



# 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)



# 2023

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 2023 prepared according to the China Accounting Standards for Business Enterprises.

Revenue	RMB40,873 million
Net profit attributable to the owners of the parent company	RMB1,543 million
Earnings per share	
– Basic and diluted	RMB0.199
Shareholders’ equity attributable to parent company	RMB30,885 million

### INTERIM DIVIDEND

The Board proposed that no interim dividend would be declared and paid for the six months ended 30 June 2023.

### BUSINESS REVIEW

In the first half of 2023, the global economy continued to experience a downward trend, and the economic recovery faced numerous uncertainties. China's economic encountered new difficulties and challenges, but remained positive overall rebound and long-term prospects with sustained recovery. Confronted with the complex and severe internal and external environment, Aviation Industry Corporation of China, Ltd.\* (中國航空工業集團有限公司) ("**AVIC**") persevered through difficulties, maintaining a favorable operational momentum. It consistently intensified efforts in independent technological innovation, achieved tangible results across various tasks, and pushed forward with high-quality development. AVIC has been listed in the Fortune Global 500 for 15 consecutive years, ranking the 150th. Meanwhile, AVIC ranked the second on the Global 500 of Aerospace and Defense Industry.

In the first half of 2023, the Group was committed to building a world-class aviation high-tech industrial group, practicing pragmatism, striving hard and being united, steadily developing its businesses and actively playing the roles of scientific and technological innovation, industry control and safety support. The Company was listed in the Fortune 500 listed companies in China, ranking 212nd.

In the first half of 2023, the Group continued to promote the restructuring and integration of business. AVICOPTER PLC\* (中航直升機股份有限公司) ("**AVICOPTER**") purchased the equity interests in Changhe Aircraft Industries (Group) Co., Ltd.\* (昌河飛機工業(集團)有限責任公司) ("**Changhe Aircraft**") and Harbin Aircraft Industry Group Co., Ltd.\* (哈爾濱飛機工業集團有限責任公司) ("**Harbin Aircraft**") held by the Company and AVIC respectively by way of issuing consideration shares, which would further integrate the helicopter business and enhance core competitiveness of the Group. China Avionics Systems Co., Ltd.\* (中航航空電子系統股份有限公司) ("**AVIC Avionics**") completed the Share Swap and Absorption of AVIC Electromechanical Systems Co., Ltd.\* (中航工業機電系統股份有限公司) ("**AVIC Electromechanical**") and changed its name to AVIC Airborne Systems Co., Ltd.\* (中航機載系統股份有限公司) (stock name: AVIC Airborne), which would further perfect the business of aviation ancillary system and vigorously promote the systematisation, integration and intelligentisation development of the airborne industry. Meanwhile, AVIC Avionics successfully raised supporting funds of approximately RMB5 billion to further optimize its capital structure and provide financial support for the research, development and production of airborne products. The 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**") subscribed for 261,522,000 domestic shares issued by the Company and became a strategic shareholder of the Company.

The core competitiveness of the Group's helicopter products continued to increase. The AC311A helicopter conducted a field forced landing test flight and emergency rescue exercise, and the major scientific and technological research and industrialization of AC313 large helicopter was selected as one of the top ten innovative achievements of Jiangxi Province in 2022, which reflected the continuous improvements in emergency rescue system. The AC352 helicopter successfully completed the type rating training standardization test of the Flight Standard Board to ensure efficient operation and flight safety. The AC332 helicopter completed the static test of the horizontal landing attitude under the single skid landing condition to limit the loading, making new progress in static test of the entire helicopter. The AC312E helicopter completed the test flight of the aviation remote sensing devices, which promoted the development of the aerial geophysical exploration and remote sensing application field.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group further enhanced its international competitiveness in general aviation products. The twin-engine turboprop commuting-type Y-12F aircraft was awarded the type certificate by the European Aviation Safety Agency (EASA), which marked the first time for a domestic aircraft to obtain EASA type certificate.

The trainer business of the Group made new progress. The first CJ-6 civil aircraft produced by Jiangxi Hongdu Aviation Industry Co., Ltd.\* (江西洪都航空工業股份有限公司) obtained the standard airworthiness certificate (AC), marking the first time that the CJ-6 civil aircraft was put into operation in the civil aviation market since it obtained the production permit (PC).

The aviation ancillary system and related business of the Group developed steadily. AVIC JONHON Optronic Technology Co., Ltd.\* (中航光電科技股份有限公司) (“**JONHON Optronic**”) commenced the project of integrated system for liquid cooling source series products, which pushed forward the leapfrog development of the liquid cooling business to a new stage. The first phase of the Huanan Industrial Base Project was put into operation smoothly, which pushed the high-end manufacturing industrialization standard to a new level. The six types of products developed by Chengdu CAIC Electronics Co., Ltd.\* (成都凱天電子股份有限公司) (“**AVIC Kaitian**”) such as atmospheric data equipment were awarded CTSOA certificates by the Civil Aviation Administration of China (CAAC), laying a solid foundation for the research and development and production of domestic civil aircraft. The smoke detector developed by Tianjin Aviation Mechanical and Electrical Co., Ltd.\* (天津航空機電有限公司) was awarded the CAAC-CTSOA certificate by the CAAC for the technical standard requirement project, which further expanded the market of civil aviation products.

The business scope of the Group’s aviation engineering services business continued to expand. 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**”) won the 20th Tien-yow Jeme Civil Engineering Prize for two projects and the 15th Gold Award of China’s Construction Engineering Steel Structure for seven projects, continuously enhancing its market influence. The Group won the bid for the second final assembly line project of Airbus A320 series aircraft to better meet the market demand for Airbus aircraft; won the bid for the digital assembly production line of sensor, continuously upgrading its ability to build the digital and intelligent aviation system; won the bid for multiple ecological and environmental projects, contributing to the construction of an ecological energy environment with aviation wisdom and strength.

In the first half of 2023, the Group actively undertook economic and social responsibilities, continued to create economic, social and environmental values, implemented the “Carbon Peak and Carbon Neutrality” strategy, and made every effort to push forward the construction of green aviation, clean aviation and green zero-carbon aviation. The Group continued to improve the level of compliant operation, comprehensively enhanced the anti-risk ability, closely communicated with investors by creating various online and offline communication channels, and continuously enhanced its market image.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OUTLOOK

In the second half of 2023, AVIC will continue to strengthen scientific and technological innovation, collaborate in technological research and development and ensure a safe and stable supply chain of the industrial chain; enhance the scale and quality of strategic emerging industries, and promote the transformation and upgrading of the traditional industries; and implement the improvement actions of further reform, so as to continuously improve its core competitiveness and core functions.

30 October 2023 is the 20th anniversary of the listing of the Company, which is a milestone for us and also a new beginning. In the second half of 2023, the Group will continue to be committed to building a world-class aviation high-tech industrial group by seizing the opportunity to complete the integration and reorganization of the helicopter business. The Group will actively expand the influence through the Tianjin Helicopter Expo, support the construction of the civil helicopter industry base in Tianjin and advance the progress of civil helicopter industrialization. The Group will make further efforts to promote the Leading Innovative Power Project and pool strengths to carry out original and leading scientific and technological researches. The Group will optimize the industrial layout and actively seek the merger and acquisition opportunities in the domestic and overseas aviation industrial chain, thus further optimizing the capital structure and shareholders' structure. The Group will strengthen market connections and safeguard market image, enhance governance capability, prevent operational risks and continue to promote high-quality development.

## FINANCIAL REVIEW

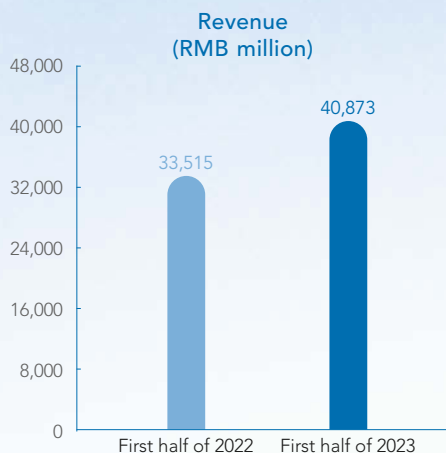
Due to the completion of the Share Swap and Absorption of AVIC Electromechanical by AVIC Avionics in April 2023, the financial data of the Group in the corresponding period of the preceding year was restated pursuant to the relevant regulations and requirements.

Unless otherwise stated, the financial data in the corresponding period of the preceding year referred in this report has been restated.

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.

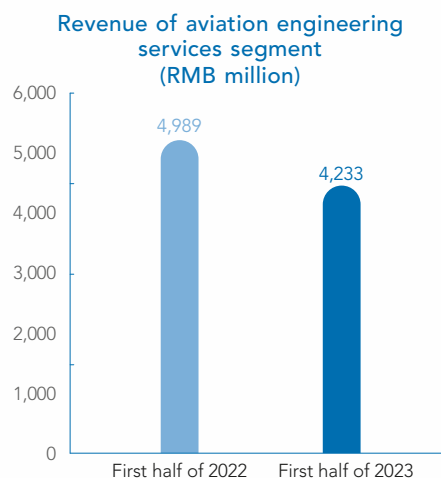
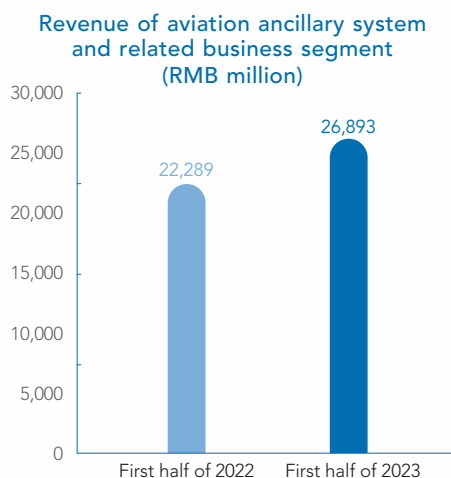
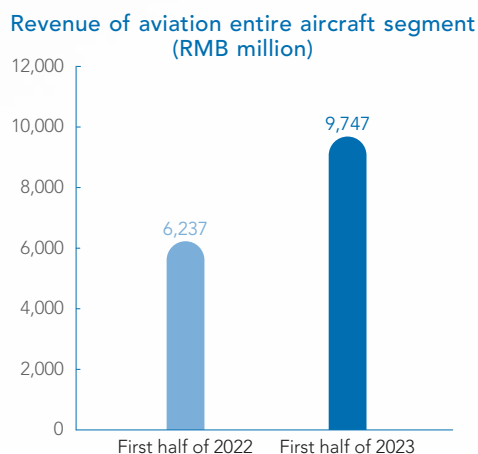
# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue



For the six months ended 30 June 2023, the Group recorded a revenue of RMB40,873 million, representing an increase of RMB7,358 million or 21.95% as compared with that of RMB33,515 million in the corresponding period of last year, which was mainly attributable to the increase in revenue of helicopters and avionics products.

## Segment Information



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2023, the revenue of the aviation entire aircraft segment of the Group amounted to RMB9,747 million, representing an increase of 56.28% as compared with that in the corresponding period of last year, which was mainly attributable to the increase in sales volume of helicopter products and the price adjustment of certain helicopter products during the reporting period. The revenue of the aviation entire aircraft segment accounted for 23.85% of the total revenue of the Group. The revenue of the aviation ancillary system and related business segment of the Group amounted to RMB26,893 million, representing an increase of 20.66% as compared with that in the corresponding period of last year, which was mainly attributable to the increase in revenue of avionics products during the reporting period. The revenue of the aviation ancillary system and related business segment accounted for 65.80% of the total revenue of the Group. The revenue of the aviation engineering services segment of the Group amounted to RMB4,233 million, representing a decrease of 15.15% as compared with that in the corresponding period of last year. This was mainly due to the continuous improvement of business structure, certain subsidiaries completed the disposal of new energy and other businesses at the end of the last year. The revenue of the aviation engineering services segment accounted for 10.35% of the total revenue of the Group.

For the six months ended 30 June 2023, the segment profit of the aviation entire aircraft segment of the Group amounted to RMB335 million, representing an increase of RMB242 million or 260.22% as compared with that of RMB93 million in the corresponding period of last year, which was mainly attributable to the increase in sales volume of helicopter products and the increase in gross profit due to the price adjustment of certain helicopter products. The segment profit of the aviation ancillary system and related business segment of the Group amounted to RMB4,316 million, representing an increase of RMB529 million or 13.97% as compared with that of RMB3,787 million in the corresponding period of last year, which was mainly attributable to the increase of gross profit driven by the increase of revenue from the avionics business. The segment profit of the aviation engineering services segment of the Group amounted to RMB218 million, representing a decrease of RMB20 million or 8.40% as compared with that of RMB238 million in the corresponding period of last year, the main reason was that certain subsidiaries completed the disposal of new energy and other businesses at the end of the last year.

### Gross Profit

For the six months ended 30 June 2023, the Group recorded a gross profit of RMB9,746 million, representing an increase of RMB1,685 million or 20.90% as compared with that of RMB8,061 million in the corresponding period of last year, which was mainly attributable to the increase in revenue of helicopters and avionics products and the price adjustment of certain helicopter products during the reporting period. The comprehensive gross profit margin was 23.84% 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 2023, the selling expenses of the Group amounted to RMB473 million, representing an increase of RMB72 million or 17.96% as compared with that of RMB401 million in the corresponding period of last year, which was mainly attributable to the increase in advertising and promotional expenses, sales personnel travel expenses, and sales service fees of the Group for expanding the market. The selling expenses accounted for 1.16% of the revenue during the reporting period, representing a decrease of 0.04 percentage point as compared with that of 1.20% in the corresponding period of last year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative Expenses

For the six months ended 30 June 2023, the administrative expenses of the Group amounted to RMB2,433 million, representing an increase of RMB213 million or 9.59% as compared with that of RMB2,220 million in the corresponding period of last year, which was mainly attributable to the increase in the amortization of the equity incentive during the reporting period due to the completion of the grant of shares under the A-share Restricted Stock Incentive Plan (Phase III) by JONHON Optronics (a subsidiary of the Company) at the end of December 2022. The administrative expenses accounted for 5.95% of the revenue during the reporting period, representing a decrease of 0.67 percentage point as compared with that of 6.62% in the corresponding period of last year.

### Research and Development Expenses

For the six months ended 30 June 2023, the R&D expenses of the Group amounted to RMB2,551 million, representing an increase of RMB539 million or 26.79% as compared with that of RMB2,012 million in the corresponding period of last year, which was mainly attributable to the enhanced R&D input by certain subsidiaries during the reporting period. The R&D expenses accounted for 6.24% of the revenue during the reporting period, representing an increase of 0.24 percentage point as compared with that of 6.00% in the corresponding period of last year.

### Finance Costs

For the six months ended 30 June 2023, the finance costs of the Group amounted to RMB-151 million, which was basically the same as compared with that in the corresponding period of last year. Details are set out in Note 27 to the financial statements.

### Net Profit Attributable to the Owners of the Parent Company

For the six months ended 30 June 2023, the net profit attributable to the owners of the parent company amounted to RMB1,543 million, representing an increase of RMB326 million or 26.79% as compared with that of RMB1,217 million in the corresponding period of last year, which was mainly attributable to the increase in revenue of helicopters and avionics products and the increase in gross profit due to the price adjustment of certain helicopter products during the reporting period.

### Liquidity and Financial Resources

As at 30 June 2023, the cash and cash equivalents of the Group amounted to RMB28,613 million, which were mainly derived from cash and bank deposits at the beginning of 2023, funds generated from non-public issuance of domestic shares by the Company during the reporting period, funds generated from non-public issuance of A shares by a subsidiary during the reporting period and funds generated from business operations during the reporting period.

As at 30 June 2023, the total borrowings of the Group amounted to RMB14,046 million, of which short-term borrowings amounted to RMB6,041 million, current portion of long-term borrowings amounted to RMB1,581 million, and non-current portion of long-term borrowings amounted to RMB6,424 million.

As at 30 June 2023, the bank borrowings of the Group amounted to RMB6,585 million with an average interest rate of 3% per annum, representing a decrease of RMB693 million as compared with that at the beginning of the reporting period; and other borrowings amounted to RMB7,461 million with an average interest rate of 3% per annum, representing an increase of RMB196 million as compared with that at the beginning of the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MORTGAGED AND PLEDGED LOANS

As at 30 June 2023, the Group's total mortgaged and pledged borrowings amounted to RMB267 million, among which RMB92 million was mortgaged by house buildings with a net book value of RMB9 million and RMB175 million was pledged by notes receivable and accounts receivable with a net book value of RMB179 million.

## GEARING RATIO

As at 30 June 2023, the Group's gearing ratio was 7.88% (8.12% as at 31 December 2022 (as restated)), which was derived from dividing the total borrowings by the total assets as at 30 June 2023.

## 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 "Directors") 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 2023, the Group had no significant contingent liabilities.

## MATERIAL ACQUISITIONS AND DISPOSALS

On 13 April 2023, AVIC Avionics issued 2,567,240,755 A shares as a result of the Share Swap and Absorption, and the total issued share capital of AVIC Avionics increased from 1,917,798,835 shares to 4,485,039,590 shares. On 18 July 2023, AVIC Avionics issued 353,857,040 A shares as a result of the Subscription, and the total issued share capital of AVIC Avionics increased from 4,485,039,590 shares to 4,838,896,630 shares. By then, the Share Swap and Absorption and Subscription has been completed. For details, please refer to the announcements of the Company dated 26 May 2022, 10 June 2022, 26 October 2022, 13 April 2023 and 18 July 2023, and the circular of the Company dated 29 September 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 18 July 2023, (i) the Company, AVIC and AVICOPTER entered into the Asset Acquisition Supplemental Agreement II to, among others, agree the Consideration and the number of Consideration Shares; (ii) the Company and AVICOPTER entered into the Profit Undertaking Agreement pursuant to which the Company agreed to compensate AVICOPTER under certain events; (iii) the Company and AVICOPTER entered into the Supplemental Agreement I of Share Subscription Agreement I to, among others, amend the conditions to effectiveness of the Share Subscription Agreement I; and (iv) AVIC Airborne Systems and AVICOPTER entered into the Supplemental Agreement I of Share Subscription Agreement II to, among others, amend the conditions to effectiveness of the Share Subscription Agreement II. Immediately prior to and after completion, (i) the Company shall be directly interested in approximately 92.43% and indirectly interested in approximately 53.62% in Changhe Aircraft, respectively; and (ii) the Company shall be directly interested in approximately 80.79% and indirectly interested in approximately 53.62% in Harbin Aircraft, respectively. Upon completion, Changhe Aircraft and Harbin Aircraft shall remain as subsidiaries of the Company and shall continue to be consolidated into the Group's accounts. As the transactions contemplated under the Asset Acquisition Agreements involve (i) a disposal of a majority interest in Changhe Aircraft and Harbin Aircraft by the Company; and (ii) an acquisition of the same by AVICOPTER (being a subsidiary of the Company), they are in substance a group reorganization which will result in an effective net disposal of approximately 38.81% and 27.17% equity interest in Changhe Aircraft and Harbin Aircraft, respectively, to the minority shareholders of AVICOPTER. Application has been made to, and approval has been obtained from, the HongKong Stock Exchange for the adoption of the Alternative Tests in respect of the Net Disposals pursuant to Rule 14.20 of the Listing Rules. As the highest of the relevant percentage ratios (after adopting the Alternative Tests) in respect of the Net Disposals are less than 25%, the Net Disposals constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. On 18 July 2023, AVICOPTER was a subsidiary of the Company and was held directly and indirectly as to 49.30% in aggregate by the Company. Immediately upon Completion, the Company shall be directly and indirectly interested in approximately 53.62% of the total issued shares of AVICOPTER. Therefore, the issue of 120,850,378 Consideration Shares to the Company shall constitute an acquisition by the Company under Chapter 14 of the Listing Rules. As the highest of the relevant percentage ratios in respect of the acquisition are less than 5%, the acquisition does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. On 18 July 2023, AVIC was the controlling Shareholder of the Company and it held approximately 60.25% equity interests in the Company directly and indirectly. The acquisition of 7.57% and 19.21% equity interests in Changhe Aircraft and Harbin Aircraft, respectively, by AVICOPTER from AVIC constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest of the relevant percentage ratios (other than the profit ratio) for the acquisition of 7.57% and 19.21% equity interests in Changhe Aircraft and Harbin Aircraft by AVICOPTER is more than 0.1% but less than 5%, the acquisition is subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Besides, On 18 July 2023, other than the interests held by the Group in AVICOPTER, AVIC was indirectly interested in approximately 0.95% of the total issued shares of AVICOPTER. Immediately upon Completion, AVIC will be directly and indirectly interested in approximately 3.67% of the total issued shares of AVICOPTER (other than the interests held by the Group in AVICOPTER). As the Company's interests in AVICOPTER will be diluted upon the issue of an aggregate of 21,278,892 Consideration Shares to AVIC, such issue of an aggregate of 21,278,892 Consideration Shares constitutes deemed disposal of interests in AVICOPTER and a connected transaction of the Company under Rule 14A.24 of the Listing Rules. As the highest of the relevant percentage ratios (other than the profit ratio) for the issue of an aggregate of 21,278,892 Consideration Shares to AVIC is more than 0.1% but less than 5%, such issue of Consideration Shares is subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated 23 December 2022, 9 January 2023, 15 March 2023 and 18 July 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## USE OF PROCEEDS

As at 30 June 2023, a total of RMB6,521 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 the supplement working capital. 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**”). 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. However, due to factors such as the COVID-19 pandemic, 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 2023	Utilized net proceeds up to 30 June 2023	Unutilized net proceeds as of 30 June 2023	Expected timeline for completion of utilization of the net proceeds
<b>H Share Placing</b>				
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 RMB963 million, of which approximately RMB812 million was used in investment in aviation product businesses and approximately RMB151 million was used in industrialization projects of aviation research institutes and investment fund for aviation business	Approximately RMB239 million will all be intended to use in investment in aviation product businesses	2024 or before
<b>Domestic Shares Issuance</b>				
To supplement working capital	Approximately RMB1,000 million, all used to supplement the working capital	Approximately RMB1,000 million, all used to supplement the working capital	Nil	All used to supplement the working capital

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES

As at 30 June 2023, the Group had 67,121 employees. The Group's staff costs amounted to RMB7,305 million for the six months ended 30 June 2023, representing an increase of RMB650 million or 9.77% as compared with that of RMB6,655 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 2022 annual report of the Company dated 26 April 2023 (the "**2022 Annual Report**").

### CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to the 2022 Annual Report for the change of Directors, supervisors and senior management as at the date of the 2022 Annual Report.

At the annual general meeting held on 18 May 2023, Mr. Sun Jizhong has been appointed as executive Director, for a term of office commencing from the date on which his proposed appointment is approved at the annual general meeting until the date on which the election of the new session of the Board is resolved at the annual general meeting to be convened in 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 10 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. The Board has also confirmed that, having made specific enquiries of all the Directors and supervisors, all the Directors and supervisors of the Company had complied with the required standards for securities transactions by Directors and supervisors set out in the Model Code for the six months ended 30 June 2023.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, save as disclosed below and to the best knowledge of the Directors, none of the Directors, supervisors or chief executive of the Company had interests or held short positions in the shares (“**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 Divisions 7 and 8 of Part XV of the SFO.

Name of Director/ Supervisor	Class 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
Zheng Qiang (a supervisor)	H Share	Beneficial owner	239,687	0.003%	Long position
		Interest of Spouse	966	0.000%	Long position
Zhao Zhuo (a supervisor)	H Share	Beneficial owner	69,110	0.001%	Long position

Note: As at 30 June 2023, Mr. Sun Jizhong held 48,513 A shares in AVIC Shenfei Aircraft Company Limited\* (中航沈飛股份有限公司) (“**AVIC Shenfei**”), representing approximately 0.002% of the total issued share capital of AVIC Shenfei. Mr. Zheng Qiang held 33,500 A shares in AVIC Industry-Finance Holdings Co., Ltd\* (中航工業產融控股股份有限公司) (“**AVIC Industry-Finance**”), representing approximately 0.0003% of the total issued share capital of AVIC Industry-Finance. AVIC Shenfei and AVIC Industry-Finance are subsidiaries of AVIC, and therefore are 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 2023, to the best knowledge of the Directors, pursuant to the register of members kept under section 336 of the SFO, the shareholders holding 5% or more equity interests in the class Shares and underlying Shares of the Company were as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares	Approximate percentage of shareholdings to the same class 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	83.36%	Long position
Tianjin Free Trade Zone Investment Company Limited* (天津保稅區投資有限公司) (“ <b>Tianjin Free Trade Zone Investment</b> ”)	Domestic Shares (Note 2)	Beneficial owner	249,769,500	16.64%	Long position
Airbus (Note 3)	H Shares	Beneficial owner	312,255,827	5.03%	Long position

Note:

- 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, 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 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.
- European Aeronautic Defence and Space Company – EADS N.V. officially changed its name to Airbus on 1 January 2014.
- 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.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2023, the Company had not been notified of any other interests and short positions in 5% or more than 5% of the class Shares and underlying Shares of the Company which had been recorded in the register of members 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 and formulated the Terms of Reference of the Audit and Risk Management Committee in accordance with the actual situation of the Company and the Guide for Effective Audit Committees issued by the Hong Kong Institute of Certified Public Accountants and other rules. The Audit and Risk Management Committee had reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2023.

### CORPORATE GOVERNANCE

The Company has strictly complied with various applicable laws, rules and regulations as well as its articles of association to standardize its operation. After reviewing the corporate governance arrangement adopted by the Company, the Board is of the view that the Company has complied with the requirements of the principles and code provisions set out in the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules for the six months ended 30 June 2023.

### OTHER EVENTS

On 6 January 2023, (i) the Company, AVIC and Changhe Aircraft entered into Capital Contribution Agreement I, pursuant to which AVIC agreed to make a capital contribution of RMB124,630,126.37 in Changhe Aircraft by way of capitalisation of capital reserve (exclusively state-owned); and (ii) the Company, AVIC and Harbin Aircraft entered into Capital Contribution Agreement II, pursuant to which AVIC agreed to make a capital contribution of RMB604,948,510.10 in Harbin Aircraft by way of capitalisation of capital reserve (exclusively state-owned). Upon completion of the Capital Contribution, (i) the registered capital of Changhe Aircraft will increase from RMB442,591,998.72 to RMB478,821,686.62, the equity interests of the Company in Changhe Aircraft will be diluted from 100% to approximately 92.43%, and Changhe Aircraft will remain as a subsidiary of the Company; and (ii) the registered capital of Harbin Aircraft will increase from RMB1,184,958,700 to RMB1,466,723,259.90, the equity interests of the Company in Harbin Aircraft will be diluted from 100% to approximately 80.79%, and Harbin Aircraft will remain as a subsidiary of the Company. As at the date of this report, Changhe Aircraft and Harbin Aircraft are subsidiaries of the Company, and AVIC is the controlling shareholder of the Company. AVIC is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Capital Contribution constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As the Company's equity interests in Changhe Aircraft and Harbin Aircraft will be diluted upon completion of the Capital Contribution, the Capital Contribution also constitutes deemed disposal of equity interests in Changhe Aircraft and Harbin Aircraft under Rule 14A.24 of the Listing Rules. For details, please refer to the announcement of the Company dated 6 January 2023.



## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

On 10 February 2023, the Company, AviChina Industrial Investment Co., Ltd.\* (中航科工產業投資有限責任公司) (“**AviChina Industrial Investment**”), a wholly-owned subsidiary of the Company) and Beijing AviChina Phase I Aviation Industrial Investment Fund (Limited Partnership)\* (北京中航一期航空工業產業投資基金(有限合夥)) (“**the Fund**”) entered into the Property Transfer Agreements. Pursuant to the Property Transfer Agreements, the Company and AviChina Industrial Investment agreed to sell, and the Fund agreed to acquire (i) the 19.19% equity interests held by the Company in AVIC Jincheng Unmanned Systems Co., Ltd.\* (中航金城無人系統有限公司); (ii) the 10.00% equity interests held by the Company in AVIC Nanjing Electromechanical Technology Co., Ltd.\* (中航工業南京機電科技有限公司); (iii) the 35.26% equity interests held by the Company in AVIC Nanjing Servo Control Systems Co., Ltd.\* (中航工業南京伺服控制系統有限公司); (iv) the 18.44% equity interests held by AviChina Industrial Investment in AVIC Guohua (Shanghai) Laser Display Technology Co., Ltd.\* (中航國畫(上海)激光顯示科技有限公司); (v) the 23.4481% equity interests held by the Company in AVIC GYRO (Beijing) Photoelectricity Technology Co., Limited\* (中航捷銳(北京)光電技術有限公司); (vi) the 33.00% equity interests held by the Company in AVIC ATM System & Equipment Corporation Limited\* (中航空管系統裝備有限公司); and (vii) the 10,300,000 shares held by the Company in AVIC Biam New Materials Technology Engineering Co., Ltd.\* (中航百慕新材料技術工程股份有限公司) (representing 9.44% of the then total share capital of AVIC Biam New Materials Technology Engineering Co., Ltd.\*) (collectively “**the Target Equity Interests**”) at the total Consideration of RMB562.3924 million. As at the date of this report, AVIC is the controlling shareholder of the Company. The executive partner of the Fund is AVIC Rongfu Fund Management Co., Ltd.\* (中航融富基金管理有限公司) (“**AVIC Rongfu Fund**”), which is held as to more than 30% by AVIC. Therefore, AVIC Rongfu Fund and the Fund are connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Disposals constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 10 February 2023.

On 28 April 2023, AVIC Kaitian has entered into the Subscription Agreement and the Supplemental Subscription Agreement with AVIC Avionics, AVIC Investment Holdings Co., Ltd.\* (中航投資控股有限公司), AVIC Chengdu Aircraft Design Institute\* (中國航空工業集團公司成都飛機設計研究所) and AVIC Chengdu Aircraft Industrial (Group) Co., Ltd.\* (成都飛機工業(集團)有限責任公司) (the “**Existing Shareholders**”), Guangdong Hongtu Technology Co., Ltd.\* (廣東鴻圖科技股份有限公司), Beijing Avichina Phase I Aviation Industrial Investment Fund (Limited Partnership)\* (北京中航一期航空工業產業投資基金(有限合夥)), Royal Wind (Beijing) Aviation Asset Restructuring Private Equity Investment Partnership (Limited Partnership)\* (禦風(北京)航空資產結構調整私募股權投資基金合夥企業(有限合夥)) and AIC Yuhua (Shenzhen) Airborne Systems Industry Investment Partnership (Limited Partnership)\* (航投譽華(深圳)機載系統產業投資合夥企業(有限合夥)) (the “**External Strategic Investors**”), AVIC, and Chengdu Hengchuang Enterprise Management Partnership (Limited Partnership)\* (成都衡創企業管理合夥企業(有限合夥)), Chengdu Gengchuang Corporate Management Partnership (Limited Partnership)\* (成都耘創企業管理合夥企業(有限合夥)), Chengdu Lingchuang Enterprise Management Partnership (Limited Partnership)\* (成都凌創企業管理合夥企業(有限合夥)) and Chengdu Shengchuang Enterprise Management Partnership Enterprise (Limited Partnership)\* (成都勝創企業管理合夥企業(有限合夥)) (the “**Employee Stock Ownership Platforms**”). Pursuant to the Subscription Agreement and the Supplemental Subscription Agreement, the External Strategic Investors, AVIC and the Employee Stock Ownership Platforms have agreed to subscribe for new shares of AVIC Kaitian. Upon completion, the shareholding of AVIC Avionics in AVIC Kaitian has been diluted from approximately 88.30% to approximately 61.16%, and AVIC Kaitian remained as a subsidiary of the Company. For details, please refer to the announcements of the Company dated 10 December 2021, 10 June 2022, 1 May 2023 and 12 May 2023.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

On 9 May 2023, the Company and National Industrial Investment Fund entered into the Share Subscription Agreement, pursuant to which the Company has agreed to issue and National Industrial Investment Fund has agreed to subscribe for an aggregate of 261,522,000 Domestic Shares at the subscription price of HK\$4.34 (equivalent to approximately RMB3.82) per subscription share, which represents a premium of approximately 0.93% to the closing price of HK\$4.30 per H Share as quoted on the Hong Kong Stock Exchange on 9 May 2023 (i.e. the date of the Share Subscription Agreement). The Company intends to use all the net proceeds from the non-public issuance to replenish working capital. The total number of 261,522,000 Domestic Shares to be issued under the Share Subscription Agreement, with an aggregate nominal value of RMB261,522,000, represents (i) approximately 17.43% of the total number of issued Domestic Shares of the Company and approximately 3.39% of the total number of issued Shares of the Company as at the date of the Share Subscription Agreement; and (ii) approximately 14.84% of the enlarged total number of issued Domestic Shares after the completion and approximately 3.28% of the enlarged total number of issued Shares of the Company after the completion. After deducting the issuance expense, the net proceeds from the non-public issuance are approximately RMB999,798,848 and the net price per subscription share is approximately RMB3.82. The subscription shares were issued under the General Mandate. On 3 July 2023, the non-public issuance has been completed. Upon completion, the total number of issued shares of the Company increased from 7,711,332,242 Shares to 7,972,854,242 Shares, among which 6,210,662,836 Shares are overseas listed foreign invested Shares and 1,762,191,406 Shares are Domestic Shares. For details, please refer to the announcements of the Company dated 9 May 2023 and 3 July 2023.

### PURCHASE, SALE AND REDEMPTION OF SECURITIES

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

\* For identification purpose only

## Consolidated Balance Sheet

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2023 (Unaudited)	31 December 2022 (Restated)
<b>Current assets:</b>			
Monetary funds	1	30,673,140,070	43,773,730,634
Settlement reserve		–	–
Loans to banks and other financial institutions		–	–
Financial assets held for trading	2	1,470,657,979	529,364,682
Derivative financial assets		–	–
Notes receivable	3	6,489,509,876	12,224,148,437
Accounts receivable	4	42,783,409,725	30,600,251,049
Receivables financing		355,432,594	407,969,551
Prepayments	5	7,271,658,421	7,805,827,864
Premium receivable		–	–
Reinsurance premium receivable		–	–
Reinsurance contract provision receivable		–	–
Other receivables	6	355,041,411	244,684,808
Including: Interest receivable		–	–
Dividends receivable		7,812,442	11,812,442
Financial assets purchased under agreements to resell		–	–
Inventories	7	39,547,431,516	39,945,910,540
Contract assets	8	9,160,287,203	4,135,452,071
Held-for-sale assets		11,184,603	11,184,603
Non-current assets due within one year		400,000,000	500,000,000
Other current assets		1,335,487,896	750,629,028
<b>Total current assets</b>		<b>139,853,241,294</b>	<b>140,929,153,267</b>

## Consolidated Balance Sheet (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2023 (Unaudited)	31 December 2022 (Restated)
<b>Non-current assets:</b>			
Loans and advances		–	–
Debt investment		–	–
Other debt investment		–	–
Long-term receivables		1,241,950	1,241,950
Long-term equity investments	9	2,618,213,234	3,083,328,235
Other equity instrument investments	10	4,129,790,013	3,792,710,496
Other non-current financial assets		–	–
Investment properties	11	523,834,167	521,870,564
Fixed assets	12	20,656,902,873	19,915,295,010
Construction-in-progress	13	4,081,479,927	4,362,983,096
Bearer biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets	14	410,528,295	402,549,365
Intangible assets	15	3,836,927,702	3,876,726,846
Development expenditure		–	–
Goodwill		167,540,481	167,540,481
Long-term deferred expenses		60,773,174	43,290,729
Deferred income tax assets		768,621,532	713,346,879
Other non-current assets		1,173,790,224	1,312,000,048
<b>Total non-current assets</b>		<b>38,429,643,572</b>	<b>38,192,883,699</b>
<b>Total assets</b>		<b>178,282,884,866</b>	<b>179,122,036,966</b>

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2022, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2022 are restated for illustrative purposes as the Group has included AVIC Electromechanical, a subsidiary under common control, in the scope of consolidation.

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

## Consolidated Balance Sheet (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2023 (Unaudited)	31 December 2022 (Restated)
<b>Current Liabilities:</b>			
Short-term borrowings	16	5,880,162,744	6,876,412,133
Borrowings from the central bank		–	–
Placements from banks and other financial institutions		–	–
Financial liabilities held for trading		115,082,561	48,392,809
Derivative financial liabilities		–	–
Notes payable	17	8,999,359,908	13,387,068,195
Accounts payable	18	40,497,519,657	36,638,728,483
Advances		55,560,844	51,201,255
Contract liabilities	19	20,390,881,474	24,734,281,527
Financial assets sold under agreements to repurchase		–	–
Deposits and placements from other financial institutions		–	–
Securities brokering		–	–
Securities underwriting		–	–
Employee compensation payable		1,918,193,524	2,863,037,839
Tax payable		513,763,090	2,308,502,912
Other payables		3,241,143,052	3,736,744,970
Including: Interest payable		–	–
Dividends payable		159,017,804	142,061,557
Fees and commissions payable		–	–
Reinsurance amounts payable		–	–
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		1,685,225,020	4,558,751,262
Other current liabilities		661,016,378	992,063,138
<b>Total current liabilities</b>		<b>83,957,908,252</b>	<b>96,195,184,523</b>

## Consolidated Balance Sheet (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2023 (Unaudited)	31 December 2022 (Restated)
<b>Non-current liabilities:</b>			
Insurance contract reserves		–	–
Long-term borrowings	20	5,407,492,763	2,121,629,735
Bonds payable		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Lease liabilities	21	343,002,859	336,411,229
Long-term payables		-2,298,913,919	-1,402,886,040
Long-term employee compensation payable		1,707,745,890	1,452,124,635
Estimated liabilities		542,097,755	647,899,871
Deferred income		1,226,148,144	1,217,267,125
Deferred income tax liabilities		664,998,178	583,750,508
Other non-current liabilities		1,928,552,219	2,451,370,702
<b>Total non-current liabilities</b>		<b>9,521,123,889</b>	<b>7,407,567,765</b>
<b>Total liabilities</b>		<b>93,479,032,141</b>	<b>103,602,752,288</b>
<b>Shareholders' equity:</b>			
Share capital	22	7,972,854,242	7,711,332,242
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Capital reserves		13,472,531,843*	13,917,089,719*
Less: treasury shares		–	–
Other comprehensive income		384,533,447	211,164,546
Special reserves		586,809,959	510,537,937
Surplus reserves		373,902,267	373,902,267
General risk reserve		–	–
Undistributed profits		8,094,867,875*	7,169,523,872*
Total shareholders' equity attributable to parent company		30,885,499,633	29,893,550,583
Minority equity		53,918,353,092	45,625,734,095
<b>Total shareholders' equity</b>		<b>84,803,852,725</b>	<b>75,519,284,678</b>
<b>Total liabilities and shareholders' equity</b>		<b>178,282,884,866</b>	<b>179,122,036,966</b>

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2022, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2022 are restated for illustrative purposes as the Group has included AVIC Electromechanical, a subsidiary under common control, in the scope of consolidation.

\* As disclosed in the 2023 Interim Results Announcement dated on 22 August 2023, the capital reserves and undistributed profits at the end of the period were RMB14,511,191,965 and RMB7,056,207,753, respectively, and at the beginning of the period (as restated) were RMB14,955,749,841 and RMB6,130,863,750. The Company has corrected the mistake as above.

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

## Balance Sheet of the Company

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>Current assets:</b>		
Monetary funds	193,479,383	303,564,813
Financial assets held for trading	1,354,842,467	362,824,767
Derivative financial assets	–	–
Notes receivable	–	–
Accounts receivable	340,786	340,786
Receivables financing	–	–
Prepayments	761,255	–
Other receivables	273,719,366	249,082,153
Including: Interest receivable	–	–
Dividends receivable	18,519,114	–
Inventories	–	–
Contract assets	–	–
Held-for-sale assets	–	–
Non-current assets due within one year	400,000,000	500,000,000
Other current assets	2,190	–
<b>Total current assets</b>	<b>2,223,145,447</b>	<b>1,415,812,519</b>
<b>Non-current assets:</b>		
Debt investment	–	–
Other debt investment	–	–
Long-term receivables	1,191,950	1,191,952
Long-term equity investments	15,349,267,252	15,222,414,665
Other equity instrument investments	1,921,567,572	1,734,174,940
Other non-current financial assets	–	–
Investment properties	24,915,921	25,495,577
Fixed assets	362,400	452,440
Construction-in-progress	–	–
Bearer biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	13,522,535	14,137,265
Intangible assets	441,656	497,262
Development expenditure	–	–
Goodwill	–	–
Long-term deferred expenses	282,237	–
Deferred income tax assets	5,737,839	6,247,026
Other non-current assets	10,000,000	10,000,000
<b>Total non-current assets</b>	<b>17,327,289,362</b>	<b>17,014,611,127</b>
<b>Total assets</b>	<b>19,550,434,809</b>	<b>18,430,423,646</b>

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

## Balance Sheet of the Company (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>Current liabilities:</b>		
Short-term borrowings	-	-
Financial liabilities held for trading	-	-
Derivative financial liabilities	-	-
Notes payable	-	-
Accounts payable	-	-
Advances	-	-
Contract liabilities	-	-
Employee compensation payable	10,355,338	9,713,292
Tax payable	15,110,651	29,905,333
Other payables	441,204,591	472,394,752
Including: Interest payable	-	-
Dividends payable	-	-
Held-for-sale liabilities	-	-
Non-current liabilities due within one year	5,744,767	4,565,092
Other current liabilities	-	-
<b>Total current liabilities</b>	<b>472,415,347</b>	<b>516,578,469</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	-	-
Bonds payable	-	-
Including: Preferred shares	-	-
Perpetual bonds	-	-
Lease liabilities	7,179,112	8,391,617
Long-term payables	-	-
Long-term employee compensation payable	-	-
Estimated liabilities	-	-
Deferred income	-	-
Deferred income tax liabilities	165,045,058	114,883,960
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>172,224,170</b>	<b>123,275,577</b>
<b>Total liabilities</b>	<b>644,639,517</b>	<b>639,854,046</b>



## Balance Sheet of the Company (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2023 (Unaudited)	31 December 2022 (Audited)
<b>Shareholders' equity:</b>		
Share capital	7,972,854,242	7,711,332,242
Other equity instruments	–	–
Including: Preferred shares	–	–
Perpetual bonds	–	–
Capital reserves	9,014,813,278	8,276,651,521
Less: treasury shares	–	–
Other comprehensive income	482,227,858	330,433,384
Special reserves	–	–
Surplus reserves	373,902,265	373,902,265
Undistributed profits	1,061,997,649	1,098,250,188
<b>Total shareholders' equity</b>	<b>18,905,795,292</b>	<b>17,790,569,600</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,550,434,809</b>	<b>18,430,423,646</b>

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

## Consolidated Income Statement

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	January to June 2023 (Unaudited)	January to June 2022 (Restated)
<b>I. Total operating income</b>		<b>40,872,596,444</b>	<b>33,515,009,213</b>
Including: Operating revenue	23	40,872,596,444	33,515,009,213
Interest income		—	—
Earned premium		—	—
Fee and commission income		—	—
<b>II. Total operating cost</b>		<b>36,662,197,283</b>	<b>30,040,625,461</b>
Including: Operating cost	23	31,126,874,029	25,453,736,633
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		230,397,952	103,695,060
Selling expenses	24	472,509,574	401,393,836
Administrative expenses	25	2,432,695,722	2,219,800,473
Research and development expenses	26	2,550,591,101	2,012,264,615
Finance costs	27	-150,871,095	-150,265,156
Including: Interest expense		196,311,366	216,895,917
Interest income		321,819,736	262,491,452
Add: Other income	28	152,115,019	179,216,434
Investment income (loss to be listed with "-")	29	260,767,863	210,747,438
Including: Income from investment in associates and joint ventures		145,285,393	131,411,585
Derecognition income of financial assets at amortised cost		-9,348,064	-5,313,462
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	-8,125,550	5,314,476
Credit impairment loss (loss to be listed with "-")	31	-191,595,447	-242,939,489
Asset impairment loss (loss to be listed with "-")	32	-146,567,117	-123,155,974
Income from assets disposal (loss to be listed with "-")		910,677	2,679,867

## Consolidated Income Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	January to June 2023 (Unaudited)	January to June 2022 (Restated)
<b>III. Operating profit (loss to be listed with "-")</b>		<b>4,277,904,606</b>	3,506,246,504
Add: Non-operating income		40,912,358	35,628,475
Less: Non-operating expenses		8,028,328	14,029,244
<b>IV. Profit before tax (loss before tax to be listed with "-")</b>		<b>4,310,788,636</b>	3,527,845,735
Less: income tax expenses	33	364,710,100	377,837,424
<b>V. Net profit (net loss to be listed with "-")</b>		<b>3,946,078,536</b>	3,150,008,311
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with "-")		3,946,078,536	3,150,008,311
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 "-")		1,542,800,016	1,217,011,146
2. Minority profit and loss (net loss to be listed with "-")		2,403,278,520	1,932,997,165
<b>VI. Net of tax of other comprehensive income</b>		<b>238,845,762</b>	-595,148,350
Net of tax of other comprehensive income attributable to the owner of the parent company		175,165,301	-490,864,490
(I) Other comprehensive income that cannot be reclassified into profit or loss		174,650,169	-487,879,594
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		-	-111,465
3. Changes in fair value of other equity instrument investments		174,650,169	-487,768,129
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		515,132	-2,984,896
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		-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		517,809	-2,984,896
7. Others		-	-
Net of tax of other comprehensive income attributable to minority shareholders		63,680,461	-104,283,860

## Consolidated Income Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	January to June 2023 (Unaudited)	January to June 2022 (Restated)
<b>VII. Total comprehensive income</b>			
Total comprehensive income attributable to shareholders of the parent company		4,184,924,298	2,554,859,961
Total comprehensive income attributable to minority shareholders		1,717,965,317	726,146,656
		<b>2,466,958,981</b>	<b>1,828,713,305</b>
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	35	0.199	0.158
(II) Diluted earnings per share (RMB/share)	35	0.199	0.158

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2022, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2022 are restated for illustrative purposes as the Group has included AVIC Electromechanical, a subsidiary under common control, in the scope of consolidation.

The business combinations under common control occurred in this period, the net profit realised by the acquired company before the acquisition is RMB292,316,477. The net profit realised by the acquired company in the previous period was RMB581,660,063.

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

## Income Statement of the Company

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
<b>I. Operating income</b>	<b>464,686</b>	<b>1,778,432</b>
Less: Operating cost	664,859	1,304,395
Taxes and surcharges	431,406	1,063,073
Selling expenses	-	-
Administrative expenses	21,858,534	44,561,427
Research and development expenses	-	376,291
Finance costs	-4,910,362	-26,667,148
Including: Interest expenses	-	-
Interest income	-2,766,250	15,882,837
Add: Other income	151,161	975,864
Investment income (loss to be listed with "-")	617,957,414	704,129,833
Including: Income from investment in associates and joint ventures	32,390,286	32,390,286
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 "-")	-1,133,523	-13,865,631
Credit impairment loss (loss to be listed with "-")	-1,558,171	137,412
Asset impairment loss (loss to be listed with "-")	-	-
Income from assets disposal (loss to be listed with "-")	-	-
<b>II. Operating profit (loss to be listed with "-")</b>	<b>597,837,130</b>	<b>672,517,872</b>
Add: Non-operating income	-	-
Less: Non-operating expenses	408	2,899
<b>III. Profit before tax (loss before tax to be listed with "-")</b>	<b>597,836,722</b>	<b>672,514,973</b>
Less: income tax expenses	18,979,082	14,968,600
<b>IV. Net profit (net loss to be listed with "-")</b>	<b>578,857,640</b>	<b>657,546,373</b>
(I) Net profit from continuing operations (net loss to be listed with "-")	578,857,640	657,546,373
(II) Net profit from discontinuing operations (net loss to be listed with "-")	-	-

## Income Statement of the Company (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
<b>V. Net of tax of other comprehensive income</b>	<b>153,590,875</b>	<b>-187,550,816</b>
(I) Other comprehensive income that cannot be reclassified into profit or loss	153,590,875	-187,550,816
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	-	2,000,777
3. Changes in fair value of other equity instrument investments	153,590,875	-189,551,593
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	-	-
<b>VI. Total comprehensive income</b>	<b>732,448,515</b>	<b>469,995,557</b>

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

# Consolidated Cash Flow Statement

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Restated)
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	26,747,768,760	19,837,701,079
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	737,590,035	290,914,771
Other cash received relating to operating activities	1,885,003,289	1,913,991,833
<b>Subtotal of cash inflows from operating activities</b>	<b>29,370,362,085</b>	<b>22,042,607,683</b>
Cash paid for purchase of goods and receipt of services	29,549,967,307	22,041,152,583
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	7,939,920,372	7,303,320,509
Taxes and surcharges cash payments	3,768,470,175	984,058,042
Other cash paid relating to operating activities	3,351,472,576	2,405,482,134
<b>Subtotal of cash outflow from operating activities</b>	<b>44,609,830,430</b>	<b>32,734,013,268</b>
<b>Net cash flow from operating activities</b>	<b>-15,239,468,346</b>	<b>-10,691,405,585</b>

## Consolidated Cash Flow Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Restated)
<b>II. Cash flows from investing activities:</b>		
Cash received from return of investment	2,403,228,202	3,617,396,476
Cash received from investment income	187,774,846	113,753,852
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,263,017	5,647,585
Net cash received from disposal of subsidiaries and other business entities	–	181,136,711
Other cash received relating to investing activities	1,451,364,919	1,315,186,994
<b>Subtotal of cash inflows from investing activities</b>	<b>4,060,630,983</b>	<b>5,233,121,618</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	1,999,989,070	1,396,735,311
Cash paid to acquire investments	3,590,431,449	3,774,696,153
Net increase in pledge loans	–	–
Net cash paid for acquisition of subsidiaries and other business entities	–	–
Other cash paid relating to investing activities	640,414,688	2,107,925,321
<b>Subtotal of cash outflows from investing activities</b>	<b>6,230,835,207</b>	<b>7,279,356,785</b>
<b>Net cash flows from investing activities</b>	<b>-2,170,204,224</b>	<b>-2,046,235,167</b>
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment	5,953,323,847	19,800,000
Including: Cash received from minority shareholders' investment in subsidiaries	4,953,324,999	19,800,000
Cash received from borrowings	7,729,717,502	5,456,100,680
Cash received from bond issue	–	–
Other cash received relating to financing activities	122,932,830	251,752,744
<b>Subtotal of cash inflow from financing activities</b>	<b>13,805,974,179</b>	<b>5,727,653,424</b>
Cash paid for repayments of debts	7,569,612,010	2,859,924,579
Cash paid for distribution of dividends, profits or interest repayment	1,445,817,194	1,747,166,504
Including: Dividends and profits paid to minority shareholders by subsidiaries	678,021,042	975,855,633
Other cash paid relating to financing activities	221,356,586	118,163,178
<b>Subtotal of cash outflow from financing activities</b>	<b>9,236,785,790</b>	<b>4,725,254,261</b>
<b>Net cash flow from financing activities</b>	<b>4,569,188,389</b>	<b>1,002,399,163</b>



## Consolidated Cash Flow Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Restated)
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>17,149,667</b>	<b>-8,716,343</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>-12,823,334,513</b>	<b>-11,743,957,932</b>
Add: Opening balance of cash and cash equivalents	<b>41,436,794,140</b>	<b>30,438,314,635</b>
<b>VI. Closing balance of cash and cash equivalents</b>	<b>28,613,459,627</b>	<b>18,694,356,703</b>

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2022, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2022 are restated for illustrative purposes as the Group has included AVIC Electromechanical, a subsidiary under common control, in the scope of consolidation.

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

## Cash Flow Statement of the Company

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods or rendering of services	-	-
Refund of taxes and surcharges	-	2,039,540
Other cash received relating to operating activities	65,099,475	489,256,687
<b>Subtotal of cash inflows from operating activities</b>	<b>65,099,475</b>	<b>491,296,227</b>
Cash paid for purchase of goods and receipt of services	-	-
Cash paid to and for employees	11,956,371	21,128,410
Taxes and surcharges cash payments	41,985,286	1,172,798
Other cash paid relating to operating activities	152,056,167	379,803,867
<b>Subtotal of cash outflows from operating activities</b>	<b>205,997,824</b>	<b>402,105,075</b>
<b>Net cash flows from operating activities</b>	<b>-140,898,349</b>	<b>89,191,152</b>
<b>II. Cash flows from investing activities:</b>		
Cash received from return of investment	2,107,278,202	1,891,769,733
Cash received from investment income	535,549,526	676,617,180
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	-	-
<b>Subtotal of cash inflows from investing activities</b>	<b>2,642,827,728</b>	<b>2,568,386,913</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	-	107,434
Cash paid to acquire investments	2,997,731,049	1,795,541,145
Net cash paid for acquisition of subsidiaries and other business entities	-	-
Other cash paid relating to investing activities	-	-
<b>Subtotal of cash outflows from investing activities</b>	<b>2,997,731,049</b>	<b>1,795,648,579</b>
<b>Net cash flows from investing activities</b>	<b>-354,903,321</b>	<b>772,738,334</b>

## Cash Flow Statement of the Company (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2023 (Unaudited)	January to June 2022 (Unaudited)
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment	999,998,848	–
Cash received from borrowings	–	–
Cash received from bond issue	–	–
Other cash received relating to financing activities	–	–
<b>Subtotal of cash inflows from financing activities</b>	<b>999,998,848</b>	<b>–</b>
Cash paid for repayments of debts	–	–
Cash paid for distribution of dividends, profits or interest repayment	614,721,759	616,906,579
Other cash paid relating to financing activities	–	3,604,204
<b>Subtotal of cash outflows from financing activities</b>	<b>614,721,759</b>	<b>620,510,783</b>
<b>Net cash flows from financing activities</b>	<b>385,277,089</b>	<b>-620,510,783</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>439,151</b>	<b>716,587</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>-110,085,430</b>	<b>242,135,290</b>
Add: Opening balance of cash and cash equivalents	303,564,813	61,429,523
<b>VI. Closing balance of cash and cash equivalents</b>	<b>193,479,383</b>	<b>303,564,813</b>

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

# Consolidated Statement of Changes in Shareholders' Equity

Prepared by: AvfChina 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	-	-	13,096,081,068	-	168,575,073	497,012,913	373,900,833	-	6,276,677,271	-	28,123,578,856	30,028,979,410	58,152,538,266
Add: Changes in accounting policies	-	-	-	-	-	-	-	1,434	-	860,442	-	861,876	801,893	1,663,769
Error correction for previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	821,008,651	-	42,589,473	13,525,024	-	-	891,986,703	-	1,749,109,851	15,595,952,792	17,345,062,643
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	13,917,089,719	-	211,164,546	510,537,937	373,902,267	-	7,169,523,872	-	29,893,550,583	45,625,734,095	75,519,284,678
III. Change in increase or decrease of the current period (decrease to be listed with "-")														
(I) Total comprehensive income	261,522,000	-	-	444,557,876	-	173,368,901	76,272,022	-	-	925,344,003	-	991,949,050	8,292,618,997	9,284,568,047
(II) Capital invested and decreased by shareholders	261,522,000	-	-	446,899,432	-	175,165,301	-	-	-	1,542,800,016	-	1,717,965,317	2,466,958,981	4,184,924,298
1. Ordinary shares invested by shareholders	261,522,000	-	-	446,899,432	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	738,474,848	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	143,066,824	-	-	-	-	-	-	-	143,066,824	136,083,239	279,150,063
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	-	-	-	-	-	-	-	-	-	1,796,400	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	2,341,576	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	7,972,854,242	-	-	13,472,531,843	-	384,533,447	586,809,959	373,902,267	-	8,094,867,875	-	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: Hu Wanlin

# Consolidated Statement of Changes in Shareholders' Equity (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2022 (Restated)										Total shareholders' equity		
	Share capital	Preferred shares	Other equity instrument	Capital reserve	treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit		Others	Subtotal
I. Closing balance of the previous year	7,711,332,242	-	-	12,974,963,414	-	112,507,999	503,687,704	308,138,730	-	5,296,679,044	-	27,659,194,103	54,766,593,256
Add: Changes in accounting policies	-	-	-	-	-	-	-	9,729	-	1,026,418	-	1,036,147	1,465,412
Error correction for previous period	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	786,081,393	-	61,810,849	14,610,904	-	-	830,573,809	-	1,693,076,955	15,532,864,640
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	13,761,044,807	-	174,318,848	518,298,608	308,148,459	-	6,128,279,291	-	43,392,488,008	71,993,970,263
III. Change in increase or decrease of the current period (decrease to be listed with "-")	-	-	-	83,566,656	-	490,864,490	92,391,783	-	-	553,178,166	-	238,272,114	1,299,478,944
(I) Total comprehensive income	-	-	-	-	-	490,864,490	-	-	-	1,217,011,146	-	726,146,656	1,828,713,305
(II) Capital invested and decreased by shareholders	-	-	-	81,350,796	-	-	-	-	-	-	-	81,350,796	419,780,250
(III) Ordinary shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	501,131,047
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	10,516,330
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	81,310,908	-	-	-	-	-	-	-	81,310,908	281,820,205
(III) Profit distribution	-	-	-	39,888	-	-	-	-	-	-	-	39,888	127,483,604
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. 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	-	-	-	-	-	-	92,391,783	-	-	-	-	92,391,783	191,644,091
1. Appropriation in the current period	-	-	-	-	-	-	137,875,116	-	-	-	-	137,875,116	55,060,976
2. Use in the current period	-	-	-	-	-	-	45,483,333	-	-	-	-	45,483,333	35,896,825
(VI) Others	-	-	-	2,215,860	-	-	-	-	-	-	-	2,215,860	726,278
IV. Closing balance of the current period	7,711,332,242	-	-	13,844,611,463	-	316,545,642	610,690,391	308,148,459	-	6,681,457,457	-	28,839,694,369	44,691,966,951

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2022, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2022 are restated for illustrative purposes as the Group has included AVIC Electromechanical, a subsidiary under common control, in the scope of consolidation.

Legal representative: Yan Lingxi    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

# Statement of Changes in Shareholders' Equity of the Company

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 Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profit	Others
I. Closing balance of the previous year	7,711,332,242	-	-	-	8,276,651,521	-	330,433,384	-	373,900,831	1,098,237,279	-	17,790,555,257
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	1,434	12,909	-	14,343
Error correction for previous period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	-	8,276,651,521	-	330,433,384	-	373,902,265	1,098,250,188	-	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	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-1,796,400	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-315,091	-	-	-	-	-	-	-315,091
IV. Closing balance of the current period	7,972,854,242	-	-	-	9,014,813,278	-	482,227,858	-	373,902,265	1,061,997,649	-	18,905,795,292

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Hu Wanlin

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

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2022 (Unaudited)						Total shareholders' equity					
	Share capital	Preferred shares	Other equity instrument Perpetual bonds	Others	Capital reserves	Less: treasury shares		Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others
I. Closing balance of the previous year	7,711,332,242	-	-	-	4,963,456,690	-	461,576,470	-	308,138,728	1,180,049,867	-	14,624,553,997
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	9,729	87,559	-	97,288
Error correction for previous period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	-	4,963,456,690	-	461,576,470	-	308,148,457	1,180,137,426	-	14,624,651,285
III. Change in increase or decrease of the current period (decrease to be listed with "-")	-	-	-	-	167,628,285	-	-136,227,501	-	-	-6,871,518	-	24,529,266
(I) Total comprehensive income	-	-	-	-	-	-	-136,227,501	-	-	610,035,061	-	473,807,560
(II) Capital invested and decreased by shareholders	-	-	-	-	165,542,469	-	-	-	-	-	-	165,542,469
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	-	-	-	-	165,542,469	-	-	-	-	-616,906,579	-	165,542,469
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579
3. Others	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579
(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	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	2,085,816	-	-	-	-	-	-	2,085,816
IV. Closing balance of the current period	7,711,332,242	-	-	-	5,131,084,975	-	325,348,969	-	308,148,457	1,173,265,908	-	14,649,180,551

Legal representative: Yan Lingxi Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Hu Wanlin

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 (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 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 is 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 and issued state-owned overseas listed foreign invested shares (H shares). The former state-owned shareholders shall reduce their shareholdings of state-owned shares according to 10% of the amount raised by issuing overseas listed foreign invested shares (H shares). After the issuance of overseas listed foreign invested shares (H shares), the share capital of the Company increased to 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 raised funds by placing overseas listed foreign invested shares. After the capital increase, the share capital of the Company increased 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. As of 31 March 2012, 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 2023 to 30 June 2023

(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 capital increase, 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 targeted 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 additional issuance of Domestic Shares, the share capital of the Company was changed to RMB7,972.8542 million.

### (II) Nature of business and main business of the enterprise

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 parent company and group headquarters

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 22 August 2023.

## 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 2023 to 30 June 2023

(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. Declaration on compliance with the accounting standard for business enterprises

The accounting policies used in the preparation of the Group's interim consolidated financial statements for the period ended 30 June 2023 are consistent with the accounting policies followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, which complies with the requirements of Accounting Standard 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.

### 2. Restated consolidated financial statements of the previous period due to business combination under common control

On 13 April 2023, China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司) ("AVIC Avionics"), a subsidiary of the Company, completed a share swap and absorption of AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司) ("AVIC Electromechanical"). Given that the Group and AVIC Electromechanical are under common control of AVIC before and after the business combination, and that control is not temporary, such acquisition is considered as business combination under common control. The Group has restated the financial effects of AVIC Electromechanical in accordance with the standards for business combination under common control in the preparation of the consolidated financial statements.

As a result of the business combination under common control, the Group's balance sheet as at 31 December 2022, the income statement and the cash flow statement for the period from January to June 2022 have been restated, and the transactions and balances with AVIC Electromechanical during the relevant period have been eliminated on consolidation.

### 3. Implementation of Interpretation No. 16 of Accounting Standards for Business Enterprises

In November 2022, the MOF issued the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), and in Interpretation No. 16, the "accounting treatment regarding deferred income taxes related to assets and liabilities arising from a single transaction for which no exemption from initial recognition applies" came into effect from 1 January 2023; the "accounting treatment regarding the income tax effects of dividends related to financial instruments classified as equity instruments by the issuer" and "accounting treatment regarding the revision of cash-settled share-based payment to equity-settled share-based payment" came into effect from the date of issuance. The implementation of Interpretation No. 16 did not have a significant impact on the Group's financial position and operating results.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 4. Impact

The impact on the Group's prior period presented statements, in relation to items 2. Restated consolidated financial statements of the previous period due to business combination under common control and 3. Implementation of Interpretation No. 16 of Accounting Standards for Business Enterprises, are set out below:

Item	Previously presented 31 December 2022	Interpretation No. 16	Business combination under common control	Restated 31 December 2022
Current assets	117,005,729,216	–	23,923,424,051	140,929,153,267
Non-current assets	27,000,158,027	59,024,184	11,133,701,488	38,192,883,699
Total assets	144,005,887,243	59,024,184	35,057,125,539	179,122,036,966
Current Liabilities	80,044,743,533	–	16,150,440,990	96,195,184,523
Non-current liabilities	5,808,585,444	57,360,416	1,541,621,905	7,407,567,765
Total liabilities	85,853,328,977	57,360,416	17,692,062,895	103,602,752,288
Shareholders' equity attributable to parent company	28,123,578,856	861,875	1,769,109,852	29,893,550,583
Total shareholders' equity	58,152,558,266	1,663,769	17,365,062,643	75,519,284,678

Item	Previously presented January to June 2022	Interpretation No. 16	Business combination under common control	Restated January to June 2022
Operating revenue	25,812,630,147	–	7,702,379,066	33,515,009,213
Operating cost	19,704,195,121	–	5,749,541,512	25,453,736,633
Operating profit	2,846,861,555	–	659,384,949	3,506,246,504
Net profit	2,570,530,414	778,469	578,699,428	3,150,008,311
Net profit attributable to the owners' of the parent company	1,153,506,784	477,518	63,026,844	1,217,011,146
Net cash flow from operating activities	-8,965,989,974	–	-1,725,415,611	-10,691,405,585
Net cash flows from investing activities	-769,768,746	–	-1,276,466,421	-2,046,235,167
Net cash flow from financing activities	704,032,199	–	298,366,964	1,002,399,163
Closing balance of cash and cash equivalents	14,495,851,270	–	4,198,505,433	18,694,356,703

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 5. 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 profits tax		16.5%
China Macau Income Tax		0%-12%
Profits tax in other countries/regions		20%-31.925%

### IV. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

The financial statement information disclosed below is restated and unaudited for the six-month period ended 30 June 2022 and unaudited for the six-month period ended 30 June 2023.

#### 1. Monetary funds

Item	30 June 2023	31 December 2022
Cash on hand	598,287	555,665
Bank deposits	30,377,587,341	43,355,084,230
Other monetary funds	294,954,442	418,090,739
<b>Total</b>	<b>30,673,140,070</b>	<b>43,773,730,634</b>
Including: Total amount deposited abroad	275,868,839	282,385,611
Including: Total amount deposited with finance companies	16,220,430,867	24,505,905,981

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

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

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

#### 2. Financial assets held for trading

Item	30 June 2023	31 December 2022
Financial assets at fair value through profit or loss	1,470,657,979	529,364,682
Including: Debt instrument investments	–	–
Equity instrument investments	30,657,979	69,212,381
Bank wealth management and trust products	1,440,000,000	460,152,301
<b>Total</b>	<b>1,470,657,979</b>	<b>529,364,682</b>

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

#### 3. Notes receivable

##### (1) Classified presentation of notes receivable

Item	30 June 2023	31 December 2022
Banker's acceptance bill	2,295,639,816	4,405,389,801
Commercial acceptance bill	4,193,870,060	7,818,758,636
<b>Total</b>	<b>6,489,509,876</b>	<b>12,224,148,437</b>

##### (2) Notes receivable pledged

Item	Amount pledged at 30 June 2023
Banker's acceptance bill	356,341,447
Commercial acceptance bill	1,455,303,454
<b>Total</b>	<b>1,811,644,901</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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

Category	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision	
		(%)		Proportion	
Bad debt provision made individually	-	-	-	-	-
Bad debt provision made as per portfolio	6,545,750,825	100.00	56,240,949	0.86	6,489,509,876
<b>Total</b>	<b>6,545,750,825</b>	<b>-</b>	<b>56,240,949</b>	<b>-</b>	<b>6,489,509,876</b>

Category	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision	
		(%)		Proportion	
Bad debt provision made individually	-	-	-	-	-
Bad debt provision made as per portfolio	12,315,492,337	100.00	91,343,900	0.74	12,224,148,437
<b>Total</b>	<b>12,315,492,337</b>	<b>-</b>	<b>91,343,900</b>	<b>-</b>	<b>12,224,148,437</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	2,296,637,780	997,964	0.04
Commercial acceptance bill	4,249,113,045	55,242,985	1.30
<b>Total</b>	<b>6,545,750,825</b>	<b>56,240,949</b>	<b>-</b>

Name	Book balance	31 December 2022	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	4,406,623,825	1,234,024	0.03
Commercial acceptance bill	7,908,868,512	90,109,876	1.14
<b>Total</b>	<b>12,315,492,337</b>	<b>91,343,900</b>	<b>-</b>

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

Category	31 December 2022	Accrued	Changes in the current period			30 June 2023
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision of notes receivable made as per portfolio	91,343,900	-35,102,951	-	-	-	56,240,949
<b>Total</b>	<b>91,343,900</b>	<b>-35,102,951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,240,949</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
Accounts receivable	44,490,465,455	32,085,001,029
Less: Impairment provision	1,707,055,730	1,484,749,980
Net accounts receivable	42,783,409,725	30,600,251,049

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

Category of portfolio	30 June 2023			
	Original value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Accounts receivable with bad debt provision made individually	233,436,705	85.94	200,612,652	32,824,053
Accounts receivable with bad debt provision made as per portfolio	44,257,028,750	3.40	1,506,443,078	42,750,585,672
Including: bad debt provision made on the group of credit risk characteristics	44,257,028,750	3.40	1,506,443,078	42,750,585,672
<b>Total</b>	<b>44,490,465,455</b>	<b>-</b>	<b>1,707,055,730</b>	<b>42,783,409,725</b>

Category of portfolio	31 December 2022			
	Original value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Accounts receivable with bad debt provision made individually	191,508,989	92.29	176,748,989	14,760,000
Accounts receivable with bad debt provision made as per portfolio	31,893,492,040	4.10	1,308,000,991	30,585,491,049
Including: bad debt provision made on the group of credit risk characteristics	31,893,492,040	4.10	1,308,000,991	30,585,491,049
<b>Total</b>	<b>32,085,001,029</b>	<b>-</b>	<b>1,484,749,980</b>	<b>30,600,251,049</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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	Bad debt provision	30 June 2023	
			Provision proportion (%)	Reasons for provision
Company 1	53,119,406	35,055,353	65.99	Part of it is expected to be unable to recover
Company 2	24,600,000	9,840,000	40.00	Part of it is expected to be unable to recover
Company 3	13,869,100	13,869,100	100.00	All of it is expected to be unable to recover
Company 4	13,595,425	13,595,425	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
<b>Total</b>	<b>116,947,855</b>	<b>84,123,802</b>	<b>-</b>	<b>-</b>

##### 2) Bad debt provision of accounts receivable made by portfolio

Aging	Book balance	30 June 2023	
		Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	37,782,532,996	264,535,093	0.70
1-2 years	4,616,335,586	467,741,038	10.13
2-3 years	959,837,533	237,345,212	24.73
Over 3 years	898,322,635	536,821,735	59.76
<b>Total</b>	<b>44,257,028,750</b>	<b>1,506,443,078</b>	<b>-</b>

Aging	Book balance	31 December 2022	
		Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	26,109,502,810	198,915,449	0.76
1-2 years	3,665,729,903	309,503,689	8.44
2-3 years	1,106,935,160	217,529,783	19.65
Over 3 years	1,011,324,167	582,052,070	57.55
<b>Total</b>	<b>31,893,492,040</b>	<b>1,308,000,991</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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

Ageing	30 June 2023		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	37,852,390,966	316,329,010	0.84
1-2 years	4,626,079,999	477,422,182	10.32
2-3 years	963,589,604	241,097,284	25.02
3-4 years	364,745,206	168,632,564	46.23
4-5 years	198,466,197	117,907,504	59.41
Over 5 years	485,193,483	385,667,186	79.49
<b>Total</b>	<b>44,490,465,455</b>	<b>1,707,055,730</b>	<b>–</b>

Ageing	31 December 2022		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	26,128,522,360	217,934,999	0.83
1-2 years	3,673,678,993	317,284,520	8.64
2-3 years	1,114,121,071	224,705,954	20.17
3-4 years	524,451,845	221,616,705	42.26
4-5 years	220,214,621	135,934,075	61.73
Over 5 years	424,012,139	367,273,727	86.62
<b>Total</b>	<b>32,085,001,029</b>	<b>1,484,749,980</b>	<b>–</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	Changes in the current period				30 June 2023
		Accrued	Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision for accounts receivable	1,484,749,980	231,836,334	5,096,890	4,506,163	-72,469	1,707,055,730
<b>Total</b>	<b>1,484,749,980</b>	<b>231,836,334</b>	<b>5,096,890</b>	<b>4,506,163</b>	<b>-72,469</b>	<b>1,707,055,730</b>

Note: The decrease due to other reasons was due to the recovery of bad debts written off in prior years by Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司) and Yibin Sanjiang Machinery Co., Ltd. (宜賓三江機械有限責任公司) during the current period.

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

Item	Write-off amount
Accounts receivable actually written-off	4,506,163

#### 5. Prepayments

##### (1) Aging of prepayments

Item	30 June 2023		31 December 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	2,305,577,529	31.71	2,293,820,802	29.39
1-2 years	206,329,747	2.84	5,464,998,539	70.01
2-3 years	4,736,988,224	65.14	21,036,144	0.27
Over 3 years	22,762,921	0.31	25,972,379	0.33
<b>Total</b>	<b>7,271,658,421</b>	<b>-</b>	<b>7,805,827,864</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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	1,355,642,844	1-2 years, 2-3 years	The contract has not been fully settled	18.64
Company 2	835,930,922	1-2 years, 2-3 years	The contract has not been fully settled	11.50
Company 3	759,211,880	2-3 years	The contract has not been fully settled	10.44
Company 4	395,069,529	2-3 years	The contract has not been fully settled	5.43
Company 5	376,928,750	2-3 years	The contract has not been fully settled	5.18
Company 6	265,322,500	2-3 years	The contract has not been fully settled	3.65
Company 7	184,875,515	2-3 years	The contract has not been fully settled	2.54
Company 8	88,901,050	2-3 years	The contract has not been fully settled	1.22
Company 9	77,966,700	2-3 years	The contract has not been fully settled	1.07
Company 10	74,448,355	2-3 years, over 3 years	The contract has not been fully settled	1.02
<b>Total</b>	<b>4,414,298,043</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Category	31 December 2022	Changes in the current period				30 June 2023
		Accrued	Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision for prepayments	1,481,890	-	207,071	-	-	1,274,819
<b>Total</b>	<b>1,481,890</b>	<b>-</b>	<b>207,071</b>	<b>-</b>	<b>-</b>	<b>1,274,819</b>

#### 6. Other receivables

Item	30 June 2023	31 December 2022
Interest receivable	-	-
Dividends receivable	7,812,442	11,812,442
Other receivables	347,228,969	232,872,366
<b>Total</b>	<b>355,041,411</b>	<b>244,684,808</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
China Aviation Changsha Design and Research Co., Ltd. (中航長沙設計研究院有限公司)	7,812,442	11,812,442
<b>Total</b>	<b>7,812,442</b>	<b>11,812,442</b>

##### 6.2 Other receivables

###### (1) Classification of other receivables by nature

Nature of amount	30 June 2023	31 December 2022
Intercourse funds	260,078,539	206,589,495
Deposit and security	97,183,571	92,837,911
Pretty cash and personal loan	75,906,168	26,857,138
Receivables and payables on behalf of other parties (Funds disbursed for others)	24,081,597	24,792,420
Equipment engineering cost	8,222,981	2,724,950
Borrowings	2,318,270	3,445,930
Tax refund and subsidy receivable	212,405	2,234,098
Others	21,494,698	15,018,378
<b>Total</b>	<b>489,498,229</b>	<b>374,500,320</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	21,443,165	14,504,852	105,679,937	141,627,954
Book balance of other receivables on 1 January 2023 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	634,479	–	128,920	763,399
Amount transferred back in the current period	51,626	438,572	107,176	597,374
Amount written back in the current period	–	–	–	–
Amount written off in the current period	–	–	353,982	353,982
Other changes	829,263	–	–	829,263
<b>Balance as at 30 June 2023</b>	<b>22,855,281</b>	<b>14,066,281</b>	<b>105,347,698</b>	<b>142,269,260</b>

Note: Other changes were primarily due to ① 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 RMB569 in bad debt provision of other receivables in the current period; ② the reversal of other receivables written off by China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司), a subsidiary of the Company, in the last period, resulting in an increase of RMB828,694 in bad debt provision in the current period.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
Within 1 year (including 1 year)	188,567,422	193,859,312
1-2 years	156,306,631	44,401,652
2-3 years	26,837,475	30,892,344
3-4 years	19,416,177	8,835,970
4-5 years	8,417,379	5,530,919
Over 5 years	89,953,145	90,980,123
Subtotal	489,498,229	374,500,320
Less: Bad debt provision	142,269,260	141,627,954
<b>Total</b>	<b>347,228,969</b>	<b>232,872,366</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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

Classification of the group	30 June 2023			
	Original book value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Bad debt provision made individually	62,599,665	100	62,599,665	–
Other receivables with bad debt provision made on the group of credit risk characteristics	426,898,564	18.66	79,669,595	347,228,969
<b>Total</b>	<b>489,498,229</b>	<b>–</b>	<b>142,269,260</b>	<b>347,228,969</b>

Classification of the group	31 December 2022			
	Original book value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Bad debt provision made individually	62,931,904	100	62,931,904	–
Other receivables with bad debt provision made on the group of credit risk characteristics	311,568,416	25.26	78,696,050	232,872,366
<b>Total</b>	<b>374,500,320</b>	<b>–</b>	<b>141,627,954</b>	<b>232,872,366</b>



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From 1 January 2023 to 30 June 2023

(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	Bad debt provision	30 June 2023	
			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	2,658,565	2,658,565	100.00	Counterparty ceased business operations
Company 4	1,800,337	1,800,337	100.00	Expected to be unable to recover
Other companies	3,123,894	3,123,894	100.00	Expected to be unable to recover
<b>Total</b>	<b>62,599,665</b>	<b>62,599,665</b>	<b>-</b>	<b>-</b>

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 or could not recover in full.

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

Category	31 December 2022	Accrued	Changes in the current period			30 June 2023
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debts provision for other receivables	141,627,954	763,399	597,374	353,982	-829,263	142,269,260
<b>Total</b>	<b>141,627,954</b>	<b>763,399</b>	<b>597,374</b>	<b>353,982</b>	<b>-829,263</b>	<b>142,269,260</b>

#### (6) Other receivables actually written off by the Group in the current period

Item	Amount changed
Other receivables written off	353,982

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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)

#### 7. Inventories

Item	Book balance	30 June 2023	
		Impairment provision for inventory/impairment provision for contract performance costs	Book value
Raw materials	14,386,557,633	429,505,401	13,957,052,232
Self-made semi-finished goods and products in progress	17,726,924,138	97,252,308	17,629,671,830
Finished goods	6,557,963,785	390,987,008	6,166,976,777
Turnover materials	498,715,836	567,966	498,147,870
Contract performance costs	127,492,635	–	127,492,635
Others	1,185,515,667	17,425,495	1,168,090,172
<b>Total</b>	<b>40,483,169,694</b>	<b>935,738,178</b>	<b>39,547,431,516</b>

Item	Book balance	31 December 2022	
		Impairment provision for inventory/impairment provision for contract performance costs	Book value
Raw materials	13,437,606,659	391,050,818	13,046,555,841
Self-made semi-finished goods and products in progress	17,728,162,346	87,538,134	17,640,624,212
Finished goods	7,866,474,994	332,666,943	7,533,808,051
Turnover materials	480,189,160	567,966	479,621,194
Contract performance costs	53,117,416	–	53,117,416
Others	1,210,406,896	18,223,070	1,192,183,826
<b>Total</b>	<b>40,775,957,471</b>	<b>830,046,931</b>	<b>39,945,910,540</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	
		Impairment provision	Book value
Aviation entire aircraft	5,545,328,135	35,469,339	5,509,858,796
Aviation engineering services	3,534,639,928	3,849,816	3,530,790,112
Aviation ancillary system and related business	120,834,189	1,195,894	119,638,295
<b>Total</b>	<b>9,200,802,252</b>	<b>40,515,049</b>	<b>9,160,287,203</b>

Item	Book balance	31 December 2022	
		Impairment provision	Book value
Aviation entire aircraft	1,182,667,180	10,437,793	1,172,229,387
Aviation engineering services	2,904,058,524	4,174,947	2,899,883,577
Aviation ancillary system and related business	63,718,725	379,619	63,339,106
<b>Total</b>	<b>4,150,444,429</b>	<b>14,992,359</b>	<b>4,135,452,071</b>

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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)

#### 8. Contract assets (Continued)

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

Category	31 December 2022	Changes in the current period				30 June 2023
		Accrued	Recovered or reversed	Written back or written off	Decrease due to other reasons	
Aviation entire aircraft	11,371,178	24,098,161	-	-	-	35,469,339
Aviation engineering services	3,241,562	661,782	53,528	-	-	3,849,816
Aviation ancillary system and related business	379,619	816,275	-	-	-	1,195,894
<b>Total</b>	14,992,359	25,576,218	53,528	-	-	40,515,049

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

Item	Amount changed	Reasons for change
Aviation entire aircraft	4,337,629,408	Order fulfillment progress improved
Aviation engineering services	630,906,535	Order fulfillment progress improved
Aviation ancillary system and related business	56,299,189	-
<b>Total</b>	5,024,835,132	-

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	Added investment	Decreased investment	Movement for the period				Impairment provision Others	30 June 2023	Impairment provision at end of the period
				Investment profit or loss recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Distribution of cash dividend or profit declared			
<b>I. Joint ventures</b>										
Xi'an AVIC Hamilton Sundstrand Aviation Electric Co., Ltd.* (西安中航漢勝航空電力有限公司)	78,162,396	-	-	-6,128,718	-	-	-	-	72,033,678	-
Qingdao Xinghang Photoelectric Technology Co., Ltd.* (青島興航光電技術有限公司)	223,505,858	-	-	64,224,067	-	-	46,264,306	-	241,465,619	-
Others	29,460,114	-	-	2,568,056	-	-	-	-	32,028,170	-
<b>II. Associates</b>										
AVIC Renewable Energy Investment Co., Ltd.* (中國航空工業新能源投資有限公司)	367,679,987	-	-	11,242,480	-	-	-	-	378,922,467	-
Jiangxi Hongdu Commercial Aircraft Corporation Limited* (江西洪都商用飛機股份有限公司)	309,162,595	-	-	-609,949	-	-	510,000	-1,000,834	307,041,812	-
AVIC Nanjing Servo Control System Co., Ltd.* (中航工業南京伺服控制系統有限公司)	215,507,427	-	215,507,427	-	-	-	-	-	-	-
Aviation Gyro (Beijing) Photo Electricity Technology Co., Ltd.* (中航捷銳(北京)光電技術有限公司)	143,641,858	-	143,641,858	-	-	-	-	-	-	-
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd.* (上海施耐德低壓終端電器有限公司)	140,776,958	-	-	45,353,671	-	-	84,986,250	-	101,144,379	-
Beijing Hangwei High Technology Connection Technology Co., Ltd.* (北京航為高科技連接技術有限公司)	128,420,987	-	-	1,004,144	-	211,205	-	-	129,636,336	-
AVIC Rongfu Fund Management Company Limited* (中航融富基金管理有限公司)	72,618,247	-	-	1,140,187	-	-	-	-	73,758,434	-
AVIC Air Traffic Management System Equipment Co., Ltd.* (中航空管系統裝備有限公司)	71,820,487	-	71,820,487	-	-	-	-	-	-	-
Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd.* (施耐德梅蘭日蘭低壓(天津)有限公司)	66,192,929	-	-	8,434,141	-	-	-	-	74,627,070	-
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	44,865,182	-	44,865,182	-	-	-	-	-	-	-
Guangzhou Huazhi Auto Parts Co., Ltd.* (廣州華智汽車部件有限公司)	51,518,923	-	-	9,754,157	-	-	-	-	61,273,080	-
AVIC Hongguang Airborne Equipment Co., Ltd.* (宏光空陸裝備有限公司)	204,557,671	-	-	2,032,431	-	634,996	13,142,108	-	194,082,990	-
Beijing Hanghua Refrigeration Equipment Co., Ltd.* (北京航華製冷設備有限公司)	365,226,628	-	-	1,735,463	-16,224	488,310	-	-	367,434,177	-
Others	215,470,103	23,000,000	-	4,535,263	-	424,752	8,498,846	-4,906,135	230,025,137	-
<b>III. Share floating right</b>										
Share floating right	354,739,885	-	-	-	-	-	-	-	354,739,885	-
<b>Total</b>	<b>3,083,328,235</b>	<b>23,000,000</b>	<b>475,834,954</b>	<b>145,285,393</b>	<b>-16,224</b>	<b>1,759,263</b>	<b>153,401,510</b>	<b>-5,906,969</b>	<b>2,618,213,234</b>	<b>-</b>

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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)

#### 10. Other equity instrument investments

##### (1) Other equity instrument investments

Item	30 June 2023	31 December 2022
Shenyang Aircraft Co., Ltd.* (沈陽飛機股份有限公司)	1,054,228,590	981,101,932
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	510,176,634	438,820,173
Harbin DongAn Automotive Engine Manufacturing Co., Ltd.* (哈爾濱東安汽車發動機制造有限公司)	482,250,000	482,250,000
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	435,099,643	510,269,630
Beijing AviChina Phase I Aviation Industrial Investment Fund* (北京中航一期航空工業產業投資基金)	404,846,228	404,846,227
AVIC Zhonghang Electric Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	346,192,154	72,267,172
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	175,200,000	175,200,000
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.* (哈爾濱哈飛航空客復合材料製造中心有限公司)	108,006,813	108,006,813
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工業投資有限責任公司)	105,573,676	105,573,676
Nanjing Guobo Electronics Co., Ltd.* (南京國博電子股份有限公司)	91,814,227	104,230,508
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	80,643,060	95,845,140
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	74,321,323	87,446,724
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	69,959,100	69,959,100
Aviation Gyro (Beijing) Photo Electricity Technology Co., Ltd.* (中航捷銳(北京)光電技術有限公司)	42,067,217	–
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)	25,356,578	22,298,012
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	5,626,681	–
Others	9,315,273	25,482,573
<b>Total</b>	<b>4,129,790,013</b>	<b>3,792,710,496</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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
Shenyang Aircraft Co., Ltd.* (沈陽飛機股份有限公司)	10,019,338	720,628,593	-	-	Non-trading equity investments	-
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	-	-	33,299,695	-	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)	-	407,250,000	-	-	Non-trading equity investments	-
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	2,708,089	235,099,650	-	-	Non-trading equity investments	-
Beijing AviChina Phase I Aviation Industrial Investment Fund* (北京中航一期航空工業產業投資基金)	-	9,158,004	-	-	Non-trading equity investments	-
Zhonghang Electronic Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	211,307	287,614,649	-	-	Non-trading equity investments	-
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	-	-	4,800,000	-	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)	-	-	20,011,744	-	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)	-	45,573,676	-	-	Non-trading equity investments	-
Nanjing Guobo Electronics Co., Ltd.* (南京國博電子股份有限公司)	-	7,394,268	-	-	Non-trading equity investments	-
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	-	38,801,460	-	-	Non-trading equity investments	-

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	157,132	69,930,024	-	-	Non-trading equity investments	-
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	-	19,959,100	-	-	Non-trading equity investments	-
Aviation Gyro (Beijing) Photo Electricity Technology Co., Ltd.* (中航捷銳(北京)光電技術有限公司)	-	4,684,102	-	-	Non-trading equity investments	-
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)	-	-	32,168,795	-	Non-trading equity investments	-
AVIC Jincheng Unmanned Systems Co., Ltd.* (中航金城無人系統有限公司)	-	-	-	-	Non-trading equity investments	-
Others	-	1,792,479	73,000,000	1,167,300	Non-trading equity investments	disposed
<b>Total</b>	<b>13,095,866</b>	<b>1,847,886,005</b>	<b>163,280,234</b>	<b>1,167,300</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	586,725,640	146,428,412	733,154,052
2. Increase in the current period	120,429,001	17,915,311	138,344,312
3. Decrease in the current period	90,243,415	10,325,472	100,568,887
4. 30 June 2023	616,911,226	154,018,251	770,929,477
II. Accumulated depreciation and accumulated amortization			
1. 31 December 2022	171,729,105	39,554,383	211,283,488
2. Increase in the current period	61,013,296	2,985,108	63,998,404
3. Decrease in the current period	24,018,388	4,168,194	28,186,582
4. 30 June 2023	208,724,013	38,371,297	247,095,310
III. Impairment provision			
1. 31 December 2022	–	–	–
2. Increase in the current period	–	–	–
3. Decrease in the current period	–	–	–
4. 30 June 2023	–	–	–
IV. Book value			
1. 30 June 2023	408,187,213	115,646,954	523,834,167
2. 31 December 2022	414,996,535	106,874,029	521,870,564

#### 12. Fixed assets

Item	Book value on 30 June 2023	Book value on 31 December 2022
Fixed assets	20,655,081,488	19,913,773,344
Disposal of fixed assets	1,821,385	1,521,666
<b>Total</b>	<b>20,656,902,873</b>	<b>19,915,295,010</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	15,962,072,084	17,029,398,868	237,388,599	4,003,662,778	429,580,135	1,782,644,824	39,444,747,288
2. Increase in the current period	1,116,819,545	534,794,037	10,585,475	154,196,554	15,671,922	170,395,417	2,002,462,950
3. Decrease in the current period	167,695,000	118,782,859	12,642,903	31,209,346	6,018,660	8,704,439	345,053,207
4. 30 June 2023	16,911,196,629	17,445,410,046	235,331,171	4,126,649,986	439,233,397	1,944,335,802	41,102,157,031
II. Accumulated depreciation							
1. 31 December 2022	5,338,068,730	9,556,834,739	183,376,071	2,994,223,151	344,272,116	1,056,138,763	19,472,913,570
2. Increase in the current period	291,589,357	553,311,107	16,283,330	165,475,569	18,793,048	69,041,230	1,114,493,641
3. Decrease in the current period	46,619,972	99,763,147	11,411,923	25,844,653	3,858,524	7,999,882	195,498,101
4. 30 June 2023	5,583,038,115	10,010,382,699	188,247,478	3,133,854,067	359,206,640	1,117,180,111	20,391,909,110
III. Impairment provision							
1. 31 December 2022	3,446,980	53,739,749	-	148,289	-	725,356	58,060,374
2. Increase in the current period	-	-	-	-	-	-	-
3. Decrease in the current period	-	2,893,941	-	-	-	-	2,893,941
4. 30 June 2023	3,446,980	50,845,808	-	148,289	-	725,356	55,166,433
IV. Book value							
1. 30 June 2023	11,324,711,534	7,384,181,539	47,083,693	992,647,630	80,026,757	826,430,335	20,655,081,488
2. 31 December 2022	10,620,556,374	7,418,824,380	54,012,528	1,009,291,338	85,308,019	725,780,705	19,913,773,344

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
Machinery equipment	1,321,841	1,009,340
Electronic equipment	340,401	372,746
Office equipment	55,373	48,908
Transportation vehicles	17,553	3,689
Plant & buildings	–	–
Others	86,217	86,983
<b>Total</b>	<b>1,821,385</b>	<b>1,521,666</b>

#### 13. Construction in progress

Item	30 June 2023	31 December 2022
Construction in progress	4,081,075,252	4,362,878,053
Construction materials	404,675	105,043
<b>Total</b>	<b>4,081,479,927</b>	<b>4,362,983,096</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023		31 December 2022			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Luoyang Basic Devices Industrial Park (Phase I)	490,110,450	-	490,110,450	200,167,268	-	200,167,268
Infrastructure technical transformation projects	338,902,315	-	338,902,315	395,474,146	-	395,474,146
SAPC project	267,309,898	-	267,309,898	209,661,057	-	209,661,057
Project of Shunyi New District	193,761,516	-	193,761,516	186,586,521	-	186,586,521
Research building and plant renovation	166,069,079	-	166,069,079	151,244,043	-	151,244,043
X-005	157,036,870	-	157,036,870	9,240,640	-	9,240,640
Self-made Equipment	155,418,578	-	155,418,578	151,975,314	-	151,975,314
Self-financing projects for technological reform	126,847,251	-	126,847,251	104,567,258	-	104,567,258
Project 8	124,235,087	-	124,235,087	102,497,164	-	102,497,164
ZMPC project	122,460,473	-	122,460,473	280,650,636	-	280,650,636
X-001	111,994,438	-	111,994,438	266,138,977	-	266,138,977
XA project of Thirteenth Five-Year Plan	66,821,020	-	66,821,020	57,064,726	-	57,064,726
Research construction project 3	62,857,453	-	62,857,453	47,671,616	-	47,671,616
R&D platform project	53,855,952	-	53,855,952	45,541,472	-	45,541,472
Systematic platform construction project	50,224,983	-	50,224,983	50,224,983	-	50,224,983
Aviation air bleed subsystem production capacity enhancement project	45,068,438	-	45,068,438	44,967,382	-	44,967,382
YGXP project	32,890,092	-	32,890,092	31,055,917	-	31,055,917
Convertible bond fundraising project	29,257,175	-	29,257,175	34,229,930	-	34,229,930
Huanan Industry Base	22,189,125	-	22,189,125	673,948,582	-	673,948,582
SH project	20,777,303	-	20,777,303	29,159,508	-	29,159,508
"XXX" XXXX R&D condition construction project	20,108,969	-	20,108,969	8,499,106	-	8,499,106
Optoelectronic technology industrial base project (phase II)	19,813,142	-	19,813,142	63,420,790	-	63,420,790
Renovation project of building 2 of Shanghai Aviation Electric	12,431,635	-	12,431,635	9,030,557	-	9,030,557
Huiyang technology park	10,538,843	-	10,538,843	515,895	-	515,895
Surface sewage treatment system upgrading and transform project	10,482,488	-	10,482,488	18,915,673	-	18,915,673
Digital and intelligent transformation project for safety control of power equipment and facilities	8,591,423	-	8,591,423	8,591,423	-	8,591,423
Building curtain wall renovation project of AVIC CAPDI	7,285,325	-	7,285,325	6,109,340	-	6,109,340
Dingkunchi industrial base (phase II of AVIC Forstar Industrial Base project)	3,910,138	-	3,910,138	230,689	-	230,689
86-power-2022-001 2022 process layout adjustment	2,017,609	-	2,017,609	1,333,300	-	1,333,300
86-power-2021-010 solid state power distribution SSPC module automatic recording platform	1,137,800	-	1,137,800	1,137,800	-	1,137,800
Tianjin Helicopter industrial base construction project	214,724	-	214,724	2,881,985	-	2,881,985
Renovation of electric car shed in the factory area of Changfei Aviation	-	-	-	1,500,031	-	1,500,031
022b plant renovation project	-	-	-	1,453,688	-	1,453,688
Others	1,346,455,660	-	1,346,455,660	1,167,190,636	-	1,167,190,636
<b>Total</b>	<b>4,081,075,252</b>	<b>-</b>	<b>4,081,075,252</b>	<b>4,362,878,053</b>	<b>-</b>	<b>4,362,878,053</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	Increase in the current period	Decrease in the current period		30 June 2023	Budget	Accumulated 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								
Luoyang Basic Devices Industrial Park (Phase I)	200,167,268	304,206,650	14,263,468	-	490,110,450	1,672,500,000	42	83	-	-	-	Raised funds, self- financing State funding, self- financing, and loan
Infrastructure technical transformation projects	395,474,146	101,315,855	66,904,107	90,983,579	338,902,315	1,610,134,734	N/A	N/A	16,652,784	-	-	State funding, self-owned funds
SAPC Project	209,661,057	93,615,944	35,967,103	-	267,309,898	722,600,000	54	54	-	-	-	Self-owned funds, state funding, and loan
Project of Shunyi New District Research building and plant renovation	186,586,521	7,174,995	-	-	193,761,516	280,259,000	95	95	-	-	-	Self-owned funds
X-005	9,240,640	148,755,538	931,985	27,323	157,036,870	160,000,000	92	96	-	-	-	Self-owned funds
Self-made Equipment	151,975,314	56,906,937	53,463,673	-	155,418,578	N/A	N/A	N/A	-	-	-	Self-financing Self-owned funds
Self-financing projects for technological reform	104,567,258	36,002,436	9,353,693	4,368,750	126,847,251	126,847,251	100	98	-	-	-	Self-owned funds
Project 8	102,497,164	21,737,923	-	-	124,235,087	87,000,000	70	70	-	-	-	State funding, self-owned funds
ZMPC Project	280,650,636	5,256,411	846,959	162,599,615	122,460,473	241,600,000	99	98	-	-	-	State funding, self-owned funds
X-001	266,138,977	11,739,379	22,532,625	143,351,293	111,994,438	273,290,000	92	88	-	-	-	State funding, self-owned funds
XA project of Thirteenth Five-Year Plan	57,064,726	9,756,294	-	-	66,821,020	74,155,000	96	96	-	-	-	State funding, self-owned funds
Research construction project 3	47,671,616	21,513,484	6,327,647	-	62,857,453	279,100,000	44	44	-	-	-	State funding State funding and loan
R&D platform project	45,541,472	8,314,480	-	-	53,855,952	178,750,000	94	94	1,767,250	-	-	State funding, self-owned funds
Systematic platform construction project	50,224,983	-	-	-	50,224,983	163,800,000	100	99	-	-	-	Self-owned funds
Aviation air bleed subsystem production capacity enhancement project	44,967,382	101,056	-	-	45,068,438	739,800,000	6	6	-	-	-	Self-owned funds
YGXP Project	31,055,917	1,834,175	-	-	32,890,092	198,620,000	99	98	-	-	-	State funding, self-owned funds
Convertible bond fund raising project	34,229,930	696,527	3,417,094	2,252,188	29,257,175	1,816,000,000	94	94	16,220,693	-	-	Convertible bonds

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	Increase in the current period	Decrease in the current period		30 June 2023	Accumulated 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							
Huanan Industry Base	673,948,582	231,310,798	883,070,255	-	22,189,125	2,255,448,700	50	69	-	-	Raised funds, self- financing State funding, self-owned funds
SH Project	29,159,508	1,912,682	1,367,500	8,927,387	20,777,303	92,800,000	45	45	-	-	State funding, self-owned funds
"XXX" XXXX R&D condition construction project	8,499,106	13,630,556	-	2,020,693	20,108,969	131,900,000	99	99	-	-	State funding, self-owned funds
Optoelectronic technology industrial base project (phase II)	63,420,790	18,416,667	62,024,315	-	19,813,142	1,006,640,000	100	100	-	-	Raised funds, self- financing funds
Renovation project of building 2 of Shanghai Aviation Electric	9,030,557	3,401,078	-	-	12,431,635	13,000,000	96	95	95,497	-	Self-owned funds
Huiyang technology park	515,895	10,022,948	-	-	10,538,843	671,840,000	85	99	-	-	Self-owned funds
Surface sewage treatment system upgrading and transformation project	18,915,673	6,779,086	15,212,271	-	10,482,488	29,950,000	90	95	-	-	Self-owned funds
Digital and intelligent transformation project for safety control of power equipment and facilities	8,591,423	-	-	-	8,591,423	30,900,000	28	70	-	-	Self-owned funds
Building curtain wall renovation of AVIC CAPDI	6,109,340	1,175,985	-	-	7,285,325	6,109,340	90	90	-	-	Self-owned funds
Dingkunchi industrial base (phase II of AVIC Forstar Industrial Base)	230,689	20,894,810	16,806,954	408,407	3,910,138	306,690,000	64	99	-	-	Raised funds
86-power-2022-001 2022 process layout adjustment	1,333,300	709,997	25,688	-	2,017,609	1,200,000	17	17	-	-	Self-owned funds
86-power-2021-010 solid state power distribution SSPC module automatic recording platform	1,137,800	-	-	-	1,137,800	12,028,000	95	95	-	-	Self-owned funds
Tianjin Helicopter industrial base construction project	2,881,985	2,565,101	5,232,362	-	214,724	760,524,000	99	99	-	-	Self-owned funds
Renovation of electric car shed in the factory area of Changfei Aviation	1,500,031	-	1,500,031	-	-	3,240,000	100	100	-	-	Self-owned funds
022b plant renovation project	1,453,688	1,213,057	2,666,745	-	-	3,600,000	74	100	-	-	Self-owned funds
<b>Total</b>	<b>3,195,687,417</b>	<b>1,155,785,885</b>	<b>1,201,914,475</b>	<b>414,939,235</b>	<b>2,734,619,592</b>	<b>14,167,326,025</b>	<b>-</b>	<b>-</b>	<b>34,736,225</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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)

##### 13.2 Construction materials

Item	30 June 2023			31 December 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Special-purpose equipment	404,675	–	404,675	105,043	–	105,043
<b>Total</b>	<b>404,675</b>	<b>–</b>	<b>404,675</b>	<b>105,043</b>	<b>–</b>	<b>105,043</b>

#### 14. Right-of-use assets

Item	Plant & buildings	Machinery equipment	Total
I. Original book value			
1. 31 December 2022	533,403,913	45,808,238	579,212,151
2. Increase in the current period	130,469,530	13,274,441	143,743,971
3. Decrease in the current period	70,689,285	40,435,671	111,124,956
4. 30 June 2023	593,184,158	18,647,008	611,831,166
II. Accumulated depreciation			
1. 31 December 2022	157,332,230	19,330,556	176,662,786
2. Increase in the current period	59,488,391	32,493,436	91,981,827
3. Decrease in the current period	28,257,503	39,084,239	67,341,742
4. 30 June 2023	188,563,118	12,739,753	201,302,871
III. Impairment provision			
1. 31 December 2022	–	–	–
2. Increase in the current period	–	–	–
3. Decrease in the current period	–	–	–
4. 30 June 2023	–	–	–
IV. Book value			
1. 30 June 2023	404,621,040	5,907,255	410,528,295
2. 31 December 2022	376,071,683	26,477,682	402,549,365

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2022	2,099,216,000	3,849,959,381	175,170,717	237,630,765	8,510,380	800,000	44,622,700	6,415,909,943
2. Increase in the current period	133,391,677	22,541,078	-	-	-	-	-	155,932,755
3. Decrease in the current period	737,000	18,448,485	-	-	92,446	-	-	19,277,931
4. 30 June 2023	2,231,870,677	3,854,051,974	175,170,717	237,630,765	8,417,934	800,000	44,622,700	6,552,564,767
II. Accumulated depreciation								
1. 31 December 2022	1,387,584,772	871,954,862	144,219,938	80,752,191	8,454,426	800,000	32,384,459	2,526,150,648
2. Increase in the current period	121,063,216	45,465,286	5,001,540	8,415,508	26,454	-	-	179,972,004
3. Decrease in the current period	737,000	2,718,090	-	-	62,946	-	-	3,518,036
4. 30 June 2023	1,507,910,988	914,702,058	149,221,478	89,167,699	8,417,934	800,000	32,384,459	2,702,604,616
III. Impairment provision								
1. 31 December 2022	519,208	-	-	275,000	-	-	12,238,241	13,032,449
2. Increase in the current period	-	-	-	-	-	-	-	-
3. Decrease in the current period	-	-	-	-	-	-	-	-
4. 30 June 2023	519,208	-	-	275,000	-	-	12,238,241	13,032,449
IV. Book value								
1. 30 June 2023	723,440,481	2,939,349,916	25,949,239	148,188,066	-	-	-	3,836,927,702
2. 31 December 2022	711,112,020	2,978,004,519	30,950,779	156,603,574	55,954	-	-	3,876,726,846

Note: 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 2023	31 December 2022
Credit borrowings	5,754,800,375	6,690,008,204
Secured borrowings	125,362,369	182,403,929
Guaranteed borrowings	-	4,000,000
<b>Total</b>	<b>5,880,162,744</b>	<b>6,876,412,133</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
Banker's acceptance bill	4,369,723,550	6,052,464,416
Commercial acceptance bill	4,629,636,358	7,334,603,779
<b>Total</b>	<b>8,999,359,908</b>	<b>13,387,068,195</b>

Note: At the end of the period, the total amount of outstanding notes payable was RMB36,048,070.

#### 18. Accounts payable

##### (1) Presentation of accounts payable

Item	30 June 2023	31 December 2022
Materials costs payable	34,437,917,078	31,611,153,836
Construction costs payable	3,712,536,386	3,160,790,685
Equipment costs payable	795,162,354	913,034,850
Others	1,551,903,839	953,749,112
<b>Total</b>	<b>40,497,519,657</b>	<b>36,638,728,483</b>

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

Ageing	30 June 2023	31 December 2022
Within 1 year (including 1 year)	34,763,525,706	31,444,598,019
1-2 years	3,067,221,508	2,578,831,569
2-3 years	1,241,621,929	1,042,815,153
Over 3 years	1,425,150,514	1,572,483,742
<b>Total</b>	<b>40,497,519,657</b>	<b>36,638,728,483</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
Aviation entire aircraft	14,067,086,597	20,295,891,852
Aviation ancillary system and related business	4,442,608,610	2,728,344,788
Aviation engineering services	1,881,186,267	1,710,044,887
<b>Total</b>	<b>20,390,881,474</b>	<b>24,734,281,527</b>

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

Item	Amount changed	Reasons for change
Aviation entire aircraft	-6,228,805,255	Orders were delivered gradually
Aviation ancillary system and related business	1,714,263,822	Increase in orders on hand and increase in customer prepayments
Aviation engineering services	171,141,380	Increase in orders on hand and increase in customer prepayments
<b>Total</b>	<b>-4,343,400,053</b>	<b>-</b>

#### 20. Long-term borrowings

Category	30 June 2023	31 December 2022
Credit borrowings	5,314,992,763	2,006,629,735
Secured borrowings	68,500,000	91,000,000
Guaranteed borrowings	24,000,000	24,000,000
<b>Total</b>	<b>5,407,492,763</b>	<b>2,121,629,735</b>

Note: The interest rate range of the Group's long-term borrowings at the end of the period was 1.08% to 5.00% (1.08% to 4.90% at the beginning of the year).

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	31 December 2022
Lease payment	590,791,781	645,411,125
Less: Unrecognized financing costs	110,592,064	152,829,473
Reclassification to non-current liabilities due within one year	137,196,858	156,170,423
<b>Total</b>	<b>343,002,859</b>	<b>336,411,229</b>

#### 22. Share capital

Item	31 December 2022	Increase and decrease in the current period (+/-)				Subtotal	30 June 2023
		Issuance of new shares	Bonus issue	Conversion from reserves	Others		
Total shares	7,711,332,242	261,522,000	-	-	-	-	7,972,854,242

#### 23. Operating revenue and operating costs

Item	January to June 2023		January to June 2022	
	Revenue	Cost	Revenue	Cost
Main businesses	40,489,610,760	30,804,425,604	32,933,195,945	24,986,139,837
Other businesses	382,985,684	322,448,425	581,813,268	467,596,796
<b>Total</b>	<b>40,872,596,444</b>	<b>31,126,874,029</b>	<b>33,515,009,213</b>	<b>25,453,736,633</b>

Note: The revenue recognized by the Group from January to June 2023 included an amount of RMB6,765,548,046 that had been included in contract liabilities at the beginning of the year.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Employee compensation	232,194,271	224,281,444
After-sales service charges	62,670,025	53,425,419
Business travel costs	51,198,516	27,470,476
Three guarantees loss and quality claim fees	30,606,975	25,891,062
Advertising and publicity expenses	26,734,121	1,908,516
Sample and product losses	10,566,401	20,163,699
Exhibition fees	4,596,360	1,371,213
Transportation costs	4,297,347	3,473,901
Office fees	3,610,180	3,192,952
Depreciation and amortization costs	2,285,637	1,566,238
Packing charges	1,510,956	1,313,722
Others	42,238,785	37,335,194
<b>Total</b>	<b>472,509,574</b>	<b>401,393,836</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Employee compensation	1,383,170,643	1,376,356,685
Depreciation and amortization costs	251,306,338	261,240,800
Amortization of equity incentives in the current period	150,776,590	46,910,167
Maintenance and repair costs	58,974,937	53,134,549
Professional service fees	57,945,290	40,011,101
Business entertainment expenses	49,182,672	32,924,830
Property afforestation fees	45,150,336	39,956,001
Business travel costs	44,570,251	18,988,955
Office fees	34,534,271	33,952,635
Labor protection costs	34,006,975	48,838,339
Power and fuel expenses	27,260,394	24,522,409
Rental	25,124,249	17,317,143
Insurance premium	24,559,294	8,009,842
Conference expenses	11,709,419	6,783,794
Publicity expenses	7,749,240	10,450,701
Audit fee	7,043,652	5,359,484
Transportation costs	5,365,700	4,791,772
Material amortization and consumption of low-value consumables	4,506,932	4,641,875
Others	209,758,539	185,609,391
<b>Total</b>	<b>2,432,695,722</b>	<b>2,219,800,473</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Employee compensation	1,003,330,600	911,959,797
Materials expenses	802,183,141	611,204,161
Experimental and special fees	239,987,347	66,068,829
Outsourcing fee	124,373,566	92,276,996
Depreciation and amortization costs	90,424,028	71,751,815
Administrative expense	58,505,811	71,293,546
Transportation and business travel costs	40,995,971	20,031,550
Design fee	22,178,769	24,246,895
Power and fuel expenses	16,945,654	16,462,898
Others	151,666,214	126,968,128
<b>Total</b>	<b>2,550,591,101</b>	<b>2,012,264,615</b>

#### 27. Finance costs

Item	January to June 2023	January to June 2022
Interest expenses	197,257,598	224,115,387
Less: Interest incomes	321,819,736	262,491,452
Less: Interest capitalized	946,232	7,219,470
Add: Exchange gains or losses	-30,305,603	-124,704,493
Add: Other expenditures	4,942,878	20,034,872
<b>Total</b>	<b>-150,871,095</b>	<b>-150,265,156</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Maintenance costs	45,100,000	12,250,000
Instant value-added tax refund	10,755,902	1,019,763
Government relocation compensation	8,740,240	13,429,406
Special funds for the development	8,329,557	6,741,856
Refund of individual tax handling fee	6,577,095	6,627,648
Project subsidies	5,605,398	7,555,526
R&D funds	5,599,149	9,025,400
Subsidies for research and development and industrialization project of a connector	5,015,632	3,991,872
Employment subsidy	3,860,989	11,257,420
Other income (such as subject projects)	3,259,680	–
Production line subsidy	1,128,676	37,976,771
Additional value-added tax credit	615,366	99,954
High-tech allowance	200,000	4,607,578
Others	47,327,335	64,633,240
<b>Total</b>	<b>152,115,019</b>	<b>179,216,434</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Long-term equity investment incomes calculated at equity method	145,285,393	131,411,585
Investment income from disposal of long-term equity investments	49,338,996	-1,050,235
Investment income from holding financial assets held for trading	1,276,637	31,583,247
Investment income from disposal of financial assets held for trading and other financial assets	19,722,422	8,001,000
Dividend income from holding other equity instrument investments	13,095,866	8,742,963
Gain on revaluation of remaining equity at fair value after losing control	-	-
Gain on debt restructuring	23,397,954	34,157,464
Investment income from disposal of financial liabilities held for trading	-	-
Gain on derecognition of financial assets measured at amortized cost	-9,348,064	-5,313,462
Others	17,998,659	3,214,876
<b>Total</b>	<b>260,767,863</b>	<b>210,747,438</b>

Note: Debt restructuring gains mainly represent the cash discounts obtained by the Company's subsidiaries Tianjin Aviation Mechanical and Electrical Co., Ltd. (天津航空機電有限公司), Lanzhou Wanli Aviation Electric Co., Ltd. (蘭州萬里航空機電有限責任公司), AVIC Taiyuan Aviation Instrument Co., Ltd. (太原航空儀錶有限公司) and AVIC Xinxiang Aviation Industry (Group) Co., Ltd. (新鄉航空工業(集團)有限公司) on settlement of payment for supplier.

#### 30. Income from changes in fair value

Source of income from changes in fair value	January to June 2023	January to June 2022
Financial assets held for trading	-325,445	8,917,256
Including: Gain from changes in fair value of derivative financial instruments	-	-
Financial liabilities held for trading	-7,800,105	-3,602,780
<b>Total</b>	<b>-8,125,550</b>	<b>5,314,476</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Loss on bad debts of accounts receivable	-226,739,444	-253,789,808
Loss on bad debts of notes receivable	35,102,951	11,886,748
Loss on bad debts of other receivables	-166,025	-1,036,429
Other loss on bad debts	207,071	–
<b>Total</b>	<b>-191,595,447</b>	<b>-242,939,489</b>

#### 32. Assets impairment loss

Item	January to June 2023	January to June 2022
Inventory depreciation loss and contract performance cost impairment losses	-121,044,427	-115,881,513
Contract asset impairment losses	-25,522,690	-615,887
Fixed assets impairment losses	–	-6,658,574
<b>Total</b>	<b>-146,567,117</b>	<b>-123,155,974</b>

#### 33. Income tax expenses

Item	January to June 2023	January to June 2022
Current income tax expenses	412,712,858	439,229,721
Deferred income tax expenses	-48,002,758	-61,392,297
<b>Total</b>	<b>364,710,100</b>	<b>377,837,424</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023	January to June 2022
Dividends recognized for distribution of 2022 final dividend: RMB0.08 per share (2021 final dividend: RMB0.08 per share)	616,906,579	616,906,579

The Board of Directors of the Company did not recommend interim dividend distribution for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 (Revised 2010) of China Securities Regulatory Commission, the basic earnings per share and diluted earnings per share of Group from January to June 2023 are as follows:

Profit for the reporting period	Earnings per share	
	Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the parent company	0.199	0.199
Net profit attributable to shareholders of the parent company after non-recurring profit or loss	0.176	0.176

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### V. CHANGES IN CONSOLIDATION SCOPE

#### 1. Business combination 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 year

Name of merged party	Proportion of equity acquired in business combination	Basis for constituting a business combination under common control	Date of combination	Basis for confirmation of combination	Revenue of	Net profit of	Revenue of	Net profit of
					the merged party from the beginning of the year to the date of combination	the merged party from the beginning of the year to the date of combination		
AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司)	17.01%	Under common control by the same party before and after the combination	13 April 2023	Taking Control	4,143,060,237	292,316,477	8,498,717,255	581,660,063
<b>Total</b>					<b>4,143,060,237</b>	<b>292,316,477</b>	<b>8,498,717,255</b>	<b>581,660,063</b>

##### (2) Combination costs

Items	AVIC Electromechanical
Cash	—
Carrying amount of non-cash assets	2,532,254,159
Carrying amount of debt issued or assumed	—
Nominal value of equity securities issued	—
<b>Total</b>	<b>2,532,254,159</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### V. CHANGES IN CONSOLIDATION SCOPE (Continued)

#### 2. Business combinations involving entities under common control (Continued)

##### (3) Carrying amount of assets and liabilities at the date of combination

Projects	AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司)	
	Date of combination	End of previous period
Monetary funds	6,581,279,724	8,263,866,609
Financial assets held for trading	1,443,552	1,546,653
Notes receivable	1,764,392,946	1,895,512,114
Accounts receivable	9,654,915,434	8,492,590,035
Receivables financing	315,278,193	439,229,043
Prepayments	584,576,022	404,270,467
Other receivables	81,907,994	35,855,377
Inventories	6,028,596,944	5,905,657,648
Other current assets	161,724,815	63,409,907
<b>Total current assets</b>	<b>25,174,115,624</b>	<b>25,501,937,853</b>
Long-term equity investments	701,208,592	699,465,619
Other equity instrument investments	1,180,490,950	1,213,975,773
Investment properties	174,594,539	178,874,733
Fixed assets	5,591,224,513	5,631,995,081
Construction in progress	1,392,099,599	1,363,249,150
Right-of-use assets	80,749,017	80,066,812
Intangible assets	1,168,119,885	1,185,068,171
Goodwill	98,418,585	98,418,585
Long-term deferred expenses	4,441,866	3,900,128
Deferred income tax assets	166,049,011	168,031,275
Other non-current assets	529,133,531	465,038,130
<b>Total non-current assets</b>	<b>11,086,530,088</b>	<b>11,088,083,457</b>
<b>Total assets</b>	<b>36,260,645,712</b>	<b>36,590,021,310</b>
Less: short-term borrowings	951,455,707	940,870,714
Notes payable	3,167,182,938	3,483,609,769
Accounts payable	7,553,969,937	6,812,438,595
Advances	48,745,560	35,426,641
Contract liabilities	3,272,352,078	3,333,431,881
Employee compensation payable	521,052,542	684,350,444
Tax payable	119,232,081	250,839,032
Other payables	447,345,064	362,953,980
Non-current liabilities due within one year	1,536,816,596	1,565,369,830
Other current liabilities	83,994,149	171,027,820
Long-term borrowings	505,100,000	446,700,000
Lease liabilities	70,720,544	57,958,568
Long-term payables	-1,763,549,540	-1,605,065,287
Long-term employee compensation payable	567,140,870	560,921,197
Deferred income	390,973,867	382,375,534
Deferred income tax liabilities	187,591,996	199,176,188
Other non-current liabilities	947,709,835	1,535,333,544
<b>Net assets</b>	<b>17,652,811,488</b>	<b>17,372,302,860</b>
<b>Less: Minority equity</b>	<b>3,009,245,641</b>	<b>2,992,803,816</b>
<b>Net assets acquired</b>	<b>14,643,565,847</b>	<b>14,379,499,044</b>

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

## V. CHANGES IN CONSOLIDATION SCOPE (Continued)

### 2. Business combinations involving entities under common control (Continued)

#### (3) Carrying amount of assets and liabilities at the date of combination (Continued)

On 13 April 2023, the Group completed the absorption of AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司), and the cancellation of AVIC Electromechanical Systems Co., Ltd., and the subsidiaries of the former AVIC Electromechanical Systems Co., Ltd. were included in the scope of consolidation of the Group.

No.	Name of the subsidiary	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
1	Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an, Shaanxi	Xi'an city	Manufacturing	-	17.01	Under common control
2	Shaanxi Aero Electric Co., Ltd. (陝西航空電氣有限責任公司)	Xingping, Shaanxi	Xingping city	Manufacturing	-	17.01	Under common control
3	Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou, Henan	Zhengzhou city	Manufacturing	-	17.01	Under common control
4	Sichuan Lingfeng Aero Hydraulic Machinery Co., Ltd. (四川凌峰航空液壓機械有限公司)	Guanghan, Sichuan	Guanghan city	Manufacturing	-	17.01	Under common control
5	Sichuan Fanhua Aviation Instrument and Electric Co., Ltd. (四川泛華航空儀錶電器有限公司)	Ya'an, Sichuan	Ya'an city	Manufacturing	-	17.01	Under common control
6	Sichuan AVIC Chuanxi Machinery Co., Ltd. (四川航空工業川西機器有限責任公司)	Ya'an, Sichuan	Ya'an city	Manufacturing	-	17.01	Under common control
7	AVIC Hubei Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司)	Xiangyang, Hubei	Xiangyang city	Manufacturing	-	17.01	Under common control
8	Guizhou Fenglei Aviation Ordnance Co., Ltd. (貴州風雷航空軍械有限責任公司)	Anshun, Guizhou	Anshun city	Manufacturing	-	17.01	Under common control
9	Guizhou Fengyang Hydraulic Co., Ltd. (貴州楓陽液壓有限責任公司)	Guiyang, Guizhou	Guiyang city	Manufacturing	-	17.01	Under common control
10	AVIC Xinxiang Aviation Industry (Group) Co., Ltd. (新鄉航空工業(集團)有限公司)	Xinxiang, Henan	Xinxiang city	Manufacturing	-	17.01	Under common control
11	Yibin Sanjing Machinery Manufacturing Co., Ltd. (宜賓三江機械製造有限公司)	Yibin, Sichuan	Yibin city	Manufacturing	-	17.01	Under common control
12	Nanjing Hangjian Aviation Equipment Technology Service Co., Ltd. (南京航健航空裝備技術服務有限公司)	Nanjing, Jiangsu	Nanjing city	Manufacturing	-	11.91	Under common control
13	Hubei HAPM Magna Seating System Co., Ltd. (湖北航嘉麥格納座艙系統有限公司)	Xiangyang, Hubei	Xiangyang city	Manufacturing	-	8.52	Under common control
14	Xi'an Qing'an Import & Export Co., Ltd. (西安慶安進出口有限公司)	Xi'an, Shaanxi	Xi'an city	Manufacturing	-	17.01	Under common control

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### V. CHANGES IN CONSOLIDATION SCOPE (Continued)

#### 2. Business combinations involving entities under common control (Continued)

##### (3) Carrying amount of assets and liabilities at the date of combination (Continued)

No.	Name of the subsidiary	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
15	Xi'an Qing'an Aviation Machinery Manufacturing Co., Ltd. (西安慶安航空機械製造有限公司)	Xi'an, Shaanxi	Xi'an city	Manufacturing	-	17.01	Under common control
16	Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司)	Xi'an, Shaanxi	Xi'an city	Manufacturing	-	8.68	Under common control
17	AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司)	Xiamen, Fujian	Xiamen city	Aircraft maintenance	-	17.01	Under common control
18	Zhengzhou Zhengfei Special Equipment Co., Ltd. (鄭州鄭飛特種裝備有限公司)	Zhengzhou, Henan	Zhengzhou city	Manufacturing	-	17.01	Under common control
19	Guizhou Anshun Tiancheng Aviation Equipment Co., Ltd. (貴州安順天成航空設備有限公司)	Anshun, Guizhou	Anshun city	Manufacturing	-	17.01	Under common control
20	Xinxiang Pingyuan Aviation Electric Co., Ltd. (新鄉市平原航空機電有限公司)	Xinxiang, Henan	Xinxiang city	Manufacturing	-	17.01	Under common control
21	Aviation Industry (Xinxiang) Metrology and Test Science Technology Co., Ltd. (航空工業(新鄉)計測科技有限公司)	Xinxiang, Henan	Xinxiang city	Manufacturing	-	17.01	Under common control
22	Wuhan Qinling Linke Aviation Power System Co., Ltd. (武漢秦嶺凌科航空電力系統有限公司)	Wuhan, Hubei	Wuhan city	Aircraft maintenance	-	5.95	Under common control
23	Hapm Magna Seating System (Thailand) Co., Ltd.	Thailand	Thailand	Manufacturing	-	17.01	Under common control

#### 3. Disposal of subsidiary

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

#### 4. Changes in consolidation scope for other reasons

The Group had no changes in the scope of consolidation due to other reasons during the current period.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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	
<b>I. Continuous fair value measurement</b>				
(I) Financial assets held for trading	27,509,115	1,443,148,864	–	1,470,657,979
1. Financial assets at fair value through profit or loss	27,509,115	1,443,148,864	–	1,470,657,979
(1) Equity instrument investments	27,509,115	3,148,864	–	30,657,979
(2) Others	–	1,440,000,000	–	1,440,000,000
(II) Receivables financing	–	–	355,432,594	355,432,594
(III) Other equity instrument investments	2,526,743,161	1,392,567,305	210,479,547	4,129,790,013
<b>Total assets continuously measured at fair value</b>	<b>2,554,252,276</b>	<b>2,835,716,169</b>	<b>565,912,141</b>	<b>5,955,880,586</b>
(IV) Financial liabilities held for trading	115,082,561	–	–	115,082,561
1. Financial liabilities at fair value through profit or loss	115,082,561	–	–	115,082,561
<b>Total liabilities continuously measured at fair value</b>	<b>115,082,561</b>	<b>–</b>	<b>–</b>	<b>115,082,561</b>
<b>II. Non-continuous fair value measurement</b>	<b>–</b>	<b>11,184,603</b>	<b>–</b>	<b>11,184,603</b>
(I) Held-for-sale assets	–	11,184,603	–	11,184,603
<b>Total assets not continuously measured at fair value</b>	<b>–</b>	<b>11,184,603</b>	<b>–</b>	<b>11,184,603</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

#### (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 2022	Increase in the current period	Decrease in the current period	30 June 2023
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 2023	31 December 2022	Closing proportion	Opening proportion
AVIC (directly holding)	4,548,680,808	4,548,680,808	57.05	58.99
AVIC (indirectly holding)	255,288,667	255,288,667	3.20	3.31
<b>Total</b>	<b>4,803,969,475</b>	<b>4,803,969,475</b>	<b>60.25</b>	<b>62.30</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (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	
Harbin Aviation Industry (Group) Co., Ltd.* (哈爾濱航空工業(集團)有限公司) ("Harbin Aviation Group")	Harbin	Harbin	Manufacturing	100.00	–	Business combinations under common control
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
China Avionics Systems Co., Ltd.* (中航航空電子系統股份有限公司) ("AVIC Avionics")	Beijing	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	36.73	–	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	46.05	3.25	Business combinations under common control and other
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
Changhe Aircraft Industries (Group) Co., Ltd.* (昌河飛機工業(集團)有限責任公司)	Jingdezhen	Jingdezhen	Manufacturing	92.43	–	Business combinations under common control
Harbin Aircraft Industry Group Co., Ltd.* (哈爾濱飛機工業集團有限責任公司)	Harbin	Harbin	Manufacturing	80.79	–	Business combinations under common control

##### 3. Joint ventures and associates

Please refer to note V.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 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (II) Related party transactions

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

##### (1) Purchasing goods/receiving services

Related parties	Content of related transactions	January to June 2023	January to June 2022
AVIC	Purchasing goods	–	2,000,000
Subsidiaries of AVIC	Purchasing goods	7,125,566,737	5,767,544,677
Associates of the Group	Purchasing goods	46,565,136	23,976,339
Joint ventures of the Group	Purchasing goods	269,601,112	233,111,769
Associates of AVIC	Purchasing goods	94,706,581	265,170,080
Joint ventures of AVIC	Purchasing goods	475,670	–
Subsidiaries of AVIC	Receiving services	93,586,361	260,964,571
Associates of AVIC	Receiving services	825,002	44,854,557
<b>Total</b>		<b>7,631,326,599</b>	<b>6,597,621,993</b>

##### (2) Selling goods/rendering services

Related parties	Content of related transactions	January to June 2023	January to June 2022
AVIC	Sales of goods	227,087,530	–
Subsidiaries of AVIC	Sales of goods	13,512,920,243	11,201,113,511
Associates of the Group	Sales of goods	189,004,408	68,781,317
Joint ventures of the Group	Sales of goods	1,739,111	3,193,273
Associates of AVIC	Sales of goods	24,172,876	9,601,235
AVIC	Rendering services	12,421,792	1,440,496
Subsidiaries of AVIC	Rendering services	1,083,145,778	1,022,468,115
Associates of the Group	Rendering services	350,000	1,143,463
Associates of AVIC	Rendering services	1,139,262	1,247,554
<b>Total</b>		<b>15,051,981,000</b>	<b>12,308,988,964</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (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 Co., Ltd. (中航機載系統有限公司)	AVIC Avionics	Other asset custody	2023-1-1	2023-6-30	See note 1	43,909,354
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	2023-1-1	2023-6-30	See note 2	4,855,780
AVIC Airborne Systems Co., Ltd. (中航機載系統有限公司)	AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司)	Other asset custody	2023-1-1	2023-6-30	See note 3	22,764,717

Note 1: According to the Trusteeship Agreement signed between AVIC Avionics and AVIC Airborne Systems Co., Ltd., it is agreed that AVIC Airborne Systems Co., Ltd. will entrust the management of 14 enterprises and institutions under its control to AVIC Avionics. For the enterprises in the trustee unit that made profits in the current year, the trustee fee for the current year is 2% of the audited operating revenue of the target enterprise for the current year calculated in accordance with the equity ratio entrusted to AVIC Avionics (i.e.: the amount of operating revenue of a target company for the current year × the equity ratio entrusted to the 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: Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀錶有限公司), a subsidiary of AVIC Avionics, 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 3: Undertaking the Supplementary Agreement of Trusteeship Agreement signed between AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司) and AVIC Airborne Systems Co., Ltd., it is agreed that AVIC Airborne Systems Co., Ltd. will entrust the management of 8 enterprises and institutions under its control to the Group. For the trustee unit that made profits in the current year, the trustee fee for the current year is 3% of the audited operating revenue of the trustee unit for the current year calculated in accordance with the equity or interest ratio entrusted to the Group (i.e.: the amount of operating revenue of the trustee unit for the current year × the equity or interest ratio entrusted to the management × 3%); for the trustee unit that recorded losses in the current year, the trustee fee for the current year is RMB200,000.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (II) Related party transactions (Continued)

##### 3. Related lease

###### (1) Lease

Type of related parties	January to June 2023		January to June 2022	
	Rental income	Proportion (%)	Rental income	Proportion (%)
Subsidiaries of AVIC	18,968,913	94.11	15,105,546	98.38
Associates of the Group	816,110	4.05	187,315	1.22
Associates of AVIC	372,095	1.85	60,800	0.40
<b>Total</b>	<b>20,157,118</b>	<b>100.00</b>	<b>15,353,661</b>	<b>100.00</b>

###### (2) Leasing conditions

Type of related parties	January to June 2023		January to June 2022	
	Rental cost	Proportion (%)	Rental cost	Proportion (%)
Subsidiaries of AVIC	13,923,506	82.03	12,344,820	100.00
Associates of the Group	3,050,240	17.97	–	–
<b>Total</b>	<b>16,973,746</b>	<b>100.00</b>	<b>12,344,820</b>	<b>100.00</b>

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.

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From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (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
AVIC 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	2023-2-20	2024-2-20	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	4,386,000	2023-2-27	2024-2-27	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	4,386,000	2023-3-20	2024-3-20	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	4,386,000	2023-3-30	2024-3-30	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	2,924,000	2023-4-17	2024-4-17	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	4,239,800	2023-4-27	2024-4-27	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	4,386,000	2023-5-25	2024-5-25	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	2,924,000	2023-6-7	2024-6-7	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	2,924,000	2023-6-28	2024-6-28	No
AVIC Qing An Group Co., Ltd.	Xi'an Qing An Refrigeration Equipment Co., Ltd.	877,200	2022-7-28	2023-7-28	No

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (II) Related party transactions (Continued)

##### 5. Other financial services

##### (1) Interest income

Type of related parties	January to June 2023	January to June 2022
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	183,691,873	169,688,989

##### (2) Interest expense

Type of related parties	January to June 2023	January to June 2022
Subsidiaries of AVIC	90,829,757	87,906,705

##### (3) Discount of notes receivable

Related party	January to June 2023		January to June 2022	
	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)	633,069	3,261	39,287,975	704,261

##### (4) Acceptance of notes receivable

Related party	January to June 2023	January to June 2022
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	70,936,332	37,790,419

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (II) Related party transactions (Continued)

##### 5. Other financial services (Continued)

##### (5) Factored accounts receivable

Type of related parties	January to June 2023	January to June 2022
Subsidiaries of AVIC	730,002,101	100,000,000

##### (6) Acquisition of financial products

Appointer	Trustee	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
AviChina Industry & Technology Company Limited	AVIC Trust Co., Ltd* (中航信託股份有限公司)	500,000,000	-	100,000,000	400,000,000
Tianjin Tianli Aviation Electro-Mechanical Co., Ltd.* (天津天利航空機電有限公司)	AVIC Securities Co., Ltd.* (中航證券有限公司)	-	200,000,000	-	200,000,000
<b>Total</b>		500,000,000	200,000,000	100,000,000	600,000,000

##### 6. Other related party transactions

None.



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

##### 1. Receivables

Item	Related party	Book balance at 30 June 2023	Book balance at 31 December 2022
Accounts receivable	AVIC	119,000	119,000
Accounts receivable	Subsidiaries of AVIC	20,719,088,138	16,970,335,663
Accounts receivable	Associates of the Group	91,112,184	355,220,390
Accounts receivable	Joint ventures of the Group	1,090,059	291,618
Accounts receivable	Associates of AVIC	25,114,161	17,832,068
Accounts receivable	Joint ventures of AVIC	3,170,033	–
Notes receivable	Subsidiaries of AVIC	2,160,720,572	5,479,763,130
Notes receivable	Joint ventures of the Group	–	153,160
Notes receivable	Associates of AVIC	3,145,416	11,232,281
Receivables financing	Subsidiaries of AVIC	–	16,504,546
Other receivables	AVIC	1,751,519	2,407,486
Other receivables	Subsidiaries of AVIC	18,599,884	18,051,035
Other receivables	Associates of the Group	153,798	388,733
Other receivables	Associates of AVIC	–	50,000,000
Prepayments	AVIC	361,020	–
Prepayments	Subsidiaries of AVIC	3,550,896,974	1,621,686,280
Prepayments	Associates of the Group	477,421	35
Prepayments	Associates of AVIC	36,802,509	3,612,432
Contract assets	AVIC	14,915,571	6,021,539
Contract assets	Subsidiaries of AVIC	1,271,158,031	991,267,740
Contract assets	Associates of the Group	8,628,796	12,581,298
Other non-current assets	Subsidiaries of AVIC	82,565,623	49,598,530
Other non-current assets	Associates of AVIC	4,470,000	68,400
<b>Total</b>		<b>27,994,340,709</b>	<b>25,607,135,364</b>

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

##### 2. Payables

Item	Related party	Book balance at 30 June 2023	Book balance at 31 December 2022
Accounts payable	Subsidiaries of AVIC	12,941,530,806	8,438,960,817
Accounts payable	Associates of the Group	191,558,291	75,259,055
Accounts payable	Joint ventures of the Group	64,878,473	27,226,454
Accounts payable	Associates of AVIC	266,671,255	89,694,056
Notes payable	Subsidiaries of AVIC	1,043,636,186	3,536,409,093
Notes payable	Associates of the Group	762,110	13,113,109
Notes payable	Joint ventures of the Group	212,945,555	129,069,359
Notes payable	Associates of AVIC	40,277,052	24,078,052
Other payables	AVIC	1,497,192	376,384
Other payables	Subsidiaries of AVIC	175,923,870	368,691,403
Other payables	Associates of the Group	–	4,596,651
Other payables	Associates of AVIC	7,936,165	4,336,466
Advance receipts	Subsidiaries of AVIC	378,295,903	8,498,889
Advance receipts	Associates of AVIC	110,588	–
Contract liabilities	AVIC	1,390,505	36,114
Contract liabilities	Subsidiaries of AVIC	7,847,442,974	7,041,768,299
Contract liabilities	Associates of the Group	1,635,606	982,740
Contract liabilities	Associates of AVIC	1,968,679	248,798
Other current liabilities	Subsidiaries of AVIC	–	45,154,587
Other non-current liabilities	Subsidiaries of AVIC	477,977,704	985,717,626
<b>Total</b>		<b>23,656,438,914</b>	<b>20,794,217,952</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

#### (IV) Commitment of related parties

None.

#### (V) Director, supervisor and employee compensation

Item	January to June 2023	January to June 2022
Fees	420,000	420,000
Salaries, allowances and other expenses	1,772,529	1,439,371
Contribution to pension schemes	306,741	234,153
Bonus	1,148,400	1,515,756
<b>Total</b>	<b>3,647,670</b>	<b>3,609,280</b>

#### (VI) Loan of related party

Related party	30 June 2023	31 December 2022
Subsidiaries of AVIC	8,199,839,448	9,272,574,345
<b>Total</b>	<b>8,199,839,448</b>	<b>9,272,574,345</b>

#### (VII) Others

##### *Monetary funds deposited with related parties*

Related party	30 June 2023	31 December 2022
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	16,220,430,867	24,505,905,981
AVIC Securities Co., Ltd.* (中航證券有限公司)	2,205,565	2,746,865
<b>Total</b>	<b>16,222,636,432</b>	<b>24,508,652,846</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### VIII. CONTINGENCIES

As of 30 June 2023, the Group has no material contingencies.

### IX. COMMITMENTS

#### 1. Capital commitments

Item	30 June 2023	31 December 2022
Capital commitments	5,500,000	30,137,900
Total	5,500,000	30,137,900

### X. EVENTS AFTER THE BALANCE SHEET DATE

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

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### XI. OTHER SIGNIFICANT MATTERS

#### 1. Segment information

##### *Financial information of the reporting segment in the period*

January to 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	4,316,409,003	218,377,876	-559,175,916	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	3,995,743,628	196,097,805	-558,841,535	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

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

(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 reporting segment in the period (Continued)*

January to June 2022	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	6,237,324,490	22,288,696,065	4,988,988,658	-	33,515,009,213
Revenue from inter-segment transactions	-	2,437,171,082	301,822,909	-2,738,993,991	-
Investment income from associates and joint ventures	8,063,964	118,355,612	4,992,009	-	131,411,585
Asset impairment losses and credit impairment losses	-16,537,071	-320,071,164	-29,487,228	-	-366,095,463
Depreciation and amortization costs	324,514,449	909,400,333	177,590,139	-	1,411,504,921
Profit before tax	92,991,671	3,787,011,148	238,031,733	-590,188,817	3,527,845,735
Income tax expense	47,519,472	302,635,790	28,459,130	-776,968	377,837,424
Net profit	45,472,199	3,484,375,359	209,572,601	-589,411,848	3,150,008,311
Total assets	57,819,949,546	108,919,019,937	19,242,627,081	-18,194,096,769	167,787,499,795
Total liabilities	40,922,885,561	46,591,606,227	11,212,379,610	-4,459,109,496	94,267,761,902
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	9,207,680	47,636,714	-	-	56,844,394
Long-term equity investment in associates and joint ventures	435,103,294	1,407,487,156	134,180,569	-	1,976,771,019
Increase in other non-current assets other than long- term equity investments	-232,038,358	-95,459,438	-454,006,668	-25,887,340	-807,391,804

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2023 to 30 June 2023

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

### XII. SUPPLEMENTARY INFORMATION ON FINANCIAL STATEMENTS

#### 1. THE EXPLANATION FOR ADJUSTMENT FOR THE DIFFERENCES OF OPENING BALANCE

In April 2023, AVIC Avionics, a subsidiary of the Group, completed the share swap and absorption of AVIC Electromechanical, which was a business combination under common control. Therefore, the Group restated the comparative amounts of the consolidated balance sheet as at 31 December 2022, and restated the comparative amounts of the consolidated income statement, the consolidated statement of changes in shareholders' equity, and the consolidated cash flow statement for the period from January to June 2022 for illustrative purposes.

AviChina Industry & Technology Company Limited

22 August 2023

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Executive Director (Chairman)	Yan Lingxi
Executive Director	Sun Jizhong
Non-executive Director	Lian Dawei
Non-executive Director	Liu Bingjun
Non-executive Director	Xu Gang
Non-executive Director	Wang Jun
Independent Non-executive Director	Liu Weiwu
Independent Non-executive Director	Mao Fugen
Independent Non-executive Director	Lin Guiping

### SUPERVISORY COMMITTEE

Chairman	Zheng Qiang
Supervisor	Guo Guangxin
Supervisor	Zhao Zhuo

### SENIOR MANAGEMENT

General Manager	Sun Jizhong
Chief Accountant	Wang Jingmin
Board Secretary	Xu Bin

### COMPANY SECRETARY

Xu Bin

### 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

Unit 2202A, 22th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong

### AUTHORISED REPRESENTATIVES

Yan Lingxi Xu Bin

### PRINCIPAL BANKERS

Shanghai Pudong Development Bank Limited  
No. 12, Zhongshan Dong Yi Road,  
Shanghai, the PRC

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

### REGISTERED ADDRESS

2nd floor, Building 27, No. 26 Xihuan South Street,  
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### WEBSITE

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## CORPORATE INFORMATION

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E-mail: avichina@avichina.com

### SHARE REGISTRAR

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### AUDITORS

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Partnership)  
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### LEGAL ADVISERS

#### As to Hong Kong law

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15 Queen's Road Central, Hong Kong

#### As to PRC law

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