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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)

POTENTIAL CONNECTED TRANSACTION
TECHNOLOGY DEVELOPMENT COOPERATION
IN KEY FIELD OF FLIGHT CONTROL

TECHNOLOGY DEVELOPMENT COOPERATION

In order to strengthen the efforts in tackling key core technology for flight control of intelligent electric aircraft and accelerate the development of flight control systems for fully tiltrotor intelligent electric aircraft oriented to the low-altitude industry, on 27 March 2026, the Board approved the entering into the Technology Development Agreement by the Company with AVICOPTER and AVIC Automatic Control Institute, pursuant to which the Company and AVICOPTER (as entrusting parties) will entrust AVIC Automatic Control Institute (as entrusted party) to conduct research and development on intelligent electric aircraft flight control technology in accordance with the Technology Development Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling Shareholder of the Company. AVIC Automatic Control Institute is a subsidiary institution of AVIC. Therefore, pursuant to Chapter 14A of the Listing Rules, AVIC Automatic Control Institute is a connected person of the Company, and the Technology Development Cooperation is expected to constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profit ratio) in respect of the Technology Development Cooperation is more than 0.1% but less than 5%, the Technology Development Cooperation is 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.

TECHNOLOGY DEVELOPMENT COOPERATION

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The principal terms of the Technology Development Agreement are summarized as follows:

Parties

1. The Company (as entrusting party)
2. AVICOPTER (as entrusting party)
3. AVIC Automatic Control Institute (as entrusted party)

Scope of R&D

AVIC Automatic Control Institute shall conduct research on flight control technology for intelligent electric aircraft in accordance with the Technology Development Agreement and the requirements of the Company and AVICOPTER. In line with the project schedule, it shall develop an overall conceptual scheme, detailed plan and solution for key systems, accomplish the prototyping and flight tests of the verification platform, and complete the principal research and flight test verification of the flight control system for fully tiltrotor aircraft.

R&D Funding and Payment Term

The total R&D Funding amounts to RMB 90 million, of which the Company and AVICOPTER shall each contribute RMB 45 million. The R&D Funding was determined through arm's length negotiations among the parties with reference to publicly available data and industry reports, using industry-standard cost estimation models adjusted for the characteristics of electric aircraft, and with reference to the research and development costs of comparable aircraft, taking into account electrification technology substitution costs, system innovation, and technical risks.

The Company and AVICOPTER shall pay the R&D Funding to AVIC Automatic Control Institute according to the following arrangements:

(1) Within 30 days after the entering into the Technology Development Agreement, a total of RMB 30 million shall be paid, of which the Company shall pay RMB 15 million and AVICOPTER shall pay RMB 15 million;

(2) Within 30 days after the AVIC Automatic Control Institute completes the first flight of the tilt-transition mode of the basic intelligent flight control technology verification platform and relevant reports pass the acceptance, a total of RMB 47 million shall be paid, of which the Company shall pay RMB 30 million and AVICOPTRE shall pay RMB 17 million; and

(3) Within 30 days after the AVIC Automatic Control Institute completes the vertical take-off and landing flight of the intelligent flight control technology verification platform and delivers the technical achievement data to the Company and AVICOPTER, AVICOPTER shall pay RMB13 million.

Term of Agreement The term of the Technology Development Agreement shall be 30 months, commencing from the effective date of the Technology Development Agreement. The Technology Development Agreement shall become effective from the date on which all parties have completed their respective internal decision making procedures and the legal representatives or authorized representatives have affixed their signatures and company seals or contract seals.

Intellectual Property New technological achievements and intellectual property rights arising from the performance of the Technology Development Agreement shall be jointly owned by the Company, AVICOPTER, and AVIC Automatic Control Institute. Each party shall have the right to apply for or register the relevant intellectual property rights in respect of such jointly owned new technological achievements and intellectual property, provided that the applying party shall obtain the prior written consent of the other parties and include their names in the application. Each party may carry out independent technical development, upgrades and improvements based on the new technological achievements and intellectual property rights generated under the Technology Development Agreement, and any new achievements arising therefrom shall be owned by the party making the improvements.

Industrialization of Scientific and Technological Achievements With respect to the implementation of industrialization of scientific and technological achievements and intellectual property ("**Industrialization of Scientific and Technological Achievements**"), each party shall enjoy a right of first refusal under equal conditions.

REASONS FOR AND BENEFITS OF TECHNOLOGY DEVELOPMENT COOPERATION

Aviation and Aerospace and the low-altitude economy have emerged as new pillar industries at the national strategic level. Vigorously developing and actively advancing the research and development of flight control systems for fully tiltrotor intelligent electric aircraft aligns closely with the core needs of industrial upgrading in the aviation and aerospace and low-altitude economy sectors and is consistent with the Group's long-term strategic layout and development direction.

The Company, AVICOPTER and AVIC Automatic Control Institute intend to jointly establish a non-legal-entity research and development platform for the purpose of coordinating the resources and advantages of all parties, leveraging synergetic and collaborative effects, and building a foundation for

the research and development, verification and industrialization of flight control technology for intelligent electric aircraft. Carrying out the Technology Development Cooperation under this cooperation framework will help strengthen the research and development of key core technologies for flight control of intelligent electric aircraft and promote the transformation of scientific and technological achievements, which will contribute positively to the Group's continuous enhancement of its core competitiveness and its strategic deployment in the aviation and aerospace and low-altitude economy sectors.

The Directors (including the independent non-executive Directors) are of the view that although the Technology Development Cooperation is not conducted in the ordinary and usual course of business of the Group, the Technology Development Cooperation was entered into after arm's length negotiations among the parties, is 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 principally engaged in the development and manufacture of aviation products and non-aviation products. AVIC is the controlling Shareholder of the Company, holding directly and indirectly 59.63% equity interest in the Company as at the date of this announcement.

Information of the Company

The Company is a joint stock limited liability company established in the PRC, whose H shares are listed on the Hong Kong Stock Exchange. The Company is principally engaged in the research and development, manufacture, and sales of aviation products and related engineering services.

Information of AVICOPTER

AVICOPTER 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, AVICOPTER is a non-wholly-owned subsidiary in which the Company directly holds 51.07% equity interest. It is mainly engaged in the development, design, research, production and sales of aviation products and spare parts.

Information of AVIC Automatic Control Institute

AVIC Automatic Control Institute is a subsidiary institution of AVIC. It is mainly engaged in research on flight control and inertial navigation systems.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, AVIC is the controlling Shareholder of the Company. AVIC Automatic Control Institute is a subsidiary institution of AVIC. Therefore, pursuant to Chapter 14A of the Listing Rules, AVIC Automatic Control Institute is a connected person of the Company, and the Technology Development Cooperation is expected to constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profit ratio) in respect of the Technology Development Cooperation is more than 0.1% but less than 5%, the Technology Development Cooperation is 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.

The Technology Development Cooperation has been approved by the Board. Pursuant to the Company Law of the PRC and the Listing Rules, the non-executive Directors of Mr. Xu Dongsheng, Mr. Zhou Xunwen, and Ms. Hu Shiwei, all of whom hold positions in AVIC, have abstained from voting on the relevant Board resolution approving the Technology Development Cooperation. Save as disclosed above, no other Directors have or are deemed to have any material interest in the Technology Development Cooperation.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

"AVIC Automatic Control Institute"	AVIC Xi'an Flight Automatic Control Research Institute* (中國航空工業集團公司西安飛行自動控制研究所), a subsidiary institution of AVIC
"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, holding directly and indirectly 59.63% equity interest of the Company as at the date of this announcement
"AVICOPTER"	AVICOPTER PLC* (中航直升機股份有限公司), a joint stock limited liability company whose A shares are listed on the Shanghai Stock Exchange and a non-wholly owned subsidiary of the Company as at the date of this announcement
"Board"	the board of Directors 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 established in the PRC, whose H shares are listed on the Hong Kong Stock Exchange
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling Shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"Technology Development Agreement"	the technology development agreement to conduct research on intelligent electric aircraft flight control technology, proposed to be entered into by the Company, AVICOPTER and AVIC Automatic Control Institute
"Technology	Pursuant to the Technology Development Agreement, the Company and

Development Cooperation"	AVICOPTER (as entrusting parties) will entrust AVIC Automatic Control Institute (as entrusted party) to conduct research and development on intelligent electric aircraft flight control technology in accordance with the Technology Development Agreement
"Director(s)"	the director(s) of the Company
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"PRC"	the People's Republic of China
"R&D Funding"	the total R&D funding of RMB 90 million, of which the Company and AVICOPTER will each contribute RMB 45 million under the Technology Development Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of shares of the Company
"subsidiary(ies)"	has the same meaning as ascribed to it under the Listing Rules

By Order of the Board
AviChina Industry & Technology Company Limited*
Wu Yun
Company Secretary

Beijing, 27 March 2026

As at the date of this announcement, the Board comprises executive Directors Mr. Yan Lingxi and Mr. Sun Jizhong, non-executive Directors Mr. Xu Dongsheng, Mr. Zhou Xunwen, Ms. Hu Shiwei and Mr. Gao Jiming as well as independent non-executive Directors Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping.

** For identification purposes only*