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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)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09 of the Hong Kong Listing Rules.

In order to reorganise to become an important airborne system listing platform of China's aviation industry and enhance the development of airborne system business, AVIC Avionics Systems Co., Ltd. ("**AVIC Avionics**"), an A-share subsidiary of AviChina Industry & Technology Company Limited (the "**Company**"), is planning to issue A-shares to all shareholders of AVIC Electromechanical Systems Co., Ltd. ("**AVIC Electromechanical**", an A-share subsidiary of Aviation Industry Corporation of China Ltd. ("**AVIC**"), the controlling shareholder of the Company) by way of share swap, and absorb and merge with AVIC Electromechanical. At the same time, AVIC Avionics will issue A shares to raise supporting funds (the "**Potential Absorption**"). On May 26, 2022, AVIC Avionics and AVIC Electromechanical entered into a letter of intent (the "**Agreement**") in relation to the Potential Absorption. According to the Agreement, AVIC Avionics and AVIC Electromechanical will negotiate details of the transaction plans and arrangements for the Potential Absorption and complete the signing of the formal transaction agreement. The letter of intent is only a preliminary agreement between the two parties. The specific rights and obligations of the two parties and various arrangements of the Potential Absorption are subject to the final formal transaction agreement to be signed by the two parties. AVIC Avionics has applied for a trading suspension on the Shanghai Stock Exchange from May 27, 2022 and is expected to disclose the final plan for the Potential Absorption within 10 trading days. If the Potential Absorption eventually fails to materialise, AVIC Avionics is expected to resume trading on June 13, 2022 and terminate the Potential Absorption.

As AVIC is the controlling shareholder of the Company and AVIC Electromechanical is a subsidiary of AVIC, the Potential Absorption, if materialised, will constitute a connected transaction of the Company. The Company will make further announcement(s) on the Potential Absorption as and when appropriate in compliance with the Listing Rules. The Board wishes to emphasise that as at the date of this announcement, the Company is not under any obligation to proceed with the Potential Absorption and the Potential Absorption may or may not proceed. As at the date of this announcement, the Company has not entered into a binding agreement in respect of the Potential Absorption and there is no assurance that the Potential Absorption will materialise.

As the Company may or may not proceed with the Potential Absorption and it may or may not enter into a binding agreement with respect to the Potential Absorption, and even if it decides to

do so, the Potential Absorption may or may not proceed to completion for various reasons and accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Beijing, 26 May, 2022

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 purposes only.*