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中國航空科技工業股份有限公司

AviChina Industry & Technology Company Limited*

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

(Stock Code: 2357)

2024 INTERIM RESULTS ANNOUNCEMENT

Financial Highlights

The Board announces that the businesses of the Company have developed steadily in the first half of 2024.

- For the six months ended 30 June 2024, the Group recorded a revenue of RMB33,617 million, representing a decrease of RMB7,256 million or 17.75% as compared with that of RMB40,873 million in the corresponding period of last year.
- For the six months ended 30 June 2024, the net profit attributable to the owners of the parent company amounted to RMB1,251 million, representing a decrease of RMB292 million or 18.92% as compared with that of RMB1,543 million in the corresponding period of last year.

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

Interim Consolidated Income Statement

Six months ended 30 June 2024

Unit: RMB

Items	Note	January to June 2024 (Unaudited)	January to June 2023 (Unaudited)
I. Total operating income		33,617,168,702	40,872,596,444
Including: Operating revenue	3	33,617,168,702	40,872,596,444
Interest income			
Earned premium			
Fee and commission income			
II. Total operating cost		30,221,379,574	36,662,197,283
Including: Operating cost	3	25,474,480,954	31,126,874,029
Interest expenses			
Fee and commission expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provision for insurance contract reserves			
Policyholder dividend expenses			
Reinsurance expenses			
Taxes and surcharges		208,422,547	230,397,952
Selling expenses	5	426,116,463	472,509,574
Administrative expenses	6	2,156,611,852	2,432,695,722
Research and development expenses	7	2,031,219,848	2,550,591,101
Finance costs	8	-75,472,090	-150,871,095
Including: Interest expense		160,985,469	196,311,366
Interest income		247,237,336	321,819,736
Add: Other income	9	344,605,355	152,115,019
Investment income (loss to be listed with “-”)	10	187,797,144	260,767,863
Including: Income from investment in associates and joint ventures		115,913,686	145,285,393
Derecognition income of financial assets at amortised cost		-2,851,330	-9,348,064
Exchange gain (loss to be listed with “-”)			
Net exposure hedging income (loss to be listed with “-”)			
Income from changes in fair value (loss to be listed with “-”)	11	-4,798,832	-8,125,550
Credit impairment loss (loss to be listed with “-”)	12	-117,292,249	-191,595,447
Asset impairment loss (loss to be listed with “-”)	13	-94,862,293	-146,567,117
Income from assets disposal (loss to be listed with “-”)		3,400,993	910,677
III. Operating profit (loss to be listed with “-”)		3,714,639,246	4,277,904,606
Add: Non-operating income		31,503,428	40,912,358
Less: Non-operating expenses		16,440,412	8,028,328

IV. Profit before tax (loss before tax to be listed with “-”)		3,729,702,262	4,310,788,636
Less: income tax expenses	14	339,236,869	364,710,100
V. Net profit (net loss to be listed with “-”)		3,390,465,393	3,946,078,536
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with “-”)		3,390,465,393	3,946,078,536
2. Net profit from discontinuing operations (net loss to be listed with “-”)			
(II) Classified according to attribution of the ownership			
1. Net profit attributable to the owners of the parent company (net loss to be listed with “-”)		1,251,336,293	1,542,800,016
2. Minority profit and loss (net loss to be listed with “-”)		2,139,129,100	2,403,278,520
VI. Net of tax of other comprehensive income		-105,568,824	238,845,762
Net of tax of other comprehensive income attributable to the owner of the parent company		-46,033,541	175,165,301
(I) Other comprehensive income that cannot be reclassified into profit or loss		-45,351,551	174,650,169
1. Changes arising from re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		-375,000	
3. Changes in fair value of other equity instrument investments		-44,976,551	174,650,169
4. Changes in fair value of the enterprise’s credit risk			
5. Others			
(II) Other comprehensive income that can be reclassified into profit or loss		-681,990	515,132
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		-7,079	-2,677
2. Changes in fair value of other debt investments			
3. Amount charged into other comprehensive income arising from reclassification of financial assets			
4. Provision for credit impairment of other debt investments			
5. Reserves for cash flow hedge (effective parts of cash flow hedge profit or loss)			
6. Translation difference of foreign currency financial statements		-674,911	517,809
7. Others			
Net of tax of other comprehensive income attributable to minority shareholders		-59,535,283	63,680,461
VII. Total comprehensive income		3,284,896,569	4,184,924,298

Total comprehensive income attributable to shareholders of the parent company		1,205,302,752	1,717,965,317
Total comprehensive income attributable to minority shareholders		2,079,593,817	2,466,958,981
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	16	0.157	0.199
(II) Diluted earnings per share (RMB/share)	16	0.157	0.199

Interim Consolidated Balance Sheet

As at 30 June 2024

Unit: RMB

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current assets:			
Monetary funds		29,091,209,000	39,500,113,757
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading		1,228,157,104	957,001,296
Derivative financial assets			
Notes receivable	17	4,526,422,069	13,453,854,506
Accounts receivable	18	46,007,760,295	38,136,408,922
Receivables financing		366,650,728	383,654,710
Prepayments		5,805,292,860	6,807,845,117
Premium receivable			
Reinsurance premium receivable			
Reinsurance contract provision receivable			
Other receivables		385,754,742	247,878,151
Including: Interest receivable			
Dividends receivable			1,679,462
Financial assets purchased under agreements to resell			
Inventories		44,429,386,752	40,120,990,660
Contract assets		11,114,425,215	3,930,570,520
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		1,319,837,639	1,180,405,617
Total current assets		144,274,896,404	144,718,723,256
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables		140,084	1,312,790
Long-term equity investments		2,821,407,784	2,836,611,006
Other equity instrument investments		3,681,654,934	3,795,695,305
Other non-current financial assets		18,899,687	
Investment properties		551,934,224	561,848,339
Fixed assets		22,243,341,584	22,368,905,095
Construction-in-progress		5,150,161,278	4,437,643,212
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		424,319,305	415,088,884
Intangible assets		3,972,711,903	4,022,265,641
Development expenditure			
Goodwill		93,193,010	93,193,010
Long-term deferred expenses		85,113,870	85,715,631

Deferred income tax assets		937,023,753	869,654,188
Other non-current assets		1,372,553,351	811,539,275
Total non-current assets		41,352,454,767	40,299,472,376
Total assets		185,627,351,171	185,018,195,632

Interim Consolidated Balance Sheet (Continued)

As at 30 June 2024

Unit: RMB

Items	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Current Liabilities:			
Short-term borrowings		8,898,517,416	4,997,783,753
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			72,143,493
Derivative financial liabilities			
Notes payable	19	9,267,921,076	11,668,891,622
Accounts payable	20	43,255,884,455	39,145,737,987
Advances		36,769,151	40,754,254
Contract liabilities		16,358,326,236	19,100,691,469
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securities brokering			
Securities underwriting			
Employee compensation payable		1,757,809,637	3,322,816,065
Tax payable		878,515,314	1,409,088,916
Other payables		2,968,280,324	3,218,637,683
Including: Interest payable			
Dividends payable		92,263,793	62,556,162
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		2,434,894,929	1,253,942,782
Other current liabilities		859,176,951	1,305,835,760
Total current liabilities		86,716,095,489	85,536,323,784
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings		5,537,202,365	6,067,549,104
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		358,606,688	342,661,974
Long-term payables		-1,830,092,072	-740,318,530
Long-term employee compensation payable		1,562,626,410	1,841,337,939
Estimated liabilities		273,252,097	518,798,851
Deferred income		1,245,450,123	1,239,107,675
Deferred income tax liabilities		575,910,664	596,571,580
Other non-current liabilities		1,409,043,652	1,560,361,049
Total non-current liabilities		9,131,999,927	11,426,069,642
Total liabilities		95,848,095,416	96,962,393,426
Shareholders' equity:			

Share capital		7,972,854,242	7,972,854,242
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		13,590,025,699	13,514,296,718
Less: treasury shares			
Other comprehensive income		182,907,428	228,940,969
Special reserves		522,631,499	480,615,715
Surplus reserves		451,623,842	451,623,842
General risk reserve			
Undistributed profits		9,473,598,149	8,923,873,029
Total shareholders' equity attributable to parent company		32,193,640,859	31,572,204,515
Minority equity		57,585,614,896	56,483,597,691
Total shareholders' equity		89,779,255,755	88,055,802,206
Total liabilities and shareholders' equity		185,627,351,171	185,018,195,632

Notes:

1. CORPORATE 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. 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. It was listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 30 October 2003.

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.

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.

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

The data of the following financial statements for the six months ended 30 June 2023 is unaudited, and that for the six months ended 30 June 2024 is unaudited.

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

2. Basis of preparation of financial statements

The financial statements have 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 of the Company.

During the preparation of the financial statements, the Company 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.

The accounting policies used in the preparation of the Group's interim consolidated financial statements for the period ended 30 June 2024 are consistent with the accounting policies followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, which complies with the requirements of Accounting 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.

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

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

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

3. Operating revenue and operating costs

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

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

4. Segment information

The chief operating decision-maker has been identified as the executive Directors who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive Directors classify the business into three reportable segments:

1. Aviation entire aircraft -Manufacturing, assembly, sales and servicing of helicopters, trainers and other aircraft;
2. Aviation ancillary system and related business -Manufacturing and sale of aviation ancillary system and related business; and
3. Aviation engineering services -Delivery of aviation engineering services such as planning, design, consultation, construction and operation.

The Group is domiciled in the PRC from where most of its revenue from external customers is derived and in where main assets are located.

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

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

5. Selling expenses

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

6. Administrative expenses

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

7. Research and development expenses

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

8. Finance costs

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

9. Other income

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

10. Investment income

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

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

11. Income from changes in fair value

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

12. Credit impairment loss

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

13. Assets impairment loss

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

14. Income tax expenses

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

15. Dividends

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

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

16. 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 2024 are as follows:

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

17. Notes receivable

(1) Classified presentation of notes receivable

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

(2) Notes receivable pledged

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

(3) Classified presentation by bad debt accrual method

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

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

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

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

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

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

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

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

18. Accounts receivable

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

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

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

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

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

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

2) Bad debt provision of accounts receivable made by portfolio

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

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

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

Aging	30 June 2024		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	38,328,699,871	422,836,331	1.10
1-2 years	7,327,538,299	568,608,614	7.76
2-3 years	1,093,408,888	258,889,687	23.68
3-4 years	422,118,699	171,772,483	40.69
4-5 years	251,401,848	135,004,880	53.70
Over 5 years	508,543,525	366,838,840	72.14
Total	47,931,711,130	1,923,950,835	-

Aging	31 December 2023		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	33,169,017,238	363,475,601	1.10
1-2 years	4,743,495,026	446,267,025	9.41
2-3 years	833,515,192	242,459,811	29.09
3-4 years	423,790,534	170,469,511	40.22
4-5 years	215,282,052	143,612,550	66.71
Over 5 years	489,838,473	372,245,095	75.99
Total	39,874,938,515	1,738,529,593	-

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

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

Note: The main reason for other decrease is the translation differences in the foreign currency statements of AVIC JONHON Optron Technology Co., Ltd.* (中航光電科技股份有限公司).

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

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

19. Notes payable

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

20. Accounts payable

(1) Presentation of accounts payable

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

In the first half of 2024, the Group completed the integration of its helicopter business and successfully raised supporting funds of approximately RMB3 billion to provide capital support to its research, development and manufacturing operation, thereby enhancing the competitiveness of its helicopter products, expanding its market share and further promoting the long-term development of its helicopter business, dedicating to establishing itself as a world-class helicopter company with excellent products, outstanding brands, cutting-edge innovation, and modern governance. Meanwhile, the Group actively explored low-altitude economic application scenarios, accelerated the transformation and application of high-speed electric vertical take-off

and landing aircraft (H-eVTOL) technology achievements, and led the development of the aviation industry with scientific and technological innovation. The Group paid close attention to the development of strategic emerging industries and future industries, integrated internal and external advantageous resources, innovated cooperation mode, and cultivated new productive forces.

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

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

The Group persevered in a technology-driven and innovation-oriented development in its aviation ancillary system and related business. The basic devices industrial park of AVIC JONHON Optronics Technology Co., Ltd.* (中航光電科技股份有限公司) was completed and put into operation to promote the construction of industrial clusters. The rotorcraft flight control system of Shaanxi Oriental Aeronautics Instrument Manufacture Co., Ltd.* (陝西東方航空儀錶有限責任公司) successfully passed the accreditation, and was certified as a "Shaanxi Provincial Manufacturing Champion Demonstration Enterprise for Single Item". The fire protection system laboratory of

Tianjin Aviation Mechanical and Electrical Co., Ltd.* (天津航空機電有限公司) passed the extended accreditation of the China National Accreditation Service for Conformity Assessment (CNAS), which further enhanced the competitiveness in the field of aviation fire prevention and extinguishing.

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

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

BUSINESS OUTLOOK

In the second half of 2024, the domestic and international macroeconomic environment will still be marked by considerable complexity and uncertainty. As an

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

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

1. Promote the feasibility study of investment projects for the research and production of helicopter products, and promote the construction of Tianjin Helicopter R&D Center and Civil Helicopter Base to build a world-class helicopter enterprise;
2. Seek cooperation with local governments in the field of low-altitude economy;
3. Amplify the expansion of strategically emerging industries, nurture and develop new quality productive forces, and promote the implementation of future industrial deployment;

4. Continue to advance the development of smart manufacturing capabilities and deepen the integration and innovative application of new-generation information technologies;
5. Continue to optimize capital composition and shareholding structure, and remain committed to value creation and shareholder returns; and
6. Comprehensively improve corporate governance capabilities and governance system, further promote eco-friendly aviation manufacturing, and integrate green development concepts into the overall layout of high-quality development.

FINANCIAL REVIEW

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

Revenue

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

Segment Information

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

representing a decrease of 20.49% as compared with that in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in revenue of airborne products during the reporting period. The revenue of the aviation ancillary system and related business segment accounted for 63.60% of the total revenue of the Group. The revenue of the aviation engineering services segment of the Group amounted to RMB4,580 million, representing an increase of 8.20% as compared with that in the corresponding period of last year. The revenue of the aviation engineering services segment accounted for 13.63% of the total revenue of the Group.

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

Gross Profit

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

same as compared with that in the corresponding period of last year.

Selling Expenses

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

Administrative Expenses

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

Research and Development Expenses

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

Finance Costs

For the six months ended 30 June 2024, the finance costs of the Group amounted to RMB-75 million, representing an increase of RMB76 million or 50.33% as compared with that of RMB-151 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in interest income of certain subsidiaries. Details are set out in Note 8 to the financial statements.

Net Profit Attributable to the Owners of the Parent Company

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

Liquidity and Financial Resources

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

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

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

MORTGAGED AND PLEDGED ASSETS

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

GEARING RATIO

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

EXCHANGE RATE RISKS

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

CONTINGENT LIABILITIES

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

USE OF PROCEEDS

As at 30 June 2024, a total of RMB6,658 million out of the proceeds raised by the Company had been utilized in the manufacturing and research and development of advanced trainers, helicopters and aviation composite materials, the acquisition of assets in aviation business and equity investments as well as for general corporate purposes. In the end of 2018, the net proceeds raised by the Company through H share placing were approximately HK\$1,346 million (the "**H Share Placing**"), the balance of such net proceeds as at 1 January 2024 was approximately RMB99 million. In June 2023, the net proceeds raised by the Company through non-public issuance of domestic shares were approximately RMB1,000 million (the "**Domestic Shares**

Issuance”). At the date of the announcement, the Company has utilized the proceeds from the H Share Placing and the Domestic Shares Issuance according to the plan for use of proceeds as disclosed in the announcements of the Company dated 14 December 2018 and 9 May 2023 respectively. Due to factors disclosed in the Company’s 2023 annual report, the Company was unable to implement the potential acquisition of aviation equity interest or aviation assets. As affected by the international situation and the macroeconomic environment, the timeline for completion of utilization of the net proceeds from the H Share Placing may be delayed from the planned timetable, The Company will continue to disclose the progress of the actual utilization of the net proceeds from the H Share Placing in its future periodic reports. Set out below is the information regarding the use of proceeds from the H Share Placing and the Domestic Shares Issuance:

Use of proceeds	Net proceeds utilized in 2024	Utilized net proceeds up to 30 June 2024	Unutilized net proceeds as of 30 June 2024	Expected timeline for completion of utilization of the net proceeds
H Share Placing				
Investment in aviation product businesses, the industrialization projects of aviation research institutes and industry investment fund for aviation business, the funding of	Nil	Approximately RMB1,100 million, of which approximately RMB812 million was used in investment in aviation product businesses, approximately RMB 151 million was used in industrialization	Approximately RMB99 million will all be intended to use in investment in aviation product businesses and for general corporate purposes	By the end of 2024

acquisitions of aviation equity interest or aviation assets and for general corporate purposes		projects of aviation research institutes and investment fund for aviation business and approximately RMB 137 million was used for general corporate purposes		
Domestic Shares Issuance				
To supplement working capital	Nil	Approximately RMB1,000 million , all used to supplement the working capital	Nil	All had been used to supplement the working capital

EMPLOYEES

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

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

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

At the extraordinary general meeting held on 12 July 2024, certain members of the

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

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

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

At the extraordinary general meeting held on 12 July 2024, Mr. Guo Guangxin, a member of the seventh session of the supervisory committee of the Company (“**Supervisory Committee**”), participated in the re-election as shareholder representative supervisor (the “**Supervisor(s)**”) of the eighth session of the Supervisory Committee and was re-elected as shareholder representative Supervisor. The remaining Supervisors of the seventh session of the Supervisory Committee,

namely Mr. Zheng Qiang and Mr. Zhao Zhuo have confirmed that they would not participate in the re-election as Supervisors of the eighth session of the Supervisory Committee after expiry of their terms. Meanwhile, Mr. Nie Xiaoming was appointed as shareholder representative Supervisor of the eighth session of the Supervisory Committee, and Ms. Kang Yinglei was elected by the general meeting of employees of the Company as an employee representative Supervisor of the eighth session of the Supervisory Committee.

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

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

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

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

At the Board meeting held on 26 July 2024, the Board considered and approved the

resolutions in relation to the appointment of Mr. Zhao Zhuo as the Board secretary of the Company, with the term of office commencing from the date of approval of such resolution at the Board meeting to the date on which the term of office of the eighth session of the Board expires.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

CORPORATE GOVERNANCE

The Company strictly complied with various applicable laws, rules and regulations as well as the Articles of Association to standardize its operation. The Board reviewed the corporate governance practices adopted by the Company for the six months ended 30 June 2024 and was of the view that the Company complied with the principles and code provisions set out in Part 2 of the Corporate Governance Code, except for code provision B.2.2.

Code provision B.2.2 stipulates that, among others, every director should be subject to retirement by rotation at least once every three years. According to the Articles of Association, the term of the seventh session of the Board and the Supervisory Committee shall be three years commencing from 28 May 2021. On 12 July 2024, the Company completed the re-election of the members of the Board and the Supervisory Committee and fulfilled its information disclosure obligations. Before the establishment of the eighth session of the Board and the Supervisory Committee, all the Directors of the seventh session of the Board and all the Supervisors of the seventh session of the Supervisory Committee have continued to perform the responsibilities of Directors and Supervisors in accordance with relevant requirements.

MATERIAL EVENTS

On 22 March 2024, a total of 142,129,270 A shares of AVICOPTER PLC* (中航直升機股份有限公司) (“AVICOPTER”) have been issued by AVICOPTER in connection with the Proposed Restructuring, and the total number of issued shares of AVICOPTER has increased from 589,476,716 shares to 731,605,986 shares. By then, the Proposed Restructuring has completed. On 25 July 2024, a total of 88,287,227 A shares of AVICOPTER have been issued by AVICOPTER in connection with the Raising of Supporting Funds, and the total number of issued shares of AVICOPTER has increased from 731,605,986 shares to 819,893,213 shares, including the 5,885,815 A shares of AVICOPTER subscribed by the Company with a cash amount of

approximately RMB200 million. By then, the Raising of Supporting Funds has been completed. For details, please refer to the announcements of the Company dated 23 December 2022, 9 January 2023, 15 March 2023, 18 July 2023, 15 September 2023, 22 March 2024 and 26 July 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcements.

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

INFORMATION DISCLOSURE ON THE WEBSITE OF HKEX

The electronic version of this announcement is published on both the websites of Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.avichina.com). The interim report of the Company for the six months ended 30 June 2024, which contains all information as required by Appendix D2 to the Listing Rules, will be published on the websites of Hong Kong Stock Exchange and the Company in due course.

By order of the Board
AviChina Industry & Technology Company Limited*
Chairman
Yan Lingxi

Beijing, 27 August 2024

As at the date of this announcement, the Board comprises executive Directors Mr. Yan Lingxi and Mr. Sun Jizhong, non-executive Directors Mr. Xu Dongsheng, Mr. Zhou Xunwen, Ms. Hu Shiwei and Mr. Xu Gang as well as independent non-executive Directors Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping.

** For identification purpose only*