

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
DEEMED DISPOSAL OF EQUITY INTERESTS IN AVIC KAITIAN

Reference is made to the announcement of the Company dated 1 May 2023 in relation to the deemed disposals of equity interests in AVIC Kaitian (the “**Announcement**”). Unless the context otherwise requires, capitalized terms in this announcement (the “**Supplemental Announcement**”) shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Subscriptions as follows:

As stated in the Announcement, the Subscription Price is determined by the parties with reference to the appraised value of all shareholders' equity of AVIC Kaitian of RMB1,625,086,300 as at 30 November 2021 (the “**Valuation Date**”), as set out in the valuation report prepared based on asset-based approach by a professional independent PRC valuer.

The valuation report has been filed in accordance with the relevant requirements on the transfer of state-owned assets. The validity period of the valuation report is one year from the Valuation Date. According to the relevant state-owned assets trading requirements, the capital contribution to AVIC Kaitian should be listed for trading (挂牌交易) within the validity period of the valuation report (i.e. on or before 30 November 2022). The capital contribution to AVIC Kaitian was listed on the CBEX on 28 November 2022 in compliance with the relevant requirements. After 20 working days of listing for trading, the External Strategic Investors successfully won the bid. Subsequently, the contracting parties negotiated the terms of the agreement, performed their respective internal approval procedures and finally signed the Subscription Agreement and the Supplemental Subscription Agreement on 28 April 2023. As there were 14 parties to the Subscription Agreement, it took considerable time to complete the internal approvals of each party.

AVIC Kaitian continues its normal operation after the Valuation Date, and there has been no events subsequent to the Valuation Date and up to the date of the Announcement which would materially affect the value of AVIC Kaitian. Therefore, the Board is of the view that the valuation remains a fair

and reasonable representation of the value of AVIC Kaitian as at the date of Subscription Agreement and the Supplemental Subscription Agreement, and the Subscriptions based on the valuation are fair and reasonable and in compliance with the relevant requirements.

As stated in the Announcement, upon Completion, AVIC Kaitian will remain as a non-wholly owned subsidiary of the Company indirectly held through AVIC Avionics. The operating results, financial conditions and cash flows of AVIC Kaitian will continue to be included in the consolidated financial statements of the Group. The deemed disposal resulting from the Subscriptions will be accounted for as equity transaction and no gain or loss will be recognised in the Group's consolidated income statement. It is expected that upon Completion, the book value of the net assets of AVIC Kaitian attributable to the Company and AVIC Avionics will increase as compared to that before the Subscriptions, and the book value of the net assets of AVIC Kaitian attributable to the External Strategic Investors, AVIC and the Employee Stock Ownership Platforms will be lower than the amount of their capital contribution to AVIC Kaitian.

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Beijing, 12 May 2023

As at the date of this announcement, the Board comprises executive Director 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*