



AviChina

AviChina Industry & Technology Company Limited
中国航空科技工业股份有限公司

(A joint stock limited company incorporated in the People's Republic of
China with limited liability)
(Stock Code : 2357)

AviChina

2024

Interim Report

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HIGHLIGHTS OF INTERIM RESULTS

The board of directors (the “**Board**”) of AviChina Industry & Technology Company Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 prepared according to the China Accounting Standards for Business Enterprises.

Revenue	RMB33,617 million
Net profit attributable to the owners of the parent company	RMB1,251 million
Earnings per share	
– Basic and diluted	RMB0.157
Shareholders’ equity attributable to parent company	RMB32,194 million

INTERIM DIVIDEND

The Board proposed that no interim dividend would be declared and paid for the six months ended 30 June 2024.


BUSINESS REVIEW

In the first half of 2024, the international political and economic environment was complex, with unstable and uncertain factors constraining the improvement of international market demand. Although China's economy remained generally stable, the adverse effects brought about by changes in the external environment increased. Domestic effective demand was insufficient with an increase in uncertain and unpredictable factors. Confronted with the intricate international and domestic circumstances, Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司) ("AVIC") steadfastly promoted the construction of a modern aviation industry system. AVIC has been listed in the Fortune Global 500 for 16 consecutive years, ranking the 147th. Meanwhile, AVIC ranked the first on the Fortune Global 500 of Aerospace and Defense Industry.

In the first half of 2024, the Group remained committed to its strategic goals, seized strategic opportunities and persistently forged new advantages in sustainable competitiveness. The Group gathered its strengths and exerted strenuous efforts to propel its businesses steadily.

In the first half of 2024, the Group completed the integration of its helicopter business and successfully raised supporting funds of approximately RMB3 billion to provide capital support to its research, development and manufacturing operation, thereby enhancing the competitiveness of its helicopter products, expanding its market share and further promoting the long-term development of its helicopter business, dedicating to establishing a world-class helicopter company with excellent products, outstanding brands, cutting-edge innovation, and modern governance. Meanwhile, the Group actively explored low-altitude economic application scenarios, accelerated the transformation and application of high-speed electric vertical take-off and landing aircraft (H-eVTOL) technology achievements, and led the development of the aviation industry with scientific and technological innovation. The Group paid close attention to the development of strategic emerging industries and future industries, integrated internal and external advantageous resources, innovated cooperation mode, and cultivated new quality productive forces.

The improvement and modification of the Group's helicopter products promoted steadily. The AC313A helicopter completed its trial flight at high-cold condition, and the AC311A helicopter and AC312E helicopter participated in the "Emergency Mission-Tibet 2024" exercise to continuously improve the capabilities of the aviation emergency rescue system. The AC312E helicopter completed a diagnostic trial flight with an improved envelope, further enhancing the market competitiveness in products. The AC332 helicopter completed the static test of the entire helicopter, making progress in structural airworthiness verification.



MANAGEMENT DISCUSSION AND ANALYSIS

The trainer business of the Group made further expansion. Jiangxi Hongdu Aviation Industry Co., Ltd.* (江西洪都航空工業股份有限公司) accelerated the construction of a complete and effective system of technological innovation, expedited the transformation and implementation of technological outcomes, and made progress in the project approval and development of a number of products.

The Group persevered in a technology-driven and innovation-oriented development in its aviation ancillary system and related business. The basic devices industrial park of AVIC JONHON Optronics Technology Co., Ltd.* (中航光電科技股份有限公司) was completed and put into operation to promote the construction of industrial clusters. The rotorcraft flight control system of Shaanxi Oriental Aeronautics Instrument Manufacturing Co., Ltd.* (陝西東方航空儀錶有限責任公司) successfully passed the accreditation, and was certified as a “Shaanxi Provincial Manufacturing Champion Demonstration Enterprise for Single Item”. The fire protection system laboratory of Tianjin Aviation Mechanical and Electrical Co., Ltd.* (天津航空機電有限公司) passed the extended accreditation of the China National Accreditation Service for Conformity Assessment (CNAS), which further enhanced the competitiveness in the field of aviation fire prevention and extinguishing.

The Group’s aviation engineering services business grew steadily. China Aviation Planning and Design Institute Co., Ltd.* (中國航空規劃設計研究總院有限公司) won the 16th “Gold Award of China’s Construction Engineering Steel Structure”, enhancing its technical advantages in the field of steel structures. It designed the project for Boeing Shanghai Aviation Modification and Maintenance Services Company Limited to support the development of aviation industry in Shanghai, and won the bid for the procurement project for engineering design services of Genertec Universal Medical Group Company Limited to penetrate into the medical and health field. It also won the bid for digital workshop construction project to expand its brand perception in the field of digital and intelligent aviation.

The modernization of the governance system and governance capabilities of the Group progressed steadily. The Group has adhered to its responsibility to ensure the harmonious development of the environment and the economy and society, actively implemented the “carbon peaking and carbon neutrality goals” strategy, propelled the green and low-carbon transformation across the entire industry chain, and dedicated itself to building an efficient, green and sustainable development pattern. The coordination of high-quality development and high-level safety has persistently improved the Group’s corporate governance efficiency. The Group has also strengthened the market value management, while steadfastly pursuing value creation and shareholders returns, with its brand value continuously elevated.

BUSINESS OUTLOOK

In the second half of 2024, the domestic and international macroeconomic environment will still be marked by considerable complexity and uncertainty. As an emerging industry with great vitality and development potential worldwide, low-altitude economy is undergoing a process from technological exploration to widespread application. By virtue of its huge market demand, active policy guidance and complete industrial chain layout, China will become the core force in the development of the global low-altitude economy. With the continuous optimization of low-altitude airspace management policies, ongoing technological breakthroughs, and the continued release of market demand, China's low-altitude economy will experience broader market opportunities and a more diverse range of application scenarios. Meanwhile, the synergistic innovation between enterprises in the upstream and downstream of the industry chain, the deep involvement of capital markets, and the strengthening of cross-industry cooperation will jointly drive the high-quality development of China's low-altitude economy.

In the second half of 2024, the Group will seize the opportunities arising from the development of low-altitude economy and continue to adhere to its strategic goals, accelerating the building of itself as a world-class high-tech aviation industrial group, which leverage its robust aviation technology innovation capabilities, efficient and collaborative aviation manufacturing capabilities and all-encompassing industrial layout, to serve as the technology leader, manufacturing leader, and industrial leader in the low-altitude economy, and give play to its role in the realm of technological innovation, industrial control and safety support in a more effective manner, and contribute aviation power to accelerate the advancement of Chinese modernization:

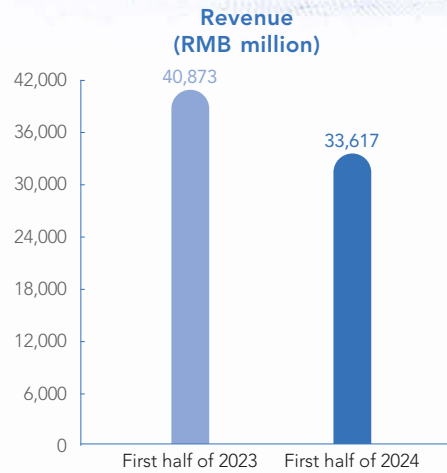
1. Promote the feasibility study of investment projects for the research and production of helicopter products, and promote the construction of Tianjin Helicopter R&D Center and Civil Helicopter Base to build a world-class helicopter enterprise;
2. Seek cooperation with local governments in the field of low-altitude economy;
3. Amplify the expansion of strategically emerging industries, nurture and develop new quality productive forces, and promote the implementation of future industrial deployment;
4. Continue to advance the development of smart manufacturing capabilities and deepen the integration and innovative application of new-generation information technologies;
5. Continue to optimize capital composition and shareholding structure, and remain committed to value creation and shareholder returns; and
6. Comprehensively improve corporate governance capabilities and governance system, further promote eco-friendly aviation manufacturing, and integrate green development concepts into the overall layout of high-quality development.

FINANCIAL REVIEW

The business segments of the Group are divided into aviation entire aircraft segment, aviation ancillary system and related business segment, and aviation engineering services segment.

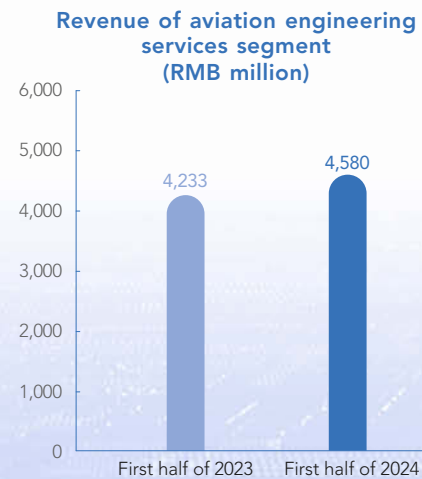
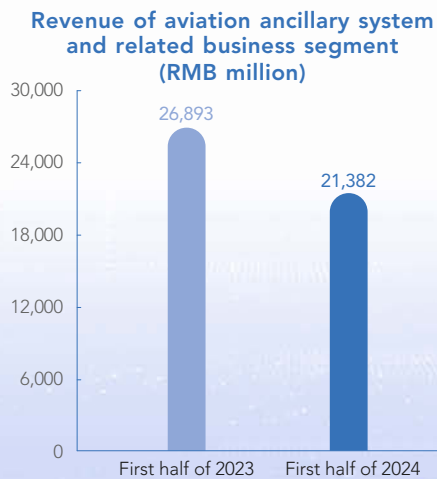
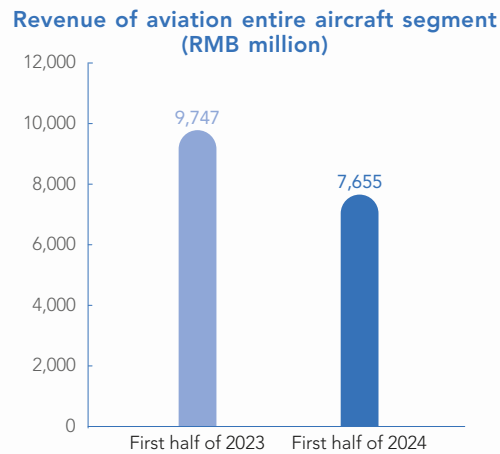
MANAGEMENT DISCUSSION AND ANALYSIS

Revenue



For the six months ended 30 June 2024, the Group recorded a revenue of RMB33,617 million, representing a decrease of RMB7,256 million or 17.75% as compared with that of RMB40,873 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in revenue of aviation ancillary system products and helicopter products.

Segment Information





MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2024, the revenue of the aviation entire aircraft segment of the Group amounted to RMB7,655 million, representing a decrease of 21.46% as compared with that in the corresponding period of last year, which was mainly attributable to the decrease in sales volume of helicopter products during the reporting period. The revenue of the aviation entire aircraft segment accounted for 22.77% of the total revenue of the Group. The revenue of the aviation ancillary system and related business segment of the Group amounted to RMB21,382 million, representing a decrease of 20.49% as compared with that in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in revenue of airborne products during the reporting period. The revenue of the aviation ancillary system and related business segment accounted for 63.60% of the total revenue of the Group. The revenue of the aviation engineering services segment of the Group amounted to RMB4,580 million, representing an increase of 8.20% as compared with that in the corresponding period of last year. The revenue of the aviation engineering services segment accounted for 13.63% of the total revenue of the Group.

For the six months ended 30 June 2024, the segment profit of the aviation entire aircraft segment of the Group amounted to RMB265 million, representing a decrease of RMB70 million or 20.90% as compared with that of RMB335 million in the corresponding period of last year, which was mainly attributable to the decrease in sales volume of helicopter products. The segment profit of the aviation ancillary system and related business segment of the Group amounted to RMB3,417 million, representing a decrease of RMB502 million or 12.81% as compared with that of RMB3,919 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease of revenue of aviation ancillary system products. The segment profit of the aviation engineering services segment of the Group amounted to RMB205 million, representing a decrease of RMB13 million or 5.96% as compared with that of RMB218 million in the corresponding period of last year.

Gross Profit

For the six months ended 30 June 2024, the Group recorded a gross profit of RMB8,143 million, representing a decrease of RMB1,603 million or 16.45% as compared with that of RMB9,746 million in the corresponding period of last year, which was mainly attributable to the decrease in revenue of aviation ancillary system products and helicopter products during the reporting period. The comprehensive gross profit margin was 24.22% during the reporting period, which was basically the same as compared with that in the corresponding period of last year.

Selling Expenses

For the six months ended 30 June 2024, the selling expenses of the Group amounted to RMB426 million, representing a decrease of RMB47 million or 9.94% as compared with that of RMB473 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in the employee compensation of the Group's sales personnel. The selling expenses accounted for 1.27% of the revenue during the reporting period, representing an increase of 0.11 percentage point as compared with that of 1.16% in the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

For the six months ended 30 June 2024, the administrative expenses of the Group amounted to RMB2,157 million, representing a decrease of RMB276 million or 11.34% as compared with that of RMB2,433 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in the employee compensation of the Group's management personnel. The administrative expenses accounted for 6.42% of the revenue during the reporting period, representing an increase of 0.47 percentage point as compared with that of 5.95% in the corresponding period of last year.

Research and Development Expenses

For the six months ended 30 June 2024, the R&D expenses of the Group amounted to RMB2,031 million, representing a decrease of RMB520 million or 20.38% as compared with that of RMB2,551 million in the corresponding period of last year. The R&D expenses accounted for 6.04% of the revenue during the reporting period, representing a decrease of 0.20 percentage point as compared with that of 6.24% in the corresponding period of last year. During the reporting period, the Group's research and development projects have conducted orderly.

Finance Costs

For the six months ended 30 June 2024, the finance costs of the Group amounted to RMB-75 million, representing an increase of RMB76 million or 50.33% as compared with that of RMB-151 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in interest income of certain subsidiaries. Details are set out in Note IV. 27 to the financial statements.

Net Profit Attributable to the Owners of the Parent Company

For the six months ended 30 June 2024, the net profit attributable to the owners of the parent company amounted to RMB1,251 million, representing a decrease of RMB292 million or 18.92% as compared with that of RMB1,543 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in revenue of aviation ancillary system products and helicopter products.

Liquidity and Financial Resources

As at 30 June 2024, the cash and cash equivalents of the Group amounted to RMB26,996 million, which were mainly derived from cash and bank deposits at the beginning of 2024 and funds generated from business operations during the reporting period.

As at 30 June 2024, the total borrowings of the Group amounted to RMB17,505 million, of which short-term borrowings amounted to RMB9,089 million, current portion of long-term borrowings amounted to RMB2,325 million, and non-current portion of long-term borrowings amounted to RMB6,091 million.

As at 30 June 2024, the bank borrowings of the Group amounted to RMB4,780 million with an average interest rate of 2.4% per annum, representing a decrease of RMB639 million as compared with that at the beginning of the reporting period; and other borrowings amounted to RMB12,725 million with an average interest rate of 2.4% per annum, representing an increase of RMB4,988 million as compared with that at the beginning of the reporting period.

MORTGAGED AND PLEDGED ASSETS

As at 30 June 2024, the Group's total mortgaged and pledged borrowings amounted to RMB95 million, among which RMB92 million was mortgaged by house buildings with a net book value of RMB8 million and RMB3 million was pledged by notes receivable with a net book value of RMB3 million.

GEARING RATIO

As at 30 June 2024, the Group's gearing ratio was 9.43% (7.11% as at 31 December 2023), which was derived from dividing the total borrowings by the total assets as at 30 June 2024.

EXCHANGE RATE RISKS

The Group mainly operates in the PRC and most of its transactions are settled in Renminbi. The directors of the Company (the "Director(s)") are of the opinion that the exchange rate risks to the Group are not significant and will not have any material adverse impact on the Group's financial positions.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

On 22 March 2024, a total of 142,129,270 A shares of AVICOPTER PLC* (中航直升機股份有限公司) ("AVICOPTER") have been issued by AVICOPTER in connection with the Proposed Restructuring, and the total number of issued shares of AVICOPTER has increased from 589,476,716 shares to 731,605,986 shares. By then, the Proposed Restructuring has completed. On 25 July 2024, a total of 88,287,227 A shares of AVICOPTER have been issued by AVICOPTER in connection with the Raising of Supporting Funds, and the total number of issued shares of AVICOPTER has increased from 731,605,986 shares to 819,893,213 shares, including the 5,885,815 A shares of AVICOPTER subscribed by the Company with a cash amount of approximately RMB200 million. By then, the Raising of Supporting Funds has been completed. For details, please refer to the announcements of the Company dated 23 December 2022, 9 January 2023, 15 March 2023, 18 July 2023, 15 September 2023, 22 March 2024 and 26 July 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcements.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

As at 30 June 2024, a total of RMB6,658 million out of the proceeds raised by the Company had been utilized in the manufacturing and research and development of advanced trainers, helicopters and aviation composite materials, the acquisition of assets in aviation business and equity investments as well as for general corporate purposes. In the end of 2018, the net proceeds raised by the Company through H share placing were approximately HK\$1,346 million (the “**H Share Placing**”), the balance of such net proceeds as at 1 January 2024 was approximately RMB99 million. In June 2023, the net proceeds raised by the Company through non-public issuance of domestic shares were approximately RMB1,000 million (the “**Domestic Shares Issuance**”). As at the date of the report, the Company has utilized the proceeds from the H Share Placing and the Domestic Shares Issuance according to the plan for use of proceeds as disclosed in the announcements of the Company dated 14 December 2018 and 9 May 2023 respectively. Due to factors disclosed in the Company’s 2023 annual report, the Company was unable to implement the potential acquisition of aviation equity interest or aviation assets. As affected by the international situation and the macroeconomic environment, the timeline for completion of utilization of the net proceeds from the H Share Placing may be delayed from the planned timetable, The Company will continue to disclose the progress of the actual utilization of the net proceeds from the H Share Placing in its future periodic reports. Set out below is the information regarding the use of proceeds from the H Share Placing and the Domestic Shares Issuance:

Use of proceeds	Net proceeds utilized in 2024	Utilized net proceeds up to 30 June 2024	Unutilized net proceeds as of 30 June 2024	Expected timeline for completion of utilization of the net proceeds
H Share Placing				
Investment in aviation product businesses, the industrialization projects of aviation research institutes and industry investment fund for aviation business, the funding of acquisitions of aviation equity interest or aviation assets and for general corporate purposes	Nil	Approximately RMB1,100 million, of which approximately RMB812 million was used in investment in aviation product businesses, approximately RMB151 million was used in industrialization projects of aviation research institutes and investment fund for aviation business and approximately RMB137 million was used for general corporate purposes	Approximately RMB99 million will all be intended to use in investment in aviation product businesses and for general corporate purposes	By the end of 2024
Domestic Shares Issuance				
To supplement working capital	Nil	Approximately RMB1,000 million, all used to supplement the working capital	Nil	All had been used to supplement the working capital

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT


At the extraordinary general meeting held on 12 July 2024, certain members of the seventh session of the Board, namely Mr. Yan Lingxi (executive Director), Mr. Sun Jizhong (executive Director), Mr. Xu Gang (non-executive Director), Mr. Liu Weiwu (independent non-executive Director), Mr. Mao Fugen (independent non-executive Director) and Mr. Lin Guiping (independent non-executive Director) participated in the re-election of Directors of the eighth session of the Board and were re-elected as the Directors. The remaining members of the seventh session of the Board, namely Mr. Lian Dawei (non-executive Director), Mr. Liu Bingjun (non-executive Director) and Mr. Wang Jun (non-executive Director) have confirmed that they would not participate in the re-election as Directors of the eighth session of the Board after expiry of their respective terms. Meanwhile, Mr. Xu Dongsheng, Mr. Zhou Xunwen and Ms. Hu Shiwei were appointed as the non-executive Director of the eighth session of the Board, respectively.

After the conclusion of the extraordinary general meeting, the eighth session of the Board consists of the following members: Mr. Yan Lingxi (executive Director), Mr. Sun Jizhong (executive Director), Mr. Xu Dongsheng (non-executive Director), Mr. Zhou Xunwen (non-executive Director), Ms. Hu Shiwei (non-executive Director), Mr. Xu Gang (non-executive Director), Mr. Liu Weiwu (independent non-executive Director), Mr. Mao Fugen (independent non-executive Director) and Mr. Lin Guiping (independent non-executive Director).

At the Board meeting convened following the extraordinary general meeting on the same date, Mr. Yan Lingxi was elected as the chairman of the eighth session of the Board.

At the extraordinary general meeting held on 12 July 2024, Mr. Guo Guangxin, a member of the seventh session of the supervisory committee of the Company ("**Supervisory Committee**"), participated in the re-election as shareholder representative supervisor (the "**Supervisor(s)**") of the eighth session of the Supervisory Committee and was re-elected as shareholder representative Supervisor. The remaining Supervisors of the seventh session of the Supervisory Committee, namely Mr. Zheng Qiang and Mr. Zhao Zhuo have confirmed that they would not participate in the re-election as Supervisors of the eighth session of the Supervisory Committee after expiry of their terms. Meanwhile, Mr. Nie Xiaoming was appointed as shareholder representative Supervisor of the eighth session of the Supervisory Committee, and Ms. Kang Yinglei was elected by the general meeting of employees of the Company as an employee representative Supervisor of the eighth session of the Supervisory Committee.

After the conclusion of the extraordinary general meeting, the eighth session of the Supervisory Committee consists of the following members: Mr. Nie Xiaoming (shareholder representative Supervisor), Mr. Guo Guangxin (shareholder representative Supervisor) and Ms. Kang Yinglei (employee representative Supervisor).

The background of the page features a blue-tinted image of a helicopter in flight on the left and an industrial facility with tall chimneys on the right. The text is overlaid on this background.

MANAGEMENT DISCUSSION AND ANALYSIS

At the Supervisory Committee meeting convened following the extraordinary general meeting on the same date, Mr. Nie Xiaoming was elected as the chairman of the eighth session of the Supervisory Committee.

At the Board meeting held on 12 July 2024, the Board considered and approved the resolutions in relation to the re-appointment of Mr. Sun Jizhong as the general manager of the Company and the re-appointment of Mr. Wang Jingmin as the chief financial officer (chief accountant) of the Company, with their terms of office commencing from the date of the establishment of the eighth session of the Board to the date on which the term of office of the eighth session of the Board expires.

Due to change in work arrangement, Mr. Xu Bin applied to the Board for resignation from his position as the Board secretary of the Company with effect from 26 July 2024.

At the Board meeting held on 26 July 2024, the Board considered and approved the resolution in relation to the appointment of Mr. Zhao Zhuo as the Board secretary of the Company, with the term of office commencing from the date of approval of such resolution at the Board meeting to the date on which the term of office of the eighth session of the Board expires.

EMPLOYEES

As at 30 June 2024, the Group had 70,946 employees. The Group's staff costs amounted to RMB6,632 million for the six months ended 30 June 2024, representing a decrease of RMB673 million or 9.21% as compared with that of RMB7,305 million in the corresponding period of last year.

The remuneration policies and employee training programs of the Company remained the same as those set out in the published 2023 annual report of the Company dated 26 April 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), and the Shares Trading Management Rules for Directors, Supervisors, senior management and employees of the Company as its own guidelines for securities transactions by the Directors, Supervisors, senior management and employees of the Company. All Directors and Supervisors of the Company have confirmed their compliance with the Model Code for the six months ended 30 June 2024 upon specific enquiries with them.

CORPORATE GOVERNANCE

The Company strictly complied with various applicable laws, rules and regulations as well as the Articles of Association to standardize its operation. Code provision B.2.2 stipulates that, among others, every director should be subject to retirement by rotation at least once every three years. On 12 July 2024, the Company completed the re-election of the members of the Board and the Supervisory Committee and fulfilled its information disclosure obligations. Before the establishment of the eighth session of the Board and the Supervisory Committee, all the Directors of the seventh session of the Board and all the Supervisors of the seventh session of the Supervisory Committee have continued to perform the responsibilities of Directors and Supervisors in accordance with relevant requirements. The Board reviewed the corporate governance practices adopted by the Company for the six months ended 30 June 2024 and was of the view that save as disclosed in this report, the Company complied with the principles and code provisions set out in Part 2 of the Corporate Governance Code.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

THE INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the date of the report, as far as the Directors are aware and saved as disclosed below, none of the Directors, Supervisors or chief executive of the Company had interests or held short positions in the Shares, underlying Shares and/or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers".

Name	Type of Shares	Capacity	Number of Shares	Approximate percentage of shareholdings to share capital in issue	Nature of Shares held
Yan Lingxi (a Director)	H Share	Beneficial owner	267,740	0.003%	Long position
Zhou Xunwen (a Director)	H Share	Beneficial owner	66,966	0.0008%	Long position

Note: As at the date of the report, Mr. Zhou Xunwen held 7,000 H shares in NexteerAutomotive Group Limited ("Nexteer") which represent approximately 0.0003% of the total issued share capital of Nexteer. Nexteer is a subsidiary of AVIC, and therefore is an associated corporation (within the meaning of Part XV of the SFO) of the Company.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, pursuant to the register kept under Section 336 of the Securities and Futures Ordinance, Shareholders holding 5% or more equity interests in the Shares and underlying Shares of the Company were as follows:

Name of Shareholder	Type of Shares	Capacity	Number of Shares	Approximate percentage of shareholdings to the same type of Shares in issue	Nature of Shares held
AVIC (Note 1)	H Shares	Beneficial owner; Interest in controlled corporation	3,553,069,569	57.21%	Long position
	Domestic Shares (Note 2)	Beneficial owner	1,250,899,906	70.99%	Long position
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) ("National Industrial Investment Fund")	Domestic Shares (Note 3)	Beneficial owner	261,522,000	14.84%	Long position
Tianjin Free Trade Zone Investment Company Limited* (天津保稅區投資有限公司) ("Tianjin Free Trade Zone Investment")	Domestic Shares (Note 2)	Beneficial owner	249,769,500	14.17%	Long position
Airbus (Note 4)	H Shares	Beneficial owner	312,255,827	5.03%	Long position

Notes:

- Out of the 3,553,069,569 H Shares held by AVIC, 3,297,780,902 H Shares are held directly as beneficial owner, 183,404,667 H Shares are held through AVIC Airborne Systems Company Limited* (中航機載系統有限公司), its wholly-owned subsidiary, 18,346,000 H Shares are held by AVIC through China Aviation Industry (Hong Kong) Company Limited* (中國航空工業集團(香港)有限公司), its wholly-owned subsidiary, and 53,538,000 H Shares are held by AVIC through AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司), its non-wholly-owned subsidiary.
- Pursuant to the equity acquisition and share issuance agreement dated 28 November 2019, the Company issued 1,500,669,406 Domestic Shares as the consideration for the acquisition, among which, 1,250,899,906 Domestic Shares and 249,769,500 Domestic Shares were issued to AVIC and Tianjin Free Trade Zone Investment, respectively. The issuance of Domestic Shares was completed on 24 December 2020.
- Pursuant to the share subscription agreement dated 9 May 2023, the Company issued 261,522,000 Domestic Shares to National Industrial Investment Fund. The issuance of Domestic Shares was completed on 3 July 2023.
- European Aeronautic Defence and Space Company – EADS N.V. officially changed its name to Airbus on 1 January 2014.

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any interests and short positions in 5% or more of the Shares and underlying Shares of the Company which had been recorded in the register kept under Section 336 of the SFO.



DISCLOSURE OF INTERESTS AND OTHER INFORMATION

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established the Audit and Risk Management Committee in carrying out the duty of assisting the Board and independently monitoring the financial operation, audit procedures and the risk management operation of the Company. The Terms of Reference of the Audit and Risk Management Committee were formulated and amended in accordance with the actual situation of the Company and the Guide for the Effective Audit Committee issued by the Hong Kong Institute of Certified Public Accountants and the provisions of Part 2 of Appendix C1 (the “**Corporate Governance Code**”) to the Listing Rules (as amended from time to time).

The Audit and Risk Management Committee is responsible for monitoring the financial operation and audit procedures of the Company, assessing effectiveness of the internal control and risk management systems of the Company, performing its internal audit function, reviewing and supervising the performance of the corporate governance responsibilities of the Company as well as performing other duties and responsibilities assigned by the Board, and maintaining effective communication with the management, internal audit institution and external auditors of the Company.

The Audit and Risk Management Committee had reviewed the Group’s unaudited interim consolidated financial statements for the six months ended 30 June 2024.

OTHER EVENTS

On 21 May 2024, the Board of the Company and the board of directors of AVIC Airborne Systems Co., Ltd.* (中航機載系統股份有限公司) approved the entering into of the Asset Transaction Contract by AVIC Shaanxi Qianshan Avionics Co., Ltd.* (陝西千山航空電子有限責任公司) (“**Qianshan Avionics**”) with AVIC Xi’an Aeronautics Computing Technique Research Institute* (中國航空工業集團公司西安航空計算技術研究所) (“**Aeronautic Computing Institute**”), pursuant to which Qianshan Avionics would sell, and Aeronautics Computing Institute would acquire the buildings (including the land use rights), structures and certain equipment located in the premises of No.G16, South Third Ring Road, Gaoxin District, Xi’an City (“**Target Assets**”) at the Consideration of RMB659,407,500. On 15 June 2024, Qianshan Avionics entered into the Asset Transaction Contract with Aeronautics Computing Institute. As at the date of this report, Qianshan Avionics is wholly owned by AVIC Airborne Systems Co., Ltd.*, which is a non-wholly owned subsidiary of the Company. AVIC is the controlling Shareholder of the Company, and controls Aeronautics Computing Institute. Accordingly, Aeronautics Computing Institute is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 21 May 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

As at 30 June 2024, the Company did not hold any treasury shares.

Consolidated Balance Sheet

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:			
Monetary funds	1	29,091,209,000	39,500,113,757
Settlement reserve		–	–
Loans to banks and other financial institutions		–	–
Financial assets held for trading	2	1,228,157,104	957,001,296
Derivative financial assets		–	–
Notes receivable	3	4,526,422,069	13,453,854,506
Accounts receivable	4	46,007,760,295	38,136,408,922
Receivables financing		366,650,728	383,654,710
Prepayments	5	5,805,292,860	6,807,845,117
Premium receivable		–	–
Reinsurance premium receivable		–	–
Reinsurance contract provision receivable		–	–
Other receivables	6	385,754,742	247,878,151
Including: Interest receivable		–	–
Dividends receivable		–	1,679,462
Financial assets purchased under agreements to resell		–	–
Inventories	7	44,429,386,752	40,120,990,660
Contract assets	8	11,114,425,215	3,930,570,520
Held-for-sale assets		–	–
Non-current assets due within one year		–	–
Other current assets		1,319,837,639	1,180,405,617
Total current assets		144,274,896,404	144,718,723,256

Consolidated Balance Sheet (Continued)

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Non-current assets:			
Loans and advances		–	–
Debt investment		–	–
Other debt investment		–	–
Long-term receivables		140,084	1,312,790
Long-term equity investments	9	2,821,407,784	2,836,611,006
Other equity instrument investments	10	3,681,654,934	3,795,695,305
Other non-current financial assets		18,899,687	–
Investment properties	11	551,934,224	561,848,339
Fixed assets	12	22,243,341,584	22,368,905,095
Construction-in-progress	13	5,150,161,278	4,437,643,212
Bearer biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets	14	424,319,305	415,088,884
Intangible assets	15	3,972,711,903	4,022,265,641
Development expenditure		–	–
Goodwill		93,193,010	93,193,010
Long-term deferred expenses		85,113,870	85,715,631
Deferred income tax assets		937,023,753	869,654,188
Other non-current assets		1,372,553,351	811,539,275
Total non-current assets		41,352,454,767	40,299,472,376
Total assets		185,627,351,171	185,018,195,632

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Consolidated Balance Sheet (Continued)

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current Liabilities:			
Short-term borrowings	16	8,898,517,416	4,997,783,753
Borrowings from the central bank		–	–
Placements from banks and other financial institutions		–	–
Financial liabilities held for trading		–	72,143,493
Derivative financial liabilities		–	–
Notes payable	17	9,267,921,076	11,668,891,622
Accounts payable	18	43,255,884,455	39,145,737,987
Advances		36,769,151	40,754,254
Contract liabilities	19	16,358,326,236	19,100,691,469
Financial assets sold under agreements to repurchase		–	–
Deposits and placements from other financial institutions		–	–
Securities brokering		–	–
Securities underwriting		–	–
Employee compensation payable		1,757,809,637	3,322,816,065
Tax payable		878,515,314	1,409,088,916
Other payables		2,968,280,324	3,218,637,683
Including: Interest payable		–	–
Dividends payable		92,263,793	62,556,162
Fees and commissions payable		–	–
Reinsurance amounts payable		–	–
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		2,434,894,929	1,253,942,782
Other current liabilities		859,176,951	1,305,835,760
Total current liabilities		86,716,095,489	85,536,323,784

Consolidated Balance Sheet (Continued)

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Non-current liabilities:			
Insurance contract reserves		–	–
Long-term borrowings	20	5,537,202,365	6,067,549,104
Bonds payable		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Lease liabilities	21	358,606,688	342,661,974
Long-term payables		-1,830,092,072	-740,318,530
Long-term employee compensation payable		1,562,626,410	1,841,337,939
Estimated liabilities		273,252,097	518,798,851
Deferred income		1,245,450,123	1,239,107,675
Deferred income tax liabilities		575,910,664	596,571,580
Other non-current liabilities		1,409,043,652	1,560,361,049
Total non-current liabilities		9,131,999,927	11,426,069,642
Total liabilities		95,848,095,416	96,962,393,426
Shareholders' equity:			
Share capital	22	7,972,854,242	7,972,854,242
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Capital reserves		13,590,025,699	13,514,296,718
Less: treasury shares		–	–
Other comprehensive income		182,907,428	228,940,969
Special reserves		522,631,499	480,615,715
Surplus reserves		451,623,842	451,623,842
General risk reserve		–	–
Undistributed profits		9,473,598,149	8,923,873,029
Total shareholders' equity attributable to parent company		32,193,640,859	31,572,204,515
Minority equity		57,585,614,896	56,483,597,691
Total shareholders' equity		89,779,255,755	88,055,802,206
Total liabilities and shareholders' equity		185,627,351,171	185,018,195,632

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Balance Sheet of the Company

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:		
Monetary funds	722,745,751	1,381,273,567
Financial assets held for trading	869,089,326	901,480,334
Derivative financial assets	–	–
Notes receivable	–	–
Accounts receivable	13,359	13,359
Receivables financing	–	–
Prepayments	–	–
Other receivables	255,459,483	250,706,487
Including: Interest receivable	–	–
Dividends receivable	–	–
Inventories	–	–
Contract assets	–	–
Held-for-sale assets	–	–
Non-current assets due within one year	–	254,986
Other current assets	1,085,486	–
Total current assets	1,848,393,405	2,533,728,733
Non-current assets:		
Debt investment	–	–
Other debt investment	–	–
Long-term receivables	–	1,172,706
Long-term equity investments	14,906,779,947	14,907,514,466
Other equity instrument investments	1,754,496,986	1,738,305,817
Other non-current financial assets	–	–
Investment properties	23,756,609	24,336,265
Fixed assets	1,130,260	1,300,449
Construction-in-progress	–	–
Bearer biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	7,710,231	10,616,383
Intangible assets	376,986	377,246
Development expenditure	–	–
Goodwill	–	–
Long-term deferred expenses	–	–
Deferred income tax assets	21,718,205	4,928,257
Other non-current assets	714,814,516	–
Total non-current assets	17,430,783,740	16,688,551,589
Total assets	19,279,177,145	19,222,280,322

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Balance Sheet of the Company (Continued)

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current liabilities:		
Short-term borrowings	-	-
Financial liabilities held for trading	-	-
Derivative financial liabilities	-	-
Notes payable	-	-
Accounts payable	-	-
Advances	-	-
Contract liabilities	-	-
Employee compensation payable	11,383,118	16,740,371
Tax payable	17,299,987	37,981,860
Other payables	126,457,261	131,004,619
Including: Interest payable	-	-
Dividends payable	-	-
Held-for-sale liabilities	-	-
Non-current liabilities due within one year	5,477,853	5,849,758
Other current liabilities	-	-
Total current liabilities	160,618,219	191,576,608
Non-current liabilities:		
Long-term borrowings	-	-
Bonds payable	-	-
Including: Preferred shares	-	-
Perpetual bonds	-	-
Lease liabilities	1,235,903	3,693,127
Long-term payables	-	-
Long-term employee compensation payable	-	-
Estimated liabilities	-	-
Deferred income	-	-
Deferred income tax liabilities	117,646,233	108,610,535
Other non-current liabilities	-	-
Total non-current liabilities	118,882,136	112,303,662
Total liabilities	279,500,355	303,880,270

Balance Sheet of the Company (Continued)

30 June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Shareholders' equity:		
Share capital	7,972,854,242	7,972,854,242
Other equity instruments	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Capital reserves	8,991,439,677	8,991,439,677
Less: treasury shares	–	–
Other comprehensive income	286,616,475	319,848,100
Special reserves	–	–
Surplus reserves	451,623,842	451,623,842
Undistributed profits	1,297,142,554	1,182,634,191
Total shareholders' equity	18,999,676,790	18,918,400,052
Total liabilities and shareholders' equity	19,279,177,145	19,222,280,322

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Consolidated Income Statement

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Total operating income		33,617,168,702	40,872,596,444
Including: Operating revenue	23	33,617,168,702	40,872,596,444
Interest income		–	–
Earned premium		–	–
Fee and commission income		–	–
II. Total operating cost		30,221,379,574	36,662,197,283
Including: Operating cost	23	25,474,480,954	31,126,874,029
Interest expenses		–	–
Fee and commission expenses		–	–
Cash surrender amount		–	–
Net expenses of claim settlement		–	–
Net provision for insurance contract reserves		–	–
Policyholder dividend expenses		–	–
Reinsurance expenses		–	–
Taxes and surcharges		208,422,547	230,397,952
Selling expenses	24	426,116,463	472,509,574
Administrative expenses	25	2,156,611,852	2,432,695,722
Research and development expenses	26	2,031,219,848	2,550,591,101
Finance costs	27	-75,472,090	-150,871,095
Including: Interest expense		160,985,469	196,311,366
Interest income		247,237,336	321,819,736
Add: Other income	28	344,605,355	152,115,019
Investment income (loss to be listed with "-")	29	187,797,144	260,767,863
Including: Income from investment in associates and joint ventures		115,913,686	145,285,393
Derecognition income of financial assets at amortised cost		-2,851,330	-9,348,064
Exchange gain (loss to be listed with "-")		–	–
Net exposure hedging income (loss to be listed with "-")		–	–
Income from changes in fair value (loss to be listed with "-")	30	-4,798,832	-8,125,550
Credit impairment loss (loss to be listed with "-")	31	-117,292,249	-191,595,447
Asset impairment loss (loss to be listed with "-")	32	-94,862,293	-146,567,117
Income from assets disposal (loss to be listed with "-")		3,400,993	910,677

Consolidated Income Statement (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
III. Operating profit (loss to be listed with "-")		3,714,639,246	4,277,904,606
Add: Non-operating income		31,503,428	40,912,358
Less: Non-operating expenses		16,440,412	8,028,328
IV. Profit before tax (loss before tax to be listed with "-")		3,729,702,262	4,310,788,636
Less: income tax expenses	33	339,236,869	364,710,100
V. Net profit (net loss to be listed with "-")		3,390,465,393	3,946,078,536
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with "-")		3,390,465,393	3,946,078,536
2. Net profit from discontinuing operations (net loss to be listed with "-")		-	-
(II) Classified according to attribution of the ownership			
1. Net profit attributable to the owners of the parent company (net loss to be listed with "-")		1,251,336,293	1,542,800,016
2. Minority profit and loss (net loss to be listed with "-")		2,139,129,100	2,403,278,520
VI. Net of tax of other comprehensive income		-105,568,824	238,845,762
Net of tax of other comprehensive income attributable to the owner of the parent company		-46,033,541	175,165,301
(I) Other comprehensive income that cannot be reclassified into profit or loss		-45,351,551	174,650,169
1. Changes arising from re-measurement of the defined benefit plan		-	-
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		-375,000	-
3. Changes in fair value of other equity instrument investments		-44,976,551	174,650,169
4. Changes in fair value of the enterprise's credit risk		-	-
5. Others		-	-
(II) Other comprehensive income that can be reclassified into profit or loss		-681,990	515,132
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		-7,079	-2,677
2. Changes in fair value of other debt investments		-	-
3. Amount charged into other comprehensive income arising from reclassification of financial assets		-	-
4. Provision for credit impairment of other debt investments		-	-
5. Reserves for cash flow hedge (effective parts of cash flow hedge profit or loss)		-	-
6. Translation difference of foreign currency financial statements		-674,911	517,809
7. Others		-	-
Net of tax of other comprehensive income attributable to minority shareholders		-59,535,283	63,680,461

Consolidated Income Statement (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note IV	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
VII. Total comprehensive income		3,284,896,569	4,184,924,298
Total comprehensive income attributable to shareholders of the parent company		1,205,302,752	1,717,965,317
Total comprehensive income attributable to minority shareholders		2,079,593,817	2,466,958,981
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	35	0.157	0.199
(II) Diluted earnings per share (RMB/share)	35	0.157	0.199

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Income Statement of the Company

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Operating income	154,895	464,686
Less: Operating cost	684,135	664,859
Taxes and surcharges	2,551,632	431,406
Selling expenses	-	-
Administrative expenses	15,656,470	21,858,534
Research and development expenses	-	-
Finance costs	-17,867,919	-4,910,362
Including: Interest expenses	-	-
Interest income	-19,982,269	-2,766,250
Add: Other income	182,897	151,161
Investment income (loss to be listed with "-")	807,984,181	617,957,414
Including: Income from investment in associates and joint ventures	-359,518	2,359,309
Derecognition income of financial assets at amortised cost	-	-
Net exposure hedging income (loss to be listed with "-")	-	-
Income from changes in fair value (loss to be listed with "-")	-2,010,143	-1,133,523
Credit impairment loss (loss to be listed with "-")	-36,058	-1,558,171
Asset impairment loss (loss to be listed with "-")	-	-
Income from assets disposal (loss to be listed with "-")	-	-
II. Operating profit (loss to be listed with "-")	805,251,454	597,837,130
Add: Non-operating income	-	-
Less: Non-operating expenses	9,024	408
III. Profit before tax (loss before tax to be listed with "-")	805,242,430	597,836,722
Less: Income tax expenses	-10,877,105	18,979,082
IV. Net profit (net loss to be listed with "-")	816,119,535	578,857,640
(I) Net profit from continuing operations (net loss to be listed with "-")	816,119,535	578,857,640
(II) Net profit from discontinuing operations (net loss to be listed with "-")	-	-

Income Statement of the Company (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June	January to June
	2024	2023
	(Unaudited)	(Unaudited)
V. Net of tax of other comprehensive income	-33,231,625	153,590,875
(I) Other comprehensive income that cannot be reclassified into profit or loss	-33,231,625	153,590,875
1. Changes arising from re-measurement of the defined benefit plan	-	-
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method	-375,000	-
3. Changes in fair value of other equity instrument investments	-32,856,625	153,590,875
4. Changes in fair value of the enterprise's credit risk	-	-
5. Others	-	-
(II) Other comprehensive income that can be reclassified into profit or loss	-	-
1. Other comprehensive income that can be reclassified into profit or loss under the equity method	-	-
2. Changes in fair value of other debt investments	-	-
3. Amount charged into other comprehensive income arising from reclassification of financial assets	-	-
4. Provision for credit impairment of other debt investments	-	-
5. Reserves for cash flow hedge (effective parts of cash flow hedge profit or loss)	-	-
6. Translation difference of foreign currency financial statements	-	-
7. Others	-	-
VI. Total comprehensive income	782,887,910	732,448,515

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Consolidated Cash Flow Statement

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	26,582,743,530	26,747,768,760
Net increase in deposits and placements from financial institutions	-	-
Net increase of borrowings from the central bank	-	-
Net increase in placements from other financial institutions	-	-
Cash received from premiums of original insurance contract	-	-
Net amount of reinsurance business	-	-
Net increase in deposits from policyholders and investment	-	-
Cash received from interests, fees and commissions	-	-
Net increase in placement from banks and other financial institutions	-	-
Net increase in repurchasing	-	-
Net cash received from securities brokering	-	-
Refund of taxes and surcharges	335,947,934	737,590,035
Other cash received relating to operating activities	1,913,628,131	1,885,003,289
Subtotal of cash inflows from operating activities	28,832,319,595	29,370,362,085
Cash paid for purchase of goods and receipt of services	25,990,767,722	29,549,967,307
Net increase in loans and advances	-	-
Net increase in deposits with the central bank and other banks	-	-
Cash paid for claim settlements on original insurance contract	-	-
Net increase in financial assets held for trading	-	-
Net increase in loans to banks and other financial institutions	-	-
Cash paid for interests, fees and commissions	-	-
Cash paid for policy dividends	-	-
Cash paid to and for employees	8,496,988,154	7,939,920,372
Taxes and surcharges cash payments	2,300,935,206	3,768,470,175
Other cash paid relating to operating activities	2,248,765,722	3,351,472,576
Subtotal of cash outflow from operating activities	39,037,456,804	44,609,830,430
Net cash flow from operating activities	-10,205,137,209	-15,239,468,346

Consolidated Cash Flow Statement (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
II. Cash flows from investing activities:		
Cash received from return of investment	2,452,674,128	2,403,228,202
Cash received from investment income	166,988,787	187,774,846
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,970,006	18,263,017
Net cash received from disposal of subsidiaries and other business entities	–	–
Other cash received relating to investing activities	1,020,423,834	1,451,364,919
Subtotal of cash inflows from investing activities	3,646,056,755	4,060,630,983
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	1,826,061,751	1,999,989,070
Cash paid to acquire investments	3,155,000,000	3,590,431,449
Net increase in pledge loans	–	–
Net cash paid for acquisition of subsidiaries and other business entities	–	–
Other cash paid relating to investing activities	969,547,746	640,414,688
Subtotal of cash outflows from investing activities	5,950,609,497	6,230,835,207
Net cash flows from investing activities	-2,304,552,742	-2,170,204,224
III. Cash flows from financing activities:		
Cash received from absorbing investment	–	5,953,323,847
Including: Cash received from minority shareholders' investment in subsidiaries	–	4,953,324,999
Cash received from borrowings	7,815,076,642	7,729,717,502
Cash received from bond issue	–	–
Other cash received relating to financing activities	269,810,258	122,932,830
Subtotal of cash inflow from financing activities	8,084,886,900	13,805,974,179
Cash paid for repayments of debts	3,175,592,891	7,569,612,010
Cash paid for distribution of dividends, profits or interest repayment	2,240,181,021	1,445,817,194
Including: Dividends and profits paid to minority shareholders by subsidiaries	1,431,704,870	678,021,042
Other cash paid relating to financing activities	326,628,402	221,356,586
Subtotal of cash outflow from financing activities	5,742,402,314	9,236,785,790
Net cash flow from financing activities	2,342,484,586	4,569,188,389

Consolidated Cash Flow Statement (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	3,915,414	17,149,667
V. Net increase in cash and cash equivalents	-10,163,289,951	-12,823,334,513
Add: Opening balance of cash and cash equivalents	37,159,301,638	41,436,794,140
VI. Closing balance of cash and cash equivalents	26,996,011,687	28,613,459,627

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Cash Flow Statement of the Company

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	-	-
Refund of taxes and surcharges	4,351	-
Other cash received relating to operating activities	13,413,565	65,099,475
Subtotal of cash inflows from operating activities	13,417,916	65,099,475
Cash paid for purchase of goods and receipt of services	-	-
Cash paid to and for employees	13,602,902	11,956,371
Taxes and surcharges cash payments	50,618,936	41,985,286
Other cash paid relating to operating activities	6,089,799	152,056,167
Subtotal of cash outflows from operating activities	70,311,637	205,997,824
Net cash flows from operating activities	-56,893,721	-140,898,349
II. Cash flows from investing activities:		
Cash received from return of investment	1,744,034,128	2,107,278,202
Cash received from investment income	796,399,648	535,549,526
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries and other business entities	-	-
Other cash received relating to investing activities	-	-
Subtotal of cash inflows from investing activities	2,540,433,776	2,642,827,728
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	43,744	-
Cash paid to acquire investments	2,160,000,000	2,997,731,049
Net cash paid for acquisition of subsidiaries and other business entities	-	-
Other cash paid relating to investing activities	-	-
Subtotal of cash outflows from investing activities	2,160,043,744	2,997,731,049
Net cash flows from investing activities	380,390,032	-354,903,321

Cash Flow Statement of the Company (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
III. Cash flows from financing activities:		
Cash received from absorbing investment	-	999,998,848
Cash received from borrowings	-	-
Cash received from bond issue	-	-
Other cash received relating to financing activities	-	-
Subtotal of cash inflows from financing activities	-	999,998,848
Cash paid for repayments of debts	-	-
Cash paid for distribution of dividends, profits or interest repayment	679,025,211	614,721,759
Other cash paid relating to financing activities	3,100,007	-
Subtotal of cash outflows from financing activities	682,125,218	614,721,759
Net cash flows from financing activities	-682,125,218	385,277,089
IV. Effect of foreign exchange rate changes on cash and cash equivalents	101,093	439,151
V. Net increase in cash and cash equivalents	-358,527,814	-110,085,430
Add: Opening balance of cash and cash equivalents	1,081,273,565	303,564,813
VI. Closing balance of cash and cash equivalents	722,745,751	193,479,383

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Consolidated Statement of Changes in Shareholders' Equity

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)										Total shareholders' equity				
	Share capital	Preferred shares	Other equity instrument	Capital reserve	Less: treasury shares	Equity attributable to shareholders of the parent company	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve		Undistributed profit	Others	Subtotal	Minority equity
I. Closing balance of the previous year	7,972,854,242	-	-	13,514,296,718	-	228,940,969	480,615,715	451,623,842	-	8,923,873,029	-	-	31,572,204,515	54,483,597,691	88,055,802,206
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Error correction for previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,972,854,242	-	-	13,514,296,718	-	228,940,969	480,615,715	451,623,842	-	8,923,873,029	-	-	31,572,204,515	54,483,597,691	88,055,802,206
Change in increase or decrease of the current period (decrease to be listed with "-")	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(I) Total comprehensive income	-	-	-	75,728,981	-	-46,033,541	42,015,784	-	-	549,725,120	-	-	621,436,344	1,102,017,205	1,723,453,549
(II) Capital invested and decreased by shareholders	-	-	-	75,733,443	-	-	-	-	-	1,251,336,293	-	-	1,205,302,752	2,079,593,817	3,284,896,569
1. Ordinary shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	75,733,443	418,180,250	493,913,693
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	134,723,838	-	-	-	-	-	-	-	-	134,723,838	292,695,897	427,419,735
(III) Profit distribution	-	-	-	-58,990,395	-	-	-	-	-	-701,611,173	-	-	-58,990,395	1,254,484,353	66,493,958
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-701,611,173	-1,432,177,438	-2,133,788,611
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-701,611,173	-1,432,177,438	-2,133,788,611
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	42,015,784	-	-	-	-	-	42,015,784	36,420,576	78,436,360
1. Appropriation in the current period	-	-	-	-	-	-	146,204,389	-	-	-	-	-	146,204,389	84,962,606	231,166,995
2. Use in the current period	-	-	-	-	-	-	104,188,605	-	-	-	-	-	104,188,605	48,542,030	152,730,635
(VI) Others	-	-	-	-4,462	-	-	-	-	-	-	-	-	-4,462	-	-4,462
IV. Closing balance of the current period	7,972,854,242	-	-	13,590,025,699	-	182,907,428	522,631,499	451,623,842	-	9,473,598,149	-	-	32,193,640,959	57,585,614,896	89,779,255,755

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Consolidated Statement of Changes in Shareholders' Equity (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)										Total shareholders' equity			
	Share capital	Preferred shares	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit		Others	Subtotal	Minority equity
I. Closing balance of the previous year	7,711,332,242	-	-	13,917,089,719	-	211,164,546	510,537,997	373,902,267	-	7,167,523,872	-	29,893,550,383	45,625,734,095	75,519,284,678
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Error correction for previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	13,917,089,719	-	211,164,546	510,537,997	373,902,267	-	7,167,523,872	-	29,893,550,383	45,625,734,095	75,519,284,678
III. Change in increase or decrease of the current period (increase to be listed with "+")	261,522,000	-	-	444,557,876	-	173,348,901	76,272,022	-	-	925,344,003	-	991,949,050	8,292,618,997	9,284,548,047
(I) Total comprehensive income	-	-	-	-	-	175,165,301	-	-	-	1,542,800,016	-	1,717,965,317	2,466,958,981	4,184,924,298
(II) Capital invested and decreased by shareholders	261,522,000	-	-	444,557,876	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	261,522,000	-	-	444,557,876	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	143,066,824	-	-	-	-	-	-	-	143,066,824	136,083,239	279,150,063
4. Others	-	-	-	-1,328,443,124	-	-	-	-	-	-2,345,834	-	-1,330,788,958	-4,164,337,271	-5,495,126,229
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579	-739,839,692	-1,356,746,271
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579	-739,839,692	-1,356,746,271
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-1,796,400	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	1,796,400	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-1,796,400	-	-	-	1,796,400	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	76,272,022	-	-	-	-	76,272,022	119,905,827	196,177,849
1. Appropriation in the current period	-	-	-	-	-	-	101,651,873	-	-	-	-	101,651,873	173,961,316	275,613,189
2. Use in the current period	-	-	-	-	-	-	25,379,851	-	-	-	-	25,379,851	54,055,469	79,435,340
(VI) Others	-	-	-	2,341,576	-	-	-	-	-	-	-	-	1,680,805	4,022,381
IV. Closing balance of the current period	7,972,854,242	-	-	13,472,531,843	-	384,533,447	586,809,959	373,902,267	-	8,094,867,975	-	30,885,499,633	53,918,353,092	84,803,852,725

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Statement of Changes in Shareholders' Equity of the Company

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2024 (Unaudited)							Total shareholders' equity			
	Share capital	Preferred shares	Other equity instrument Perpetual bonds	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves		Surplus reserves	Undistributed profit	Others
I. Closing balance of the previous year	7,972,854,242	-	-	8,991,439,677	-	319,848,100	-	451,623,942	1,182,634,191	-	18,918,400,052
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Error correction of previous period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,972,854,242	-	-	8,991,439,677	-	319,848,100	-	451,623,942	1,182,634,191	-	18,918,400,052
III. Change in increase or decrease of the current period (decrease to be listed with "-")	-	-	-	-	-	-33,231,625	-	-	114,508,363	-	81,276,738
(I) Total comprehensive income	-	-	-	-	-	-33,231,625	-	-	816,119,536	-	782,887,911
(II) Capital invested and decreased by shareholders	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-701,611,173	-	-701,611,173
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-701,611,173	-	-701,611,173
3. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current period	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	7,972,854,242	-	-	8,991,439,677	-	286,616,475	-	451,623,942	1,297,142,554	-	18,999,676,790

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui

Statement of Changes in Shareholders' Equity of the Company (Continued)

January to June 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Share capital	Preferred shares	Other equity instrument Perpetual bonds	Others	January to June 2023 (Unaudited)				Undistributed profit	Others	Total shareholders' equity	
					Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves				Surplus reserves
I. Closing balance of the previous year	7,711,332,242	-	-	-	8,276,651,521	-	330,433,384	-	373,902,267	1,098,250,186	-	17,790,569,600
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Error correction of previous period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	-	8,276,651,521	-	330,433,384	-	373,902,267	1,098,250,186	-	17,790,569,600
III. Change in increase or decrease of the current period (decrease to be listed with "-")	261,522,000	-	-	-	738,161,757	-	151,794,474	-	-	-36,252,539	-	1,115,225,692
(I) Total comprehensive income	-	-	-	-	-	-	153,590,874	-	-	578,857,640	-	732,448,514
(II) Capital invested and decreased by shareholders	261,522,000	-	-	-	738,161,757	-	-	-	-	-	-	999,998,848
1. Ordinary shares invested by shareholders	261,522,000	-	-	-	738,161,757	-	-	-	-	-	-	999,998,848
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579
3. Others	-	-	-	-	-	-	-	-	-	1,796,400	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-1,796,400	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-1,796,400	-	-	1,796,400	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current period	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-315,091	-	-	-	-	-	-	-315,091
IV. Closing balance of the current period	7,972,854,242	-	-	-	9,014,813,278	-	482,227,858	-	373,902,267	1,061,997,647	-	18,905,795,292

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Deng Hui



NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

I. BASIC INFORMATION OF THE COMPANY

(I) Basic Information

AviChina Industry & Technology Company Limited (hereinafter referred to as the Company, together with its subsidiaries, the Group) was restructured by a subsidiary of the former China Aviation Industry Corporation II (hereinafter referred to as AVIC II), and was incorporated in Beijing in the People's Republic of China (hereinafter referred to as the PRC) on 30 April 2003 as a joint stock company with limited liability. It was listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the Hong Kong Stock Exchange) on 30 October 2003. The Company has obtained the business license with the unified social credit code of 91110000710931141J issued by Beijing Municipal Administration for Market Regulation (formerly known as Beijing Administration for Industry and Commerce). The registered capital of the Company is RMB7,972,854,242. The legal representative is Mr. Yan Lingxi. The address of its registered office is 2nd Floor, Building 27, No. 26 Xihuan South Street, Economic Technological Development Area, Beijing.

The registered capital of the Company at the time of establishment was RMB3,116,518,500, and the Company was initiated by AVIC II (as the lead promoter) together with China Huarong Asset Management Co., Ltd. (formerly known as China Huarong Asset Management Company, hereinafter referred to as Huarong Asset Management), China Cinda Asset Management Co., Ltd. (formerly known as China Cinda Asset Management Corporation, hereinafter referred to as Cinda Asset Management) and China Orient Asset Management Co., Ltd. (formerly known as China Orient Asset Management Company, hereinafter referred to as Orient Asset Management). In October 2003, the Company was listed on the Main Board of the Hong Kong Stock Exchange, after the issuance of overseas listed foreign invested shares (H shares), the share capital of the Company was RMB4,643,608,500.

In 2008, Aviation Industry Corporation of China, Ltd. (formerly known as Aviation Industry Corporation of China, hereafter as AVIC) was newly established on the basis of the merger of enterprises and institutions owned by China Aviation Industry Corporation I and AVIC II. The shareholder of the Company was changed from AVIC II to AVIC.

In 2010, the Company issued 305,416,000 additional overseas listed foreign invested shares (H shares), increasing the share capital by RMB305.416 million. After the capital increase, the share capital of the Company was changed to RMB4,949.0245 million.

In 2012, the Company issued 342,000,000 additional overseas listed foreign invested shares (H shares) to foreign investors, increasing the share capital by RMB342.00 million. In the same year, the Company issued 183,404,667 Domestic Shares to AVIC Airborne Systems Company Limited. Due to additional issuance of overseas listed foreign invested shares (H shares) and additional issuance of Domestic Shares, the share capital of the Company was changed to RMB5,474.4292 million.

In 2016, the Company issued 491,692,669 Domestic Shares to AVIC. After the additional issuance of Domestic Shares, the share capital of the Company was changed to RMB5,966.1218 million.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

I. BASIC INFORMATION OF THE COMPANY (Continued)

(I) Basic Information (Continued)

In 2018, 3,609,687,934 existing shares of the Company held by AVIC, AVIC Airborne Systems Company Limited, Huarong Asset Management, Cinda Asset Management and Orient Asset Management, the shareholders of the Company, were fully converted into overseas listed foreign invested shares (H shares) which were listed on the Hong Kong Stock Exchange. In the same year, the Company issued 279,000,000 overseas listed foreign invested shares (H shares). After the issuance, the share capital of the Company was changed to RMB6,245.1218 million.

In 2020, the Company repurchased and cancelled 34,459,000 overseas listed foreign invested shares (H shares). After the repurchase, the share capital of the Company was changed to RMB6,210.6628 million. In the same year, the Company issued 1,250,899,906 and 249,769,500 Domestic Shares to AVIC and Tianjin Free Trade Zone Investment Company Limited* (天津保稅區投資有限公司) (hereinafter as Tianjin Free Trade Zone Investment Company), respectively. After the issuance of Domestic Shares, the share capital of the Company was changed to RMB7,711.3322 million.

In 2023, the Company issued 261,522,000 Domestic Shares to the National Military and Civilian Integration Industry Investment Fund Co., Ltd. After the issuance of Domestic Shares, the share capital of the Company was changed to RMB7,972.8542 million.

(II) Nature of business and main business

The Group is principally involved in the research, development, manufacture and sale of aviation products and the delivery of aviation engineering services such as planning, design, consultation, construction and operation.

(III) Name of the controlling shareholder and ultimate controller

The controlling shareholder of the Company is Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司) ("AVIC"), and the ultimate controller is AVIC. The Company has a Board of Directors, which manages and controls the Company's major decisions and daily operation.

(IV) Approval of financial reports

These financial statements were approved for issue by the Board on 27 August 2024.

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements has been prepared on the going concern basis and based on the transactions and events actually occurred in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and relevant requirements, as well as based on the accounting policies and accounting estimates as stated in "III. Significant Accounting Policies and Accounting Estimates" under the notes.

During the preparation of the financial statements, the Group has fully evaluated its ability to continue operating in the next 12 months from the balance sheet date. The Group has a record of profitable operation recently and adequate financial resource to support its operation, and considers it is reasonable to prepare the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group prepared the financial statements in accordance with Accounting Standards for Business Enterprises – General Principles and the specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter.

The Group's financial statements are stated at historical cost, with the exception of certain financial instruments which are measured at fair value. If an asset is impaired, corresponding provision for impairment shall be made in accordance with relevant regulations.

1. Implementation of the Interpretation No. 17 of Accounting Standards for Business Enterprises

On 25 October 2023, the Ministry of Finance of the PRC issued the Interpretation No. 17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21) (hereinafter referred to as "Interpretation No. 17"). The Interpretation No. 17 stipulated that, "Classification of Liabilities as Current or Non-current", "Disclosure of Supplier Financing Arrangements" and "Accounting Treatment of a Sale and Leaseback Transaction" thereunder came into effect from 1 January 2024.

The implementation of Interpretation No. 17 did not have a material impact on the financial statements for the current reporting period.

2. Declaration on compliance with the Accounting Standards for Business Enterprises

The accounting policies used in the preparation of the Group's interim consolidated financial statements for the period ended 30 June 2024 are consistent with the accounting policies followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, which complies with the requirements of Accounting Standards for Business Enterprises and give a true and full view of the financial position, operating results and cash flows of the Company and the Group.

3. Main taxes and tax rates

Tax category	Taxation basis	Tax rate (%)
Mainland China		
– Value-added tax	Taxable sales; revenue from processing and repair, fitting and labour services; revenue from modern service businesses; export revenue from sales	13, 9, 6, 5, 3, 0
– City maintenance and construction tax	Actual amount of payable turnover tax	7, 5
– Education surcharge	Actual amount of payable turnover tax	3
– Local education surcharge	Actual amount of payable turnover tax	2
– Corporate income tax	Taxable income	25, 20, 15
– Property tax	Taxable property value, rental income	12, 1.2
Hong Kong SAR profits tax		16.5
Macau SAR profits tax		0-12
Profits tax in other countries/regions		20-31.925

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

Among the financial statement data disclosed below, the data as of 30 June 2024 and for the six-month period are unaudited, and the data for the six-month period ended 30 June 2023 are unaudited.

1. Monetary funds

Item	30 June 2024	31 December 2023
Cash on hand	418,605	508,934
Bank deposits	28,738,964,938	39,109,913,866
Other monetary funds	351,825,457	389,690,957
Total	29,091,209,000	39,500,113,757
Including: Total amount deposited abroad	269,457,520	268,235,518
Including: Total amount deposited with AVIC Finance	17,703,784,732	26,829,638,872

Note: There is no limit on the remittance of the Group's overseas deposits.

2. Financial assets held for trading

Item	30 June 2024	31 December 2023
Financial assets at fair value through profit or loss	1,228,157,104	957,001,296
Including: Debt instrument investments	–	–
Equity instrument investments	24,157,104	86,876,638
Bank wealth management	1,204,000,000	870,124,658
Total	1,228,157,104	957,001,296

Note: The amounts in the Group's bank wealth management are all structured deposits.

3. Notes receivable

(1) Classified presentation of notes receivable

Item	30 June 2024	31 December 2023
Banker's acceptance bill	1,159,650,058	3,019,418,673
Commercial acceptance bill	3,366,772,011	10,434,435,833
Total	4,526,422,069	13,453,854,506

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Notes receivable (Continued)

(2) Notes receivable pledged

Item	Amount pledged at 30 June 2024
Banker's acceptance bill	491,901,265
Commercial acceptance bill	384,829,663
Total	876,730,928

(3) Classified presentation by bad debt accrual method

Category	30 June 2024					
	Book balance		Bad debt provision			Book value
	Amount	Proportion (%)	Amount	Provision	Proportion (%)	
Bad debt provision made individually	-	-	-	-	-	-
Bad debt provision made as per portfolio	4,583,593,158	100.00	57,171,089	1.25	4,526,422,069	-
Total	4,583,593,158	-	57,171,089	-	4,526,422,069	-

Category	31 December 2023					
	Book balance		Bad debt provision			Book value
	Amount	Proportion (%)	Amount	Provision	Proportion (%)	
Bad debt provision made individually	-	-	-	-	-	-
Bad debt provision made as per portfolio	13,585,812,686	100.00	131,958,180	0.97	13,453,854,506	-
Total	13,585,812,686	-	131,958,180	-	13,453,854,506	-

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Notes receivable (Continued)

(3) Classified presentation by bad debt accrual method (Continued)

1) Bad debt provision of notes receivable made as per portfolio

Name	Book balance	30 June 2024	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	1,160,325,631	675,573	0.06
Commercial acceptance bill	3,423,267,527	56,495,516	1.65
Total	4,583,593,158	57,171,089	–

Name	Book balance	31 December 2023	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	3,020,110,865	692,192	0.02
Commercial acceptance bill	10,565,701,821	131,265,988	1.24
Total	13,585,812,686	131,958,180	–

(4) Provisions for bad debt accrued, recovered and reversed for notes receivable in the current period

Category	Changes in the current period					30 June 2024
	31 December 2023	Accrued	Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision of notes receivable made as per portfolio	131,958,180	-74,787,091	–	–	–	57,171,089
Total	131,958,180	-74,787,091	–	–	–	57,171,089

(5) The Group had no notes receivable that were actually written-off in the current period.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable

Item	30 June 2024	31 December 2023
Accounts receivable	47,931,711,130	39,874,938,515
Less: Impairment provision	1,923,950,835	1,738,529,593
Net accounts receivable	46,007,760,295	38,136,408,922

(1) Classified presentation of accounts receivable by bad debt accrual method

Category of portfolio	Original value	30 June 2024		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Accounts receivable with bad debt provision made individually	259,511,548	99.65	258,602,029	909,519
Accounts receivable with bad debt provision made as per portfolio	47,672,199,582	3.49	1,665,348,806	46,006,850,776
Including: accounts receivable with bad debt provision made on the group of credit risk characteristics	47,672,199,582	3.49	1,665,348,806	46,006,850,776
Total	47,931,711,130	–	1,923,950,835	46,007,760,295

Category of portfolio	Original value	31 December 2023		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Accounts receivable with bad debt provision made individually	258,545,177	100.00	258,545,177	–
Accounts receivable with bad debt provision made as per portfolio	39,616,393,338	3.74	1,479,984,416	38,136,408,922
Including: accounts receivable with bad debt provision made on the group of credit risk characteristics	39,616,393,338	3.74	1,479,984,416	38,136,408,922
Total	39,874,938,515	–	1,738,529,593	38,136,408,922

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(1) Classified presentation of accounts receivable by bad debt accrual method (Continued)

1) Top five accounts receivable with bad debt provision made individually

Name	Book balance	30 June 2024		
		Bad debt provision	Provision proportion (%)	Reasons for provision
Company 1	82,527,118	82,527,118	100.00	All of it is expected to be unable to recover
Company 2	24,600,000	24,600,000	100.00	All of it is expected to be unable to recover
Company 3	23,561,105	23,561,105	100.00	All of it is expected to be unable to recover
Company 4	16,636,397	16,636,397	100.00	All of it is expected to be unable to recover
Company 5	11,763,924	11,763,924	100.00	All of it is expected to be unable to recover
Total	159,088,544	159,088,544	-	-

2) Bad debt provision of accounts receivable made by portfolio

Aging	30 June 2024		
	Book balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	38,239,048,157	335,288,425	0.88
1-2 years	7,322,188,929	556,118,239	7.59
2-3 years	1,047,983,902	250,707,692	23.92
Over 3 years	1,062,978,594	523,234,450	49.22
Total	47,672,199,582	1,665,348,806	-

Aging	31 December 2023		
	Book balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	33,083,657,128	278,053,124	0.84
1-2 years	4,732,859,418	435,631,417	9.20
2-3 years	820,909,294	229,853,913	28.00
Over 3 years	978,967,498	536,445,962	54.80
Total	39,616,393,338	1,479,984,416	-

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(2) Based on the date of transactions, ageing of accounts receivable is as follows

30 June 2024			
Ageing	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	38,328,699,871	422,836,331	1.10
1-2 years	7,327,538,299	568,608,614	7.76
2-3 years	1,093,408,888	258,889,687	23.68
3-4 years	422,118,699	171,772,483	40.69
4-5 years	251,401,848	135,004,880	53.70
Over 5 years	508,543,525	366,838,840	72.14
Total	47,931,711,130	1,923,950,835	–
31 December 2023			
Ageing	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	33,169,017,238	363,475,601	1.10
1-2 years	4,743,495,026	446,267,025	9.41
2-3 years	833,515,192	242,459,811	29.09
3-4 years	423,790,534	170,469,511	40.22
4-5 years	215,282,052	143,612,550	66.71
Over 5 years	489,838,473	372,245,095	75.99
Total	39,874,938,515	1,738,529,593	–

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Accounts receivable (Continued)

(3) Provisions for bad debt accrued, recovered and reversed for accounts receivable in the current period

Category	31 December 2023	Accrued	Changes in the current period			30 June 2024
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision for accounts receivable	1,738,529,593	186,364,110	924,014	68	18,786	1,923,950,835
Total	1,738,529,593	186,364,110	924,014	68	18,786	1,923,950,835

Note: Other decreases were mainly due to translation differences in the foreign currency statements of AVIC JONHON Optronic Technology Co., Ltd. (中航光電科技股份有限公司).

(4) Accounts receivable actually written-off in the current period

Item	Write-off amount
Accounts receivable actually written-off	68

5. Prepayments

(1) Aging of prepayments

Item	30 June 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,448,955,983	24.96	2,157,888,777	31.70
1-2 years	223,349,161	3.85	280,578,194	4.12
2-3 years	180,705,783	3.11	4,354,847,525	63.97
Over 3 years	3,952,281,933	68.08	14,530,621	0.21
Total	5,805,292,860	-	6,807,845,117	-

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Prepayments (Continued)

(2) Prepayments with significant balances aged over 1 year and reasons of failure of timely settlement

Debtor company	Closing balance	Aging	Reason for being unsettled	Percentage of the total closing balance of prepayments (%)
Company 1	1,183,024,150	over 3 years	The contract has not been fully settled	20.38
Company 2	656,886,673	2-3 years, over 3 years	The contract has not been fully settled	11.32
Company 3	653,221,520	over 3 years	The contract has not been fully settled	11.25
Company 4	453,709,129	within 1 year, 1-2 years, 2-3 years, over 3 years	The contract has not been fully settled	7.82
Company 5	353,792,108	over 3 years	The contract has not been fully settled	6.09
Company 6	283,471,750	over 3 years	The contract has not been fully settled	4.88
Company 7	231,866,200	over 3 years	The contract has not been fully settled	3.99
Company 8	154,331,989	over 3 years	The contract has not been fully settled	2.66
Company 9	76,817,160	over 3 years	The contract has not been fully settled	1.32
Company 10	67,933,950	over 3 years	The contract has not been fully settled	1.17
Total	4,115,054,629	-	-	-

6. Other receivables

Item	30 June 2024	31 December 2023
Interests receivable	-	-
Dividends receivable	-	1,679,462
Other receivables	385,754,742	246,198,689
Total	385,754,742	247,878,151

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

6.1 Dividends receivable

Investee	30 June 2024	31 December 2023
Aviation Gyro (Xi'an) Photoelectricity Technology Co., Ltd. (中航捷銳(西安)光電技術有限公司)	–	1,679,462
Total	–	1,679,462

6.2 Other receivables

(1) Classification of other receivables by nature

Nature of amount	30 June 2024	31 December 2023
Intercourse funds	374,920,141	238,252,675
Deposit and security	87,860,541	70,122,755
Petty cash and personal loan	31,357,620	38,812,921
Receivables and payables on behalf of other parties (Funds disbursed for others)	25,424,141	14,142,761
Tax refund and subsidy receivable	4,111,337	509,909
Equipment engineering cost	3,265,775	2,774,950
Borrowings	–	2,150,000
Others	11,138,862	24,900,456
Total	538,078,417	391,666,427

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

6.2 Other receivables (Continued)

(2) Bad debt provision for other receivables

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Lifetime expected credit loss (no credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance as at 1 January 2024	23,019,795	16,817,558	105,630,385	145,467,738
Book balance of other receivables on 1 January 2024				
in the current period	-	-	-	-
- Be transferred to Stage 2	-	-	-	-
- Be transferred to Stage 3	-	-	-	-
- Be transferred back to Stage 2	-	-	-	-
- Be transferred back to Stage 1	-	-	-	-
Provision made in the current period	6,358,681	-5,261,892	9,332,843	10,429,632
Amount transferred back in the current period	179,749	3,394,075	-	3,573,824
Amount written back in the current period	-	-	-	-
Amount written off in the current period	-	-	-	-
Other changes	129	-	-	129
Balance as at 30 June 2024	29,198,856	8,161,591	114,963,228	152,323,675

Note: Other changes were primarily due to the impact of changes in the exchange rate of AviChina Hong Kong Limited (中航科工香港有限公司), a subsidiary of the Company, resulting in an increase of RMB129 in bad debt provision of other receivables in the current period.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

6.2 Other receivables (Continued)

(3) Other receivables presented as per aging

Aging	30 June 2024	31 December 2023
Within 1 year (including 1 year)	295,269,422	203,326,590
1-2 years	70,345,615	34,152,260
2-3 years	29,855,627	29,803,694
3-4 years	31,802,254	25,337,282
4-5 years	13,473,287	5,796,788
Over 5 years	97,332,212	93,249,813
Subtotal	538,078,417	391,666,427
Less: Bad debt provision	152,323,675	145,467,738
Total	385,754,742	246,198,689

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

6.2 Other receivables (Continued)

(4) Other receivables with bad debt provision made on the group of expected credit risk characteristics

Category of portfolio	30 June 2024			
	Original book value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Bad debt provision made individually	66,109,827	100.00	66,109,827	–
Other receivables with bad debt provision made on the group of credit risk characteristics	471,968,590	18.27	86,213,848	385,754,742
Total	538,078,417	–	152,323,675	385,754,742

Category of portfolio	31 December 2023			
	Original book value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Bad debt provision made individually	62,690,482	100.00	62,690,482	–
Other receivables with bad debt provision made on the group of credit risk characteristics	328,975,945	25.16	82,777,256	246,198,689
Total	391,666,427	–	145,467,738	246,198,689

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Other receivables (Continued)

6.2 Other receivables (Continued)

(4) Other receivables with bad debt provision made on the group of expected credit risk characteristics (Continued)

1) Other receivables with bad debt provision made individually

Name	Book balance	30 June 2024		
		Bad debt provision	Provision Proportion (%)	Reasons for provision
Company 1	50,000,000	50,000,000	100.00	Overdue for a long time
Company 2	5,016,869	5,016,869	100.00	Expected to be unable to recover
Company 3	3,319,346	3,319,346	100.00	Expected to be unable to recover
Company 4	2,658,565	2,658,565	100.00	Counterparty ceased business operations
Other companies	5,115,047	5,115,047	100.00	Expected to be unable to recover
Total	66,109,827	66,109,827	-	-

Note: The other receivables for which the Group made bad debts provision individually this period were mainly due to the financial difficulties of the debtor or the long-aged accounts, which the management of the Group did not expect to recover.

(5) Provisions for bad debt accrued, recovered and reversed for other receivables in the current period

Category	31 December 2023	Accrued	Changes in the current period			30 June 2024
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debts provision for other receivables	145,467,738	10,429,632	3,573,824	-	-129	152,323,675
Total	145,467,738	10,429,632	3,573,824	-	-129	152,323,675

(6) The Group had no other receivables actually written off in the current period.

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Inventories

Item	Book balance	30 June 2024	
		performance costs	Impairment provision for inventory/impairment provision for contract
			Book value
Raw materials	14,682,223,644	473,576,008	14,208,647,636
Self-made semi-finished goods and products in progress	22,172,976,900	103,034,045	22,069,942,855
Finished goods	7,110,961,880	467,461,562	6,643,500,318
Turnover materials	456,533,063	567,966	455,965,097
Contract performance costs	210,980,379	–	210,980,379
Others	865,623,812	25,273,345	840,350,467
Total	45,499,299,678	1,069,912,926	44,429,386,752

Item	Book balance	31 December 2023	
		performance costs	Impairment provision for inventory/impairment provision for contract
			Book value
Raw materials	12,936,369,021	463,041,634	12,473,327,387
Self-made semi-finished goods and products in progress	19,335,971,377	87,300,949	19,248,670,428
Finished goods	7,242,492,898	489,098,148	6,753,394,750
Turnover materials	497,778,953	567,966	497,210,987
Contract performance costs	66,865,997	–	66,865,997
Others	1,107,662,038	26,140,927	1,081,521,111
Total	41,187,140,284	1,066,149,624	40,120,990,660

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets

(1) Contract assets

Item	Book balance	30 June 2024	
		Impairment provision	Book value
Aviation entire aircraft	6,874,445,252	85,435,038	6,789,010,214
Aviation engineering services	3,859,465,421	22,693,693	3,836,771,728
Aviation ancillary system and related business	495,173,085	6,529,812	488,643,273
Total	11,229,083,758	114,658,543	11,114,425,215

Item	Book balance	31 December 2023	
		Impairment provision	Book value
Aviation entire aircraft	1,107,495,407	53,149,466	1,054,345,941
Aviation engineering services	2,860,551,459	22,665,305	2,837,886,154
Aviation ancillary system and related business	38,816,634	478,209	38,338,425
Total	4,006,863,500	76,292,980	3,930,570,520

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Contract assets (Continued)

(2) Impairment provision for contract assets in the current period

Category	31 December 2023	Accrued	Changes in the current period			30 June 2024
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Aviation entire aircraft	53,149,466	33,857,913	1,572,341	–	–	85,435,038
Aviation engineering services	22,665,305	28,388	–	–	–	22,693,693
Aviation ancillary system and related business	478,209	6,063,222	11,619	–	–	6,529,812
Total	76,292,980	39,949,523	1,583,960	–	–	114,658,543

(3) Significant change in book value of contract assets in the current period

Item	Amount changed	Reasons for change
Aviation entire aircraft	5,734,664,273	Order fulfillment
Aviation engineering services	998,885,574	Order fulfillment
Aviation ancillary system and related business	450,304,848	Order fulfillment
Total	7,183,854,695	–

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Long-term equity investments

Investees	31 December 2023	Added investment	Decreased investment	Investment profit or loss recognized under equity method	Movement for the period			Impairment provision at the end of the period	Others	30 June 2024	
					Adjustment to other comprehensive income	Other changes in equity	Distribution of cash dividend or profit declared				
I. Joint ventures											
Xi'an AVIC Hamilton Sundstrand Aviation Electric Co., Ltd.* (西安中航漢勝航空電力有限公司)	68,797,432	-	-	-2,464,793	-	-	-	-	-	66,332,639	-
Qingdao Xinghang Photoelectric Technology Co., Ltd.* (青島興航光電技術有限公司)	357,136,325	-	-	33,778,566	-	-	79,116,120	-	-	311,798,771	-
Others	31,476,403	-	-	3,020,117	-	-	-	-	-	34,496,520	-
II. Associates											
AVIC Renewable Energy Investment Co., Ltd.* (中國航空工業新能源投資有限公司)	412,817,848	-	-	16,901,616	-	-	-	-	-	429,719,464	-
Jiangxi Hongdu Commercial Aircraft Corporation Limited* (江西洪都商用飛機股份有限公司)	308,381,087	-	-	825,042	-	-	510,000	-	-	308,696,129	-
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd.* (上海施耐德低壓終端電器有限公司)	144,928,801	-	-	41,573,015	-	-	-	-	-	186,501,816	-
AVIC Rongfu Fund Management Company Limited* (中航融富基金管理有限公司)	89,052,440	-	-	1,608,456	-375,000	-	-	-	-	90,285,896	-
Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd.* (施耐德梅蘭日蘭低壓(天津)有限公司)	72,197,560	-	-	3,861,524	-	-	-	-	-	76,059,084	-
Guangzhou Huazhi Auto Parts Co., Ltd.* (廣州華智汽車部件有限公司)	134,435,573	-	-	16,291,450	-	886,804	36,204,000	-	-	115,409,827	-
AVIC Hongguang Airborne Equipment Co., Ltd.* (宏光空降裝備有限公司)	242,296,704	-	-	3,922,691	-	-	16,224,674	-	-	229,994,721	-
Beijing Hanghua Refrigeration Equipment Co., Ltd.* (北京航華製冷設備有限公司)	366,576,245	-	-	3,036,127	-42,899	134,709	-	-	-	369,704,182	-
Others	253,774,703	21,000,000	18,608,205	-6,440,125	-	288,468	2,345,991	-	-	247,668,850	-
III. Circulation right for non-tradable shares											
Circulation right for non-tradable shares	354,739,885	-	-	-	-	-	-	-	-	354,739,885	-
Total	2,836,611,006	21,000,000	18,608,205	115,913,686	-417,899	1,309,981	134,400,785	-	-	2,821,407,784	-

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Other equity instrument investments

(1) Other equity instrument investments

Item	30 June 2024	31 December 2023
AVIC Shenyang Aircraft Company Limited* (中航瀋飛股份有限公司)	939,434,810	988,163,598
Beijing AviChina Phrase 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))	488,685,548	428,685,548
Harbin DongAn Automotive Engine Manufacturing Co., Ltd.* (哈爾濱東安汽車發動機制造有限公司)	467,700,000	467,700,000
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	334,818,284	313,645,952
Zhonghang Electric Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	318,722,176	308,156,800
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	297,006,336	416,076,444
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	174,000,000	174,000,000
Xi'an Qing'an Refrigeration Equipment Co., Ltd.* (西安慶安製冷設備股份有限公司)	109,112,816	109,112,816
Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd.* (哈爾濱哈飛航空客複合材料製造中心有限公司)	109,065,613	109,065,613
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工業投資有限責任公司)	104,773,496	104,773,496
Nanjing Guobo Electronics Co., Ltd.* (南京國博電子股份有限公司)	83,715,535	94,251,083
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	71,310,000	71,310,000
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	59,814,720	72,358,920
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	47,399,146	63,680,014
Aviation GYRO (Xi'an) Photoelectricity Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司)	42,547,186	37,791,531
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)	19,531,254	22,019,483
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	5,626,681	5,626,681
Others	8,391,333	9,277,326
Total	3,681,654,934	3,795,695,305

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Other equity instrument investments (Continued)

(2) Non-trading equity instrument investment in the period

Item	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designating at fair value through other comprehensive income	Reasons for transferring from other comprehensive income to retained earnings
AVIC Shenyang Aircraft Company Limited* (中航瀋飛股份有限公司)	9,370,921	605,834,814	-	-	Non-trading equity investments	-
Beijing AviChina Phrase I Aviation Industrial Investment Fund (Limited Partnership)* (北京中航一期航空工業產業投資基金 (有限合伙))	2,106,819	-	3,002,676	-	Non-trading equity investments	-
Harbin DongAn Automotive Engine Manufacturing Co., Ltd.* (哈爾濱東安汽車發動機製造有限公司)	-	392,700,000	-	-	Non-trading equity investments	-
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	4,415,498	134,818,292	-	-	Non-trading equity investments	-
Zhonghang Electric Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	-	260,144,672	-	-	Non-trading equity investments	-
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	-	-	246,469,992	-	Non-trading equity investments	-
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	-	-	6,000,000	-	Non-trading equity investments	-
Xi'an Qing'an Refrigeration Equipment Co., Ltd.* (西安慶安製冷設備股份有限公司)	-	-	-	-	Non-trading equity investments	-
Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd.* (哈爾濱哈飛空客複合材料製造中心有限 公司)	-	-	18,952,944	-	Non-trading equity investments	-
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工業投資有限責任公司)	-	44,773,496	-	-	Non-trading equity investments	-
Nanjing Guobo Electronics Co., Ltd.* (南京國博電子股份有限公司)	-	-	704,424	-	Non-trading equity investments	-

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Other equity instrument investments (Continued)

(2) Non-trading equity instrument investment in the period (Continued)

Item	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designating at fair value through other comprehensive income	Reasons for transferring from other comprehensive income to retained earnings
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	-	21,310,000	-	-	Non-trading equity investments	-
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	506,736	17,973,120	-	-	Non-trading equity investments	-
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	37,712	43,007,846	-	-	Non-trading equity investments	-
Aviation GYRO (Xi'an) Photoelectricity Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司)	-	5,164,070	-	-	Non-trading equity investments	-
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)	-	-	37,994,119	-	Non-trading equity investments	-
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	-	-	-	-	Non-trading equity investments	-
Others	56,215	587,234	73,000,000	-4,769,295	Non-trading equity investments	Disposal
Total	16,493,901	1,526,313,544	386,124,155	-4,769,295	-	-

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investment properties

(1) Investment properties measured at cost

Item	Plant & buildings	Land use right	Total
I. Original book value			
1. 31 December 2023	662,375,449	152,031,761	814,407,210
2. Increase in the current period	17,779,785	–	17,779,785
3. Decrease in the current period	1,078	13,440,000	13,441,078
4. 30 June 2024	680,154,156	138,591,761	818,745,917
II. Accumulated depreciation and accumulated amortization			
1. 31 December 2023	207,433,299	45,125,572	252,558,871
2. Increase in the current period	28,101,919	3,208,248	31,310,167
3. Decrease in the current period	11,312,251	5,745,094	17,057,345
4. 30 June 2024	224,222,967	42,588,726	266,811,693
III. Impairment provision			
1. 31 December 2023	–	–	–
2. Increase in the current period	–	–	–
3. Decrease in the current period	–	–	–
4. 30 June 2024	–	–	–
IV. Book value			
1. 30 June 2024	455,931,189	96,003,035	551,934,224
2. 31 December 2023	454,942,150	106,906,189	561,848,339

12. Fixed assets

Item	Book value on 30 June 2024	Book value on 31 December 2023
Fixed assets	22,238,209,588	22,366,653,723
Fixed assets in liquidation	5,131,996	2,251,372
Total	22,243,341,584	22,368,905,095

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed assets (Continued)

12.1 Fixed assets

(1) Details of fixed assets

Item	Plant & buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Office equipment	Others	Total
I. Original book value							
1. 31 December 2023	17,941,622,727	18,519,913,543	253,117,005	4,289,276,474	483,130,226	2,287,840,276	43,774,900,251
2. Increase in the current period	237,602,392	847,876,890	10,906,342	151,195,231	12,052,991	214,973,714	1,474,607,560
3. Decrease in the current period	24,215,835	344,722,378	13,342,519	196,295,594	2,159,175	37,714,020	618,449,521
4. 30 June 2024	18,155,009,284	19,023,068,055	250,680,828	4,244,176,111	493,024,042	2,465,099,970	44,631,058,290
II. Accumulated depreciation							
1. 31 December 2023	5,882,885,967	10,432,909,274	178,148,946	3,249,137,335	393,405,747	1,203,157,906	21,339,645,175
2. Increase in the current period	298,462,469	728,078,267	8,832,323	83,504,132	23,140,595	118,331,786	1,260,349,572
3. Decrease in the current period	14,901,208	191,141,895	11,671,929	31,295,254	2,022,527	35,069,692	286,102,505
4. 30 June 2024	6,166,447,228	10,969,845,646	175,309,340	3,301,346,213	414,523,815	1,286,420,000	22,313,892,242
III. Impairment provision							
1. 31 December 2023	3,446,980	62,154,222	48,221	221,094	-	2,730,836	68,601,353
2. Increase in the current period	-	14,147,386	-	-	-	20,593	14,167,979
3. Decrease in the current period	-	3,810,776	-	2,096	-	-	3,812,872
4. 30 June 2024	3,446,980	72,490,832	48,221	218,998	-	2,751,429	78,956,460
IV. Book value							
1. 30 June 2024	11,985,115,076	7,980,731,577	75,323,267	942,610,900	78,500,227	1,175,928,541	22,238,209,588
2. 31 December 2023	12,055,289,780	8,024,850,047	74,919,838	1,039,918,045	89,724,479	1,081,951,534	22,366,653,723

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed assets (Continued)

12.2 Fixed assets in liquidation

Item	30 June 2024	31 December 2023
Machinery equipment	3,939,753	1,564,901
Electronic equipment	960,184	481,679
Office equipment	91,048	96,727
Transportation vehicles	54,087	21,998
Others	86,924	86,067
Total	5,131,996	2,251,372

13. Construction in progress

Item	30 June 2024	31 December 2023
Construction in progress	5,150,161,278	4,437,643,212
Construction materials	–	–
Total	5,150,161,278	4,437,643,212

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Construction in progress (Continued)

13.1 Construction in progress

(1) Details of construction in progress

Item	30 June 2024			31 December 2023		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Basic Devices Industrial Park (Phase I)	1,226,404,782	-	1,226,404,782	1,038,080,294	-	1,038,080,294
High-end interconnect technology industrial community project	375,324,206	-	375,324,206	136,789,669	-	136,789,669
Infrastructure technical transformation projects	307,558,776	-	307,558,776	297,693,469	-	297,693,469
Civil Aircraft and Industrial Interconnection Industrial Park	295,606,855	-	295,606,855	94,069,224	-	94,069,224
Project of Shunyi New District	218,394,480	-	218,394,480	217,745,504	-	217,745,504
Huanan Industry Base Project	216,461,097	-	216,461,097	184,904,390	-	184,904,390
Self-made Equipment	209,002,913	-	209,002,913	190,351,052	-	190,351,052
SAPC project	141,572,616	-	141,572,616	126,823,981	-	126,823,981
X-001	119,882,740	-	119,882,740	157,500,913	-	157,500,913
Aviation air bleed subsystem production capacity enhancement project	59,859,726	-	59,859,726	53,831,682	-	53,831,682
Self-financing projects for technological reform	52,457,305	-	52,457,305	94,051,031	-	94,051,031
Research construction project 3	34,959,466	-	34,959,466	60,533,644	-	60,533,644
Convertible bond fundraising project	26,188,139	-	26,188,139	92,835,188	-	92,835,188
ZMPC project	17,835,507	-	17,835,507	180,435,122	-	180,435,122
Huiyang technology park	15,272,810	-	15,272,810	14,964,026	-	14,964,026
Infrastructure renovation project of building 2	14,896,468	-	14,896,468	13,705,881	-	13,705,881
Surface sewage treatment system upgrading and transform project	10,619,655	-	10,619,655	10,619,655	-	10,619,655
YGXP project	8,417,625	-	8,417,625	6,583,450	-	6,583,450
SH project	4,123,789	-	4,123,789	15,959,750	-	15,959,750
Dingkunchi industrial base (phase II)	1,791,000	-	1,791,000	9,735,035	-	9,735,035
Tianjin Helicopter industrial base construction project	1,800,720	-	1,800,720	2,584,352	-	2,584,352
Process layout adjustment	419,480	-	419,480	419,480	-	419,480
SSPC (Solid-state power controllers) module automatic recording platform	-	-	-	1,137,800	-	1,137,800
Others	1,795,765,722	4,454,599	1,791,311,123	1,440,743,219	4,454,599	1,436,288,620
Total	5,154,615,877	4,454,599	5,150,161,278	4,442,097,811	4,454,599	4,437,643,212

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Construction in progress (Continued)

13.1 Construction in progress (Continued)

(2) Changes of major construction in progress in the current period

Project name	31 December 2023	Increase in the current period	Decrease in the current period		30 June 2024	Budget	Cumulative investment in the project as a percentage of the budget (%)	Project progress (%)	Accumulated amount of interest capitalized	Including: capitalized amount of interest for the current period	Interest capitalization rate for the current period (%)	Sources of funds
			Transferred to fixed assets	Other decreases								
Basic Devices Industrial Park (Phase I)	1,038,080,294	205,925,316	17,600,828	-	1,226,404,782	2,269,000,000	93.79	99.81	-	-	-	Raised funds, self-financing
High-end interconnect technology industrial community project	136,789,669	238,534,537	-	-	375,324,206	2,719,300,000	21.14	20.96	72,372	72,372	2.30	Self-financing, loan
Infrastructure technical transformation projects	297,693,469	42,329,668	29,798,445	2,665,916	307,558,776	1,193,540,065	N/A	N/A	7,116,188	-	-	State funding, self-financing, loan
Civil Aircraft and Industrial Interconnection Industrial Park	94,069,224	201,537,631	-	-	295,606,855	1,698,000,000	23.42	28.41	67,469	67,469	2.30	Self-financing, loan
Project of Shunyi New District	217,745,504	648,976	-	-	218,394,480	280,259,000	76.00	76.00	-	-	-	State funding, Self-financing, loan
Huanan Industry Base Project	184,904,390	46,919,904	15,363,197	-	216,461,097	2,255,448,700	67.13	78.86	-	-	-	Raised funds, self-financing
Self-made Equipment	190,351,052	72,505,785	53,853,924	-	209,002,913	N/A	N/A	N/A	-	-	-	Self-financing
SAPC project	126,823,981	81,574,078	66,818,241	7,202	141,572,616	722,600,000	70.00	70.00	-	-	-	State funding, self-financing
X-001	157,500,913	-	22,054,177	15,563,996	119,882,740	226,520,000	92.00	88.00	-	-	-	State funding, self-financing
Aviation air bleed subsystem production capacity enhancement project	53,831,682	8,446,186	2,418,142	-	59,859,726	739,800,000	6.08	6.08	-	-	-	Self-financing
Self-financing projects for technological reform	94,051,031	39,251,207	59,506,568	21,338,365	52,457,305	28,000,000	99.00	99.00	-	-	-	Self-financing
Research construction project 3	60,533,644	4,902,675	30,476,853	-	34,959,466	279,100,000	61.16	61.16	-	-	-	State funding
Convertible bond fundraising project	92,835,188	24,638,340	58,064,592	33,220,797	26,188,139	544,490,000	N/A	N/A	-	-	-	Self-financing

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Construction in progress (Continued)

13.1 Construction in progress (Continued)

(2) Changes of major construction in progress in the current period (Continued)

Project name	31 December 2023	Increase in the current period	Decrease in the current period		30 June 2024	Budget	Cumulative investment in the project as a percentage of the Project budget (%)	Project progress (%)	Accumulated amount of interest capitalized	Including: capitalized amount of interest for the current period	Interest capitalization rate for the current period (%)	Sources of funds
			Transferred to fixed assets	Other decreases								
ZMPC project	180,435,122	-	-	162,599,615	17,835,507	241,600,000	99.00	99.00	-	-	-	State funding, self-financing
Huiyang technology park	14,964,026	390,247	-	81,463	15,272,810	671,840,000	99.00	99.00	-	-	-	Self-financing
Infrastructure renovation project of building 2	13,705,881	1,190,587	-	-	14,896,468	13,000,000	114.59	100.00	405,757	-	-	Self-financing
Surface sewage treatment system upgrading and transform project	10,619,655	-	-	-	10,619,655	29,950,000	90.00	90.00	-	-	-	Self-financing
YGXP project	6,583,450	10,963,637	-	9,129,462	8,417,625	198,620,000	99.00	100.00	-	-	-	State funding, self-financing
SH project	15,959,750	16,919,831	19,906,071	8,849,721	4,123,789	92,800,000	84.00	84.00	-	-	-	State funding, self-financing
Dingkunchi industrial base (phase II)	9,735,035	3,522,871	11,372,566	94,340	1,791,000	306,690,000	73.12	99.00	-	-	-	Raised funds
Tianjin Helicopter industrial base construction project	2,584,352	-	783,632	-	1,800,720	763,530,000	99.00	99.00	-	-	-	Self-financing
Process layout adjustment	419,480	-	-	-	419,480	12,028,000	3.00	3.00	-	-	-	Self-financing
SSPC (Solid-state power controllers) module automatic recording platform	1,137,800	-	1,137,800	-	-	1,200,000	100.00	100.00	-	-	-	Self-financing
Total	3,001,354,592	1,000,201,476	389,155,036	253,550,877	3,358,850,155	15,287,315,765	-	-	7,661,786	139,841	-	-

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Right-of-use assets

Item	Plant & buildings	Machinery equipment	Total
I. Original book value			
1. 31 December 2023	588,591,083	66,357,475	654,948,558
2. Increase in the current period	68,776,893	–	68,776,893
3. Decrease in the current period	26,969,524	–	26,969,524
4. 30 June 2024	630,398,452	66,357,475	696,755,927
II. Accumulated depreciation			
1. 31 December 2023	209,894,393	29,965,281	239,859,674
2. Increase in the current period	44,250,234	3,809,147	48,059,381
3. Decrease in the current period	15,482,433	–	15,482,433
4. 30 June 2024	238,662,194	33,774,428	272,436,622
III. Impairment provision			
1. 31 December 2023	–	–	–
2. Increase in the current period	–	–	–
3. Decrease in the current period	–	–	–
4. 30 June 2024	–	–	–
IV. Book value			
1. 30 June 2024	391,736,258	32,583,047	424,319,305
2. 31 December 2023	378,696,690	36,392,194	415,088,884

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Intangible assets

Item	Software	Land use right	Patent right	Non-patented technology	Trademark right	Concession	Customer resources and sales channel	Total
I. Original book value								
1. 31 December 2023	2,319,847,360	4,037,707,184	175,170,717	237,330,765	8,417,935	800,000	44,622,700	6,823,896,661
2. Increase in the current period	77,610,176	189,788,087	64,151	1,035,430	-	-	-	268,497,844
3. Decrease in the current period	14,086,553	-	3,825,793	-	-	400,000	-	18,312,346
4. 30 June 2024	2,383,370,983	4,227,495,271	171,409,075	238,366,195	8,417,935	400,000	44,622,700	7,074,082,159
II. Accumulated amortization								
1. 31 December 2023	1,548,245,311	947,800,417	153,649,298	97,229,783	8,417,935	800,000	32,384,459	2,788,527,203
2. Increase in the current period	88,676,423	210,543,056	712,515	10,925,750	-	-	-	310,857,744
3. Decrease in the current period	10,718,508	-	-	-	-	400,000	-	11,118,508
4. 30 June 2024	1,626,203,226	1,158,343,473	154,361,813	108,155,533	8,417,935	400,000	32,384,459	3,088,266,439
III. Impairment provision								
1. 31 December 2023	590,576	-	-	275,000	-	-	12,238,241	13,103,817
2. Increase in the current period	-	-	-	-	-	-	-	-
3. Decrease in the current period	-	-	-	-	-	-	-	-
4. 30 June 2024	590,576	-	-	275,000	-	-	12,238,241	13,103,817
IV. Book value								
1. 30 June 2024	756,577,181	3,069,151,798	17,047,262	129,935,662	-	-	-	3,972,711,903
2. 31 December 2023	771,011,473	3,089,906,767	21,521,419	139,825,982	-	-	-	4,022,265,641

There are no intangible assets formed through internal R&D in the Group at the end of the period.

16. Short-term borrowings

Category	30 June 2024	31 December 2023
Credit borrowings	8,895,423,416	4,813,472,656
Secured borrowings	3,094,000	184,311,097
Guaranteed borrowings	-	-
Total	8,898,517,416	4,997,783,753

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Notes payable

Category	30 June 2024	31 December 2023
Banker's acceptance bill	3,880,379,279	5,856,147,246
Commercial acceptance bill	5,387,541,797	5,812,744,376
Total	9,267,921,076	11,668,891,622

18. Accounts payable

(1) Presentation of accounts payable

Item	30 June 2024	31 December 2023
Materials costs payable	37,027,067,716	33,229,237,869
Construction costs payable	3,432,286,235	3,049,317,925
Equipment costs payable	1,265,920,429	1,013,870,812
Others	1,530,610,075	1,853,311,381
Total	43,255,884,455	39,145,737,987

(2) The ageing of accounts payable based on their transaction dates is analyzed as below

Aging	30 June 2024	31 December 2023
Within 1 year (including 1 year)	36,018,251,544	33,432,403,759
1-2 years	4,865,249,127	3,300,108,499
2-3 years	957,971,485	905,681,184
Over 3 years	1,414,412,299	1,507,544,545
Total	43,255,884,455	39,145,737,987

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Contract liabilities

(1) Details of contract liabilities

Item	30 June 2024	31 December 2023
Aviation entire aircraft	11,395,570,382	12,261,906,744
Aviation ancillary system and related business	2,922,328,367	5,398,233,865
Aviation engineering services	2,040,427,487	1,440,550,860
Total	16,358,326,236	19,100,691,469

(2) Significant change in book value of contract liabilities in the current period

Item	Amount changed	Reasons for change
Aviation entire aircraft	-866,336,362	Orders were delivered gradually
Aviation ancillary system and related business	-2,475,905,498	Orders were delivered gradually
Aviation engineering services	599,876,627	Increase in customer prepayments
Total	-2,742,365,233	-

20. Long-term borrowings

Category	30 June 2024	31 December 2023
Credit borrowings	5,453,702,365	5,979,549,104
Guaranteed borrowings	59,500,000	64,000,000
Secured borrowings	24,000,000	24,000,000
Total	5,537,202,365	6,067,549,104

Note: The interest rate range of the Group's long-term borrowings at the end of the period was 1.20% to 3.85% (1.08% to 4.37% at the beginning of the period).

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Lease liabilities

Item	30 June 2024	31 December 2023
Lease payment	571,942,305	562,042,654
Less: Unrecognized financing costs	121,233,948	128,914,504
Reclassification to non-current liabilities due within one year	92,101,669	90,466,176
Total	358,606,688	342,661,974

22. Share capital

Item	31 December 2023	Increase and decrease in the current period (+/-)					Subtotal	30 June 2024
		Issuance of new shares	Bonus issue	Conversion from reserves	Others			
Total shares	7,972,854,242	-	-	-	-	-	7,972,854,242	

23. Operating revenue and operating costs

Item	January to June 2024		January to June 2023	
	Revenue	Cost	Revenue	Cost
Main businesses	33,030,980,122	25,044,334,792	40,489,610,760	30,804,425,604
Other businesses	586,188,580	430,146,162	382,985,684	322,448,425
Total	33,617,168,702	25,474,480,954	40,872,596,444	31,126,874,029

Note: The revenue recognized by the Group from January to June 2024 included an amount of RMB4,361,169,883 that had been included in contract liabilities at the beginning of the year.

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Selling expenses

Item	January to June 2024	January to June 2023
Employee compensation	157,364,803	232,194,271
Business travel costs	55,972,025	51,198,516
After-sales service charges	42,472,382	43,147,885
Three guarantees loss and quality claim fees	40,432,140	30,606,975
Sales service charges	29,142,981	28,715,736
Advertising and publicity expenses	24,180,115	26,734,121
Sample and product losses	19,006,129	10,566,401
Exhibition fees	5,475,206	4,596,360
Office fees	3,977,835	3,610,180
Transportation costs	3,444,139	4,279,379
Depreciation and amortization costs	2,309,434	2,285,637
Packaging fees	1,327,033	1,510,956
Others	41,012,241	33,063,157
Total	426,116,463	472,509,574

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Administrative expenses

Item	January to June 2024	January to June 2023
Employee compensation	1,184,377,730	1,383,170,643
Depreciation and amortization costs	283,889,198	251,306,338
Amortization of equity incentives in the current period	132,205,699	150,776,590
Maintenance and repair costs	53,438,766	58,974,937
Labor protection costs	49,696,848	34,006,975
Property and afforestation fees	45,908,027	45,150,336
Business travel costs	44,147,726	44,570,251
Business entertainment expenses	39,979,479	49,182,672
Power and fuel expenses	38,784,522	27,260,394
Professional service fees	35,711,949	57,945,290
Office fees	31,890,411	34,534,271
Rental	23,089,692	25,124,249
Publicity expenses	11,340,978	7,749,240
Conference expenses	10,063,537	11,709,419
Insurance premium	10,026,981	24,559,294
Audit fees	5,965,543	7,043,652
Material amortization and consumption of low-value consumables	5,604,768	4,506,932
Transportation costs	5,378,367	5,365,700
Others	145,111,631	209,758,539
Total	2,156,611,852	2,432,695,722

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Research and development expenses

Item	January to June 2024	January to June 2023
Employee compensation	828,486,723	1,003,330,600
Materials expenses	542,454,369	802,183,141
Experimental and special fees	214,719,103	239,987,347
Outsourcing fee	126,394,091	124,373,566
Depreciation and amortization costs	81,913,693	90,424,028
Amortization of equity incentives in the current period	68,492,017	68,983,290
Transportation and business travel costs	52,545,535	40,995,971
Administrative expense	45,679,550	58,505,811
Power and fuel expenses	23,207,806	16,945,654
Design fees	10,935,237	22,178,769
Others	36,391,724	82,682,924
Total	2,031,219,848	2,550,591,101

27. Finance costs

Item	January to June 2024	January to June 2023
Interest expenses	161,363,428	197,257,598
Less: Interest incomes	247,237,336	321,819,736
Less: Interest capitalized	377,959	946,232
Add: Exchange gains or losses	-8,433,169	-30,305,603
Add: Other expenditures	19,212,946	4,942,878
Total	-75,472,090	-150,871,095

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Other income

Sources of other income	January to June 2024	January to June 2023
Value-added tax credit	181,426,097	615,366
Maintenance costs	56,280,000	45,100,000
Project subsidies	18,254,815	5,605,398
Special funds for the development	15,254,853	8,329,557
Refund of individual tax handling fee	9,032,760	6,577,095
Business assist and employment stabilization subsidies	8,779,375	3,860,989
Government relocation compensation	8,776,142	8,740,240
Production line subsidy	4,563,713	1,128,676
Thematic support fund for advanced technology applications	3,000,000	–
Instant value-added tax refund	2,847,921	10,755,902
High-tech allowance	1,820,000	200,000
Subsidies for research and development and industrialization project of a connector	1,147,500	5,015,632
Special funds for specialized, refined, differentiated, and innovative enterprises	1,100,000	–
R&D funds	420,000	5,599,149
Other income (such as subject projects)	–	3,259,680
Subsidies for other projects	31,902,179	47,327,335
Total	344,605,355	152,115,019

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29. Investment income

Item	January to June 2024	January to June 2023
Long-term equity investment incomes calculated at equity method	115,913,686	145,285,393
Investment income from disposal of long-term equity investments	344,047	49,338,996
Investment income from holding financial assets held for trading	702,296	1,276,637
Investment income from disposal of financial assets held for trading and other financial assets	14,666,810	19,722,422
Dividend income from holding other equity instrument investments	16,493,901	13,095,866
Gain on revaluation of remaining equity at fair value after losing control	–	–
Gain on debt restructuring	18,751,280	23,397,954
Investment income from disposal of financial liabilities held for trading	–	–
Gain on derecognition of financial assets measured at amortized cost	-2,851,330	-9,348,064
Others	23,776,454	17,998,659
Total	187,797,144	260,767,863

Note: Gain on debt restructuring mainly represents the cash discounts obtained by the Company's certain subsidiaries on settlement of the supply payment.

30. Income from changes in fair value

Source of income from changes in fair value	January to June 2024	January to June 2023
Financial assets held for trading	-2,047,187	-325,445
Including: Gain from changes in fair value of derivative financial instruments	–	–
Financial liabilities held for trading	-2,751,645	-7,800,105
Total	-4,798,832	-8,125,550

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Credit impairment loss

Item	January to June 2024	January to June 2023
Loss on bad debts of accounts receivable	-185,440,096	-226,739,444
Loss on bad debts of notes receivable	74,787,091	35,102,951
Loss on bad debts of other receivables	-6,825,741	-166,025
Other loss on bad debts	186,497	207,071
Total	-117,292,249	-191,595,447

32. Assets impairment loss

Item	January to June 2024	January to June 2023
Inventory write-down losses and contract performance cost impairment losses	-42,328,751	-121,044,427
Contract asset impairment losses	-38,365,563	-25,522,690
Fixed assets impairment losses	-14,167,979	–
Total	-94,862,293	-146,567,117

33. Income tax expenses

Item	January to June 2024	January to June 2023
Current income tax expenses	396,435,804	412,712,858
Deferred income tax expenses	-57,198,935	-48,002,758
Total	339,236,869	364,710,100

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(The notes to the financial statements are presented in RMB, except as otherwise noted)

IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Dividends

Item	January to June 2024	January to June 2023
Dividends recognized for distribution of 2023 final dividend: RMB0.088 per share (2022 final dividend: RMB0.08 per share)	701,611,173	616,906,579

The Board of Directors of the Company did not recommend interim dividend distribution for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

35. Earnings per share

In accordance with the Rules Governing the Preparation and Disclosure of Information by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) of China Securities Regulatory Commission, the basic earnings per share and diluted earnings per share of the Group from January to June 2024 are as follows:

Profit for the reporting period	Earnings per share (RMB/share)	
	Basic earnings per share	Diluted earnings per share
Net profit attributable to the owners of the parent company	0.157	0.157
Net profit attributable to the owners of the parent company after non-recurring profit or loss	0.148	0.148

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. CHANGES IN CONSOLIDATION SCOPE

1. Business combinations involving entities not under common control

The Group had no business combination involving entities not under common control during the current period.

2. Business combinations involving entities under common control

(1) Business combinations involving entities under common control occurred during the period

The Group had no business combination involving entities under common control during the current period.

3. Disposal of subsidiary

The Group had no disposal of subsidiaries during the current period.

4. Changes in consolidation scope for other reasons

During this period, Harbin Aviation Industry (Group) Co., Ltd.* (哈爾濱航空工業(集團)有限公司) and China Aviation Engineering Supervision (Beijing) Co., Ltd.* (中航工程監理(北京)有限公司) were deregistered.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. DISCLOSURE OF FAIR VALUE

1. The fair value of assets and liabilities measured at fair value at the end of the period

Item	Fair value at the end of the period			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Continuous fair value measurement				
(I) Financial assets held for trading	21,009,292	1,207,147,812	–	1,228,157,104
1. Financial assets at fair value through profit or loss	21,009,292	1,207,147,812	–	1,228,157,104
(1) Equity instrument investments	21,009,292	3,147,812	–	24,157,104
(2) Others	–	1,204,000,000	–	1,204,000,000
(II) Receivables financing	–	–	366,650,728	366,650,728
(III) Other equity instrument investments	2,106,756,176	1,370,852,008	204,046,750	3,681,654,934
(IV) Other non-current financial assets	–	–	18,608,205	18,608,205
Total assets continuously measured at fair value	2,127,765,468	2,577,999,820	589,305,683	5,295,070,971
(V) Financial liabilities held for trading	–	–	–	–
1. Financial liabilities at fair value through profit or loss	–	–	–	–
Total liabilities continuously measured at fair value	–	–	–	–
II. Non-continuous fair value measurement				
(I) Held-for-sale assets	–	–	–	–
Total assets not continuously measured at fair value	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VI. DISCLOSURE OF FAIR VALUE (Continued)

2. Basis for determining the market price of items continuously and not continuously measured at fair value of level 1

For financial instruments that are traded in an active market, the Group determines their fair value based on their quoted prices in the active market.

3. Qualitative and quantitative information on valuation technique and important parameters used for items continuously and not continuously measured at fair value of level 2

For financial instruments that are traded in similar active markets, the Group uses valuation techniques to determine their fair value. The valuation techniques used are the market approach and the cost approach.

4. Qualitative and quantitative information on valuation technique and important parameters used for items continuously and not continuously measured at fair value of level 3

The equity investment of the Group in Jinan Qingqi Motorcycle Co., Ltd. (濟南輕騎摩托車股份有限公司) is classified as financial assets at fair value through other comprehensive income, and represented as other equity instrument investments. As impairment provision has been fully made for the equity investment in Jinan Qingqi Motorcycle Co., Ltd., the fair value of the equity investment is identified as 0.

The receivables financing held by the Group are banker's acceptance bill with high credit ratings. Since all of these bills have maturities of one year or less, the acceptors have high credit and have never been exposed to the risk of default and refusal to pay, and the expected future cash flow recovery is equal to their carrying values, the fair values are judged to be consistent with the carrying values.

5. On-going fair value measurement items for which translation between levels did not occur during the period

6. The Group has no assets and liabilities that are not measured at fair value but disclosed at fair value

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION

(I) Relationship of related parties

1. Controlling shareholder and ultimate controlling party

(1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder and ultimate controlling party	Registration place	Nature of business	Registered capital	Shareholding proportion to the Company (%)	Proportion of voting right to the Company (%)
AVIC	Beijing	Development, production and sales of aircraft and related engines, airborne equipment and other aviation products	64,000,000,000	60.25	60.25

(2) Registered capital of controlling shareholder and the changes

Controlling shareholder	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
AVIC	64,000,000,000	–	–	64,000,000,000

(3) Shareholding or equity of controlling shareholder and the changes

Controlling shareholder	Amount of shareholding		Shareholding proportion (%)	
	30 June 2024	31 December 2023	Closing proportion	Opening proportion
AVIC (direct holding)	4,548,680,808	4,548,680,808	57.05	57.05
AVIC (indirect holding)	255,288,667	255,288,667	3.20	3.20
Total	4,803,969,475	4,803,969,475	60.25	60.25

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From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(I) Relationship of related parties (Continued)

2. Subsidiaries

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
				Direct	Indirect	
Jiangxi Hongdu Aviation Industry Co., Ltd.* (江西洪都航空工業股份有限公司) ("Hongdu Aviation")	Nanchang	Nanchang	Manufacturing	43.77	–	Business combinations under common control
AviChina Hong Kong Limited* (中航科工香港有限公司)	Hong Kong	Hong Kong	Investment	100.00	–	Invest to establish
AVIC Airborne Systems Co.,Ltd.* (中航機載系統股份有限公司) ("AVIC Airborne")	Shanghai, Chengdu,etc.	Beijing	Manufacturing	16.50	–	Business combinations under common control
AVIC JONHON Optron Technology Co., Ltd.* (中航光電科技股份有限公司) ("JONHON Optron")	Luoyang	Luoyang	Manufacturing	36.74	–	Business combinations under common control
Tianjin Aviation Mechanical and Electrical Co., Ltd.* (天津航空機電有限公司)	Tianjin	Tianjin	Manufacturing	100.00	–	Business combinations under common control
AVICOPTER PLC* (中航直升機股份有限公司) ("AVICOPTER")	Harbin	Harbin	Manufacturing	53.62	1.41	Business combinations under common control and others
China Aviation Planning and Design Institute Co., Ltd.* (中國航空規劃設計研究總院有限公司)	Beijing	Beijing	Construction	100.00	–	Business combinations under common control
AviChina Industrial Investment Co., Ltd.* (中航科工產業投資有限責任公司)	Shanghai	Shanghai	Investment	100.00	–	Invest to establish
AVIC Helicopter Co., Ltd.* (中航直升機有限責任公司)	Harbin	Tianjin	Manufacturing	100.00	–	Business combinations under common control

3. Joint ventures and associates

Please refer to Note IV. 9. Long-term equity investments for details of joint ventures and associates.

4. Other related parties

Other related parties of the Group are other members of AVIC.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(II) Related party transactions

1. Related party transactions of purchasing or selling goods, rendering and receiving services

(1) Purchasing goods/receiving services

Related party	Content of related transactions	January to June 2024	January to June 2023
Subsidiaries of AVIC	Purchasing goods	4,050,179,442	7,125,566,737
Associates of the Group	Purchasing goods	41,473,550	46,565,136
Joint ventures of the Group	Purchasing goods	178,438,234	269,601,112
Associates of AVIC	Purchasing goods	102,656,398	94,706,581
Joint ventures of AVIC	Purchasing goods	–	475,670
Subsidiaries of AVIC	Receiving services	348,976,016	93,586,361
Associates of the Group	Receiving services	1,113,150	–
Associates of AVIC	Receiving services	266,090	825,002
Total		4,723,102,880	7,631,326,599

(2) Selling goods/rendering services

Related party	Content of related transactions	January to June 2024	January to June 2023
AVIC	Sales of goods	–	227,087,530
Subsidiaries of AVIC	Sales of goods	9,625,223,390	13,512,920,243
Associates of the Group	Sales of goods	132,282,885	189,004,408
Joint ventures of the Group	Sales of goods	5,132,784	1,739,111
Associates of AVIC	Sales of goods	35,532,516	24,172,876
AVIC	Rendering services	551,867	12,421,792
Subsidiaries of AVIC	Rendering services	2,073,263,778	1,083,145,778
Associates of the Group	Rendering services	58,256,705	350,000
Associates of AVIC	Rendering services	–	1,139,262
Total		11,930,243,925	15,051,981,000

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(II) Related party transactions (Continued)

2. Related party trustee management

Name of the trustor	Name of the trustee	Type of assets entrusted	Trustee start date	Trustee termination date	Custody income pricing basis	Custody income recognized in the current period
AVIC Airborne Systems Company Limited* (中航機載系統有限公司) (AVIC Airborne Systems)	AVIC Airborne Systems Co., Ltd.* (中航機載系統股份有限公司)	Other asset custody	2024/1/1	2024/12/31	Notes 1, 2	50,184,717
Beijing Qingyun Aviation Equipment Co., Ltd.* (北京青雲航空設備有限公司)	Beijing Keeven Aviation Instrument Co., Ltd.* (北京青雲航空儀錶有限公司)	Other asset custody	2024/1/1	2024/12/31	Note 3	5,660,377
AVIC	China Aviation Planning and Design Institute Co., Ltd.* (中國航空規劃設計研究總院有限公司) (AVIC CAPDI)	Other asset custody	2022/1/1	2024/12/31	Note 4	–
AVIC Airborne Systems Company Limited* (中航機載系統有限公司)	AviChina Industry & Technology Company Limited (中國航空科技工業股份有限公司)	Other asset custody	2022/6/10	–	Note 5	–

Note 1: According to the Equity Trusteeship Agreement signed between AVIC Airborne and AVIC Airborne Systems, it is agreed that AVIC Airborne Systems will entrust the management of 14 subordinate enterprises and institutions under its control to AVIC Airborne. For the enterprises in the unit under custody that made profits in the current year, the trustee fee for the current year is 2% of the audited operating income of the target enterprise for the current year calculated in accordance with the equity ratio entrusted to AVIC Airborne (i.e.: the amount of operating income of a target company for the current year × the equity ratio for trusteeship management × 2%); for the units in the target enterprise that recorded losses in the current year, the trustee fee for the current year is RMB200,000.

Note 2: According to the Supplementary Agreement to the Custody Agreement signed between AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司) (AVIC Electromechanical) and AVIC Airborne Systems, it is agreed that AVIC Airborne Systems will entrust its 8 subordinate enterprises and institutions to AVIC Electromechanical for management. For the unit under custody that makes profits in the current year, the custodial fee for the current year is 3% of the audited operating income of the unit under custody calculated based on the proportion of equity managed by AVIC Electromechanical (i.e.: the amount of operating income of the unit under custody for the current year × the equity ratio for trusteeship management × 3%); for the unit under custody that incurred losses in the current year, the custodial fee for that year is RMB200,000.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(II) Related party transactions (Continued)

2. Related party trustee management (Continued)

Note 3: Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀錶有限公司), a subsidiary of AVIC Airborne, is entrusted by Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司) to manage the relevant business of Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司) and reached an entrusted management service agreement on entrusted management matters. The management fees to be paid by Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司) include but are not limited to labor wages, welfare fees and other service fees.

Note 4: According to the Entrusted Management Agreement signed between AVIC CAPDI and AVIC, it is agreed that AVIC will entrust AVIC Construction (Beijing) Technology Co., Ltd. (中航建發(北京)科技有限公司), which is 100% owned by AVIC, to AVIC CAPDI for management. The management fee is 3% of the audited consolidated net profit of AVIC Construction (Beijing) Technology Co., Ltd. in a year, and shall not be less than RMB500,000 per annum and not be less than the management costs.

Note 5: Pursuant to the Voting Rights Entrustment Agreement signed between AVIC Airborne Systems and AviChina Industry & Technology Company Limited in June 2022, AVIC Airborne Systems entrusted the voting rights of its equity interest in AVIC Airborne to the Company in its sole discretion.

3. Related lease

(1) The Group as a lessor

Type of related parties	January to June 2024		January to June 2023	
	Rental income	Proportion (%)	Rental income	Proportion (%)
Subsidiaries of AVIC	16,902,896	95.12	18,968,913	94.10
Associates of the Group	866,466	4.88	816,110	4.05
Associates of AVIC	–	–	372,095	1.85
Total	17,769,362	100.00	20,157,118	100.00

(2) The Group as a lessee

Type of related parties	January to June 2024		January to June 2023	
	Rental cost	Proportion (%)	Rental cost	Proportion (%)
Subsidiaries of AVIC	12,889,365	80.86	13,923,506	82.03
Associates of the Group	3,050,240	19.14	3,050,240	17.97
Total	15,939,605	100.00	16,973,746	100.00

Note: The rental cost recognized by the Group relating to its related parties include the amount of lease payments made by the Group to reimburse lease liabilities and the short-term leases and low-value lease charges paid to the profit or loss for the current period.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(II) Related party transactions (Continued)

4. Related party guarantees

(1) As the guarantor

Guarantor	Guaranteed party	Guaranteed amount	Starting date of guarantee	Due date of guarantee	Has the guarantee been fulfilled
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	2,924,000	2024-1-30	2025-1-30	No
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,386,000	2024-2-2	2025-2-2	No
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,386,000	2024-3-14	2025-3-14	No
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,386,000	2024-3-28	2025-3-28	No
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	2,924,000	2024-4-8	2025-4-8	No
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,239,800	2024-4-23	2025-4-23	No
AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司)	Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀錶有限公司)	42,500,000	2016-3-14	2031-3-13	No
AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司)	Beijing Keeven Avionics Technology Co., Ltd. (北京青雲航電科技有限公司)	26,000,000	2015-12-21	2030-12-20	No

Note 1: On 26 September 2022, Qing'an Group Co., Ltd., (慶安集團有限公司) a subsidiary of AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司) and AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司) signed the Maximum Guarantee Agreement, which stipulates that during the period from 25 May 2022 to 28 July 2025, Qing'an Group Co., Ltd. shall provide guarantee for the loan from Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司) to AVIC Finance Co., Ltd. as agreed. Xi'an Qing'an Refrigeration Equipment Co., Ltd. shall provide counter-guarantee with the machinery and equipment and land rental income right owned by it.

Note 2: In April 2023, AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司) (formerly China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司)), a subsidiary of the Company, completed the absorption and merger of AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司).

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(II) Related party transactions (Continued)

5. Other financial services

(1) Interest income

Type of related party	January to June 2024	January to June 2023
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	133,299,310	183,691,873

(2) Interest expense

Type of related party	January to June 2024	January to June 2023
Subsidiaries of AVIC	168,136,494	90,829,757

(3) Discount of notes receivable

Related party	January to June 2024		January to June 2023	
	Discounted amount	Discounted interest	Discounted amount	Discounted interest
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	55,669,813	239,139	633,069	3,261

(4) Acceptance of notes receivable

Related party	January to June 2024	January to June 2023
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	49,600,164	70,936,332

(5) Factored accounts receivable

Type of related party	January to June 2024	January to June 2023
Subsidiaries of AVIC	29,000,000	730,002,101

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(II) Related party transactions (Continued)

6. Other related party transactions

None.

(III) Balance of intercourse funds among related parties

1. Receivables

Item name	Related party	Book balance at 30 June 2024	Book balance at 31 December 2023
Accounts receivable	AVIC	757,847	1,325,728
Accounts receivable	Subsidiaries of AVIC	22,220,500,598	19,072,833,796
Accounts receivable	Associates of the Group	260,813,741	308,665,836
Accounts receivable	Joint ventures of the Group	553,016	630,969
Accounts receivable	Associates of AVIC	1,900,432	2,304,281
Notes receivable	Subsidiaries of AVIC	1,455,487,323	7,030,416,907
Notes receivable	Associates of the Group	–	1,543,000
Notes receivable	Associates of AVIC	–	200,000
Receivables financing	Subsidiaries of AVIC	–	298,000
Other receivables	AVIC	1,751,519	1,998,244
Other receivables	Subsidiaries of AVIC	202,964,928	22,492,481
Other receivables	Associates of the Group	16,561	–
Other receivables	Associates of AVIC	50,000,000	50,000,000
Prepayments	AVIC	286,551	–
Prepayments	Subsidiaries of AVIC	1,812,597,914	1,683,747,927
Prepayments	Associates of the Group	–	181,565
Prepayments	Associates of AVIC	21,835,634	3,884,521
Contract assets	AVIC	14,569,204	14,569,201
Contract assets	Subsidiaries of AVIC	1,825,155,608	841,049,520
Contract assets	Associates of the Group	28,622,809	3,844,651
Other non-current assets	Subsidiaries of AVIC	713,917,077	34,957,381
Total		28,611,730,762	29,074,944,008

Note: Other non-current assets included the long-term time deposits of RMB700 million placed with AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司).

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(III) Balance of intercourse funds among related parties (Continued)

2. Payables

Item name	Related party	Book balance at 30 June 2024	Book balance at 31 December 2023
Accounts payable	Subsidiaries of AVIC	8,335,994,730	8,101,541,012
Accounts payable	Associates of the Group	79,271,289	97,797,006
Accounts payable	Joint ventures of the Group	38,008,321	80,970,681
Accounts payable	Associates of AVIC	26,534,163	111,677,127
Accounts payable	Joint ventures of AVIC	–	539,898
Notes payable	Subsidiaries of AVIC	1,204,198,398	1,160,376,514
Notes payable	Associates of the Group	8,338,365	26,174,341
Notes payable	Joint ventures of the Group	111,835,020	191,378,307
Notes payable	Associates of AVIC	76,526,745	21,662,403
Other payables	AVIC	1,333,000	1,680,276
Other payables	Subsidiaries of AVIC	160,007,388	137,710,665
Other payables	Associates of the Group	–	625,865
Other payables	Associates of AVIC	2,860,944	–
Advance receipts	Subsidiaries of AVIC	13,888,316	16,478,818
Contract liabilities	AVIC	232,313	195,156
Contract liabilities	Subsidiaries of AVIC	6,912,173,073	8,800,305,582
Contract liabilities	Associates of the Group	2,646,697	22,082,478
Contract liabilities	Joint ventures of the Group	–	2,546
Contract liabilities	Associates of AVIC	57,524	196,859
Other current liabilities	Subsidiaries of AVIC	240,000,000	232,558,982
Other non-current liabilities	Subsidiaries of AVIC	495,500,000	412,453,042
Non-current liabilities due within one year	Subsidiaries of AVIC	250,485,356	197,247,574
Total		17,959,891,642	19,613,655,132

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

VII. RELATED PARTIES AND RELATED PARTY TRANSACTION (Continued)

(IV) Commitment of related parties

None.

(V) Director, supervisor and employee compensation

Item	January to June 2024	January to June 2023
Fees	420,000	420,000
Salaries, allowances and other expenses	1,849,477	1,772,529
Contribution to pension schemes	343,553	306,741
Bonus	1,631,539	1,148,400
Total	4,244,569	3,647,670

(VI) Loan of related party

Related Party	30 June 2024	31 December 2023
Subsidiaries of AVIC	12,383,961,027	8,039,582,542
Total	12,383,961,027	8,039,582,542

(VII) Others

Monetary funds deposited with related parties

Related Party	30 June 2024	31 December 2023
AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司)	17,703,784,732	26,829,638,872
AVIC Securities Co., Ltd. (中航證券有限公司)	31,536,923	18,674,557
Total	17,735,321,655	26,848,313,429

VIII. CONTINGENCIES

As of 30 June 2024, the Group had no material contingencies.

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

IX. COMMITMENTS

1. Capital commitments

Item	30 June 2024	31 December 2023
Capital commitments	124,605,143	43,107,084
Total	124,605,143	43,107,084

X. EVENTS AFTER THE BALANCE SHEET DATE

As of the disclosure date of the financial statements, the Group had no significant events to be disclosed after the balance sheet date.

XI. OTHER SIGNIFICANT MATTERS

1. Segment information

Financial information of the reportable segment during the period

January to June 2024/30 June 2024	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	7,654,514,985	21,381,659,294	4,580,994,423	-	33,617,168,702
Revenue from inter-segment transactions	-	482,517,578	2,616,504,501	-3,099,022,079	-
Investment income from associates and joint ventures	1,790,463	97,977,849	16,145,374	-	115,913,686
Asset impairment losses and credit impairment losses	-44,954,118	-170,553,130	3,317,189	35,517	-212,154,542
Depreciation and amortization costs	357,642,259	1,079,881,640	26,107,221	-	1,463,631,120
Profit before tax	265,049,885	3,417,351,029	205,061,211	-157,759,863	3,729,702,262
Income tax expense	34,181,942	284,434,604	17,227,216	3,393,107	339,236,869
Net profit	230,867,943	3,132,916,425	187,833,995	-161,152,970	3,390,465,393
Total assets	59,183,433,262	136,820,212,945	10,441,656,134	-20,817,951,170	185,627,351,171
Total liabilities	41,067,050,451	52,860,043,563	7,497,630,083	-5,576,628,681	95,848,095,416
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	2,774,065	200,697,716	-	-	203,471,781
Long-term equity investment in associates and joint ventures	447,849,887	1,540,564,635	478,253,377	-	2,466,667,899
Increase in other non-current assets other than long-term equity investments	-279,073,665	1,253,219,474	25,307,922	68,731,882	1,068,185,613

NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2024 to 30 June 2024

(The notes to the financial statements are presented in RMB, except as otherwise noted)

XI. OTHER SIGNIFICANT MATTERS (Continued)

1. Segment information (Continued)

Financial information of the report segment during the period (Continued)

January to June 2023/30 June 2023	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	9,746,582,063	26,892,869,461	4,233,144,920	–	40,872,596,444
Revenue from inter-segment transactions	–	3,313,516,567	371,218,694	-3,684,735,261	–
Investment income from associates and joint ventures	2,690,190	119,116,244	23,478,959	–	145,285,393
Asset impairment losses and credit impairment losses	-79,092,409	-249,141,326	-11,501,038	1,572,209	-338,162,564
Depreciation and amortization costs	351,338,164	958,017,478	68,439,879	–	1,377,795,521
Profit before tax	335,177,673	3,918,896,842	218,377,876	-161,663,755	4,310,788,636
Income tax expense	22,099,035	320,665,375	22,280,071	-334,381	364,710,100
Net profit	313,078,638	3,598,231,467	196,097,805	-161,329,374	3,946,078,536
Total assets	61,175,687,866	127,000,034,407	13,273,531,078	-23,166,368,485	178,282,884,866
Total liabilities	41,243,692,808	49,613,527,440	8,142,016,581	-5,520,204,688	93,479,032,141
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	14,008,404	214,503,667	–	–	228,512,071
Long-term equity investment in associates and joint ventures	442,807,029	1,354,895,233	465,771,087	–	2,263,473,349
Increase in other non-current assets other than long-term equity investments	-69,960,384	1,055,288,565	-15,185,358	-268,267,948	701,874,875

XII. SUPPLEMENTARY INFORMATION ON FINANCIAL STATEMENTS

None

AviChina Industry & Technology Company Limited

27 August 2024

BOARD OF DIRECTORS

Executive Director (Chairman)	Yan Lingxi
Executive Director	Sun Jizhong
Non-executive Director	Xu Dongsheng
Non-executive Director	Zhou Xunwen
Non-executive Director	Hu Shiwei
Non-executive Director	Xu Gang
Independent Non-executive Director	Liu Weiwu
Independent Non-executive Director	Mao Fugen
Independent Non-executive Director	Lin Guiping

SUPERVISORY COMMITTEE

Chairman	Nie Xiaoming
Supervisor	Guo Guangxin
Supervisor	Kang Yinglei

SENIOR MANAGEMENT

General Manager	Sun Jizhong
Chief Accountant	Wang Jingmin
Board Secretary	Zhao Zhuo

COMPANY SECRETARY

Wu Yun

THE NAME OF THE COMPANY

中國航空科技工業股份有限公司	
AviChina Industry & Technology Company Limited	
Abbreviation name in Chinese:	中航科工
Abbreviation name in English:	AVICHINA
Legal representative:	Yan Lingxi

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUTHORISED REPRESENTATIVES

Yan Lingxi Wu Yun

PRINCIPAL BANKERS

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Bank of Communications Co., Ltd.
No. 188, Yin Cheng Zhong Road, Pudong New District, Shanghai, the PRC

China Minsheng Banking Corp., Ltd.
No. 2 Fuxingmennei Street, Xicheng District, Beijing, the PRC

Bank of China Limited
No.1 Fuxingmennei Street, Xicheng District, Beijing, the PRC

PLACE OF LISTING, STOCK NAME AND STOCK CODE

Main Board of The Stock Exchange of Hong Kong Limited
(H Share)
Stock name: AVICHINA
Stock code: 2357

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SHARE REGISTRAR

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