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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 TRANSACTIONS ACQUISITION OF SHARES IN AVIC AVIONICS

THE SHARE ACQUISITION

Reference is made to the announcement of the Company dated 17 October 2022 (the “**Announcement**”) in relation to the acquisition of 1,000,000 A shares of AVIC Avionics on the A share market of the Shanghai Stock Exchange with an average price of approximately RMB19.23 per share on 17 October 2022.

With recognition in the long-term investment value in AVIC Avionics and confidence in its stable development in the future, the Board announces that on 20 October 2022, the Company has further acquired a total of 360,000 A shares of AVIC Avionics on the A share market of the Shanghai Stock Exchange with an average price of approximately RMB19.40 per share at a total consideration of RMB6.9845 million.

Furthermore, pursuant to the Announcement, the Company also intends to increase its shareholding in AVIC Avionics on the A share market of the Shanghai Stock Exchange within 6 months from the date of the First Share Acquisition at a total amount (including the consideration paid for the First Share Acquisition and the Second Acquisition) up to RMB40 million. As at the date of this announcement, only the First Share Acquisition and the Second Share Acquisition have been completed. Assuming the acquisition price of the A shares in AVIC Avionics for the subsequent transactions under the Share Acquisitions is RMB19.40 per share, it is estimated that the Company will further acquire a maximum of 710,592 A shares in AVIC Avionics after the Second Share Acquisition. The actual acquisition price and the number of A shares in AVIC Avionics to be acquired in the subsequent transactions will be subject to the market price and the actual number of A shares in AVIC Avionics purchased by the Company. Further disclosure in relation to the Share Acquisitions will be made by the Company as and when appropriate.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC Avionics is a subsidiary of the Company. Furthermore, it is

also a connected subsidiary of the Company by virtue of being owned as to more than 10 % directly and indirectly by AVIC, the controlling shareholder of the Company. The transactions under the Share Acquisitions will constitute connected transactions of the Company under Rule 14A.28 of the Hong Kong Listing Rules.

Since the Share Acquisitions (excluding the First Share Acquisition) is expected to complete within 12 months of the completion of the First Share Acquisition, the transactions under the Share Acquisitions (excluding the First Share Acquisition), if all materialised, will be required to be aggregated with the First Acquisition as a series of transactions pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) for the Share Acquisitions is more than 0.1% but less than 5%, the Share Acquisitions will be subject to the reporting and announcement requirements pursuant to Chapter 14A of the Hong Kong Listing Rules, but is exempt from the circular and independent Shareholders' approval requirement.

THE SHARE ACQUISITIONS

Reference is made to the Announcement of the Company in relation to the acquisition of 1,000,000 A shares of AVIC Avionics on the A share market of the Shanghai Stock Exchange with an average price of approximately RMB19.23 per share on 17 October 2022.

With recognition in the long-term investment value in AVIC Avionics and confidence in its stable development in the future, the Board announces that on 20 October 2022 the Company has further acquired a total of 360,000 A shares of AVIC Avionics on the A share market of the Shanghai Stock Exchange with an average price of approximately RMB19.40 per share at a total consideration of RMB6.9845 million.

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

Furthermore, pursuant to the Announcement, the Company also intends to increase the shareholding in AVIC Avionics on the A share market of the Shanghai Stock Exchange within 6 months from the date of the First Share Acquisition at a total amount (including the consideration paid for the First Share Acquisition and the Second Acquisition) up to RMB40 million. As at the date of this announcement, only the First Share Acquisition and the Second Share Acquisition have been completed. Assuming the acquisition price of the A shares in AVIC Avionics for the subsequent transactions under the Share Acquisitions is RMB19.40 per share, it is estimated that the Company will further acquire a maximum of 710,592 A shares in AVIC Avionics after the Second Share Acquisition. The actual acquisition price and the number of A shares in AVIC Avionics to be acquired in the subsequent transactions will be subject to the market price and the actual number of A shares in AVIC Avionics purchased by the Company. Further disclosure in relation to the Share Acquisitions will be made by the Company as and when appropriate.

The Share Acquisitions have been and will be settled in cash and funded by internal resources of the Company.

REASONS FOR AND BENEFITS OF THE SHARE ACQUISITIONS

The Share Acquisition by the Company was due to its recognition in the long-term investment value in

AVIC Avionics and confidence in its stable development in the future.

The Share Acquisitions were and will be made at market price and the Board (including the independent non-executive Directors) is of the view that although the Share Acquisitions are not conducted in the ordinary and usual course of business of the Group, the Share Acquisitions are conducted 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 of 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 62.30% equity interest in the Company directly and indirectly as at the date of this announcement.

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, development, manufacture and sales of aviation products, and relevant engineering services.

Information of AVIC Avionics

AVIC Avionics is a joint stock limited liability company established in the PRC, whose A shares are listed on the Shanghai Stock Exchange. As at the date of this announcement and immediately upon the Second Share Acquisition, the Company owns 39.50% equity interest in AVIC Avionics and it is a non-wholly owned subsidiary of the Company. It is mainly engaged in the manufacture of avionics products and related accessories.

The audited consolidated net profit (before and after taxation) of AVIC Avionics prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2021 and 31 December 2020 are set out below:

	For the year ended 31 December	
	2021	2020
	<i>RMB</i>	<i>RMB</i>
Net profit before tax	881,088,909.80	719,480,236.40
Net profit after tax	817,722,463.05	655,339,400.49

The unaudited consolidated net assets of AVIC Avionics as at 30 June 2022 amounted to approximately RMB12,042,249,859.88.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC Avionics is a subsidiary of the Company. Furthermore, it is also a connected subsidiary of the Company by virtue of being owned as to more than 10 % directly and

indirectly by AVIC, the controlling shareholder of the Company. The transactions under the Share Acquisitions will constitute connected transactions of the Company under Rule 14A.28 of the Hong Kong Listing Rules.

Since the Share Acquisitions (excluding the First Share Acquisition) will be expected to complete within 12 months of the completion of the First Share Acquisition, the transactions under the Share Acquisitions (excluding the First Share Acquisition), if all materialised, will be required to be aggregated with the First Share Acquisition as a series of transactions pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) for the Share Acquisitions is more than 0.1% but less than 5%, the Share Acquisitions will be subject to the reporting and announcement requirements pursuant to Chapter 14A of the Hong Kong Listing Rules, but is exempt from the circular and independent Shareholders' approval requirement.

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 Share Acquisitions 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.

WARNING

Shareholders and potential investors of the Company should be aware that only the First Share Acquisition and the Second Share Acquisition have been completed as at the date of this announcement. Therefore, the subsequent share acquisitions under the Share Acquisitions may or may not proceed. Further disclosure in relation to the Share Acquisitions will be made by the Company as and when appropriate.

Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AVIC”	Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司), a controlling shareholder of the Company holding directly and indirectly 62.30% equity interest of the Company as at the date of this announcement
“AVIC Avionics”	China Avionics Systems Co., Ltd.* (中航航空電子系統股份有限公司), a joint stock limited liability company whose A shares are listed on the Shanghai Stock Exchange (stock code: 600372) and a non-wholly-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of the Company
“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
“Director(s)”			the director(s) of the Company
“First Share Acquisition”			the acquisition of 1,000,000 A shares of AVIC Avionics on the A share market of the Shanghai Stock Exchange with an average price of approximately RMB19.23 per share on 17 October 2022
“Group”			the Company and its subsidiaries
“Hong Kong Listing Rules”			the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”			the People's Republic of China
“RMB”			Renminbi, the lawful currency of the PRC
“Second Share Acquisition”			the acquisition of 360,000 A shares of AVIC Avionics on the A share market of the Shanghai Stock Exchange with an average price of approximately RMB19.40 per share on 20 October 2022
“Share Acquisitions”			the acquisition of A shares of AVIC Avionics (including the First Share Acquisition and the Second Share Acquisition) by the Company on the market of the Shanghai Stock Exchange within 6 months from the date of the First Share Acquisition with a total amount up to RMB40 million
“Stock Exchange”			The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”			has the same meaning as defined in the Hong Kong Listing Rules

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

Beijing, 20 October 2022

As at the date of this announcement, 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*