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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)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

REVISION OF ANNUAL CAPS

Reference is made to the announcement of the Company dated 22 August 2023 in relation to, among others, the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Shenyang Xinghua (for itself and on behalf of its subsidiaries), pursuant to which the Group will supply to Shenyang Xinghua Group aviation parts, raw materials, related manufacturing and labour services and the engineering technology (including but not limited to planning, consulting, design and supervision, etc.), project engineering main contracting and equipment main contracting services. Shenyang Xinghua Group will supply to the Group aeroengine components, connectors, cables, power electronic components, aircraft blowers, fans, mounting frame control boxes, components, related manufacturing and labour services, etc.

In view of the business development of Shenyang Xinghua Group and the progress of the relevant projects under the engineering contract between Shenyang Xinghua Group and AVIC CAPDI (for itself and on behalf of its subsidiaries), a subsidiary of the Company, the Board expects that the transaction amount of engineering services provided by AVIC CAPDI to Shenyang Xinghua Group will increase in 2025 and 2026, and the Existing Annual Caps on the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement in respect of the financial years ending 31 December 2025 and 31 December 2026 will not be sufficient. The Board therefore has resolved on 29 August 2025 to increase the Existing Annual Caps on the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement for the financial years ending 31 December 2025 and 31 December

2026 to the Revised Annual Caps. Save as the Revised Annual Caps of the revenue transactions of the Group, the terms of the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement remain unchanged.

LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling shareholder of the Company. Shenyang Xinghua is a connected subsidiary of the Company by virtue of being held as to more than 10% by AVIC. Therefore, the transactions contemplated under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement and the Revised Annual Caps constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the Revised Annual Caps (other than the profit ratio) exceed 0.1% but are less than 5%, such continuing connected transactions are subject to reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. BACKGROUND

Reference is made to the announcement of the Company dated 22 August 2023 in relation to, among others, the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Shenyang Xinghua (for itself and on behalf of its subsidiaries), pursuant to which the Group will supply to Shenyang Xinghua Group aviation parts, raw materials, related manufacturing and labour services and the engineering technology (including but not limited to planning, consulting, design and supervision, etc.), project engineering main contracting and equipment main contracting services. Shenyang Xinghua Group will supply to the Group aeroengine components, connectors, cables, power electronic components, aircraft blowers, fans, mounting frame control boxes, components, related manufacturing and labour services, etc.

In view of the business development of Shenyang Xinghua Group and the progress of the relevant projects under the engineering contract between Shenyang Xinghua Group and AVIC CAPDI (for itself and on behalf of its subsidiaries), a subsidiary of the Company, the Board expects that the transaction amount of engineering services provided by AVIC CAPDI to Shenyang Xinghua Group will increase in 2025 and 2026, and the Existing Annual Caps on the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement in respect of the financial years ending 31 December 2025 and 31 December 2026 will not be sufficient. The Board therefore has resolved on 29 August 2025 to increase the Existing Annual Caps on the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement for the financial years ending 31 December 2025 and 31 December 2026 to the Revised Annual Caps. Save as the Revised Annual Caps of the revenue transactions of the Group, the terms of the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement remain unchanged.

B. SHENYANG XINGHUA MUTUAL PRODUCT AND SERVICE SUPPLY FRAMEWORK AGREEMENT

Principal terms of the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement are summarised as follows:

Date	:	22 August 2023
Parties	:	The Company (for itself and on behalf of its subsidiaries) Shenyang Xinghua (for itself and on behalf of its subsidiaries)
Term	:	Three years from 1 January 2024 to 31 December 2026
Mutual supply of products and services	:	<p>The Group will supply to Shenyang Xinghua Group aviation parts, raw materials, related manufacturing and labour services and the engineering technology (including but not limited to planning, consulting, design and supervision, etc.), project engineering main contracting and equipment main contracting services.</p> <p>Shenyang Xinghua Group will supply to the Group aeroengine components, connectors, cables, power electronic components, aircraft blowers, fans, mounting frame control boxes, components, related manufacturing and labour services, etc.</p> <p>The transactions under such agreement do not cover those transactions between Shenyang Xinghua Group and AVIC Avionics Group (currently known as “AVIC Airborne Group”), such transactions are covered under the AVIC Airborne Mutual Product and Service Supply Framework Agreement entered into between AVIC Airborne and the Company on 22 August 2023.</p>
Pricing principles	:	<p>The price of products and/or services under the agreement will be determined as follows:</p> <ul style="list-style-type: none">(i) as most products under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement are designated aviation products, the Government-prescribed Price shall apply;(ii) if there is no Government-prescribed Price, the Market Price as determined by tender procedures or other means (as the case may be) shall apply;(iii) if there is no Market Price, the Contractual Price shall apply;(iv) for power supply services such as the provision of electricity, water, steam, etc., if such power was originally procured at the Government-prescribed Price or the Government-guidance Price, the Government-

prescribed Price or the Government guidance Price shall apply;

- (v) for production, labour and leasing services where Market Price is available, the Market Price as determined through tender procedures or other means (as the case may be) shall apply; if there is no Market Price, the Contractual Price shall apply; and
- (vi) for engineering technology services (including design, consultation and supervision services), project engineering main contracting and equipment main contracting services, and engineering and equipment subcontracting services, the Market Price or (if applicable) the Market Price as determined by tender procedures shall apply. Such tender procedures shall be in compliance with the relevant PRC laws and regulations relating to tender and bidding (which set out, among other things, specific requirements for the bidders and construction projects which require tender and bidding).

Note: please refer to “Government-prescribed Price”, “Government-guidance Price”, “Market Price” and “Contractual Price” as set out in the “Definitions” section of this announcement for the detailed definitions of the terms.

Payment : The parties will charge fees according to the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement and the specific contracts entered into by the relevant member of the Group and Shenyang Xinghua Group for the provision of products or services.

Other major terms : If any independent third party can supply the same type of products or services at a better price than Shenyang Xinghua Group or the Group (as the case may be) offers, the Group or Shenyang Xinghua Group (as the case may be) shall be entitled to opt for the products or services supplied by that independent third party.

Subject to the terms of the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement, if the product or service supplied by and the terms and conditions of supply given by Shenyang Xinghua Group or the Group (as the case may be) does not satisfy the needs of the Group or Shenyang Xinghua Group (as the case may be) in any aspect, the latter can procure identical or similar products or services from an independent third party.

C. HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

Set out below are the historical transaction amounts and annual caps in relation to the revenue transactions of the Group of the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement for the financial years ended 31 December 2023 and 31 December 2024 and the six months

ended 30 June 2025:

	For the year ended 31 December 2023		For the year ended 31 December 2024		For the six months ended 30 June 2025
	<i>Historical transaction amounts</i>	<i>Annual caps</i>	<i>Historical transaction amounts</i>	<i>Annual caps</i>	<i>Historical transaction amounts</i>
<i>RMB million</i>					
Revenue transactions of the Group	34	180	113	130	12

As of the date of this announcement, the actual transactions for the year 2025 of the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement does not exceed the Existing Annual Cap (i.e. RMB 100 million) for the financial year ending 31 December 2025.

D. THE EXISTING ANNUAL CAPS AND REVISED ANNUAL CAPS OF THE REVENUE TRANSACTIONS OF THE GROUP UNDER THE SHENYANG XINGHUA MUTUAL PRODUCT AND SERVICE SUPPLY FRAMEWORK AGREEMENT

Set out below are the Existing Annual Caps and the Revised Annual Caps for the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement for the financial years ending 31 December 2025 and 31 December 2026:

	For the year ending 31 December 2025		For the year ending 31 December 2026	
	Existing Annual Cap	Revised Annual Cap	Existing Annual Cap	Revised Annual Cap
<i>RMB million</i>				
Revenue transactions of the Group	100	140	100	110

E. REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

In view of the business development of Shenyang Xinghua Group and the progress of the relevant projects under the engineering contract between Shenyang Xinghua Group and AVIC CAPDI (for itself and on behalf of its subsidiaries), the Board expects AVIC CAPDI's revenue from providing engineering services to Shenyang Xinghua to increase in 2025 and 2026, leading to an estimated increase of RMB40 million and RMB10 million in the transaction amount of the revenue transactions of the Group in 2025 and 2026, respectively. The Board therefore has resolved to increase the Existing Annual Caps on the revenue transactions of the Group under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement for the financial years ending 31 December 2025 and 31

December 2026 to the Revised Annual Caps.

The Directors (including independent non-executive Directors) consider that the Revised Annual Caps are in the ordinary and usual course of business of the Group, are determined by all parties on normal commercial terms after arm's length negotiations, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Pursuant to the Company Law of the PRC and the Listing Rules, non-executive Directors 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 Revised Annual Caps. Save as disclosed above, no other Directors have or are deemed to have any material interests in such transactions.

F. LISTING RULES IMPLICATIONS

As at the date of this announcement, AVIC is the controlling shareholder of the Company. Shenyang Xinghua is a connected subsidiary of the Company by virtue of being held as to more than 10% by AVIC. Therefore, the transactions contemplated under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement and the Revised Annual Caps constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the Revised Annual Caps (other than the profit ratio) exceed 0.1% but are less than 5%, such continuing connected transactions are subject to reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

G. INTERNAL CONTROL MECHANISM

To ensure the implementation of the pricing policies for continuing connected transactions of the Group, the Company has established management systems and working procedures for connected transactions, and set up strict internal control systems, procedures and information systems in the subsidiaries of the Company to ensure fair pricing and safeguard the best interests of the Company. Meanwhile, the department in charge of connected transactions of the Company is responsible for supervising the daily connected transactions of the Group and reporting the performance of the framework agreement and the relevant data to the management of the Company on a quarterly basis. The independent non-executive Directors shall conduct annual review of the continuing connected transactions and provide confirmation in the annual reports of the Company in accordance with the Listing Rules. The auditors of the Company shall also conduct annual review of the pricing and the annual caps of the continuing connected transactions under the framework agreement and provide comfort letters.

H. GENERAL INFORMATION

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 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 directly and indirectly 59.63% equity interest in the Company as at the date of this announcement.

Information of AVIC CAPDI

AVIC CAPDI 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. AVIC CAPDI is mainly engaged in aviation engineering services.

Information of Shenyang Xinghua

Shenyang Xinghua is a limited liability company established in the PRC and is a connected subsidiary of the Company as at the date of this announcement. Shenyang Xinghua is mainly engaged in the research, manufacturing and sales of avionics, electrical connectors, micro motors, automatic protection switches and related products.

I. 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 holding directly and indirectly 59.63% equity interest of the Company at the date of this announcement
“AVIC Airborne”	AVIC Airborne Systems Co., Ltd.* (中航機載系統股份有限公司) (previously known as 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 shares are listed on the Shanghai Stock Exchange and a non-wholly owned subsidiary of the Company as at the date of this announcement

“AVIC Airborne Group”	AVIC Airborne and its subsidiaries
“AVIC CAPDI”	China Aviation Planning and Design Institute Co., Ltd.* (中國航空規劃設計研究總院有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
“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 company established in the PRC, whose H shares are listed on the Hong Kong Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Contractual Price”	the price to be agreed between the relevant parties for the supply of the aviation products, raw materials and related services (as the case may be), which shall be the reasonable costs incurred in supplying the same plus not more than 8% of such costs, which is determined after taking into account the average profit margin of approximately 7% among industrial enterprises, the average profit margin in the aviation industry and the profits previously received by the Group or AVIC Group for similar products, raw materials or services. The specified percentage used to determine the Contractual Price is the maximum profit margin under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement and specific prices will be determined under separate agreements in each transaction, and the profit margin is in line with industry practice. The above Contractual Price mechanism is applicable to not only the supply of products or services by the Group, but also vice versa by Shenyang Xinghua Group. Considering the above, the Directors are of the view that the Contractual Price mechanism is on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders
“connected subsidiary”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Existing Annual Cap(s)”	The annual caps on the revenue transactions of the Group for the financial years ending 31 December 2025 and 31 December 2026 under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement
“Group”	the Company and its subsidiaries, for the purpose of the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement, excluding the Shenyang Xinhua Group and AVIC Airborne Group
“Government-guidance Price”	the price determined by the parties within the range as provided under the laws, regulations, decisions or orders or in respect of particular types of services promulgated by the central government, provincial government or other regulatory authorities in the PRC
“Government-prescribed Price”	the price jointly determined by the relevant price control authorities, the industry regulators in the PRC and the relevant manufacturing enterprises involved in the particular transactions, which mainly comprise the relevant costs plus profit margin. The relevant costs will be proposed by the relevant manufacturing enterprises, and confirmed by the relevant price control authorities and the industry regulators in the PRC; Under the Government-prescribed Price, the profit margin shall be determined by the relevant authorities. As the Government-prescribed Price shall be determined by the relevant authorities according to their internal procedures, requirements and standards, and such Government-prescribed Price shall be applicable to the transactions for specific aviation products in the industry, therefore, the Directors are of the view that the Government-prescribed Price (and the relevant profit margin) is on normal commercial terms and fair and reasonable
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“Market Price”	<p>the price as determined in the following sequence: (i) where there are comparable market prices or charging rates standards determined by independent third parties under normal commercial terms for the transaction, the transaction price shall be determined at such price or standard (the Company will obtain at least two to three such price or standard from independent third parties); or (ii) if there are no such comparable market prices of independent third parties, the transaction price shall be fixed by the price of non- connected transactions between the Company and independent third parties: (a) where the Company is the buyer, through tender procedures in accordance with the relevant PRC laws and regulations relating to tender and bidding or by choosing the most favourable price among at least two to three selected suppliers after taking into account the suppliers’ manufacturing qualifications and delivery time, and business relationship between the Company and suppliers according to the Company’s internal procurement policy; or (b) where the Company is the supplier, agreeing with the clients within prescribed price range after taking into account (1) the transaction volumes and business relationship between the Company and purchasers; and (2) the prices of similar products and services purchased from the Company by not less than two independent third parties, and in accordance with the Company’s internal sales policy. The Market Price will be determined or approved by the authorised departments/persons of the specific entities within the Group in particular transactions</p>
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Revised Annual Caps”	<p>The revised annual caps on the revenue transactions of the Group for the financial years ending 31 December 2025 and 31 December 2026 under the Shenyang Xinghua Mutual Product and Service Supply Framework Agreement</p>
“RMB”	Renminbi, the lawful currency of the PRC
“Shenyang Xinghua”	<p>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</p>

company established in the PRC and a connected subsidiary of the Company as at the date of this announcement

“Shenyang Xinghua Group”

Shenyang Xinghua and its subsidiaries

“Shenyang Xinghua Mutual Product and Service Supply Framework Agreement”

the mutual product and service supply framework agreement entered into between the Company and Shenyang Xinghua on 22 August 2023, which took effect from 1 January 2024 for a term of three years

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

Beijing, 29 August 2025

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 and Ms. Hu Shiwei as well as independent non-executive Directors Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping.

** For identification purpose only*