



# 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)



# 2022

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 2022 prepared according to the China Accounting Standards for Business Enterprises.

Revenue	RMB25,813 million
Net profit attributable to the owners of the parent company	RMB1,154 million
Earnings per share	
– Basic and diluted	RMB0.150
Shareholders’ equity attributable to parent company	RMB27,141 million

### INTERIM DIVIDEND

The Board proposed that no interim dividend would be declared and paid for the six months ended 30 June 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2022, the widely recurrence of the novel coronavirus pneumonia epidemic (the “**Epidemic**”) and intensified inflationary pressure have brought tremendous resistance to the global economic recovery. With more complicated, severer and more uncertain economic development environment in China, the economy suffered higher downward pressure but remained the long-term positive trend. Amid the sophisticated and severe environment at home and abroad, Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司) (“**AVIC**”) forged ahead with challenges, consolidated the results of reform, achieved steady growth in economic efficiency, fought against the Epidemic, prevented risks, ensured stability and promoted development, and made new achievements in high-quality development. AVIC has been listed in the Fortune Global 500 for 14 consecutive years, ranking the 144th. Meanwhile, AVIC ranked the second on the Global 500 of Aerospace and Defense Industry.

In the first half of 2022, the Company was committed to becoming a flagship company of aviation high-tech civil-military general-purpose products and services, and was vigorous and unswerving in its efforts to maintain business operations solid and stable.

In the first half of 2022, the Group devoted itself to building a new modern aviation high-tech industrial group and actively launched capital operation and business integration. China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司) (“**AVIC Avionics**”) commenced the share swap and absorption merger of AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司) (“**AVIC Electromechanical**”) to continuously improve the aviation industry chain and lay a solid foundation for the systematic, integrated and intelligent development of the aviation airborne industry. AVIC JONHON Optronic Technology Co., Ltd. (中航光電科技股份有限公司) (“**JONHON Optronic**”) completed a non-public offering of A shares and raised funds of approximately RMB3.4 billion, which effectively promoted the construction of industrialization projects. In order to optimize the shareholding structure of the helicopter business, Harbin Aviation Industry (Group) Co., Ltd. (哈爾濱航空工業(集團)有限公司) (“**Harbin Aviation Group**”) and AVIC Helicopter Co., Ltd. (中航直升機有限責任公司) (“**AVIC Helicopter**”), which are both wholly-owned subsidiaries of the Company, transferred their shares in AVICOPTER PLC (中航直升機股份有限公司) (“**AVICOPTER**”) to the Company respectively.

The application fields and influence of the Group’s helicopters continued to broaden. The advanced medium-sized multi-purpose civil helicopter AC352 completed functional and reliability test flight, entering the countdown to airworthiness certification; the cockpit design evaluation of AC332 helicopter was completed, laying a solid foundation for the subsequent model development and test verification; the AC311A helicopter carried out spraying and control operations in Longhushan Mountain, further broadening its application area and influence; the large multi-purpose civil helicopter AC313A successfully made its maiden flight and the Z-8 helicopter participated in the “Emergency Mission-2022” earthquake relief exercise, making great progress in the field of aviation rescue.

The trainer business of the Group was carried out in an orderly manner. Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司) (“**Hongdu Aviation**”) was approved to set up the first provincial enterprise technology innovation center and continued to carry out key technology research and development. Hongdu Aviation efficiently coordinated and seized opportunities to realize the delivery of the CJ-6 final assembly and multiple batches of advanced trainers.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has further enhanced the innovation capability of aviation ancillary system and related business. Six series of photoelectric conversion modules of JONHON Optronics successfully passed the appraisal, laying the foundation for the demand of localization of model equipment. JONHON Optronics won the “China Patent Excellence Award” for the first time, and its intellectual property management entered a new stage of improving patent quality. It established the first overseas production base to undertake the international development strategy. Tianjin Aviation Mechanical and Electrical Co., Ltd. (天津航空機電有限公司) carried out experimental research on new fire extinguishing system, providing data and methods for system design. Lanzhou Flight Control Co., Ltd. (蘭州飛行控制有限責任公司) successfully passed the CNAS (中國合格評定國家認可委員會) re-evaluation of the Environmental Test Center and continued to improve the testing service capability. AVIC Taiyuan Aviation Instrument Co., Ltd. (太原航空儀錶有限公司) facilitated the successful maiden flight of AG600 full state new fire-fighting aircraft. AVIC Shaanxi Qianshan Avionics Co., Ltd. (陝西千山航空電子有限責任公司) provided ancillary flight parameters and audio system for AC313A to guarantee the successful maiden flight.

The aviation engineering services business of the Group secured stable development. 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 tender for the Airbus Aircraft Full Life Cycle Services Project, further expanding cooperation between China and Europe; won the tender for the organic renewal planning and design projects of China Eastern Silk Market, demonstrating its planning and consulting strength in the field of urban renewal; won the tender for the Beijing Daxing International Airport Air China Base Aircraft Maintenance Project (Phase I), demonstrating advanced design concepts and mature engineering technologies in the field of aircraft maintenance; won the bid for the Shenzhen Airport South Domestic Transshipment Depot Project, successfully implementing the market strategy of Guangdong-Hong Kong-Macao Greater Bay Area, and won the bid for Beijing Yongfeng Industrial Base Energy Center Project to practice green development and continue to develop the market of comprehensive energy field.

The Company continued to improve governance capacity, enhance compliance, strengthen investor relations management, actively reward shareholders, and continuously improved its brand value. At the same time, the Company continued to strengthen the construction of social responsibility system, practice “Carbon Peak and Carbon Neutrality”, adhere to green aviation; help those in distress and aid those in peril to demonstrate dedication to its mission.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OUTLOOK

With the recovery from the Epidemic and the steady progress of resumption of work and production, the domestic economy bottomed out and stabilized. In the second half of 2022, AVIC will face new opportunities and challenges courageously, adhere to stable development and seek progress; strengthen independent innovation, focus on risk management and control and resolutely keep the bottom line of safety development; deepen reform and innovation and promote the long-term overall solidification and institutionalization of reform achievements. The Group will adhere to the goal of building a flagship company of aviation high-tech civil-military general-purpose products and services, accelerate the reorganization and integration of the aviation industry chain, and be devoted to building a modern aviation high-tech new industrial group. The Group will promote scientific and technological innovation, give full play to the advantages of aviation high-tech industry, explore the future development direction of new power helicopter industry in accordance with the requirements of green development and explore the future development direction of helicopter industry; grasp the opportunity of the demand for emergency rescue equipment, optimize the industrial layout and promote the industrialization of civil helicopters; optimize the allocation of resources, bring into play the synergy effect and realize the systematic, integrated and intelligent development of aviation airborne industry; accelerate the transformation and upgrading, speed up the international development and enhance the core process capability of aviation ancillary system products; expand market areas, enhance market position, and improve the whole value chain services of aviation engineering; improve governance capability, perfect institutional mechanism construction, and improve capital control system; enhance investor contact, improve market image, and continue to promote high-quality development.

## FINANCIAL REVIEW

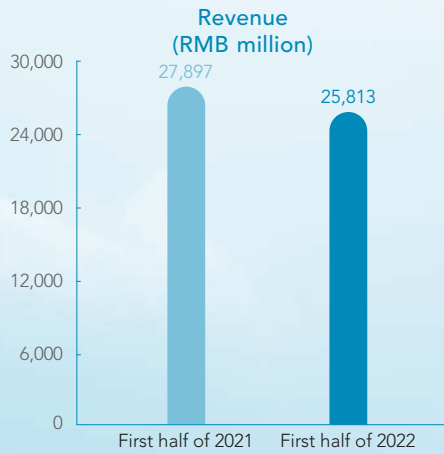
Due to the acquisition of Beijing Yinyan Industrial Co., Ltd.\* (北京銀燕實業有限公司) by AVIC CAPDI in December 2021, the financial data of the Group in the corresponding period of the preceding year was restated pursuant to the relevant regulations and requirements.

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

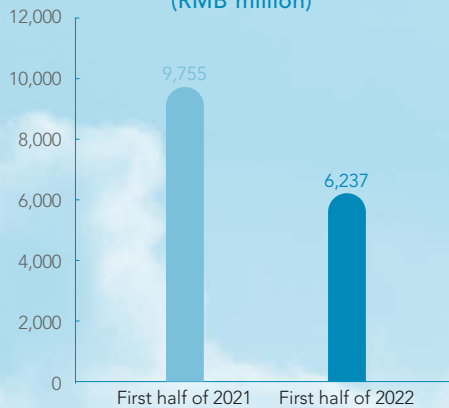
## Revenue



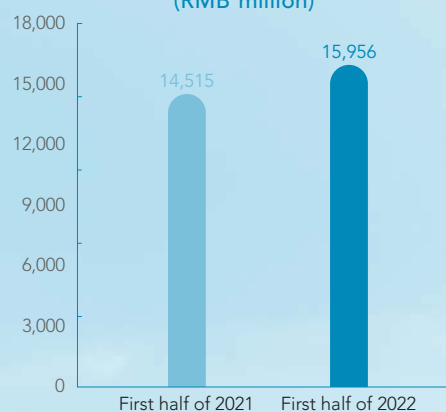
For the six months ended 30 June 2022, the Group recorded a revenue of RMB25,813 million, representing a decrease of RMB2,084 million or 7.47% as compared with that of RMB27,897 million in the corresponding period of last year, which was mainly attributable to the decrease in sales volume of certain helicopters during the reporting period affected by the adjustment of helicopter products structure.

## Segment Information

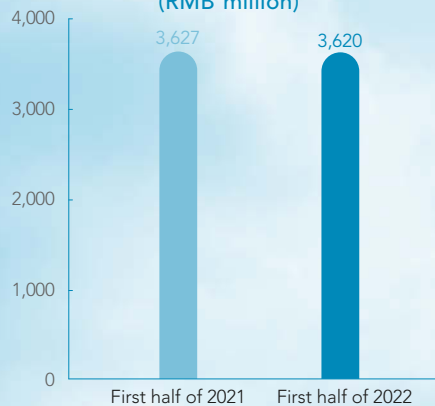
Revenue of aviation entire aircraft segment (RMB million)



Revenue of aviation ancillary system and related business segment (RMB million)



Revenue of aviation engineering services segment (RMB million)



## MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2022, the revenue of the aviation entire aircraft segment of the Group amounted to RMB6,237 million, representing a decrease of 36.06% as compared with that in the corresponding period of last year, which was mainly attributable to the decrease in sales volume of certain helicopters during the reporting period affected by the adjustment of helicopter products structure. The revenue of the aviation entire aircraft segment accounted for 24.16% of the total revenue of the Group. The revenue of the aviation ancillary system and related business segment of the Group amounted to RMB15,956 million, representing an increase of 9.93% as compared with that in the corresponding period of last year, which was mainly attributable to the increase in revenue of avionics products. The revenue of the aviation ancillary system and related business segment accounted for 61.82% of the total revenue of the Group. The revenue of the aviation engineering services segment of the Group amounted to RMB3,620 million, representing a decrease of 0.19% as compared with that in the corresponding period of last year. The revenue of the aviation engineering services segment accounted for 14.02% of the total revenue of the Group.

For the six months ended 30 June 2022, the segment profit of the aviation entire aircraft segment of the Group amounted to RMB93 million, representing a decrease of RMB636 million or 87.24% as compared with that of RMB729 million in the corresponding period of last year. The decrease was mainly attributable to the decrease in sales volume of certain helicopters during the reporting period affected by the adjustment of helicopter products structure, and the decrease in gross profit contribution. The segment profit of the aviation ancillary system and related business segment of the Group amounted to RMB3,186 million, representing an increase of RMB707 million or 28.52% as compared with that of RMB2,479 million in the corresponding period of last year, which was mainly attributable to 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 RMB177 million, representing an increase of RMB20 million or 12.74% as compared with that of RMB157 million in the corresponding period of last year, the main reason was that the gross profit margin of consulting and design products has increased as compared with that in the corresponding period of last year.

### Gross Profit

For the six months ended 30 June 2022, the Group recorded a gross profit of RMB6,108 million, representing an increase of RMB92 million or 1.53% as compared with that of RMB6,016 million in the corresponding period of last year, the main reason was that the revenue scale of avionics products with a relatively high gross profit margin increased. The comprehensive gross profit margin was 23.66% during the reporting period, representing an increase of 2.10 percentage points as compared with that in the corresponding period of last year, which was mainly attributable to the increase in the revenue of aviation ancillary system and related business with higher gross profit margins during the reporting period.

### Selling Expenses

For the six months ended 30 June 2022, the selling expenses of the Group amounted to RMB337 million, representing an increase of RMB22 million or 6.98% as compared with that of RMB315 million in the corresponding period of last year, which was mainly attributable to the increase in the labor cost of sales personnel of JONHON Optronics for expanding the market. The selling expenses accounted for 1.31% of the revenue during the reporting period, representing an increase of 0.18 percentage point as compared with 1.13% in the corresponding period of last year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Administrative Expenses

For the six months ended 30 June 2022, the administrative expenses of the Group amounted to RMB1,589 million, representing an increase of RMB106 million or 7.15% as compared with that of RMB1,483 million in the corresponding period of last year, which was mainly attributable to the increase of staff costs. The administrative expenses accounted for 6.16% of the revenue during the reporting period, representing an increase of 0.84 percentage point as compared with that of 5.32% in the corresponding period of last year.

### Research and Development Expenses

For the six months ended 30 June 2022, the R&D expenses of the Group amounted to RMB1,469 million, representing an increase of RMB122 million or 9.06% as compared with that of RMB1,347 million in the corresponding period of last year, which was mainly attributable to enhanced R&D input by certain subsidiaries during the reporting period. The R&D expenses accounted for 5.69% of the revenue during the reporting period, representing an increase of 0.86 percentage point as compared with that of 4.83% in the corresponding period of last year.

### Finance Costs

For the six months ended 30 June 2022, the finance costs of the Group amounted to RMB-92 million, representing a decrease of RMB160 million as compared with that of RMB68 million in the corresponding period of last year, which was mainly attributable to the increase of exchange gains of certain subsidiaries as compared with that in the corresponding period of last year. Details are set out in Note V.27 to the financial statements.

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

For the six months ended 30 June 2022, the net profit attributable to the owners of the parent company amounted to RMB1,154 million, representing a decrease of RMB45 million or 3.75% as compared with that of RMB1,199 million in the corresponding period of last year, which was mainly attributable to the decrease in sales volume of certain helicopters during the reporting period affected by the adjustment of helicopter products structure, and the decrease in gross profit contribution.

### Liquidity and Financial Resources

As at 30 June 2022, the cash and cash equivalents of the Group amounted to RMB14,496 million, which were mainly derived from cash and bank deposits at the beginning of 2022 and proceeds generated from business operations during the reporting period.

As at 30 June 2022, the total borrowings of the Group amounted to RMB12,480 million, of which short-term borrowings amounted to RMB4,921 million, current portion of long-term borrowings amounted to RMB2,057 million, and non-current portion of long-term borrowings amounted to RMB5,502 million.

As at 30 June 2022, the bank borrowings of the Group amounted to RMB5,873 million with an average interest rate of 4% per annum, representing an increase of RMB1,607 million as compared with that at the beginning of the reporting period; and other borrowings amounted to RMB6,607 million with an average interest rate of 3% per annum, representing an increase of RMB294 million as compared with that at the beginning of the reporting period.

Seasonal influence on the Group's borrowings demand was relatively insignificant.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GUARANTEED AND SECURED LOANS

As at 30 June 2022, the Group's total secured borrowings amounted to RMB770 million, among which RMB67 million was secured by house buildings with a net book value of RMB8 million; RMB128 million was secured by notes receivable and accounts receivable with a net book value of RMB165 million; borrowings of RMB575 million was secured by future collecting rights.

## GEARING RATIO

As at 30 June 2022, the Group's gearing ratio was 9.28% (7.90% as at 31 December 2021), which was derived from dividing the total borrowings by the total assets as at 30 June 2022.

## 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 2022, the Group had no significant contingent liabilities.

## MATERIAL ACQUISITIONS AND DISPOSALS

On 22 April 2022, AVIC and AVIC CAPDI have entered into the Equity Transfer Agreement with (i) Beijing Xuneng Development Technology Co., Ltd.\* (北京旭能發展科技有限責任公司) ("**Xuneng Development**"); (ii) Jilin Zhongkai New Energy Development and Utilization Co., Ltd.\* (吉林省中愷新能源開發利用有限責任公司) ("**Jilin Zhongkai**"); and (iii) Anhui Zhongcheng Dadi Energy Development Co., Ltd.\* (安徽中城大地能源發展有限公司) ("**Anhui Zhongcheng**"), pursuant to which AVIC agreed to transfer its 30.70% equity interest in AVIC Renewable Energy Investment Co., Ltd.\* (中國航空工業新能源投資有限公司) ("**AVIC Renewable Energy**") at a consideration of approximately RMB226.64 million, and AVIC CAPDI agreed to transfer its 21.30% equity interest in AVIC Renewable Energy at a consideration of approximately RMB157.25 million (the "**Consideration**"). Upon completion of the Equity Transfer Agreement, AVIC Renewable Energy will remain as a subsidiary of the Company and will be owned as to: (i) approximately 48.0% by AVIC CAPDI; (ii) approximately 36.40% by Xuneng Development; (iii) approximately 10.40% by Jilin Zhongkai; and (iv) approximately 5.20% by Anhui Zhongcheng, respectively. Xuneng Development is a company owned as to 50% by AVIC Trust Co., Ltd.\* (中航信託股份有限公司) ("**AVIC Trust**") and 50% by Anhui Zhongcheng, respectively. AVIC Trust is owned as to approximately 73.56% by AVIC Industry-Finance, which is a non-wholly owned subsidiary of AVIC, a controlling shareholder of the Company. Therefore, Xuneng Development is a connected person to the Company pursuant to Chapter 14A of the Listing Rules and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated 21 March and 22 April 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 10 June 2022, (1) AVIC Avionics and AVIC Electromechanical have entered into the Share Swap and Absorption Agreement, pursuant to which AVIC Avionics has agreed to issue AVIC Avionics A Shares to the Share Swap participating shareholders of AVIC Electromechanical as at the Share Swap Date in exchange for the AVIC Electromechanical A Shares held by them at an exchange ratio of 1 AVIC Electromechanical A Shares to 0.6605 AVIC Avionics A Share. (2) Conditional upon the Share Swap and Absorption Agreement becoming effective, AVIC Avionics also intended to place AVIC Avionics A Shares to not more than 35 designated investors to raise fund at a total amount not exceeding RMB5,000 million. AVIC Avionics has entered into the Subscription Agreements with the Company, AVIC Aviation Industry Investment Co., Ltd. \* (中航航空產業投資有限公司) (“**AVIC Aviation Industry Investment**”), AVIC Shenfei Aircraft Company Limited \* (中航沈飛股份有限公司) (“**AVIC Shenfei**”) and AVIC Chengdu Aircraft Industrial (Group) Co., Ltd. \* (成都飛機工業(集團)有限責任公司) (“**Chengdu Aircraft Industry**”), respectively. Pursuant to the Subscription Agreements, subject to the Completion, (i) the Company has agreed to subscribe for AVIC Avionics A Shares at a total consideration of RMB500 million in cash; (ii) AVIC Aviation Industry Investment agreed to subscribe for AVIC Avionics A Shares at a total consideration of RMB300 million in cash; (iii) AVIC Shenfei has agreed to subscribe for AVIC Avionics A Shares at a total consideration of RMB180 million in cash; and (iv) Chengdu Aircraft Industry has agreed to subscribe for AVIC Avionics A Shares at a total consideration of RMB180 million in cash. and (3) the Company and AVIC Airborne Systems Co., Ltd.\* (中航機載系統有限公司) (“**AVIC Airborne Systems**”) have entered into the Entrusted Voting Arrangement Agreement, pursuant to which, after the completion of the Share Swap and Absorption and the Subscription and the Entrusted Voting Arrangement becoming effective, the Company will be able to exercise approximately 42.48% voting right in AVIC Avionics. AVIC Avionics will continue to be a subsidiary of the Company and consolidated in the consolidated financial statements of the Company. As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the acquisition of AVIC Electromechanical under the Share Swap and Absorption exceeds 100%, the Share Swap and Absorption, if materialised, will constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Furthermore, upon completion of the Share Swap and Absorption, the shareholding the Company in AVIC Avionics will reduce from 39.43% to 16.92%. Therefore, the Share Swap and Absorption will also constitute a Deemed Disposal of AVIC Avionics under the Listing Rules. As at the date of this report, AVIC Electromechanical is a connected person of the Company by virtue of being owned as to 51.97% by AVIC, directly and indirectly through several of its subsidiaries. The Company has no interest in AVIC Electromechanical as at the date of this report. Therefore, the Share Swap and Absorption constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon completion of the Subscription, the shareholding of the Company in AVIC Avionics will reduce from 16.92% to 16.52%. Therefore, the Subscription of AVIC Avionics A Shares by the Company will constitute a Deemed Disposal of AVIC Avionics under the Listing Rules. As at the date of this report, AVIC Avionics is a subsidiary of the Company. Furthermore, it is a connected subsidiary of the Company by virtue of being owned as to 16.41% by AVIC Airborne Systems, a wholly-owned subsidiary of AVIC. Therefore, the Subscription of AVIC Avionics A Shares by the Company, if materialised, will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. AVIC Aviation Industry Investment is an indirect non wholly-owned subsidiary of AVIC, AVIC Shenfei is a non-wholly-owned subsidiary of AVIC and Chengdu Aircraft Industry is a wholly-owned subsidiary of AVIC. Therefore, AVIC Aviation Industry Investment, AVIC Shenfei and Chengdu Aircraft Industry are connected persons of the Company. Accordingly, the Subscription of AVIC Avionics A Shares by AVIC Aviation Industry Investment, AVIC Shenfei and Chengdu Aircraft Industry, if materialised, will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcements of the Company dated 26 May and 10 June 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 15 June 2022, AVIC Renewable Energy has succeeded in the public tender at Beijing Property and Equity Exchange to acquire the 100% equity interests in AVIC Construction Energy Technology Jiangsu Co., Ltd.\* (中航建投能源科技江蘇有限公司) (“**Jiangsu Energy**”), Jilin AVIC Construction Energy Technology Co., Ltd.\* (吉林中航建投能源科技有限公司) (“**Jilin Energy**”), Shaanxi AVIC Construction Energy Technology Co., Ltd.\* (陝西中航建投能源科技有限公司) (“**Shaanxi Energy**”) and Shanghai AVIC Construction Energy Technology Co., Ltd.\* (上海中航建投能源科技有限公司) (“**Shanghai Energy**”), Jilin Energy Debt and Shaanxi Energy Debt (“**Target Equity Interests (Public Tender Companies)**”) at a total consideration of approximately RMB27.44 million. In this regard, AVIC International Construction Co., Ltd.\* (中國航空國際建設投資有限公司) (“**AVIC Construction**”) will enter into property transfer agreement(s), pursuant to which AVIC Construction will sell, and AVIC Renewable Energy will acquire, the Target Equity Interests (Public Tender Companies) at the Bidding Price. The final consideration is approximately RMB27.44 million in aggregate which is determined with reference to: (i) the net assets value of the relevant Target Companies as at 30 September 2021 as determined by an independent and qualified PRC valuer using the asset based approach in its valuation report; and (ii) the value of Jilin Energy Debt and Shaanxi Energy Debt. Upon Completion, the Company will continue to hold indirect interest in Jiangsu Energy, Shanghai Energy, Jilin Energy and Shaanxi Energy and these Target Companies will remain as subsidiaries of the Company. As at the date of this report, AVIC Construction is a wholly-owned subsidiary of the Company. AVIC Renewable Energy is a connected subsidiary of the Company by virtue of being owned as to over 10% by AVIC indirectly through its indirect non-wholly-owned subsidiary, i.e., Xuneng Development. Therefore, the Disposals constitute connected transactions under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 15 June 2022.

### USE OF PROCEEDS

As at 30 June 2022, a total of RMB5,521 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 as well as the acquisition of assets in aviation business and equity investments. In the end of 2018, the net proceeds raised by the Company through H share placing were approximately HK\$1,346 million. At the date of the report, the Company has utilized the proceeds according to the plan for use of proceeds as disclosed in the announcement of the Company dated 14 December 2018, and an amount of approximately RMB963 million had been used to invest in the aviation products business such as aviation cabin interior trimming business. As at 30 June 2022, the actual remaining balance of the proceeds amounted to approximately RMB221 million. The Company proposes to use such proceeds for investment in aviation products businesses, the industrialization projects of aviation research institutes and funds for aviation industry, the funding of acquisitions of aviation equity interest or aviation assets and for general corporate purposes in accordance with the Company’s development strategy in the next year.

### EMPLOYEES

As at 30 June 2022, the Group had 46,905 employees. The Group’s staff costs amounted to RMB4,966 million for the six months ended 30 June 2022, representing an increase of RMB503 million or 11.27% as compared with that of RMB4,463 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 2021 annual report of the Company dated 25 April 2022.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Due to change in work arrangement, on 30 August 2022, Mr. Li Xichuan applied to the Board for resignation from his position as non-executive Director and member of the Development and Strategy Committee. At the Board meeting held on 30 August 2022, Mr. Liu Bingjun has been nominated as candidates for non-executive Director, for a term of office commencing from the date on which his proposed appointment is approved at the general meeting of the Company 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 (the “**Rules**”) 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 2022.

## 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 2022, 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 2022, 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 Industry-Finance is a subsidiary of AVIC, and therefore is an associated corporation (within the meaning of Part XV of the SFO) of the Company.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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 proposed to issue 1,500,669,406 Domestic Shares as the consideration for the acquisition, among which, 1,250,899,906 and 249,769,500 Domestic Shares will be 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.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2022, 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 2022.

### 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 2022.

### OTHER EVENTS

On 13 January 2022, the non-public issuance of A Shares (the "**Non-public Issuance**") by JONHON Optronics has been completed. The total number of shares of JONHON Optronics in issue has been increased by 35,576,016 A shares in the issue price of RMB95.57 per share, as a result of the completion of the Non-public Issuance. The Company has subscribed for 2,092,706 A shares of JONHON Optronics. On 13 January 2022, the total number of shares of JONHON Optronics in issue amounts to 1,135,521,069 A shares. The Company is the controlling shareholder of JONHON Optronics with a shareholding of 427,837,092 A shares, representing 37.68% of its total share capital. For details, please refer to the announcements of the Company dated 13 January 2022 and 9 July 2021.

On 21 February 2022, Harbin Aviation Industry (Group) Co., Ltd.\* (哈爾濱航空工業(集團)有限公司) (the "**Harbin Aviation Group**") and AVIC Helicopter Co., Ltd.\* (中航直升機有限責任公司) (the "**AVIC Helicopter**"), two wholly-owned subsidiaries of the Company, each entered into a state-owned equity transfer agreement (the "**Agreement**") with the Company. Pursuant to the Agreement, each of Harbin Aviation Group and AVIC Helicopter agrees to transfer to the Company (the "**Transfer**") 157,428,702 A Shares in AVICOPTER (a non-wholly owned subsidiary of the Company whose A Shares are listed on the Shanghai Stock Exchange) held by Harbin Aviation Group, representing 26.71% of the total issued shares of AVICOPTER, and 75,350,398 A Shares in AVICOPTER held by AVIC Helicopter, representing 12.78% of the total issued shares of AVICOPTER. The aggregate A Shares to be transferred by Harbin Aviation Group and AVIC Helicopter to the Company are 232,779,100 A Shares, representing 39.49% of the total issued shares of AVICOPTER, which shall be directly held by the Company. At the same time, Harbin Aviation Group and AVIC Helicopter shall reduce their respective issued share capital and capital reserve. As at the date of this report, the Transfer has been completed. The direct shareholding of the Company in AVICOPTER is 271,431,658 A Shares, and the percentage of direct shareholding of the Company in AVICOPTER increases from 6.56% to 46.05%. The Transfer further optimizes the shareholding structure of the helicopter business of the Group, laying a solid foundation for the development of the helicopter business of the Group. For details, please refer to the announcements of the Company dated 21 February 2022 and 25 August 2022.



## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

On 6 May 2022, the Company has acquired a total of 58,951,452 shares, representing 0.66% of the issued shares of AVIC Industry-Finance through on-market purchases on Shanghai Stock Exchange at an average price of RMB3.396 per share, at a total consideration amounting to approximately RMB200 million. Prior to the Acquisition, the Company had no interest in AVIC Industry-Finance. As at the date of this report, AVIC directly holds 39.45% shareholding in AVIC Industry-Finance. Accordingly, the Acquisition constitutes a connected transaction under Rule 14A.28 (1) of the Listing Rules. For details, please refer to the announcement of the Company dated 6 May 2022.

On 27 May 2022, AVIC Avionics entered into the Shaanxi Huayan Capital Contribution Agreement with AVIC Shaanxi Huayan Aero-Instrument Co., Ltd.\* (陝西華燕航空儀錶有限公司) ("**Shaanxi Huayan**") and AVIC Zhonghang Electric Measuring Instruments Co., Ltd.\* (中航電測儀器股份有限公司) ("**AVIC Electric Measuring**"), pursuant to which AVIC Avionics and AVIC Electric Measuring as the existing shareholders will participate in the capital contributions in Shaanxi Huayan in a total amount of RMB50.0 million on a pro-rata basis. On 27 May 2022, Shaanxi Huayan is owned 80% by AVIC Avionics and 20% by AVIC Electric Measuring. Accordingly, AVIC Avionics will contribute an amount of approximately RMB40.0 million in cash in Shaanxi Huayan. As at the date of this report, AVIC Avionics is a non-wholly-owned subsidiary of the Company. Shaanxi Huayan is a connected subsidiary of AVIC Avionics by virtue of being owned as to over 10% by AVIC indirectly through its subsidiary, AVIC Electric Measuring. Therefore, the capital contribution by AVIC Avionics in Shaanxi Huayan 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 27 May 2022.

## PURCHASE, SALE AND REDEMPTION OF SECURITIES

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## Consolidated Balance Sheet

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Current assets:</b>			
Monetary funds	1	16,021,102,190	25,361,499,508
Settlement reserve		–	–
Loans to banks and other financial institutions		–	–
Financial assets held for trading	2	1,327,706,120	1,244,823,022
Derivative financial assets		–	–
Notes receivable	3	6,202,122,354	9,929,754,416
Accounts receivable	4	27,950,872,600	21,321,031,800
Receivables financing		2,254,540	4,291,292
Prepayments	5	8,296,757,364	8,562,458,424
Premium receivable		–	–
Reinsurance premium receivable		–	–
Reinsurance contract provision receivable		–	–
Other receivables	6	364,784,756	202,072,117
Including: Interest receivable		–	–
Dividends receivable		12,134,192	37,500,000
Financial assets purchased under agreements to resell		–	–
Inventories	7	36,475,349,927	32,374,764,020
Contract assets	8	8,671,385,112	5,149,456,300
Held-for-sale assets		48,656,246	48,656,246
Non-current assets due within one year		300,000,000	202,290,896
Other current assets		665,156,286	711,173,574
<b>Total current assets</b>		<b>106,326,147,495</b>	<b>105,112,271,615</b>

## Consolidated Balance Sheet (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Non-current assets:</b>			
Loans and advances		–	–
Debt investment		–	–
Other debt investment		–	–
Long-term receivables		6,134,844	6,134,844
Long-term equity investments	9	2,038,732,977	1,923,474,669
Other equity instrument investments	10	2,374,006,614	2,696,553,640
Other non-current financial assets		400,000,000	600,000,000
Investment properties	11	337,124,934	346,546,113
Fixed assets	12	15,471,569,372	15,125,713,170
Construction-in-progress	13	2,724,161,720	3,023,560,156
Bearer biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets	14	587,962,933	599,491,919
Intangible assets	15	3,200,179,385	3,235,508,206
Development expenditure		–	–
Goodwill		69,121,895	69,121,895
Long-term deferred expenses		65,987,442	71,629,850
Deferred income tax assets		446,790,690	416,013,126
Other non-current assets		450,279,545	663,115,937
<b>Total non-current assets</b>		<b>28,172,052,351</b>	<b>28,776,863,525</b>
<b>Total assets</b>		<b>134,498,199,846</b>	<b>133,889,135,140</b>

Legal representative: Zhang Minsheng    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 2022 (Unaudited)	31 December 2021 (Audited)
<b>Current Liabilities:</b>			
Short-term borrowings	16	4,775,951,275	3,057,762,250
Borrowings from the central bank		–	–
Placements from banks and other financial institutions		–	–
Financial liabilities held for trading		65,598,075	18,196,239
Derivative financial liabilities		–	–
Notes payable	17	9,843,626,970	11,633,186,116
Accounts payable	18	30,941,890,340	27,365,848,151
Advances		4,164,258	10,260,976
Contract liabilities	19	17,985,073,361	21,306,958,451
Financial assets sold under agreements to repurchase		–	–
Deposits and placements from other financial institutions		–	–
Securities brokering		–	–
Securities underwriting		–	–
Employee compensation payable		1,311,601,674	2,002,883,877
Tax payable		332,829,509	454,114,039
Other payables		1,808,644,707	1,886,338,410
Including: Interest payable		–	–
Dividends payable		176,322,597	6,194,055
Fees and commissions payable		–	–
Reinsurance amounts payable		–	–
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		2,202,226,954	1,225,299,857
Other current liabilities		475,748,308	622,306,803
<b>Total current liabilities</b>		<b>69,747,355,431</b>	<b>69,583,155,169</b>

## Consolidated Balance Sheet (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Non-current liabilities:</b>			
Insurance contract reserves		–	–
Long-term borrowings	20	4,798,441,185	4,284,761,981
Bonds payable		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Lease liabilities	21	492,359,257	559,212,830
Long-term payables		-716,422,091	-548,941,454
Long-term employee compensation payable		1,430,516,285	1,523,783,896
Estimated liabilities		654,713,899	645,506,219
Deferred income		862,526,999	846,324,736
Deferred income tax liabilities		300,117,176	351,913,854
Other non-current liabilities		716,706,855	1,876,914,653
<b>Total non-current liabilities</b>		<b>8,538,959,565</b>	<b>9,539,476,715</b>
<b>Total liabilities</b>		<b>78,286,314,996</b>	<b>79,122,631,884</b>
<b>Shareholders' equity:</b>			
Share capital	22	7,711,332,242	7,711,332,242
Other equity instruments		–	–
Including: Preferred shares		–	–
Perpetual bonds		–	–
Capital reserves		13,058,433,864	12,974,963,414
Less: treasury shares		–	–
Other comprehensive income		-364,666,048	112,507,999
Special reserves		594,724,240	503,687,704
Surplus reserves		308,138,730	308,138,730
General risk reserve		–	–
Undistributed profits		5,833,279,263	5,296,679,064
Total shareholders' equity attributable to parent company		27,141,242,291	26,907,309,153
Minority equity		29,070,642,559	27,859,194,103
<b>Total shareholders' equity</b>		<b>56,211,884,850</b>	<b>54,766,503,256</b>
<b>Total liabilities and shareholders' equity</b>		<b>134,498,199,846</b>	<b>133,889,135,140</b>

Legal representative: Zhang Minsheng    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 2022 (Unaudited)	31 December 2021 (Audited)
<b>Current assets:</b>		
Monetary funds	242,818,748	61,429,523
Financial assets held for trading	191,987,448	667,040,137
Derivative financial assets	–	–
Notes receivable	–	–
Accounts receivable	824,134	824,134
Receivables financing	–	–
Prepayments	–	–
Other receivables	324,172,448	227,505,857
Including: Interest receivable	–	–
Dividends receivable	83,825,311	–
Inventories	–	–
Contract assets	–	–
Held-for-sale assets	–	–
Non-current assets due within one year	300,000,000	200,000,000
Other current assets	238,839	352,675
<b>Total current assets</b>	<b>1,060,041,617</b>	<b>1,157,152,326</b>
<b>Non-current assets:</b>		
Debt investment	–	–
Other debt investment	–	–
Long-term receivables	841,943	841,942
Long-term equity investments	12,037,977,719	11,852,954,759
Other equity instrument investments	1,521,231,594	1,474,452,704
Other non-current financial assets	400,000,000	600,000,000
Investment properties	26,075,234	26,654,890
Fixed assets	513,863	649,174
Construction-in-progress	–	–
Bearer biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets	1,532,020	4,086,243
Intangible assets	716,336	896,009
Development expenditure	–	–
Goodwill	–	–
Long-term deferred expenses	–	–
Deferred income tax assets	1,871,691	1,842,194
Other non-current assets	10,000,000	10,000,000
<b>Total non-current assets</b>	<b>14,000,760,400</b>	<b>13,972,377,915</b>
<b>Total assets</b>	<b>15,060,802,017</b>	<b>15,129,530,241</b>

Legal representative: Zhang Minsheng    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 2022 (Unaudited)	31 December 2021 (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	9,079,172	9,282,473
Tax payable	19,270,756	10,518,572
Other payables	271,760,184	325,829,496
Including: Interest payable	-	-
Dividends payable	-	-
Held-for-sale liabilities	-	-
Non-current liabilities due within one year	512,608	1,038,891
Other current liabilities	-	-
<b>Total current liabilities</b>	<b>300,622,720</b>	<b>346,669,432</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	-	-
Bonds payable	-	-
Including: Preferred shares	-	-
Perpetual bonds	-	-
Lease liabilities	-	-
Long-term payables	-	-
Long-term employee compensation payable	-	-
Estimated liabilities	-	-
Deferred income	-	-
Deferred income tax liabilities	111,096,034	158,306,812
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>111,096,034</b>	<b>158,306,812</b>
<b>Total liabilities</b>	<b>411,718,754</b>	<b>504,976,244</b>

## Balance Sheet of the Company (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Shareholders' equity:</b>		
Share capital	7,711,332,242	7,711,332,242
Other equity instruments	-	-
Including: Preferred shares	-	-
Perpetual bonds	-	-
Capital reserves	5,131,084,975	4,963,456,690
Less: Treasury shares	-	-
Other comprehensive income	325,348,969	461,576,470
Special reserves	-	-
Surplus reserves	308,138,728	308,138,728
Undistributed profits	1,173,178,349	1,180,049,867
<b>Total shareholders' equity</b>	<b>14,649,083,263</b>	<b>14,624,553,997</b>
<b>Total liabilities and shareholders' equity</b>	<b>15,060,802,017</b>	<b>15,129,530,241</b>

Legal representative: Zhang Minsheng    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 2022 (Unaudited)	January to June 2021 (Unaudited) (Restated)
<b>I. Total operating income</b>		<b>25,812,630,147</b>	<b>27,897,387,059</b>
Including: Operating revenue	23	25,812,630,147	27,897,387,059
Interest income		-	-
Earned premium		-	-
Fee and commission income		-	-
<b>II. Total operating cost</b>		<b>23,078,649,700</b>	<b>25,154,862,224</b>
Including: Operating cost	23	19,704,195,121	21,881,436,067
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		71,496,640	60,734,462
Selling expenses	24	336,599,890	314,625,268
Administrative expenses	25	1,589,242,446	1,482,677,051
Research and development expenses	26	1,468,935,031	1,347,423,586
Finance costs	27	-91,819,428	67,965,790
Including: Interest expense		175,046,322	194,233,255
Interest income		170,414,213	157,541,014
Add: Other income	28	110,623,463	112,507,875
Investment income (loss to be listed with "-")	29	181,198,993	190,837,973
Including: Income from investment in associates and joint ventures		115,404,831	133,501,275
Derecognition income of financial assets at amortised cost		-4,548,495	-2,316,162
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	5,298,206	-41,943,440
Credit impairment loss (loss to be listed with "-")	31	-77,732,258	-176,938,977
Asset impairment loss (loss to be listed with "-")	32	-109,214,975	-64,853,658
Income from assets disposal (loss to be listed with "-")		2,707,679	52,035
<b>III. Operating profit (loss to be listed with "-")</b>		<b>2,846,861,555</b>	<b>2,762,186,643</b>
Add: Non-operating income		29,712,049	27,427,376
Less: Non-operating expenses		5,204,730	7,131,212
<b>IV. Profit before tax (loss before tax to be listed with "-")</b>		<b>2,871,368,874</b>	<b>2,782,482,807</b>
Less: Income tax expenses	33	300,838,460	339,841,237

## Consolidated Income Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	January to June 2022 (Unaudited)	January to June 2021 (Unaudited) (Restated)
<b>V. Net profit (net loss to be listed with "-")</b>		<b>2,570,530,414</b>	<b>2,442,641,570</b>
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with "-")		2,570,530,414	2,442,641,570
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 "-")		1,153,506,784	1,199,152,587
2. Minority profit and loss (net loss to be listed with "-")		1,417,023,630	1,243,488,983
<b>VI. Net of tax of other comprehensive income</b>		<b>-482,323,177</b>	<b>14,247,404</b>
Net of tax of other comprehensive income attributable to the owner of the parent company		-477,174,048	31,389,328
(I) Other comprehensive income that cannot be reclassified into profit or loss		-474,207,039	36,638,451
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		-	-
3. Changes in fair value of other equity instrument investments		-474,207,039	36,638,451
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		-2,967,009	-5,249,123
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		-2,967,009	-5,249,123
7. Others		-	-
Net of tax of other comprehensive income attributable to minority shareholders		-5,149,129	-17,141,924

## Consolidated Income Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note V	January to June 2022 (Unaudited)	January to June 2021 (Unaudited) (Restated)
<b>VII. Total comprehensive income</b>		<b>2,088,207,237</b>	2,456,888,974
Total comprehensive income attributable to shareholders of the parent company		<b>676,332,736</b>	1,230,541,915
Total comprehensive income attributable to minority shareholders		<b>1,411,874,501</b>	1,226,347,059
<b>VIII. Earnings per share:</b>			
(I) Basic earnings per share (RMB/share)	35	<b>0.150</b>	0.156
(II) Diluted earnings per share (RMB/share)	35	<b>0.150</b>	0.156

Legal representative: Zhang Minsheng Person in charge of accounting: Wang Jingmin Person in charge of the accounting department: Hu Wanlin

Note: The comparative amounts of the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2021 are restated for illustrative purposes as the Group has included Beijing Yinyan, a subsidiary under common control, in the scope of consolidation.

## Income Statement of the Company

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
<b>I. Operating income</b>	<b>966,663</b>	<b>328,436</b>
Less: Operating cost	684,135	579,656
Taxes and surcharges	130,319	1,559,840
Selling expenses	-	-
Administrative expenses	14,719,520	22,117,287
Research and development expenses	-	223,512
Finance costs	-11,907,743	-1,489,960
Including: Interest expenses	13,161	91,288
Interest income	837,509	6,665,845
Add: Other income	-	49,067
Investment income (loss to be listed with "-")	626,673,074	551,655,744
Including: Income from investment in associates and joint ventures	-17,473,954	8,447,246
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 "-")	-7,206,448	-8,419,221
Credit impairment loss (loss to be listed with "-")	-117,990	190,104
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>616,689,068</b>	<b>520,813,795</b>
Add: Non-operating income	-	-
Less: Non-operating expenses	-	-
<b>III. Profit before tax (loss to be listed with "-")</b>	<b>616,689,068</b>	<b>520,813,795</b>
Less: Income tax expenses	6,654,007	4,011,096
<b>IV. Net profit (loss to be listed with "-")</b>	<b>610,035,061</b>	<b>516,802,699</b>
(I) Net profit from continuing operations (net loss to be listed with "-")	610,035,061	516,802,699
(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 2022 (Unaudited)	January to June 2021 (Unaudited)
<b>V. Net of tax of other comprehensive income</b>	<b>-136,227,501</b>	<b>45,817,417</b>
(I) Other comprehensive income that cannot be reclassified into profit or loss	-136,227,501	45,817,417
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	-	-
3. Changes in fair value of other equity instrument investments	-136,227,501	45,817,417
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>473,807,560</b>	<b>562,620,116</b>
<b>VIII. Earnings per share</b>		
(I) Basic earnings per share (RMB/share)	-	-
(II) Diluted earnings per share (RMB/share)	-	-

Legal representative: Zhang Minsheng    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 2022 (Unaudited)	January to June 2021 (Unaudited) (Restated)
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods or rendering of services	15,591,535,472	29,487,876,865
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	222,995,811	142,745,488
Other cash received relating to operating activities	1,564,921,195	1,192,284,804
<b>Subtotal of cash inflows from operating activities</b>	<b>17,379,452,479</b>	<b>30,822,907,158</b>
Cash paid for purchase of goods and receipt of services	18,087,170,046	25,901,940,176
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	5,514,928,026	5,054,188,398
Taxes and surcharges cash payments	786,360,474	647,263,802
Other cash paid relating to operating activities	1,956,983,905	2,190,218,650
<b>Subtotal of cash outflow from operating activities</b>	<b>26,345,442,452</b>	<b>33,793,611,027</b>
<b>Net cash flow from operating activities</b>	<b>-8,965,989,974</b>	<b>-2,970,703,869</b>

## Consolidated Cash Flow Statement (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2022 (Unaudited)	January to June 2021 (Unaudited) (Restated)
<b>II. Cash flows from investing activities:</b>		
Cash received from return of investment	3,617,396,476	4,126,364,144
Cash received from investment income	103,897,027	101,346,470
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,486,705	2,393,655
Net cash received from disposal of subsidiaries and other business entities	181,136,711	11,136,524
Other cash received relating to investing activities	695,250,614	-
<b>Subtotal of cash inflows from investing activities</b>	<b>4,600,167,534</b>	<b>4,241,240,793</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	935,622,269	1,466,550,656
Cash paid to acquire investments	3,742,798,653	4,923,438,905
Net increase in pledge loans	-	-
Net cash paid for acquisition of subsidiaries and other business entities	-	-
Other cash paid relating to investing activities	691,515,358	-
<b>Subtotal of cash outflows from investing activities</b>	<b>5,369,936,280</b>	<b>6,389,989,561</b>
<b>Net cash flows from investing activities</b>	<b>-769,768,746</b>	<b>-2,148,748,768</b>
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment	19,800,000	109,800,000
Including: Cash received from minority shareholders' investment in subsidiaries	19,800,000	109,800,000
Cash received from borrowings	4,461,783,157	3,171,545,816
Cash received from bond issue	-	-
Other cash received relating to financing activities	168,872,744	683,033,748
<b>Subtotal of cash inflow from financing activities</b>	<b>4,650,455,902</b>	<b>3,964,379,564</b>
Cash paid for repayments of debts	2,526,874,575	3,680,816,799
Cash paid for distribution of dividends, profits or interest repayment	1,308,804,590	935,129,553
Including: Dividends and profits paid to minority shareholders by subsidiaries	565,438,364	745,739,786
Other cash paid relating to financing activities	110,744,537	804,182,132
<b>Subtotal of cash outflow from financing activities</b>	<b>3,946,423,703</b>	<b>5,420,128,484</b>
<b>Net cash flow from financing activities</b>	<b>704,032,199</b>	<b>-1,455,748,920</b>

## Consolidated Cash Flow Statement (Continued)

Items	January to June 2022 (Unaudited)	January to June 2021 (Unaudited) (Restated)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-8,912,325	-21,243,547
V. Net increase in cash and cash equivalents	-9,040,638,846	-6,596,445,104
Add: Opening balance of cash and cash equivalents	23,536,490,115	22,836,476,891
VI. Closing balance of cash and cash equivalents	14,495,851,270	16,240,031,787

Legal representative: Zhang Minsheng    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

Note: The comparative amounts of the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2021 are restated for illustrative purposes as the Group has included Beijing Yinyan, a subsidiary under common control, in the scope of consolidation.



## Cash Flow Statement of the Company

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods or rendering of services	-	-
Refund of taxes and surcharges	-	-
Other cash received relating to operating activities	119,454,835	8,138,695
<b>Subtotal of cash inflows from operating activities</b>	<b>119,454,835</b>	<b>8,138,695</b>
Cash paid for purchase of goods and receipt of services	-	-
Cash paid to and for employees	12,915,812	13,277,181
Taxes and surcharges cash payments	198,244	25,082,434
Other cash paid relating to operating activities	176,880,650	126,870,461
<b>Subtotal of cash outflows from operating activities</b>	<b>189,994,706</b>	<b>165,230,076</b>
<b>Net cash flows from operating activities</b>	<b>-70,539,871</b>	<b>-157,091,381</b>
<b>II. Cash flows from investing activities:</b>		
Cash received from return of investment	918,060,000	1,501,388,736
Cash received from investment income	523,024,249	391,170,588
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>1,441,084,249</b>	<b>1,892,559,324</b>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	9,388	-
Cash paid to acquire investments	578,415,559	1,708,150,375
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>578,424,947</b>	<b>1,708,150,375</b>
<b>Net cash flows from investing activities</b>	<b>862,659,302</b>	<b>184,408,949</b>

## Cash Flow Statement of the Company (Continued)

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	January to June 2022 (Unaudited)	January to June 2021 (Unaudited)
<b>III. Cash flows from financing activities:</b>		
Cash received from absorbing investment	-	-
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>-</b>	<b>-</b>
Cash paid for repayments of debts	-	-
Cash paid for distribution of dividends, profits or interest repayment	611,332,015	-
Other cash paid relating to financing activities	-	-
<b>Subtotal of cash outflows from financing activities</b>	<b>611,332,015</b>	<b>-</b>
<b>Net cash flows from financing activities</b>	<b>-611,332,015</b>	<b>-</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		
	601,809	-4,554,528
<b>V. Net increase in cash and cash equivalents</b>		
	181,389,225	22,763,040
Add: Opening balance of cash and cash equivalents	61,429,523	663,396,767
<b>VI. Closing balance of cash and cash equivalents</b>		
	242,818,748	686,159,807

Legal representative: Zhang Minsheng    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: AviChina Industry & Technology Company Limited

Unit: RMB

January to June 2022 (Unaudited)

Items	Share capital	Preferred shares	Other equity instrument Perpetual bonds	Capital reserve	Equity attributable to shareholders of the parent company				Undistributed profit	Others	Subtotal	Minority shareholders' equity	Total shareholders' equity
					Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves					
I. Closing balance of the previous year	7,711,332,242	-	-	-12,974,963,414	-	112,507,999	503,687,704	308,138,730	-	-26,907,309,153	27,859,194,103	54,766,503,256	
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	
Error corrections for previous period	-	-	-	-	-	-	-	-	-	-	-	-	
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	
II. Opening balance of the current period	7,711,332,242	-	-	-12,974,963,414	-	112,507,999	503,687,704	308,138,730	-	-26,907,309,153	27,859,194,103	54,766,503,256	
III. Change in increase or decrease of the current period (decrease to be listed with "-")	-	-	-	83,470,450	-	-477,174,047	91,036,536	-	536,600,199	233,933,138	1,211,448,456	1,445,381,594	
(I) Total comprehensive income	-	-	-	-	-	-477,174,047	91,036,536	-	536,600,199	233,933,138	1,211,448,456	1,445,381,594	
(II) Capital invested and decreased by shareholders	-	-	-	81,350,796	-	-	-	-	1,153,506,784	676,332,737	1,411,874,501	2,088,207,238	
1. Ordinary shares invested by shareholders	-	-	-	81,350,796	-	-	-	-	1,153,506,784	676,332,737	1,411,874,501	2,088,207,238	
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	81,350,796	419,780,250	501,131,047	
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	10,516,330	10,516,330	
4. Others	-	-	-	81,310,908	-	-	-	-	-	-	-	-	
(III) Profit distribution	-	-	-	-	-	-	-	-	-616,906,585	-	-	-	
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	-	-	-	-	-	-	91,036,536	-	-	91,036,536	9,368,681	100,405,217	
1. Appropriation in the current period	-	-	-	-	-	-	133,093,536	-	-	133,093,536	20,491,569	153,585,105	
2. Use in the current period	-	-	-	-	-	-	42,057,000	-	-	42,057,000	11,122,888	53,179,889	
(VI) Others	-	-	-	2,119,654	-	-	-	-	-	-	30,922	2,150,576	
IV. Closing balance of the current period	7,711,332,242	-	-	-13,058,433,864	-	-364,666,048	594,724,240	308,138,730	-	-27,141,242,291	29,070,642,559	56,211,884,850	

Legal representative: Zhang Minsheng      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: AvChina Industry & Technology Company Limited

Unit: RMB

January to June 2021 (Unaudited and restated)

Items	Share capital	Preferred shares	Other equity instrument	Capital reserve	Equity attributable to shareholders of the parent company				Undistributed profit	Others	Subtotal	Minority equity	Total shareholders equity	
					Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves						General risk reserve
I. Closing balance of the previous year	7,711,332,242	-	-	11,580,600,798	-	444,304,628	437,521,387	248,737,213	-	3,397,017,966	-	22,976,589,644	23,173,413,938	46,150,003,562
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Error corrections for previous period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	45,346,487	-	-705,000	-	-	-	1,483,359	-	46,124,864	-	46,124,864
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	11,625,947,285	-	445,029,628	437,521,387	248,737,213	-	3,399,501,345	-	22,976,589,644	23,173,413,938	46,150,003,562
III. Change in increase or decrease of the current period (decrease to be listed with "-")														
(I) Total comprehensive income	-	-	-	37,071,586	-	62,411,405	79,216,924	-	-	782,262,223	-	940,906,138	933,067,907	1,863,974,045
(II) Capital invested and decreased by shareholders	-	-	-	-	-	37,389,328	-	-	-	1,199,152,587	-	1,230,541,915	1,230,541,915	2,456,888,974
1. Ordinary shares invested by shareholders	-	-	-	37,071,586	-	-	-	-	-	-	-	37,071,586	37,071,586	196,708,588
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	109,890,685
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	37,071,586	-	-	-	-	-	-	-	37,071,586	86,817,933	123,829,489
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-385,846,612	-	-385,846,612	-544,414,906	-930,261,518
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation to general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-385,846,612	-	-385,846,612	-544,414,906	-930,261,518
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	31,022,077	-	-	-	-3,102,077	-	-	-	-
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	-	-	-	-	-	31,022,077	-	-	-	-3,102,077	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	79,216,924	-	-	-	-	79,216,924	24,463,673	103,680,597
1. Appropriation in the current period	-	-	-	-	-	-	98,807,209	-	-	-	-	98,807,209	36,767,804	135,575,013
2. Use in the current period	-	-	-	-	-	-	-19,590,285	-	-	-	-	-19,590,285	-12,304,131	-31,894,416
Others	-	-	-	-	-	-	-	-	-	-17,675	-	-17,675	-36,507	-54,182
IV. Closing balance of the current period	7,711,332,242	-	-	11,662,518,871	-	382,598,423	516,738,311	248,737,213	-	4,180,757,588	-	23,937,495,782	24,076,481,845	48,013,977,627

Legal representative: Zhang Minsheng    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

Note: The comparative amounts of the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the period from January to June 2021 are restated for illustrative purposes as the Group has included Beijing Yinyan, a subsidiary under common control, in the scope of consolidation.

# Statement of Changes in Shareholders' Equity of the Company

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	comprehensive income Other		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	-	-	-	-	-	-	-	-	-	-	-	-
Error corrections for previous period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	-	4,963,456,690	-	461,576,470	-	308,138,728	1,180,049,867	-	14,624,553,997
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	-	-	-	-	-	-	165,542,469
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-616,906,579	-	-616,906,579
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer from capital reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer from surplus reserves to share capital	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
4. Retained earnings carried over from changes in defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
5. Retained earnings carried over from other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current period	-	-	-	-	-	-	-	-	-	-	-	-
(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	-	308,138,728	1,173,178,349	-	14,649,083,263

Legal representative: Zhang Minsheng    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 2021 (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	-	34,493,107	-	248,737,212	1,062,024,907	-	14,020,044,158
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Error corrections for previous period	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current period	7,711,332,242	-	-	-	4,963,456,690	-	34,493,107	-	248,737,212	1,062,024,907	-	14,020,044,158
III. Change in increase or decrease of the current period (decrease to be listed with "+")	-	-	-	-	-	-	76,839,494	-	-	100,214,010	-	177,053,504
(I) Total comprehensive income	-	-	-	-	-	-	45,817,417	-	-	516,802,699	-	562,620,116
(II) Capital invested and decreased by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payment recognized as shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-385,566,612	-	-385,566,612
1. Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-385,566,612	-	-385,566,612
2. Distribution to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal carry-over in shareholders' equity	-	-	-	-	-	-	31,022,077	-	-	-31,022,077	-	-
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	-	-	-	-	-	-	31,022,077	-	-	-31,022,077	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation in the current period	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in the current period	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current period	7,711,332,242	-	-	-	4,963,456,690	-	111,332,601	-	248,737,212	1,162,238,917	-	14,197,097,662

Legal representative: Zhang Minsheng    Person in charge of accounting: Wang Jingmin    Person in charge of the accounting department: Hu Wanlin

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

(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 incorporated in Beijing in the People's Republic of China on 30 April 2003 as a joint stock company with limited liability as a result of a group reorganisation of the former China Aviation Industry Corporation II ("AVIC II"). 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 RMB7,711,332,242. The legal representative is Zhang Minsheng. The address of its registered office is 2nd Floor, Building 27, No. 26 Xihuan South Street, Beijing 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 registered capital of the Company at the time of establishment was RMB3,116,518,500. 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). On October 2003, the Company was listed on the Main Board of the Hong Kong Stock Exchange and issued state owned H shares. The former state-owned shareholders shall reduce their shareholdings of state-owned shares according to 10% of the amount raised by issuing H shares. After the issuance of 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 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 (hereinafter as AVIC Airborne). As of 31 March 2012, due to additional issuance of 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. In 2018, 3,609,687,934 existing shares of the Company held by AVIC, AVIC Airborne, Huarong Asset Management, Cinda Asset Management and Orient Asset Management, the shareholders of the Company, were fully converted into H Shares which were listed on the Hong Kong Stock Exchange. In the same year, the Company issued 279,000,000 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 shares from 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.

# NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

## I. BASIC INFORMATION OF THE COMPANY (Continued)

### (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 Directors of the Company regard AVIC as the controller and also the ultimate controller of the Company. AVIC is a state-owned enterprise under the control of the State Council of the PRC.

### (IV) Approval of financial reports

These financial statements were approved for issue by the Board on 30 August 2022.

## 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 Company has fully evaluated its ability to continue operating in the next 12 months from the balance sheet date. The Company 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.

## 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.



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

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 2022 are consistent with the accounting policies followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, 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

Due to the acquisition of Beijing Yinyan Industrial Co., Ltd.\* (北京銀燕實業有限公司) ("Beijing Yinyan") by China Aviation Planning and Design Institute Co., Ltd.\* (中國航空規劃設計研究總院有限公司), a subsidiary of the Company, ("AVIC CAPDI", a wholly-owned subsidiary of the Group) in 2021, 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.

### IV. TAXES

#### 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%, 12.5%
Property tax	Taxable property value, rental income	1.2%, 12%
Hong Kong profits tax		16.5%
China Macau Income Tax		3%-12%
Profits tax in other countries/regions		31.925%

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2021 and unaudited for the six-month period ended 30 June 2022.

#### 1. Monetary funds

Item	30 June 2022	31 December 2021
Cash on hand	393,793	653,718
Bank deposits	15,207,973,018	24,609,269,245
Other monetary funds	812,735,379	751,576,545
<b>Total</b>	<b>16,021,102,190</b>	<b>25,361,499,508</b>
Including: Total amount deposited abroad	48,840,669	35,439,723

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

#### 2. Financial assets held for trading

Item	30 June 2022	31 December 2021
Financial assets at fair value through profit or loss	1,327,706,120	1,244,823,022
Including: Debt instrument investments	–	–
Equity instrument investments	235,766,120	323,566,567
Bank wealth management and trust products	1,091,940,000	921,256,455
<b>Total</b>	<b>1,327,706,120</b>	<b>1,244,823,022</b>

Note: The Group's equity instrument investments included in financial assets held for trading are mainly ETF funds and equity investments in other companies.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 3. Notes receivable

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

Item	30 June 2022	31 December 2021
Banker's acceptance bill	2,101,146,886	3,667,548,775
Commercial acceptance bill	4,100,975,468	6,262,205,641
<b>Total</b>	<b>6,202,122,354</b>	<b>9,929,754,416</b>

##### (2) Notes receivable pledged

Item	Amount pledged at 30 June 2022
Banker's acceptance bill	156,449,671
Commercial acceptance bill	1,370,325,161
<b>Total</b>	<b>1,526,774,832</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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	Proportion	
		(%)		(%)	
Bad debt provision made individually	–	–	–	–	–
Bad debt provision made as per portfolio	6,249,624,645	100	47,502,291	0.76	6,202,122,354
<b>Total</b>	<b>6,249,624,645</b>	<b>–</b>	<b>47,502,291</b>	<b>–</b>	<b>6,202,122,354</b>

Category	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion	
		(%)		(%)	
Bad debt provision made individually	–	–	–	–	–
Bad debt provision made as per portfolio	9,997,546,814	100	67,792,398	0.68	9,929,754,416
<b>Total</b>	<b>9,997,546,814</b>	<b>–</b>	<b>67,792,398</b>	<b>–</b>	<b>9,929,754,416</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2022	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	2,126,639,716	832,642	0.04
Commercial acceptance bill	4,122,984,929	46,669,649	1.13
<b>Total</b>	<b>6,249,624,645</b>	<b>47,502,291</b>	<b>–</b>

Name	Book balance	31 December 2021	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	3,668,053,656	504,881	0.01
Commercial acceptance bill	6,329,493,158	67,287,517	1.06
<b>Total</b>	<b>9,997,546,814</b>	<b>67,792,398</b>	<b>–</b>

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

Category	31 December 2021	Accrued	Changes in the current period			30 June 2022
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision of notes receivable made as per portfolio	67,792,398	3,794,067	24,084,174	–	–	47,502,291
<b>Total</b>	<b>67,792,398</b>	<b>3,794,067</b>	<b>24,084,174</b>	<b>–</b>	<b>–</b>	<b>47,502,291</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 2022 to 30 June 2022

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

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

#### 4. Accounts receivable

Item	30 June 2022	31 December 2021
Accounts receivable	28,957,775,569	22,233,218,824
Less: Impairment provision	1,006,902,969	912,187,024
<b>Net accounts receivable</b>	<b>27,950,872,600</b>	<b>21,321,031,800</b>

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

Category of portfolio	Original value	30 June 2022		
		Proportion of bad debt provision (%)	Bad debt provision	Book value
Accounts receivable with bad debt provision made individually	181,295,652	91.30	165,518,408	15,777,244
Accounts receivable with bad debt provision made as per portfolio	28,776,479,917	2.92	841,384,561	27,935,095,356
Including: Accounts receivable whose credit risk has not increased significantly since the initial recognition	28,776,479,917	2.92	841,384,561	27,935,095,356
<b>Total</b>	<b>28,957,775,569</b>	<b>–</b>	<b>1,006,902,969</b>	<b>27,950,872,600</b>

Category of portfolio	Original value	31 December 2021		
		Proportion of bad debt provision (%)	Bad debt provision	Book value
Accounts receivable with bad debt provision made individually	178,874,498	91.74	164,107,133	14,767,365
Accounts receivable with bad debt provision made as per portfolio	22,054,344,326	3.39	748,079,891	21,306,264,435
Including: Accounts receivable whose credit risk has not increased significantly since the initial recognition	22,054,344,326	3.39	748,079,891	21,306,264,435
<b>Total</b>	<b>22,233,218,824</b>	<b>–</b>	<b>912,187,024</b>	<b>21,321,031,800</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 4. Accounts receivable (Continued)

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

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

Name	Book balance	30 June 2022		Reasons for provision
		Bad debt provision	Provision proportion (%)	
Company 1	24,600,000	9,840,000	40	Part of it is expected to be unable to recover
Company 2	20,260,000	20,260,000	100	Expected to be unable to recover
Company 3	13,595,425	13,595,425	100	Expected to be unable to recover
Company 4	12,250,000	12,250,000	100	Termination of contract
Company 5	11,701,493	11,701,493	100	Expected to be unable to recover
<b>Total</b>	<b>82,406,918</b>	<b>67,646,918</b>	<b>-</b>	<b>-</b>

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

Aging	30 June 2022		
	Book balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	24,266,029,268	171,356,703	0.71
1-2 years	3,328,414,666	262,958,530	7.90
2-3 years	497,799,765	112,782,501	22.66
Over 3 years	684,236,218	294,286,827	43.01
<b>Total</b>	<b>28,776,479,917</b>	<b>841,384,561</b>	<b>-</b>

Aging	31 December 2021		
	Book balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	18,299,091,896	117,205,896	0.64
1-2 years	2,513,719,375	198,893,725	7.91
2-3 years	587,159,715	130,927,847	22.30
Over 3 years	654,373,340	301,052,423	46.01
<b>Total</b>	<b>22,054,344,326</b>	<b>748,079,891</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2022		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	24,283,139,409	185,575,850	0.76
1-2 years	3,328,697,317	263,246,053	7.91
2-3 years	533,063,615	133,281,480	25.00
3-4 years	295,286,711	112,919,971	38.24
4-5 years	148,531,251	75,326,504	50.71
Over 5 years	369,057,266	236,553,111	64.10
<b>Total</b>	<b>28,957,775,569</b>	<b>1,006,902,969</b>	<b>–</b>

Ageing	31 December 2021		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	18,311,199,040	132,044,973	0.72
1-2 years	2,522,703,932	204,764,940	8.12
2-3 years	624,533,148	153,385,668	24.56
3-4 years	282,860,997	129,976,917	45.95
4-5 years	168,079,959	86,514,337	51.47
Over 5 years	323,841,748	205,500,189	63.46
<b>Total</b>	<b>22,233,218,824</b>	<b>912,187,024</b>	<b>–</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2021	Accrued	Changes in the current period			30 June 2022
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision for accounts receivable	912,187,024	237,045,426	140,144,506	4,200	2,180,775	1,006,902,969
<b>Total</b>	912,187,024	237,045,426	140,144,506	4,200	2,180,775	1,006,902,969

Note: The decrease due to other reasons was due to the disposal of the subsidiary China Aviation Engineering Supervision (Hunan) Co., Ltd. (中航工程監理(湖南)有限公司) by the Company in the current period.

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

Item	Write-off amount
Accounts receivable actually written-off	4,200

#### 5. Prepayments

##### (1) Aging of prepayments

Item	30 June 2022		31 December 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,848,405,809	22.27	8,349,994,754	97.52
1-2 years	6,332,651,784	76.33	142,634,546	1.67
2-3 years	69,313,201	0.84	31,751,727	0.37
Over 3 years	46,386,570	0.56	38,077,397	0.44
<b>Total</b>	8,296,757,364	–	8,562,458,424	–

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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

Creditor company	Debtor company	Closing balance	Aging	Reason for being unsettled
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Company 1	1,767,909,084	1-2 years	The contract has not been fully settled
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Company 2	1,041,166,560	1-2 years	The contract has not been fully settled
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Company 3	986,046,010	1-2 years	The contract has not been fully settled
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Company 4	531,275,000	1-2 years	The contract has not been fully settled
<b>Total</b>		4,326,396,654	-	-

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

Category	31 December 2021	Changes in the current period				30 June 2022
		Accrued	Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debt provision for prepayments	6,505,718	-	-	-	-	6,505,718
<b>Total</b>	6,505,718	-	-	-	-	6,505,718

#### 6. Other receivables

Item	30 June 2022	31 December 2021
Interest receivable	-	-
Dividends receivable	12,134,192	37,500,000
Other receivables	352,650,564	164,572,117
<b>Total</b>	364,784,756	202,072,117

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 6. Other receivables (Continued)

##### 6.1 Dividends receivable

Investee	30 June 2022	31 December 2021
China Aviation Engineering Supervision (Hunan) Co., Ltd. (中航工程監理(湖南)有限公司)	11,812,442	–
Xi'an Chuanglian Electroplating Co., Ltd. (西安創聯電鍍有限責任公司)	321,750	–
Harbin DongAn Automotive Engine Manufacturing Co., Ltd. (哈爾濱東安汽車發動機製造有限公司)	–	37,500,000
<b>Total</b>	<b>12,134,192</b>	<b>37,500,000</b>

##### 6.2 Other receivables

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

Nature of amount	30 June 2022	31 December 2021
Intercourse funds	248,699,924	138,945,360
Deposit and security	95,326,490	119,035,172
Pretty cash and personal loan	48,005,936	30,635,251
Entrusted fee	46,374,038	–
Receivables and payables on behalf of other parties (Funds disbursed for others)	41,850,761	10,845,407
Tax refund and subsidy receivable	2,672,642	900,106
Equipment engineering cost	2,000,000	2,000,000
Borrowings	–	245,295
Others	13,765,708	6,878,063
<b>Total</b>	<b>498,695,499</b>	<b>309,484,654</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2022	17,158,192	12,452,611	115,301,734	144,912,537
Book balance of other receivables on 1 January 2022 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	1,769,406	1,386,328	1,136,318	4,292,052
Amount transferred back in the current period	364,796	2,745,149	60,662	3,170,607
Amount written back in the current period	–	–	–	–
Amount written off in the current period	–	–	–	–
Other changes	10,953	–	–	10,953
<b>Balance as at 30 June 2022</b>	<b>18,573,755</b>	<b>11,093,790</b>	<b>116,377,390</b>	<b>146,044,935</b>

Note: Other changes were primarily due to changes in the exchange rate of Hong Kong dollars of AviChina Hong Kong Limited (中航科工香港有限公司), a subsidiary of the Company, in the current period.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2022	31 December 2021
Within 1 year (including 1 year)	320,472,209	112,593,040
1-2 years	31,996,093	36,971,018
2-3 years	33,946,115	16,640,184
3-4 years	7,071,620	7,399,972
4-5 years	18,170,253	37,603,706
Over 5 years	87,039,209	98,276,734
Subtotal	498,695,499	309,484,654
Less: Bad debt provision	146,044,935	144,912,537
<b>Total</b>	<b>352,650,564</b>	<b>164,572,117</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2022			
	Original book value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Bad debt provision made individually	136,903,750	96.99	132,784,943	4,118,807
Other receivables with bad debt provision made on the group of credit risk characteristics	361,791,748	3.68	13,259,992	348,531,757
<b>Total</b>	<b>498,695,499</b>	<b>–</b>	<b>146,044,935</b>	<b>352,650,564</b>

Classification of the group	31 December 2021			
	Original book value	Proportion of bad debt provision (%)	Bad debt provision	Book value
Bad debt provision made individually	131,779,219	99.93	131,688,482	90,737
Other receivables with bad debt provision made on the group of credit risk characteristics	177,705,435	7.44	13,224,055	164,481,380
<b>Total</b>	<b>309,484,654</b>	<b>–</b>	<b>144,912,537</b>	<b>164,572,117</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 6. Other receivables (Continued)

##### 6.2 Other receivables (Continued)

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

##### 1) Other receivables with bad debt provision made individually

Name	Book balance	30 June 2022		
		Bad debt provision	Proportion (%)	Reasons for provision
Company 1	50,000,000	50,000,000	100.00	Overdue for a long time
Company 2	13,500,000	13,500,000	100.00	Counterparty ceased business operations
Company 3	3,669,857	3,669,857	100.00	Overdue for a long time
Company 4	2,658,565	2,658,565	100.00	Counterparty ceased business operations
Other companies	67,075,328	62,956,521	93.86	Part of it is expected to be unable to recover
<b>Total</b>	<b>136,903,750</b>	<b>132,784,943</b>	<b>-</b>	<b>-</b>

Note: The other receivables for which the Group made bad debts provision individually this year 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 2021	Accrued	Changes in the current period			30 June 2022
			Recovered or reversed	Written back or written off	Decrease due to other reasons	
Bad debts provision for other receivables	144,912,537	4,292,052	3,170,607	-	-10,953	146,044,935
<b>Total</b>	<b>144,912,537</b>	<b>4,292,052</b>	<b>3,170,607</b>	<b>-</b>	<b>-10,953</b>	<b>146,044,935</b>

#### (6) The Group has no other receivables actually written-off in the current period

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 7. Inventories

Item	Book balance	30 June 2022	
		Impairment provision for inventory/impairment provision for contract performance costs	Book value
Raw materials	12,594,514,689	304,147,206	12,290,367,483
Self-made semi-finished goods and products in progress	18,064,961,129	72,872,160	17,992,088,969
Finished goods	5,577,383,715	242,314,749	5,335,068,966
Turnover materials	441,265,852	553,052	440,712,800
Contract performance costs	189,423,991	–	189,423,991
Others	242,190,617	14,502,899	227,687,718
<b>Total</b>	<b>37,109,739,993</b>	<b>634,390,066</b>	<b>36,475,349,927</b>

Note: No amortization of contract performance costs in this period.

Item	Book balance	31 December 2021	
		Impairment provision for inventory/impairment provision for contract performance costs	Book value
Raw materials	9,654,982,728	248,039,808	9,406,942,920
Self-made semi-finished goods and products in progress	17,066,723,385	61,095,010	17,005,628,375
Finished goods	5,260,814,396	215,816,219	5,044,998,177
Turnover materials	457,403,861	553,052	456,850,809
Contract performance costs	100,864,573	–	100,864,573
Others	373,982,066	14,502,900	359,479,166
<b>Total</b>	<b>32,914,771,009</b>	<b>540,006,989</b>	<b>32,374,764,020</b>



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From 1 January 2022 to 30 June 2022

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

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

#### 8. Contract assets

##### (1) Contract assets

Item	Book balance	30 June 2022	
		Impairment provision	Book value
Aviation entire aircraft	4,805,091,783	8,370,706	4,796,721,077
Aviation engineering services	3,856,830,042	5,767,000	3,851,063,042
Aviation ancillary system and related business	23,678,564	77,571	23,600,993
<b>Total</b>	<b>8,685,600,389</b>	<b>14,215,277</b>	<b>8,671,385,112</b>

Item	Book balance	31 December 2021	
		Impairment provision	Book value
Aviation entire aircraft	2,008,239,570	8,091,382	2,000,148,188
Aviation engineering services	3,125,561,506	5,449,431	3,120,112,075
Aviation ancillary system and related business	29,273,608	77,571	29,196,037
<b>Total</b>	<b>5,163,074,684</b>	<b>13,618,384</b>	<b>5,149,456,300</b>

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From 1 January 2022 to 30 June 2022

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

### V. 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 2021	Changes in the current period				30 June 2022
		Accrued	Recovered or reversed	Written back or written off	Decrease due to other reasons	
Aviation entire aircraft	8,091,382	875,287	595,963	-	-	8,370,706
Aviation engineering services	5,449,431	353,682	36,113	-	-	5,767,000
Aviation ancillary system and related business	77,571	-	-	-	-	77,571
<b>Total</b>	<b>13,618,384</b>	<b>1,228,969</b>	<b>632,075</b>	<b>-</b>	<b>-</b>	<b>14,215,277</b>

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

Item	Amount changed	Reasons for change
Aviation entire aircraft	2,796,572,889	Order fulfillment progress improved
Aviation engineering services	730,950,967	Order fulfillment progress improved
Aviation ancillary system and related business	-5,595,044	Certain products meet the payment conditions in the current period
<b>Total</b>	<b>3,521,928,812</b>	

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From 1 January 2022 to 30 June 2022

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

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

#### 9. Long-term equity investments

Investees	31 December 2021	Added investment	Decreased investment	Movement for the period					Others	30 June 2022	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	Impairment provision			
<b>I. Joint ventures</b>											
Qingdao Xinghang Photoelectric Technology Co., Ltd. (青島興航光電技術有限公司)	179,167,760	-	-	47,578,506	-	-	38,322,054	-	160,099	188,584,311	-
Jiangxi Changhe Agusta Helicopter Co., Ltd. (江西昌河阿古斯特直升機有限公司)	26,642,537	-	-	4,623,779	-	-	-	-	131,590	31,397,906	-
<b>II. Associates</b>											
AVIC Nanjing Servo Control System Co., Ltd.* (中航工業南京伺服控制系統有限公司)	190,800,243	-	-	20,744,081	-	535,522	-	-	-	212,079,846	-
Aviation Gyro (Beijing) Photo Electricity Technology Co., Ltd.* (中航捷銳(北京)光電技術有限公司)	85,768,915	42,906,715	-	4,345,538	-	983,524	-	-	-	134,004,692	-
Beijing Hangwei High Technology Connection Technology Co., Ltd.* (北京航為高科技連接技術有限公司)	99,603,564	-	-	1,447,776	-	502,020	-	-	-	101,553,360	-
AVIC Air Traffic Management System Equipment Co., Ltd.* (中航空管系統裝備有限公司)	96,463,956	-	-	-4,612,446	-	1,728	-	-	-	91,853,238	-
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	50,311,432	-	-	-4,001,058	-	71,134	89,472	-	-	46,292,036	-
AVIC Rongfu Fund Management Company Limited* (中航融富基金管理有限公司)	52,804,126	-	-	-906,198	-	-	-	-	-	51,897,928	-
Schneider Low Voltage Electrical Appliances (Tianjin) Co., Ltd.* (施耐德低壓電器(天津)有限公司)	66,794,653	-	-	500,464	-	-	-	-	-	67,295,117	-
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd. (施耐德上海低壓終端設備有限公司)	163,954,301	-	-	38,369,714	-	-	-	-	-	202,324,015	-
Jiangxi Hongdu Commercial Aircraft Corporation Limited* (江西洪都商用飛機股份有限公司)	309,171,901	-	-	2,695,276	-	-	510,000	-	-221,923	311,135,254	-
AVIC Yuehai Wind Power Generation Co., Ltd.* (中航粵海風力發電有限公司)	58,474,799	-	-	3,082,000	-	-	-	-	-	61,556,799	-
Others	188,776,597	-	-	1,537,399	-	-51,831	6,186,058	-	-57,517	184,018,590	-
<b>III. Share floating right</b>											
Share floating right	354,739,885	-	-	-	-	-	-	-	-	354,739,885	-
<b>Total</b>	<b>1,923,474,669</b>	<b>42,906,715</b>	<b>-</b>	<b>115,404,831</b>	<b>-</b>	<b>2,042,097</b>	<b>45,107,584</b>	<b>-</b>	<b>12,249</b>	<b>2,038,732,977</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 10. Other equity instrument investments

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

Item	30 June 2022	31 December 2021
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	528,159,431	591,910,881
Harbin DongAn Automotive Engine Manufacturing Co., Ltd. (哈爾濱東安汽車發動機製造有限公司)	424,200,000	424,200,000
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	332,348,978	147,299,569
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))	224,431,358	196,231,358
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	183,600,000	183,600,000
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	126,137,520	168,228,900
Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd. (哈爾濱哈飛空客復合材料製造中心有限公司)	118,418,583	118,418,583
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工業投資有限責任公司)	113,202,129	113,202,129
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	91,307,136	113,361,838
Zhonghang Electronic Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	82,269,062	124,530,565
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	58,661,500	58,661,500
CALB Co., Ltd.* (中創新航科技股份有限公司)	57,525,379	57,525,379
AVIC Cabin System Co., Ltd. (中航客艙系統有限公司)	6,848,200	372,485,600
Others	26,897,338	26,897,338
<b>Total</b>	<b>2,374,006,614</b>	<b>2,696,553,640</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 10. Other equity instrument investments (Continued)

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

Item	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designating at fair value through other comprehensive income	Reasons for transferring from other comprehensive income to retained earnings
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	1,992,966	328,159,438	-	-	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)	-	349,200,000	-	-	Non-trading equity investments	-
AVIC Cabin System Co., Ltd. (中航客艙系統有限公司)	-	-	534,277,033	-	Non-trading equity investments	-
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))	-	10,261,134	-	-	Non-trading equity investments	-
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	-	3,600,000	-	-	Non-trading equity investments	-
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	133,860	84,295,920	-	-	Non-trading equity investments	-
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	-	-	65,481,753	-	Non-trading equity investments	-
Zhonghang Electronic Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	352,179	23,691,557	-	-	Non-trading equity investments	-
Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd. (哈爾濱哈飛航空客複合材料製造中心有限公司)	-	-	9,599,974	-	Non-trading equity investments	-
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	157,132	86,915,836	-	-	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)	-	53,202,129	-	-	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)	-	8,661,500	-	-	Non-trading equity investments	-
CALB Co., Ltd.* (中創新航科技股份有限公司)	-	6	-	-	Non-trading equity investments	-
Others	250,000	24,909,931	81,152,884	-	Non-trading equity investments	-
<b>Total</b>	<b>2,886,137</b>	<b>972,897,451</b>	<b>690,511,644</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2021	354,183,198	106,635,240	460,818,438
2. Increase in the current period	2,455,723	–	2,455,723
3. Decrease in the current period	6,592,594	2,342,762	8,935,356
4. 30 June 2022	350,046,326	104,292,478	454,338,804
II. Accumulated depreciation and accumulated amortization			
1. 31 December 2021	88,000,857	26,271,468	114,272,325
2. Increase in the current period	7,456,183	1,044,801	8,500,984
3. Decrease in the current period	5,559,440	–	5,559,440
4. 30 June 2022	89,897,601	27,316,269	117,213,870
III. Impairment provision			
1. 31 December 2021	–	–	–
2. Increase in the current period	–	–	–
3. Decrease in the current period	–	–	–
4. 30 June 2022	–	–	–
IV. Book value			
1. 30 June 2022	260,148,725	76,976,209	337,124,934
2. 31 December 2021	266,182,341	80,363,772	346,546,113

#### 12. Fixed assets

Item	Book value on 30 June 2022	Book value on 31 December 2021
Fixed assets	15,468,607,460	15,122,190,937
Disposal of fixed assets	2,961,912	3,522,233
<b>Total</b>	<b>15,471,569,372</b>	<b>15,125,713,170</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2021	11,570,213,140	11,182,184,663	176,251,268	2,963,271,654	352,462,774	1,395,723,933	27,640,107,432
2. Increase in the current period	451,432,494	589,319,790	2,163,933	111,281,430	5,832,641	24,622,072	1,184,652,360
3. Decrease in the current period	5,855,219	59,870,726	7,314,060	20,941,992	248,214	30,307,582	124,537,793
4. 30 June 2022	12,015,790,415	11,711,633,727	171,101,141	3,053,611,092	358,047,201	1,390,038,423	28,700,221,999
II. Accumulated depreciation							
1. 31 December 2021	3,157,027,848	5,959,049,101	137,744,944	2,198,907,415	294,130,092	733,193,064	12,480,052,464
2. Increase in the current period	217,953,961	406,810,817	4,981,125	136,487,434	4,350,865	39,496,231	810,080,433
3. Decrease in the current period	3,701,170	44,148,393	7,016,963	17,080,730	199,997	30,693,344	102,840,597
4. 30 June 2022	3,371,280,639	6,321,711,525	135,709,106	2,318,314,119	298,280,960	741,995,951	13,187,292,300
III. Impairment provision							
1. 31 December 2021	3,341,635	34,406,559	-	115,837	-	-	37,864,031
2. Increase in the current period	-	-	-	-	-	6,658,575	6,658,575
3. Decrease in the current period	-	200,367	-	-	-	-	200,367
4. 30 June 2022	3,341,635	34,206,192	-	115,837	-	6,658,575	44,322,239
IV. Book value							
1. 30 June 2022	8,641,168,141	5,355,716,010	35,392,035	735,181,136	59,766,241	641,383,897	15,468,607,460
2. 31 December 2021	8,409,843,657	5,188,729,003	38,506,324	764,248,402	58,332,682	662,530,869	15,122,190,937

##### 12.2 Fixed assets in liquidation

Item	30 June 2022	31 December 2021
Plant & buildings	132,587	132,587
Machinery equipment	1,778,365	3,121,465
Transportation vehicles	6,065	3,936
Electronic equipment	232,286	135,975
Office equipment	43,835	42,520
Others	768,774	85,750
<b>Total</b>	<b>2,961,912</b>	<b>3,522,233</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 13. Construction in progress

Item	30 June 2022	31 December 2021
Construction in progress	2,723,724,752	3,023,163,691
Construction materials	436,968	396,465
<b>Total</b>	<b>2,724,161,720</b>	<b>3,023,560,156</b>

#### 13.1 Construction in progress

##### (1) Details of construction in progress

Item	30 June 2022			31 December 2021		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Infrastructure technical transformation projects	701,211,778	-	701,211,778	770,662,020	-	770,662,020
Leizhou Leigao Wind Farm Project	255,582,212	-	255,582,212	147,157,023	-	147,157,023
SAPC project	176,817,507	-	176,817,507	175,561,096	-	175,561,096
Project of Shunyi New District	167,181,150	-	167,181,150	168,046,678	-	168,046,678
ZMPC project	149,317,549	-	149,317,549	168,562,254	-	168,562,254
Huanan Industry Base	142,620,753	-	142,620,753	38,487,357	-	38,487,357
Optoelectronic technology industrial base project (phase II)	129,554,716	-	129,554,716	107,592,685	-	107,592,685
Dingkunchi industrial base (phase II of AVIC Forstar Industrial Base project)	121,936,036	-	121,936,036	102,058,931	-	102,058,931
Research construction project 3	47,081,738	-	47,081,738	51,042,201	-	51,042,201
Dingkunchi industrial base (phase I of AVIC Forstar Industrial Base project)	-	-	-	139,397,376	-	139,397,376
Convertible bond fundraising project	26,114,510	-	26,114,510	162,185,914	-	162,185,914
Tianjin Helicopter industrial base	21,281,764	-	21,281,764	21,210,446	-	21,210,446
Aircraft data management construction project	20,246,578	-	20,246,578	35,416,568	-	35,416,568
Huiyang technology park	874,278	-	874,278	119,383	-	119,383
Baizhang wind farm project in Xiangzhou	208,206	-	208,206	372,623,890	-	372,623,890
Others	763,995,977	300,000	763,695,977	563,339,869	300,000	563,039,869
<b>Total</b>	<b>2,724,024,752</b>	<b>300,000</b>	<b>2,723,724,752</b>	<b>3,023,463,691</b>	<b>300,000</b>	<b>3,023,163,691</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### V. 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 2021	Increase in the current period	Decrease in the current period		30 June 2022	Budget	Accumulated investment in the project as a percentage of the Project	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								
Infrastructure technical transformation projects	770,662,020	93,711,956	157,264,706	5,897,492	701,211,778	N/A	N/A	N/A	14,521,469	1,173,747	4.37	Self-financing, state funding and loan
Leizhou Leigao Wind Farm Project	147,157,023	108,425,189	-	-	255,582,212	705,200,000	49.00	80.00	28,488,583	4,651,392	34.00	Self-financing and loan
SAPC project	175,561,096	16,112,374	14,773,434	82,529	176,817,507	722,600,000	31.00	31.00	-	-	-	State funding and self-financing
Project of Shunyi New District	168,046,678	12,774,221	-	13,639,749	167,181,150	250,000,000	67.00	67.00	5,295,453	658,639	3.72	Self-financing and loan
ZMPC project	168,562,254	1,474,120	20,553,911	164,914	149,317,549	241,600,000	80.00	80.00	-	-	-	State funding and self-financing
Huanan Industry Base	38,467,357	104,819,485	686,089	-	142,620,753	2,255,448,700	19.51	29.52	-	-	-	Self-financing and raised funds
Optoelectronic technology industrial base project (phase II)	107,592,685	42,561,460	20,599,429	-	129,554,716	1,006,640,000	83.89	92.64	-	-	-	Self-financing and raised funds
Dingkunchi industrial base (phase II of AVIC Forstar Industrial Base project)	102,058,931	19,877,105	-	-	121,936,036	306,690,000	37.82	70.00	-	-	-	Raised funds
Research construction project 3	51,042,201	6,492,258	8,572,721	1,880,000	47,081,738	279,100,000	36.50	36.50	-	-	-	State funding and self-financing
Dingkunchi industrial base (phase I of AVIC Forstar Industrial Base project)	139,397,376	-	137,059,477	2,337,899	-	190,000,000	100.00	100.00	-	-	-	Self-financing
Convertible bond fundraising project	162,185,914	1,481,540	137,552,944	-	26,114,510	1,816,000,000	86.44	86.44	16,220,693	9,053,895	-	Convertible bonds
Tianjin Helicopter industrial base	21,210,446	483,044	411,726	-	21,281,764	760,524,000	99.00	99.00	-	-	-	Self-financing
Aircraft data management construction project	35,416,568	409,027	4,230,931	11,348,086	20,246,578	118,200,000	82.87	82.87	-	-	-	State funding
Huiyang technology park	119,383	1,505,246	-	750,351	874,278	671,840,000	99.00	99.00	-	-	-	Self-financing
Baizhang wind farm project in Xiangzhou	372,623,890	900,292	370,650,219	2,665,757	208,206	933,940,000	90.00	97.00	34,419,249	1,198,667	4.80	Self-financing and loan
<b>Total</b>	<b>2,460,123,822</b>	<b>411,027,317</b>	<b>872,355,587</b>	<b>38,766,777</b>	<b>1,960,028,775</b>	<b>10,257,782,700</b>	<b>-</b>	<b>-</b>	<b>98,945,447</b>	<b>16,736,340</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 13. Construction in progress (Continued)

##### 13.2 Construction materials

Item	30 June 2022			31 December 2021		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Special-purpose equipment	436,968	-	436,968	396,465	-	396,465
<b>Total</b>	<b>436,968</b>	<b>-</b>	<b>436,968</b>	<b>396,465</b>	<b>-</b>	<b>396,465</b>

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

Item	Plant & buildings	Machinery equipment	Total
I. Original book value			
1. 31 December 2021	368,861,658	404,050,587	772,912,245
2. Increase in the current period	105,895,722	-	105,895,722
3. Decrease in the current period	79,091,196	-	79,091,196
4. 30 June 2022	395,666,184	404,050,587	799,716,771
II. Accumulated depreciation			
1. 31 December 2021	93,919,732	79,500,594	173,420,326
2. Increase in the current period	60,339,593	13,392,653	73,732,246
3. Decrease in the current period	35,398,734	-	35,398,734
4. 30 June 2022	118,860,591	92,893,247	211,753,838
III. Impairment provision			
1. 31 December 2021	-	-	-
2. Increase in the current period	-	-	-
3. Decrease in the current period	-	-	-
4. 30 June 2022	-	-	-
IV. Book value			
1. 30 June 2022	276,805,593	311,157,340	587,962,933
2. 31 December 2021	274,941,926	324,549,993	599,491,919

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From 1 January 2022 to 30 June 2022

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

### V. 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 2021	1,397,133,418	2,887,195,609	96,171,037	79,273,400	8,241,300	693,508,759	19,302,200	5,180,825,723
2. Increase in the current period	53,263,225	32,085,759	-	-	-	-	-	85,348,984
3. Decrease in the current period	96,523,008	9,264,733	-	-	-	-	-	105,787,741
4. 30 June 2022	1,353,873,635	2,910,016,635	96,171,037	79,273,400	8,241,300	693,508,759	19,302,200	5,160,386,966
II. Accumulated depreciation								
1. 31 December 2021	927,304,145	642,751,351	92,745,250	66,750,981	8,235,599	146,405,283	19,302,200	1,903,494,809
2. Increase in the current period	73,240,554	30,045,876	684,329	2,236,020	3,419	14,688,195	-	120,898,393
3. Decrease in the current period	96,523,008	9,485,321	-	-	-	-	-	106,008,329
4. 30 June 2022	904,021,691	663,311,906	93,429,579	68,987,001	8,239,018	161,093,478	19,302,200	1,918,384,873
III. Impairment provision								
1. 31 December 2021	519,208	-	-	275,000	-	41,028,500	-	41,822,708
2. Increase in the current period	-	-	-	-	-	-	-	-
3. Decrease in the current period	-	-	-	-	-	-	-	-
4. 30 June 2022	519,208	-	-	275,000	-	41,028,500	-	41,822,708
IV. Book value								
1. 30 June 2022	449,332,736	2,246,704,729	2,741,458	10,011,399	2,282	491,386,781	-	3,200,179,385
2. 31 December 2021	469,310,065	2,244,444,258	3,425,787	12,247,419	5,701	506,074,976	-	3,235,508,206

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 2022	31 December 2021
Credit borrowings	4,644,593,414	3,047,388,505
Guaranteed borrowings	74,100,941	-
Secured borrowings	57,256,920	10,373,745
<b>Total</b>	<b>4,775,951,275</b>	<b>3,057,762,250</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 17. Notes payable

Category	30 June 2022	31 December 2021
Banker's acceptance bill	5,973,062,395	6,201,218,821
Commercial acceptance bill	3,870,564,575	5,431,967,295
<b>Total</b>	<b>9,843,626,970</b>	<b>11,633,186,116</b>

At the end of the period, the total amount of outstanding notes payable was RMB31,451,195.

#### 18. Accounts payable

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

Item	30 June 2022	31 December 2021
Materials costs payable	24,947,728,459	22,246,824,882
Construction costs payable	4,003,056,441	3,811,330,908
Equipment costs payable	798,222,512	244,268,241
Retention payables	30,963,870	–
Others	1,161,919,058	1,063,424,120
<b>Total</b>	<b>30,941,890,340</b>	<b>27,365,848,151</b>

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

Aging	30 June 2022	31 December 2021
Within 1 year (including 1 year)	24,516,996,354	22,122,950,520
1-2 years	3,458,390,453	2,826,862,697
2-3 years	1,290,150,327	1,068,400,209
Over 3 years	1,676,353,206	1,347,634,725
<b>Total</b>	<b>30,941,890,340</b>	<b>27,365,848,151</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 19. Contract liabilities

##### (1) Details of contract liabilities

Item	30 June 2022	31 December 2021
Aviation entire aircraft	13,423,365,853	16,091,589,297
Aviation ancillary system and related business	2,461,081,906	3,380,400,580
Aviation engineering services	2,100,625,602	1,834,968,574
<b>Total</b>	<b>17,985,073,361</b>	<b>21,306,958,451</b>

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

Item	Amount changed	Reasons for change
Aviation entire aircraft	-2,668,223,444	Orders were delivered gradually
Aviation ancillary system and related business	-919,318,674	Orders were delivered gradually
Aviation engineering services	265,657,028	Increase in orders on hand and increase in customer prepayments
<b>Total</b>	<b>-3,321,885,090</b>	-

#### 20. Long-term borrowings

Category	30 June 2022	31 December 2021
Credit borrowings	4,057,281,352	3,503,992,498
Secured borrowings	604,179,833	411,302,483
Guaranteed borrowings	136,980,000	369,467,000
<b>Total</b>	<b>4,798,441,185</b>	<b>4,284,761,981</b>

Note: The interest rate range of the Group's long-term borrowings at the end of the period was 1.08% to 4.90% (1.08% to 5.90% at the beginning of the year).

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

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

#### 21. Lease liabilities

Item	30 June 2022	31 December 2021
Lease payment	809,150,772	846,194,707
Less: Unrecognized financing costs	190,546,493	213,431,829
Reclassification to non-current liabilities due within one year	126,245,022	73,550,048
<b>Total</b>	<b>492,359,257</b>	<b>559,212,830</b>

#### 22. Share capital

Item	31 December 2021	Increase and decrease in the current period					Subtotal	30 June 2022
		Issuance of new shares	Bonus issue	Conversion from reserves	Others			
Total shares	7,711,332,242	-	-	-	-	-	-	7,711,332,242

#### 23. Operating revenue and operating costs

Item	January to June 2022		January to June 2021	
	Revenue	Cost	Revenue	Cost
Main businesses	25,315,181,652	19,288,416,695	27,420,939,342	21,508,681,927
Other businesses	497,448,495	415,778,426	476,447,718	372,754,140
<b>Total</b>	<b>25,812,630,147</b>	<b>19,704,195,121</b>	<b>27,897,387,060</b>	<b>21,881,436,067</b>

Note: The revenue recognized by the Group from January to June 2022 included an amount of RMB10,552,201,086 that had been included in contract liabilities at the beginning of the year.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 24. Selling expenses

Item	January to June 2022	January to June 2021
Employee compensation	205,784,714	152,676,888
After-sales service charges	49,446,181	38,970,923
Business travel costs	22,996,584	32,214,826
Three guarantees loss and quality claim fees	21,159,617	24,128,684
Sample and product losses	10,120,766	132,174
Office fees	3,063,996	2,762,976
Transportation costs	2,911,985	27,803,939
Advertising and publicity expenses	1,902,872	9,054,619
Depreciation and amortization costs	1,561,654	1,178,996
Exhibition fees	1,355,904	3,031,576
Packing charges	73,391	5,177,369
Others	16,222,226	17,492,298
<b>Total</b>	<b>336,599,890</b>	<b>314,625,268</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

#### 25. Administrative expenses

Item	January to June 2022	January to June 2021
Employee compensation	924,555,906	879,271,432
Depreciation and amortization costs	196,881,389	172,150,261
Maintenance and repair costs	47,287,849	64,751,500
Amortization of equity incentives in the current period	46,910,167	84,074,527
Labor protection costs	41,450,195	27,170,848
Property afforestation fees	31,372,364	24,972,789
Professional service fees	28,139,650	20,412,464
Office fees	23,430,363	19,552,893
Business entertainment expenses	22,928,651	27,506,295
Power and fuel expenses	17,218,161	16,300,618
Business travel costs	12,770,765	23,607,123
Rental	9,921,671	13,201,009
Publicity expenses	8,264,779	4,078,758
Insurance premium	6,385,564	10,734,186
Transportation costs	4,791,772	4,744,527
Material amortization and consumption of low-value consumables	4,641,875	3,718,908
Conference expenses	3,391,427	7,483,802
Audit fee	2,919,243	7,991,130
Others	155,980,655	70,953,981
<b>Total</b>	<b>1,589,242,446</b>	<b>1,482,677,051</b>



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From 1 January 2022 to 30 June 2022

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

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

#### 26. Research and development expenses

Item	January to June 2022	January to June 2021
Employee compensation	756,566,144	579,501,963
Materials expenses	398,176,897	433,079,547
Administrative expense	48,620,286	18,671,262
Depreciation and amortization costs	46,104,163	45,903,920
Outsourcing fee	45,691,261	54,043,947
Experimental and special fees	38,847,224	113,129,072
Transportation and business travel costs	16,657,115	22,826,575
Power and fuel expenses	5,942,895	3,864,215
Design fee	3,581,899	5,787,509
Others	108,747,147	70,615,576
<b>Total</b>	<b>1,468,935,031</b>	<b>1,347,423,586</b>

#### 27. Finance costs

Item	January to June 2022	January to June 2021
Interest expenses	191,782,662	206,485,783
Less: Interest incomes	170,414,213	157,541,014
Less: Interest capitalized	16,736,340	12,252,528
Add: Exchange gains or losses	-114,428,482	27,465,791
Add: Other expenditures	17,976,945	3,807,758
<b>Total</b>	<b>-91,819,428</b>	<b>67,965,790</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 28. Other income

Sources of other income	January to June 2022	January to June 2021
Production line subsidy	37,750,000	–
Government relocation compensation	8,740,240	8,757,740
Employment subsidy	6,266,520	54,436,765
Refund of individual tax handling fee	5,088,975	2,686,771
Subsidies for research and development and industrialization project of a connector	3,991,872	2,569,855
High-tech allowance	3,024,000	1,750,000
Additional value-added tax credit	99,954	87,174
Instant value-added tax refund	–	38,926
Subsidies for other projects	45,661,902	42,180,644
<b>Total</b>	<b>110,623,463</b>	<b>112,507,875</b>

#### 29. Investment income

Item	January to June 2022	January to June 2021
Long-term equity investment incomes calculated at equity method	115,404,831	133,501,275
Investment income from disposal of long-term equity investments	-1,050,235	6,591,790
Investment income from holding financial assets held for trading	31,583,247	27,784,008
Investment income from disposal of financial assets held for trading	8,001,000	15,426,100
Dividend income from holding other equity instrument investments	2,886,137	2,217,792
Gain on revaluation of remaining equity at fair value after losing control	–	3,082,789
Gain on debt restructuring	28,922,508	–
Investment income from disposal of financial liabilities held for trading	–	3,409,755
Gain on derecognition of financial assets measured at amortized cost	-4,548,495	-2,316,162
Others	–	1,140,626
<b>Total</b>	<b>181,198,993</b>	<b>190,837,973</b>

Note: Debt restructuring gains are 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) and AVIC Shaanxi Qianshan Avionics Co., Ltd. (陝西千山航空電子有限責任公司) on settlement of payment for supplier.

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

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

	January to June 2022	January to June 2021
Source of income from changes in fair value		
Financial assets held for trading	8,900,986	-41,862,948
Including: Gain from changes in fair value of derivative financial instruments	-	-
Financial liabilities held for trading	-3,602,780	-80,492
<b>Total</b>	<b>5,298,206</b>	<b>-41,943,440</b>

Note: The change in fair value of financial liabilities held for trading was attributable to the gold leasing business of AVIC JONHON Optronic Technology Co., Ltd. (中航光电科技股份有限公司), a subsidiary of the Company.

#### 31. Credit impairment loss

Item	January to June 2022	January to June 2021
Loss on bad debts of accounts receivable	-96,900,920	-176,177,951
Loss on bad debts of notes receivable	20,290,107	1,672,483
Loss on bad debts of other receivables	-1,121,445	-2,433,509
<b>Total</b>	<b>-77,732,258</b>	<b>-176,938,977</b>

#### 32. Assets impairment loss

Item	January to June 2022	January to June 2021
Inventory depreciation loss and contract performance cost impairment losses	-101,940,514	-58,386,902
Contract asset impairment losses	-615,887	-6,466,756
Fixed assets impairment losses	-6,658,574	-
<b>Total</b>	<b>-109,214,975</b>	<b>-64,853,658</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### 33. Income tax expenses

Item	January to June 2022	January to June 2021
Current income tax expenses	345,700,477	409,301,366
Deferred income tax expenses	-44,862,017	-69,460,129
<b>Total</b>	<b>300,838,460</b>	<b>339,841,237</b>

#### 34. Dividends

Item	January to June 2022	January to June 2021
Dividends recognized for distribution of 2021 final dividend: RMB0.08 per share (2020 final dividend: RMB0.05 per share)	616,906,579	385,566,612

The Board of Directors of the Company did not recommend interim dividend distribution for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022 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	0.150	0.150
Net profit attributable to shareholders of the parent company after non-recurring profit or loss	0.136	0.136

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### VI. 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

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

#### 3. Disposal of subsidiary

Name of subsidiary	Price of equity disposal	Proportion of equity disposed (%)	Method of equity disposal	Timing of control loss	Basis to determine the timing of control loss	Difference between the disposal price and the share in net assets of the subsidiary in consolidated financial statements corresponding to the investment disposed	Proportion of the residual equity on the date of losing the control right	Book value of the residual equity on the date of losing the control right	Fair value of the residual equity on the date of losing the control right	Gains or losses arising from the re-measurement of residual equity at fair value	Methods and major assumptions to determine the fair value of residual equity on the date of losing the control	Amount of other comprehensive income related to the original subsidiary's equity investment transferred to investment gains or losses
China Aviation Engineering Supervision (Hunan) Co., Ltd. (中航工程監理(湖南)有限公司)	5,018,100	100	Disposal	20220331	The purchaser has actually controlled the financial and operating policies of China Aviation Engineering Supervision (Hunan) Co., Ltd., and enjoys the corresponding benefits and bears the corresponding risks	-1,050,235	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

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

On 28 April 2022, a subsidiary of the Company, AVIC JONHON Optronics Technology Co., Ltd.\* (中航光電科技股份有限公司), formally established the first overseas production base, namely Recon Technology Vietnam Co., Ltd.\* (越南睿連科技有限責任公司), with a registered capital of RMB19.30 million. Recon Technology Vietnam Co., Ltd. is a wholly-owned subsidiary established to undertake the Company's international development strategy, which is located in the Industrial Zone III, Shuncheng, Beining Province, the core region of electronics processing industry in Vietnam. Its business covers local production and processing for fiber optic connectors, electrical connectors, optical fiber cable assembly, cable assembly and other electronic parts.

On 7 February 2022, a subsidiary of the Company, China Aviation Planning and Design Institute Co., Ltd.\* (中國航空規劃設計研究總院有限公司), newly established a wholly-owned subsidiary, namely Guangxi Hangneng New Energy Co., Ltd.\* (廣西航能新能源有限公司), with a registered capital of RMB44.00 million and registered office in Xiangzhou Town, Xiangzhou County, Laibin City, Zhuang Autonomous Region, Guangxi. Its business covers technology services for wind power.

### VII. 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	Level 2	Level 3	
	fair value measurement	fair value measurement	fair value measurement	
<b>I. Continuous fair value measurement</b>				
(I) Financial assets held for trading	87,390,560	1,240,315,560	–	1,327,706,120
1. Financial assets at fair value through profit or loss	87,390,560	1,240,315,560	–	1,327,706,120
(1) Equity instrument investments	87,390,560	148,375,560	–	235,766,120
(2) Others	–	1,091,940,000	–	1,091,940,000
(II) Other equity instrument investments	956,992,146	1,417,014,468	–	2,374,006,614
(III) Receivables financing	–	2,254,540	–	2,254,540
<b>Total assets continuously measured at fair value</b>	<b>1,044,382,706</b>	<b>2,659,584,568</b>	<b>–</b>	<b>3,703,967,274</b>
(IV) Financial liabilities held for trading	65,598,075	–	–	65,598,075
1. Financial liabilities at fair value through profit or loss	65,598,075	–	–	65,598,075
<b>Total liabilities continuously measured at fair value</b>	<b>65,598,075</b>	<b>–</b>	<b>–</b>	<b>65,598,075</b>
<b>II. Non-continuous fair value measurement</b>				
(I) Held-for-sale assets	–	48,656,246	–	48,656,246
<b>Total assets not continuously measured at fair value</b>	<b>–</b>	<b>48,656,246</b>	<b>–</b>	<b>48,656,246</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### VII. 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. The inputs to the valuation techniques mainly include transaction dates, trading conditions, regional factors, individual factors, etc.

**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 AVIC Shenyang Xinghua Aero-Electric Appliance Co., Ltd. (瀋陽興華航空電器有限責任公司), a subsidiary of AVIC JONHON Optronics Technology Co., Ltd., in Jinan Qingqi Motorcycle Co., Ltd. is classified as financial assets at fair value through other comprehensive income, and represented as investment in other equity instruments. 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.

**5. 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 2022 to 30 June 2022

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

### VIII. 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	62.30	62.30

###### (2) Registered capital of controlling shareholder and the changes

Controlling shareholder	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
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 2022	31 December 2021	Closing proportion	Opening proportion
AVIC (directly holding)	4,548,680,808	4,548,680,808	58.99	58.99
AVIC (indirectly holding)	255,288,667	201,750,667	3.31	2.61
<b>Total</b>	<b>4,803,969,475</b>	<b>4,750,431,475</b>	<b>62.30</b>	<b>61.60</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### VIII. 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 involving entities 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 involving entities 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")	Shanghai, Chengdu, etc.	Beijing	Manufacturing	39.43	–	Business combinations involving entities under common control
AVIC JONHON Optron Technology Co., Ltd. ("JONHON Optron")	Luoyang	Luoyang	Manufacturing	37.68	–	Business combinations involving entities 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 involving entities under common control
AVICOPTER PLC (中航直升機股份有限公司) ("AVICOPTER")	Harbin	Harbin	Manufacturing	6.56	42.74	Business combinations involving entities under common control and other
China Aviation Planning and Design Institute Co., Ltd.	Beijing	Beijing	Construction	100.00	–	Business combinations involving entities 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 involving entities 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 2022 to 30 June 2022

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

### VIII. 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 2022	January to June 2021
Subsidiaries of AVIC	Purchasing goods	5,577,538,310	5,194,274,049
Associates of the Group	Purchasing goods	23,976,339	15,185,042
Joint ventures of the Group	Purchasing goods	233,111,769	232,495,855
Associates of AVIC	Purchasing goods	265,170,080	310,227,877
Subsidiaries of AVIC	Receiving services	236,639,187	154,157,501
Associates of the Group	Receiving services	–	8,128,269
Associates of AVIC	Receiving services	44,854,557	4,907,188
AVIC	Receiving services	–	960,000
<b>Total</b>		<b>6,381,290,242</b>	<b>5,920,335,781</b>

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

Related parties	Content of related transactions	January to June 2022	January to June 2021
Subsidiaries of AVIC	Sales of goods	6,809,431,865	6,284,860,190
Associates of the Group	Sales of goods	22,574,523	57,574,567
Joint ventures of the Group	Sales of goods	3,193,273	2,324,768
Associates of AVIC	Sales of goods	9,601,235	19,207,583
AVIC	Sales of goods	–	408,611
Subsidiaries of AVIC	Rendering services	1,000,039,968	1,097,246,883
Associates of the Group	Rendering services	472,930	356,546
Associates of AVIC	Rendering services	1,247,553	–
AVIC	Rendering services	1,440,496	–
<b>Total</b>		<b>7,848,001,843</b>	<b>7,461,979,148</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### VIII. 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)	China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司)	Other asset custody	See note 1	See note 1	See note 1	44,324,563
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	See note 2	See note 2	See note 2	4,372,641

Note 1: According to the Equity Trusteeship Agreement signed between China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司) and AVIC Airborne Systems Co., Ltd., it is agreed that AVIC Airborne Systems Co., Ltd. will entrust the management of 12 enterprises and institutions under its control to China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司). 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 China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司) (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 China Avionics Systems Co., Ltd. (中航航空電子系統股份有限公司), 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.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

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

##### 3. Related lease

###### (1) Lease

Type of related parties	January to June 2022		January to June 2021	
	Rental income	Proportion (%)	Rental income	Proportion (%)
Subsidiaries of AVIC	12,116,184	97.99	2,568,524	42.76
Associates of the Group	187,315	1.52	3,438,942	57.24
Associates of AVIC	60,800	0.49	–	–
<b>Total</b>	<b>12,364,299</b>	<b>100.00</b>	<b>6,007,466</b>	<b>100.00</b>

###### (2) Leasing conditions

Type of related parties	January to June 2022		January to June 2021	
	Rental cost	Proportion (%)	Rental cost	Proportion (%)
Subsidiaries of AVIC	8,707,398	100.00	3,683,854	100.00
<b>Total</b>	<b>8,707,398</b>	<b>100.00</b>	<b>3,683,854</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.

##### 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 Renewable Energy Investment Co., Ltd. (中國航空工業新能源投資有限公司)	AVIC Heavy Machinery Company Limited* (中航重機股份有限公司)	40,055,400	2016-3-31	2031-2-1	No

###### (2) As the guaranteed party

Guarantor	Guaranteed party	Guaranteed amount	Starting date of guarantee	Due date of guarantee	Has the guarantee been fulfilled
AVIC Heavy Machinery Company Limited* (中航重機股份有限公司)	Jinzhou (Baotou) Renewable Energy Co., Ltd.* (金州(包頭)可再生能源有限公司)	40,055,400	2016-3-31	2031-2-1	No

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### VIII. 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 2022	January to June 2021
Subsidiaries of AVIC	95,556,150	78,242,016

##### (2) Interest expense

Type of related parties	January to June 2022	January to June 2021
Subsidiaries of AVIC	60,549,095	67,671,127

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

Related party	January to June 2022		January to June 2021	
	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)	2,006,920	24,127	–	–

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

Related party	January to June 2022	January to June 2021
AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司)	3,000,000	6,262,320

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### VIII. 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 2022	January to June 2021
Subsidiaries of AVIC	100,000,000	106,160,000

##### (6) Acquisition of wealth management products

Appointer	Trustee	31 December 2021	Increase in the current period	Decrease in the current period	30 June 2022
Tianjin Tianli Aviation Electromechanical 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
AviChina Hong Kong Limited (中航科工香港有限公司)	AVIC Credit Investment SPC* (中航資信投資SPC)	228,928,000	-	80,552,440	148,375,560
AviChin Industrial Investment Co., Ltd. (中航科工產業投資有限責任公司)	AVIC Trust Co., Ltd* (中航信託股份有限公司)	70,000,000	-	70,000,000	-
AviChina Industry & Technology Company Limited	AVIC Trust Co., Ltd* (中航信託股份有限公司)	960,000,000	-	180,000,000	780,000,000
<b>Total</b>		1,258,928,000	200,000,000	330,552,440	1,128,375,560

##### 6. Other related party transactions

None.

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

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

##### 1. Receivables

Item name	Related party	Book balance at 30 June 2022	Book balance at 31 December 2021
Notes receivable	Subsidiaries of AVIC	2,245,313,030	4,414,973,150
Notes receivable	Associates of the Group	105,894,000	72,000,000
Notes receivable	Joint ventures of the Group	–	1,297,296
Notes receivable	Associates of AVIC	6,037,050	7,574,037
Accounts receivable	Subsidiaries of AVIC	11,721,511,498	10,373,802,996
Accounts receivable	Associates of the Group	67,801,568	90,680,496
Accounts receivable	Joint ventures of the Group	361,347	–
Accounts receivable	Associates of AVIC	24,749,291	39,366,220
Accounts receivable	Joint ventures of AVIC	24,896,047	5,176,383
Accounts receivable	AVIC	246,527	47,652
Prepayments	Subsidiaries of AVIC	1,875,532,506	1,989,141,907
Prepayments	Associates of the Group	181,565	181,565
Prepayments	Associates of AVIC	49,458,334	–
Prepayments	Joint ventures of AVIC	8,746	–
Prepayments	AVIC	–	283,500
Other receivables	Subsidiaries of AVIC	82,267,140	27,335,433
Other receivables	Associates of the Group	17,733	737,580
Other receivables	Associates of AVIC	50,313,394	52,000,000
Other receivables	AVIC	1,711,519	100,000
Contract assets	Subsidiaries of AVIC	1,346,300,320	1,253,487,233
Contract assets	Associates of the Group	10,731,107	7,462,410
Contract assets	Joint ventures of AVIC	145,051,577	10,772,639
Contract assets	AVIC	279,661	409,296
Other non-current assets	Subsidiaries of AVIC	12,815,687	–
<b>Total</b>		<b>17,771,479,647</b>	<b>18,346,829,793</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

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

##### 2. Payables

Item name	Related party	Book balance at 30 June 2022	Book balance at 31 December 2021
Notes payable	Subsidiaries of AVIC	2,247,434,796	2,223,233,431
Notes payable	Associates of the Group	11,351,151	7,964,430
Notes payable	Joint ventures of the Group	188,016,880	142,674,095
Notes payable	Associates of AVIC	38,940,586	4,268,100
Accounts payable	Subsidiaries of AVIC	7,553,478,071	6,433,207,684
Accounts payable	Associates of the Group	84,811,027	126,918,610
Accounts payable	Joint ventures of the Group	72,401,157	115,486,002
Accounts payable	Associates of AVIC	471,425,940	239,112,651
Accounts payable	Joint ventures of AVIC	1,770,000	–
Accounts payable	AVIC	23,038	23,038
Advance receipts	Subsidiaries of AVIC	1,481,480	–
Contract liabilities	Subsidiaries of AVIC	9,193,756,843	8,827,540,302
Contract liabilities	Associates of the Group	1,422,408	416,577
Contract liabilities	Associates of AVIC	3,459,949	14,132,174
Contract liabilities	Joint ventures of AVIC	24,108,129	–
Contract liabilities	AVIC	56,482	8,129,333
Other payables	Subsidiaries of AVIC	239,212,048	152,306,236
Other payables	Associates of AVIC	7,496,588	1,807,441
Other payables	AVIC	436,481	451,334
Dividends payable	Subsidiaries of AVIC	4,709,738	–
<b>Total</b>		<b>20,145,792,792</b>	<b>18,297,671,438</b>



## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

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

#### (IV) Commitment of related parties

None.

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

Compensation for key managers (including the amount which has been paid and shall be paid to directors, supervisors and senior management) is shown as follows:

Item	January to June 2022	January to June 2021
Fees	420,000	315,000
Salaries, allowances and other expenses	1,439,371	1,955,284
Contribution to pension schemes	234,153	299,992
Bonus	1,515,756	924,925
<b>Total</b>	<b>3,609,280</b>	<b>3,495,201</b>

#### (VI) Loan of related party

Related party	January to June 2022	January to June 2021
Subsidiaries of AVIC	6,505,581,356	6,195,598,706
<b>Total</b>	<b>6,505,581,356</b>	<b>6,195,598,706</b>

#### (VII) Others

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

Related party	30 June 2022	31 December 2021
AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司)	7,975,679,835	15,856,420,419
<b>Total</b>	<b>7,975,679,835</b>	<b>15,856,420,419</b>

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### IX. CONTINGENCIES

As of 30 June 2022, the Group has no material contingencies.

### X. COMMITMENTS

#### 1. Capital commitments

Item	30 June 2022	31 December 2021
Fixed assets	37,508,115	34,626,209
<b>Total</b>	<b>37,508,115</b>	<b>34,626,209</b>

### XI. 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.

### XII. OTHER SIGNIFICANT MATTERS

#### 1. Segment information

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

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	15,955,693,165	3,619,612,492	-	25,812,630,147
Revenue from inter-segment transactions	-	1,694,129,371	248,526,430	-1,942,655,801	-
Investment income from associates and joint ventures	8,063,964	104,138,953	3,201,914	-	115,404,831
Asset impairment losses and credit impairment losses	16,537,071	154,312,374	16,097,788	-	186,947,233
Depreciation and amortization costs	324,514,449	559,827,064	128,870,543	-	1,013,212,056
Profit before tax	92,991,671	3,186,222,286	176,929,245	-584,774,328	2,871,368,874
Income tax expense	47,519,472	234,034,393	19,284,595	-	300,838,460
Net profit	45,472,199	2,952,187,894	157,644,649	-584,774,328	2,570,530,414
Total assets	57,819,949,546	77,257,323,265	15,964,797,525	-16,543,870,490	134,498,199,846
Total liabilities	40,922,885,561	30,121,017,438	10,051,295,214	-2,808,883,217	78,286,314,996
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	1,159,505,049	89,384,749	-	1,683,993,092
Increase in other non-current assets other than long- term equity investments	-232,038,358	-58,683,875	-403,459,909	-25,887,340	-720,069,482

## NOTES TO THE FINANCIAL STATEMENTS

From 1 January 2022 to 30 June 2022

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

### XII. OTHER SIGNIFICANT MATTERS (Continued)

#### 1. Segment information (Continued)

##### *Financial information of the reporting segment in the period (Continued)*

January to June 2021	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	9,754,911,932	14,515,422,046	3,627,053,082	–	27,897,387,060
Revenue from inter-segment transactions	–	570,908,075	144,138,536	-715,046,611	–
Investment income from associates and joint ventures	4,947,960	121,332,293	7,221,022	–	133,501,275
Asset impairment losses and credit impairment losses	15,185,408	187,973,885	38,633,342	–	241,792,635
Depreciation and amortization costs	357,673,649	360,931,984	150,830,439	–	869,436,072
Profit before tax	728,855,730	2,478,656,220	156,619,021	-581,648,163	2,782,482,808
Income tax expense	115,845,623	209,874,895	14,120,719	–	339,841,237
Net profit	613,010,107	2,268,836,076	142,498,302	-581,648,163	2,442,641,571
Total assets	64,090,284,605	68,490,452,119	13,293,248,169	-24,056,469,921	121,817,514,972
Total liabilities	45,877,169,367	28,539,088,932	10,351,339,963	-10,960,095,807	73,807,502,455
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	94,917,599	71,073,336	–	–	165,990,935
Long-term equity investment in associates and joint ventures	428,483,398	984,287,556	91,516,993	–	1,504,287,947
Increase in other non-current assets other than long-term equity investments	44,317,420	799,293,221	-147,546,200	–	696,064,441

### XIII. SUPPLEMENTARY INFORMATION ON FINANCIAL STATEMENTS

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

In December 2021, the Group completed the acquisition of Beijing Yinyan Industrial Co., Ltd., which is a business combination under common control. Accordingly, the Group restated the comparative amount of consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated cash flow statement from January to June 2021 for illustration purpose.

AviChina Industry & Technology Company Limited

30 August 2022

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Executive Director (Chairman)	Zhang Minsheng
Executive Director	Yan Lingxi
Non-executive Director	Lian Dawei
Non-executive Director	Li Xichuan
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	Yan Lingxi
Deputy General Manager	Liu Wanming
Chief Financial Officer	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:	Zhang Minsheng

### 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: 02357

### REGISTERED ADDRESS

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Postal Code: 100176

### WEBSITE

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## CORPORATE INFORMATION

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### SHARE REGISTRAR

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183 Queen's Road East, Hong Kong

### AUDITORS

Da Hua Certified Public Accountants (Special General  
Partnership)

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Haidian District, Beijing

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#### As to Hong Kong law

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Queen's Road Central, Hong Kong

#### As to PRC law

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