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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 THE PROPOSED RESTRUCTURING

This announcement is made by AviChina Industry & Technology Company Limited* (the “**Company**”, together with its subsidiaries, the “**Group**”) under the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

To further integrate the helicopter business of the Group and drive the fast and better development of the helicopter business, the Company has entered into an intent agreement on the purchase of assets by issuing shares (the “**Intent Agreement**”) with its subsidiary, AVICOPTER PLC* (中航直升機股份有限公司) (the “**AVICOPTER**”, a company whose A shares are listed and traded on the Shanghai Stock Exchange (stock code: 600038)) on 23 December 2022. Pursuant to the Intent Agreement, the Company proposes to dispose of its equity interests in Changhe Aircraft Industry (Group) Corporation Ltd.* (昌河飛機工業（集團）有限責任公司) (the “**Changhe Aircraft**”) and equity interests in Harbin Aircraft Industry Group Co., Ltd.* (哈爾濱飛機工業集團有限責任公司) (the “**Harbin Aircraft**”) (the “**Target Assets**”) to AVICOPTER, the consideration for which is proposed to be the new shares to be issued by AVICOPTER (the “**Proposed Restructuring**” or “**Transaction**”). It is contemplated that after the completion of the Proposed Restructuring, the Company will remain as the controlling shareholder of AVICOPTER. AVICOPTER has applied for a trading suspension on the Shanghai Stock Exchange from 26 December 2022 and is expected to disclose the final plan for the Proposed Restructuring within 10 trading days.

INTENT AGREEMENT

The main terms of the Intent Agreement are summarised as follows:

1. AVICOPTER intends to acquire the Target Assets by way of issuing new shares as consideration

for the purchase of assets, the details of which will be agreed by the relevant parties in the formal agreement to be duly signed. The Transaction will be subject to the review and approval procedures of military affairs and state-owned assets transactions and may be implemented only after the approval.

2. The Company and AVICOPTER (the “**Parties**”) will jointly appoint an appraisal agency meeting the requirements of the Securities Law to conduct a valuation of the Target Assets, and the valuation results will be reported to the filing management authority for the purpose of completing the filing procedures for the appraisal of state-owned assets. The final consideration of the Target Assets will be determined by the Parties to the Transaction after negotiation with reference to the valuation results stated in the valuation report on the Target Assets issued by the appraisal agency meeting the requirements of the Securities Law and filed with competent state-owned assets supervision authority, and such final consideration will be stipulated in the formal agreement.
3. AVICOPTER will raise supporting funds in accordance with the prevailing rules, and the specific amount to be raised and the relevant terms will be agreed by the Parties in the formal agreement to be signed.
4. The raising of the supporting funds by AVICOPTER is conditional upon the Transaction, but the success of the raising of the supporting funds or whether the full amount is raised will not affect the implementation of the Transaction.
5. This Intent Agreement shall become effective upon signing by the Parties and the specific terms of cooperation shall be subject to the agreement to be formally signed by the relevant Parties after the completion of the relevant approval procedures.
6. This Intent Agreement may be terminated by mutual agreement of the Parties.

INFORMATION ON THE RELEVANT PARTIES

AVICOPTER is a subsidiary of the Company and its A shares are listed and traded on the Shanghai Stock Exchange (stock code: 600038).

Harbin Aircraft is a limited liability company established in the PRC and is a subsidiary of the Company.

Changhe Aircraft is a limited liability company established in the PRC and is a subsidiary of the Company.

WARNING

Shareholders of the Company should be aware that the Proposed Restructuring is still under discussion and consideration, and the Parties have not yet signed any definitive agreements. The implementation of the Transaction will be subject to, among other things, approval by the competent regulatory authorities and fulfilment of applicable requirements under the Listing Rules. There are still uncertainties on whether or not the Proposed Restructuring will proceed to signing of definitive agreements or implementation.

Shareholders and potential investors of the Company should exercise caution when

dealing in the shares of the Company.

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

Beijing, 23 December 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. Liu Bingjun, 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*