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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)

UPDATE ANNOUNCEMENT CONNECTED TRANSACTION IN RELATION TO THE CAPITAL CONTRIBUTION IN SHENYANG XINGHUA

Reference is made to the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) dated 30 August 2022 (the “**Announcement**”) in relation to the plan of entering into the Capital Contribution Agreement by AVIC (a controlling shareholder of the Company), JONHON Optronic (a non-wholly owned subsidiary of the Company) and Shenyang Xinghua (a non-wholly owned subsidiary of the Company). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that, in order to improve the core competitiveness of JONHON Optronic in the aviation engine and fan field, on 22 September 2022 (after trading hours), AVIC, JONHON Optronic and Shenyang Xinghua have entered into the Capital Contribution Agreement. Pursuant to the Capital Contribution Agreement, AVIC and JONHON Optronic agreed to make a capital contribution in Shenyang Xinghua on a pro-rata basis. AVIC will contribute an amount of RMB96,500,344.57 by way of capitalisation of capital reserve (exclusively state-owned). JONHON Optronic will contribute RMB163,415,393.63 in cash. The principal terms of the Capital Contribution Agreement remain the same as those disclosed in the Announcement.

The Capital Contribution amount shall be paid in a lump sum by JONHON Optronic to Shenyang Xinghua within one year after the signing of the Capital Contribution Agreement.

Upon Completion, the registered capital of Shenyang Xinghua will increase from RMB80,856,400 to RMB110,925,200. The shareholdings of AVIC and JONHON Optronic will remain unchanged, holding approximately 37.13% and 62.87% equity interest in Shenyang Xinghua, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, JONHON Optronic is a non-wholly owned subsidiary of the Company. AVIC is a controlling shareholder of the Company holding directly and indirectly 62.30% of

all issued Shares. Shenyang Xinghua is a non-wholly owned subsidiary of the Company and owned more than 10% by AVIC. Pursuant to Chapter 14A of the Listing Rules, AVIC is a connected person of the Company, and Shenyang Xinghua is a connected subsidiary of the Company. Therefore, the Capital Contribution constitutes connected transaction of the Company.

As one or more applicable percentage ratios (other than the profit ratios) for the Capital Contribution are higher than 0.1% but all applicable percentage ratios are less than 5%, , the Capital Contribution is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under the Listing Rules.

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

Beijing, 22 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