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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

ACQUISITION OF 0.66% OF THE ISSUED SHARES IN AVIC INDUSTRY-FINANCE

THE ACQUISITION

The Board announces that on 6 May 2022, the Company has acquired a total of 58,951,452 shares, representing 0.66% of the issued shares of AVIC Industry-Finance through on-market purchases on Shanghai Stock Exchange at an average price of RMB 3.396 per share, at a total consideration amounting to approximately RMB 200 million. Prior to the Acquisition, the Company had no interest in AVIC Industry-Finance.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC (i.e. the controlling Shareholder of the Company) directly holds 39.45% shareholding in AVIC Industry-Finance. Accordingly, the Acquisition constitutes a connected transaction under Rule 14A.28(1) of the Listing Rules.

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

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to RMB 200 million. As the Acquisition were conducted on-market, the price of each trade represented the then market price of the Acquisition Shares at the relevant time of the Acquisition. The Acquisition were settled in cash and funded by internal resources of the Company.

Prior to the Acquisition, the Company had no interest in AVIC Industry-Finance.

As the Acquisition were made through on-market purchases, the Company is not aware of the identities of the sellers of the Acquisition Shares. Therefore, to the best knowledge of the Directors' knowledge, information and belief having made all reasonable enquiry, the sellers of the Acquisition Shares are independent third parties to the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Based on the reasonable judgment on the future development prospects and investment value of AVIC and AVIC Industry-Finance, the Company believe the Acquisition will bring a profitable return to the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition and the transactions contemplated thereunder were transacted on an arm's length basis and are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders and the Company as a whole.

GENERAL INFORMATION

Information on 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 61.60% equity interest in the Company directly and indirectly as at the date of this announcement.

Information on the Company

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

Information on the AVIC Industry-Finance

AVIC Industry-Finance is a joint stock limited liability company established in the PRC with its shares listed on the Shanghai Stock Exchange and a non-wholly owned subsidiary of AVIC. It is primarily engaged in aviation industry and high-tech industry investment.

According to the PRC GAAP, the net profits (before and after taxation and extraordinary items) of AVIC Industry-Finance for the financial year ended 31 December 2020 and 31 December 2021 are set out below:

	For the year ended 31 December 2020 (RMB' million)	For the year ended 31 December 2021 (RMB' million)
<i>Net profit before taxation and extraordinary items</i>	6,829.25	7,490.31
<i>Net profit after taxation and extraordinary items</i>	2,909.25	4,409.57

The book value of the net assets of the AVIC Industry-Finance as at 31 December 2021 was approximately RMB 4,157 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC (i.e. the controlling Shareholder of the Company) directly holds 39.45% shareholding in AVIC Industry-Finance. Accordingly, the Acquisition would constitute a connected transaction under Rule 14A.28(1) of the Listing Rules.

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

Mr. Yan Lingxi, who was a department chief of AVIC at the relevant time, had abstained from voting on the relevant Board resolution approving the Acquisition in accordance with the Company Law of the PRC and the Listing Rules. Save for disclosed above, none of the other Directors has or is deemed to have a material interest in this matter.

DEFINITIONS

“Acquisition”	the acquisition of the Acquisition Shares
“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 61.60% equity interest in the Company directly and indirectly as at the date of the announcement
“AVIC Industry-Finance”	AVIC Industry Finance Co., Ltd.* (中航工業產融控股股份有限公司), whose A shares are listed on the Shanghai Stock Exchange (stock code: 600705), a subsidiary of AVIC with its 39.45% shares being held by AVIC as at the date of this announcement
“Board”	the board of Directors
“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 Stock Exchange
“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People's Republic of China
“PRC GAAP”	Accounting Standards for Business Enterprises, the Accounting System for Financial Institutions and other relevant accounting regulations as applicable to the Company of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Acquisition Shares”	the 58,951,452 shares of AVIC Industry-Finance acquired by the Company through on-market purchases on the Shanghai Stock Exchange on 6 May 2022
“subsidiary(ies)”	has the same meaning as defined in the Listing Rules

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

Beijing, 6 May2022

As at the date of this notice, the Board comprises executive Directors Mr. Zhang Minsheng and Mr. Yan Lingxi, non-executive Directors Mr. Lian Dawei, Mr. Li Xichuan, 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*