avichina Phase I Aviation Industrial Investment Fund (Limited Partnership)* (北京中航一期航空工業產業投資基金(有限合夥)), a limited partnership company established in the PRC
“AVIC”	Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司), a controlling shareholder of the Company holding directly and indirectly approximately 62.30% of the share capital of the Company as at the date of this announcement
“AVIC Asset”	AVIC Asset Management Co., Ltd.*(中航資產管理有限公司), a limited liability company established in the PRC and a subsidiary of AVIC
“AVIC Avionics”	China Avionics Systems Co., Ltd.* (中航航空電子系統股份有限公司), a joint stock limited liability company whose A shares are listed on the Shanghai Stock Exchange (stock code: 600372) and is a non-wholly owned subsidiary of the Company directly held as to 17.01% as at the date of this announcement
“AVIC Rongfu”	AVIC Rongfu Fund Management Co., Ltd.* (中航融富基金管理有限公司), a limited liability company established in the PRC
“AVIC Investment”	AVIC Investment Holdings Co., Ltd.* (中航投資控股有限公司), a limited liability company established in the PRC
“AVIC Industry-Finance”	AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司), a joint stock limited liability company whose shares are listed on the Shanghai Stock Exchange (stock code:600705) and a non-wholly owned subsidiary of AVIC as at the date of this announcement

“AVIC Kaitian”	Chengdu CAIC Electronics Co., Ltd.* (成都凱天電子股份有限公司), a joint stock limited liability company incorporated in the PRC and a subsidiary of the Company as at the date of this announcement
“Beijing Yufeng”	Beijing Yufeng Private Equity Fund Management Co., Ltd.* (北京禦風私募基金管理有限公司), a limited liability company established in the PRC
“Beijing Yuhua”	Beijing Yuhua Fund Management Co., Ltd.* (北京譽華基金管理有限公司), a limited liability company established in the PRC
“Board”	the board of directors of the Company
“CBEX”	China Beijing Equity Exchange (北京產權交易所)
“Chengdu Aircraft Design”	AVIC Chengdu Aircraft Design Institute* (中國航空工業集團公司成都飛機設計研究所), which is an institution controlled by AVIC
“Chengdu Aircraft Industry”	AVIC Chengdu Aircraft Industrial (Group) Co., Ltd.* (成都飛機工業(集團)有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of AVIC
“Chengdu Gengchuang”	Chengdu Gengchuang Corporate Management Partnership (Limited Partnership)* (成都耘創企業管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Chendu Hengchuang”	Chengdu Hengchuang Enterprise Management Partnership (Limited Partnership)* (成都衡創企業管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Chengdu Lingchuang”	Chengdu Lingchuang Enterprise Management Partnership (Limited Partnership)* (成都凌創企業管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Chengdu Shengchuang”	Chengdu Shengchuang Enterprise Management Partnership Enterprise (Limited Partnership)* (成都勝創企業管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Company”	AviChina Industry & Technology Company Limited* (中國航空科技工業股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H shares are listed on the Hong

Kong Stock Exchange

“Completion”	completion of the Subscriptions
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Connected Subscriptions”	the subscriptions made by AVIC, Aviation Industrial Fund, Aviation Asset Restructuring Fund and AIC Airborne Fund pursuant to the Subscription Agreement and the Supplemental Subscription Agreement
“controlling shareholder(s)”	has the same meaning as defined in the Listing Rules
“Deemed Disposal”	the deemed disposal of the shareholding interest in AVIC Kaitian as a result of the dilution of shareholding interest of AVIC Avionics in AVIC Kaitian due to the Subscriptions
“Director(s)”	the director(s) of the Company
“Employee Stock Ownership Platforms”	Chendu Hengchuang, Chengdu Gengchuang, Chengdu Lingchuang and Chengdu Shengchuang
“Existing Shareholders”	AVIC Avionics, AVIC Investment, Chengdu Aircraft Design and Chengdu Aircraft Industry
“External Strategic Investors”	Guangdong Hongtu, Aviation Industrial Fund, Aviation Asset Restructuring Fund and AIC Airborne Fund
“Group”	the Company together with its subsidiaries
“Guangdong Hongtu”	Guangdong Hongtu Technology Co., Ltd.* (廣東鴻圖科技股份有限公司), a joint stock limited liability company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002101)
“Guoxin Asset”	China Guoxin Asset Management Co., Ltd.*(中國國新資產管理有限公司), a limited liability company established in the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Orient Asset”	China Orient Asset Management Co., Ltd.* (中國東方資產管理股份有限公司), a joint stock limited liability company incorporated in the PRC

“Orient Bangxin”	Orient Bangxin Capital Co., Ltd.* (東方邦信創業投資有限公司), a limited liability company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Subscriptions”	the subscriptions of new shares of AVIC Kaitian by the External Strategic Investors, AVIC, and the Employee Stock Ownership Platforms pursuant to the Subscription Agreement and the Supplemental Subscription Agreement
“Subscription Agreement”	the capital contribution agreement dated 28 April 2023 entered into among AVIC Kaitian, the Existing Shareholders, the External Strategic Investors, AVIC, and the Employee Stock Ownership Platforms
“Supplemental Subscription Agreement”	the supplemental capital contribution agreement dated 28 April 2023 entered into among AIV Kaitian, the Existing Shareholders, the External Strategic Investors, AVIC, and the Employee Stock Ownership Platforms
“Subscription Price”	RMB3.91 per share of AVIC Kaitian

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

Beijing, 1 May 2023

As at the date of this announcement, the Board comprises executive Director Mr. Yan Lingxi, non-executive Directors Mr. Lian Dawei, Mr. Liu Bingjun, Mr. Xu Gang and Mr. Wang Jun as well as independent non-executive Directors Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping.

** For identification purpose only*