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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)

**POTENTIAL CONNECTED TRANSACTION
CAPITAL CONTRIBUTION IN AVIC KAITIAN**

CAPITAL CONTRIBUTION AGREEMENT

To strengthen operational capabilities and to increase the driving force for aviation technology innovation of AVIC Kaitian, on 25 October 2024, the Board approved the entering into of Capital Contribution Agreement among AVIC Kaitian, AVIC Airborne and the Other Existing Shareholders of AVIC Kaitian, pursuant to which AVIC Airborne will make capital contribution in an amount of RMB250,000,000 in cash to AVIC Kaitian. The Other Existing Shareholders of AVIC Kaitian do not participate in the capital contribution.

Upon Completion, the registered capital of AVIC Kaitian will increase from RMB544,139,324 to RMB603,767,760, and the shareholding of AVIC Airborne in AVIC Kaitian will increase from approximately 61.16% to 65.00%, while AVIC Airborne will remain as the controlling shareholder of AVIC Kaitian.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling Shareholder of the Company, and AVIC Airborne is a non-wholly-owned subsidiary of the Company. AVIC Kaitian is a connected subsidiary of the Company by virtue of being owned as to over 10% by AVIC. Therefore, the Capital Contribution by AVIC Airborne in AVIC Kaitian constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the Capital Contribution is more than 0.1% but less than 5%, the Capital Contribution is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CAPITAL CONTRIBUTION AGREEMENT

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Upon Completion, the registered capital of AVIC Kaitian will increase from RMB544,139,324 to RMB603,767,760, and the shareholding of AVIC Airborne in AVIC Kaitian will increase from approximately 61.16% to 65.00%, while AVIC Airborne will remain as the controlling shareholder of AVIC Kaitian.

The principal terms of the Capital Contribution Agreement are summarised as follows:

Parties	<ol style="list-style-type: none">1. AVIC Kaitian2. AVIC Airborne3. Other Existing Shareholders of AVIC Kaitian:<ol style="list-style-type: none">(1) AVIC(2) Guangdong Hongtu(3) Aviation Industrial Fund(4) Aviation Asset Restructuring Fund(5) AVIC Investment(6) Chengdu Aircraft Design(7) AIC Airborne Fund(8) Chengdu Yunchuang(9) Chengdu Lingchuang(10) Chengdu Shengchuang(11) Chengdu Hengchuang(12) Chengdu Aircraft Industry
Capital Contribution	AVIC Airborne agreed to use its own fund to make the Capital Contribution in an amount of RMB250,000,000 at the Capital Contribution Price, of which RMB59,628,436 shall be included in the registered capital of AVIC Kaitian.
Payment	The capital contribution amount shall be paid by AVIC Airborne in a lump sum within 5 working days from the effective date of the Capital Contribution Agreement. The Capital Contribution Agreement shall become effective after it has been sealed by each party, signed (or stamped) by each party's legal representative/managing partner or its authorized representative, and both AVIC Kaitian and AVIC Airborne have completed the internal decision-making procedures and obtained the approval of the competent regulatory authorities.

The Capital Contribution Price is RMB4.19 per share of AVIC Kaitian, which is determined by the parties with reference to the registered capital of AVIC Kaitian of RMB544,139,324 before the Capital Contribution and the appraised value of entire shareholders' equity of AVIC Kaitian of RMB 2,281,375,100 based on asset-based approach as at 31 October 2023 (the "**Valuation Benchmark Date**"), as set out in the valuation report prepared by a professional independent PRC valuer. Please refer to the Appendix to this announcement for further details in relation to the valuation of AVIC Kaitian.

AVIC Kaitian continues its normal operation after the Valuation Benchmark Date, and there have been no events subsequent to the Valuation Benchmark Date and up to the date of this announcement which would materially affect the value of AVIC Kaitian. Therefore, the Board is of the view that the valuation remains a fair and reasonable representation of the value of AVIC Kaitian as at the date of this announcement, and the Capital Contribution based on the valuation is fair and reasonable and in compliance with the relevant requirements.

Upon Completion, the registered capital of AVIC Kaitian will be increased from RMB544,139,324 to RMB603,767,760, and AVIC Kaitian will be owned as to: (1) approximately 65.00% by AVIC Airborne; (2) approximately 6.52% by AVIC; (3) approximately 5.34% by Guangdong Hongtu; (4) approximately 4.24% by Aviation Industrial Fund; (5) approximately 4.24% by Aviation Asset Restructuring Fund; (6) approximately 3.16% by AVIC Investment; (7) approximately 3.16% by Chengdu Aircraft Design; (8) approximately 2.97% by AIC Airborne Fund; (9) approximately 1.12% by Chengdu Yunchuang; (10) approximately 1.11% by Chengdu Lingchuang; (11) approximately 1.11% by Chengdu Shengchuang; (12) approximately 1.07% by Chengdu Hengchuang; and (13) approximately 0.97% by Chengdu Aircraft Industry.

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION

Upon Completion, the registered capital of AVIC Kaitian will increase from RMB544,139,324 to RMB603,767,760, and the shareholding of AVIC Airborne in AVIC Kaitian will increase from approximately 61.16% to 65.00%, while AVIC Airborne will remain as the controlling shareholder of AVIC Kaitian.

The Capital Contribution will facilitate the strengthening of operational capabilities and the increasing of driving force for aviation technology innovation of AVIC Kaitian.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that although the transaction contemplated under the Capital Contribution Agreement is not conducted in the ordinary and usual course of business of the Group, the terms of the Capital Contribution and the transaction contemplated thereunder 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling Shareholder of the Company, and AVIC Airborne is a non-wholly-owned subsidiary of the Company. AVIC Kaitian is a connected subsidiary of the Company by virtue of being owned as to over 10% by AVIC. Therefore, the Capital Contribution by AVIC Airborne in AVIC Kaitian constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) in respect of the Capital Contribution is more than 0.1% but less than 5%, the Capital Contribution is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Capital Contribution has been approved by the Board. Mr. Xu Dongsheng, Mr. Zhou Xunwen and Ms. Hu Shiwei, who are non-executive Directors and hold positions in AVIC, had abstained from voting on the relevant Board resolution approving the Capital Contribution 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.

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 Airborne. 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 2022 and 31 December 2023 are set out below:

	For the year ended 31 December 2022 <i>(RMB)</i>	For the year ended 31 December 2023 <i>(RMB)</i>
Net profit before taxation	77,291,264.29	89,872,519.49
Net profit after taxation	81,274,943.77	90,138,469.20

As at 31 December 2023, the audited consolidated net assets of AVIC Kaitian prepared under the China Accounting Standards for Business Enterprises amounted to RMB1,826,926,036.76.

Information of AVIC Airborne

AVIC Airborne is a joint stock limited liability company incorporated in the PRC, whose A shares are listed on the Shanghai Stock Exchange. As at the date of this announcement, AVIC Airborne is a non-wholly owned subsidiary of the Company directly held as to 16.50%. It is mainly engaged in the manufacture and sale of products of avionics systems and aviation electromechanical systems.

Information of the Other Existing Shareholders of AVIC Kaitian

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. As at the date of this announcement, AVIC is the controlling Shareholder of the Company, holding approximately 60.25% of the share capital of the Company directly and indirectly.

AVIC Investment

AVIC Investment is a limited liability 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 industrial 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 the research and development, production and export of aviation weapons and equipment and manufacture of civil aircraft components.

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 Jiangsu Jinxin Finance Holding Group Co., Ltd.* (江蘇金信金融控股集團有限公司) 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. Jiangsu Jinxin Finance Holding Group Co., Ltd. is a limited liability company established in the PRC, which is owned as to 85.8973% 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) indirectly. 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 35.60%, 30.00%, 19.61%, 6.47%, 4.40%, 3.88% and 0.03% by Orient Asset, Guoxin Asset, AVIC Asset, Tianjin Binjiang Helicopter Co., Ltd.*(天津濱江直升機有限責任公司), Orient Bangxin, Shanghai Xinheng 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 25% 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 71.55% by the Ministry of Finance of the PRC and 16.39% by the National Council of Social Security Funds as at the date of this announcement. The remaining shareholders' shareholdings in Orient Asset are all below 10%. 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. Tianjin Binjiang Helicopter Co., Ltd. is a 68.75% owned subsidiary of 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 wholly-owned subsidiary of China Aviation Industry Investment Co., Ltd.* (中航產業投資有限公司).

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.

Guangdong Hongtu

Guangdong Hongtu is a joint stock limited liability company incorporated in the PRC, whose A 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.

Chengdu Yunchuang

Chengdu Yunchuang 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 Yunchuang. Chengdu Yunchuang is an employee stock ownership platform and is mainly engaged in business management and information consulting services. The executive partner of Chengdu Yunchuang is Mr. Wang Bo.

Chengdu Lingchuang

Chengdu 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. Chengdu Lingchuang is an employee stock ownership platform and is mainly engaged in business management and information consulting services. The executive partner of Chengdu Lingchuang is Ms. Chen Tieyan.

Chengdu Shengchuang

Chengdu 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. Chengdu Shengchuang is an employee stock ownership platform and is mainly engaged in business management and information consulting services. The executive partner of Chengdu Shengchuang is Mr. Huang Qiaoping.

Chengdu Hengchuang

Chengdu 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. Chengdu Hengchuang is an employee stock ownership platform and is mainly engaged in business management and information consulting services. The executive partner of Chengdu Hengchuang is Mr. Jia Zhixiao.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangdong Hongtu, Chengdu Yunchang, Chengdu Lingchuang, Chengdu Shengchuang and Chengdu Hengchuang 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), the controlling Shareholder of the Company holding directly and indirectly approximately 60.25% of the share capital of the Company as at the date of this announcement
“AVIC Airborne”	AVIC Airborne Systems Co., Ltd.* (中航機載系統股份有限公司), 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 16.50% 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 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 A 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 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 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
“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
“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

“Capital Contribution”	the capital contribution in cash by AVIC Airborne to AVIC Kaitian pursuant to the Capital Contribution Agreement
“Capital Contribution Agreement”	the capital contribution agreement to be entered into among AVIC Kaitian, AVIC Airborne and the Other Existing Shareholders of AVIC Kaitian in relation to the Capital Contribution
“Capital Contribution Price”	RMB4.19 per share of AVIC Kaitian
“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 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
“Chengdu Yunchuang”	Chengdu Yunchuang 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
“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 Capital Contribution
“connected person(s)”	has the same meaning as defined in the Listing Rules
“controlling Shareholder(s)”	has the same meaning as defined in the Listing Rules

“Director(s)”	the director(s) of the Company
“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 A 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
“Other Existing Shareholders of AVIC Kaitian”	AVIC, Guangdong Hongtu, Aviation Industrial Fund, Aviation Asset Restructuring Fund, AVIC Investment, Chengdu Aircraft Design, AIC Airborne Fund, Chengdu Yunchuang, Chengdu Lingchuang, Chengdu Shengchuang, Chengdu Hengchuang and Chengdu Aircraft Industry
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company

By Order of the Board
AviChina Industry & Technology Company Limited*
Wu Yun
Company Secretary

Beijing, 25 October 2024

As at the date of this announcement, the Board comprises executive Directors Mr. Yan Lingxi and Mr. Sun Jizhong, non-executive Directors Mr. Xu Dongsheng, Mr. Zhou Xunwen, Ms. Hu Shiwei and Mr. Xu Gang as well as independent non-executive Directors Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping.

** For identification purpose only*

APPENDIX – FURTHER DETAILS ON THE VALUATION OF AVIC KAITIAN

Valuation approach

AVIC Kaitian is an enterprise with a certain level of profitability or one that has sustainable growth potential for future economic benefits. The expected income can be quantified, the duration of expected income can be predicted, and the risks associated with the expected income that are closely related to discounting can also be predicted. Therefore, the income approach is applicable for this assessment. In addition, numerous cases in the capital market demonstrate that, under certain conditions and within a specific range, the result of summing various assets and deducting liabilities is accepted by the market as the transaction value of the business. Thus, the asset-based approach is also applicable to this assessment.

The valuer analyzed the various preliminary value conclusions formed, and based on a comprehensive consideration of the rationality of different evaluation methods and preliminary value conclusions, as well as the quality and quantity of the data used, the valuation based on asset-based approach was ultimately selected as the valuation conclusion.

Valuation assumptions

1. Going Concern Assumption

This assumes that the assets of AVIC Kaitian being evaluated will continue to be used according to their original purpose and usage method after the realization of the evaluation objective, continuing to produce the same or similar products. The enterprise's sales and supply model, profit distribution with affiliated companies, and other operational conditions remain unchanged.

2. Transaction Assumption

The value of any asset is derived from transactions. Whether or not the evaluated assets involve transactions related to the evaluation objective, the valuer assumes that the evaluation object is in the process of a transaction, and there will be changes in the ownership of the evaluated object around the Valuation Benchmark Date.

3. Open Market Assumption

This assumption assumes that the assets can be freely bought and sold in a fully competitive market, with the price determined by independent buyers and sellers based on their judgment of the asset's value under market supply conditions.

An open market refers to a fully competitive market with numerous buyers and sellers. In this market, the status of buyers and sellers is equal, and both have ample opportunity and time to obtain sufficient market information. The transaction between the buyer and seller is conducted voluntarily, rationally, and not under coercion or without restrictions.

4. Assumption of a Relatively Stable Macroeconomic Environment

The value of any asset is directly related to the macroeconomic environment in which it exists. In this valuation, the valuer assumes that industrial policies, tax policies, and the macroeconomic environment remain relatively stable, ensuring that the evaluation results have a reasonable period of use.

5. No consideration of the impact of inflation on the valuation results.
6. Interest rates and exchange rates remain at their current levels, with no significant changes.

Valuation Conclusion

According to the asset-based valuation, the entire shareholders' equity of AVIC Kaitian as at the Valuation Benchmark Date is valued at RMB2,281.3751 million, representing an increase of RMB620.0964 million, with an increase rate of 37.33%. The valuation results are as follows:

Item	Book Value	Valuation Value	Increase/Decrease	Unit: RMB0'000 Increase Rate (%)
	A	B	C=B-A	D=C/A×100%
1. Total Assets	443,856.75	505,866.39	62,009.64	13.97
2. Total Liabilities	277,728.88	277,728.88	-	-
3. Net Assets	166,127.87	228,137.51	62,009.64	37.33