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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
DEEMED DISPOSAL OF EQUITY INTERESTS IN
SHENYANG XINGHUA**

CAPITAL CONTRIBUTIONS

In order to increase the production capacity of Shenyang Xinghua, the Board is pleased to announce that, on 8 September 2023, JONHON Optronic, Aviation Industrial Fund, Aviation Asset Restructuring Fund and Shenyang Xinghua entered into the Capital Contribution Agreement. Pursuant to the Capital Contribution Agreement, JONHON Optronic, Aviation Industrial Fund and Aviation Asset Restructuring Fund, as the existing shareholders, agreed to make a capital contribution of RMB41,420,000, RMB50,000,000 and RMB398,580,000 in cash to Shenyang Xinghua, respectively.

Upon Completion, the registered capital of Shenyang Xinghua will increase from RMB110,925,200 to RMB141,878,131. The equity interests of JONHON Optronic in Shenyang Xinghua will be diluted from approximately 62.87% to approximately 51.00%, and Shenyang Xinghua will remain as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, JONHON Optronic is a non-wholly owned subsidiary of the Company, and AVIC is the controlling shareholder of the Company holding directly and indirectly approximately 60.25% of the total issued shares of the Company. AVIC Rongfu, the executive partner of Aviation Industrial Fund, and Beijing Yufeng, the executive partner of Aviation Asset Restructuring Fund, are both held as to more than 30% by AVIC. Shenyang Xinghua is a non-wholly owned subsidiary of the Company and is indirectly held as to more than 10% by AVIC. Therefore, Aviation Industrial Fund and Aviation Asset Restructuring Fund are both connected persons of the Company and Shenyang Xinghua is a connected subsidiary of the Company under Chapter 14A of the Listing Rules. The Capital Contributions, which also constitute a deemed disposal, constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for the Capital Contributions is more than 0.1% but less than 5%, the Capital Contributions are subject to the reporting and announcement requirements, but are exempt from the circular and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Furthermore, as the equity interests of JONHON Optronic in Shenyang Xinghua will be diluted from approximately 62.87% to approximately 51.00% upon Completion, the Capital Contributions constitute a deemed disposal of Shenyang Xinghua. As none of the applicable percentage ratios for the Deemed Disposal exceed 5%, the Deemed Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

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The principal terms of the Capital Contribution Agreement are summarised as follows:

- | | |
|-----------------|---|
| Date: | 8 September 2023 |
| Parities: | (1) JONHON Optronic, Aviation Industrial Fund and Aviation Asset Restructuring Fund (all being existing shareholders of Shenyang Xinghua holding approximately 62.87%, 34.17% and 2.96% equity interests in Shenyang Xinghua respectively); and
(2) Shenyang Xinghua |
| Subject Matter: | (1) JONHON Optronic agreed to make a cash capital contribution of RMB41,420,000 at the Capital Contribution Price and will own approximately 51.00% of the equity interests in Shenyang Xinghua upon Completion;
(2) Aviation Industrial Fund agreed to make a cash capital contribution of RMB50,000,000 at the Capital Contribution Price and will own approximately 28.94% of the equity interests in Shenyang Xinghua upon Completion; and
(3) Aviation Asset Restructuring Fund agreed to make a cash capital contribution of RMB398,580,000 at the Capital Contribution Price |

and will own approximately 20.06% of the equity interests in Shenyang Xinghua upon Completion.

Payment: JONHON Optronics, Aviation Industrial Fund and Aviation Asset Restructuring Fund shall make the capital contribution to Shenyang Xinghua in full within fifteen (15) working days from the effective date of the Capital Contribution Agreement (i.e. the execution and sealing date of the Capital Contribution Agreement).

Completion: Shenyang Xinghua shall complete the submission of the application for registration/filing of industrial and commercial change of the Capital Contributions to the relevant authority within ten (10) working days after the receipt of all the capital contribution amount, and the date of completion of the registration of industrial and commercial change shall be the date of Completion.

The Capital Contribution Price is approximately RMB15.8305 per RMB1 registered capital of Shenyang Xinghua, which is determined by the parties with reference to the appraised value of all shareholders' equity of Shenyang Xinghua of RMB1,756,000,000 as at 30 September 2022 (the "**Valuation Benchmark Date**"), as set out in the valuation report prepared based on income approach by a professional independent PRC valuer.

The valuation report has been filed in accordance with the relevant requirements on the administration of state-owned assets. The validity period of the valuation report is one year from the Valuation Benchmark Date. According to the relevant requirements on the administration of state-owned assets, the Capital Contribution Agreement should be signed within the validity period of the valuation report (i.e. on or before 29 September 2023). The Capital Contribution Agreement has been executed on 8 September 2023 in compliance with the relevant requirements.

Shenyang Xinghua 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 Shenyang Xinghua. Therefore, the Board is of the view that the valuation remains a fair and reasonable representation of the value of Shenyang Xinghua as at the date of the Capital Contribution Agreement, and the Capital Contributions based on the valuation are fair and reasonable and in compliance with the relevant requirements.

PROFIT FORECAST

As at the date of this announcement, Shenyang Xinghua is a non-wholly owned subsidiary of the Company. As stated above, the Capital Contribution Price was determined with reference to the appraised value of all shareholders' equity of Shenyang Xinghua 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 China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司, the "**China Alliance Appraisal**"), a professional independent valuer in the PRC.

Since income approach is adopted by China Alliance Appraisal for preparing the valuation report of Shenyang Xinghua, 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) General Assumptions

1. Transaction Assumption

It is assumed that all assets to be appraised are already in the process of being traded, and the appraiser simulates the market for the valuation based on the trading conditions of the assets to be appraised.

2. Open Market Assumption

It is assumed that the parties to an asset transaction, or an asset proposed to be traded in the market, are on an equal standing with each other, and that they have access to sufficient market information and time for each other to make rational judgments about the function and use of the asset and its transaction price.

3. Going-Concern Assumption

It is assumed that the appraised entity fully complies with all relevant laws and regulations and will continue in business for the foreseeable future.

(ii) Special Assumptions

1. The appraisal is premised on the basic assumption of the specific appraisal purpose set out in the valuation report, which is to provide a value reference basis for the proposed capital increase of Shenyang Xinghua.
2. There are no significant changes in the relevant laws and regulations in force as well as the macroeconomic situation, and there will be no unforeseeable significant changes in the external economic environment, such as interest rates, tax benchmarks and tax rates, and policy levies and fees.
3. It is assumed that the future operating and management team of the appraised entity will perform their duty and continue to maintain the existing mode of operation and management, and that the scope and manner of operation will be consistent with the current direction.
4. It is assumed that the assets under appraisal will continue to be used in the manner, scale, frequency and environment in which they are currently used and for the purposes for which they are used, and does not take into account the optimal utilization of each asset individually.
5. It is assumed that the appraised entity has no other human force majeure and unforeseeable factors that would have a material adverse impact on the business on the basis of the existing management style and management level.
6. The relevant basic and financial information provided by the appraised entity and the entrusting party is true, accurate and complete.
7. The financial reports and transaction data of the comparable companies relied upon by the appraisers are true and reliable.
8. The scope of the appraisal is based solely on the valuation disclosure report provided by the entrusting party and the appraised entity, and no consideration has been given to contingent assets and contingent liabilities that may exist outside the list provided by the entrusting party and the appraised entity.

9. The appraisal assumes that the enterprise will receive net cash flows evenly throughout the year.

EXPERT QUALIFICATIONS, CONSENT AND OPINIONS

WUYIGE Certified Public Accountants LLP* (大信會計師事務所(特殊普通合夥)) (“Da Xin”), 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 Xin 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 Xin	Certified Public Accountants	8 September 2023
China Alliance Appraisal	Qualified PRC valuer	12 June 2023

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 CAPITAL CONTRIBUTIONS AND USE OF PROCEEDS

Upon Completion, the equity interests of JONHON Optronic in Shenyang Xinghua will be diluted from approximately 62.87% to approximately 51.00%, and Shenyang Xinghua will remain as a non-wholly owned subsidiary of the Company indirectly held through JONHON Optronic. The operating results, financial conditions and cash flows of Shenyang Xinghua will continue to be included in the consolidated financial statements of the Group. The deemed disposal resulting from the Capital Contributions will be accounted for as equity transaction and no gain or loss will be recognised in the Group’s consolidated income statement.

The Board expects the proceeds from the Capital Contributions will be used for the construction of industrialization project of Shenyang Xinghua and to supplement the cash flow of Shenyang Xinghua.

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTIONS

The proceeds from the Capital Contributions will be mainly used for the construction of the industrialization project of Shenyang Xinghua, which will facilitate Shenyang Xinghua to increase its production capacity and expand its production capacity.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that although the Capital Contributions were not conducted in the ordinary and usual course of business of the Group, the Capital Contributions and the Capital Contribution Price thereof 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.

The Capital Contributions have been approved by the Board. Mr. Zhang Minsheng, a then executive Director and chairman of the Board, who is the chief accountant of AVIC and Mr. Liu Bingjun, a non-executive Director, who is also a vice director of the Capital Operation Department of AVIC, had abstained from voting on the relevant Board resolution approving the Capital Contributions 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.

LISTING RULES IMPLICATIONS

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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% of the share capital of 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 and development, manufacture and sales of aviation products, and relevant engineering services.

Information of JONHON Optronic

JONHON Optronic is a joint stock limited liability company incorporated in the PRC whose shares are

listed on the Shenzhen Stock Exchange (stock code: 002179), and is a non-wholly owned subsidiary held as to 36.73% by the Company as at the date of this announcement. It is mainly engaged in research and development, production, sales and provision of services of high-end optical, electrical, and fluid connectors and relevant equipment.

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) respectively as at the date of the announcement. Aviation Industrial Fund is mainly engaged in investment in non-securities business, investment management and investment 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* and China Life Real Estate Investment Management Co., Ltd.* (國壽置業投資管理有限公司) respectively as at the date of the announcement. 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) respectively 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 Aviation Asset Restructuring Fund

Aviation Asset Restructuring Fund is a limited partnership established in the PRC, whose partnership interest is held as to 35.59%, 30.00%, 29.32%, 4.40%, 0.65% and 0.03% by Orient Asset, Guoxin Asset, AVIC Asset, Orient Bangxin, Shanghai Xinsheng Aviation Industry Investment Development Co., Ltd.* (上海欣盛航空工業投資發展有限公司) and Beijing Yufeng respectively as at the date of the announcement. Aviation Asset Restructuring Fund is mainly engaged in private equity investment fund management, venture capital fund management services. The executive partner of Aviation Asset Restructuring Fund is Beijing Yufeng, which is an associate of AVIC and is held as to 40%, 35% and 25% by AVIC Asset, Guoxin Asset and Orient Bangxin respectively.

Orient Asset is a joint stock limited liability company incorporated in the PRC and is held as to 98% by the Ministry of Finance of the PRC and 2% by the National Council of Social Security Funds as at the date of this announcement. Guoxin Asset is a limited liability company established in the PRC and is controlled by the State Council of the PRC. AVIC Asset is wholly owned by AVIC. Orient Bangxin is wholly owned by Orient Asset. Shanghai Xinsheng Aviation Industry Investment Development Co., Ltd.* is wholly owned by AVIC Asset.

Information of Shenyang Xinghua

Shenyang Xinghua is a limited liability company established in the PRC and is a non-wholly owned subsidiary of the Company indirectly held through JONHON Optronics as at the date of this announcement, which is mainly engaged in the research, manufacturing and sales of avionics, electrical connectors, micro motors, automatic protection switches and related products.

The audited consolidated net profit (before and after taxation) of Shenyang Xinghua 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
	(RMB)	(RMB)
Net profit before taxation	149,562,460.21	193,463,790.21
Net profit after taxation	133,846,472.78	174,151,686.07

As at 30 June 2023, the audited consolidated net assets of Shenyang Xinghua prepared under the China Accounting Standards for Business Enterprises amounted to RMB985,737,114.19.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the same meaning as defined in the Listing Rules
“Aviation Asset Restructuring Fund”	Royal Wind (Beijing) Aviation Asset Restructuring Private Equity Investment Partnership (Limited Partnership)* (禦風(北京)航空資產結構調整私募股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
“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
“AVIC”	Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司), a controlling shareholder of the Company holding directly and indirectly approximately 60.25% of the share capital of the Company as at the date of this announcement
“AVIC Asset”	AVIC Asset Management Co., Ltd.* (中航資產管理有限公司), a limited liability company established in the PRC and a subsidiary of AVIC as at the date of this announcement

“AVIC Industry-Finance”	AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司), a joint stock limited liability company whose A shares are listed on the Shanghai Stock Exchange (stock code:600705) and 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
“Beijing Yufeng”	Beijing Yufeng Private Equity Fund Management Co., Ltd.* (北京禦風私募基金管理有限公司), a limited liability company established in the PRC
“Board”	the board of directors of the Company
“Capital Contributions”	the capital contributions by JONHON Optronic, Aviation Industrial Fund and Aviation Asset Restructuring Fund to Shenyang Xinghua pursuant to the Capital Contribution Agreement
“Capital Contribution Agreement”	the capital contribution agreement dated 8 September 2023 entered into among JONHON Optronic, Aviation Industrial Fund, Aviation Asset Restructuring Fund and Shenyang Xinghua
“Capital Contribution Price”	approximately RMB15.8305 per RMB1 registered capital of Shenyang Xinghua
“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”	completion of the Capital Contributions
“connected person(s)”	has the same meaning as defined in the Listing Rules
“controlling shareholder(s)”	has the same meaning as defined in the Listing Rules
“Deemed Disposal”	the deemed disposal of the equity interests of JONHON Optronic in Shenyang Xinghua due to the Capital Contributions
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries

“Guoxin Asset”	China Guoxin Asset Management Co., Ltd.* (中國國新資產管理有限公司), a limited liability company established in the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JONHON Optronics”	AVIC JONHON Optronics Technology Co., Ltd.* (中航光電科技股份有限公司), a joint stock limited liability company incorporated in the PRC, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 002179), and is a non-wholly owned subsidiary as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Orient Asset”	China Orient Asset Management Co., Ltd.* (中國東方資產管理股份有限公司), a joint stock limited liability company incorporated in the PRC
“Orient Bangxin”	Orient Bangxin Capital Co., Ltd.* (東方邦信創業投資有限公司), a limited liability company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Shenyang Xinghua”	AVIC Shenyang Xinghua Aero-Electric Appliance Co., Ltd.* (沈陽興華航空電器有限責任公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company as at the date of this announcement
“%”	percent

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

Beijing, 8 September 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*

APPENDIX I – LETTER FROM WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

The following is the text of the letter dated 8 September 2023 from Da Xin, 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 SHAREHOLDERS' EQUITY IN AVIC SHENYANG XINGHUA AERO-ELECTRIC APPLIANCE CO., LTD.* (沈陽興華航空電器有限責任公司)

To the Directors of AviChina Industry & Technology Company Limited*

We have been engaged to work on and provide a report regarding the arithmetic accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation of all shareholders’ equity of AVIC Shenyang Xinghua Aero-Electric Appliance Co., Ltd.* (the “**Target Company**”) as at 30 September 2022 prepared by China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司) is based. The valuation was mentioned in the announcement (the “**Announcement**”) issued by AviChina Industry & Technology Company Limited (the “**Company**”) on 8 September 2023 in relation to the capital increase of the Target Company.

Responsibilities of the Directors

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.

Independence and Quality Control

We have adhered to the Code of Ethics for Chinese Certified Public Accountants, followed relevant professional ethical standards, and upheld the principles of independence, objectivity, and impartiality, while maintaining professional competence and due care.

We comply with Chinese Certified Public Accountants’ Auditing Standards No. 5101 - Quality Control for Audit Engagements” (《會計師事務所質量控制準則第5101號—業務質量控制》) and accordingly maintain a comprehensive quality control system, including documented policies and procedures pertaining to compliance with ethical requirements, professional standards, and applicable laws and regulations.

Responsibilities of the Reporting Accountants

Our responsibility is to express an opinion on the arithmetic accuracy of the calculations related to the Forecast. The Forecast does not involve the adoption of accounting policies.

Our work is performed in accordance with “Chinese Certified Public Accountants’ Other Assurance Engagements No. 3101 - Assurance Engagements other than Historical Financial Information Audits or Reviews” (《中國註冊會計師其他鑒證業務準則第3101號——歷史財務信息審計或審閱以外的鑒證業務》). This standard requires us to plan and perform our engagement to obtain reasonable assurance as to whether, so far as the arithmetic accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work primarily involves examining the arithmetic accuracy of the calculation of the

Forecast based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with the Chinese Certified Public Accountants' Auditing Standards, and thus, we do not express an audit opinion thereon.

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 a valuation of the Target Company. The Assumptions used in preparing 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 may still differ from the Forecast and such differences may be significant. Our work is solely for the purpose of reporting to you in accordance with Rules 14A.68(7) and 14.62(2) of the Listing Rules, and cannot be used for any other purpose.

Opinion

Based on our work as described above, we believe that, so far as the arithmetic accuracy of the calculations of the Forecast is concerned, the Forecast has been properly prepared, in all material respects, based on the Assumptions adopted by the Directors.

Yours faithfully,

WUYIGE Certified Public Accountants LLP.

Beijing, the PRC
8 September 2023

**For identification purpose only*

APPENDIX II – LETTER FROM THE BOARD

The following is the text of the letter dated 8 September 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 8 September 2023 in relation to the valuation report (the “**Valuation Report**”) dated 12 June 2023 in respect of the valuation of all shareholders’ equity of AVIC Shenyang Xinghua Aero-Electric Appliance Co., Ltd.* (沈陽興華航空電器有限責任公司) as at 30 September 2022 prepared by China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司) (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 WUYIGE Certified Public Accountants LLP, 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 8 September 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*

8 September 2023

** For identification purposes only*