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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 TRANSACTION**

### **DISPOSAL OF 23.55% EQUITY INTERESTS IN HANGWEI HIGH-TECH**

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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 Aviation Industrial Fund has succeeded in the public tender of the Company's disposal of 23.55% equity interests in Hangwei High-tech at CBEX. In this regard, the Company and Aviation Industrial Fund entered into the Property Transfer Agreement on 27 October 2023. Pursuant to the Property Transfer Agreement, the Company agreed to sell, and Aviation Industrial Fund agreed to acquire, the 23.55% equity interests in Hangwei High-tech at the Consideration of RMB134,470,500. Upon the Completion, the Company will cease to hold any shareholding in Hangwei High-tech.

#### **LISTINGS RULES IMPLICATIONS**

As at the date of this announcement, AVIC is the controlling shareholder of the Company, and the executive partner of Aviation Industrial Fund is AVIC Rongfu, which is held as to more than 30% shares by AVIC. Accordingly, AVIC Rongfu and Aviation Industrial Fund are connected persons of the Company under Chapter 14A of the Listing Rules, and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

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

### **1. Date**

27 October 2023

### **2. Parties**

Transferor: the Company

Transferee: Aviation Industrial Fund

### **3. Target Equity Interests**

The 23.55% equity interests held by the Company in Hangwei High-tech

### **4. Consideration**

According to the result of the public tender, the Consideration is RMB134,470,500, which was determined with reference to the appraised value of all shareholders' equity of Hangwei High-tech of RMB571,000,000 as at 31 August 2022 (the "**Valuation Benchmark Date**") appraised based on income approach as set out in the valuation report prepared by a professional independent valuer in the PRC.

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 Benchmark Date. According to the relevant state-owned assets trading requirements, the Disposal should be listed for trading (挂牌交易) within the validity period of the valuation report (i.e. on or before 30 August 2023). The Disposal was listed on the CBEX on 25 August 2023 in compliance with the relevant requirements. After 20 working days of listing for trading, Aviation Industrial Fund successfully won the bid. Subsequently, the contracting parties negotiated the terms of the agreement, performed their respective internal approval procedures and finally signed the Property Transfer Agreement on 27 October 2023.

Hangwei High-tech continues its normal operation after the Valuation Benchmark Date, and there has been no events subsequent to the Valuation Benchmark Date and up to the date of this announcement which would materially affect the value of Hangwei High-tech. Therefore, the Board is of the view that the valuation remains a fair and reasonable representation of the value of Hangwei High-tech as at the date of Property Transfer Agreement, and the Disposal based on the valuation is fair and reasonable and in compliance with the relevant requirements.

### **5. Payment of the Consideration**

The remaining amount of the Consideration, after deducting the transaction deposit paid by Aviation

Industrial Fund, shall be remitted by Aviation Industrial 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 Agreement is sealed by both parties and signed by the legal representative (representative appointed by the executive partner) or authorised representative) of the Property Transfer Agreement. The transaction deposit paid by Aviation Industrial 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.

## **6. Completion**

Within 20 working days after the Disposal under the Property Transfer Agreement has been issued with a certificate of property right transaction by the CBEX, the Company shall procure Hangwei High-tech to complete the registration procedures for the change of shareholding, and Aviation Industrial Fund shall provide necessary assistance and cooperation.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

It is expected that the Group will realise gains of approximately RMB4.83 million as a result of the Disposal, which is calculated based on the difference between the Consideration and the book value of the 23.55% equity interests in Hangwei High-Tech as at 30 June 2023 of approximately RMB129.63 million. The above gains will be included in the Group's investment income item. Shareholders should note that the actual financial effects of the Disposal will be assessed based on the actual financial position of Hangwei High-tech upon Completion, which will be audited, and eventually be recognised in the consolidated financial statements of the Group upon Completion.

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

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal 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 Disposal is not conducted in the ordinary and usual course of business of the Group, the terms of the Disposal are transacted on an arm's length basis and on normal commercial terms, and the Disposal is 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 60.25% 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 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 Aviation Industrial Fund**

Aviation Industrial 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 Industry-Finance, AVIC Rongfu, 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 this announcement. Aviation Industrial Fund is mainly engaged in equity investment, equity investment management and management consulting. The sole general partner and the executive partner of Aviation Industrial Fund is AVIC Rongfu, 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.

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 this 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 this 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 Hangwei High-tech**

Hangwei High-tech is a limited liability company established in the PRC. As at the date of this announcement, Hangwei High-tech is a non-wholly-owned subsidiary of AVIC, and is held as to 23.55% by the Company. Hangwei High-tech is mainly engaged in research and development of aeronautical connection technology and assembly technology, as well as research and development,

production and sales of related technology products.

The audited net profits (before and after taxation) of Hangwei High-tech prepared under the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2021 and 31 December 2022 are set out below:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(RMB)</i>	<i>(RMB)</i>
Net profit before taxation	8,567,909.88	17,839,300.81
Net profit after taxation	8,320,206.15	16,224,131.13

The unaudited book value of net assets of Hangwei High-tech as at 30 June 2023 prepared under the China Accounting Standards for Business Enterprises was RMB497,534,118.53.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling shareholder of the Company. The executive partner of Aviation Industrial Fund is AVIC Rongfu, which is held as to more than 30% by AVIC. Therefore, AVIC Rongfu and Aviation Industrial Fund are connected persons of the Company under Chapter 14A of the Listing Rules, and the Disposal constitutes a connected transaction 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 Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Disposal has been approved by the Board. Mr. Zhang Minsheng, a then 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 Disposal 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 Industry-Finance”	AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融

	控股股份有限公司) 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 non-wholly-owned subsidiary of AVIC as at the date of this announcement
“AVIC Rongfu”	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 Disposal
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Consideration”	the consideration of RMB134,470,500 for the acquisition of the 23.55% equity interests in Hangwei High-tech payable by Aviation Industrial Fund to the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 23.55% equity interests in Hangwei High-tech
“Aviation Industrial 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
“Hangwei High-tech”	Beijing Hangwei High-Technology Connection Technology Co., Ltd.*(北京航為高科連接技術有限公司), a limited liability company incorporated in the PRC and a non-wholly-owned subsidiary of AVIC as at the date of this announcement

“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)
“PRC”	the People’s Republic of China
“Property Transfer Agreement”	the property transfer agreement dated 27 October 2023 entered into between the Company and Aviation Industrial Fund, pursuant to which the Company agreed to sell, and Aviation Industrial Fund agreed to acquire, the 23.55% equity interests held by the Company in Hangwei High-tech
“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
“%”	percent

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

Beijing, 27 October 2023

*As at the date of this announcement, the Board comprises executive Directors Mr. Yan Lingxi and Mr. Sun Jizhong, 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*