

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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)**

### **SUPPLEMENTAL ANNOUNCEMENT REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcements (the “**Announcements**”) of the Company dated 21 August 2020 and 30 August 2022. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those used in the Announcements.

The Company would like to provide further information on the basis of determination of revised annual cap in relation to the total value of the right-of-use assets of the leases of the Land Use Rights and Properties Lease Agreement in respect of the financial years ending 31 December 2022 and 31 December 2023 (the “**Revised Annual Caps**”).

#### **BASIS OF DETERMINATION OF REVISED ANNUAL CAPS**

The Revised Annual Cap for the year ending 31 December 2022 (RMB300 million) is determined with reference to the following factors:

1. the right-of-use assets value of approximately RMB174 million recognised under the CASBE for the one-year leases (the “**One-Year Leases**”) renewed and entered into between the Group with AVIC Group. The right-of-use assets value of the One-Year Leases for the year ended 31 December 2021 was RMB66 million recognised under the CASBE<sup>(Note)</sup>;
2. the right-of-use assets value of approximately RMB45 million recognised under the CASBE for the two-year leases to be entered into by the Group and AVIC Group in September 2022; and
3. the right-of-use asset value of approximately RMB30 million recognised under the CASBE for the leases with an estimated term of five years expected to be renewed by the Group in October 2022.

Note:

*With effective from the financial year commencing from 1 January 2021, the Company has adopted China Accounting Standards*

*for Business Enterprises (“CASBE”). Pursuant to CASBE No. 21 and Tenancy Guidelines Implementation Q&A\* (中國企業會計準則第21號—租賃及中國財政部租賃實施問答), all reasonable relevant facts and circumstances will be taken into account when determining the lease period of leases. If it is reasonably certain that an option to extend the lease will be exercised, such lease will be regarded as a long-term lease and the company shall recognise the lease as right-of-use assets and adopt the cost model for subsequent measurement of right-of-use assets. As the Group is expected to renew the One-Year Leases in 2022 and 2023, the Group will recognise the One-Year Leases as long term leases and the right of the Group as lessee during the term of the One-Year Leases shall be recognised as right-of-use assets, subject to adjustment for re-measurement of lease liabilities under CASBE.*

The Revised Annual Cap for the year ending 31 December 2023 (RMB200 million) is determined with reference to the right-of-use assets value of approximately RMB174 million recognised under the CASBE for the One-Year Leases expected to be renewed by the Group.

Furthermore, the Company also sets an approximately 13% to 17% buffer for the Revised Annual Caps to cover the potential leasing demand of the Group, as well as the accounting treatment of recognising potential future leases to be entered into with AVIC Group as right-of-use assets under the CASBE. Such buffer is added based on the development in aviation industry and the potential business development and expansion of the Group in the future.

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

Beijing, 5 September 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 purpose only