

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)

(1) VOTING RESULTS OF EGM;

AND

(2) CONNECTED TRANSACTIONS: DISPOSALS OF TARGET EQUITY INTERESTS

VOTING RESULTS OF EGM

The Board is pleased to announce that the EGM was held by the Company at 9:00 a.m. on Friday, 10 February 2023 during which all the resolutions set out in the EGM Notice were duly considered and approved in relation to the entering into of the Supplemental Financial Services Framework Agreement, the Supplemental Mutual Product and Service Supply and Guarantee Agreement and the Proposed Annual Caps.

CONNECTED TRANSACTIONS: DISPOSALS OF TARGET EQUITY INTERESTS

To further focus on the development of principal business, improve the efficiency of the Group's capital use and facilitate a virtuous cycle of investment, the Board hereby announces that the Fund has succeeded in the public tender at CBEX to acquire the Target Equity Interests. In this regard, the Company, AviChina Industrial Investment (a wholly-owned subsidiary of the Company) and the Fund entered into the Property Transfer Agreements on 10 February 2023 (after trading hours). Pursuant to the Property Transfer Agreements, the Company and AviChina Industrial Investment agreed to sell, and the Fund agreed to acquire, the Target Equity Interests at the total Consideration of RMB562.3924 million and it is expected that the Group will recognize gains of approximately RMB60.95 million as a result of the Disposals.

(1) VOTING RESULTS OF EGM

References are made to the circular (the "**Circular**") of AviChina Industry & Technology Company Limited* (the "**Company**") dated 16 January 2023 and the notice (the "**EGM Notice**") of the extraordinary general meeting of the Company (the "**EGM**") dated 16 January 2023. Unless otherwise

specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular and the EGM Notice.

The board of Directors of the Company (the “**Board**”) is pleased to announce that the EGM was held at 6/F, Building A, No. 14 Xiaoguan Dongli, Andingmenwai, Chaoyang District, Beijing, the People’s Republic of China on Friday, 10 February 2023 at 9:00 a.m., during which all the resolutions (the “**Resolutions**”) set out in the EGM Notice were duly considered and approved. As at the date of the EGM, the total number of issued shares of the Company (the “**Shares**”) is 7,711,332,242, of which 3,553,069,569 H Shares and 1,250,899,906 domestic shares (in aggregate representing approximately 62.30% of the total number of issued shares of the Company) were held directly and indirectly by Aviation Industry Corporation of China, Ltd.* (“**AVIC**”), the controlling shareholder of the Company.

AVIC and its associates are required to abstain, and have abstained from voting on the Resolutions at the EGM. After excluding the Shares held by AVIC and its associates, the total number of Shares entitling the holders to attend and vote for or against the Resolutions at the EGM was 2,907,362,767. There were no Shares entitling to holders to attend and abstain from voting in favour of the Resolutions at the EGM as set out in Rule 13.40 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Shareholders in attendance either in person or by proxy at the EGM represented 1,010,520,538 Shares carrying voting rights, or 34.76% of the total number of Shares carrying voting rights for the Resolutions.

The Directors, being Mr. Yan Lingxi, Mr. Lian Dawei, Mr. Liu Bingjun, Mr. Xu Gang, Mr. Wang Jun, Mr. Liu Weiwu and Mr. Lin Guiping attended the EGM. Other Directors did not attend the EGM due to other business arrangements.

The EGM was legally and validly convened in accordance with the requirements of the Company Law of the PRC and the Articles of Association of the Company.

At the EGM, the following resolutions were considered and approved by way of poll:

No.	Resolutions	Number of Shares (Approximate Percentage)	
		For	Against
Ordinary Resolutions			
1.	“ THAT: the Supplemental Financial Services Framework Agreement, the transactions contemplated thereunder, and the revised annual cap for the year ending 31 December 2023 in relation to the maximum daily outstanding balances of deposits (including accrued interests) for deposit services of RMB45,000 million under the Supplemental Financial Services Framework Agreement be and are hereby approved, ratified and confirmed; and any Director or authorized representative of the chairman of the Board be and is hereby authorised to implement and take all steps and	703,473,485 (69.61%)	307,047,053 (30.39%)

	to do all acts and things as may be necessary or desirable to give effect and/or to complete the continuing connected transactions contemplated thereunder and all other matters ancillary thereto, and to sign and execute such further documents, or to do any other matters incidental thereto and/or as contemplated thereunder and to make changes or amendments to the aforesaid agreement, as such Director or authorised representative may in his absolute discretion deem fit.”		
2.	“ THAT: the Supplemental Mutual Product and Service Supply and Guarantee Agreement, the transactions contemplated thereunder, and the revised annual cap for the year ending 31 December 2023 in relation to the expenditure transactions contemplated under the Supplemental Mutual Product and Service Supply and Guarantee Agreement of RMB3,830 million, be and are hereby approved, ratified and confirmed; and any Director or authorized representative of the chairman of the Board be and is hereby authorised to implement and take all steps and to do all acts and things as may be necessary or desirable to give effect and/or to complete the continuing connected transactions contemplated thereunder and all other matters ancillary thereto, and to sign and execute such further documents, or to do any other matters incidental thereto and/or as contemplated thereunder and to make changes or amendments to the aforesaid agreement, as such Director or authorised representative may in his absolute discretion deem fit.”	1,010,520,538 (100%)	0 (0%)
3.	“ THAT: the revised annual cap of RMB23,640 million for the expenditure transaction for the year ending 31 December 2023 and the revised annual cap of RMB34,516 million for the revenue transaction for the year ending 31 December 2023 under the Existing Mutual Product Supply Agreement, be and is hereby approved, ratified and confirmed; and any Director or authorized representative of the chairman of the Board be and is hereby authorised to implement and take all steps and to do all acts and things as may be necessary or desirable to give effect and/or to complete the continuing connected transactions contemplated	1,010,520,538 (100%)	0 (0%)

	thereunder and all other matters ancillary thereto, and to sign and execute such further documents, or to do any other matters incidental thereto and/or as contemplated thereunder and to make changes or amendments to the aforesaid agreement, as such Director or authorised representative may in his absolute discretion deem fit.”		
--	---	--	--

All the Resolutions mentioned above were duly passed. Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Company, was appointed as the scrutineer for vote-taking purpose at the EGM.

(2) CONNECTED TRANSACTIONS: DISPOSALS OF TARGET EQUITY INTERESTS

Disposals of Target Equity Interests

To further focus on the development of the principal business, improve the efficiency of the Group’s capital use and facilitate a virtuous cycle of investment, the Board hereby announces that the Fund has succeeded in the public tender at CBEX to acquire the Target Equity Interests. In this regard, the Company, AviChina Industrial Investment (a wholly-owned subsidiary of the Company) and the Fund entered into the Property Transfer Agreements on 10 February 2023 (after trading hours). Pursuant to the Property Transfer Agreements, the Company and AviChina Industrial Investment agreed to sell, and the Fund agreed to acquire, the Target Equity Interests at the total Consideration of RMB562.3924 million and it is expected that the Group will recognize gains of approximately RMB60.95 million as a result of the Disposals.

Upon completion of the Disposals, AVIC Laser will remain as a subsidiary of the Company.

The major terms of the Property Transfer Agreements are as follows:

- Date : 10 February 2023
- Parties : **Transferors:**
(i) AviChina Industrial Investment (in terms of the disposal of equity interests in AVIC Laser); and
(ii) the Company (in terms of the disposal of equity interests in the other six Target Companies)
- Transferee:** the Fund
- Target Equity Interests : (i) the 19.19% equity interests held by the Company in AVIC Jincheng UAS;
(ii) the 10.00% equity interests held by the Company in AVIC Nanjing Technology;
(iii) the 35.26% equity interests held by the Company in Nanjing Servo Control;

- (iv) the 18.44% equity interests held by AviChina Industrial Investment in AVIC Laser;
- (v) the 23.4481% equity interests held by the Company in AVIC GYRO;
- (vi) the 33.00% equity interests held by the Company in AVIC ATM System; and
- (vii) the 10,300,000 shares held by the Company in AVIC New Materials (representing 9.44% of the total share capital of AVIC New Materials)

Consideration : According to the results of the public tender, the total Consideration is RMB562.3924 million, including:

- (i) the 19.19% equity interests in AVIC Jincheng UAS: RMB48.2218 million
- (ii) the 10.00% equity interests in AVIC Nanjing Technology: RMB16.7964 million
- (iii) the 35.26% equity interests in Nanjing Servo Control: RMB258.3596 million
- (iv) the 18.44% equity interests in AVIC Laser: approximately RMB27.0355 million
- (v) the 23.4481% equity interests in AVIC GYRO: RMB105.4043 million
- (vi) the 33.00% equity interests in AVIC ATM System: RMB75.2066 million
- (vii) the 10,300,000 shares of AVIC New Materials (representing 9.44% of the total share capital of AVIC New Materials): RMB31.3682 million

Payment of the Consideration

The remaining amount of the Consideration, after deducting the transaction deposit paid by the Fund, shall be remitted by the Fund to the clearing account designated by the CBEX within 5 business days after the effective date (i.e. the date on which the Property Transfer Agreements are sealed by both parties and signed by the legal representative (representative appointed by the managing partner) or authorised representative) of the Property Transfer Agreements. The transaction deposit paid by the Fund to the account designated by the CBEX at the time of bidding shall be converted into part of the Consideration after the above remaining amount is paid.

Completion

Within 10 working days after the disposals of the Target Equity Interests under the Property Transfer Agreements have been issued with a certificate of property right transaction by the CBEX, the Company/ AviChina Industrial Investment shall procure the Target Companies to complete the registration procedures for the change of shareholding, and the Fund shall provide the necessary assistance and cooperation.

Basis of Determination of the Consideration

The total Consideration of RMB562.3924 million is determined with reference to the appraised value of all shareholders' equity of the relevant Target Companies as at 31 March 2022 (the "**Valuation Benchmark Date**") as set out in the valuation reports prepared by a professional independent valuer in the PRC. As at the Valuation Benchmark Date, the appraised value of all shareholders' equity of AVIC Jincheng UAS, AVIC Nanjing Technology, Nanjing Servo Control, AVIC Laser, AVIC GYRO, AVIC ATM System and AVIC New Materials was RMB243.9109 million, RMB122.4200 million, RMB732.6338 million, RMB146.6372 million, RMB 449.5219 million, RMB 238.8692 million and RMB 332.4106 million, respectively. The valuation of all shareholders' equity of AVIC Jincheng UAS, AVIC Nanjing Technology and AVIC ATM System was appraised based on asset-based approach, and the valuation of all shareholders' equity of Nanjing Servo Control, AVIC Laser, AVIC GYRO and AVIC New Materials was appraised based on income approach.

Profit Forecast

As at the date of this announcement, AVIC Laser is a non-wholly owned subsidiary of the Company. As stated above, the consideration for the disposal of the 18.44% equity interests held by AviChina Industrial Investment in AVIC Laser was determined with reference to the appraised value of all shareholders' equity of AVIC Laser as at the date of the Valuation Benchmark Date. Such appraised value was determined based on income approach as set out in the valuation report prepared by Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司, the "**Shanghai Orient Appraisal**"), a professional independent valuer in the PRC.

Since income approach is adopted by Shanghai Orient Appraisal for preparing the valuation report of AVIC Laser (the "**Valuation Report**"), such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). Accordingly, the Company discloses the following valuation details in compliance with Rule 14.62 of the Listing Rules.

Pursuant to the Valuation Report, details of the valuation assumptions upon which the Profit Forecast is based, are set out as follows:

(i) Basic Assumptions

1. Transaction Assumptions

The transaction assumptions assume that all the assets under valuation are already in the process of being traded and the asset appraiser simulates the market to value the appraised assets based on their trading conditions, etc. Trading assumptions are the most basic prerequisite assumption for asset valuation to be carried out.

2. Open Market Assumptions

The open market assumption is an assumption about the market conditions that an asset is intended to enter and the impact that the asset will receive under such market conditions. An open market is defined as fully developed and perfect market conditions, a competitive market with willing buyers

and sellers, where buyers and sellers are on an equal footing, both have access to adequate market information and time, and where transactions between buyers and sellers take place under voluntary, rational, non-coercive or unrestricted conditions. The open market assumption is based on the assumption that assets are publicly available for sale and purchase in the market.

3. Going-Concern Assumption

The going-concern assumption is the assumption that the appraised entity, given its existing asset resources, can legitimately continue its production and operation business as it is for the foreseeable future operating period without material adverse change in its operating conditions.

4. Assumption Of Use Of Assets For Current Purposes

The assumption of use of asset for its current purpose means that it is assumed that the asset will be used continuously for its current use. Firstly, it is assumed that the assets within the scope of the appraisal are being used, and secondly, it is assumed that they will continue to be used in their current use and manner of use, without taking into account any change of use or best use conditions of the assets.

(ii) General Assumptions

1. This appraisal assumes that there will be no unforeseeable material adverse changes in the external economic environment such as relevant national laws, macroeconomic, financial and industrial policies in force after the Valuation Benchmark Date, and that there will be no material impact caused by other irresistible and unforeseeable human factors;
2. This appraisal has not considered the impact of possible mortgages and guarantees to be taken by the appraised entity and its assets in the future, as well as the possible additional price to be paid for special transaction methods on its appraisal conclusion;
3. It is assumed that there are no significant changes in the socio-economic environment in which the appraised entity is located and in the fiscal policies implemented, such as taxation and tax rates, and that financial policies such as credit policies, interest rates and exchange rates are basically stable;
4. The present and future business operations of the appraised entity are legal and compliant, and are in compliance with the relevant agreements in its business licence and articles of association.

(iii) Special Assumptions of the Income Approach Valuation

1. The current and future management of the appraised entity performs its operation and management functions in a lawful, compliant and diligent manner, and there will not be any circumstances that will seriously affect the development of the enterprise or prejudice the interests of shareholders after the implementation of this economic act, and the existing operation and management mode and management level will continue to be maintained.
2. The core management and technical personnel of the appraised entity will be relatively stable during the future forecast period, and there will not be any material changes affecting the development of the enterprise's operation and the realisation of revenue.
3. The accounting policies adopted by the appraised entity after the Valuation Benchmark Date and the accounting policies adopted at the time of preparation of this valuation report will remain

consistent in terms of materiality.

4. It is assumed that the cash flows of the appraised entity after the Valuation Benchmark Date are evenly inflows and cash outflows are evenly outflows.
5. The date of acquisition of the “High and New Technology Enterprise Certificate” of the appraised entity is 18 November 2021, which is valid for three years. Assuming that there are no material changes to the relevant regulations and policies on the recognition of high-tech enterprises in force in the future, the valuer, after analysing the type of the current main business composition of the enterprise, the composition of its research and development personnel and the proportion of its future research and development investment to its main revenue and other indicators, assumes that the appraised entity has the conditions to continuously obtain the recognition as a high-tech enterprise and be able to continuously enjoy preferential income tax policies in the future based on a reasonable extrapolation of the future.
6. The appraised entity’s current plant at No. 6629 Zhongchun Road, Minhang District, Shanghai is leased for a term up to 31 December 2022. This appraisal assumes that upon expiry of the lease contract, the appraised entity will be able to obtain a renewal of the lease contract for continued use in accordance with the agreed terms of the lease contract or will be able to obtain business premises of similar conditions and scale at market rental rates at that time.

Da Hua Certified Public Accountants (Special General Partnership) (“**Da Hua**”), the reporting accountants of the Company, has reviewed the arithmetical accuracy of the calculations of the relevant forecast, which do not involve the adoption of accounting policies. The Board has confirmed that the Profit Forecast in the Valuation Report has been made after due and careful enquiry by the Board. Letters from Da Hua and the Board are set out respectively in Appendix I and Appendix II to this announcement. The followings are the qualifications of each expert who has provided its conclusion or advice, which is contained in this announcement:

Name	Qualification	Date of conclusion or advice
Da Hua	Certified Public Accountants	10 February 2023
Shanghai Orient Appraisal	Qualified PRC valuer	31 October 2022

As at the date of this announcement, as far as the Directors are aware, each of the experts did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the issue of this announcement with the inclusion herein of its letter and/or references to its name in the form and context in which they respectively appear.

Financial Effects of the Disposal and Use of Proceeds

It is expected that the Group will realise gains of approximately RMB60.95 million as a result of the Disposals, which is calculated based on the difference between (i) the Consideration; and (ii) the book value of the Target Equity Interests as at 31 December 2022 of approximately RMB501.44 million. Depending on the accounting item in which the Target Equity Interests are included, the above gains will be included in the Company’s investment income item of RMB58.67 million and equity item of RMB2.28 million. Shareholders should note that the actual financial effects of the Disposals will be

assessed based on the actual financial position of the Target Companies upon Completion, which will be audited, and eventually be recognised in the consolidated financial statements of the Company upon Completion.

The Board intends to apply the net proceeds from the Disposals as general working capital to support and enhance the business development of the Company.

Reasons For and Benefits of the Disposals

The Disposals will help the Company to further focus on the development of its principal business, improve the efficiency of the Group's capital use and facilitate a virtuous cycle of investment.

Having considered the above, the Directors (including the independent non-executive Directors) is of the view that although the Disposals are not conducted in the ordinary and usual course of business of the Group, the Disposals are on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and its Shareholders 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 approximately 62.30% equity interests 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 Stock Exchange. The Company is mainly engaged in the research, development, manufacture and sales of aviation products, and relevant engineering services.

Information of AviChina Industrial Investment

AviChina Industrial Investment is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company as at the date of this announcement. AviChina Industrial Investment is mainly engaged in aviation industry project investment, industrial investment, asset management and investment management.

Information of the Fund

The Fund is a limited partnership company established in the PRC, whose partnership interest is held as to 12%, 8%, 12%, 1%, 40%, 7% and 20% by the Company, AVIC, AVIC Capital Co., Ltd.* (中航工業產融控股股份有限公司, the "AVIC Industry-Finance"), AVIC Rongfu Fund, China Life Guangde (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (國壽廣德(天津)股權投資基金

合夥企業(有限合夥)), Zhenjiang Dingqiang Intelligent Manufacturing Investment Partnership (Limited Partnership)* (鎮江鼎強智能製造投資合夥企業(有限合夥)) and National Military-civilian Integration Industrial Investment Fund Co., Ltd.* (國家軍民融合產業投資基金有限責任公司) as at the date of the announcement. The Fund is mainly engaged in equity investment, equity investment management and management consulting. The sole general partner and the executive partner of the Fund is AVIC Rongfu Fund, which is an associate of the Company and is held as to 50%, 35.7143% and 14.2857% by the Company, AVIC Industry-Finance and AVIC as at the date of this announcement.

AVIC Industry-Finance is a joint stock limited company incorporated in the PRC with its A shares listed on the Shanghai Stock Exchange (stock code: 600705) and is a subsidiary of AVIC as at the date of this announcement. China Life Guangde (Tianjin) Equity Investment Fund Partnership (Limited Partnership) is a limited partnership established in the PRC and is beneficially owned as to 99.95% and 0.05% by China Life Insurance Company Limited* (中國人壽保險股份有限公司) and China Life Real Estate Investment Management Co., Ltd.* (國壽置業投資管理有限公司) as at the date of the announcement. China Life Insurance Company Limited is a joint stock limited company incorporated in the PRC with its A shares listed on the Shanghai Stock Exchange (stock code: 601628) and its H shares listed on the Hong Kong Stock Exchange (stock code: 2628), and is mainly engaged in various life insurance services and consulting and agency services. Zhenjiang Dingqiang Intelligent Manufacturing Investment Partnership (Limited Partnership) is held as to 90% and 10% by Zhenjiang State Investment Holding Group Co. Ltd.* (鎮江國有投資控股集團有限公司) and Zhenjiang State Investment Venture Capital Co. Ltd.* (鎮江國投創業投資有限公司) as at the date of the announcement. Zhenjiang State Investment Holding Group Co. Ltd. is a limited liability company established in the PRC, which is owned as to 100% by State-owned Assets Supervision and Administration Commission of Zhenjiang Municipal People's Government (鎮江市人民政府國有資產監督管理委員會). National Military-civilian Integration Industrial Investment Fund Co., Ltd. is a limited liability company established in the PRC, whose largest substantial shareholder is the Ministry of Finance of the PRC, which holds 15.6863% of its equity interest as at the date of the announcement.

Information of the Target Companies

1. Information of AVIC Jincheng UAS

AVIC Jincheng UAS is a limited liability company established in the PRC. As at the date of this announcement, AVIC Jincheng UAS is a subsidiary of AVIC, and is held as to 19.19% by the Company. AVIC Jincheng UAS is mainly engaged in the design, manufacture, assembly, delivery, sales and technical service of aerospace plane, their power systems and derivative products.

The net profits (losses) (before and after taxation) of AVIC Jincheng UAS prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>

	(audited)	(audited)	(unaudited)
Net profit (loss) before taxation	105,180.78	1,293,377.08	(23,949,983.15)
Net profit (loss) after taxation	16,483.07	1,002,130.47	(23,949,983.15)

The unaudited book value of the net assets of AVIC Jincheng UAS as at 31 December 2022 prepared under the China Accounting Standards for Business Enterprises was RMB198,717,892.79.

2. Information of AVIC Nanjing Technology

AVIC Nanjing Technology is a limited liability company established in the PRC. As at the date of this announcement, AVIC Nanjing Technology is a subsidiary of AVIC, and is held as to 10% by the Company. AVIC Nanjing Technology is mainly engaged in the development, production, assembly, testing, maintenance, sales and technical services of aircraft control and control systems, environmental control systems, fuel control systems and hydraulic accessories.

The net profits (before and after taxation) of AVIC Nanjing Technology prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(audited)	(audited)	(unaudited)
Net profit before taxation	1,801,706.80	1,704,848.93	3,232,666.97
Net profit after taxation	1,023,792.88	1,739,053.69	2,716,288.90

The unaudited book value of the net assets of AVIC Nanjing Technology as at 31 December 2022 prepared under the China Accounting Standards for Business Enterprises was RMB116,121,506.19.

3. Information of Nanjing Servo Control

Nanjing Servo Control is a limited liability company established in the PRC. As at the date of this announcement, Nanjing Servo Control is a subsidiary of AVIC, and is held as to 35.26% by the Company. Nanjing Servo Control is mainly engaged in the research, development, production, assembly, testing and sales of servo valves and control systems, hydraulic pump products.

The net profits (before and after taxation) of Nanjing Servo Control prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(audited)	(audited)	(unaudited)

Net profit before taxation	56,955,770.43	70,003,272.47	75,609,012.71
Net profit after taxation	50,323,328.66	62,187,898.64	68,556,876.91

The unaudited book value of the net assets of Nanjing Servo Control as at 31 December 2022 prepared under the China Accounting Standards for Business Enterprises was RMB634,174,358.61.

4. Information of AVIC Laser

AVIC Laser is a limited liability company established in the PRC. As at the date of this announcement, AVIC Laser is a subsidiary of AVIC Avionics, and the voting rights of AVIC Laser is held as to 63.12% by Shanghai Aviation Electric Co. Ltd.* (上海航空電器有限公司, “**Shanghai Aviation**”), a wholly-owned subsidiary of AVIC Avionics, 18.44% by AviChina Industrial Investment and 18.44% by AVIC Airborne Systems. AVIC Laser is mainly engaged in the technology development, technology transfer, technology consulting and technology services in the field of laser display and multimedia technology.

The net profits (losses) (before and after taxation) of AVIC Laser prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the nine months ended 30 September 2022
	(RMB)	(RMB)	(RMB)
	(audited)	(audited)	(unaudited)
Net profit (loss) before taxation	322,748.61	117,007.69	(808,998.75)
Net profit after taxation	684,309.21	1,667,103.12	315,124.69

The unaudited book value of the net assets of AVIC Laser as at 30 September 2022 prepared under the China Accounting Standards for Business Enterprises was RMB137,386,966.62.

5. Information of AVIC GYRO

AVIC GYRO is a limited liability company established in PRC. As at the date of this announcement, AVIC GYRO is a subsidiary of AVIC, and is held as to 23.4481% by the Company. AVIC GYRO is mainly engaged in the optical gyroscopes; technology promotion; sale of computers, software and auxiliary equipment, electronic products, instruments and meters.

The net profits (before and after taxation) of AVIC GYRO prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	(RMB)	(RMB)	(RMB)

	(audited)	(audited)	(unaudited)
Net profit before taxation	32,099,379.00	40,469,390.93	52,376,725.98
Net profit after taxation	26,167,621.86	38,143,992.39	45,403,740.70

The unaudited book value of the net assets of AVIC GYRO as at 31 December 2022 prepared under the China Accounting Standards for Business Enterprises was RMB287,198,456.20.

6. Information of AVIC ATM System

AVIC ATM System is a limited liability company established in the PRC. As at the date of this announcement, AVIC ATM System is a subsidiary of AVIC, and is held as to 33% by the Company. AVIC ATM System is mainly engaged in the research and development, production, sales and technical services of various aviation components, avionics products and accessories, air traffic management systems and ancillary equipment.

The net losses (before and after taxation) of AVIC ATM System prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	(audited)	(audited)	(unaudited)
Net loss before taxation	21,636,792.17	9,495,878.68	78,288,428.93
Net loss after taxation	21,636,792.17	9,495,878.68	78,288,428.93

The unaudited book value of the net assets of AVIC ATM System as at 31 December 2022 prepared under China Accounting Standards for Business Enterprises was RMB194,850,343.65.

7. Information of AVIC New Materials

AVIC New Materials is a joint stock limited liability company incorporated in the PRC, the shares of which are listed on National Equities Exchange and Quotations (stock code: 430056). As at the date of this announcement, AVIC New Materials does not have actual controller, and the Company holds 10,300,000 shares (representing 9.44% of the total share capital) in AVIC New Materials. AVIC New Materials specialised in the research and development, production and sales of high-tech coating products, and undertake anti-corrosion, thermal insulation and fire protection projects.

The consolidated net profits (losses) (before and after taxation) of AVIC New Materials prepared under the China Accounting Standards for Business Enterprises for the financial year ended 31 December 2020 and 31 December 2021 and the nine months ended 30 September 2022 are set out below:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the nine months ended 30 September 2022
	(RMB)	(RMB)	(RMB)
	(audited)	(audited)	(unaudited)
Net profit (loss) before taxation	(74,266,506.62)	10,421,406.21	1,587,371.40
Net profit (loss) after taxation	(69,695,309.30)	10,817,555.98	1,819,795.54

The unaudited book value of the consolidated net assets of AVIC New Materials as at 30 September 2022 prepared under the China Accounting Standards for Business Enterprises was RMB234,766,751.64.

Listing Rules Implications

As at the date of this announcement, AVIC is the controlling shareholder of the Company. The executive partner of the Fund is AVIC Rongfu Fund, which is held as to more than 30% by AVIC. Therefore, AVIC Rongfu Fund and the Fund are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposals constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (other than the profits ratio) in respect of the Disposals exceeds 0.1% but is less than 5%, the Disposals are subject to the reporting and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Disposals have been approved by the Board. Mr. Zhang Minsheng, an executive Director and chairman of the Board, who is a chief accountant of AVIC, and Mr. Li Xichuan, a then non-executive Director, who is a vice general manager of AVIC Industry-Finance, had abstained from voting on the relevant Board resolution approving the Disposals in accordance with the Company Law of the PRC and the Listing Rules. Save as disclosed above, none of other Directors has or is deemed to have a material interest in such transaction.

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), the controlling shareholder of the Company
“AVIC Airborne Systems”	AVIC Airborne Systems Co., Ltd.* (中航機載系統有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of AVIC as at the date of this announcement

“AVIC ATM System”	AVIC ATM System & Equipment Corporation Limited* (中航航空管系統裝備有限公司), a limited liability company established in the PRC
“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
“AVIC GYRO”	AVIC GYRO (Beijing) Photoelectricity Technology Co., Limited* (中航捷銳(北京)光電技術有限公司), a limited liability company established in the PRC
“AviChina Industrial Investment”	AviChina Industrial Investment Co., Ltd.* (中航科工產業投資有限責任公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“AVIC Jincheng UAS”	AVIC Jincheng Unmanned Systems Co., Ltd.* (中航金城無人系統有限公司), a limited liability company established in the PRC
“AVIC Laser”	AVIC Guohua (Shanghai) Laser Display Technology Co., Ltd.* (中航國畫(上海)激光顯示科技有限公司), a limited liability company established in the PRC
“AVIC Nanjing Technology”	AVIC Nanjing Electromechanical Technology Co., Ltd.* (中航工業南京機電科技有限公司), a limited liability company established in the PRC
“AVIC New Materials”	AVIC Biam New Materials Technology Engineering Co., Ltd.* (中航百慕新材料技術工程股份有限公司), a joint stock limited liability company incorporated in the PRC
“AVIC Rongfu Fund”	AVIC Rongfu Fund Management Co., Ltd.* (中航融富基金管理有限公司), a limited liability company established in the PRC
“Board”	the board of directors of the Company
“CBEX”	China Beijing Equity Exchange (北京產權交易所)

“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
“Completion”	the completion of the Disposals
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Consideration”	the total consideration of RMB562.3924 million for the acquisition of the Target Equity Interests payable by the Fund to the Company and AviChina Industrial Investment
“Director(s)”	the director(s) of the Company
“Disposals”	the disposal of the Target Equity Interests
“Fund”	Beijing AviChina Phase I Aviation Industrial Investment Fund (Limited Partnership)* (北京中航一期航空工業產業投資基金(有限合夥)), a limited partnership company established in the PRC
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Nanjing Servo Control”	AVIC Nanjing Servo Control Systems Co., Ltd.* (中航工業南京伺服控制系統有限公司), a limited liability company established in the PRC
“PRC”	the People’s Republic of China
“Property Transfer Agreements”	(i)the property transfer agreements dated 10 February 2023 entered into between the Company and the Fund, pursuant to which the Company agreed to sell, and the Fund agreed to acquire, the 19.19% equity interests held by the Company in AVIC Jincheng UAS, the 10.00% equity interests held by the Company in AVIC Nanjing Technology, the 35.26% equity interests held by the Company in Nanjing Servo Control, the 23.4481% equity interests held by the Company in AVIC GYRO, the 33.00% equity interests held by the Company in

AVIC ATM System, and the 10,300,000 shares held by the Company in AVIC New Materials (representing 9.44% of the total share capital of AVIC New Materials); and (ii) the property transfer agreement dated 10 February 2023 entered into between AviChina Industrial Investment and the Fund, pursuant to which AviChina Industrial Investment agreed to sell, and the Fund agreed to acquire the 18.44% equity interests held by AviChina Industrial Investment in AVIC Laser

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“subsidiary(ies)”	has the same meaning as ascribed to it under the Listing Rules
“Target Companies”	AVIC Jincheng UAS, AVIC Nanjing Technology, Nanjing Servo Control, AVIC Laser, AVIC GYRO, AVIC ATM System and AVIC New Materials
“Target Equity Interests”	(i) the 19.19% equity interests held by the Company in AVIC Jincheng UAS; (ii) the 10.00% equity interests held by the Company in AVIC Nanjing Technology; (iii) the 35.26% equity interests held by the Company in Nanjing Servo Control; (iv) the 18.44% equity interests held by AviChina Industrial Investment in AVIC Laser; (v) the 23.4481% equity interests held by the Company in AVIC GYRO; (vi) the 33.00% equity interests held by the Company in AVIC ATM System; and (vii) the 10,300,000 shares held by the Company in AVIC New Materials (representing 9.44% of the total share capital of AVIC New Materials)
“%”	percent

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

Beijing, 10 February 2023

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*

APPENDIX I – LETTER FROM DA HUA CERTIFIED PUBLIC ACCOUNTANTS (SPECIAL GENERAL PARTNERSHIP)

The following is the text of the letter dated 10 February 2023 from Da Hua, Certified Public Accountants, which was prepared for inclusion in this announcement.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF ENTIRE EQUITY INTEREST IN AVIC GUOHUA (SHANGHAI) LASER DISPLAY TECHNOLOGY CO., LTD.* (中航國畫(上海)激光顯示科技有限公司)

To the Directors of AviChina Industry & Technology Company Limited*

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 31 October 2022 prepared by Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司) in respect of the market value of the entire equity interest in Avic Guohua (Shanghai) Laser Display Technology Co., Ltd.* (中航國畫(上海)激光顯示科技有限公司) (the “**Target**”) as at 31 March 2022 is based. The valuation is set out in the announcement of AviChina Industry & Technology Company Limited (the “**Company**”) dated 10 February 2023 (the “**Announcement**”) in relation to, among others, the disposal of the 18.44% equity interests held by AviChina Industrial Investment Co., Ltd.* (中航科工產業投資有限責任公司) in the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under Rules 14A.06 and 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed “Profit Forecast” of the Announcement.

Our Independence and Quality Control

We have complied with the ethical requirements for Chinese Certified Public Accountant as well as the relevant professional ethics. We have observed the principles of independence, objectivity and impartiality, maintained professional competence and due care.

Our firm applies the Quality Control Standards of Accounting Firms No. 5101 – Business Quality Control (《會計師事務所質量控制準則第5101號—業務質量控制》), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with the Other Standards for Assurance Engagements of China Certified Public Accountants No.3101-Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (《中國註冊會計師其他鑒證業務准則第3101號-歷史財務信息審計或審閱以外的鑒證業務》). This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast is based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under Rules 14A.68(7) and 14.62(2) of the Listing Rules and for no other purpose.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully

Dahua Certified Public Accountants (Special General Partnership)

Beijing, the PRC

10 February 2023

** For identification purpose only*

APPENDIX II – LETTER FROM THE BOARD

The following is the text of the letter dated 10 February 2023 from the Board which was prepared for inclusion in this announcement.

To: Listing Division of The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Company: AviChina Industry & Technology Company Limited* (the “**Company**”)

Re: Profit forecast – confirmation letter under the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

Reference is made to the announcement of the Company dated 10 February 2023 in relation to the valuation report (the “**Valuation Report**”) dated 31 October 2022 in respect of the valuation of the all shareholders’ equity of AVIC Guohua (Shanghai) Laser Display Technology Co., Ltd.* (中航國畫(上海)激光顯示科技有限公司) as at 31 March 2022 prepared by Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司) (the “**Valuer**”) using the income approach.

The board of directors of the Company has reviewed the basis and assumptions of the aforesaid valuation and discussed the same with the Valuer and Da Hua Certified Public Accountants (Special General Partnership), the reporting accountants of the Company (the “**Reporting Accountants**”). The board of directors of the Company has also considered the confirmation letter issued by the Reporting Accountants on 10 February 2023 in relation to the calculations of the profit forecast in the Valuation Report.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the board of directors of the Company confirmed that the profit forecast used in the aforesaid Valuation Report has been made after its due and careful enquiry.

The Board of Directors
AviChina Industry & Technology Company Limited*

10 February 2023

** For identification purposes only*