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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)

**PROPOSED ADOPTION OF THE CHINA ACCOUNTING STANDARDS FOR
BUSINESS ENTERPRISES TO PREPARE FINANCIAL STATEMENTS;
AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**PROPOSED ADOPTION OF THE CHINA ACCOUNTING STANDARDS FOR
BUSINESS ENTERPRISES TO PREPARE FINANCIAL STATEMENTS**

According to the prevailing Articles of Association (the “**Articles of Association**”) of AviChina Industry & Technology Company Limited* (the “**Company**”), in addition to preparing the Company’s financial statements in accordance with the China Accounting Standards for Business Enterprises (the “**CASBE**”) and regulations of the PRC, the Company’s financial statements are also prepared in accordance with the international accounting standards or the accounting standards of the place where the Company’s shares are listed overseas.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》)” published by The Stock Exchange of Hong Kong Limited in December 2010 and the “Experimental Working Scheme for Accounting Firms Involved in Auditing Services to H Share Companies (《會計師事務所從事H股企業審計業務試點工作方案》)” issued by the Ministry of Finance (the “**MOF**”) of the People’s Republic of China (the “**PRC**”) and the China Securities Regulatory Commission (the “**CSRC**”), since 15 December 2010, companies listed in Hong Kong and incorporated in the PRC have been approved to adopt the CASBE to prepare their financial statements. Domestic accounting firms in the PRC recognized by the MOF and the CSRC are permitted to provide audit-related

services to these companies by adopting the CASBE.

In view of the convergence of Chinese accounting standards for business enterprises and international financial reporting standards, in order to save costs of the Company, the board of directors of the Company (the “**Board**”) proposed that, since the accounting year from 1 January 2021, the Company will change to only adopt and comply with the CASBE to prepare financial statements of the Company.

The above proposal is subject to consideration and approval of amendments to relevant terms of the Articles of Association by the shareholders of the Company (the “**Shareholders**”) at the Shareholders’ general meeting of the Company. Upon the approval of above proposal, the interim results of the Company for the six months ending 30 June 2021 and financial statements hereafter is expected to be only prepared in accordance with the CASBE. The Board believes that only adopting the CASBE will not have any material and adverse impact on the publication of the Company’s results for the six months ending 30 June 2021 and thereafter.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the proposal adoption of CASBE, the Board proposed to amend the Articles of Association. Details of the proposed amendments are as follows:

Article 147 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations, ~~unless the laws and regulations or the listing rules of the place where shares of the Company are listed require that the financial statements of the Company shall also be prepared in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are material differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in the notes to such financial statements. For purposes of the Company’s distribution of after tax profits of a given fiscal year, the lesser of the amounts of after tax profits shown in the aforementioned two kinds of financial statements shall govern.~~

Article 148 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, ~~and also be prepared in accordance with the international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed.~~

The proposed amendments to the Articles of Association will be submitted for the consideration and approval of the Shareholders by way of special resolution(s) at the Shareholders’ general meeting of the Company. Notice of the Shareholders’ general meeting and circular in relation to, among other things, the proposed amendments to the Articles of Association will be despatched to the Shareholders in due course.

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

Beijing, 30 March 2021

As at the date of this announcement, the Board comprises executive Directors Mr. Wang Xuejun and Mr. Zhao Hongwei, non-executive Directors Mr. Yan Lingxi, Mr. Lian Dawei, and Mr. Xu Gang as well as independent non-executive Directors Mr. Liu Renhuai, Mr. Liu Weiwu and Mr. Wang Jianxin.

** For identification purposes only*