



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)

2024 ANNUAL REPORT





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Company Profile

The Company is a joint stock limited company established in the PRC on 30 April 2003. The Company's H Shares have been listed on the Hong Kong Stock Exchange since 30 October 2003 (stock code: 2357). As at the date of this report, the Shareholders of the Company mainly include AVIC, National Industrial Investment Fund and Tianjin Free Trade Zone Investment.

The Company principally operates through its subsidiaries. The Group is mainly engaged in:

- the development, manufacture, sales and upgrade of civil aviation products and defense products such as provision of helicopters, trainer, general-purpose aircraft and regional jets for domestic and overseas customers; and
- the co-development and manufacture of aviation products with foreign aviation products manufacturers.

PRINCIPAL PRODUCTS OF THE GROUP

Helicopter: Z-series and AC series;

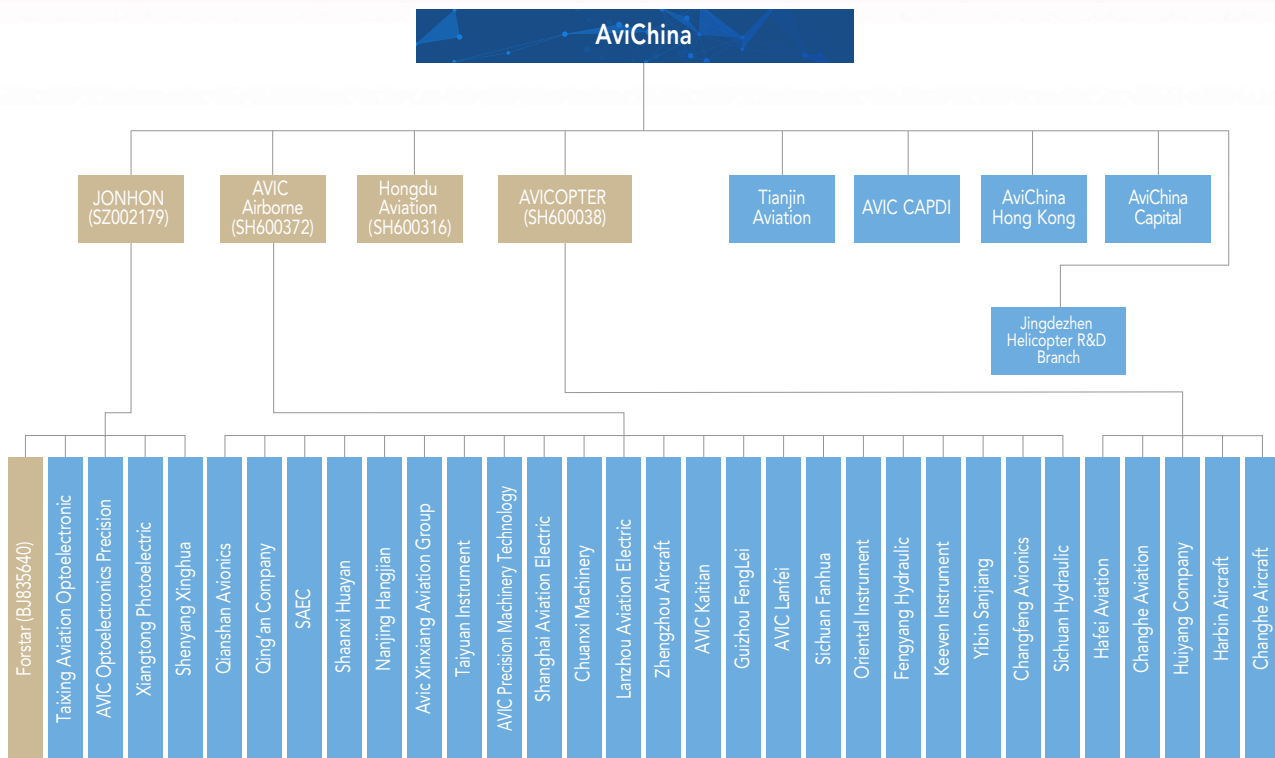
Trainer: L15, K8 and CJ6 trainers series;

General-purpose aircraft: Y12 multi-purpose aeroplanes series and the N5 agricultural aeroplanes series;

Aviation ancillary system: avionics products, mechanical electronics, connectors and its accessories; and

Aviation engineering services: planning, design and consultation services, etc.

CORPORATE STRUCTURE OF THE GROUP



Financial Highlights

CONSOLIDATED PROFIT AND LOSS

(Prepared under China Accounting Standards for Business Enterprises)
(RMB million, other than basic and diluted earnings per share)

	For the year ended 31 December		Changes
	2024	2023 (as restated)	
Revenue	86,971	84,752	2.62%
Profit before tax	6,092	7,073	-13.87%
Net profit attributable to the owners of the parent company	2,187	2,447	-10.63%
Gross profit margin	21.67%	24.97%	decreased by 3.30 percentage points
Earnings per share (RMB)			
– Basic	0.274	0.311	-11.90%
– Diluted	0.274	0.311	-11.90%

CONSOLIDATED ASSETS AND LIABILITIES

(Prepared under China Accounting Standards for Business Enterprises)
(RMB million)

	As at 31 December		Changes
	2024	2023 (as restated)	
Total assets	202,044	185,074	9.17%
Total liabilities	105,396	96,975	8.68%
Minority equity	62,500	56,527	10.57%
Shareholders' equity attributable to parent company	34,148	31,572	8.16%

Financial Highlights

Financial information on the Group's comprehensive business in the recent five years starting from 1 January 2020 is summarized as follows:

(Prepared under China Accounting Standards for Business Enterprises)

(RMB million, other than basic and diluted earnings per share)

	As at 31 December/For the year ended 31 December				
	2024	2023	2022	2021	2020
	(as restated)				
Total assets	202,044	185,074	144,006	133,889	115,587
Total liabilities	105,396	96,975	85,853	79,123	69,483
Minority equity	62,500	56,527	30,029	27,859	23,173
Shareholders' equity attributable to parent company	34,148	31,572	28,124	26,907	22,930
Revenue	86,971	84,752	63,639	60,296	50,924
Profit before tax	6,092	7,073	5,248	5,315	4,268
Net profit attributable to the owners of the parent company	2,187	2,447	2,216	2,369	1,932
Gross profit margin	21.67%	24.97%	22.60%	21.06%	20.88%
Earnings per share (RMB)					
– Basic	0.274	0.311	0.287	0.307	0.250
– Diluted	0.274	0.311	0.287	0.307	0.250

Financial Highlights

TOTAL ASSETS

(RMB million)



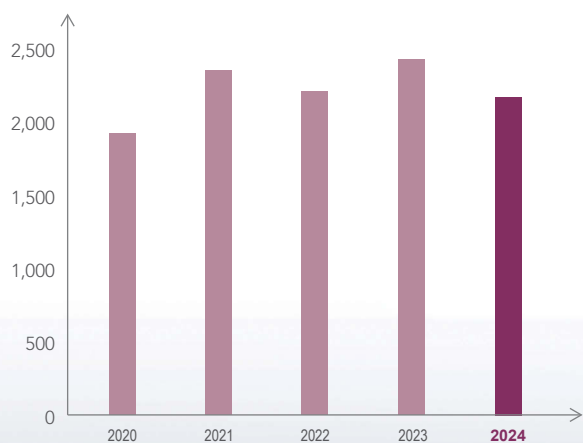
REVENUE

(RMB million)



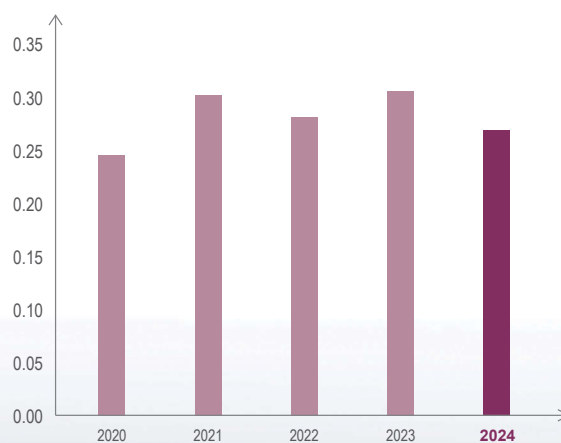
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

(RMB million)



BASIC EARNINGS PER SHARE OF THE COMPANY


(RMB)



Chairman's Statement



Yan Lingxi
Chairman



Chairman's Statement

To all Shareholders:

On behalf of the Board of the Company, I am pleased to present the consolidated annual results for the year 2024 of AviChina Industry & Technology Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”).

ANNUAL RESULTS

For the year ended 31 December 2024, the Group recorded a revenue of RMB86,971 million, and the net profit attributable to the owners of the parent company amounted to RMB2,187 million. In 2024, the Group achieved steady progress in all its businesses with steady revenue growth.

BUSINESS REVIEW

In 2024, as external pressures intensified and internal obstacles mounted, China's economy was confronted with numerous challenges and difficulties. However, the overall operation of the Chinese economy remained stable. The controlling Shareholder of the Company, AVIC, stayed focused on its main business of aviation, achieved breakthroughs in equipment development, civil aircraft business, and industrial development, and yielded new achievements in international business, technological innovation, and deepened reform.

In 2024, in the face of profound and intricate changes in both internal and external environments, the Board closely monitored the difficulties and challenges brought to the Company posed by external changes, paid close attention to the new industries and business models fueled by the nation's push to develop new-quality productive forces, and closely kept abreast of the impacts of the ever-changing development of scientific and technological innovation, green economy, smart manufacturing, and intelligent products on the aviation industry. Leading the Company to focus on the development of green aviation and the commercialization of aviation technology achievements, the Board actively explored the creation of businesses with new-quality productive forces.

We focused on scientific and technological innovation and accelerated the commercialization of technology achievement. We explored the establishment of a joint innovation center for future low-altitude aircraft to nurture new products in the low-altitude economy. With a focus on the low-altitude economy, we conducted market research on emerging industries, visited low-altitude economic demonstration zones, the JONHON Innovation Institute, helicopter application demonstration centers, and related enterprises in the electric aircraft industry chain, and participated in several low-altitude economy forums. The Company collaborated with the Chinese Aeronautical Establishment* (中國航空研究院) on the joint development of the high-speed electric vertical take-off and landing aircraft (H-eVTOL) project, completing the proof-of-concept prototype's maiden flight and it subsequently showcased at the Zhuhai Air Show. We kept pace with the development requirements of the low-altitude economy by increasing investment in key core technologies for civil helicopters and airborne products. The AC313A helicopter completed its first trial flight under high-cold conditions, while the airborne innovation platform and key laboratories were constructed and operated with high quality. We also proactively pursued projects such as reusable commercial spacecraft and infrared detection chips, positioning ourselves in strategic emerging industries and future-oriented sectors.

We focused on strengthening the industrial chain to continuously build a modern aviation industrial system. The completion of AVICOPTER's major asset restructuring accelerated the integration of the helicopter industry chain, supporting our goal to become a world-class helicopter enterprise. We also advanced the market-oriented development of the airborne industry with a focus on the developmental needs of civil aircraft equipment, which continuously enhanced the capabilities of civil aviation airborne systems. The mass production capacity of the C919 project was steadily enhanced as planned.

We focused on market expansion, growing our presence in the civilian market and overseas markets. The Group's entire aircraft products demonstrated brilliant performance in the low-altitude economic industry market. The market orders for the AC311 series helicopters were smoothly promoted, with customized modifications meeting diverse requirements. CJ6 trainer expanded its application in the general aviation training; Z-10ME helicopter debuted at global airshows, garnering widespread attention.

We focused on corporate governance to ensure sustainable and long-term development. The Company adhered to the philosophy of sustainable development, vigorously promoted green transformation, and actively fulfilled social responsibilities. Through sound corporate governance, the Company continuously enhanced value creation capabilities and brand influence, being honored with the "Outstanding Enterprise Contribution Award for the 75th Anniversary of the Founding of the PRC" and the "Most Innovative Listed Company Award" at the China Securities Golden Bauhinia Awards; the "Best ESG Information Disclosure Award" at the 2024 Hong Kong International ESG List; and the "ESG Excellence Award" at the 18th "Capital Market Crystal Ball Awards" in 2024.

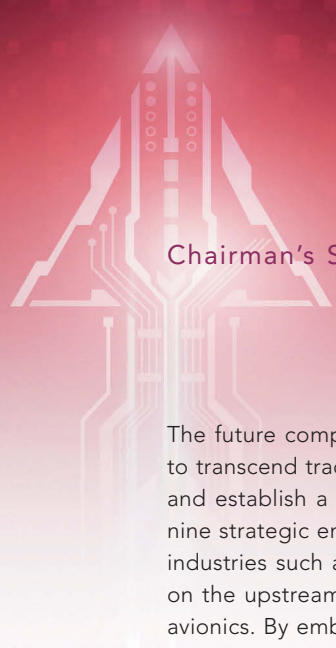
OUTLOOK

The global aviation industry is currently in a period of transformation, marked by the restructuring of the global aviation industrial chain. A new round of technological revolution is accelerating the rapid application of green aviation and intelligent technologies in aircraft. As a leader in the aviation industry, AviChina will maintain a strategic perspective to discern the trends, apply an innovative mindset to shape the future, and remain committed to its mission amid turbulence, thereby continuously creating value for its Shareholders.

The year 2025 marks the concluding year of China's "14th Five-Year Plan". Today, the emergence, application and iteration of new technologies are progressing at a pace unprecedented in history, as technological transformations are reshaping the economy and society with astonishing speed and depth. Under the national backdrop of advancing the construction of a technology powerhouse, driving technological transformation and upgrading in the manufacturing sector, and fostering national-level advanced manufacturing clusters, AVIC is spearheading efforts with technological innovation and progress to accelerate the establishment of a modern aviation industrial system, aiming to achieve the leap from advanced aviation equipment to high-end aviation equipment.

The 2025 Government Work Report mentioned "promoting the safe and healthy development of emerging industries such as commercial spaceflight and low-altitude economy". Both the low-altitude economy and commercial spaceflight are anticipated to emerge as new driving forces for economic and social development, creating broader growth opportunities for related segments of the industrial chain. The core value of the low-altitude economy lies in its potential to reshape three-dimensional transport networks and release the economic benefit of airspace resources. As the "leading player" in the development of the low-altitude economy, AviChina believes that the low-altitude economy will bring new development opportunities for China's aviation and aerospace industry.

The helicopter industry will be among the first to benefit from the development of the low-altitude economy. Helicopters are expected to achieve large-scale application earliest due to their high maturity, operational flexibility and mission adaptability. The Company will remain steadfast in its commitment to strategic objectives, focus on core capabilities and value creation, accelerate the development of new quality productive forces, and build a forward-looking trade-off design and development system, process and capability that emphasizes cost-effectiveness throughout the entire life cycle of equipment, supporting the production of high-end helicopter equipment.



Chairman's Statement

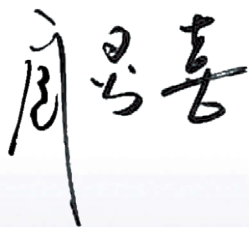
The future competition in the aviation industry is essentially a competition of ecosystems. Companies are in urgent need to transcend traditional industrial boundaries, achieve cross-domain collaborative innovation through industrial integration, and establish a new landscape for the aviation industry system. The Company will vigorously promote the integration of nine strategic emerging industries such as new-generation information technology and artificial intelligence, and six future industries such as future manufacturing and future energy with the aviation sector, and conduct forward-looking research on the upstream and downstream industrial chains of the aviation industry, such as new aviation materials and intelligent avionics. By embracing technological innovation, the Company aims to drive industrial development.

The Company will give full play to the empowering role of the capital market to activate the growth momentum of the aviation industry. The Company will continue to optimize its capital structure, further integrate resources through strategic investment, mergers and acquisitions, and reorganization; continuously enhance communication with domestic long-term and patient capital stakeholders, attract and consolidate long-term Shareholders; and embrace the ESG development concept with greater openness to harmonize industrial value creation and social value contribution.

No effort is ever wasted; adversity tempers excellence. With perseverance paving the path, the future holds boundless promise. In 2025, the Board will continue to lead the Company with unwavering determination to forge ahead through the waves, and comprehensively support the construction of the modern aviation industry system with technological innovation as the goal and capital empowerment as the driving force. Hard work pays off. I, along with all our staff, will remain grounded and committed to steady and sustained progress. With unremitting endeavor and tangible achievements, we will exert all-out effort to build a world-class aviation high-tech industrial group.

APPRECIATION

Last but not least, on behalf of the Board, I would like to take this opportunity to express my appreciation to the investors, clients and cooperative partners for their trust and support, and express my appreciation to our management team and all our staff for their hard work and contributions in the past year.



Yan Lingxi

Chairman

Beijing, 28 March 2025

Management Discussion and Analysis



Sun Jizhong
General Manager

The following discussion should be read in conjunction with the Group's consolidated financial statements and notes thereto set out in this annual report and other sections therein.

SUMMARY

In 2024, the businesses of the Group were divided into aviation entire aircraft segment, aviation ancillary system and related business segment and aviation engineering services segment. The revenue, gross profit margin and other key financial performance indicators of these segments are analyzed in this report to demonstrate their operation and development.

Due to the adjustment of the merger scope on October 2024, 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.

For the year ended 31 December 2024, the Group recorded a revenue of RMB86,971 million, representing an increase of RMB2,219 million or 2.62% as compared with that of RMB84,752 million in the corresponding period of the preceding year. The net profit attributable to the owners of the parent company amounted to RMB2,187 million, representing a decrease of RMB260 million or 10.63% as compared with that of RMB2,447 million in the corresponding period of the preceding year.

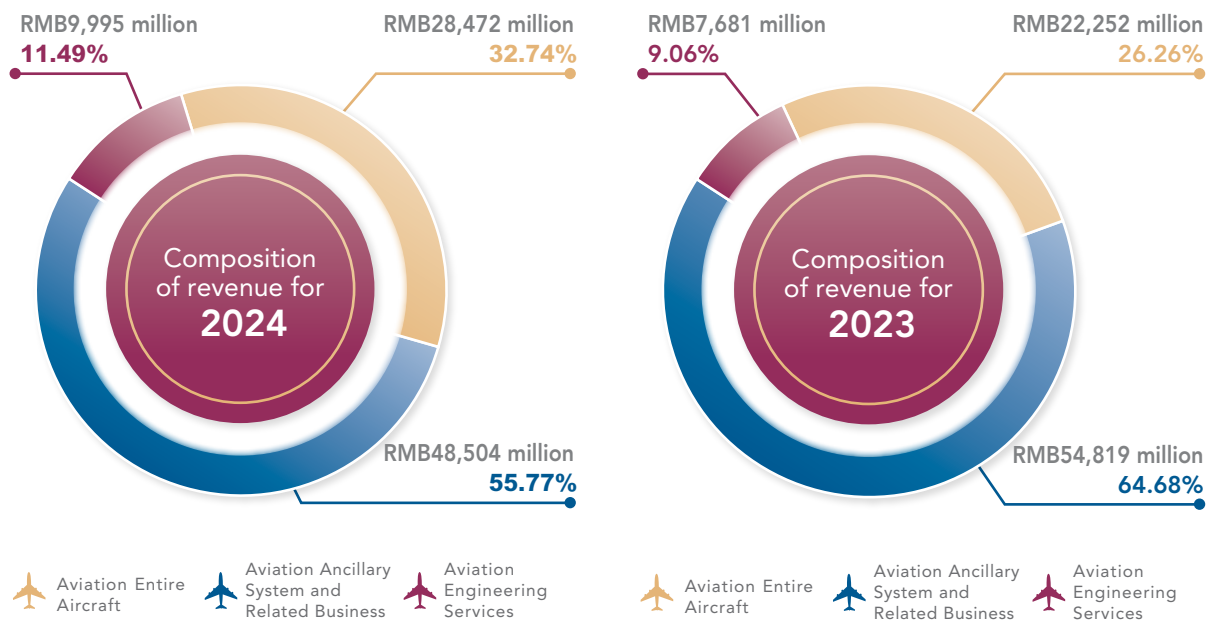
Management Discussion and Analysis

The following shows the comparison between the consolidated operating results of the Group for the year ended 31 December 2024 and those for the year ended 31 December 2023:

CONSOLIDATED OPERATING RESULTS

1 Composition of revenue

The revenue of the Group for the year 2024 was RMB86,971 million, representing an increase of RMB2,219 million or 2.62% as compared with that of RMB84,752 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year increase in revenue of helicopter products during the reporting period.



The revenue of the Group's aviation entire aircraft business for the year 2024 amounted to RMB28,472 million, representing an increase of RMB6,220 million or 27.95% as compared with that of RMB22,252 million in the corresponding period of the preceding year, which was mainly attributable to the increase in sales volume of helicopter products during the reporting period. The revenue of the aviation entire aircraft business for the year 2024 accounted for 32.74% of the total revenue of the Group, representing an increase of 6.48 percentage points as compared with that in the corresponding period of the preceding year.

The revenue of the Group's aviation ancillary system and related business for the year 2024 amounted to RMB48,504 million, representing a decrease of RMB6,315 million or 11.52% as compared with that of RMB54,819 million in the corresponding period of the preceding year, which was mainly attributable to the decrease of the revenue of avionics products during the reporting period. The revenue of the aviation ancillary system and related business for the year 2024 accounted for 55.77% of the total revenue of the Group, representing a decrease of 8.91 percentage points as compared with that in the corresponding period of the preceding year.

The revenue of the Group's aviation engineering services business for the year 2024 amounted to RMB9,995 million, representing an increase of RMB2,314 million or 30.13% as compared with that of RMB7,681 million in the corresponding period of the preceding year, which was mainly due to the year-on-year increase of construction revenue. The revenue of the aviation engineering services business for the year 2024 accounted for 11.49% of the total revenue of the Group, representing an increase of 2.43 percentage points as compared with that in the corresponding period of the preceding year.

The Group mainly conducts its business in Mainland China and its revenue is mainly generated from Mainland China.

2 Selling expenses

The Group's selling expenses for the year 2024 amounted to RMB858 million, representing a decrease of RMB62 million or 6.74% as compared with that of RMB920 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year decrease in labor costs of sales persons of certain subsidiaries during the reporting period. In 2024, the selling expenses accounted for 0.99% of the revenue of the Group, representing a decrease of 0.32 percentage point as compared with that in the corresponding period of the preceding year.

3 Administrative expenses

The Group's administrative expenses for the year 2024 amounted to RMB5,231 million, representing a decrease of RMB423 million or 7.48% as compared with that of RMB5,654 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year decrease in administrative staff salary of certain subsidiaries during the reporting period. In 2024, the administrative expenses accounted for 6.01% of the revenue of the Group, representing a decrease of 0.66 percentage point as compared with that in the corresponding period of the preceding year.

4 Research and development expenses

The research and development expenses of the Group for the year 2024 amounted to RMB6,661 million, representing a decrease of RMB912 million or 12.04% as compared with that of RMB7,573 million in the corresponding period of the preceding year. In 2024, the research and development expenses accounted for 7.66% of the revenue of the Group, representing a decrease of 1.28 percentage points as compared with that in the corresponding period of the preceding year. During the reporting period, the Group's research and development projects have conducted orderly.

5 Finance costs

The Group's finance costs in 2024 amounted to RMB-15 million, representing an increase of RMB132 million or 89.80% as compared with that of RMB-147 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year decrease in interest income driven by the decrease of deposit interest rates and average existing funds during the reporting period. Please refer to Note VI. 53 to the financial statements for details.

6 Operating profit

The Group's operating profit in 2024 was RMB6,042 million, representing a decrease of RMB951 million or 13.60% as compared with that of RMB6,993 million in the corresponding period of the preceding year, which was mainly attributable to the decrease in the operating results of the Company's subsidiary AVIC Airborne during the reporting period.

7 Income tax expenses

The Group's income tax expenses in 2024 was RMB338 million, representing a decrease of RMB44 million or 11.52% as compared with that of RMB382 million in the corresponding period of the preceding year.

8 Net profit attributable to the owners of the parent company

The net profit attributable to the owners of the parent company for the year 2024 amounted to RMB2,187 million, representing a decrease of RMB260 million or 10.63% as compared with that of RMB2,447 million in the corresponding period of the preceding year, which was mainly attributable to the decrease in the operating results of the Company's subsidiary AVIC Airborne during the reporting period.

GUARANTEED AND SECURED LOANS

As at 31 December 2024, the Group's mortgaged and pledged borrowings amounted to RMB407 million, of which RMB92 million was secured by house buildings with a net book value of RMB7 million; RMB315 million was secured by notes receivable and accounts receivable with a net book value of RMB314 million.

Borrowings placed under guarantees amounted to RMB64 million, of which RMB64 million represented guarantees provided by subsidiaries, and no guarantees provided by non-related parties.

EXCHANGE RATE RISKS

The Group mainly operates in the PRC with most of its transactions settled in RMB. The exposure to foreign currencies exchange risks arising from transactions involving assets, liabilities and operating activities of the Group are primarily associated with United States Dollar, Euro and Hong Kong Dollar. The Directors consider that the exchange rate risks to the Group will not have any material adverse impact on the Group's financial results. For the risk management objectives and policies of the Group, please refer to Note IX to the financial statements in this annual report.

During the reporting period, the Group does not have a foreign currency hedging tool.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities.

CASH FLOW AND FINANCIAL RESOURCES

1 Liquidity and capital resources

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB39,335 million, which was mainly derived from the following sources:

- cash and bank deposits at the beginning of the 2024;
- funds generated from non-public issuance of A shares by a subsidiary during the reporting period; and
- funds generated from its operations.

The Group's cash flow for each of the years 2024 and 2023 were as follows:


Unit: RMB million (except for percentage)

Main items of cash flow	2024	2023	Changes (amount)	Change rate (percentage)
Net cash flows from (used in) operating activities	2,170	(4,080)	6,251	153.19%
Net cash flows (used in) investing activities	(5,367)	(3,614)	(1,753)	-48.50%
Net cash flows from financing activities	5,336	3,550	1,786	50.32%

2 Operating, investing and financing activities

Net cash inflows from operating activities of the Group for 2024 amounted to RMB2,170 million, representing an increase of net inflows by RMB6,251 million as compared with the net cash outflows of RMB4,080 million in the corresponding period of the preceding year, which was mainly due to the year-on-year increase in the collection of product payments from customers at the end of the year by certain subsidiaries during the reporting period.

Net cash outflows from investing activities of the Group for 2024 amounted to RMB5,367 million, representing an increase of net outflows by RMB1,753 million as compared with the net cash outflows of RMB3,614 million in the corresponding period of the preceding year, which was mainly attributable to the purchase of structured deposits with idle raised funds by the Company's subsidiary AVICOPTER during the reporting period.



Management Discussion and Analysis

Net cash inflows from financing activities of the Group for the year 2024 amounted to RMB5,336 million, representing an increase of net inflows by RMB1,786 million as compared with the net cash inflows of RMB3,550 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year increase in borrowings by certain subsidiaries during the reporting period.

As at 31 December 2024, the Group's total borrowings amounted to RMB17,758 million, of which the short-term borrowings, the current portion of long-term borrowings and the non-current portion of long-term borrowings amounted to RMB9,715 million, RMB2,811 million and RMB5,232 million, respectively.

The Group's long-term borrowings are repayable as follows:

Maturity	RMB million
Within one year	2,811
In the second year	4,269
In the third to fifth year	884
After the fifth year	79
Total	8,043

As at 31 December 2024, the Group's bank borrowings amounted to RMB4,731 million with a weighted average interest rate of 2.4% per annum, accounting for 26.64% of the total borrowings. Other borrowings amounted to RMB13,027 million with a weighted average interest rate of 2.4% per annum, accounting for 73.36% of the total borrowings.

As at 31 December 2024, there was no significant balance of borrowings denominated in foreign currencies.

GEARING RATIO

As at 31 December 2024, the Group's gearing ratio was 8.79% (as at 31 December 2023: 7.11%), which was arrived at by dividing the total borrowings by the total assets as at 31 December 2024.

SEGMENT INFORMATION

The Group's business can be divided into three segments, namely the aviation entire aircraft business, the aviation ancillary system and related business and the aviation engineering services business.

THE AVIATION ENTIRE AIRCRAFT BUSINESS

Revenue

The Group's revenue derived from the aviation entire aircraft business for 2024 was RMB28,472 million, representing an increase of 27.95% as compared with that in the corresponding period of the preceding year. Among the above revenue, the revenue derived from the helicopter business, which amounted to RMB25,938 million, representing an increase of RMB4,667 million or 21.94% as compared with that in the corresponding period of the preceding year, and accounted for 91.10% of the total revenue of the aviation entire aircraft business.

The revenue of the aviation entire aircraft business of the Group for the year 2024 accounted for 32.74% of the Group's total revenue, representing an increase of 6.48 percentage points as compared with that in the corresponding period of the preceding year.

Gross Profit Margin

The gross profit margin of the Group's aviation entire aircraft business for the year 2024 was 8.52%, representing a decrease of 4.50 percentage points as compared with that in the corresponding period of the preceding year, which was mainly attributable to the positive price adjustment impact of certain helicopter products to the gross profit margin in the corresponding period of the preceding year.

THE AVIATION ANCILLARY SYSTEM AND RELATED BUSINESS

Revenue

The Group's revenue derived from the aviation ancillary system and related business for the year 2024 was RMB48,504 million, representing a decrease of 11.52% as compared with that in the corresponding period of the preceding year. Among the above revenue, the revenue derived from avionics business amounted to RMB40,362 million, representing a decrease of RMB5,163 million or 11.34% as compared with that in the corresponding period of the preceding year, and accounted for 83.21% of the total revenue of the aviation ancillary system and related business.

The revenue derived from the aviation ancillary system and related business for the year 2024 accounted for 55.77% of the Group's total revenue, representing a decrease of 8.91 percentage points as compared with that in the corresponding period of the preceding year.

Gross Profit Margin

The gross profit margin of the Group's aviation ancillary system and related business for the year 2024 was 31.29%, which was basically the same as compared with that in the corresponding period of the preceding year.

THE AVIATION ENGINEERING SERVICES BUSINESS

Revenue

The Group's revenue derived from the aviation engineering services business for the year 2024 was RMB9,995 million, representing an increase of 30.13% as compared with that in the corresponding period of the preceding year.

The revenue derived from the aviation engineering services business for the year 2024 accounted for 11.49% of the Group's total revenue, representing an increase of 2.43 percentage points as compared with that in the corresponding period of the preceding year.

Gross Profit Margin

The gross profit margin of the Group's aviation engineering services business for the year 2024 was 12.43%, representing a decrease of 1.93 percentage points as compared with that in the corresponding period of the preceding year, which was mainly due to the change in the revenue structure of aviation engineering services business during the reporting period.

BUSINESS REVIEW AND OUTLOOK

In 2024, in the face of a more complex international and domestic environment, China's economy maintained overall stability and achieved steady progress. With the steady development of new quality productive forces, the reform and opening up continued to deepen. AVIC, the controlling Shareholder of the Company, rallied efforts to overcome challenges, while steadfastly advancing innovation-driven development, achieving steady enhancements in both operation and management, and accelerating into the era of new quality productive forces.

In 2024, confronted with the complex and severe situation where increasing external pressure and growing internal difficulties coexisted, the Company remained committed to its strategic goals, seized the strategic opportunity of the low-altitude economy, focused on technological innovation, accelerated the transformation of scientific and technological achievements, expanded its layout in strategic emerging industries and future industries, and continuously forged new competitive advantages for sustainable development. High-quality development has been steadily advancing.

In 2024, the Group completed the integration of helicopter businesses and successfully raised approximately RMB3 billion in supporting funds, which vigorously advanced the construction of a world-class helicopter enterprise. Simultaneously, the Group actively led the technological innovation, advanced manufacturing and open cooperation of the helicopter industry and low-altitude economy-related industries, and continued to explore the application scenarios of the low-altitude economy. The jointly developed high-speed electric vertical take-off and landing aircraft (H-eVTOL) prototype completed its maiden flight and was statically displayed at the Zhuhai Air Show. The Group accelerated the development of prototypes of products such as the hybrid tiltrotor quadcopter drones and the tiltrotor hexacopter eVTOL aircraft, expedited the cultivation and expansion of strategic emerging industries, fulfilled the mission and responsibility of the low-altitude economy, and stimulated new momentum for high-quality development.


Helicopter business strengthened the leading role of low-altitude economy industry. Throughout the year, the Group signed multiple helicopter sales contracts and leasing contracts with Shanxi Aviation Industry Group Co., Ltd.* (山西航空產業集團), Jiangxi Kaiwei General Aviation Co., Ltd.* (江西凱威通用航空有限公司), etc., and signed 30 procurement intent agreements during the Zhuhai Air Show. Various types of helicopters participated in emergency combat and drill missions, AC311A helicopter was selected as a typical case for the application and promotion of safety emergency equipment in 2024, and AC332 helicopter in the medical rescue configuration successfully completed its maiden flight, leading to the continuous enhancement of the aviation emergency rescue system. AC352 helicopter completed the trial flights for slope takeoff and landing, as well as rotor spin-up and spin-down, and AC312E helicopter completed trial flights for performance improvement, further expanding the application scenarios. AC332 helicopter completed trial flights under high-temperature, sub-plateau, and plateau conditions in succession, and the airworthiness certification work was moving forward steadily. The Company created a new model of “central-local cooperation” to collaboratively build a sales, delivery and after-sales service center for AC311A helicopter.

The Group deepened lean management in the trainer business, coordinated resources from all sides, and achieved high-quality delivery. The L15 advanced trainer successfully completed its annual trial flight and delivery tasks, with new achievements made in improving the efficiency of model production, delivery, acceptance, and ferry operations. The Group vigorously developed civil aviation by expanding the flight training business and signing new intentional orders for the civil CJ6 trainer. The volume of civil aviation business has significantly increased year-on-year.

The Group explored the development paths to promote new quality productive forces in general-purpose aircraft products. The Y12 series aircraft completed operating lease sales for the first time, empowering the high-quality development of domestic civil aircraft with the overall solution of “manufacturing + finance + service” and accelerating the construction of a modern civil aviation industry system.

The Group continued to improve industrial technological innovation capabilities in the aviation ancillary systems and related businesses. The completion and commissioning of JONHON’s basic devices industrial park and Huanan Industrial Base, as well as the full topping out of the high-end interconnection technology industrial community and the civil aircraft & industrial interconnection industrial park, promoted the construction of modern industrial capabilities. AVIC Kaitian supplied high-performance accumulator diaphragm capsules for the Shenzhou-19 manned spacecraft, contributing to the successful completion of the mission. Qing’an Company and Taiyuan Instrument provided relevant systems for Air White Whale’s W5000 cargo drone, facilitating its final assembly and rollout. The Tianjin Key Laboratory of Aviation Fire Protection System established by Tianjin Aviation passed the acceptance inspection, continuously leading the technological development in the field of aviation fire protection.

The Group made steady progression in the aviation engineering services business. AVIC CAPDI won the bid for the engineering design project of Taiyuan Wusu Zero-Carbon Airport, marking a breakthrough in zero-carbon and energy-conserving technologies in the civil aviation sector. It also won the bid for the Genertec Universal Medical Group Company’s procurement project for engineering design services, expanding its presence in the medical and health field. It won the 16th “Gold Award of China’s Construction Engineering Steel Structure”, enhancing its technical advantages in the field of steel structures.



Management Discussion and Analysis

The refinement of corporate governance continuously enhanced brand value. The Company has always adhered to operation compliance in accordance with laws and regulations, continuously improving its governance structure, enhancing its governance capabilities, and improving its governance system. Focusing on value creation and shareholder returns, it has constantly enhanced its brand image, being honored with the “Outstanding Enterprise Contribution Award for the 75th Anniversary of the Founding of the PRC” and the “Most Innovative Listed Company Award” at the China Securities Golden Bauhinia Awards. Meanwhile, the Company adheres to the integration of economic responsibility, social responsibility and environmental responsibility, implements green and low-carbon philosophy to shape new driving forces for green development, promotes the development of green and low-carbon aircraft, drives the construction of a green and low-carbon aviation ecosystem with extensive participation, co-construction, sharing and win-win results from multiple entities, and has won awards such as the “Best ESG Information Disclosure Award” at the Hong Kong International ESG List and the “ESG Excellence Award” at the “Capital Market Crystal Ball Awards” from Securities Market Weekly.

In 2025, the world is experiencing an accelerated evolution of the transformations unseen in a century, with external environmental uncertainties posing increasing challenges. The Company will adhere to the principle of “seeking progress while maintaining stability, promoting stability through progress”, consolidate foundations and uphold integrity while embracing innovation. The Company will stay focused on its development strategy, maintain strategic resolve, and fully leverage the role of technological innovation, industrial control, and security support, while remaining resolute to thrive on challenges, thereby accelerating to build itself as a world-class aviation high-tech industry group.

1. The Group will actively contrive its development planning for the “15th Five-Year”, coordinating resources, talents, production layout, and the operational expansion of new quality productive forces with innovative mindset. It will focus on green aviation and the industrialization of technological achievements, and lead the high-quality development of the industry through technological innovation;
2. The Group will increase investment in helicopter research and development. It will enhance its cooperation with universities and research institutions, establish an innovation mechanism integrating industry, academia, research and application; focus on the emergency rescue and general aviation markets, explore new models for market development, forge star products of helicopter, and increase the market share and brand perception of its helicopter products;
3. The Group will expand the scale of the low-altitude economy industry. It will strengthen pioneering innovation in core technologies and accelerate the establishment of a low-altitude economy industrial ecosystem. It will strategically coordinate the layout of emerging industries and deeply integrate them into regional economic growth. By leveraging scenario-driven applications, it aims to precipitate the cultivation of future-oriented industries;
4. The Group will accelerate technological innovation. It will accelerate the construction of an innovation consortium, continuously enhance the capacity for technological innovation, and promote the transformation of technological achievements; strengthen investment and cooperation in the field of technological innovation, pool the strength for technological innovation, and further advance the development of intelligent manufacturing in the aviation industry;

5. The Group will give play to the overall synergy effect. It will build up its core competence advantages, enhance the competitiveness of the airborne systems industry, and strive to position itself as a world-class supplier of airborne systems and a specialized supplier. It will continue to consolidate its leading superiority in the airborne systems business, actively carry out planning for new industries, empower transformation with digital intelligence, and fortify new support for industrial development;
6. The Group will consummate its corporate governance system. It will continue to promote the construction of digital aviation capabilities, build a sustainable digital ecosystem; explore new paths for energy conservation and carbon reduction in the aviation sector, drive the transformation of the entire industrial chain towards green and low-carbon development, and create an efficient, green and sustainable development pattern; and
7. The Group will enhance the effectiveness of its market value management. It will remain committed to delivering returns to shareholders and protecting investor rights and interests. It will also persistently optimize the equity structure, strengthen capital governance, and steadily embark on a new journey of high-quality development.

USE OF PROCEEDS

As at 31 December 2024, a total of RMB6,758 million out of the proceeds raised by the Company had been utilized in the manufacturing and research and development of advanced trainers, helicopters and aviation composite materials, the acquisition of assets in aviation business and equity investments as well as for general corporate purposes. In the end of 2018, the net proceeds raised by the Company through H share placing were approximately HK\$1,346 million (the “**H Share Placing**”). At the date of the report, the Company has utilized the proceeds from the H Share Placing according to the plan for use of proceeds as disclosed in the announcement of the Company dated 14 December 2018. Due to factors disclosed in the Company’s 2023 annual report, the Company was unable to implement the potential acquisition of aviation equity interest or aviation assets. Set out below is the information regarding the use of proceeds from the H Share Placing:

Management Discussion and Analysis

Use of proceeds	Net proceeds utilized in 2024	Utilized net proceeds up to 31 December 2024	Unutilized net proceeds as of 31 December 2024	Expected timeline for completion of utilization of the net proceeds
H Share Placing				
Investment in aviation product businesses, the industrialization projects of aviation research institutes and industry investment fund for aviation business, the funding of acquisitions of aviation equity interest or aviation assets and for general corporate purposes	Approximately RMB100 million , used for general corporate purposes	Approximately RMB1,200 million , of which approximately RMB812 million was used in investment in aviation product businesses, approximately RMB151 million was used in industrialization projects of aviation research institutes and investment fund for aviation business, and approximately RMB237 million was used for general corporate purpose	Nil	All had been used up

EMPLOYEES

As at 31 December 2024, the Group had 71,847 employees. The Group has provided appropriate emoluments, benefits and trainings to its employees.

Employees Breakdown (by business segments)	Number of employees	Percentage to total number of employees (%)
Aviation entire aircraft business	15,742	21.91
Aviation ancillary system and related business	53,681	74.72
Aviation engineering services business and others	2,424	3.37
Total	71,847	100.00

For the year ended 31 December 2024, the total staff costs of the Group amounted to RMB17,809 million, representing an increase of RMB210 million or 1.19% as compared with that of RMB17,599 million in the corresponding period of the preceding year.

REMUNERATION OF EMPLOYEES

The remuneration of the employees of the Group (including Directors) is determined on the fair and reasonable basis and with reference to comparable market standards. Such remuneration comprises basic salary, contribution to a public housing fund, and contributions to pension schemes. The Group will also, at its discretion, pay year-end bonus to employees according to their respective performance.

TRAINING FOR EMPLOYEES

The Group consistently prioritize talent as the core driving force while emphasizing comprehensive employee development and career advancement, continuously establishing systematic training programs and diversified career development pathways to provide employees with expansive growth opportunities that unlock their potential and creativity. This approach delivers robust talent support for long-term objectives and strategic layout.

In 2024, focusing on cultivating and creating compound industrial capital talents with international vision, continuously enriching talent training methods, strengthening training efforts, and upgrading the talent training system. The Group conducted targeted international operation and management system training such as corporate governance and ESG for listed companies. At the same time, the Group established cross departmental collaborative work team for major projects to provide a platform for the growth and training of young talents, further promoting the expansion of their horizons, the enhancement of their business capabilities, the improvement of their organizational leadership abilities, accelerating the construction of young talents reserve talent pool, and continuously improving the core competitiveness of the Group.

Directors, Supervisors and Senior Management

DIRECTORS

Executive Directors



Mr. Yan Lingxi (閻靈喜)

54, a master's degree holder and a senior engineer. Mr. Yan graduated from Beihang University with a bachelor's degree in engineering in 1991 and with a master's degree in management in 1999. He commenced his career in the aviation industry in July 1991 and worked in the reform bureau of the Ministry of Aero-Space Industry, the corporate management office of Nanjing Jincheng Machinery Factory, the corporate management department and the asset and business management department of Aviation Industry Corporation of China, respectively. From August 2014 to September 2016, Mr. Yan had been a director of AVICOPTER. From October 2016 to February 2018, Mr. Yan had successively been the head of the Office of the Board of Directors and the deputy director of Capital Management Department of AVIC, and the deputy general manager and the secretary of the board of directors of AVIC Industry-Finance. From March 2019 to November 2021, Mr. Yan served as director of the Capital Operation Department of AVIC. From April 2004 to August 2016, Mr. Yan had been the director of the securities and legal department, the secretary of the Board and the assistant to the general manager of the Company, respectively. Mr. Yan was the standing deputy general manager of the Company from February 2018 to March 2019. He was the non-executive Director of the Company from May 2019 to May 2021. Mr. Yan had been the general manager of the Company from December 2021 to February 2023. Since January 2022, he has served as a director and chairman of the board of directors of AVICOPTER. Mr. Yan has been the executive Director of the Company since January 2022, and the Chairman of the Board of the Company since February 2023.



Mr. Sun Jizhong (孫繼忠)

57, a master's degree holder. Mr. Sun graduated from Beihang University majoring in management engineering. Mr. Sun commenced his career in the aviation industry in 1990, and served as deputy section chief of the finance and accounting department, deputy director of the finance and accounting department, director of the finance and accounting department, deputy chief accountant and director of finance department, as well as deputy general manager and the chief accountant of Shenyang Aircraft Corporation, the director and chief accountant of AVIC Shenyang Aircraft Co., Ltd.* (中航沈飛股份有限公司). From December 2019 to February 2023, Mr. Sun had been a director and the general manager of AVIC Finance. He has been the general manager of the Company since February 2023. Mr. Sun has been the executive Director of the Company since May 2023.

Directors, Supervisors and Senior Management

Non-executive Directors

Mr. Xu Dongsheng (徐東升)



59, a doctor's degree holder and a researcher-level senior engineer. Mr. Xu graduated from the School of Management of Beihang University with a doctorate degree in management, and obtained a master's degree in business administration from Tongji University and a doctor's degree in management from the School of Management of Beihang University. Mr. Xu has successively served as the assistant to the general manager of China National Aero-Technology Import & Export Corporation Shenzhen Company* (中國航空技術進出口深圳公司), the general manager and chairman of the board of directors of FIYTA (Group) Co., Ltd.* (飛亞達(集團)股份有限公司), and the deputy general manager of China Aviation Technology Shenzhen Co., Ltd.* (中國航空技術深圳有限公司) and other positions. He has successively been the director of AVIC CAPDI, Changhe Aircraft and AVIC Chengdu Aircraft Co., Ltd.* (中航成飛股份有限公司) since June 2020. He has been the non-executive Director of the Company since July 2024.



Mr. Zhou Xunwen (周訓文)

59, a master's degree holder and a researcher. Mr. Zhou graduated from the Department of Automatic Control of Nanjing Aeronautical Institute, majoring in aircraft instrumentation and obtained a Master of Business Administration in Aerospace MBA from Toulouse Business School in France. Mr. Zhou has successively served as the director of the Information Research Department of the Aviation Information Center of Former AVIC, the deputy director of the Planning and Development Department of AVIC II, the deputy director of the Strategic Planning Department of Aviation Industry Corporation of China* (中國航空工業集團公司), the vice president of the Basic Technology Research Institute of Aviation Industry Corporation of China, the vice president of Aviation Manufacturing Technology Research Institute of China* (中國航空製造技術研究院). He served as a director of AVIC Aviation Technology Co., Ltd.* (中航航空高科技股份有限公司) from January 2017 to April 2018 and the chairman of the supervisory committee of AVIC Aviation Technology Co., Ltd. from April 2018 to May 2023. He has been a director of AVIC CAPDI since August 2022 and has held positions including director of Jinhang Digital Technology Co., Ltd.* (金航數碼科技有限責任公司) since February 2023. He has been a supervisor of AVIC Chengdu Aircraft Co., Ltd. since January 2025. He has been the non-executive Director of the Company since July 2024.

Directors, Supervisors and Senior Management



Ms. Hu Shiwei (胡世偉)

56, a doctor's degree holder and a researcher-level senior political engineer. Ms. Hu graduated from Nanjing University of Aeronautics and Astronautics with a doctor's degree in law. Ms. Hu has successively served as the secretary of the Discipline Inspection Commission and the chairwoman of the labor union of Changhe Aircraft, and the deputy head of the office for Inspection Work of AVIC. She successively served as a supervisor and a director of Changhe Aircraft from June 2013 to October 2022 and a director of AVIC Culture Co., Ltd.* (中航文化有限公司) from July 2017 to May 2019. She has served as the head of the office for Inspection Work of AVIC since November 2023. She has been the non-executive Director of the Company since July 2024.



Mr. Xu Gang (徐崗)

53, a doctor's degree holder. Mr. Xu graduated from Tianjin University with a bachelor's degree in information management system engineering. Mr. Xu also holds a master's degree in business administration from Roosevelt University in Chicago and a doctorate degree in economics from Nankai University. In 1995, Mr. Xu worked for the Tianjin Economic and Technology Development Area Administrative Committee. He was nominated as the deputy head of the Investment Promotion Bureau of Tianjin Free Trade Zone in 2003 and was promoted as its head in 2005, when he started to actively participate in the Airbus A320 Series Final Assembly Line program jointly initiated by Airbus and its Chinese partners. From 2008 to 2011, Mr. Xu was the deputy general manager of Airbus Tianjin A320 Series Final Assembly Line and the head of the Investment Promotion Bureau of Tianjin Free Trade Zone Administrative Committee. In 2011, he was appointed as the chairman of board of Airbus Tianjin Final Assembly Line and the deputy director of Tianjin Free Trade Zone Administrative Committee. From 2014 to 2017, Mr. Xu was appointed as the Secretary of Tianjin Youth League. Since January 2018, Mr. Xu has served as the chief executive officer of Airbus China and the head of Airbus China, responsible for all commercial aircraft operations and helicopter, defense and aerospace operations of Airbus in China. He has been the non-executive Director of the Company since May 2019.

Directors, Supervisors and Senior Management

Independent Non-executive Directors

Mr. Liu Weiwu (劉威武)

61, a master's degree holder. Mr. Liu has served as a director of the finance (property) department and deputy general manager of finance department of China Merchants Group Limited, a director and chief financial officer of China Merchants Energy Shipping Co., Ltd., and the manager of financial department of Hong Kong Mingwah Co., Ltd. Mr. Liu has been the independent non-executive Director of the Company since June 2018.



Mr. Mao Fugen (毛付根)

62, a doctor's degree holder, a senior management accountant and a committee member of the Cost Research Society of China. Mr. Mao graduated from the School of Accounting of Xiamen University in 1985 and achieved a master's degree in economics (accounting) from Xiamen University in 1988, and a doctorate degree in economics (accounting) from Xiamen University in 1994. Mr. Mao is a long-term EMBA lecture professor at Xiamen University and other universities with main research areas including management accounting, corporate finance, cross-border corporate finance management and other areas and he has extensive experience in senior management training. Mr. Mao successively served as the lecturer, deputy professor and professor of the School of Accounting of Xiamen University. He has been an independent non-executive director of Zhonghong Pulin Medical Product Co., Ltd. from July 2021 to July 2024. He has been an independent non-executive director of Haitong Securities Co., Ltd. since October 2023. He has been the independent non-executive Director of the Company since May 2021.



Directors, Supervisors and Senior Management



Mr. Lin Guiping (林貴平)

59, a doctor's degree holder. Mr. Lin graduated from Beihang University with a bachelor's degree majoring in automotive engine in 1986, a master's degree majoring in engineering thermal physics in 1989, and a doctorate degree majoring in man-machine and environmental engineering in 1993. Mr. Lin was promoted successively as the deputy professor in 1993, the professor in 1998, and was elected as the doctoral tutor in 2000. Mr. Lin has engaged in research work in multiple national projects including projects and subprojects of major projects launched by the National Natural Science Foundation of China and the National High-tech R&D Program. Mr. Lin is a member of the Aviation Medical and Rescue Committee of the Chinese Society of Aeronautics and Astronautics. He has been the independent non-executive Director of the Company since May 2021.

SUPERVISORS



Mr. Nie Xiaoming (聶小銘)

58, a researcher. Mr. Nie graduated from the Department of Aircraft Manufacturing Engineering of Northwestern Polytechnical University, majoring in aircraft engineering and manufacturing. He has successively served as the director of the Process Division, the deputy chief engineer, deputy general manager and chief engineer of Changhe Aircraft, the deputy general manager, vice chairman and chairman of the board of directors of Harbin Aircraft, the deputy general manager of AVICOPTER, and the deputy director of the Helicopter Design and Research Institute of Aviation Industry of China* (中國航空工業直升機設計研究所). Since March 2022, he has been engaged in the full-time board of directors and supervisors affairs of AVIC. He has been a supervisor of AVIC Chengdu Aircraft Co., Ltd since January 2025. He has been the Supervisor of the Company since July 2024.

Directors, Supervisors and Senior Management



Mr. Guo Guangxin (郭廣新)

55, a bachelor's degree holder. Mr. Guo graduated with a bachelor of engineering from the department of computer and science technology in Harbin College of Shipbuilding Engineering in 1991 and majoring in computer application technology. Mr. Guo served successively as a member of technology department and then a senior staff member of disciplinary committee in Heilongjiang Branch of Industrial and Commercial Bank of China from July 1991 to January 2000. Mr. Guo served successively as the deputy head of the equity management department, the head of the debt comprehensive operation department, the head of the comprehensive management department and the assistant to senior manager of the innovation business department in Harbin Branch of China Huarong Asset Management Co., Ltd. from January 2000. Mr. Guo served as a senior deputy manager and senior manager of Business Division VII in Heilongjiang Branch of China Huarong Asset Management Co., Ltd. from 2013 to 2020. Mr. Guo served as a senior manager of Business Division IV in Heilongjiang Branch of China Huarong Asset Management Co., Ltd. in January 2021. Mr. Guo has been a senior specialist and the head of Business Division IV in Heilongjiang Branch of China Huarong Asset Management Co., Ltd. since January 2022. Mr. Guo has been a level 3 specialist and the head of Business Division IV in Heilongjiang Branch of CITIC Financial Asset Management Co., Ltd. since 2024. Mr. Guo has been the Supervisor of the Company since June 2018.



Ms. Kang Yinglei (康穎蕾)

46, an intermediate economist. Ms. Kang graduated from Southwest University of Finance and Economics and Sichuan University and is a master's degree holder. Ms. Kang has served as the director of the Party-mass Office, and the deputy director and director of the general management department of the Company. Since March 2021, Ms. Kang has been the head of the audit and legal department of the Company. Since December 2023, she has been a director of Hongdu Aviation. Since July 2024, she has been the chairman of the supervisory committee of AVICOPTER. She has been the Supervisor of the Company since July 2024.

SENIOR MANAGEMENT



Mr. Wang Jingmin (王敬民)

Chief Financial Officer (Chief Accountant)

53, a professor-level senior accountant. Mr. Wang graduated from Zhengzhou Aviation Industry Management College in 1996 with a bachelor's degree in accounting. In 2009, he graduated from Northeast Normal University majoring in business management with a master's degree in management. Mr. Wang commenced his career in the aviation industry in 1996 and served as the accountant of the Finance Department of Beijing Changkong Machinery Co., Ltd., the chief staff member of the Financial Audit Department, the chief staff member of the Finance Department, and the deputy director and director of the Corporate Finance Department of AVIC II, director of the Corporate Finance Department of the Financial Management Department of AVIC, director of the Financial Management Department of AVIC Helicopter, the deputy director of Culture Center of AVIC and director and deputy general manager of AVIC Culture Co., Ltd. He has been the Chief Accountant of the Company since December 2021.



Mr. Zhao Zhuo (趙卓)

Board Secretary

52, a master's degree holder and a researcher. Mr. Zhao successively graduated from Beijing Institute of Chemical Technology with a bachelor's degree of engineering majoring in industrial management engineering and from the school of management of Beihang University with a master's degree of engineering majoring in management. Mr. Zhao has obtained an EMBA degree from University of Texas at Arlington. Mr. Zhao has commenced his career in aviation industry since 1995. He successively served for AVIC Economics & Technology Research Establishment, the planning and development department of Former AVIC, and the general affairs division of AVIC II. Since 2005, Mr. Zhao has served as the deputy director of the comprehensive management department, the deputy director, director of the internal audit department, the director of the capital market department, and the director of the comprehensive management department of the Company. Mr. Zhao served as a supervisor of JONHON from October 2017 to August 2018 and a director of AVIC BIAM New Materials Technology and Engineering Co., Ltd.* (中航百慕新材料技術工程股份有限公司) from May 2017 to May 2018. Mr. Zhao was the deputy general manager of AVICOPTER from April 2022 to July 2024, and the board secretary of AVICOPTER from August 2022 to July 2024. Mr. Zhao has been a Supervisor of the Company from December 2020 to July 2024. Mr. Zhao has been serving as the Board Secretary of the Company since July 2024.

Report of The Board

The Board hereby presents its Report of the Board together with the audited financial statements of the Group for the year ended 31 December 2024. All references made below to other sections, reports or notes of this annual report form part of this Report of the Board.

BUSINESS OF THE GROUP

The Group is principally engaged in the research, development, manufacture and sale of aviation products and relevant engineering services.

For details of the business and future business development of the Group, please refer to the section headed “Business Review and Outlook” from page 18 to page 21 of this annual report.

ENVIRONMENTAL POLICIES

The Company has made and implemented the following environmental policies, aiming to continuously improve the level of the Group’s environmental governance: (i) the Company fully complies with the PRC laws and regulations in relation to environmental protection; (ii) the Company actively raises environmental protection awareness of its employees, and encourages its employees’ participation in environmental protection work; and (iii) the Company also supervises the performance of its subsidiaries in environmental protection to build up the harmonious environment together.

During this reporting period, the Company continuously strengthened the management of environmental protection, actively participated in energy saving and emission reduction, and pursued green development. For details, please refer to the “Environmental, Social and Governance Report” of the Company dated 24 April 2025.

RESULTS, DIVIDEND AND DIVIDEND POLICY

The results of the Group for the year 2024 are set out in the Consolidated Income Statement on page 89 of this annual report.

The Board recommended the payment of a final dividend for the year 2024 in an aggregate amount of RMB645,801,194, representing a dividend of RMB0.081 per Share (2023 RMB0.088 per Share), calculated based on the existing number of total issued Shares of 7,972,854,242 Shares of the Company as at the date of this report, subject to adjustment (if any) based on the number of total issued Shares as at the Record Date (as defined below).

The final dividend will be paid to those Shareholders whose names appear on the Company’s register of members at the close of business on Friday, 30 May 2025 (the “**Record Date**”). To determine the identity of the Shareholders entitled to receive the final dividend, the Company’s register of members will be closed from Sunday, 25 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of H Shares of the Company will be registered. In order to be entitled to receive the final dividend, all transfer instruments accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s H shares registrar, by not later than 4:30 p.m. on Friday, 23 May 2025.



Report of The Board

In accordance with Article 142 of the Articles of Association, the dividend will be declared in RMB to the Shareholders. The dividend payable to Domestic Shares Shareholders will be paid in RMB within three months after the dividend declaration date, the dividend payable to H Shares Shareholders will be denominated and declared in RMB and paid in Hong Kong Dollars within three months after the dividend declaration date. The dividend to be paid in Hong Kong Dollars will be converted based on the central parity rate between RMB and Hong Kong Dollars issued by the People's Bank of China for the five business days prior to the declaration of dividends at the annual general meeting of the Company to be held on Tuesday, 20 May 2025 (the "**2024 AGM**"). Subject to the approval of the Company's Shareholders at the 2024 AGM, the aforementioned dividend is expected to be paid by the Company on or before 25 June 2025.

The 2024 AGM will be held on Tuesday, 20 May 2025. The H shares register of members of the Company will be closed from Wednesday, 30 April 2025 to Tuesday, 20 May 2025 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of the Company's H Shares and Domestic Shares whose names appear on the Company's register of members at the opening of business on Tuesday, 20 May 2025 are entitled to attend and vote at the 2024 AGM. In order to be eligible to attend and vote at the 2024 AGM, holders of the Company's H shares shall lodge all transfer instruments together with the relevant share certificates with Computershare Hong Kong Investor Services Limited, the Company's H shares register, not later than 4:30 pm on Tuesday, 29 April 2025.

According to the Company Law of the PRC, relevant laws and regulations, and the Articles of Association, the profits after payment of the relevant taxation shall be distributed in the following order:

(1) make up of losses; (2) transfer to statutory common reserve fund; (3) transfer to discretionary common reserve fund; (4) payment of dividends to ordinary shares.

The determination to pay such dividends shall be made at the discretion of the Board and will be based upon the operating results, cash flows, financial positions, capital requirements and other relevant circumstances that the Board deems relevant and proposed at the Shareholders' meeting for Shareholders' approval.

INFORMATION ON TAX DEDUCTION

H Shareholders shall be taxed for the dividends distributed by the Company in accordance with the Enterprise Income Tax Law of the PRC, the Detailed Rules for the Implementation of the Enterprise Income Tax Law of the PRC, the Individual Income Tax Law of the PRC and other relevant laws, regulations and rules. However, H Shareholders may enjoy tax relief in accordance with the provisions of applicable tax treaties entered into by the countries/regions where they belong to by virtue of residential identification and the PRC. For details, please refer to the announcement of the Company dated 5 June 2024.

In addition, pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127), for domestic individual shareholders who invest in H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the dividends. For domestic shareholders whose securities investment funds investing in H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the dividends. As to the withholding tax having been paid abroad, an individual shareholder may file an application for tax credit with the competent tax authority which exercises jurisdiction over China Securities Depository and Clearing Corporation Limited with an effective tax credit document. For domestic enterprise shareholders who invest in H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company will not withhold or pay enterprise income tax on their behalf in the distribution of the dividends, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares of the Company which have been continuously held by a domestic resident enterprise shareholder for 12 months shall be exempted from enterprise income tax.

SHARE CAPITAL

The Company's structure of share capital as at 31 December 2024 was as follows:

	Number of Shares as at 31 December 2024	Percentage of total number of Shares in issue as at 31 December 2024 (%)
Domestic Shares	1,762,191,406	22.10
H Shares	6,210,662,836	77.90
Total	7,972,854,242	100

FIVE-YEAR FINANCIAL HIGHLIGHTS

A summary of the results, assets and liabilities of the Group for the recent five financial years is set out on page 5 to page 6 of this annual report.

Report of The Board

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at the date of the report, pursuant to the register kept under Section 336 of the SFO, Shareholders holding 5% or more equity interests in the Shares and underlying Shares of the Company were as follows:

Name of Shareholders	Type of Shares	Capacity	Number of Shares	Approximate percentage of shareholdings to the same type of Shares in issue	Nature of Shares held
AVIC (Note 1)	H Shares	Beneficial owner; Interest in controlled corporation	3,503,070,569	56.40%	Long position
	Domestic Shares (Note 2)	Beneficial owner	1,250,899,906	70.99%	Long position
National Industrial Investment Fund	Domestic Shares (Note 3)	Beneficial owner	261,522,000	14.84%	Long position
Tianjin Free Trade Zone Investment	Domestic Shares (Note 2)	Beneficial owner	249,769,500	14.17%	Long position

Notes:

- 1 Out of the 3,503,070,569 H Shares held by AVIC, 3,297,780,902 H Shares are held as beneficial owner and 183,404,667 H Shares are held by AVIC through AVIC Airborne Systems, its wholly-owned subsidiary, 18,346,000 H Shares are held by AVIC through China Aviation Industry (Hong Kong) Company Limited, its wholly-owned subsidiary and 3,539,000 H Shares are held by AVIC through AVIC Industry-Finance, its non-wholly-owned subsidiary.
- 2 Pursuant to the equity acquisition and share issuance agreement dated 28 November 2019, the Company issued a number of 1,500,669,406 Domestic Shares as the consideration for the acquisition, among which, a number of 1,250,899,906 and 249,769,500 Domestic Shares were issued to AVIC and Tianjin Free Trade Zone Investment, respectively. The issuance of Domestic Shares was completed on 24 December 2020.
- 3 Pursuant to the share subscription agreement dated 9 May 2023, the Company issued 261,522,000 Domestic Shares to National Industrial Investment Fund. The issuance of Domestic Shares was completed on 3 July 2023.

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) for the year ended 31 December 2024.

As at 31 December 2024, the Company did not hold any treasury Shares.

PRE-EMPTIVE RIGHTS

There are no provisions in respect of pre-emptive rights under the Articles of Association and the laws of the PRC.

DONATION

For the year ended 31 December 2024, the amount of donation of the Group amounted to RMB3.6157 million.

RESERVES

Details of movement in reserves of the Group for the year ended 31 December 2024 are set out in the Consolidated Statement of Changes in Shareholders' Equity and Note VI. 43-47 to the financial statements.

DISTRIBUTABLE RETAINED EARNINGS

As at 31 December 2024, the Company had distributable retained earnings of RMB1,228,571,762.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the Group's total purchases from the five largest suppliers for the aviation business accounted for 10.74% of the Group's total purchases, of which, purchases from the largest supplier accounted for 3.09% of the Group's total purchases. The Group's sales to the five largest customers accounted for 49.28% of the Group's total sales, of which, sales to the largest customer accounted for 31.46% of the Group's total sales.

Purchases from the five largest suppliers in the aviation entire aircraft segment accounted for 26.63% of the total purchases in the Group in that segment, of which, purchases from the largest supplier accounted for 8.08% of the total purchases in that segment. Sales to the five largest customers in the aviation entire aircraft segment accounted for 99.36% of the total sales in that segment, of which, sales to the largest customer accounted for 90.16% of the total sales in that segment.

Purchases from the five largest suppliers in the aviation ancillary system and related business segment accounted for 4.13% of the total purchases in the Group in that segment, of which, purchases from the largest supplier accounted for 1.01% of the total purchase in that segment. Sales to the five largest customers in the aviation ancillary system and related business segment accounted for 25.04% of the total sales in that segment, of which, sales to the largest customer accounted for 8.99% of the total sales in that segment.



Report of The Board

Purchases from the five largest suppliers in the aviation engineering services segment accounted for 23.05% of the total purchases in the Group in that segment, of which, purchases from the largest supplier accounted for 10.55% of the total purchase in that segment. Sales to the five largest customers in the aviation engineering services segment accounted for 29.70% of the total sales in that segment, of which, sales to the largest customer accounted for 14.62% of the total sales in that segment.

During the reporting period, save for the connected transactions with AVIC as disclosed in the section headed “Connected Transactions” in this annual report, none of the Directors or their close associates or any Shareholder holding more than 5% has any interest in the above major suppliers and customers.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in Note VIII. 1 to the financial statements.

DIRECTORS

Details of the Directors are set out on pages 24 to 28 of this annual report. Details of changes of the Directors during the year 2024 are set out on pages 46 to 47 of this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES DURING THE REPORTING PERIOD

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

Save as disclosed above, no other material acquisitions or disposals of subsidiaries and associated companies of the Company occurred during the reporting period.

CONNECTED TRANSACTIONS

Continuing Connected Transactions


(a) *Continuing connected transactions between the Company and connected persons in 2024*

For the year ended 31 December 2024, the Group engaged in continuing connected transactions with AVIC Company, AVIC Airborne and its subsidiaries ("**AVIC Airborne Group**"), Shenyang Xinghua and Harbin Aircraft. AVIC is the controlling Shareholder of the Company and therefore is a connected person of the Company. AVIC has direct and indirect equity interest of more than 10% in AVIC Airborne and Shenyang Xinghua, which are subsidiaries of the Company and are consolidated in the audited accounts of the Company. AVIC Airborne and Shenyang Xinghua are therefore connected subsidiaries of the Company under the Hong Kong Listing Rules. Before the completion of the Proposed Restructuring, AVIC had direct and indirect equity interest of more than 10% in Harbin Aircraft, which is a subsidiary of the Company and consolidated in the audited accounts of the Company. Therefore, before the completion of the Proposed Restructuring, Harbin Aircraft was a connected subsidiary of the Company. The Group also entered into continuing connected transactions with AVIC Finance and AVIC Lease, which are subsidiaries of AVIC and therefore are connected persons of the Company.

With AVIC

During the year 2024, the Group carried out the following continuing connected transactions with AVIC Company pursuant to the three continuing connected transaction agreements entered into between the Company and AVIC:

- 1 On 22 August 2023, the Company entered into a mutual product supply agreement with AVIC to continue certain continuing connected transactions, pursuant to which, AVIC Company and the Group agreed to AVIC Company and the Group mutually supply the manufacturing raw materials, parts and components, finished and semi-finished aviation products involved in the production and operations of the respective aviation products of each other (including but not limited to aviation entire aircraft and aviation parts and components provided to the Group, and the helicopters, airplanes and aviation parts and component provided to AVIC Company) and the related sales and ancillary services for a term of three years ending 31 December 2026.
- 2 On 22 August 2023, the Company entered into a mutual service supply agreement with AVIC to continue certain continuing connected transactions, pursuant to which, AVIC Company agreed to provide certain services relating to the production and business operations of the Group for a term of three years ending 31 December 2026 and the Group also agreed to provide certain services relating to the production and business operations of AVIC Company including but not limited to engineering technologies, engineering general contracting and equipment general contracting services for a term of three years ending 31 December 2026.
- 3 On 22 August 2023, the Company entered into a land use rights and properties leasing agreement with AVIC to continue certain continuing connected transactions, pursuant to which, AVIC Company and the Group agreed to mutually lease certain land and properties for manufacturing and operation for a term of three years ending 31 December 2026.



Report of The Board

With AVIC Airborne

- 4 On 22 August 2023, the Company entered into AVIC Airborne mutual product and service supply framework agreement with AVIC Airborne, pursuant to which, the Group agreed to supply to AVIC Airborne Group aviation parts and components, raw materials, related manufacturing, labour services, and engineering technology (including but not limited to planning, consultation, design and supervision), project engineering main contracting and equipment main contracting services for a term of three years ending 31 December 2026. AVIC Airborne Group agreed to supply to the Group aviation electronic products, mechanical electronics, parts and components, related manufacturing and labour services, and engineering and equipment subcontracting services for a term of three years ending 31 December 2026.

With Shenyang Xinghua

- 5 On 22 August 2023, the Company entered into the Shenyang Xinghua mutual product and service supply framework agreement with Shenyang Xinghua, pursuant to which the Group agreed to supply to Shenyang Xinghua Group aviation parts, raw materials, related manufacturing and labour services and the engineering technology (including but not limited to planning, consulting, design and supervision, etc.), project engineering main contracting and equipment main contracting services for a term of three years ending 31 December 2026. Shenyang Xinghua Group agreed to supply to the Group aeroengine components, connectors, cables, power electronic components, aircraft blowers, fans, mounting frame control boxes, components, related manufacturing and labour services, etc. for a term of three years ending 31 December 2026.

With Harbin Aircraft

- 6 On 15 March 2023, the Company entered into the Harbin Aircraft mutual products and services supply framework agreement with Harbin Aircraft, pursuant to which the Group agreed to supply the manufacturing raw materials, parts and components, finished and semi-finished aviation products (including but not limited to helicopters and aviation parts and components) and provide services in relation to production and labour services to Harbin Aircraft and its subsidiaries for a term from the effective date of the agreement to 31 December 2024. Harbin Aircraft and its subsidiaries agreed to supply the manufacturing raw materials, parts and components, and provide services in relation to production, labour, leasing (including but not limited to equipment leasing and property leasing) and other comprehensive services to the Group for a term from the effective date of the agreement to 31 December 2024.

With AVIC Finance

- 7 On 22 August 2023, the Company entered into a financial services framework agreement with AVIC Finance to continue certain continuing connected transactions, pursuant to which, AVIC Finance has agreed to provide the Group with the deposit services, the loan services, the settlement services, the non-financing guarantee letter services, the AVIC Finance factoring services and the other financial services (i.e. such other financial services (including but not limited to bill acceptance, bill payable and discount services) as approved by the National Administration of Financial Regulation) for a term of three years ending 31 December 2026.

With AVIC Lease

- 8 On 22 August 2023, the Company entered into a finance lease and factoring framework agreement with AVIC Lease, pursuant to which, AVIC Lease has agreed to provide the Group with the finance lease services by itself and provide the Group with the AVIC Lease factoring services through the AVIC Lease Factoring Subsidiary for a term of three years ending 31 December 2026.

(b) Continuing connected transactions between the subsidiaries of the Company and connected persons in 2024

Entrusted Loan and Guarantee Framework Agreement entered by AVIC CAPDI and AVIC Construction and Development Technology

- 9 On 15 March 2023, AVIC CAPDI entered into the 2023 framework agreement with AVIC Construction and Development (Beijing) Technology Co., Ltd.* (中航建發(北京)科技有限公司) ("**AVIC Construction and Development Technology**"), pursuant to which, AVIC CAPDI agreed to grant the entrusted loans (each for a term of not more than one year (inclusive)) to AVIC Institute of Geotechnical Engineering Co., Ltd.* (中航勘察設計研究院有限公司) ("**AVIC Geotechnical**") and China Aviation Changsha Design and Research Co., Ltd.* (中航長沙設計研究院有限公司) ("**AVIC Changsha Design**"), both being subsidiaries of AVIC Construction and Development Technology, through AVIC Finance for the three years ending 31 December 2025. The daily balance of the outstanding Entrusted Loans under the 2023 framework agreement shall not be more than RMB200 million during the three years ending 31 December 2025. Pursuant to the 2023 framework agreement, AVIC CAPDI also agreed to provide Guarantees to AVIC Geotechnical and AVIC Changsha Design for the economic businesses with banks and financial institutions for the three years ending 31 December 2025. The daily balance of the outstanding guarantees under the 2023 framework agreement shall not be more than RMB200 million during the three years ending 31 December 2025. AVIC is the controlling Shareholder of the Company, and AVIC Construction and Development Technology, AVIC Geotechnical and AVIC Changsha Design are subsidiaries of AVIC. Therefore, pursuant to Chapter 14A of the Hong Kong Listing Rules, AVIC Construction and Development Technology, AVIC Geotechnical and AVIC Changsha Design are connected persons of the Company and the grant of the entrusted loans and guarantees under the 2023 framework agreement by AVIC CAPDI to AVIC Geotechnical and AVIC Changsha Design constituted continuing connected transactions of the Company.



Report of The Board

Financial Service Framework Agreement entered by Tianjin Tianli and AVIC Securities

- 10 On 19 December 2023, Tianjin Tianli Aviation Electro-Mechanical Co., Ltd.* (天津天利航空機電有限公司) ("**Tianjin Tianli**") entered into the 2023 financial service framework agreement with AVIC Securities Co., Ltd.* (中航證券有限公司) ("**AVIC Securities**"), pursuant to which, Tianjin Tianli and its subsidiaries will, from time to time, utilise the financial services provided by AVIC Securities as and when they deem necessary. Such services include the tailored financial products offered by AVIC Securities to Tianjin Tianli and its subsidiaries that suit their preferences and will enhance their capital operation efficiency. During the term of the 2023 financial service framework agreement, Tianjin Tianli and/or its subsidiaries will purchase income certificate products offered by AVIC Securities. The maximum daily balance for the income certificate products to be purchased by Tianjin Tianli and its subsidiaries for the period from 1 January 2024 to 31 December 2026 under the 2023 Financial Service Framework Agreement shall not exceed RMB200 million. AVIC is the controlling Shareholder of the Company, and AVIC Securities is a subsidiary of AVIC. Therefore, pursuant to Chapter 14A of the Hong Kong Listing Rules, AVIC Securities is a connected person of the Company and the entering into of the 2023 financial service framework agreement with AVIC Securities constitutes continuing connected transactions of the Company.

For details of the aforementioned continuing connected transactions, please refer to the announcements of the Company dated 15 March 2023, 22 August 2023 and 19 December 2023 and the circulars dated 27 April 2023 and 28 November 2023.

Report of The Board

The annual caps of the year 2024 of the continuing connected transactions and the actual transaction amounts incurred by the Group in 2024 are set out below. For the year ended 31 December 2024, such continuing connected transactions of the Group were calculated on a consolidated basis as follows:

	For the year 2024	
	Actual Amount (RMB million)	Annual Cap (RMB million)
1 Mutual Product Supply Agreement with AVIC		
(a) Annual expenditure of the Group	9,798	20,980
(b) Annual revenue of the Group	22,947	43,350
2 Mutual Service Supply Agreement with AVIC		
(a) Annual expenditure of the Group	1,132	1,610
(b) Annual revenue of the Group	4,082	5,600
3 Land Use Rights and Properties Leasing Agreement with AVIC		
(a) The Group as the lessee		
– Right-of-use assets	24	400
– Other payments	0	30
(b) The Group as lessor		
– Lease payments	38	100
4 Mutual Product and Service Supply Framework Agreement with AVIC Airborne		
(a) Annual expenditure of the Group	2,079	2,800
(b) Annual revenue of the Group	609	1,100
5 Mutual Product and Service Supply Framework Agreement with Shenyang Xinghua		
(a) Annual expenditure of the Group	104	150
(b) Annual revenue of the Group	113	130
6 Mutual Products and Services Supply Framework Agreement with Harbin Aircraft^{Note}		
(a) Annual expenditure of the Group	81	500
(b) Annual revenue of the Group	2,420	27,700
(c) Right-of-use assets leased by the Group	0	400

Note: According to AVICOPTER's announcement on the results of the issue of shares for the purchase of assets and changes in share capital dated 15 March 2024, as at the date of such announcement, all the equity interests in Harbin Aircraft held by AVIC had been transferred to and registered in the name of AVICOPTER, and Harbin Aircraft had become a wholly-owned subsidiary of AVICOPTER, and ceased to be a connected subsidiary of the Company. The actual amount for the year set out in the table above is for the period from 1 January 2024 to 31 March 2024.

Report of The Board

	Maximum daily outstanding balance (RMB million)	Cap for the maximum daily outstanding balance (RMB million)
7 Financial Services Framework Agreement with AVIC Finance		
(a) Maximum daily outstanding balance of deposits (including accrued interests)	29,301	45,000
(b) Maximum daily outstanding balance of AVIC Finance factoring services	63	5,000
	Actual Amount (RMB million)	Annual Cap (RMB million)
(c) Other financial services provided by AVIC Finance to the Group	177	3,000
	Maximum daily outstanding balance (RMB million)	Cap for the maximum daily outstanding balance (RMB million)
8 Finance Lease and Factoring Framework Agreement entered with AVIC Lease		
(a) Finance lease		
– Direct lease	0	1,000
– Sale and leaseback	0	1,000
(b) Maximum daily outstanding balance of AVIC lease factoring services	89	1,000
9 Entrusted Loan and Guarantee Framework Agreement with AVIC Construction and Development		
(a) The daily maximum entrusted loan balance of the Group (including interests)	0	200
(b) The daily maximum guarantee provided by the Group	0	200
10 Financial Service Framework Agreement entered by Tianjin Tianli and AVIC Securities		
The maximum daily balance for the income certificate products purchased by Tianjin Tianli and its subsidiaries from AVIC Securities	0	200

The Company has reviewed the above non-exempt continuing connected transactions and relevant internal control procedures, the results of which have been submitted to independent non-executive Directors. The Company also provided sufficient materials to independent non-executive Directors for review.

Report of The Board

The Board (including independent non-executive Directors) has reviewed the above continuing connected transactions and confirmed that the aforementioned transactions had been entered into in accordance with the following conditions:

- (a) the transactions were entered into in the ordinary and usual course of business of the Group;
- (b) the transactions were on normal commercial terms or better;
- (c) the transactions were entered into in accordance with the terms under relevant agreements, and the terms thereunder were fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- (d) the aggregate amounts of the transactions have not exceeded the respective annual caps as set out above.

The Company's auditors have reviewed the above continuing connected transactions, and have confirmed in a letter to the Directors stating that:

- (a) the transactions were approved by the Board;
- (b) the prices for such transactions were determined in accordance with the pricing policies of the Group in all material aspects if the transactions involve the provision of goods or services by the Group;
- (c) the transactions were entered into in accordance with the relevant agreements governing the transactions; and
- (d) the amounts of the transactions did not exceed the respective annual caps as set out above.

According to the Hong Kong Listing Rules, both the above transactions and part of the related party transactions mentioned in Note XI. (II) to the financial statements also constituted continuing connected transactions or one-off connected transactions as defined under Chapter 14A of the Hong Kong Listing Rules. Such transactions were in compliance with the requirements of Chapter 14A of the Hong Kong Listing Rules.

One-Off Connected Transactions

1. On 21 May 2024, the Board of the Company and the board of directors of AVIC Airborne approved the entering into of the Asset Transaction Contract by Qianshan Avionics with AVIC Xi'an Aeronautics Computing Technique Research Institute* (中國航空工業集團公司西安航空計算技術研究所) ("**Aeronautic Computing Institute**"), pursuant to which Qianshan Avionics would sell, and Aeronautics Computing Institute would acquire the buildings (including the land use rights), structures and certain equipment located in the premises of No.G16, South Third Ring Road, Gaoxin District, Xi'an City at the Consideration of RMB659,407,500. On 15 June 2024, Qianshan Avionics entered into the Asset Transaction Contract with Aeronautics Computing Institute. As at the date of this report, Qianshan Avionics is wholly owned by AVIC Airborne, which is a non-wholly owned subsidiary of the Company. AVIC is the controlling Shareholder of the Company, and controls Aeronautics Computing Institute. Accordingly, Aeronautics Computing Institute is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 21 May 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.
2. On 25 October 2024, the Board approved the entering into of Capital Contribution Agreement among AVIC Kaitian, AVIC Airborne and the Other Existing Shareholders of AVIC Kaitian, pursuant to which AVIC Airborne will make capital contribution in an amount of RMB250,000,000 in cash to AVIC Kaitian. The Other Existing Shareholders of AVIC Kaitian do not participate in the capital contribution. Upon Completion, the registered capital of AVIC Kaitian will increase from RMB544,139,324 to RMB603,767,760, and the shareholding of AVIC Airborne in AVIC Kaitian will increase from approximately 61.16% to 65.00%, while AVIC Airborne will remain as the controlling shareholder of AVIC Kaitian. On 28 October 2024, AVIC Kaitian, AVIC Airborne and the Other Existing Shareholders of AVIC Kaitian entered into the Capital Contribution Agreement. As at the date of this report, AVIC is the controlling Shareholder of the Company, and AVIC Airborne is a non-wholly-owned subsidiary of the Company. AVIC Kaitian is a connected subsidiary of the Company by virtue of being owned as to over 10% by AVIC. Therefore, the Capital Contribution by AVIC Airborne in AVIC Kaitian constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 25 October 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.
3. On 22 November 2024, Changfeng Avionics and AVIC Wuxi Radar Technology Co. Ltd.* (中航無錫雷達技術有限公司) ("**Radar Company**") entered into the Asset Transfer Agreement, pursuant to which Changfeng Avionics will purchase and Radar Company will sell the the buildings, structures and equipment at a consideration of RMB63,729,500. As at the date of this report, Changfeng Avionics is a wholly-owned subsidiary of AVIC Airborne, which is a non-wholly owned subsidiary of the Company. AVIC is the controlling Shareholder of the Company, and Radar Company is an indirect wholly-owned subsidiary of AVIC. Therefore, Radar Company is a connected person of the Company, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. For details, please refer to the announcement of the Company dated 22 November 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.

For other one-off connected transactions of the Group, please refer to "Material Acquisitions and Disposal of Subsidiaries and Associated Companies During the Reporting Period" of this section on page 36.

PROFIT UNDERTAKINGS

On 18 July 2023, the Company and AVICOPTER entered into a profit undertaking agreement. On 15 September 2023, AVIC and AVICOPTER entered into a profit undertaking agreement. Pursuant to the aforesaid agreements, the Company and AVIC made profit undertakings to AVICOPTER regarding the net profits generated from (i) the patented technology and software copyright owned by Changhe Aircraft; (ii) the patented technology and software copyright owned Harbin Aircraft; and (iii) the 81% equity interests in Jinjiang Engineering Company (the “**Relevant Subjects**”), and agreed to compensate AVICOPTER under certain events (collectively referred to as “**Profit Undertakings**”). The profit compensation period covers the years 2024, 2025 and 2026.

The actual performance of the Relevant Subjects for the year 2024 met the Profit Undertakings, therefore the Company and AVIC are not required to make compensation to AVICOPTER. For details of the Profit Undertakings, please refer to the announcements of the Company dated 18 July 2023 and 15 September 2023. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On 25 December 2024, the Company entered into an equity transfer agreement with Harbin Aircraft, pursuant to which, Harbin Aircraft shall transfer to the Company all of 19,186,952 A shares it held in AVICOPTER (representing 2.34% of the total issued shares of AVICOPTER) at a transfer price of RMB39.76 per A share of AVICOPTER (the “**Equity Transfer**”). Upon completion of the Equity Transfer in March 2025, the direct shareholding of the Company in AVICOPTER increased to 417,354,803 A shares, representing 50.90% of the total issued shares of AVICOPTER. For details, please refer to the announcement of the Company dated 25 December 2024. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.

Save as disclosed in this annual report, no other significant events occurred during the reporting period.

CORPORATE GOVERNANCE

Details of corporate governance practices adopted by the Company are set out in the section of “Corporate Governance Report” of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Board, throughout the year ended 31 December 2024 and up to the date of this report, the Company maintained a sufficient public float of more than 25% of the Company’s issued Shares as required under the Hong Kong Listing Rules.



Report of The Board

AUDITOR

At the 2021 annual general meeting of the Company, the Company appointed Da Hua Certified Public Accountants (Special General Partnership)* (大華會計師事務所(特殊普通合夥)) as the auditor of the Company for 2022. At the 2022 annual general meeting of the Company, the Company re-appointed Da Hua Certified Public Accountants (Special General Partnership) as the auditor of the Company for 2023. At the extraordinary Shareholders' meeting held by the Company on 22 November 2024 (the "**2024 Second EGM**"), the Company appointed WUYIGE Certified Public Accountant LLP* (大信會計師事務所(特殊普通合夥)) as the auditor of the Company for the year 2024, and would hold office from the conclusion of the 2024 Second EGM until the conclusion of the 2024 annual general meeting. For details, please refer to the announcements of the Company dated 27 May 2022, 18 May 2023 and 22 November 2024, and the circulars of the Company dated 26 April 2022, 27 April 2023 and 1 November 2024.

The financial statements for the year 2024 have been audited by WUYIGE Certified Public Accountant LLP.

Saved as disclosed above, there are no other matters in relation to change of the auditor of the Company in the past three years.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

After the conclusion of the 2024 First EGM, the eighth session of the Board consists of the following members: Mr. Yan Lingxi (executive Director), Mr. Sun Jizhong (executive Director), Mr. Xu Dongsheng (non-executive Director), Mr. Zhou Xunwen (non-executive Director), Ms. Hu Shiwei (non-executive Director), Mr. Xu Gang (non-executive Director), Mr. Liu Weiwu (independent non-executive Director), Mr. Mao Fugen (independent non-executive Director) and Mr. Lin Guiping (independent non-executive Director).

Each of Mr. Xu Dongsheng, Mr. Zhou Xunwen and Ms. Hu Shiwei had confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on 12 July 2024 (before the convening of the 2024 First EGM); and (ii) understands his/her obligations as a director of a listed issuer under the Hong Kong Listing Rules.

At the Board meeting convened following the 2024 First EGM on the same date, Mr. Yan Lingxi was elected as the Chairman of the eighth session of the Board.

At the 2024 First EGM, Mr. Guo Guangxin, a member of the seventh session of the Supervisory Committee of the Company, participated in the re-election as Shareholder representative Supervisor of the eighth session of the Supervisory Committee and was re-elected as Shareholder representative Supervisor. The remaining Supervisors of the seventh session of the Supervisory Committee, namely Mr. Zheng Qiang and Mr. Zhao Zhuo have confirmed that they would not participate in the re-election as Supervisors of the eighth session of the Supervisory Committee after expiry of their terms. Meanwhile, Mr. Nie Xiaoming was appointed as Shareholder representative Supervisor of the eighth session of the Supervisory Committee at the 2024 First EGM, and Ms. Kang Yinglei was elected by the general meeting of employees of the Company as an employee representative Supervisor of the eighth session of the Supervisory Committee.

After the conclusion of the 2024 First EGM, the eighth session of the Supervisory Committee consists of the following members: Mr. Nie Xiaoming (Shareholder representative Supervisor), Mr. Guo Guangxin (Shareholder representative Supervisor) and Ms. Kang Yinglei (employee representative Supervisor).

At the Supervisory Committee meeting convened following the 2024 First EGM on the same date, Mr. Nie Xiaoming was elected as the chairman of the eighth session of the Supervisory Committee.

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

Due to change in work arrangement, Mr. Xu Bin applied to the Board for resignation from his position as the Board Secretary of the Company with effect from 26 July 2024. At the Board meeting held on 26 July 2024, the Board considered and approved the resolution in relation to the appointment of Mr. Zhao Zhuo as the Board Secretary of the Company, with the term of office commencing from the date of approval of such resolution at the Board meeting to the date on which the term of office of the eighth session of the Board expires.

BOARD AND SUPERVISORY COMMITTEE

As at the date of this report, the eighth session of the Board consists of the following members: Mr. Yan Lingxi (Chairman, executive Director), Mr. Sun Jizhong (executive Director), Mr. Xu Dongsheng (non-executive Director), Mr. Zhou Xunwen (non-executive Director), Ms. Hu Shiwei (non-executive Director), Mr. Xu Gang (non-executive Director), Mr. Liu Weiwu (independent non-executive Director), Mr. Mao Fugen (independent non-executive Director) and Mr. Lin Guiping (independent non-executive Director).

The eighth session of the Supervisory Committee is composed of the following members: Mr. Nie Xiaoming (Shareholder representative Supervisor), Mr. Guo Guangxin (Shareholder representative Supervisor) and Ms. Kang Yinglei (employee representative Supervisor).

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors (except the independent non-executive Directors) and Supervisors has entered into a service contract with the Company. None of the Directors or Supervisors has entered into service contracts which are not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN BUSINESSES WHICH CONSTITUTE COMPETITION WITH THE COMPANY

As at 31 December 2024, none of the Directors or Supervisors or senior management had any interest in any businesses which may constitute competition, directly or indirectly, with the Company.

DIRECTORS' AND SUPERVISORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, during or at the end of the reporting year, none of the Directors or Supervisors or any entity connected with them had any material interest, directly or indirectly, in any transaction, arrangement, contract of significance or contract of significance for provision of services to the business of the Group, in which the Company, subsidiaries of the Company, its holding company or subsidiary of the holding company was a party.

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

As at 31 December 2024, based on information provided by Directors and Supervisors, save as disclosed below, none of the Directors, Supervisors or Chief Executive of the Company had interests or held short positions in the Shares, underlying Shares and/or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers".

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

Note: As at 31 December 2024, Mr. Zhou Xunwen held 7,000 H shares in Nexteer Automotive Group Limited ("Nexteer") which represent approximately 0.0003% of the total issued share capital of Nexteer. Nexteer is a subsidiary of AVIC, and therefore is an associated corporation (within the meaning of Part XV of the SFO) of the Company.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of remuneration of the Directors, Supervisors and senior management during the reporting period are set out in the Corporate Governance Report and Note XI. (V) to the financial statements.

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

As at 31 December 2024, none of the Directors or Supervisors was entitled to acquiring shares or debentures of the Company or its associated corporations (within the meaning of the SFO).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existing during the year 2024.

SIGNIFICANT CONTRACTS

Save as disclosed in this Report of the Board, the Group did not enter into any significant contracts with the AVIC Company, and there was no significant contract in relation to provision of services by AVIC Company to the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly operates through its subsidiaries in the PRC, accordingly, the Group shall comply with relevant laws and regulations in the PRC including but not limited to the laws and regulations regarding quality, safety production, environmental protection, intellectual property and labor. Meanwhile, as a joint stock limited company incorporated in the PRC with limited liability and listed on the Hong Kong Stock Exchange, the Company is governed by various applicable domestic laws and regulations including the Company Law of the PRC, as well as the Hong Kong Listing Rules and the SFO.

The Group has implemented internal control measures to ensure its compliance with such laws and regulations. During the year ended 31 December 2024, within the knowledge of the Directors, the Group does not have any violation of relevant laws and regulations in the PRC which gives rise to significant impact to the Group's development, performance and business.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For details of relationship with the employees, customers and suppliers, please refer to the subsections headed “Remuneration of Employees” and “Training for Employees” in the section headed “Management Discussion and Analysis”, and the subsection headed “Major Customers and Suppliers” in this section.

PRINCIPAL RISKS AND UNCERTAINTIES

For details of the financial risks of the Group, please refer to Note IX to the financial statements in this annual report. For details of the exchange rate risks of the Group, please refer to the section headed “Management Discussion and Analysis” in this annual report. Save as disclosed above, a number of other factors, including international policies, domestic and overseas economic conditions, may affect the results and business operations of the Group. In view of these risks, the Group strictly complies with the laws and regulations of the regions where the Group operates, pays close attention to international trends, strengthens analyses of the political situation and risks in the regions where the Group operates and formulates corresponding countermeasures. The Group also pays attention to the economic environment and market changes in the regions where the Group operates and actively integrates into the economic and social development of the regions where the Group operates.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance coverage in respect of any legal actions which may be instituted against its Directors and senior management in relation to their services during the reporting period.

EVENTS AFTER THE BALANCE SHEET DATE

For the Group’s events after the balance sheet date, please refer to Note XV to the financial statements in this annual report.

Report of The Supervisory Committee


To all Shareholders,

In 2024, in strict accordance with the Hong Kong Listing Rules, the Company Law of the PRC, the Articles of Association, the Rules Governing the Operation of Supervisory Committee Meetings and other relevant requirements, the Supervisory Committee independently performed functions, with the aim of protecting the legitimate rights and interests of the Company, Shareholders, employees and other stakeholders, fulfilling its supervisory duties in a lawful, objective, fair, scientific, and efficient manner.

As at the date of this report, the Supervisory Committee comprises two Shareholder representative Supervisors (Mr. Nie Xiaoming and Mr. Guo Guangxin) and one employee representative Supervisor (Ms. Kang Yinglei), and Mr. Nie Xiaoming is the chairman of the Supervisory Committee.

In 2024, the Supervisory Committee convened five meetings, at which eleven resolutions were considered and approved. The Supervisory Committee fulfilled its tasks on reviewing the 2023 annual report, 2024 interim report, and the profits distribution plans for 2023 and the first half of 2024. The Supervisory Committee also attended the Shareholders' meetings and the Board meetings held in 2024 to monitor the validity of procedures for the convening of and resolutions of the Shareholders' meetings and the Board meetings. Through convening Supervisory Committee meetings and attending the Shareholders' meetings and the Board meetings, the Supervisory Committee performed its duties of reviewing all resolutions of the Board and Shareholders' meetings, conducting risk analysis and alerts on major operating activities of the Company, as well as supervising the performance of Directors and senior management in discharging their duties, and made suggestions to the Board and senior management. During the year, the Supervisory Committee continuously optimized the systems and improved the working mechanism of the Supervisory Committee, strengthened communication with the Board, continued to supervise key links including strategy implementation, profits distribution, risk management and internal control system, put forward constructive supervisory comments and followed up on the rationalisation of supervisory results in an effort to raise the quality and efficiency of our supervision. At the same time, the Supervisory Committee actively promoted the improvement of relevant systems of corporate governance. In 2024, the Company revised certain articles of the Articles of Association, Rules Governing the Operation of Shareholders' Meetings, Rules Governing the Operation of Board Meetings, Rules Governing the Operation of Supervisory Committee Meetings and Management Rules of Registration of Inside Information and Insiders, and formulated the Management Rules of Independent non-executive Directors and Terms of Reference of the Sustainable Development Committee, making the corporate governance more standardized and more efficient.

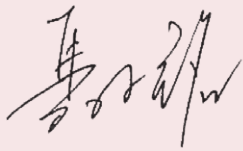
In order to have a more comprehensive understanding of the overall financial position of the Group, the Supervisors attended three meetings of the Audit and Risk Management Committee for the year 2024, heard the report of the auditors of the Company and communicated with the independent non-executive Directors and auditors in respect of the major operating matters. Through the communication and discussion with the senior management of the Company, the Supervisory Committee considered the financial report submitted to the Shareholders' meeting had objectively and fairly reflected the financial position and operating results of the Group and the accounts of the Company has standard specification, clear record and compete figures.



Report of The Supervisory Committee

In addition, the Supervisory Committee had reviewed the Report of the Board which the Board submitted to the Shareholders' meeting, and considered that the report had fairly reflected the current position of the Company. The Supervisory Committee considered that in 2024, the Board and the senior management operated in strict compliance with the laws, regulations and the Articles of Association; whereas the decision-making processes were legal, the principle of good faith and due diligence was complied, and the authority was exercised in good faith in the best interests of the Shareholders.

In 2025, the Supervisory Committee will consistently fulfill its duties in accordance with the principles of faithfulness, diligence, compliance, efficiency, precision and pragmatism, improve supervisory performance in a scientific and coordinated manner, closely coordinate with various governance bodies to jointly promote the construction of a modern corporate governance system, and contribute to the high quality development of the Company.



The Supervisory Committee

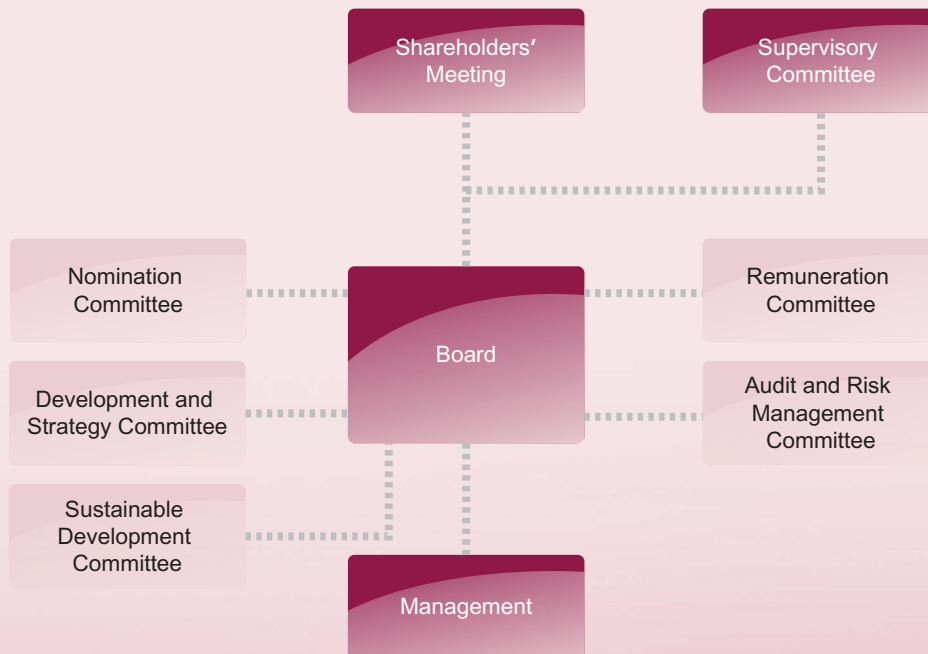
Beijing, 28 March 2025

Corporate Governance Report

The Company is committed to “becoming the listed company with the most investment value in the AVIC”, striving to establish itself as a world-class aviation high-tech industry group, facilitating aviation high-tech innovation, and promoting the high-quality development of China’s aviation industry. The Group always adheres to the core concept of “people-oriented”, strictly abides by the principle of compliant employment, protects the legal rights and interests of employees, continuously optimizes the remuneration and benefit system, and is committed to creating a fair, harmonious and healthy working environment for employees.

The Company strictly complies with various applicable laws, rules and regulations as well as the Articles of Association to standardize its operation. During the reporting period, pursuant to the regulatory documentations such as the Articles of Association, Rules Governing the Operation of Shareholders’ meetings, Rules Governing the Operation of Board Meetings, Rules Governing the Operation of the Supervisory Committee, Working Guidelines for the Managers, Terms of Reference of the Audit and Risk Management Committee, Terms of Reference of the Remuneration Committee, Terms of Reference of the Nomination Committee, Terms of Reference of the Development and Strategy Committee, Terms of Reference of the Sustainable Development Committee, the Management Rules of Information Disclosure and Measures for Connected Transactions Management, the Company continuously enhanced its corporate governance standard through the co-ordination and operation of Shareholders’ meetings, the Board and the relevant specialized committees of the Board, the Supervisory Committee and the management.

The overall governance structure of the Company is set out as follows:



BUSINESS MODEL AND LONG TERM STRATEGY

The Company mainly operates through its subsidiaries. The Company will give full play to the advantages of holding management, strengthen the strategic coordination of subsidiaries, actively develop aviation business and perfect the aviation industry chain. The details of the business and financial review of the Group for the year 2024 are set out in the section headed “Management Discussion and Analysis” of this annual report.

CORPORATE GOVERNANCE POLICY

During the reporting period, the Board mainly adopted the following corporate governance policies:

- Corporate governance and related suggestions: In light of complex international political and economic situation in 2024, the Company discussed risks and risk management at Board meetings, Supervisory Committee meetings and the meetings of the relevant specialized committees of the Board. The Board conducted continuous assessment on potential influence of ever-changing external environment and amendments to national laws and regulations and regulatory rules on the business of the Company.
- Improvement of the capacity of Directors and senior management: The Company from time to time provided information in relation to the supervision and the operations of the Company to the Directors to equip them with knowledge of the industry and the Group, and to facilitate the decision-making process of the Board and the specialized committees. During the reporting period, Directors studied and discussed a series of topics such as connected transactions, inside information and disclosure of interests responsibilities. The Company also arranged for a series of forums on the hot topics and important issues relating to the aviation business.
- Compliance with laws and regulations: During the reporting period, to emphasize the importance of compliance with the PRC laws and regulations, the Company revised certain articles of the Articles of Association, Rules Governing the Operation of Shareholders’ Meetings, Rules Governing the Operation of Board Meetings, Rules Governing the Operation of Supervisory Committee Meetings and Management Rules of Registration of Inside Information and Insiders, and formulated the Management Rules of Independent Non-executive Directors and Terms of Reference of the Sustainable Development Committee, making the corporate governance more standardized and more efficient. The Company continued to revise and improve the rules and regulations of the Company according to the business model of the Company and the new requirements of laws and regulations to assure the Company’s operation in compliance with rules and regulations. In respect of risk management and internal control, the Company worked on seeking and establishing a risk management and internal control system fitting for the business development and operation model of the Company, and continued to review and appraise the underlying risks which may affect the realization of the Company’s operation goals, so as to comprehensively improve the Company’s risk management and internal control level.
- Corporate governance report: The Board reviewed the corporate governance report contained in this annual report before the publication of this annual report and was of the view that the corporate governance report was in compliance with the relevant requirements of the Hong Kong Listing Rules.

CORPORATE GOVERNANCE CODE

The Company strictly complied with various applicable laws, rules and regulations as well as the Articles of Association to standardize its operation. Code provision B.2.2 stipulates that, among others, every director should be subject to retirement by rotation at least once every three years. On 12 July 2024, the Company completed the re-election of the members of the Board and the Supervisory Committee and fulfilled its information disclosure obligations. Before the establishment of the eighth session of the Board and the Supervisory Committee, all the Directors of the seventh session of the Board and all the Supervisors of the seventh session of the Supervisory Committee had continued to perform the responsibilities of Directors and Supervisors in accordance with relevant requirements. The Board reviewed the corporate governance practices adopted by the Company for the year ended 31 December 2024 and was of the view that save as disclosed in this report, the Company complied with the principles and code provisions set out in Part 2 of the Corporate Governance Code.

BOARD

The Company is managed by the Board. The Board is responsible for leading and work of the Company and are collectively responsible for the overall management and supervision of the Company's affairs.

DIRECTORS

As at the date of this report, the Board comprises nine Directors, including two executive Directors, namely Mr. Yan Lingxi (Chairman) and Mr. Sun Jizhong, four non-executive Directors, namely Mr. Xu Dongsheng, Mr. Zhou Xunwen, Ms. Hu Shiwei and Mr. Xu Gang, and three independent non-executive Directors, namely Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping. The Directors have comprehensive industrial skills, knowledge and experience. With extensive professional knowledge and experience, the independent non-executive Directors have assumed the supervisory and balancing roles and they are capable to make judgments independently and objectively in order to protect the interests of the Company and its Shareholders as a whole, which complies with the guidelines on the independence of independent non-executive directors as set out in Rule 3.13 of the Hong Kong Listing Rules. In addition, the Company had received a written confirmation from each independent non-executive Director on their independence. Based on such confirmation and the relevant information available to the Board, the Company believes that each independent non-executive Director remains independent.

The Company adopts the formal procedures for the appointment of new Directors and the nomination process is duly determined with transparency. The Company has established the Nomination Committee in accordance with certain criteria, which is responsible for the nomination of Directors for the approval by the Shareholders of the Company. Relevant standards include appropriate professional knowledge and industry experience, personal ethics, integrity and skills, and commitment of adequate time.



Corporate Governance Report

Each Director (including any non-executive Director) holds office for a period of three years, and is eligible for re-election upon expiration of the term of office. A list of Directors, their respective profiles and roles in the Board are set out on pages 24 to 28 of this annual report. Relevant information is also published on the website of the Company. There is no relationship (including financial, business, family or other material or relevant relationships) among members of the Board except for working relationship.

The Company had made appropriate insurance arrangements for the legal action that the Directors and senior management might face during the reporting period.

RESPONSIBILITIES OF THE BOARD

The Board manages affairs of the Group on behalf of the Shareholders of the Company. Each Director is obliged to act in the best interest of the Company with prudence and honesty.

The Board regularly reviews the Group's overall strategy, business goals and operation results. The Board exercises its power to formulate the objectives and strategies of the Group, and to monitor the operation and financial performance of the Group.

The Board shall also be responsible for the completeness of the financial information and the effectiveness of internal control systems and risk management procedures of the Group. The Board is also responsible for preparing the financial statements of the Group. All policies, material transactions or transactions involving conflicts of interest of the Group shall be decided by the Board. The general manager is responsible for attaining the business goals of the Company and managing the daily operations. Duties reserved to the Board and those delegated to the management are clearly set out in the Rules Governing the Operation of the Board Meetings, the Working Guidelines for the Managers, the List of Authority of the Board and the List of Authority of the General Manager. The Board regularly reviews the duties and power delegated to the general manager to ensure that such arrangements are appropriate.

RESPONSIBILITIES OF THE MANAGEMENT

The management of the Company is mainly responsible for the operation and management of the Company. They perform their duties within the scope authorized by the Board and are responsible for their performance under the supervision and review of the Board and the Supervisory Committee. The management of the Company regularly provides company information to the Directors and Supervisors and updates on the Company and the industry to enhance the communication among the management and the Directors and Supervisors, facilitate the performance of the duties by the Directors and Supervisors and keep the Directors and Supervisors informed of the latest information of the overall performance, business operation, financial condition and management of the Company.

CHAIRMAN AND GENERAL MANAGER

The roles of the Chairman and the general manager have been clearly separated to ensure a balance of power and authority. The current Chairman of the Company, Mr. Yan Lingxi, is responsible for leading the Board to ensure the effective operation of the Board. The current general manager, Mr. Sun Jizhong, is responsible for business operations of the Company. The Company has formulated the Working Guideline for the Management and the List of Authority of the General Manager to clearly set out the roles and responsibilities of the general manager. Meanwhile, duties reserved to the Chairman and those delegated to the general manager are also clearly set out in the Authorization System for Legal Person (as amended from time to time).

DIRECTORS TRAINING

Every newly appointed Director will receive relevant training based on his/her experience and background so as to deepen his/her understanding of the culture and operation of the Group. The training generally consists of introduction for organization, businesses and governance practice of the Group. During the reporting period, every newly appointed Director had received training upon appointment into the Board of the Company, and obtained materials and professional advices required for Directors' duty performance provided by the Company from time to time.

In addition, every Director will receive information in relation to guidelines on ethnics and other major governance matters upon joining the Board. Director training is a constant process to ensure that the Directors are fully informed in making their contribution to the Board. During the reporting period, the Directors received regular updates and summaries on the changes and latest development of the business and operation of the Group and the relevant legal and regulatory environment. In addition, all Directors are encouraged to participate in relevant training courses with the expense covered by the Company.

The Company has been encouraging the Directors to attend continuous professional development courses and seminars organized by professional institutions or professional firms and read materials on relevant topics so that they can continuously update and further improve their relevant knowledge and skills. During the reporting period, Directors emphasized on updating their specialized knowledge and skills to meet the requirements of the development of the Company. The Company arranged for the Directors to attend trainings in respect of corporate governance, capital market, risk management and the business update in the Company etc., to learn the basic knowledge which shall be acquired by the directors of a listed company. The Company also arranged trainings for the Directors on revisions to the Hong Kong Listing Rules and the Corporate Governance Code, and organizing workshops and discussions on such new rules for the Board members, the Board Secretary and other relevant personnel participating in the daily operation and management of the Company.

Corporate Governance Report

In addition, the Directors also proactively studied and learned knowledge on corporate governance through reading relevant materials in order to consolidate their development in their respective specialties. The Directors of the Company also attended lectures on corporate governance, Hong Kong Listing Rules, etc. The trainings received by each Director during the reporting period were as follows:

Directors	Training Scope		
	Corporate Governance	Laws and Regulations	Business Management
Executive Directors			
Mr. Yan Lingxi	√	√	√
Mr. Sun Jizhong	√	√	√
Non-executive Directors			
Mr. Xu Dongsheng*	√	√	√
Mr. Zhou Xunwen*	√	√	√
Ms. Hu Shiwei*	√	√	√
Mr. Xu Gang	√	√	√
Mr. Lian Dawei*	√	√	√
Mr. Liu Bingjun*	√	√	√
Mr. Wang Jun*	√	√	√
Independent non-executive Directors			
Mr. Liu Weiwu	√	√	√
Mr. Mao Fugen	√	√	√
Mr. Lin Guiping	√	√	√

* On 12 July 2024, Mr. Lian Dawei, Mr. Liu Bingjun and Mr. Wang Jun ceased to be non-executive Directors of the Company, and Mr. Xu Dongsheng, Mr. Zhou Xunwen and Ms. Hu Shiwei were appointed as non-executive Directors of the Company.

BOARD MEETINGS

The Board convenes four regular meetings every year. Matters to be considered at these regular Board meetings have been provided in writing. Further, extraordinary Board meetings are held as and when required and reasonable notices are sent to the Directors before the convening of such meetings in accordance with the provisions of the Company Law of the PRC and the Articles of Association.

The Board Secretary assists the Chairman in preparing the resolutions and related materials for each Board meeting. To the extent possible, the meeting documents are delivered to the Directors or specialized committee members at least three days before the date of the relevant meeting. The Chairman also ensures that all Directors are properly briefed on issues to be discussed at the Board meeting, including provision of relevant documents containing analysis and background information to the Directors.

The senior management has also provided the Directors and specialized committee members with appropriate and adequate information on a timely manner. This ensures that the Directors and specialized committee members are well-informed of the Company's latest development so as to facilitate discharging their duties.

All Directors have access to the service of the Board Secretary. The Board Secretary is responsible for ensuring that the Board procedures are followed and advising the Board on compliance matters. The Directors, members of the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee, the Development and Strategy Committee and the Sustainable Development Committee may seek independent professional advice at the Company's expenses when discharging their duties.

The Board encourages the Directors to discuss the subject matters of the meetings openly and candidly at Board meetings and ensures that every executive Director is available for inquiries raised by non-executive Directors. Independent non-executive Directors may convene meetings among themselves as necessary to discuss issues related to the Group. Board minutes are kept by the Board Secretary. The Board minutes, together with any materials related to the Board meetings are available for inspection by any member of the Board.

The Board has established a Development and Strategy Committee, a Nomination Committee, an Audit and Risk Management Committee, a Remuneration Committee and a Sustainable Development Committee to ensure good corporate governance. Duties of these committees are set out in accordance with the principles of the Corporate Governance Code. Each committee reports directly to the Board. Minutes of committee meetings are kept by the Board Secretary. In 2024, the Company convened three meetings of the Audit and Risk Management Committee, two meetings of the Nomination Committee, two meetings of Remuneration Committee and one meeting of Sustainable Development Committee. The terms of reference of the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee are published on the websites of the Company and the Hong Kong Stock Exchange.

Corporate Governance Report

Nine meetings were held by the Board during 2024. The attendance record of every Director at the Board meetings in 2024 is set out below:

	Times of meeting should attend	Times of attendance in person	Times of attendance by proxy
Directors			
Executive Directors			
Mr. Yan Lingxi	9	9	0
Mr. Sun Jizhong	9	8	1
Non-executive Directors			
Mr. Xu Dongsheng*	6	6	0
Mr. Zhou Xunwen*	6	6	0
Ms. Hu Shiwei*	6	6	0
Mr. Xu Gang	9	5	4
Mr. Lian Dawei*	3	3	0
Mr. Liu Bingjun*	3	2	1
Mr. Wang Jun*	3	1	2
Independent non-executive Directors			
Mr. Liu Weiwu	9	9	0
Mr. Mao Fugen	9	9	0
Mr. Lin Guiping	9	9	0

* On 12 July 2024, Mr. Lian Dawei, Mr. Liu Bingjun and Mr. Wang Jun ceased to be non-executive Directors of the Company, and Mr. Xu Dongsheng, Mr. Zhou Xunwen and Ms. Hu Shiwei were appointed as non-executive Directors of the Company.

In 2024, Directors who did not attend the Board meeting in person due to other business commitments all read the related meeting materials and appointed other Directors as proxy to present their opinions and exercise their voting rights on their behalf at the meeting.

DEVELOPMENT AND STRATEGY COMMITTEE

As at the date of the report, the Development and Strategy Committee of the Company comprises the Directors, namely Mr. Yan Lingxi, Mr. Sun Jizhong, Mr. Xu Dongsheng and Mr. Zhou Xunwen. Mr. Yan Lingxi is the chairman of the Development and Strategy Committee.

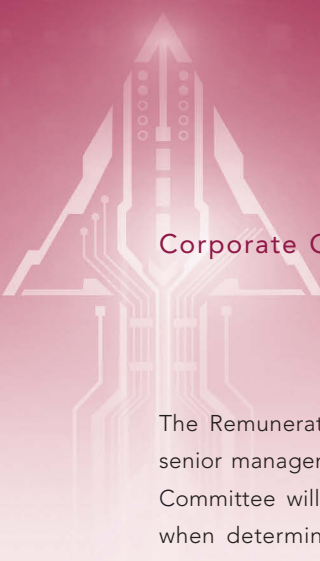
Main responsibilities of the Development and Strategy Committee of the Company include: to learn and know the comprehensive condition regarding the operation of the Company, to learn, analyze and know the current environment of the industry at home and abroad, to learn and know related national policies, research on short-term, mid-term and long-term development strategies of the Company and relevant issues, to provide consultation and suggestions to the Company on its long-term development strategies, major investments and reforms, to consider and approve special research reports on development strategies and to provide routine research reports on a regular or irregular basis.

In 2024, members of the Development and Strategy Committee communicated with each other from time to time on matters relating to the Development and Strategy Committee's development, the Company's future development strategies and international cooperation, but no formal meetings were held.

REMUNERATION COMMITTEE

As at the date of the report, the Remuneration Committee of the Company comprises the Directors, namely Mr. Liu Weiwu, Mr. Xu Dongsheng, Mr. Mao Fugen and Mr. Lin Guiping. Mr. Liu Weiwu is the chairman of the Remuneration Committee.

Main responsibilities of the Remuneration Committee of the Company include: to formulate the Company's policies and structure of remuneration of Directors, Supervisors and senior management members, to make recommendations to the Board on the Company's policies and structure in respect of all Directors' and senior management members' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policies; to review and approve proposals on the management's remuneration with reference to the Company's goals and objectives determined by the Board; to appraise and decide, on a yearly basis, remunerations of Directors, Supervisors and senior management members. In 2024, the remuneration policy for Directors implemented by the Remuneration Committee is that the Remuneration Committee shall consider various factors including salaries paid by comparable companies, time commitment, responsibilities and employment conditions of elsewhere in the group and whether performance based remuneration shall be adopted.



Corporate Governance Report

The Remuneration Committee is responsible for approving the emolument policies of the Directors, Supervisors and senior management and proposing to the Board amendments to the emolument policies and system. The Remuneration Committee will take into consideration factors such as work performance and experience of Directors and Supervisors when determining their remunerations and will report to the Board after each meeting. In 2024, the Remuneration Committee held two meetings to consider and approve the resolutions relating to the remuneration standard of new Directors and the remuneration standard of Directors, Supervisors and senior management in 2024. The attendance record of the members of the Remuneration Committee is set out as follows:

Name of Director	Position	Times of meetings should attend	Times of attendance in person	Times of attendance by proxy
Mr. Liu Weiwu	Chairman of the Remuneration Committee, independent non-executive Director	2	2	0
Mr. Xu Dongsheng*	Non-executive Director	1	1	0
Mr. Mao Fugen	Independent non-executive Director	2	2	0
Mr. Lin Guiping	Independent non-executive Director	2	2	0
Mr. Lian Dawei*	Non-executive Director	1	0	1

* On 12 July 2024, Mr. Lian Dawei ceased to be a non-executive Director of the Company and Mr. Xu Dongsheng was appointed as a non-executive Director of the Company.

For the year ended 31 December 2024, remunerations of senior management members by band are set out as follows:

Remuneration Band	Number
RMB1,000,000-1,100,000 (inclusive)	2
RMB1,400,000-1,500,000 (inclusive)	1

Details of remunerations of Directors and Supervisors for the year ended 31 December 2024 are set out in Note XI. (V) to the financial statements.

AUDIT AND RISK MANAGEMENT COMMITTEE

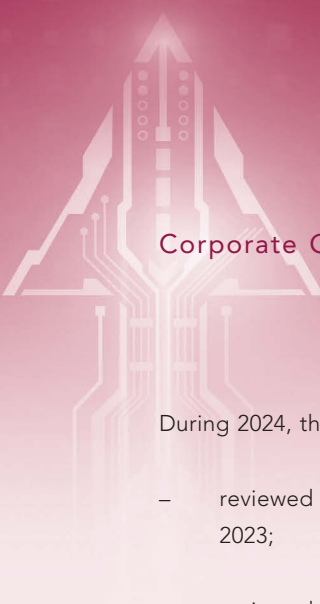
As at the date of the report, the Audit and Risk Management Committee of the Company comprises the Directors, namely Mr. Mao Fugen, Mr. Zhou Xunweni, Mr. Liu Weiwu and Mr. Lin Guiping. Mr. Mao Fugen is the chairman of the Audit and Risk Management Committee.

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

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

The Audit and Risk Management Committee mainly assists the Board for performing duties in risk management and internal control, including evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving its business objectives, overseeing management in the design and implementation of the risk management and internal control systems, so as to ensure the effectiveness of the risk management and internal control systems and in compliance with the Hong Kong Listing Rules and responsibilities (including the responsibilities to publish the financial results) stipulated under the applicable laws and regulations, and to verify the integrity of financial statements of the Company. In respect of internal audit function, the Audit and Risk Management Committee shall be directly responsible for selecting and monitoring the external auditors of the Company on behalf of the Board and the responsible persons of the internal audit institution and internal control institution and assessing the independence, qualifications and performance of the external auditors. The Audit and Risk Management Committee has the power to propose, through passing a resolution, to the Board on dismissing the external auditors and the responsible persons of the internal audit institution and internal control institution; ensure co-ordination among the work of internal audit institution, internal control institution and external auditors; ensure that the operation of the internal audit function and internal control function are adequately resourced and has appropriate standing within the Company; and to review and monitor its effectiveness.

Mr. Mao Fugen and Mr. Liu Weiwu have appropriate professional qualifications in accounting or related financial management expertise as required by the Hong Kong Listing Rules.



Corporate Governance Report

During 2024, the Audit and Risk Management Committee:

- reviewed the annual financial statements and the annual results announcement for the year ended 31 December 2023;
- reviewed the interim financial statements and the interim results announcement for the six months ended 30 June 2024;
- reviewed the Company's profit distribution plan for the year of 2023 and the interim profit distribution plan for the year of 2024;
- reviewed the proposal relating to the appointment of auditor of the Company for the year of 2024 and determination of its remuneration;
- reviewed the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2024, and regarded the systems being effective and sufficient;
- reviewed the Company's financial reporting system and risk management and internal control procedures; and
- reviewed the reports on operating results of the Company for the year of 2023 and the first half of 2024, the internal control report of the Company for the year of 2023, and listened to the report from the auditor on its audit work in relation to the year of 2023 as well as its recommendations to the senior management of the Company.

The Audit and Risk Management Committee had reviewed the Group's annual results and consolidated financial statements for the year ended 31 December 2024.

Corporate Governance Report

The Audit and Risk Management Committee held three meetings in 2024. The Audit and Risk Management Committee reviewed and evaluated the findings of the Auditor's Report issued by the auditor, the accounting principles applied by the Group and the risk management, internal control and the financial statements of the Company. The Audit and Risk Management Committee reported to the Board its scope of work, discussion results and recommendations after every meeting. The attendance record of the members of the Audit and Risk Management Committee is set out as follows:

Name of Director	Position	Times of meetings should attend	Times of attendance in person	Times of attendance by proxy
Mr. Mao Fugen	Chairman of the Audit and Risk Management Committee, independent non-executive Director	3	3	0
Ms. Hu Shiwei*	Non-executive Director	2	2	0
Mr. Liu Weiwu	Independent non-executive Director	3	3	0
Mr. Lin Guiping	Independent non-executive Director	3	3	0
Mr. Wang Jun*	Non-executive Director	1	0	1
Mr. Zhou Xunwen**	Non-executive Director	0	0	0

* On 12 July 2024, Mr. Wang Jun ceased to be a non-executive Director of the Company and Ms. Hu Shiwei was appointed as a non-executive Director of the Company.

** On 28 March 2025, Ms. Hu Shiwei ceased to be a member of the Audit and Risk Management Committee and Mr. Zhou Xunwen was appointed as a member of the Audit and Risk Management Committee.

AUDITOR

In 2024, the annual payment made by the Company to the Company's auditor in relation to auditing services for the year of 2024 amounted to RMB2.27 million. Such payment had been approved by the Audit and Risk Management Committee, the Board and the Shareholders' meeting. Saved for above, the Company's auditor did not provide other non-auditing services to the Company and the Company did not make the payment in relation to non-auditing services.

The statement of the Company's auditor in relation to the reporting responsibilities on the consolidated financial statements is set out on pages 81 to 82 of this annual report.

NOMINATION COMMITTEE

As at the date of the report, the Nomination Committee of the Company comprises the Directors, namely Mr. Yan Lingxi, Ms. Hu Shiwei, Mr. Liu Weiwu, Mr. Mao Fugen and Mr. Lin Guiping. Mr. Yan Lingxi is the chairman of the Nomination Committee.

The Nomination Committee of the Company shall perform the following duties: to review the structure, size and composition of the Board; to ensure the Board members have the skills, experience and diversity of perspectives appropriate to meet the requirements of the business of the Company, and make recommendations on any proposed changes to the Board where necessary to be in line with the Company's strategies; to study the nomination standards and procedures for the Directors and senior management of the Company and to make recommendations to the Board; to identify individuals suitable to act as Directors and senior management, review such candidates and make appointment-related recommendations, select and nominate relevant individuals to be appointed as Directors or make recommendations to the Board on such selection and nomination; to assess the independence of independent non-executive Directors; to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular for the Chairman of the Board and the general manager; to report to the Board on the decisions or suggestions made by the Nomination Committee. The procedures for appointment of a new Director of the Company are: for any Director candidate recommended by the Shareholders pursuant to the Articles of Association, the Nomination Committee shall nominate such Director candidate for consideration and approval by the Board, which is then put forward for election at a Shareholders' meeting.

The Company understands and believes that the diversity of the Board can greatly help the Company, and views the diversity of the Board as an important element in maintaining the Company's competitive advantage. In order to achieve the purpose of the diversity of the Board, the Nomination Committee has established the following selection criteria for diversification policies and Directors:

- to select candidates with objective criteria, taking into account comprehensive factors like the gender, age, culture, educational background as well as professional experience of the Board members; The Nomination Committee will annually review and evaluate the composition of the Board and make recommendations to the Board on the appointment of new Directors;
- to select candidates for Directors according to the business characteristics, future development needs and requirements of the above diversification policies of the Company.

During the reporting period, members of the Nomination Committee had carefully studied the nomination standards and procedures for the Directors and senior management of the Company. The Directors possess a wealth of industry skills, knowledge, and experience. Their extensive background and professional knowledge provide a wide range of perspectives and insights for the operation of the Board. In terms of gender diversity in the Board, when selecting suitable candidates for Directors and making recommendations, the Board will seize the opportunity to increase the proportion of female members. The Board appoints at least one female director in accordance with the requirements of the Hong Kong Listing Rules. On 12 July 2024, Ms. Hu Shiwei was appointed as non-executive director of the Company.

As at 31 December 2024, the Group had a total of 71,847 employees, of which 21,863 were female, accounted for approximately 30.43%. The Group is committed to creating a diverse and inclusive work environment to attract and retain the best talent and promote business growth. The Group will continue to take measures, including but not limited to recruit and treat employees in accordance with the principle of gender equality, provide gender equality training and development opportunities, ensure the rights and interests of female employees, and promote diversity among employees at all levels and focus on diversified management talent reserves.

The Nomination Committee held two meetings in 2024. The Nomination Committee discussed the composition and size of the Board and specialized committees, approved resolutions relating to the nomination of Directors, Supervisors and senior management. The attendance record of the members of the Nomination Committee at the meetings is as follows:

Name of Director	Position	Times of meetings should attend	Times of attendance in person	Times of attendance by proxy
Mr. Yan Lingxi	Chairman of the Nomination Committee, executive Director	2	2	0
Ms. Hu Shiwei*	Non-executive Director	0	0	0
Mr. Liu Weiwu	Independent non-executive Director	2	2	0
Mr. Mao Fugen	Independent non-executive Director	2	2	0
Mr. Lin Guiping	Independent non-executive Director	2	2	0

* On 28 March 2025, Ms. Hu Shiwei was appointed as a member of the Nomination Committee.

SUSTAINABLE DEVELOPMENT COMMITTEE

As at the date of the report, the Sustainable Development Committee of the Company comprises the Directors, namely Mr. Lin Guiping, Mr. Zhou Xunwen, Mr. Liu Weiwu and Mr. Mao Fugen. Mr. Lin Guiping is the chairman of the Sustainable Development Committee.

Main responsibilities of the Sustainable Development Committee of the Company include: to coordinate and supervise the planning and implementation of ESG related work; to analyze and research the ESG related risks and opportunities of the Company, guide relevant departments to formulate response measures, and supervise their implementation; to incorporate sustainable development related impacts, risks, and opportunities into the decision-making process of the Company's strategic planning, major transaction decisions, and risk management; to guide and supervise the setting of goals, strategic execution, and progress towards achieving sustainable development related impacts, risks, and opportunities; to provide recommendations to the Board or general manager on major ESG issues of the Company, including but not limited to low-carbon environmental protection, climate risk response, major safety, occupational health, social welfare, and anti-corruption; to inquire about major accidents that occur in the Company's production and operation, employee health, product quality, after-sales service, and site facilities, and supervise and inspect the follow-up handling of accidents; to review the annual ESG report of the Company.



Corporate Governance Report

The Sustainable Development Committee held one meeting in 2024. The Sustainable Development Committee approved the resolution relating to the formulation of the Terms of Reference of the Sustainable Development Committee. The attendance record of the members of the Sustainable Development Committee at the meeting is as follows:

Name of Director	Position	Times of meetings should attend	Times of attendance in person	Times of attendance by proxy
Mr. Lin Guiping	Chairman of the Nomination Committee, independent non-executive Director	1	1	0
Mr. Zhou Xunwen	Non-executive Director	1	1	0
Mr. Liu Weiwu	Independent non-executive Director	1	1	0
Mr. Mao Fugen	Independent non-executive Director	1	1	0

INDEPENDENT OPINION MECHANISM OF THE BOARD

The Company ensures that the Board can obtain independent views and opinions through the following mechanisms:

1. The Company currently has three independent non-executive Directors, who account for more than one-third of the seats on the Board, which is conducive to maintaining the independent advice and judgment of the Board. In 2024, the Company has complied with the requirements of Rules 3.10(1), 3.10(2), and 3.10A, of the Hong Kong Listing Rules namely, at least one-third (not less than three) of its directors are independent non-executive directors, and at least one independent non-executive director has appropriate professional qualifications or accounting or related financial management expertise. The Company supervises the performance of independent non-executive Directors. According to Rule 31 of the Rules Governing the Operation of the Board, if a Director fails to attend the Board meeting in person for two consecutive times or does not entrust other Directors to attend the Board meeting, the Board may request the Shareholders' meeting to replace him.
2. The Company has received written confirmation from independent non-executive Directors on their independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. The Company believes that all independent non-executive Directors are independent.
3. The Chairman meets with independent non-executive Directors at least once a year.
4. According to Rule 13 of the Rules Governing the Operation of the Board, the Company provides necessary working conditions for each specialized committee to perform its duties. When necessary, each specialized committee may hire intermediary institutions or professionals to provide professional advice, and the reasonable expenses incurred shall be borne by the Company.

After review, the Company believes that the above mechanism for ensuring the independent opinions of the Board and its implementation are effective.

COMPANY SECRETARY

As approved by the Board, Ms. Wu Yun has been appointed as the Company Secretary and authorized representative of the Company since 26 July 2024. During the reporting period, Ms. Wu Yun had attended relevant trainings with aggregated time of over 15 hours.

INTERESTS HELD BY DIRECTORS AND SECURITIES TRANSACTIONS

All Directors should declare to the Board whether they hold offices or positions in other companies or entities upon their appointments as Directors and they are required to update the Board annually in respect of their relevant interests. If the Board considers that a Director has a conflict of interest in any motion or transaction, the Director shall declare his interests and abstain from voting. If required, the Director should be excused from the meeting.

Interests of the Company held by the Directors as at 31 December 2024 have been disclosed in the Report of the Board of this annual report. The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Hong Kong 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 Directors, Supervisors and relevant employees of the Company. The Rules of the Company is stricter than the Model Code to a certain degree. Each of the Directors and Supervisors was provided with a copy of the Model Code and the Rules upon their appointments. They will be notified in writing 60 days prior to the Board meeting approving the Company’s annual results and 30 days prior to the Board meeting approving the Company’s interim results, regarding the restrictions on dealing in any securities or derivatives before the publication of the Company’s results. All Directors and Supervisors of the Company have confirmed their compliance with the Model Code in 2024 upon specific enquiries with them.

Employees who are likely to possess unpublished inside information of the Group are also required to comply with the Model Code. The Company is not aware of any breach in this regard in 2024.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for monitoring the preparation of the consolidated financial statements for every financial year and ensuring those consolidated financial statements present a true and fair view on the operating results, financial performance and cash flow of the Group in the relevant financial year. In preparing the consolidated financial statements for the year ended 31 December 2024, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- adopted all relevant standards in compliance with the China Accounting Standards for Business Enterprises; and
- made prudent and reasonable judgment and estimation and prepared the consolidated financial statements on a going concern basis.

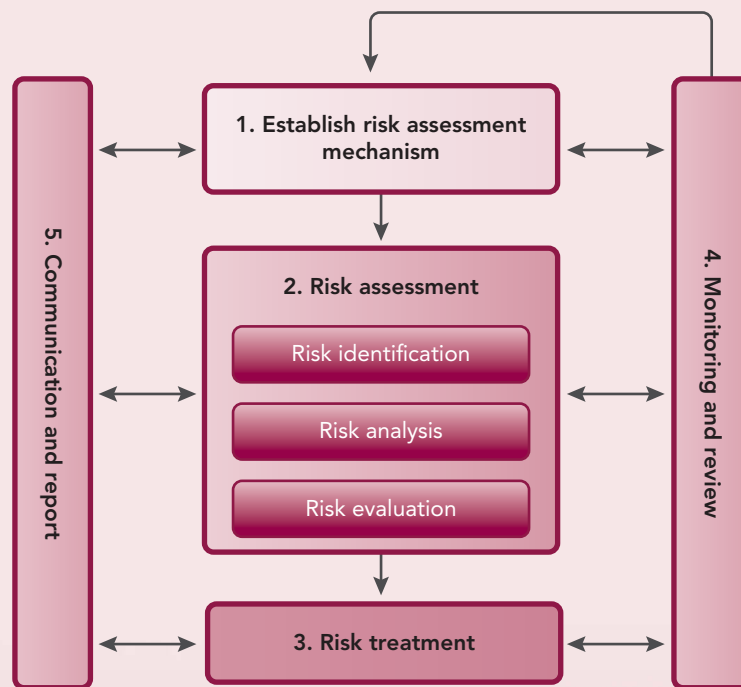
In accordance with the requirements of the Hong Kong Listing Rules, the Company has timely announced its annual and interim results within three and two months respectively after the end of the relevant financial periods.

INTERNAL CONTROL

The Board is responsible for maintaining a steady, proper and effective risk management and internal control system for the Group to safeguard its assets. The responsibilities and obligations of the risk management and internal control system of the Group are clearly defined and complete systems have been established. Through the Audit and Risk Management Committee, the Board keeps continuous monitoring on the risk management and internal control system, performs the internal audit function, and reviews the effectiveness of the risk management and internal control system of the Group at least once a year, including change in the nature and extent of the significant risks, and the relevant handling capability of the Group, the ability of the management for monitoring the risk and internal control, the reporting of the monitoring results, significant weakness in monitoring and relevant foreseeable consequences and severity, and the effectiveness of the procedures for financial reporting and Hong Kong Listing Rules. The Directors are regularly informed of the major risks which may affect the performance of the Group through the Audit and Risk Management Committee.


The institution of the Company in charge of internal control and audit acts as a supporting institution of its Audit and Risk Management Committee to monitor and provide guidance on how the Company and its subsidiaries establish and improve their respective risk management and internal control systems, to supervise and review the implementation of regulations on risk management and internal control systems in a timely manner and to organize the conduct of internal audit and perform audit responsibilities.

The Group has embedded its risk management systems into the core operating practices of the business. In daily management, the Group formulate control strategies, and formulate specific strategies and management methods related to risk management and internal control requirements. In accordance with the relevant requirements of the Group, subsidiaries establish and improve their own risk management and internal control management systems, combined with external regulatory requirements and actual business conditions. Based on the results of risk assessment, the Company and all subsidiaries optimize business processes, improve business systems, and take necessary control measures to control the risks of business activities within an acceptable level. The subsidiaries of the Company review and assess the status of potential risks which may impact on their ability to achieve their business objectives, and determine the nature and extent of such risks they are willing to take in achieving their business objectives. The Group adopts the relevant risk management principles in China as its approach to manage its business and operational risks and monitor its internal control. The following diagram illustrates the key processes used to identify, evaluate and manage the Group's significant risks:



Notes:

- 1 Set up the risk assessment mechanism of the Group;
- 2 Each subsidiary identifies risks which may potentially impact the achievement of its business objectives, and analyzes and evaluates the significance of such risks;
- 3 Each subsidiary assesses the adequacy of existing monitoring and control, determines and implements treatment plans for mitigating such risks;
- 4 Each subsidiary monitors the risk mitigating measures;
- 5 The risk management departments track the progress of risk mitigating measures, and report the consolidated view of risks to the Audit and Risk Management Committee on a regular basis.



Corporate Governance Report

The Board is responsible for the aforesaid risk management and internal control systems, and for reviewing the effectiveness of such systems. The Board further explains that the aforesaid systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable assurance, rather than an absolute assurance, against material misrepresentation and losses.

The Company strictly complies with the requirements of the Hong Kong Listing Rules and relevant laws and regulations on inside information management, and has established the Management Rules of Information Disclosure, Management Rules of Investor Relations and the Management Rules of Registration of Inside Information and Insiders to strictly supervise the dealing and publishing of inside information to keep such information in confidentiality before being disclosed, and be disclosed in an accurate and timely manner.

In 2024, in accordance with the requirements of The Basic Standard for Enterprise Internal Control of the PRC and its supporting guidelines, in order to ensure the effectiveness of internal control design and operation, timely detect of defects in internal control, and continuously improve the ability to prevent and control risks in various business links, the major subsidiaries of the Company issued internal control evaluation reports after evaluating the effectiveness of their own internal control and appointed accounting firms to conduct independent audit on their internal control in 2024. During the reporting period, those companies established and effectively implemented the internal control of the businesses and items within the scope of the evaluation, achieving the objectives of internal control with no major defect identified. On this basis, and taking into account the evaluation on the internal control and the state of establishment of the internal control system of other subsidiaries and the risk management status of each subsidiary, the department of the Company which was responsible for internal control and audit evaluated the risk management and internal control of the Group as a whole and reported the evaluation conclusions to the Audit and Risk Management Committee and the Board. Through the Audit and Risk Management Committee, the Board reviewed the effectiveness of the risk management and internal control system of the Group for the year ended 31 December 2024, including all the significant financial, operational and control and risk management functions, and was satisfied that such system was effective and sufficient. The Audit and Risk Management Committee also reviewed and was satisfied with the sufficiency of resources and the qualifications and experience of the employees for performing the Group's accounting and financial reporting functions, the adequacy of the employee training courses and the relevant budget. The Company also attaches high importance to continuously improve the Company's risk management and internal control system according to the business development model of the Company and the new requirements of laws and regulations, so as to adapt to new situations and new environment. However, due to the inherent limitations of the risk management and internal control system, the establishment of the Group's risk management and internal control system is for the purpose of managing potential risks rather than eliminating all the risks. Therefore, the internal control system can only provide a reasonable assurance, rather than an absolute assurance, for the Group to achieve its operational targets. Likewise, it is impossible for the risk management and internal control system to completely eliminate all material inaccurate statements made or all the losses caused to the Group.

SUPERVISORY COMMITTEE

The Supervisory Committee of the Company is accountable to the Shareholders' meeting of the Company. The eighth session of the Supervisory Committee comprises two Shareholder representative Supervisors (Mr. Nie Xiaoming and Mr. Guo Guangxin) and one employee representative Supervisor (Ms. Kang Yinglei). In 2024, the Supervisory Committee held five meetings and considered and approved eleven resolutions. It supervised, on behalf of Shareholders of the Company, the financial position of the Group, the legality and compliance of the performance of duties by the Directors and senior management of the Company, attended the Board meetings and Shareholders' meetings and fulfilled its duties diligently.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the China Accounting Standards for Business Enterprises and the disclosure provisions of the Hong Kong Companies Ordinance. To the knowledge of the Directors, there is no event or condition that may have a material adverse effect on the continuing operation of the Company.

SHAREHOLDERS' MEETING

The Shareholders' meeting is the supreme authority of the Company. It performs its functions according to laws and makes decisions on major issues in relation to the Company. The annual general meeting and extraordinary Shareholders' meetings of the Company provide a channel for Shareholders to communicate directly with the Board. In 2024, the Company convened three Shareholders' meetings, at which twenty resolutions in total were considered and approved. All Directors, Supervisors and senior management of the Company endeavored to attend the Shareholders' meetings. The following is the attendance record of the Directors:

Director	Time(s) of meeting(s) should attend	Times of attendance in person
Mr. Yan Lingxi	3	3
Mr. Sun Jizhong	3	2
Mr. Xu Dongsheng*	2	2
Mr. Zhou Xunwen*	2	2
Ms. Hu Shiwei*	2	2
Mr. Xu Gang	3	0
Mr. Lian Dawei*	1	1
Mr. Liu Bingjun*	1	1
Mr. Wang Jun*	1	0
Mr. Liu Weiwu	3	3
Mr. Mao Fugen	3	2
Mr. Lin Guiping	3	1

* On 12 July 2024, Mr. Lian Dawei, Mr. Liu Bingjun and Mr. Wang Jun ceased to be non-executive Directors of the Company, and Mr. Xu Dongsheng, Mr. Zhou Xunwen and Ms. Hu Shiwei were appointed as non-executive Directors of the Company.



Corporate Governance Report

In accordance with the Company Law of the PRC and the Articles of Association, in the event that Shareholders request to convene an extraordinary Shareholders' meeting, the following procedures shall be followed:

1. Shareholders that individually or collectively represent more than 10% (including 10%) of the voting shares at the meeting proposed to be convened may sign and submit one or several written requests identical in form and content, urging the Board to convene an extraordinary Shareholders' meeting and clarifying the matters to be considered at the meeting. The Board shall, in accordance with the laws and regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene the extraordinary Shareholders' meeting within 10 days after receiving the aforesaid written request. The aforementioned voting shares shall be calculated upon the date when the written request(s) is/are submitted.
2. If the Board agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days from the date of the Board's resolution, and any changes to the original request contained in the notice shall be agreed by the Shareholder concerned. If the Board does not agree to convene the meeting or fails to provide feedback within 10 days upon receipt of the aforesaid written request(s), the Shareholders who has submitted the request may submit a written request to the Supervisory Committee to convene such a meeting.
3. If the Supervisory Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days of receipt of the request, and any changes to the original request contained in the notice shall be agreed by the Shareholders concerned. If the Supervisory Committee does not agree to convene an extraordinary Shareholders' meeting upon receipt of the foregoing written request or fails to issue a notice of Shareholders' meeting within the prescribed period, Shareholders holding individually or collectively more than 10 percent of the Company's Shares with voting rights for more than 90 consecutive days may convene a meeting on his own and the procedures for such convening shall be, to the extent possible, identical to those used by the Board to convene a Shareholders' meeting.

For the avoidance of doubt, on the date of the Shareholders' meeting, the aggregate shareholding of the convening Shareholders shall not be less than ten percent of the Company's Shares with voting rights.

In accordance with the Company Law of the PRC and the Articles of Association, when the Company convenes a Shareholders' meeting, Shareholders holding 1% or more of the total Shares carrying voting rights of the Company separately or jointly shall have the right to submit new proposals in writing, and the Company shall place matters in the proposals within the scope of functions and powers of the Shareholders' meeting on the agenda, provided that such proposals shall be proposed and delivered to the Company 10 days prior to the aforesaid meeting.

Directors are elected at the Shareholders' meeting of the Company. A written notice of the intention to nominate a Director candidate and a notice in writing by that candidate indicating his acceptance of such nomination are required to be given to the Company not sooner than the date of dispatch of the notice of the Shareholders' meeting and not later than seven days before the date of such Shareholders' meeting. The nomination of each Director candidate shall be submitted to the Shareholders' meeting as a separate resolution for the Shareholders' consideration.

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Board Secretary, whose contact details are as follows:

AviChina Industry & Technology Company Limited
Postal Code: 100029
6/F, Building A, No. 14 Xiaoguan Dongli, Andingmenwai, Chaoyang District, Beijing, the PRC
Telephone: 86-10-58354328
Facsimile: 86-10-58354300/10
E-mail Address: avichina@avichina.com

ARTICLES OF ASSOCIATION

In 2024, to comply with the Hong Kong Listing Rules and the latest PRC laws and regulations and take into account the corporate governance practice of the Company, the Company amended certain articles of the Articles of Association. For details of the revision of the Articles of Associations, please refer to announcement of the Company dated 27 August 2024, and circular of the Company dated 1 November 2024.

The latest amended Articles of Association was uploaded on the website of the Company and the Hong Kong Stock Exchange on 22 November 2024.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

The Board Secretary is responsible for information disclosure of the Company. The Company has formulated and enforced the Management Rules of Information Disclosure, the Management Rules of Investor Relations and the Management Rules of Registration of Inside Information and Insiders to ensure information disclosed by the Company is accurate, complete and made in a timely manner, and meanwhile, strictly supervise the dealing and publishing of inside information to keep such information in confidentiality before being disclosed. During the reporting period, the Company published its annual report, interim report and other relevant announcements (including the overseas regulatory announcements published by the subsidiaries of the Company whose shares are listed on other stock exchanges) in accordance with the Hong Kong Listing Rules and made detailed disclosures on material information and reported the progress of any significant issues relating to the Company.

According to the Management Rules of Investor Relations, the Company communicates with investors through multiple channels, platforms, and methods. Communication methods include but not limited to online and offline meetings, investor conferences, road shows and Shareholders' meetings.



Corporate Governance Report

The Company has assigned specific employees to assume the role of investor relations management. Pursuant to information disclosure methods required by the Hong Kong Stock Exchange, the Company had put more efforts in the maintenance of its websites to ensure that information is disclosed accurately and in a timely manner. The Company not only renews and modifies its website continuously in accordance with the Hong Kong Listing Rules, but also regularly publishes and updates business news and information contained in its website to help investors understand the up-to-date situation of the Company clearly. Details of the businesses of the Group and announcements such as interim results and annual results could also be downloaded from the Company's website. Besides updating the website of the Company timely and periodically, the Company also enhances communication frequencies of Wechat public account so that investors can learn the recent situation of the Company more conveniently.

The Company also emphasizes the mutual communication with its investors. A specific department of the Company is in charge of the communication with Shareholders, investors and other participants of the capital market pursuant to the requirements of the Corporate Governance Code. In 2024, "Low-Altitude Economy" was the main subject of investor relations activities throughout the whole year. The Company introduced to investors the situation and outlooks of low-altitude related businesses and invited experts to give lectures on low-altitude economy in summits held every quarter, including Leading Low-Altitude Economy Summit in Beijing, Low-Altitude Economy Forums in Nanjing and Shanghai held together with Zheshang Securities Co., Ltd., Sharing the Sky – Forum on Development of Low-Altitude Economy in New Era in Suzhou held together with Founder Securities Co., Ltd., and Flying to Low-Altitude Economy Forum in Zhongshan held together with GF Securities Co., Ltd. Further improved investors' reception process and management regulations, to upgrade the investor relations management to a higher level. The Company's information disclosure and investor relations work won approval of the market. In 2024, the Company won the "The 75th Anniversary of the Founding of the People's Republic of China Outstanding Company" and "The Best Reform and Innovation Listed Company" in the 14th China Securities Golden Bauhinia Awards.

The Company had reviewed the implementation of the Shareholder communication policy for the year of 2024 and considered it effective.

Independent Auditor's Report



大信会计师事务所(特殊普通合伙)
WUYIGE Certified Public Accountants LLP

大信會計師事務所(特殊普通合夥)

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D.X.S.Z. [2025]1-03607

To the Shareholders of AviChina Industry & Technology Company Limited:

I. AUDIT OPINION

We have audited the financial statements of AviChina Industry & Technology Company Limited (hereinafter referred to as AviChina), which comprise the consolidated balance sheet and the balance sheet of the Company as at 31 December 2024, the consolidated income statement and the income statement of the Company, the consolidated cash flow statement and the cash flow statement of the Company, the consolidated statement of changes in shareholders' equity and the statement of changes in shareholders' equity of the Company for the year of 2024, and the notes to the financial statements.

In our opinion, the accompanying financial statements present in all material respects in accordance with the requirements of Accounting Standards for Business Enterprises, and fairly reflect AviChina's financial position at 31 December 2024 and the financial performance and cash flows for the year of 2024.

II. BASIS FOR AUDIT OPINION

We conducted our audit in accordance with CICPA Standards on Auditing ("CSAs"). In "CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS" of this report, our responsibilities under these standards are described. We are independent of AviChina in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical obligations.

We believe that we have obtained sufficient and appropriate audit evidence as basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in auditing the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Continued)

The key audit matters identified in our audit are as follows:

1. Issues for revenue recognition

1) Item description

For details of related information disclosures, please see Note IV. 34. Recognition principles and measuring methods of revenue and Note VI. 48. Operating revenue and operating costs.

As of 31 December 2024, the operating revenue in the consolidated financial statements of AviChina was RMB86,970,764,166. Operating revenue is significant, being a key indicator of AviChina, which has a significant impact on the financial statements, and its recognition involves significant judgement and estimation by management; therefore, we have identified the recognition of operating revenue as a key audit matter.

2) How our audit addressed the key audit matter

Our major audit procedure for recognition of operating revenue includes:

- (1) Understanding and testing the design and operation of key internal control systems related to sales and receipts, and evaluating the effectiveness of relevant internal control;
- (2) Analyzing and evaluating the timing of the transfer of control over the goods related to the recognition of sales revenue by examining major sales contracts and interviewing management, and then evaluating whether the timing of revenue recognition of AviChina is in compliance with the requirements of accounting standards;
- (3) Selecting important customers to inspect sales contracts, identifying and reviewing contractual terms and conditions relating to the transfer of control of goods sold, such as delivery time, location and acceptance standards, etc.; conducting sampling inspection on supporting documents related to revenue recognition, including sales contracts (orders), sales invoices, delivery notes, waybills, and acceptance documents, etc.;
- (4) Analyzing the reasonableness of the changes in operating revenues and gross profit margins for the period, taking into account factors such as market and industry trends and performing revenue analytical procedures by product type, and comparing them with historical data, etc.;
- (5) Performing detailed testing of operating revenues by examining supporting evidence such as major customer contracts/orders, warehouse receipts, shipping documents, sales invoices, shipping receipts, customers' acknowledgement of receipt and acceptance, and settlement record to evaluate whether the relevant revenue recognition complies with AviChina's accounting policies on revenue recognition;
- (6) Implementing revenue correspondence procedures to confirm the sales amount and the balance of accounts receivable from major customers, etc., and checking the authenticity and accuracy of recognised operating revenues;
- (7) Conducting a cut-off test to examine the recording of transactions before and after the balance sheet date to evaluate whether operating revenues are recorded in the proper accounting period.

Independent Auditor's Report (Continued)

2. Issues for recoverability of accounts receivable

1) Item description	2) How our audit addressed the key audit matter
<p>For details of related information disclosures, please see Note IV. 10. Financial assets and financial liabilities and Note VI. 4. Accounts receivable.</p> <p>As of 31 December 2024, the book balance of accounts receivable in the consolidated financial statements of AviChina was RMB50,720,744,268, the balance of bad debt provision was RMB2,091,284,734, and the book value was RMB48,629,459,534. Its book value accounts for 30.63% of current assets and 24.07% of total assets. We have identified the recoverability of accounts receivable as a key audit matter, due to the large amount of accounts receivable, and that expected credit losses require significant judgment from management and have a significant impact on the financial statements.</p>	<p>Our major audit procedure for the recoverability of accounts receivable includes:</p> <ol style="list-style-type: none"> (1) Understanding, testing, and evaluating the effectiveness of internal control design and operation of AviChina related to customer credit policies, receivables management and bad debt provision; (2) Analyzing the rationality of the method for estimating the expected credit losses of accounts receivable of AviChina, calculating the expected credit losses in accordance with AviChina's accounting policies, and analyzing the adequacy of the provision for expected credit losses of accounts receivable; (3) For accounts receivable with large individual amount, analyzing and reviewing the management's expected credit loss estimates in light of the characteristics of the identified debtors, the debtors' financial status and repayment ability, to confirm the rationality of the expected credit loss provision method and the adequacy of the provision results; for accounts receivable that are provided for bad debts based on a portfolio of credit risk characteristics, reviewing the management's setting of the portfolio of credit risk characteristics; reviewing the accuracy of the aging of accounts receivable; obtaining a detailed statement of credit impairment loss provisions, and recalculating the amount of bad debt provisions for accounts receivable provided by management; (4) Performing receivables confirmation procedures by analyzing the aging of receivables and customer creditworthiness; (5) Reviewing the disclosure and presentation of AviChina's receivables and corresponding bad debt provisions.



Independent Auditor's Report (Continued)

IV. OTHER INFORMATION

The management of AviChina is responsible for the other information. The other information comprises the information included in the 2024 annual report of AviChina other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management of AviChina is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises and for designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of AviChina is responsible for assessing AviChina's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying the going concern assumptions unless the management of AviChina either intend to liquidate AviChina or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AviChina's financial reporting process.

Independent Auditor's Report (Continued)

VI. CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions the users taken on the basis of these Financial Statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatements of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on AviChina's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AviChina to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Financial Statements, and evaluate whether Financial Statements fairly reflected the underlying transactions and events.
6. Obtain sufficient appropriate audit evidence regarding AviChina's financial information of the entities or business activities within the Group to express an audit opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the Group's audit and remain solely responsible for our audit opinion.



Independent Auditor's Report (Continued)

We communicate with those charged with governance on audit scope, time schedule and significant audit findings, including internal control flaws that worth attention.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards (if applicable).

For the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE Certified Public Accountants LLP

Beijing, China

CICPA: Ma Zhenxing
(Engagement partner)
CICPA: Liu Wenwen
28 March 2025

Consolidated Balance Sheet

31 December 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2024	31 December 2023 (Restated)
Current assets:			
Monetary funds	1	41,322,143,789	39,520,699,494
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading	2	3,310,715,928	957,001,296
Derivative financial assets			
Notes receivable	3	10,583,863,253	13,457,829,245
Accounts receivable	4	48,629,459,534	38,161,358,148
Receivables financing	5	687,378,756	383,654,710
Prepayments	6	6,662,957,422	6,808,053,250
Premium receivable			
Reinsurance premium receivable			
Reinsurance contract provision receivable			
Other receivables	7	429,196,895	248,871,651
Including: Interest receivable			
Dividends receivable		10,756,337	1,679,462
Financial assets purchased under agreements to resell			
Inventories	8	37,807,694,703	40,121,524,414
Contract assets	9	8,157,185,629	3,930,570,520
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	10	1,170,768,033	1,180,405,617
Total current assets		158,761,363,942	144,769,968,345

Consolidated Balance Sheet (Continued)

31 December 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items Note VI **31 December 2024** 31 December 2023
(Restated)

Non-current assets:			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables	11	144,391	1,312,790
Long-term equity investments	12	2,819,712,703	2,807,504,444
Other equity instrument investments	13	4,362,842,667	3,795,695,305
Other non-current financial assets	14	3,444,547	
Investment properties	15	459,693,522	561,848,339
Fixed assets	16	25,039,976,932	22,386,870,832
Construction-in-progress	17	4,240,450,534	4,437,643,212
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	18	478,328,387	415,088,884
Intangible assets	19	4,019,662,385	4,022,700,466
Development expenditure			
Goodwill	20	93,193,010	93,193,010
Long-term deferred expenses	21	103,881,511	100,655,186
Deferred income tax assets	22	1,005,956,811	869,701,021
Other non-current assets	23	655,455,608	811,539,275
Total non-current assets		43,282,743,008	40,303,752,764
Total assets		202,044,106,950	185,073,721,109

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

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the period from January to December 2023 were restated for illustrative purposes as the Group has included AVIC Surface, a subsidiary under common control, in the scope of consolidation.

Consolidated Balance Sheet (Continued)

31 December 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2024	31 December 2023 (Restated)
Current Liabilities:			
Short-term borrowings	24	9,346,288,157	4,999,783,753
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading	25		72,143,493
Derivative financial liabilities			
Notes payable	26	12,623,278,147	11,668,280,045
Accounts payable	27	45,902,193,249	39,145,393,253
Advances	28	52,280,917	40,961,094
Contract liabilities	29	15,777,767,019	19,100,691,469
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securities brokering			
Securities underwriting			
Employee compensation payable	30	3,485,938,083	3,323,788,282
Tax payable	31	1,772,624,231	1,411,532,347
Other payables	32	2,629,792,314	3,226,196,009
Including: Interest payable			
Dividends payable		61,485,432	62,556,162
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	33	3,089,757,164	1,253,942,782
Other current liabilities	34	1,053,483,038	1,305,835,760

Consolidated Balance Sheet (Continued)

31 December 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2024	31 December 2023 (Restated)
Total current liabilities		95,733,402,319	85,548,548,287
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	35	5,164,267,863	6,067,549,104
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	36	400,607,954	342,661,974
Long-term payables	37	-918,199,341	-740,318,530
Long-term employee compensation payable	38	1,817,724,969	1,841,337,939
Estimated liabilities	39	377,723,958	518,798,851
Deferred income	40	1,191,325,208	1,239,107,675
Deferred income tax liabilities	22	762,789,551	596,571,580
Other non-current liabilities	41	866,252,591	1,560,361,049
Total non-current liabilities		9,662,492,753	11,426,069,642
Total liabilities		105,395,895,072	96,974,617,929
Shareholders' equity:			
Share capital	42	7,972,854,242	7,972,854,242
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	43	14,364,198,634	13,514,296,718
Less: treasury shares			
Other comprehensive income	44	449,480,586	228,940,969
Special reserves	45	498,545,247	480,615,715
Surplus reserves	46	534,461,130	451,623,842
General risk reserve			
Undistributed profits	47	10,328,427,841	8,923,873,029
Total shareholders' equity attributable to parent company		34,147,967,680	31,572,204,515
Minority equity		62,500,244,198	56,526,898,665
Total shareholders' equity		96,648,211,878	88,099,103,180
Total liabilities and shareholders' equity		202,044,106,950	185,073,721,109

Legal representative:

Person in charge of accounting:

Person in charge of the accounting
department:

Yan Lingxi

Wang Jingmin

Deng Hui

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the period from January to December 2023 were restated for illustrative purposes as the Group has included AVIC Surface, a subsidiary under common control, in the scope of consolidation.

Balance Sheet of the Company

31 December 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII	31 December 2024	31 December 2023
Current assets:			
Monetary funds		1,821,978,543	1,381,273,567
Financial assets held for trading		291,946,466	901,480,334
Derivative financial assets			
Notes receivable			
Accounts receivable	1		13,359
Receivables financing			
Prepayments		64,151	
Other receivables	2	265,821,975	250,706,487
Including: Interest receivable			
Dividends receivable		6,170,962	
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			254,986
Other current assets		1,775,028	
Total current assets		2,381,586,163	2,533,728,733
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			1,172,706
Long-term equity investments	3	14,118,534,028	14,907,514,466
Other equity instrument investments		2,106,259,560	1,738,305,817
Other non-current financial assets			
Investment properties		23,176,953	24,336,265
Fixed assets		1,081,190	1,300,449
Construction-in-progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		4,804,079	10,616,383
Intangible assets		312,575	377,246
Development expenditure			
Goodwill			
Long-term deferred expenses		77,044	
Deferred income tax assets		18,329,785	4,928,257
Other non-current assets			
Total non-current assets		16,272,575,214	16,688,551,589
Total assets		18,654,161,377	19,222,280,322

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

Balance Sheet of the Company (Continued)

31 December 2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII 31 December 2024	31 December 2023
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances		
Contract liabilities		
Employee compensation payable	17,623,000	16,740,371
Tax payable	11,211,267	37,981,860
Other payables	125,668,218	131,004,619
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	3,523,339	5,849,758
Other current liabilities		
Total current liabilities	158,025,824	191,576,608
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		3,693,127
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	202,471,987	108,610,535
Other non-current liabilities		
Total non-current liabilities	202,471,987	112,303,662
Total liabilities	360,497,811	303,880,270
Shareholders' equity:		
Share capital	7,972,854,242	7,972,854,242
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	8,000,376,551	8,991,439,677
Less: treasury shares		
Other comprehensive income	557,399,881	319,848,100
Special reserves		
Surplus reserves	534,461,130	451,623,842
Undistributed profits	1,228,571,762	1,182,634,191
Total shareholders' equity	18,293,663,566	18,918,400,052
Total liabilities and shareholders' equity	18,654,161,377	19,222,280,322

Legal representative:

Person in charge of accounting:

Person in charge of the accounting
department:

Yan Lingxi

Wang Jingmin

Deng Hui

AviChina Industry & Technology Company Limited

Consolidated Income Statement

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2024	2023 (Restated)
I. Total operating income		86,970,764,166	84,751,597,514
Including: Operating revenue	48	86,970,764,166	84,751,597,514
Interest income			
Earned premium			
Fee and commission income			
II. Total operating cost		81,421,104,235	78,069,011,062
Including: Operating cost	48	68,122,457,690	63,590,227,629
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	49	562,594,915	478,178,668
Selling expenses	50	858,222,984	920,207,244
Administrative expenses	51	5,231,423,063	5,654,025,124
Research and development expenses	52	6,660,912,151	7,573,007,040
Finance costs	53	-14,506,568	-146,634,643
Including: Interest expense		424,127,673	411,435,699
Interest income		464,977,856	580,450,174
Add: Other income	54	840,804,590	431,117,621
Investment income (loss to be listed with "-")	55	461,475,487	694,026,930
Including: Income from investment in associates and joint ventures		306,830,358	429,787,242
Derecognition income of financial assets at amortised cost		-6,599,098	-24,565,459
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 "-")	56	5,156,412	-18,849,783
Credit impairment loss (loss to be listed with "-")	57	-370,565,273	-318,444,489
Asset impairment loss (loss to be listed with "-")	58	-444,063,376	-508,288,292
Income from assets disposal (loss to be listed with "-")	59	-90,955	30,890,980

Consolidated Income Statement (Continued)

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2024	2023 (Restated)
III. Operating profit (loss to be listed with "-")		6,042,376,816	6,993,039,419
Add: Non-operating income	60	103,896,393	111,725,686
Less: Non-operating expenses	61	54,139,217	32,100,380
IV. Profit before tax (loss before tax to be listed with "-")		6,092,133,992	7,072,664,725
Less: income tax expenses	62	337,683,391	381,597,236
V. Net profit (net loss to be listed with "-")		5,754,450,601	6,691,067,489
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with "-")		5,754,450,601	6,691,067,489
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 "-")		2,187,431,551	2,446,952,909
2. Minority profit and loss (net loss to be listed with "-")		3,567,019,050	4,244,114,580
VI. Net of tax of other comprehensive income	63	348,173,774	162,767,452
Net of tax of other comprehensive income attributable to the owner of the parent company		222,111,339	17,776,423
(I) Other comprehensive income that cannot be reclassified into profit or loss		222,163,780	17,743,338
1. Changes arising from re-measurement of the defined benefit plan		-31,058,512	34,766,713
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		-187,580	2,300,746
3. Changes in fair value of other equity instrument investments		253,409,872	-19,324,121
4. Changes in fair value of the enterprise's credit risk			
5. Others			

Consolidated Income Statement (Continued)

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2024	2023 (Restated)
(II) Other comprehensive income that can be reclassified into profit or loss		-52,441	33,085
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		5,856	-2,450
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		-58,297	35,535
7. Others			
Net of tax of other comprehensive income attributable to minority shareholders		126,062,435	144,991,029
VII. Total comprehensive income		6,102,624,375	6,853,834,941
Total comprehensive income attributable to shareholders of the parent company		2,409,542,890	2,464,729,332
Total comprehensive income attributable to minority shareholders		3,693,081,485	4,389,105,609
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.274	0.311
(II) Diluted earnings per share (RMB/share)		0.274	0.311

Legal representative:

Person in charge of accounting:

Person in charge of the accounting department:

Yan Lingxi

Wang Jingmin

Deng Hui

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the period from January to December 2023 were restated for illustrative purposes as the Group has included AVIC Surface, a subsidiary under common control, in the scope of consolidation.

The business combination under common control occurred in this year, the net profit realised by the acquired company before the acquisition was RMB-1,865,869. The net profit realised by the acquired company in the previous year was RMB3,779,117.

Income Statement of the Company

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII	2024	2023
I. Operating income	4	464,686	1,171,030
Less: Operating cost	4	1,314,913	1,370,322
Taxes and surcharges		2,686,153	703,473
Selling expenses			
Administrative expenses		48,704,690	52,721,869
Research and development expenses		1,368,405	13,157,362
Finance costs		-34,986,927	-5,187,154
Including: Interest expense			
Interest income		33,265,489	7,953,954
Add: Other income		227,485	151,161
Investment income (loss to be listed with "-")	5	836,590,048	897,045,901
Including: Income from investment in associates and joint ventures		8,829,175	9,775,911
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 "-")		857,982	-4,415,715
Credit impairment loss (loss to be listed with "-")		2,314,413	-1,700,844
Asset impairment loss (loss to be listed with "-")			
Income from assets disposal (loss to be listed with "-")			
II. Operating profit (loss to be listed with "-")		821,367,380	829,485,661
Add: Non-operating income			109,479
Less: Non-operating expenses		30,365	2,188
III. Profit before tax (loss before tax to be listed with "-")		821,337,015	829,592,952
Less: income tax expenses		-7,035,874	52,377,191
IV. Net profit (net loss to be listed with "-")		828,372,889	777,215,761
(I) Net profit from continuing operations (net loss to be listed with "-")		828,372,889	777,215,761
(II) Net profit from discontinuing operations (net loss to be listed with "-")			

Income Statement of the Company (Continued)

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII	2024	2023
V. Net of tax of other comprehensive income		239,564,928	-10,585,284
(I) Other comprehensive income that cannot be reclassified into profit or loss		239,564,928	-10,585,284
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		-137,525	2,066,556
3. Changes in fair value of other equity instrument investments		239,702,453	-12,651,840
4. Changes in fair value of the enterprise's credit risk			
5. Others			
(II) Other comprehensive income that can be reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount charged into other comprehensive income arising from reclassification of financial assets			
4. Provision for credit impairment of other debt investments			
5. Reserves for cash flow hedge (effective parts of cash flow hedge profit or loss)			
6. Translation difference of foreign currency financial statements			
7. Others			
VI. Total comprehensive income		1,067,937,817	766,630,477

Legal representative:

Person in charge of accounting:

Person in charge of the accounting department:

Yan Lingxi

Wang Jingmin

Deng Hui

Consolidated Cash Flow Statement

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2024	2023 (Restated)
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		77,250,892,679	76,739,926,963
Net increase in deposits and placements from customers and 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			
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		1,149,256,415	1,772,287,855
Other cash received relating to operating activities	64	5,111,506,023	4,908,895,248
Subtotal of cash inflows from operating activities		83,511,655,117	83,421,110,066
Cash paid for purchase of goods and receipt of services		54,036,592,244	59,666,987,956
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		17,825,075,004	16,637,856,713
Taxes and surcharges cash payments		4,924,180,092	5,264,339,807
Other cash paid relating to operating activities	64	4,555,330,395	5,932,286,830
Subtotal of cash outflow from operating activities		81,341,177,735	87,501,471,306
Net cash flow from operating activities		2,170,477,382	-4,080,361,240

Consolidated Cash Flow Statement (Continued)

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2024	2023 (Restated)
II. Cash flows from investing activities:			
Cash received from return of investment		4,673,202,593	8,027,837,075
Cash received from investment income		375,332,245	273,544,538
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		58,353,604	51,009,204
Net cash received from disposal of subsidiaries and other business entities		2,105,600	7,020,000
Other cash received relating to investing activities	64	9,727,480,557	1,041,667,287
Subtotal of cash inflows from investing activities		14,836,474,599	9,401,078,104
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		4,280,370,618	4,729,308,207
Cash paid to acquire investments		4,552,548,229	7,405,250,996
Net increase in pledge loans			
Net cash paid for acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities	64	11,370,167,196	880,394,499
Subtotal of cash outflows from investing activities		20,203,086,043	13,014,953,702
Net cash flows from investing activities		-5,366,611,444	-3,613,875,598
III. Cash flows from financing activities:			
Cash received from absorbing investment		2,766,999,975	6,453,928,847
Including: Cash received from minority shareholders' investment in subsidiaries		2,766,999,975	5,453,929,999
Cash received from borrowings		17,408,833,044	13,276,686,310
Cash received from bond issue			
Other cash received relating to financing activities	64	686,966,570	1,362,535,828
Subtotal of cash inflow from financing activities		20,862,799,589	21,093,150,985
Cash paid for repayments of debts		12,529,107,480	14,035,712,626
Cash paid for distribution of dividends, profits or interest repayment		2,545,828,671	2,316,331,324
Including: Dividends and profits paid to minority shareholders by subsidiaries		1,479,250,491	1,336,240,629
Other cash paid relating to financing activities	64	451,730,492	1,191,331,503
Subtotal of cash outflow from financing activities		15,526,666,643	17,543,375,453
Net cash flow from financing activities		5,336,132,946	3,549,775,532
IV. Effect of foreign exchange rate changes on cash and cash equivalents		14,837,278	11,852,177
V. Net increase in cash and cash equivalents		2,154,836,162	-4,132,609,129
Add: Opening balance of cash and cash equivalents	64	37,179,887,375	41,312,496,504
VI. Closing balance of cash and cash equivalents	64	39,334,723,537	37,179,887,375

Legal representative:

Person in charge of accounting:

Person in charge of the accounting department:

Yan Lingxi

Wang Jingmin

Deng Hui

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the period from January to December 2023 were restated for illustrative purposes as the Group has included AVIC Surface, a subsidiary under common control, in the scope of consolidation.

Cash Flow Statement of the Company

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note	2024	2023
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services			
Refund of taxes and surcharges			
Other cash received relating to operating activities		23,688,725	209,355,260
Subtotal of cash inflows from operating activities		23,688,725	209,355,260
Cash paid for purchase of goods and receipt of services			
Cash paid to and for employees		27,629,834	22,341,544
Taxes and surcharges cash payments		48,905,411	46,563,363
Other cash paid relating to operating activities		9,961,129	600,115,253
Subtotal of cash outflow from operating activities		86,496,374	669,020,160
Net cash flow from operating activities		-62,807,649	-459,664,900
II. Cash flows from investing activities:			
Cash received from return of investment		3,221,635,334	5,727,681,469
Cash received from investment income		802,552,417	654,957,174
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		2,105,600	110,840,036
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		4,026,293,351	6,493,478,679
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		206,331	
Cash paid to acquire investments		3,247,548,229	5,341,416,996
Net cash paid for acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities			300,000,000
Subtotal of cash outflows from investing activities		3,247,754,560	5,641,416,996
Net cash flows from investing activities		778,538,791	852,061,683

Cash Flow Statement of the Company (Continued)

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note	2024	2023
III. Cash flows from financing activities:			
Cash received from absorbing investment			999,998,848
Cash received from borrowings			
Cash received from bond issue			
Other cash received relating to financing activities			
Subtotal of cash inflow from financing activities			999,998,848
Cash paid for repayments of debts			
Cash paid for distribution of dividends, profits or interest repayment		705,489,719	614,721,759
Other cash paid relating to financing activities		6,260,249	
Subtotal of cash outflow from financing activities		711,749,968	614,721,759
Net cash flow from financing activities		-711,749,968	385,277,089
IV. Effect of foreign exchange rate changes on cash and cash equivalents		296,806	34,880
V. Net increase in cash and cash equivalents		4,277,980	777,708,752
Add: Opening balance of cash and cash equivalents		1,081,273,565	303,564,813
VI. Closing balance of cash and cash equivalents		1,085,551,545	1,081,273,565

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

Consolidated Statement of Changes in Shareholders' Equity

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	2024													
	Equity attributable to shareholders of the parent company											Total shareholders' equity		
	Share capital	Preferred shares	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others		Subtotal	
I. Closing balance of the previous year	7,972,854,242			13,514,296,718		228,940,969	480,615,715	451,623,842		8,923,873,029		31,572,204,515	56,526,898,665	88,099,103,180
Add: Changes in accounting policies														
Error correction of previous period														
Business combination under common control														
Others														
II. Opening balance of the current year	7,972,854,242			13,514,296,718		228,940,969	480,615,715	451,623,842		8,923,873,029		31,572,204,515	56,526,898,665	88,099,103,180
III. Change in increase or decrease of the current year (decrease to be listed with "-")														
(I) Total comprehensive income														
(II) Capital invested and decreased by shareholders				849,901,916		220,539,617	17,929,532	82,837,288		1,404,554,812		2,575,763,165	5,973,345,533	8,549,108,698
1. Ordinary shares invested by shareholders														
2. Capital invested by other equity instrument holders														
3. Amount of share-based payment recognized as shareholders' equity				846,044,349		222,111,339				2,187,431,551		2,409,542,890	3,693,081,485	6,102,624,375
4. Others												846,044,349	4,562,429,548	2,768,265,748
(III) Profit distribution														
1. Appropriation to surplus reserves				305,676,417								305,676,417	711,902,926	1,017,579,343
2. Appropriation to general risk reserve				540,367,932								540,367,932	236,216,525	776,584,457
3. Distribution to shareholders								82,837,288		-784,448,461		-701,611,173	-1,476,656,572	-2,778,267,745
4. Others								82,837,288		-82,837,288				
(IV) Internal carry-over in shareholders' equity						-1,571,722				-701,611,173		-701,611,173	-1,476,656,572	-2,778,267,745
1. Transfer from capital reserves to share capital										1,571,722				
2. Transfer from surplus reserves to share capital														
3. Recovery of losses by surplus reserves														
4. Retained earnings carried over from changes in defined benefit plans														
5. Retained earnings carried over from other comprehensive income														
6. Others						-1,571,722				1,571,722				
(V) Special reserves														
1. Appropriation in the current year								17,929,532				17,929,532	37,131,530	55,061,062
2. Use in the current year								302,037,560				302,037,560	180,185,875	482,223,435
(VI) Others								284,108,028				284,108,028	143,054,345	427,162,373
IV. Closing balance of the current year	7,972,854,242			14,364,198,634		449,480,586	498,545,247	534,461,130		10,328,427,841		34,147,967,680	62,500,244,198	96,648,211,878

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the period from January to December 2023 were restated for illustrative purposes as the Group has included AVIC Surface, a subsidiary under common control, in the scope of consolidation.

Consolidated Statement of Changes in Shareholders' Equity (Continued)

2024

Prepared by: AvChina Industry & Technology Company Limited

Unit: RMB

Items	2023 (Restated)												Total shareholders' equity	
	Equity attributable to shareholders of the parent company													
	Share capital	Preferred shares	Other equity instrument	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Undistributed profit	Others	Subtotal	Minority equity	
I. Closing balance of the previous year	7,711,332,242			13,917,089,719		211,164,546	510,537,937	373,902,267		7,167,523,872		29,893,550,583	45,625,734,095	75,519,284,678
Add: Changes in accounting policies														
Error correction of previous period														
Business combination under common control														
Others													40,814,788	40,814,788
II. Opening balance of the current year	7,711,332,242			13,917,089,719		211,164,546	510,537,937	373,902,267		7,167,523,872		29,893,550,583	45,666,548,883	75,560,099,466
III. Change in increase or decrease of the current year (decrease to be listed with "-")														
(I) Total comprehensive income	261,522,000			-402,793,001		17,776,423	-29,922,222	77,721,575		1,754,349,157		1,678,653,932	10,860,349,782	12,539,003,714
(II) Capital invested and decreased by shareholders	261,522,000			-367,405,223		19,572,821				2,446,952,909		2,466,525,730	4,389,105,609	6,855,631,339
1. Ordinary shares invested by shareholders												-105,655,219	7,799,822,522	7,694,167,303
2. Capital invested by other equity instrument holders	261,522,000			738,476,848						228,004		999,998,848	10,500,503,569	11,500,502,417
3. Amount of share-based payment recognized as shareholders' equity														
4. Others				223,879,814						228,004		223,879,814	278,673,791	502,553,605
(III) Profit distribution				-1,329,761,885						-694,628,154		-1,329,533,881	-2,979,354,838	-4,308,888,719
1. Appropriation to surplus reserves														
2. Appropriation to general risk reserve										-77,721,575		-77,721,575	-1,336,240,629	-1,953,147,208
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														
1. Appropriation in the current year														
2. Use in the current year														
(VI) Others														
IV. Closing balance of the current year	7,972,854,242			13,514,296,718		228,940,969	480,615,715	451,623,842		8,923,873,029		31,572,204,515	56,526,898,665	88,099,103,180

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

Note: The comparative amounts of the consolidated balance sheet as at 31 December 2023, the consolidated income statement, consolidated statement of changes in shareholders' equity, and consolidated cash flow statement for the period from January to December 2023 were restated for illustrative purposes as the Group has included AVIC Surface, a subsidiary under common control, in the scope of consolidation.

Statement of Changes in Shareholders' Equity of the Company

2024

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	2024						Total shareholders' equity
	Share capital	Preferred shares	Other equity instrument Perpetual bonds	Capital reserves	Less: treasury shares	Other comprehensive income	
I. Closing balance of the previous year	7,972,854,242			8,991,439,677		319,848,100	18,918,400,052
Add: Changes in accounting policies							
Error correction of previous period							
Others							
II. Opening balance of the current year	7,972,854,242			8,991,439,677		319,848,100	18,918,400,052
III. Change in increase or decrease of the current year							
(decrease to be listed with "-")							
(I) Total comprehensive income				-991,063,126		237,551,782	-624,736,486
(II) Capital invested and decreased by shareholders				-991,063,126		239,564,928	1,067,937,817
1. Ordinary shares invested by shareholders						-	-991,063,126
2. Capital invested by other equity instrument holders							
3. Amount of share-based payment recognized as shareholders' equity							
4. Others				-991,063,126			-991,063,126
(III) Profit distribution							
1. Appropriation to surplus reserves						82,837,288	-701,611,177
2. Distribution to shareholders						-82,837,288	-701,611,177
3. Others							
(IV) Internal carry-over in shareholders' equity						-2,013,146	-2,013,146
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						2,013,146	
(V) Special reserves							
1. Appropriation in the current year							
2. Use in the current year							
(VI) Others							
IV. Closing balance of the current year	7,972,854,242			8,000,376,551		557,399,881	18,293,663,566

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

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

2024

Prepared by: AviChina Industry & Technology Company Limited

Prepared by: AviChina Industry & Technology Company Limited												Unit: RMB
Items	2023											
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profit	Others	Total shareholders' equity
I. Closing balance of the previous year	7,711,332,242				8,276,651,521		330,433,384		373,902,267	1,098,250,186		17,790,569,600
Add: Changes in accounting policies												
Error correction of previous period												
Others												
II. Opening balance of the current year	7,711,332,242				8,276,651,521		330,433,384		373,902,267	1,098,250,186		17,790,569,600
III. Change in increase or decrease of the current year (decrease to be listed with "-")												
(I) Total comprehensive income	261,522,000				714,788,156		-10,585,284		77,721,575	84,384,005		1,127,830,452
(II) Capital invested and decreased by shareholders	261,522,000				738,476,848		-8,788,886		77,721,575	777,215,761		768,426,875
1. Ordinary shares invested by shareholders	261,522,000				738,476,848							999,998,848
2. Capital invested by other equity instrument holders												999,998,848
3. Amount of share-based payment recognized as shareholders' equity												
4. Others												
(III) Profit distribution												
1. Appropriation to surplus reserves									77,721,575	-694,628,154		-616,906,579
2. Distribution to shareholders									77,721,575	-77,721,575		
3. Others										-616,906,579		-616,906,579
(IV) Internal carry-over in shareholders' equity							-1,796,398			1,796,398		
1. Transfer from capital reserves to share capital												
2. Transfer from surplus reserves to share capital												
3. Recovery of losses by surplus reserves												
4. Retained earnings carried over from changes in defined benefit plans												
5. Retained earnings carried over from other comprehensive income							-1,796,398			1,796,398		
6. Others												
(V) Special reserves												
1. Appropriation in the current year												
2. Use in the current year												
(VI) Others												
IV. Closing balance of the current year	7,972,854,242				-23,688,692		319,848,100		451,623,842	1,182,634,191		-23,688,692
					8,991,439,677							18,918,400,052

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

I. BASIC INFORMATION OF THE COMPANY

(I) Basic Information

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

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

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

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

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

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

I. BASIC INFORMATION OF THE COMPANY (Continued)

(I) Basic Information (Continued)

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

In 2020, the Company repurchased and cancelled 34,459,000 overseas listed foreign invested shares (H shares). After the repurchase, the share capital of the Company was changed to RMB6,210.6628 million. In the same year, the Company issued 1,250,899,906 and 249,769,500 Domestic Shares to AVIC and Tianjin Free Trade Zone Investment, respectively. After the issuance of Domestic Shares, the share capital of the Company was changed to RMB7,711.3322 million.

In 2023, the Company issued 261,522,000 Domestic Shares to the National Military and Civilian Integration Industry Investment Fund Co., Ltd. After the additional issuance of Domestic Shares, the share capital of the Company was changed to RMB7,972,854,242.

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

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

(III) Name of parent company and group headquarters

The controlling shareholder of the Company is AVIC which was established in China, and the ultimate controller is AVIC. The Company has a Board of Directors, which manages and controls the Company's major decisions and daily operation.

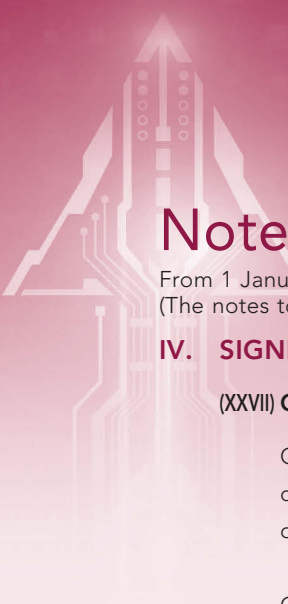
(IV) Approval of financial reports

These financial statements were approved for issue by the Board on 28 March 2025.

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of the Group's consolidated financial statements includes 8 second-tier subsidiaries, including AVICOPTER PLC (中航直升機股份有限公司), and 70 third-tier and fourth-tier subsidiaries, including Huiyang Aviation Propeller Limited (惠陽航空螺旋槳有限責任公司).

For details of the Group's scope of consolidation and its changes, please refer to the relevant contents of Note "VII. CHANGES IN CONSOLIDATION SCOPE" and Note "VIII. INTERESTS IN OTHER ENTITIES".



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

III. 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 Note “IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES” under the notes. In addition, the Group discloses relevant financial information in accordance with the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates are formulated by the Group based on actual manufacturing and operating characteristics including business cycle, recognition and measurement of provision for bad debts of accounts receivable, inventory cost flow assumptions, measurement of net realizable value of inventory, classification and depreciation method of fixed assets, amortization of intangible assets, capitalization of research and development expenses, recognition and measurement of revenue, etc.

(I) Declaration on compliance with the accounting standards for business enterprises

The Group complied with the requirements of Accounting Standards for Business Enterprises in preparing its financial statements, which give a true and full view of the financial position, operating results and cash flows of the Group and the Company.

(II) Accounting period

The Group’s accounting period is from 1 January to 31 December.

(III) Business cycle

The business cycle of particular business of the Group exceeds 12 months, and the classification of current and non-current assets and liabilities of the particular business follows the business cycle; otherwise, the Group treats 12 months as a business cycle and the criteria for classifying current and non-current assets and liabilities.

(IV) Recording currency

Renminbi has been adopted by the Group as its recording currency.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(V) Accounting treatments for business combinations involving and not involving entities under common control

Assets and liabilities acquired by the Group, as the combining party, in business combinations involving entities under common control are measured at the carrying amount of the combined party in the consolidated statements of the ultimate controller as at the date of combination. The difference between the carrying amount of the net assets acquired and the carrying amount of the consideration of combination paid shall be adjusted against the capital reserves. If the capital reserves are insufficient to offset the difference, any excess shall be adjusted against the retained earnings.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in business combinations not involving entities under common control are measured at fair value as at the acquisition date. The cost of combination is the sum of the fair value of cash or non-cash assets paid, liabilities issued or assumed and equity securities issued by the Group to obtain the control of the acquiree as at the acquisition date, and various directly related expenses incurred in the business combination (for business combination achieved through multiple transactions by phases, the combination cost of which is the sum of the cost of each individual transaction). Where the cost of combination exceeds the fair value attributable to the net identifiable assets of the acquiree acquired in the combination, the difference is recognized as goodwill, where the cost of combination is less than the fair value attributable to the net identifiable assets of the acquiree acquired in the combination, the fair value of each identifiable assets, liabilities and contingent liabilities acquired in the combination and the fair value of the non-cash assets or equity securities issued in the consideration of the combination shall be reassessed first, where the cost of combination is still less than the fair value attributable to the net identifiable assets of the acquiree acquired in the combination after reassessment, the difference is included in the consolidated non-operating income for the current period.

(VI) Preparation methods of consolidated financial statements

The Group includes all subsidiaries and structured entities under its control into the consolidated financial statements.

When preparing the consolidated financial statements, if the accounting policies and the accounting period that subsidiaries adopted are inconsistent with the Company, necessary adjustments are made to the financial statements of those subsidiaries according to the accounting policies or accounting period of the Company.

When preparing consolidated financial statements, all significant internal transactions, current balances and unrealised profits within the scope of combination shall be offset. The portion of owner's equity of the subsidiaries which does not belong to the parent company, and the portion of net profit or loss, other comprehensive income and total comprehensive income for the current period which belongs to the equity of minority shareholders, shall be listed under "minority equity, minority profit and loss, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders" items in the consolidated financial statements, respectively.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Preparation methods of consolidated financial statements (Continued)

For subsidiaries acquired through business combinations involving entities under common control, its operating results and cash flows shall be included in the consolidated financial statements since the beginning of the period of combination. When preparing comparative consolidated financial statements, adjustment shall be made to the related items in the financial statements for the last year, as if the reporting subject which was formed after combination had been in existence since the ultimate controlling party gains control.

For shareholding of the investee under common control through different transactions in stages which ultimately results in business combination, when preparing consolidated financial statements, it shall be adjusted as if it had been in existence in the current state since the ultimate controlling party gains control. When preparing comparative financial statements, time limit is the time not earlier than the Group and the combined party are both under the control of the ultimate controlling party, related assets and liabilities of the combined party shall be included into the comparative statements of the consolidated financial statements of the Group, and net assets added due to combination shall be adjusted against the related items under owner's equity in the comparative statements. In order to prevent double calculation of the value of net assets of the combined party, for long-term equity investment held by the Group before combination, from the date of obtaining original shareholding and the date on which the Group and the combined party are under the same ultimate control, whichever is later, to the date of combination, the related profit or loss recognized, other comprehensive income and other changes in net assets, shall be offset against the retained earnings at the beginning of the period and profit or loss for the current period in the comparative statements, respectively.

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows shall be included in the consolidated financial statements since the Group obtained its control. When preparing consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as basis, which were determined on date of acquisition.

For shareholding of the investee not under common control through different transactions in stages which ultimately results in business combination, when preparing consolidated financial statements, shareholding of the acquiree held before the date of acquisition shall be remeasured according to the fair value of such shareholding on the date of acquisition, difference between the fair value and the carrying value shall be included in the investment income for the current period; the relevant shareholding of the acquiree held before the date of acquisition involving other comprehensive income under the equity method as well as changes in other shareholder's equity excluding net profit or loss, other comprehensive income and profits appropriation will be converted to investment profit or loss in the period in which the acquisition date falls, excluding other comprehensive income arising from changes arising from the investee's remeasurement of the net liabilities or net assets in the defined benefit plans.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VI) Preparation methods of consolidated financial statements (Continued)

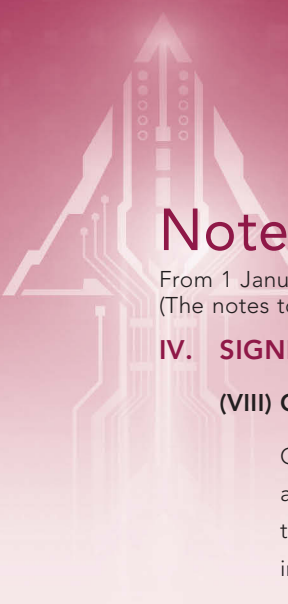
For disposal of the Group's long-term equity investment in a subsidiary in part without losing control, in the consolidated financial statements, the difference between the disposal consideration and the portion of net assets attributable to the disposed long-term equity investment in the subsidiary as accrued from the date of acquisition or combination, is adjusted against the share capital premium. If the capital reserves are insufficient to offset the difference, any excess shall be adjusted against the retained earnings.

Where control right over the investee is lost due to the disposal of partial equity investment of the Group or other reasons, the residual equity will be re-calculated based on the fair value thereof on the day the control is lost when preparing the consolidated financial statements. The balance from the sum of the consideration obtained from the equity disposal and the fair value of the residual equity minus the net assets of the original subsidiaries calculated continuously in proportion to the original holdings from the date of acquisition or combination shall be recorded into the investment profit or loss of the current period in which the control right is lost, with goodwill written off simultaneously. Other comprehensive income related with the equity investment of the original subsidiaries shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities when control is lost.

For disposal of the Group's equity investment in a subsidiary realised by two or more transactions until loss of control, if the transactions fall under a package deal, those transactions shall be accounted for as a deal under which the subsidiary is disposed of and control is lost. However, before losing control over the subsidiary, the balance between each disposal consideration and the corresponding share of the subsidiary's net assets entitled from the disposal of the investment shall be recognized as other comprehensive income in the consolidated financial statements and when control is lost, converted into investment profit or loss for the period in which control is lost. Other comprehensive income related with the equity investment of the original subsidiaries shall be accounted for on the same basis as the investee's direct disposal of the relevant assets or liabilities.

(VII) Classification of joint arrangements and accounting treatment method for joint operations

The joint arrangements of the Group are comprised of joint operations and joint ventures. For joint operation items, the Group, as a joint operator to the joint operation, shall recognize assets held and liabilities assumed individually, and recognize its share of attributable assets held and liabilities assumed and recognize income and expenses on individual basis or in proportion to its attributable share as agreed. For purchase and sale incurred in the joint operation which does not constitute an asset transaction of the operation, only the portion of the profit or loss attributable to the other participating parties of the joint operation arising from such transaction is recognized.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(VIII) Cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement refers to the investment with a term not more than 3 months and high liquidity, easily converted to known amounts of cash and subject to insignificant risk of change in value.

(IX) Foreign currency transactions and translation of foreign currency financial statements

1. Foreign currency transaction

The amount of the Group's foreign currency transactions shall be translated into that in RMB at the spot exchange rate on the transaction date. On the balance sheet date, monetary items in foreign currency are translated into RMB at spot rate of such date, and translation balance arising from which is directly included in the current profit or loss, except for exchange balances resulting from specific borrowings in foreign currency for purchasing and constructing or producing assets that conforms to capitalization conditions, and such exchange balances shall be treated as per the principles of capitalization.

2. Translation of foreign currency financial statements

Items in assets and liabilities of balance sheet in foreign currency are translated at the spot rate of the balance sheet date; except for "undistributed profits", items in owner's equity are translated at the spot rate when transactions occur; and income and expenses in income statements are translated at the average rate of exchange (or actual situation). Translation balance in the foreign currency statements arising from above translations shall be presented in items of other comprehensive income. Foreign currency cash flow shall be translated at the spot exchange rate. Amount affected by change in exchange rate on cash shall be listed in the cash flow statement separately.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities

The Group will recognize a financial asset or financial liability at the time when it becomes one party to the contract of the financial instruments.

1. Financial assets

(1) Classification, recognition basis and measurement method of financial assets

According to the business mode of financial assets management and the contractual cash flow characteristics of financial assets, the Group classifies financial assets into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

1) Financial assets at amortised cost

The Group shall classify the financial assets that meet the following conditions simultaneously into the financial assets measured at amortized cost: ① the business mode of the financial assets management takes the collection of contractual cash flow as the objective. ② The contract terms of the financial asset stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initially recognized amount; and the subsequent measurement will be conducted at the amortized cost. The difference between the initial amount and due amount shall be amortized by the effective interest method, unless designated as the hedged items, and the gain or loss arising from its amortization, impairment, exchange gain or loss and derecognition shall be included in the current profit or loss.

2) Financial assets at fair value through other comprehensive income

The Group shall classify the financial assets that meet the following conditions simultaneously into the financial assets at fair value through other comprehensive income: ① the business mode of the financial assets management takes the collection of contractual cash flow and disposal of such financial assets as the objective. ② The contract terms of the financial asset stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initially recognized amount. The gains or losses of such financial assets, other than the credit impairment loss or gain, exchange gain or loss and interest of such financial assets calculated by the effective interest method, shall be included in other comprehensive income, unless designated as the hedged items. When the financial assets are derecognized, the accumulative gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income, and included in the current profit or loss.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities (Continued)

1. Financial assets (Continued)

(1) Classification, recognition basis and measurement method of financial assets (Continued)

2) Financial assets at fair value through other comprehensive income (Continued)

The Group recognizes the interest income by the effective interest method. The interest income shall be determined by multiplying the book balance of financial assets by the effective interest rate, except for the following circumstances: ① for the purchased or originated financial assets that the credit impairment has occurred, their interest income shall be determined at their amortized costs and by the credit-adjusted effective interest rate from the initial recognition. ② For purchased or originated financial assets that the credit impairment has not occurred but the credit impairment has occurred in the subsequent period, their interest incomes shall be determined at their amortized costs and by the effective interest rate during the subsequent period.

The Group shall designate the non-trading equity instrument investment as the financial assets at fair value through other comprehensive income. This designation shall not be revoked once made. The non-trading equity instrument investment at fair value through other comprehensive income that the Group designates shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initially recognized amount; and other relevant gains and losses (including the exchange gain or loss) shall be included in other comprehensive income, and shall not be transferred in the current profit or loss subsequently, but the obtained dividends (except for those belonging to the investment cost recovered). When it is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive incomes and included in retained earnings.

3) Financial assets at fair value through profit or loss

The Group will classify the financial assets other than the above financial assets measured at the amortized cost and the financial assets at fair value through other comprehensive income into the financial assets at fair value through profit or loss. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the current profit or loss directly. The gain or loss of such financial assets shall be included in the current profit or loss.

The financial assets will be classified as the financial assets at fair value through profit or loss if they are recognized by the Group in the business combination not involving entities under common control and constituted by the contingent consideration.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities (Continued)

1. Financial assets (Continued)

(2) Recognition basis and measurement method of transfer of financial assets

The Group will derecognize the financial assets that meet one of the following conditions: ① the contractual right of collecting the cash flow of such financial assets is terminated; ② the financial assets are transferred, and the Group has transferred almost all risks and rewards related to the ownership of the financial assets; and ③ the financial assets are transferred, and the Group neither transfers nor retains almost all risks and rewards related to the ownership of the financial assets, as well as the control over such financial assets.

If the entire transfer of the financial assets meets derecognition conditions, the difference between the book value of transferred financial asset and the sum of consideration received from the transfer and the amount originally included in other comprehensive income directly and the accumulative amount of change in fair value corresponds to the derecognized part (the contract terms involving the transferred financial assets stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount) shall be included in the current profit or loss.

If the partial transfer of the financial assets meets derecognition conditions, the entire book value of the transferred financial assets shall be amortized at their own relative fair values between the derecognized part and the underecognized part, and the difference between the sum of consideration received from the transfer and the amount which should be amortized to the derecognized part, originally included in other comprehensive income directly and the accumulative amount of change in fair value corresponds to the derecognized part (the contract terms involving the transferred financial assets stipulate that, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount) and the entire book value of the aforesaid financial assets amortized shall be included in the current profit or loss.

(3) Expected credit losses

The Group recognizes loss provision on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income on the basis of expected credit losses.

For accounts receivable arising from transactions regulated by income standards, the Group shall measure the loss provision according to the amount equivalent to the expected credit loss during the whole duration.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities (Continued)

1. Financial assets (Continued)

(3) Expected credit losses (Continued)

For other financial instruments, except for the purchased or generated financial assets with credit impairment, the Group shall evaluate the changes in credit risk of relevant financial instruments since initial recognition on each balance sheet date. If the credit risk of the financial instrument has increased significantly since the initial recognition, the Group shall measure its loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Group shall measure its loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase or reversal amount of credit loss provision shall be included in the current profit or loss as impairment losses or gains, except for financial assets classified as measured at fair value through other comprehensive income. For financial assets classified as measured at fair value through other comprehensive income, the Group shall recognize its credit loss provision in other comprehensive income, and include impairment losses or gains in current profit or loss without reducing the carrying value of the financial assets listed in the balance sheet.

In the previous accounting period, the Group has measured the loss provision according to the amount equivalent to the expected credit loss during the whole duration of the financial instruments. But if there is no significantly increased credit risk of the financial instrument since initial recognition at the current balance sheet date, the Group shall measure the loss provision of the financial instruments on the current balance sheet date according to the amount equivalent to the expected credit loss in the next 12 months, and the reversal amount of the loss provision thus formed shall be included in the current profit or loss as impairment gains.

The Group uses reasonable and well-founded prospective information available to determine whether the credit risk of financial instruments has increased significantly since initial recognition by comparing the risk of default on the balance sheet date with the risk of default on the initial recognition date.

In the case of the Group expects the occurrence of one or more events that have a negative effect on the future cash flow of financial assets, such financial assets have undergone credit impairment.

When the Group no longer reasonably expects the contractual cash flow of a financial asset to be fully or partially recovered, the balance of the financial asset shall be directly written down. This write-down constitutes the derecognition of relevant financial assets.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities (Continued)

2. Financial liabilities

(1) Classification, recognition basis and measurement method of financial liabilities

Financial liabilities of the Group are classified, at the time of initial recognition, into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly included in current profit or loss; for other financial liabilities, the relevant transaction costs are recognized in their initial recognition amount.

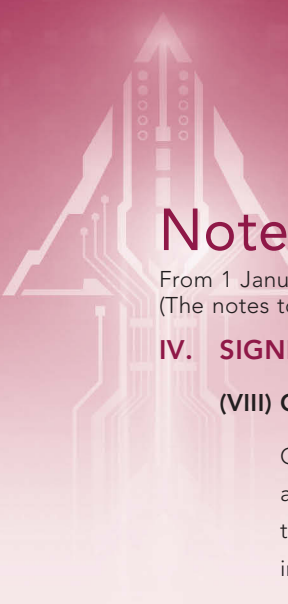
1) Financial liabilities at fair value through profit or loss

The financial liabilities at fair value through profit or loss, including financial liabilities held for trading and financial liabilities designated at fair value through profit or loss when initially recognizing, are measured subsequently at fair value, the profit or loss occurred from change in the fair value and the relevant dividend and interest expenditure of such financial liability are included in the current profit or loss.

2) Other financial liabilities

Other financial liabilities are subsequently measured at the amortized cost according to the effective interest method, with gains or losses arising from derecognition or amortization recorded in profit or loss. Except for the following items, the Group classifies the financial liabilities as the financial liabilities measured at amortized cost: ① financial liabilities at fair value through profit or loss, including the financial liabilities held for trading (including derivative instruments belonging to the financial liabilities) and financial liabilities designated as at fair value through profit or loss. ② Financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to involve in the transferred financial assets. ③ Financial guarantee contracts that do not fall under the above circumstances ① or ②, and loan commitments that do not fall under the above circumstance ① and lend at a rate lower than market interest rates.

The financial liabilities recognized by the Group as the acquirer in the business combination not involving entities under common control and constituted by the contingent consideration shall be subjected to the accounting treatment at fair value through profit or loss.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities (Continued)

2. Financial liabilities (Continued)

(2) Derecognition conditions of financial liabilities

Where the current obligation of financial liability has been terminated entirely or partially, the financial liability or obligation that has been terminated shall be derecognized. Where the Group enters into an agreement with a creditor, so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall stop the recognition of the existing financial liability, and shall at the same time recognize the new financial liability. Substantial adjustments by the Group to all or partial terms in contracts related to existing financial liabilities shall be considered as derecognition for all or parts of existing financial liabilities, and such financial liabilities after modification shall be deemed as new financial liabilities.

When a financial liability is derecognized in full or in part, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is included by the Group in profit or loss for the period.

3. Determination methods for fair values of financial assets and financial liabilities

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. Quoted price in the active market represents quoted price which can be easily obtained periodically from exchange market, brokers, industry associations or pricing services agency, etc., which is the transactions amount in arm's length transactions. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent market transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, discounted cash flow analysis and option pricing models, etc. At the time of valuation, the Group adopts valuation techniques that are applicable in the current circumstances and are sufficiently supported by data and other information to select inputs that are consistent with the characteristics of the assets or liabilities that market participants would take into account in a transaction for the asset or liability, and maximises the use of relevant observable inputs. Unobservable inputs shall be used if the relevant observable inputs are not available or are not practicable.

The investment of the Group in the equity investment shall be measured at the fair value. However, under the limited circumstances, if the recent information for determining the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and the cost represents the best estimate for the fair value within this range, such cost could represent its appropriate estimate for the fair value within this distribution range.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(X) Financial assets and financial liabilities (Continued)

4. *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities of the Group shall be presented separately in the balance sheet and be not mutually offset. However, the net amount is presented in the balance sheet after being offset, when the following conditions are met at the same time: (1) The Group has a legal right to offset the recognized amount and that such legal rights are currently enforceable; and (2) The Group plans to settle by the net assets or sell off financial assets and liquidate the financial liabilities at the same time.

5. *Distinction between financial liabilities and equity instruments and related treatment method*

The Group distinguishes financial liabilities and equity instruments according to the following principles: (1) If the Group fails to unconditionally perform one contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contractual obligations indirectly through other terms and conditions. (2) If one financial instrument must or may be settled by the Group's own equity instrument, the Group's own equity instrument used for settling such instrument shall be considered as an substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, this instrument is the financial liability of the issuer. If it is the latter, the instrument is the equity instrument of the issuer. Under certain circumstances, a financial instrument contract requires that the Group must or may settle the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contractual right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Group's own equity instrument, the contract is classified as financial liability.

When classifying a financial instrument (or its components) in the consolidated statements, the Group takes into consideration all the terms and conditions agreed between members of the Group and holders of financial instruments. If the Group as a whole has assumed the obligation to deliver cash, other financial assets or settle it by other means of rendering the instrument a financial liability, the instrument should be classified as a financial liability.

Where the financial instruments or their components are classified as financial liabilities, the related interest, stock dividends (or dividends), gains or losses, gains or losses arising from redemption or refinancing, etc., are included in the current profit or loss.

Where the financial instruments or their components are classified as equity instruments, its issue (including refinancing), repurchase, sale or cancellation is treated as a change in equity, and the change in fair value of the equity instrument is not recognized.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XI) Notes receivable

For notes receivable formed by the Group's external sales of goods or provision of labor services specified by the Accounting Standards for Business Enterprises No. 14 – Revenue, whether it contains significant financing components, the Group measures loss provision in accordance with the expected credit losses for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included into the current profit or loss as an impairment loss or gain.

Notes receivable are divided into different portfolios and the accounting estimation policies for the expected credit loss thereof are determined by the Group based on the shared characteristics of acceptors' credit risks.

The Group considered its experience of historical credit loss, the current situation and its forecast of the future economic condition in compiling a table which compares the rate of the expected credit loss of the duration to calculate the expected credit loss. Credit losses actually incurred by the Group, and notes receivable not being accepted at maturity are transferred to accounts receivable for disclosure.

(XII) Accounts receivable

Accounts receivable arising from the Group's external sales of goods or provision of labor services specified by the Accounting Standards for Business Enterprises No. 14 – Revenue is initially recognized at the fair value of contract or agreement price receivable from the purchaser. For accounts receivable, whether it contains significant financing components, the Group measures loss provision in accordance with the expected credit losses for the entire life period, and the increase or reversal of the loss provision resulting therefrom is included into the current profit or loss as an impairment loss or gain.

For the accounts receivable with objective evidence of impairment, and other accounts receivable subject to separate assessment, impairment tests are individually conducted by the Group on balance sheet date to recognise the expected credit loss and to provide an individual impairment allowance. For the accounts receivable without objective evidence of impairment or the expected credit loss cannot be estimated for an individual financial asset at a reasonable cost, the Group grouped accounts receivable in accordance with credit risk characteristics and calculated the expected credit loss based on portfolios.

The basis for determining the portfolio is as follows:

Name of the portfolio	Basis for determining the group	Provision method
Portfolio of credit risk characteristics	Common credit risk characteristics based on the portfolio of credit risk characteristics	The Group considered its experience of historical credit loss, the current situation and its forecast of the future economic condition in compiling a table which compares the credit risk of accounts receivable customers with the rate of the lifetime expected credit loss to calculate the expected credit loss

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIII) Accounts receivable financing

In managing the liquidity, the Group discounts or endorses part of the notes receivable before their maturity, and derecognises the discounted or endorsed notes receivable when the Group has transferred substantially all the risks and rewards of such notes receivable to relevant counterparty. The Group's business model for the management of notes receivable is aimed at both the collection of contractual cash flow and the sale of the financial assets. Therefore, it is classified as financial assets at fair value through other comprehensive income, which are listed in the accounts receivable financing.

The financial assets at fair value through other comprehensive income, except for credit impairment losses or gains and exchange gains or losses, all other gains or losses generated shall be recorded in other comprehensive income, until the financial assets are derecognized or reclassified.

When the recognition of the financial assets is terminated, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred out from other comprehensive income and recorded in the current profit or loss.

(XIV) Other receivables

The Group shall measure loss provision for other receivables according to the following situations: ① for financial assets whose credit risk has not increased significantly since the initial recognition, the Group shall measure the loss provision according to the amount of the expected credit loss in the next 12 months; ② for financial assets whose credit risk has increased significantly since the initial recognition, the Group shall measure the loss provision according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration; and ③ for the purchased or originated financial assets that have suffered credit impairments, the Group shall measure the loss provision according to the amount equivalent to the expected credit loss in the whole duration.

For other accounts receivable, the Group, in the aspect of individual instrument, cannot obtain sufficient evidence about credit risk increased significantly at a reasonable cost, and it is feasible to assess whether there is a significant increase in credit risk on the basis of portfolio. Therefore, taking financial instrument type, credit risk rating, type of collateral, initial recognition date, remaining contract term, industry of debtors, geographical location of debtors, and the value of collateral relative to financial assets as the common risk characteristics, the Group groups other accounts receivable, considers whether credit risk increases significantly on a portfolio basis, and calculates expected credit losses on a portfolio basis.

On the balance sheet date, the Group calculates the expected credit loss of other receivables. If such expected credit loss is greater than the current book value of the impairment provision for other receivables, the Group recognizes the difference as an impairment loss of other receivables. In contrast, the Group recognizes the difference as impairment gains.

Where the Group actually suffers credit loss, and determines that the relevant other receivables cannot be recovered, the receivables shall be written off.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Other receivables (Continued)

Based on actual credit losses in previous years, and the prospective information in the current year, the Group calculates the expected credit loss by exposure to default risk and the expected credit loss rate for the next 12 months or the whole life period.

(XV) Inventories

The Group's inventory mainly includes raw materials, products in progress, finished goods, and turnover materials.

The perpetual inventory system is adopted for inventories. Inventories are valued based on their actual cost when obtained. The raw materials in the entire aircraft business segment are calculated at the planned cost, the difference between the planned cost and the actual cost is calculated through the item of material cost difference, and the cost difference assumed for the inventories will be pay by instalment so as to adjust the planned cost to the actual cost. Other inventories are priced according to the weighted average method when receiving and dispatching. Turnover materials include low-value consumables, packaging materials, and special tooling. Low-value consumables and packaging materials are amortized using the immediate write-off method, and special tooling is amortized in installments according to the output quota.

For the finished goods, products in progress, materials for sale and other merchandise inventories directly for sale, the net realizable values thereof shall be recognized at the balance after the estimated selling price of such inventories deducts the estimated sales expenses and relevant taxes. For the material inventories held for production, the net realizable values thereof shall be recognized at the balance after the estimated selling price of the finished product deducts the estimated costs to be incurred upon completion, estimated sales expenses and related taxes.

(XVI) Contract assets

1. Recognition methods and standards for contract assets

Contract assets refer to the right of the Group who transferred the commodity to the customer to receive the consideration, and the right depends on other factors excluding the passage of time. If the Group sells two clearly distinguishable commodities to the customer, due to the delivery of one of the commodities, it has the right to receive payment, but the collection of such payment shall also depend on the delivery of the other commodity, and the Group shall have the right to receive such payment as the contractual asset.

2. Determination method and accounting treatment of expected credit loss of contract assets

In terms of method of determining the expected credit loss of contract assets, for contract assets arising from the normal performance of contracts by the Group, the Group recognises provision for impairment of contract assets at the lifetime expected credit loss of contract assets. The method of determination shall refer to Note IV. 12. Accounting policies applicable to the impairment of accounts receivable.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVII) Contract cost

1. *Determination method of assets related to contract costs*

The Group's assets related to contract costs include contract performance cost and contract acquisition cost.

If the contract performance cost, namely, the cost incurred by the Group for the implementation of the contract, is not in the scope of the accounting standards for other enterprises and simultaneously meets the following conditions, it shall be recognized as an asset as the contract performance cost: the cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing costs, costs clearly borne by the customer, and other costs incurred solely as a result of the contract; the cost increases the Group's resources for future using for performance of obligations; and the cost is expected to be recovered.

If the contract acquisition cost, namely, the incremental cost incurred by the Group for the acquisition of the contract, is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost; and if the amortization period of the asset does not exceed one year, it is included in the current profit and loss when it occurs. Incremental cost refers to the cost that would not have occurred if the Group had not obtained the contract. Other expenses incurred by the Group for the acquisition of the contract, excluding the incremental costs expected to be recovered, include in the current profit and loss when it occurs, however, except costs clearly borne by the customer.

2. *Amortization of assets related to contract costs*

The assets related to the contract costs of the Group are amortized on the same basis as the recognized sales revenue related to the assets and include in the current profit and loss.

3. *Impairment of assets related to contract costs*

When determining the impairment losses of assets related to contract costs, the Group shall first determine the impairment losses of other assets related to the contract and recognized in accordance with the accounting standards of other relevant enterprises; and then, according to the difference between the book value and the remaining consideration that the Group is expected to obtain due to the transfer of the commodities related to the asset, and the difference between the book value and the estimated costs due to the transfer of the relevant commodity, the impairment provision shall be made for the excess and recognized as asset impairment loss.

If the factors of impairment in the previous period change later, making the aforesaid difference higher than the book value of the asset, the originally made asset impairment provision shall be reversed and included in the current profit or loss, but the book value of the reversed asset shall not exceed the book value of the asset on the reversal date assuming that no impairment provision is made.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Long-term equity investments

The long-term equity investment of the Group is mainly aimed to subsidiaries, associates and joint ventures.

The Group judges the common control based on the point that all the participants or group of participants collectively control the arrangement, and that the policies for the activities related to the arrangement must be agreed by participants who collectively control the arrangement.

It is generally considered that the Group, when holding, directly or through subsidiaries, more than 20% (included) but less than 50% of the voting right of the investee, has a significant influence on the investee. When the Company holds less than 20% voting right of the investee, it shall comprehensively consider the facts and conditions that whether a representative has been sent to the board of directors or similar authority body in the investee, or whether participating in formulation of financial and operating policies of the investee, significant transaction happened with the investee, dispatching managers to the investee or providing key technical data to the investee, etc., to judge whether the Company has significant influence to the investee.

The investee under the control of the Group shall be deemed as a subsidiary of the Group. If the long-term equity investment is obtained from the business combinations involving entities under common control, the share of book value of owners' equity of the merged party in consolidated financial statements of the ultimate controlling party on the date of merger shall be deemed as the initial investment cost of the long-term equity investment. If the book value of the net asset of the combined party on the combining date is negative, the cost of long-term equity investment shall be determined as zero.

As to equity of the investee under common control acquired step by step through multiple transactions and business combination finally completed, which belongs to a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control right. If the transactions do not belong to a package deal, the share of book value of net asset of the combined party in consolidated financial statements of the ultimate controlling party on the combining date shall be deemed as the initial investment cost of the long-term equity investment. The balance between the initial investment cost and the sum of the book value of long-term equity investment which has reached the amount before the combination and the book value of new payment consideration obtained on the combining date shall be applied to adjust capital reserve. If the capital reserve is insufficient to set it off, the retained earnings shall be written down.

For long-term equity investment obtained through business combination not involving entities under common control, consolidated cost shall be recognized as initial investment cost.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Long-term equity investments (Continued)

As to equity of the investee not under common control obtained step by step through multiple transactions and business combination finally completed, which belongs to a package deal, the Group performs accounting treatment by regarding all transactions as a transaction for acquiring control right. If it is not a package deal, the sum of book value of equity investment originally held and new investment cost is taken as the initial investment cost calculated by the cost method. If the equity held before the purchase date is calculated by equity method, other related comprehensive income calculated by the original equity method shall not be adjusted; and the accounting treatment shall be conducted as per the same basis as that of disposing related assets or liabilities of the investee when disposing the investment. Where the equity held before the purchase date is calculated by fair value in other equity instruments, and then accumulative change of the fair value originally included in other comprehensive income shall be transferred into current investment profit or loss on the purchase date.

Except long-term equity investment obtained through business combination, for those obtained by cash, purchase amount actually paid shall be used as the investment cost; for those obtained through issuing equity security, the fair value of equity security issued shall be used as the investment cost; and for those obtained through contribution by the investor, the value agreed as per the investment contract or agreement shall be used as the investment cost; and for those obtained through debt restructuring, non-monetary assets exchange, etc., then investment cost shall be recognized as per related accounting standards for enterprises.

The Group calculates the investment to the subsidiaries by cost method, with equity method adopted for joint ventures and associates.

Long-term equity investment subsequently measured by cost method shall be calculated at fair value of cost paid for the additional investment and book value of the cost of the long-term equity investment added through related transaction fees incurred. Cash dividends or profits that the investee declares to distribute shall be recognized as the current investment profits as per the amount enjoyed.

For long-term equity investment subsequently measured by equity method, the book value of long-term equity investment shall be accordingly increased or decreased as the owner's equity of the investee changes. Wherein, the Group shall, when recognizing the shares of the net losses of the investee that shall be enjoyed by the Group, calculate the portion that belongs to the investing enterprise based on the fair value of each identifiable asset of the investee upon acquisition as well as the Group's accounting policies and accounting period in accordance with the shareholding ratio by offsetting profit or loss of internal transaction incurred between the joint venture and associate, then recognize the net profits of the investee after adjustment.



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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Long-term equity investments (Continued)

When disposing of long-term equity investment, the balance between the book value and actual price for acquisition shall be included in the current investment income. If the long-term equity investment calculated by equity method is included in the shareholders' equity due to other change of the owner's equity of the investee other than net profit or loss, the portion previously included in the shareholders' equity shall, when disposing of a long-term equity investment, go through accounting treatment on the same basis on which the investee directly disposes the related assets or liabilities according to a certain proportion.

Where the Company's joint control or significant influence over the investee is lost due to the disposal of partial equity investment, the residual equity after disposal will be calculated as per other equity instruments, the balance between the fair value and book value thereof on the date the joint control or significant influence is lost shall be included in the current profit or loss. Other comprehensive income recognized by calculating original equity investment by equity method shall go through accounting treatment on the same basis on which the investee directly disposes the related assets or liabilities when ceasing to use equity method.

For loss of control in the investee due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the investee after disposal, it shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence to investee after disposal, it can be accounted as under investment in other equity instruments, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

Various transactions of the Group from step-by-step equity disposal to loss of control right do not belong to the package deal, and every transaction is separately subject to accounting treatment. If the transactions belong to "package deal", then the Group shall conduct accounting treatment to the transaction which shall be taken as a transaction for disposing subsidiaries with control right lost; and however, before loss of control right, the balance between each price disposal and the book value of long-term equity investment correspondingly in equity disposed shall be recognized as other comprehensive income and then wholly transferred into the current profit or loss when losing control right. Other comprehensive income related with the equity investment of the original subsidiaries shall go through accounting treatment on the same basis on which the investee directly disposes the related assets or liabilities.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIX) Investment properties

Investment properties of the Group include plant, buildings and land use rights, which shall be subject to subsequent measurement on a cost basis.

The Group's investment properties shall be depreciated or amortized by the straight-line method. The estimated useful life, net residuals rate and annual rate of depreciation (amortization) of various investment properties are as follows:

Category	Estimated useful life	Estimated net residuals rate	Annual rate of depreciation (amortization)
Land use right	20-50 years	0%	2% to 5%
Plant & buildings	20-45 years	3% to 5%	2% to 4.75%

At least at the end of each year, the Group reviews the useful life, estimated net residual value, and depreciation or amortization methods of investment properties, and makes adjustments if necessary.

When an investment property is disposed of, or it is expected that no economic benefits will be generated through use or disposal, the investment property shall be derecognised. The disposal income from the sale, transfer, scrapping or destruction of investment properties and the amount deducted from its book value and related taxes are included in the current profit or loss.

(XX) Fixed assets

The fixed assets of the Group feature the following characteristics: tangible assets held for the sake of producing goods, rendering services, renting (excluding rented plant and buildings) or operating management, with a useful life in excess of one year.

No fixed asset may be recognized unless it simultaneously meets the conditions as follows: The economic benefits pertinent to the fixed asset are likely to flow into the Group; and the cost of the fixed asset can be measured reliably. Fixed assets of the Group include plant and buildings, machinery equipment, office facilities, electronic equipment, transportation equipment and other equipment.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XX) Fixed assets (Continued)

Except for the fully depreciated fixed assets that are still in use, all the fixed assets of the Group shall be depreciated. Straight line method shall be adopted for calculating depreciation. The depreciation life by category, estimated net residuals rate and depreciation rate of the fixed assets of the Group are as follows:

No.	Category	Depreciation life (year)	Estimated residuals (%)	Annual depreciation rate (%)
1	Plant & buildings	12-40	0 to 5	2.00 to 8.08
2	Machinery equipment	3-18	0 to 5	4.75 to 31.67
3	Transportation equipment	4-10	0 to 5	9.70 to 23.75
4	Electrical equipment	3-10	0 to 5	9.70 to 31.67
5	Office facilities	3-5	0 to 5	11.88 to 32.33
6	Other equipment	3-30	0 to 5	3.23 to 31.67

The Group will review the estimated useful life, estimated net residual value and depreciation method for fixed assets at the end of each year. In case of change, it shall be treated as change of accounting estimates.

A fixed asset is derecognized on disposal or when no economic benefits are expected from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and relevant taxes is included in profit or loss for the period.

(XXI) Construction in progress

Construction in progress ready for intended use shall be carried over to fixed assets based on the estimated value according to construction budget, project cost or actual project cost. The depreciation shall be drawn from the next month. After going through procedures of completion settlement, the difference of the original value of the fixed assets shall be adjusted.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXII) Borrowing costs

Borrowing costs are interest and other related costs arising from the Group's borrowings. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

The borrowing costs directly belonging to fixed assets, investment properties and inventories that require more than one year of acquisition or construction to be ready for intended use or selling shall be capitalized when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets be ready for intended use or selling begin. When the assets meeting the capitalization requirements are acquired or constructed to be ready for intended use or selling, the capitalization shall be terminated, and the borrowing costs incurred subsequently shall be included in the current profit or loss. If assets satisfying capitalization conditions are suddenly suspended in acquisition or construction for more than three months continuously, the capitalization of the borrowing costs shall be suspended until the restart of acquisition or construction of the assets.

The actually incurred interest costs of special borrowings in current period shall be capitalized after the interest income from deposits in banks or investment income from temporary investment with the unused borrowings is deducted from it. The capitalized amount of general borrowings shall be obtained by multiplying the weighted average of the excess of the accumulated asset expenditures over the asset expenditures of special borrowings with the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

(XXIII) Right-of-use assets

A right-of-use asset refers to the right of the Group as the lessee to use the leased asset during the lease term.

1. Initial measurement

At the commencement date of the lease term, the Group initially measures the right-of-use assets at cost. The cost includes the following four items: ① initial measurement amount of lease liabilities; ② deducted amount related to the enjoyed lease incentive if there is a lease incentive for the lease payment made on or before the commencement date of the lease term; ③ initial direct cost incurred, i.e. incremental cost incurred to reach the lease; ④ costs expected to be incurred for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the leasing terms, except those incurred for the production of inventory.

2. Subsequent measurement

After the commencement date of the lease term, the Group uses the cost model to carry out subsequent measurement on the right-of-use asset, i.e. the right-of-use assets is measured by the cost minus accumulated depreciation and accumulated impairment loss.

If the Group remeasures the lease liabilities in accordance with the relevant provisions of the leasing standards, the book value of the right-of-use asset shall be adjusted accordingly.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIII) Right-of-use assets (Continued)

3. Depreciation of right-of-use assets

Starting from the commencement date of the lease term, the Group will depreciate the right-of-use asset. The right-of-use asset is usually depreciated from the current month that the lease term starts. The depreciation amount for provision is included in the cost of underlying assets or the current profit or loss according to the use of the right-of-use asset.

When determining the depreciation method for the right-of-use asset, the Group makes a decision based on the expected consumption mode of economic benefits related to the right-of-use asset, and depreciates the right-of-use asset by the straight-line method.

When determining the depreciation life of right-of-use asset, the Group follows the following principles: if the ownership of leased asset can be reasonably confirmed to be acquired at the expiration of lease term, the depreciation shall be carried out within the remaining useful life of leased asset; otherwise, the depreciation shall be carried out within the lease term or the remaining useful life of leased asset, whichever is shorter.

4. Impairment of right-of-use assets

If the right-of-use asset is impaired, the Group will carry out subsequent depreciation according to the book value of the right-of-use asset after deducting the impairment loss.

(XXIV) Intangible assets

The intangible assets of the Group include land use right, software, patent right, trademark right, franchise, customer resources, etc., which shall be measured at actual cost when being obtained; for the intangible assets purchased, price actually paid and related other expenditure shall be deemed as actual cost; and for the intangible assets invested by the investor, value agreed in accordance with investment contract or agreement is recognized as actual cost, except value agreed in the contract or agreement is unfair, in such case, the actual cost shall be recognized at fair value. The intangible asset, which is owned by the acquiree in a business combination not involving entities under common control but has not been recognised in its financial statement, shall be recognised as an intangible asset at its fair value upon the initial recognition on the acquiree's assets. The intangible assets contributed by State shareholders at the reorganization of the Company into a corporation entity are recognized based on the revalued amounts approved by the state-owned assets administration department.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

Land use rights that are purchased by the Group are normally accounted for as intangible assets. Self-developed and constructed buildings such as plants, the relevant land use rights and buildings are accounted for as intangible assets and fixed assets, respectively. If the purchase costs of land use rights and buildings located thereon cannot be reliably allocated between the land use rights and buildings, they are all recognised as fixed assets.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXIV) Intangible assets (Continued)

Intangible assets with a definite useful life are amortised on a straight-line basis over their useful lives. The Group reviews the useful lives and the amortisation method of intangible assets with finite useful lives, and adjusts if necessary, at least at each year end.

(XXV) Research and development

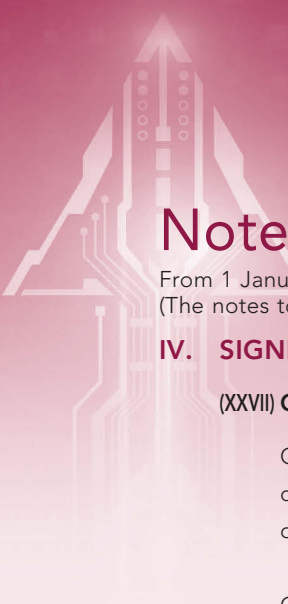
The Group divides expenses for internal research and development projects into expenses in the research phase and expenses in the development phase. Expenses in the research phase are included in current profit or loss as incurred. Expenses in the development phase may only be capitalized if the following conditions are satisfied simultaneously: the completion of such intangible assets for use or sale is technically feasible; the Company has the intention to use or sell the intangible assets upon completion; the way in which the intangible assets bring economic benefits shows that there exists a consumption market for the products with use of these intangible assets or the intangible assets themselves, or that they are useful in case of internal utilization; the Company has sufficient technological, financial and other resources to complete the development of the intangible assets and the ability to make them available for use or sale; and the expenses attributable to such intangible assets can be measured reliably at the development stage. Development expenses not satisfying all above conditions are included in current profit or loss as incurred.

The expenditures in the planned investigation, evaluation and selection phases for researching products are expenditures in the research phase, which are included in the current profit or loss when they occur; before mass production, the expenditures in the design and testing phases for the final application of the product are expenditures in the development phase, and if the following conditions are met at the same time, shall be capitalized:

- (1) The development of the product has been sufficiently proved by the technical team;
- (2) The budget relating to the product development has been approved by the management;
- (3) It can be demonstrated that the products due to development have potential market from previous marketing investigation;
- (4) There are adequate technical and financial resources for the development of products and subsequent large-scale production;
- (5) The expenditure attributable to the product during its development phase can be liable measured.

(XXVI) Long-term deferred expenses

Long-term deferred expenses of the Group include renovation costs, leasehold improvements and other expenses. Such expenses shall be equally amortized in the benefit period. If the long-term deferred expenses items will not benefit the future accounting period, the amortized value of unamortized items shall be all transferred to the current profit or loss.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVII) Goodwill

Goodwill is the amount at the acquisition date or purchasing date of the investment cost or cost of business combination not involving entities under common control, that exceeds the acquirer's interest in the fair value of the investees' or acquirer's identifiable net assets.

Goodwill related with subsidiaries is presented in consolidated financial statements as a separate item. Goodwill related with joint ventures and associates are included in the carrying amount of long-term equity investment.

(XXVIII) Impairment of non-financial long-term assets

The Company reviews items such as long-term equity investments, investment properties, fixed assets, construction in progress and right-of-use assets measured by the cost model, intangible assets with definite useful life, etc. on each balance sheet date. The Group conducts impairment test when there is any indication of impairment. Goodwill and intangible assets with indefinite useful life are tested at the end of each period for impairment, whether indication of impairment exists or not.

If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset. The recoverable amount shall be the higher of the net amount after deducting the cost of disposal from the fair value of an asset and the present value of the future cash flow of the asset. The Group estimated the recoverable amount on the basis of individual assets. If the recoverable amount of an individual asset is hard to be estimated, the recoverable amount of an asset group shall be determined based on the asset group where the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the purchase date on a reasonable basis, to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or sets of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset group to which goodwill has been allocated for impairment, if there is any indication of impairment, the Group firstly tests the asset group or set of asset groups excluding the amount of goodwill allocated for impairment, calculates the recoverable amount and recognises impairment loss if any. After that, the Group tests the asset group or set of asset groups including goodwill for impairment. The carrying amount of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss shall firstly charge against the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then charge against the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, on a pro rata basis of the carrying amount of each asset.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXVIII) Impairment of non-financial long-term assets (Continued)

If the impairment test shows that the book value of the asset is greater than its recoverable amount, the difference between the two is recognized as impairment loss.

Such impairment loss, once recognized, should not be reversed in later accounting period.

(XXIX) Contract liabilities

The contract liabilities reflect the Group's obligations to transfer commodities to the customer due to customer consideration received or receivable. If the customer has paid the contract consideration or the Group has obtained the right to receive the contract consideration unconditionally before the transfer of the commodities to the customer, the contract liability shall be confirmed according to the amount received or receivable at the earlier of the date of actual payment from the customer and the due date of payment. Contract assets and contract liabilities of same contract are presented in net amount.

(XXX) Employee compensation

Employee compensation of the Group includes short-term compensation, post-employment welfare, dismissal welfare and other long-term welfares.

Short-term compensation mainly includes employee salary, bonus, allowance and subsidy, employee benefit, social insurance premium, housing provident fund, etc. The Group shall recognize the short-term compensation actually incurred as liability and include it in the current profit or loss or related asset cost based on the beneficiaries during the accounting period when employees provide services.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance, annuity payments, etc., which shall be classified into defined contribution plan and defined benefit plan as per the risk and obligation assumed by the Company. Contribution that paid to individual subject based on a specific percentage of the employee's total salary for the services provided by the employees in the accounting period on the balance sheet date as per the defined contribution plan shall be recognized as liabilities, and included in the current profit or loss or related asset cost as per the benefit object. Some subsidiaries of the Group operate a defined benefit pension plan. No funds are injected in the plan. The measurement of the obligations arising from the defined benefit pension plan is estimated with the projected unit credit method, and the vesting period of the related obligations is determined. The actuarial gains or losses arising from the remeasurement of the defined benefit pension plan shall be immediately recognized in the balance sheet, and shall be included in the owner's equity through other comprehensive income during the period of occurrence, and shall not be transferred back to the profit or loss in the subsequent period. The past service cost caused by the modification of the defined benefit pension plan shall be recognized as the current expenses at the earlier of the date when the defined benefit plan is modified by the relevant subsidiary or when the relevant restructuring expenses or the termination benefits are confirmed. The net interest of the defined benefit pension plan is calculated by multiplying the net debt of the defined benefit pension plan by the discount rate. The Group recognizes changes in net liabilities of the defined benefit plan under administrative expenses and finance expenses in the income statement, which include current service cost, past service cost and gains or losses on settlement, and net interest.

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From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXX) Employee compensation (Continued)

Termination benefits are incurred when the Company terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy. If the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognized with a corresponding charge to the profit or loss for the period.

Other long-term welfare refers to all employee benefits except for short-term remuneration, post-employment welfare, and dismissal welfare.

(XXXI) Lease liabilities

1. Initial measurement

The Group initially measures the lease liabilities according to the present value of the lease payment which is not made at the commencement of the lease term.

(1) Lease payment

Lease payment refers to the amount paid by the Group to the lessor relating to the right to use the leased asset during the lease term, including: ① fixed payment and substantial fixed payment, of which the amount related to lease incentive shall be deducted if there is lease incentive; ② variable lease payment depending on index or ratio, which is determined according to the index or ratio at the commencement date of the lease term during initial measurement; ③ exercise price of purchase option when the Group reasonably determines to exercise purchase option; ④ payment made for exercising the option to terminate the lease when the lease term reflects that the Group exercises such option; and ⑤ amount expected to be paid according to the guaranteed residual value provided by the Group.

(2) Discount rate

In calculating the present value of the lease payment, the Group adopts the incremental borrowing rate as the discount rate. The incremental borrowing rate refers to the interest rate that the Group should pay to borrow funds under similar mortgage conditions during a similar period in order to obtain assets with a value close to the value of the right-of-use assets under similar economic circumstances. The interest rate is related to the following matters: ① the Group's own situation, namely, the Group's solvency and credit status; ② term of "borrowing", namely the lease term; ③ the amount of "borrowed" funds, namely, the amount of lease liabilities; ④ "mortgage conditions", namely, the nature and quality of the underlying assets; and ⑤ economic environment, including the jurisdiction where the lessee is located, pricing currency, contract signing time, etc. Based on the Group's the average interest rate of the borrowing rate during the same period, the Group makes adjustment by considering the above factors to obtain the incremental borrowing rate.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXI) Lease liabilities (Continued)

2. Subsequent measurement

After the commencement date of the lease term, the Group will carry out subsequent measurement of the lease liabilities according to the following principles: ① increase the carrying amount of the lease liabilities when confirming the interest on the lease liabilities; ② reduce the carrying amount of lease liabilities when making the lease payment; ③ remeasure the book value of the lease liabilities when the lease payment changes due to revaluation or lease change.

The interest expenses of the lease liabilities within each lease term shall be calculated according to the fixed periodic rate, and included in the current profit or loss, except for those should be capitalized. Periodic rate refers to the discount rate adopted by the Group when initially measuring the lease liabilities, or the revised discount rate adopted by the Group when the lease liabilities need to be remeasured according to the revised discount rate due to changes in the lease payment or lease changes.

3. Remeasurement

After the commencement date of the lease term, in case of the following circumstances, the Group shall remeasure the lease liabilities according to the changed lease payment and the present value calculated by the revised discount rate, and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liabilities still need to be further reduced, the Group shall include the remaining amount in the current profit or loss. ① The substantial fixed payment changes; ② the expected payable amount of the guaranteed residual value changes; ③ the index or ratio used to determine the lease payment changes; ④ the evaluation result of purchase option changes; and ⑤ the evaluation result of renewal option or option to terminate the lease or actual exercise changes.

(XXXII) Share-based payment

The share-based payment settled by equity for obtaining services of employees shall be measured according to the fair value on the date when granting the equity instrument to employees. In situations where the amount of fair value is only vested after completing services in waiting period or reaching specific performance conditions, the amount fair value calculated by the method of line based on the optimal estimation of the quantity of vesting equity instruments in waiting period shall be included in relevant cost or expense, with capital reserves increased correspondingly.

Share-based payment settled by cash shall be measured at the fair value of liabilities recognized based on shares or other equity instruments assumed by the Group. For the share-based payment with immediate vesting after it is granted, its relevant cost or expenditure shall be included on the date when it is vested with increasing the liabilities correspondingly; for the share-based payment vesting only after the services in the waiting period is completed or the specified performance conditions are satisfied, the services obtained in the current period shall be recorded into costs or expenditures based on the optimal estimation of the vesting and at the fair value of the liabilities assumed by the Company on each balance sheet date within the waiting period, and the liabilities shall be adjusted correspondingly.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXII) Share-based payment (Continued)

On each balance sheet date and settlement date before settlement of relevant liabilities, the fair value of liabilities shall be remeasured, and its changes shall be included in the current profit or loss.

If the Group cancels the equity instruments granted in the waiting period (except for those canceled due to failing to meet the vesting conditions), such a cancellation shall be treated as accelerated vesting as that stock payment plan in the remaining waiting period has fully met the vesting conditions; and the Group will recognize all expenses in the remaining waiting period on the current period of canceling vested equity instrument.

(XXXIII) Estimated liabilities

Where the business related to foreign guarantee, commercial acceptance discount, pending litigations or arbitrations, product quality assurance, etc. meets the following conditions, the Group will recognize it as liabilities: current obligation borne by the Group; great possibility of economic benefit outflow because of performing the obligations; reliable measurement for the amount of the obligations.

Estimated liabilities are initially measured at the best estimate required to be paid when performing relevant current obligations, with comprehensive consideration of such factors as risks, uncertainties and time value of money related to contingencies. On each balance sheet date, the book value of the estimated liabilities shall be reviewed. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

(XXXIV) Recognition principles and measuring methods of revenue

At the effective date of contract, the Group shall assess the contract, identify each of the performance obligations in the contract, as well as ensure whether each of the performance obligations is to be fulfilled over time or at a particular point in time, and subsequently confirm the revenue accordingly upon the complete fulfillment of each of the performance obligations.

If the contract contains two or more performance obligations, the Group shall, at the beginning of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Group is expected to be entitled to receive for the transfer of commodities or services to the customer, excluding payments received on behalf of third parties. The transaction price confirmed by the Group shall not exceed the amount of accumulative confirmed revenue that will most likely not be great reverse when the relevant uncertainty is removed. The amount expected to be refunded to the consumer shall not be included in the transaction price as the liabilities. Where there is a material financing element in the contract, the Group determines the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of the goods or services at the time of acquisition. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest rate method. By the commence date of the contract, if the Group estimates that the interval between customer's control rights of goods or services and the payments of the customer is not more than one year, the significant financing components existing in the contract shall not be considered.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXIV) Recognition principles and measuring methods of revenue (Continued)

In case one of the following conditions is met, the Group will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point:

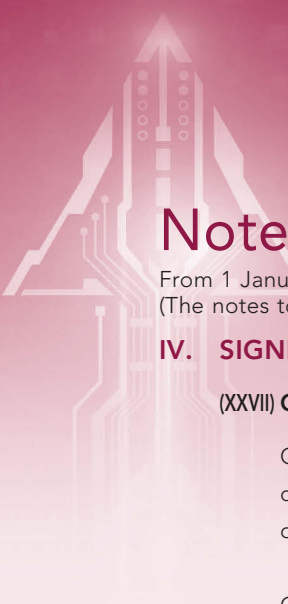
- (1) The customer obtains and consumes the economic benefits brought by the Group while performing the contract;
- (2) The customer can control the goods under construction during the Group's performance;
- (3) The goods generated during the performance of the Group are irreplaceable, and the Group is entitled to collect the amount for the performance accumulatively completed so far throughout the term of the contract.

For the performance obligations performed within a certain period of time, the Group shall confirm the revenue according to the performance progress during that period and determine the performance progress according to the proportion of the cost incurred to the estimated total cost. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Group can be expected to be compensated, the revenue shall be confirmed according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Group shall confirm the revenue at the time point when the customer gains control rights of the relevant commodities or services. In determining whether a customer has obtained the control rights of the goods or services, the Group shall take the following indications into consideration:

- (1) The Group enjoys the current collection right in regard to such goods or services;
- (2) The Group has transferred the legal ownership of such goods to the customer;
- (3) The Group has transferred the physical goods to the customer;
- (4) The Group has transferred the main risk and rewards of such goods in terms of ownership to the customer;
- (5) The customer has accepted such goods or services, etc;
- (6) Other signs that the customer has obtained control of the product.

The right that the Group has the right to collect the consideration because it has transferred such goods or services to the customer shall be presented as the contractual asset, and the contract assets take the expected credit loss as the base to make the impairment. The Group's unconditional right to collect consideration from customers shall be presented as receivables. The Group's obligations to transfer goods or services to the customer due to customer consideration received or receivable shall be presented as the contract liabilities.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXV) Government grants

The asset-related government grants of the Group refer to those obtained by the Group and used for the acquisition or construction of long-term assets or obtainment of such assets by other forms. The revenue-related government grants refer to those other than the asset-related government grants. If no assistance object is specified in the government documents, the Group shall determine it based on the above identifying principles. For those hard to be identified, the Group classify them totally in the revenue-related government grants.

Where the government grants belong to monetary asset, it shall be measured at the amount actually received; for subsidy granted as per the fixed quota standard, when there are unambiguous evidences showing that related conditions as stipulated in the financial supporting policies are met and it is expected that the financial supporting assets can be obtained, such subsidy shall be measured as per the receivable amount; where the government grants do not belong to non-monetary asset, it shall be measured at the fair value; if the fair value cannot be obtained, then it shall be measured at its nominal amount (RMB1).

The asset-related government subsidies are used to write down the book value of the related assets or recognized as deferred income. Asset-related government subsidies recognized as deferred income are equally charged to profit or loss over the useful life of the relevant asset.

When the related assets are sold, assigned, scraped or damaged before the end of useful life, the balance of undistributed deferred income shall be transferred to the profit or loss of the current period of assets disposal.

Government grants relating to income applied in compensating related costs and expenses or losses in subsequent periods are recognized as deferred income and included in profit or loss or offset against the relevant costs for the current period in which the related costs and expenses or losses are recognized. Government grants, applied in compensating related costs and expenses or losses already incurred, are directly included in profit or loss or offset against the relevant costs for the current period.

Where government grants relate to the daily business operations, such grants shall be included to other gains or offset against the relevant costs and expenses based on the economic business nature. Government grants irrelevant to the daily business operations shall be included to non-operating income and expenses.

The Group accounts for interest subsidies of policy-based preferential loans it obtains on the following principles and under two circumstances:

- (1) Where the finance allocates the interest subsidy to the lending bank and the lending bank loans to the Group at the policy-based preferential interest rate, the Group records the amount of loan it actually receives as the entry value of the loan, and calculates the related borrowing costs based on the principal amount of the loan and the policy-based preferential interest rate.
- (2) Where the finance allocates the interest subsidy to the Group directly, the Group offsets the related borrowing costs with the subsidy.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXV) Government grants (Continued)

When the Group has to return government grants it has already recognised, such grants are accounted for in the period in which they are required to be returned under different circumstances:

- 1) If the carrying value of the related assets is offset upon initial recognition, the carrying value of the assets is adjusted.
- 2) If there is related deferred income, the book balance of deferred income is offset, and the excess is included in the current profit or loss.
- 3) In other cases, the returned grants are directly included in the current profit or loss.

(XXXVI) Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group shall be calculated and recognized according to the difference (temporary difference) between the tax base and the carrying amount thereof. As to taxable income with deductible loss and tax deduction that can be deducted in the future as specified by tax laws, corresponding deferred income tax assets shall be recognized. For temporary difference from initial recognition of goodwill, relevant deferred tax liabilities will not be recognized. For the temporary difference from initial recognition of assets or liabilities incurred in transaction which is not business combination and the occurrence of which has no impact on the accounting profits and the taxable income (or deductible losses), relevant deferred income tax assets and deferred income tax liabilities will not be recognized. Deferred income tax assets and deferred income tax liabilities shall be measured at applicable tax rate during the anticipated period for recovering such assets or paying off such liabilities on the balance sheet date.

The Group recognizes the deferred income tax assets to the extent of any future taxable income that are likely to be obtained to deduct temporary differences, deductible losses and tax deduction.

(XXXVII) Lease

The leasing business of the Group includes plant and buildings, land use rights, equipment leasing, etc.

1. Identification of lease

Lease refers to a contract that the lessor transfers the right to use the asset to the lessee for acquiring consideration within a certain period of time. On the commencement date of contract, the Group evaluates whether the contract is a lease or includes a lease. If one party to the contract abalienates the right to control the use of one or more identified assets within a certain period of time in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether one party to the contract has abalienated the right to control the use of the identified assets within a certain period of time, the Group evaluates whether the customers in the contract are entitled to obtain almost all the economic benefits arising from the use of the identified assets during the use period and to dominate the use of the identified assets during the use period.

If the contract contains multiple separate leases at the same time, the Group will split the contract and carry out accounting treatment for each separate lease. If the contract includes both lease and non-lease parts, the Group will split the lease and non-lease parts and then carry out accounting treatment.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXVIII) Lease (Continued)

2. The Group as the lessee

(1) Initial measurement lease confirmation

At the commencement date of the lease term, the Group recognizes the right-of-use asset and lease liabilities for the lease. The right-of-use asset is initially measured at the cost, including the initial measurement amount of the lease liabilities, the lease payment made at or before the commencement date of the lease term (deducting the amount related to the lease incentive already enjoyed), the initial direct expenses incurred and the costs expected to be incurred for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the leasing terms.

The right-of-use asset and lease liabilities are recognized by the Group as lessee.

(2) Lease change

Lease change refers to the change of lease scope, lease consideration and lease term beyond the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc. The effective date of lease change refers to the date when both parties reach an agreement on lease change.

If the lease changes and meets the following conditions at the same time, the Group will take the lease change as a separate lease for the accounting treatment: ① the lease change expands the lease scope by increasing the right to use one or more leased assets; and ② the increased consideration is equivalent to the amount by adjusting the separate price of the expanded lease scope according to the contract.

If the lease change is not taken as a separate lease for the accounting treatment, the Group will, on the effective date of the lease change, apportion the consideration of the changed contract in accordance with the relevant provisions of the leasing standards, and redetermine the changed lease term; and use the revised discount rate to discount the changed lease payment to remeasure the lease liabilities. In calculating the present value of the changed lease payment, the Group adopts the interest rate implicit in lease in the remaining lease term as the discount rate. If it is impossible to determine the interest rate implicit in lease in the remaining lease term, the Group will adopt the lessee's incremental borrowing rate at the effective date of the lease change as the discount rate. As for the impact of the above adjustment of lease liabilities, the Group carries out the accounting treatment according to the following circumstances: ① if the lease scope is reduced or the lease term is shortened due to the lease change, the lessee shall reduce the book value of the right-of-use asset and include the relevant gains or losses from the partial termination or complete termination of the lease into the current profit or loss. ② If the lease liabilities are remeasured due to the other lease changes, the lessee shall adjust the book value of the right-of-use asset accordingly.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXVII) Lease (Continued)

2. The Group as the lessee (Continued)

(3) Short-term lease and low-value asset lease

For the short-term lease with a lease term of not more than 12 months and low-value asset lease with a lower value when a single leased asset is brand new, the Group chooses not to recognize the right-of-use asset and lease liabilities. The Group will include the lease payment for short-term lease and low-value asset lease into the related asset cost or current profit or loss by the straight-line method or other systematic and reasonable methods during each lease term.

3. The Group as the lessor

On the basis that the contract evaluated is the lease or includes the lease, the Group, as the lessor, divides the lease into financial lease and operating lease on the lease commencement date.

If a lease substantially transfers almost all the risks and rewards related to the ownership of the leased asset, the lessor shall classify the lease as a financial lease and other leases other than the financial lease as an operating lease.

In each lease term, the Group will recognize the lease amount of operating lease as the rental income by the straight-line method.

The fixed assets in the assets under operating lease will be depreciated according to the depreciation policies applied by the Group for similar assets; and other assets under operating lease shall be amortized in a systematic and reasonable way.

The Group's variable lease payment which is related to operating lease and not included in lease receipts is included in the current profit or loss when it is actually occurs.

If there is a change in the operating lease, the Group will take it as a new lease for accounting treatment from the effective date of change, and the lease receipts received in advance or receivable related to the lease before the change will be regarded as the receipts for the new lease.

At the commencement date of the lease term, the Group recognizes the financial lease receivables for financial lease and derecognizes the financial leasing assets. When the Group initially measures the financial lease receivables, the net investment in a lease is taken as the entry value of the financial lease receivables.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXVIII) Held-for-sale

The Group classifies the non-current assets or disposal groups meeting the following conditions as the held-for-sale assets: (1) the non-current assets or disposal groups can be immediately sold under current conditions pursuant to general terms for selling such assets or disposal groups in a similar transaction; and (2) the sales are very likely to occur, i.e., a resolution has been made on a sales plan and a definitive purchase commitment has been obtained, and the sales are expected to be completed within one year. Relevant regulations require that the relevant approval needs to be obtained for those available for sale after approval by relevant authorities or regulators. Before the non-current assets or disposal groups are classified as the held-for-sale assets for the first time, the Group shall measure the book value of each asset and liability in the non-current assets or disposal groups in accordance with the relevant accounting standards. When the non-current assets or disposal groups held for sale are measured initially or remeasured on the balance sheet date, if the book value is higher than the net amount obtained by deducting the selling expenses from the fair value, the book value shall be reduced to the net amount obtained by deducting the selling expenses from the fair value, and the write-down amount shall be recognized as the asset impairment losses and shall be included in the current profits or losses and the impairment provision of held-for-sale assets shall be made at the same time.

The Group classifies the non-current assets or disposal groups that are acquired exclusively for resale, meet the conditions of “the sales are expected to be completed within one year” on the purchase date and are likely to meet other conditions for held-for-sale assets in a short time (usually three months) as the held-for-sale assets on the purchase date. In the initial measurement, the initial measurement amount assuming they are not classified as the held-for-sale assets and the net amount obtained by deducting the selling expenses from the fair value are compared, whichever is less. Except for the non-current assets or disposal groups acquired in the business merger, the difference arising from the net amount obtained by deducting the selling expenses from the fair value in the non-current assets or disposal groups as the initial measurement amount shall be included in the current profits or losses.

If the Group loses control over its subsidiaries due to the sales of investment in subsidiaries and other reasons, whether the Group reserves some of its equity investments after the sales or not, when the investment in subsidiaries to be sold meets the conditions for the held-for-sale assets, the investment in subsidiaries will be classified as the held-for-sale assets as a whole in the individual financial statements of the parent company and all the assets and liabilities of subsidiaries will be classified as the held-for-sale assets in the consolidated financial statements.

If the net amount obtained by deducting the selling expenses from the fair value of non-current assets held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized after being classified as the held-for-sale assets, and the reversed amount shall be included in the current profits or losses. The asset impairment losses recognized before being classified as the held-for-sale assets shall not be reversed.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXVIII) Held-for-sale (Continued)

For the asset impairment losses recognized in the disposal group held for sale, the book value of the goodwill in the disposal group shall be deducted, and then the book value shall be deducted proportionately based on the proportion of the book value of each non-current asset.

If the net amount obtained by deducting the selling expenses from the fair value of disposal groups held for sale on the subsequent balance sheet date increases, the previous write-down amount shall be recovered and reversed from the asset impairment losses recognized in the non-current assets applicable to the relevant measurement rules after being classified as the held-for-sale assets, and the reversed amount shall be included in the current profits or losses. The book value of goodwill deducted and the asset impairment losses recognized in the non-current assets before being classified as the held-for-sale assets shall not be reversed.

For the subsequently reversed amount of asset impairment losses recognized in the disposal group held for sale, the book value shall be increased proportionately based on the proportion of the book value of each non-current asset other than the goodwill in the disposal group.

No depreciation or amortization is provided for non-current assets held for sale or non-current assets in the disposal group.

The interest of liabilities and other expenses in the disposal group held for sale shall be recognized continuously. When the non-current assets or disposal groups held for sale are not further classified as the held-for-sale assets or the non-current assets are removed from the disposal groups held for sale due to failure to meet the conditions for the held-for-sale assets, the measurement shall be conducted based on the lower of the following two: (1) book value before being classified as the held-for-sale assets based on the amount of depreciation, amortization or impairment after adjustment that should be recognized in the case that assuming they are not classified as the held-for-sale assets; (2) recoverable amount.

When the non-current assets or disposal groups held for sale are derecognized, the unrecognized gains or losses shall be included in the current profits or losses.

(XXXIX) Segment information

The Group determines operating segments based on internal organisational structure, management requirements, and internal reporting systems, and determines reporting segments based on operating segments, and discloses such segment information.

An operating segment is a component of the Group that meets the following conditions simultaneously: (1) the component is able to generate revenues and incur expenses from its ordinary activities; (2) its operating results are regularly evaluated by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) the accounting information on financial position, operating results and cash flows of the component is available to the Group. Two or more operating segments may be aggregated into a single operating segment if they have similar economic characteristics and meet specified conditions.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XL) Discontinued operation

Discontinued operation refers to a constituent part which has been disposed by the Group or is classified as the one held for sale by the Group and can be separately distinguished, and meets one of the following conditions: (1) such constituent part represents an independent main business or a separate main operation region; (2) such constituent part is a part of an associated plan to dispose an independent main business or a separate main operation region; (3) such constituent part is a subsidiary acquired exclusively for resale.

(XLI) Production safety expenses

The production safety expenses drawn by the Group in accordance with national regulations is included in the cost of related products or the current profit or loss, and also included in the special reserve.

When the withdrew safety expenses are being used by the Group, if the expenditure is being expensed, the special reserve shall be directly written off. For fixed assets which have been generated therefrom, the expenses incurred in the collection of the construction-in-progress shall be recognized as fixed assets when the safety project is completed and ready for its intended use; at the same time, the special reserve shall be offset by the cost of forming the fixed assets, and recognise the same amount of accumulated depreciation. Such fixed assets are no longer depreciated in subsequent periods.

(XLII) Significant accounting judgments and key sources of estimation uncertainty

1. Critical judgments of applicable accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised and disclosure made in the consolidated financial statements:

(1) Consolidation of entities in which the Group holds less than a majority of voting rights

The directors of the Company assessed whether the Company has control over any entity based on whether the Company has the practical ability to direct the relevant activities of the entity unilaterally. The management of the Company considers that the Company has de facto control of certain entities even though it has less than 50% of the equity interest and voting rights, since the equity interests held by other shareholdings are dispersed and the other shareholders have not organised their interests in such a way that they exercise more votes than the Group, or the Company is able to obtain voting rights that constitute control through agreements with other investors. After assessment, the directors of the Company concluded that the Company has sufficiently dominant voting interest to direct the relevant activities of those entities and therefore the Group has control over these entities.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XLII) Significant accounting judgments and key sources of estimation uncertainty (Continued)

1. Critical judgments of applicable accounting policies (Continued)

(2) Judgment of having significant influence on the investee enterprise entity

For the non-controlling interests held by the Company, the Company generally considers that it has significant influence when it holds, directly or indirectly through subsidiaries, more than 20% (inclusive) of the voting rights of the investee. For holding less than 20% of the voting rights, the Company also considers whether it has representatives on the board of directors or similar authority of the investee or participates in the financial and operational decision-making process of the investee to determine the significant influence on the investee. For the Company's interests in investees over which the Company does not have control and significant influence, the Company classifies them in financial assets and subsequently measures them at fair value.

2. Key sources of estimation uncertainty

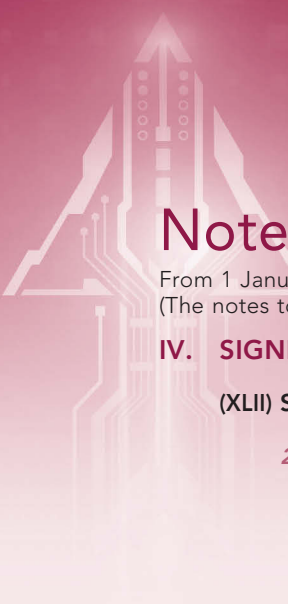
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are described below.

(1) Revenue recognition – input method

For performance obligations that are fulfilled within a certain period of time, the Group recognizes revenue in accordance with the progress of performance during that period. The Group uses the input method to determine the appropriate schedule of performance, which is determined as the proportion of the cumulative actual contract costs incurred to the estimated total contract costs. Significant judgment and estimates are required in determining the completeness of the estimated total cost and the accuracy of the performance schedule at the balance sheet date. Based on the Group's experience and nature of the contracts undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that costs to complete and revenue can be reliably estimated.

(2) The estimation of useful lives of plant and buildings, equipment, right-of-use assets, investment properties and intangible assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for plant and buildings, equipment, right-of-use assets, investment properties and intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortisation charges where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XLII) Significant accounting judgments and key sources of estimation uncertainty (Continued)

2. Key sources of estimation uncertainty (Continued)

(3) Impairment of inventories

Inventories of the Group are measured at the lower of cost or net realizable value. Management estimates the net realisable value for raw materials, work-in progress and finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis or by category on each balance sheet date and will write down obsolete and slow-moving items in inventories to net realisable value.

(4) Impairment of financial assets and contract assets

The Group uses an expected credit loss model to make judgments about the measurement of impairment of financial assets. In particular, estimating future cash flows, timing and assessing the risk of significant increases in credit risk in determining impairment provision require management's judgment. Such estimates are driven by a number of factors, changes in which may result in different impairment criteria and amounts of impairment provision.

The Group assesses whether credit risk has increased significantly since initial recognition by comparing the risk of default over the expected period between each balance sheet date and the initial recognition date. In this regard, the Group considers reasonable and reliable data, both quantitative and qualitative, that are relevant and available without undue cost or effort, and includes forward-looking analysis.

The Group recognizes a provision for impairment of contract assets on the basis of lifetime expected credit losses of the contract assets and the resulting provision for losses on contract assets is charged, recovered and reversed to profit or loss as a loss or gain for the period.

(5) Valuation of financial assets that is not traded in an active market

The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. Valuation techniques include using prices of recent transactions between knowledgeable and willing parties, reference to the current fair value of another financial asset that is substantially the same with this instrument, discounted cash flow analysis and option pricing models, etc. At the time of valuation, the Group adopts valuation techniques that are applicable in the current circumstances and are sufficiently supported by data and other information to select inputs that are consistent with the characteristics of the assets or liabilities that market participants would take into account in a transaction for the asset or liability, and maximises the use of relevant observable inputs. Unobservable inputs shall be used if the relevant observable inputs are not available or are not practicable.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XLII) Significant accounting judgments and key sources of estimation uncertainty (Continued)

2. Key sources of estimation uncertainty (Continued)

(6) Impairment of other operating assets

The Group assesses whether there are any indicators of impairment for all assets on each balance sheet date. For other non-operating assets, relevant assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment is recognized when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to disposal and its value in use. The calculation of the fair value less costs to disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(7) Deferred tax and income tax

Management expects future deductible temporary differences and future taxable temporary differences and uses them as the basis for the recognition of deferred income tax assets and deferred income tax liabilities, respectively. Where the expectation is different from the original estimate, such differences will impact the recognition of income tax and deferred tax in the periods in which such estimate is changed. Significant management judgment is required in determining the amount of deferred tax assets and liabilities that can be recognized based on the measurement of the tax rate that is expected to apply in the period in which the asset is recovered or the liability is settled.

(XLIII) Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

(1) Restated consolidated financial statements of the previous period due to business combination under common control

On October 2024, Tianjin Aviation Mechanical and Electrical Co., Ltd.* (天津航空機電有限公司), a subsidiary of the Company, signed an equity entrustment agreement to control AVIC Surface Treatment Technology (Tianjin) Co., Ltd.* (中航表面處理技術(天津)有限公司) (hereinafter referred to as "AVIC Surface") and was included in the scope of consolidation. Given that the Group and AVIC Surface are under common control of AVIC Group before and after the business combination, and that control is not temporary, such acquisition is considered as business combination under common control. The Group has restated the financial effects of AVIC Surface in accordance with the standards for business combination under common control in the preparation of the consolidated financial statements.

As a result of the business combination under common control, the Group's consolidated balance sheet as at 31 December 2023, the consolidated income statement and the consolidated cash flow statement for the period from January to December 2023 have been restated, and the transactions and balances with AVIC Surface during the relevant period have been eliminated on consolidation.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XLIII) Changes in significant accounting policies and accounting estimates (Continued)

1. Changes in significant accounting policies (Continued)

(2) The implementation of the Interpretation of CASBE 17

In October 2023, MOF issued the Notice on Issuing the Interpretation of CASBE 17, which stipulated "Separation of current and non-current liabilities", "Disclosure of supplier financing arrangements", and "Accounting treatment of sale and leaseback transactions". The Company initially implemented such provision on 1 January 2024, and it had no impact on the financial statements of this reporting period.

(3) The implementation of the Interpretation of CASBE 18

In December 2024, the Ministry of Finance issued the Interpretation of CASBE 18 (Cai Kuai [2024] No. 24, hereinafter referred to as "Interpretation No. 18"). Interpretation No. 18 stipulates that the "warranty quality assurance that is not an individual performance obligation" came into force from 1 January 2024. Due to the implementation, the Group increased the main business operating costs of the 2023 consolidated income statement by RMB190,802,820 and reduced the selling expenses by RMB190,802,820. The implementation of Interpretation No. 18 did not have a material impact on the financial statements during the reporting period.

(4) Listing of impacts

The restatement of the consolidated financial statements for the previous period due to the business combination under common control and the implementation of the Interpretation of CASBE 18 have had the following impacts on the Group's financial statements presented of last period:

Items	Previously presented 31 December 2023	Interpretation No. 18	Business combinations involving entities under common control	Restated 31 December 2023
Current assets	144,718,723,256		51,245,089	144,769,968,345
Non-current assets	40,299,472,376		4,280,388	40,303,752,764
Total assets	185,018,195,632		55,525,477	185,073,721,109
Current Liabilities	85,536,323,784		12,224,503	85,548,548,287
Non-current liabilities	11,426,069,642			11,426,069,642
Total liabilities	96,962,393,426		12,224,503	96,974,617,929
Shareholders' equity attributable to parent company	31,572,204,515			31,572,204,515
Total shareholders' equity	88,055,802,206		43,300,974	88,099,103,180

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XLIII) Changes in significant accounting policies and accounting estimates (Continued)

1. Changes in significant accounting policies (Continued)

(4) Listing of impacts (Continued)

Items	Previously presented January to December 2023	Interpretation No. 18	Business combinations involving entities under common control	Restated January to December 2023
Operating revenue	84,724,890,637		26,706,877	84,751,597,514
Total operating cost	78,047,544,018		21,467,044	78,069,011,062
Including: Operating cost	63,387,207,814	190,802,820	12,216,995	63,590,227,629
Selling expenses	1,109,002,041	-190,802,820	2,008,023	920,207,244
Operating profit	6,989,279,850		3,759,569	6,993,039,419
Net profit	6,688,581,303		2,486,186	6,691,067,489
Net profit attributable to the owners of the parent company	2,446,952,909			2,446,952,909
Net cash flows from operating activities	-4,083,494,695		3,133,455	-4,080,361,240
Net cash flows from investing activities	-3,613,682,047		-193,551	-3,613,875,598
Net cash flow from financing activities	3,547,832,060		1,943,472	3,549,775,532
Closing balance of cash and cash equivalents	37,159,301,638		20,585,737	37,179,887,375

2. Changes in significant accounting estimates

There is no significant change in accounting estimates during the year.

3. Correction of significant previous errors and the effect

There is no matter of correction of significant previous errors during the year.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

V. TAXES

1. 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 sale	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	15%, 20%, 25%
– Property tax	Taxable property value, rental income	1.2%, 12%
Hong Kong profits tax		16.5%
China Macau Income Tax		0%-12%
Profits tax in other countries/regions		20%-31.925%

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

V. TAXES (Continued)

1. Main taxes and tax rates (Continued)

Description of taxpayers at different corporate income tax rates:

Name of taxable entity	Income tax rate	Note
AviChina Industry & Technology Company Limited (中國航空科技工業股份有限公司)	25%	
AVICOPTER PLC (中航直升機股份有限公司)	25%	
Huiyang Aviation Propeller Limited (惠陽航空螺旋槳有限責任公司)	15%	①
Tianjin Helicopter Company Limited (天津直升機有限責任公司)	25%	
Jiangxi Changhe Aviation Industry Co., Ltd. (江西昌河航空工業有限公司)	15%	①
Jingdezhen Changhang Aviation High-tech Co., Ltd. (景德鎮昌航航空高新技術有限責任公司)	15%	①
Harbin Hafei Aviation Industry Co., Ltd. (哈爾濱哈飛航空工業有限責任公司)	15%	①
Harbin General Aircraft Industry Co., Ltd. (哈爾濱通用飛機工業有限責任公司)	25%	
Harbin Aviation Industry (Group) Co., Ltd. (哈爾濱航空工業(集團)有限公司)	25%	
AVIC Helicopter Co., Ltd. (中航直升機有限責任公司)	25%	
Changhe Aircraft Industries (Group) Co., Ltd. (昌河飛機工業(集團)有限責任公司)	15%	①
Harbin Aircraft Industry Group Co., Ltd. (哈爾濱飛機工業集團有限責任公司)	15%	①
Harbin Hafei Aviation Maintenance Engineering Co., Ltd. (哈爾濱哈飛航空維修工程有限公司)	25%	
Tianjin AVIC Jinjiang Aviation Maintenance Engineering Co., Ltd. (天津中航錦江航空維修工程有限責任公司)	15%	①
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	15%	①
Jonhon Optronic Technology Co., Ltd. (中航光電科技股份有限公司)	15%	①
AVIC Optoelectronic (Luoyang) Co., Ltd. (中航光電(洛陽)有限責任公司)	20%	③
AVIC Shenyang Xinghua Aero-Electric Appliance Co., Ltd. (瀋陽興華航空電器有限責任公司)	15%	①
AVIC Optoelectronic Huayi (Shenyang) Electronic Technology Co., Ltd. (中航光電華億(瀋陽)電子科技有限公司)	15%	①
AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司)	15%	①
Xi'an Forstar Cable Co., Ltd. (西安富士達線纜有限公司)	15%	①
Xi'an TST Testing Technique Co., Ltd. (西安泰斯特檢測技術有限公司)	20%	③
Forstar Technology (Hong Kong) Co., Ltd. (富士達科技(香港)有限公司)	16.50%	
Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司)	15%	①
Dongguan Xiangtong Photoelectric Technology Co., Ltd. (東莞市翔通光電技術有限公司)	15%	①
Taixing Aviation Optoelectronic Technology Co., Ltd. (泰興航空光電技術有限公司)	15%	①
AVIC Optoelectronic Precision Electronics (Guangdong) Co., Ltd. (中航光電精密電子(廣東)有限公司)	15%	①
AVIC Optoelectronic (Guangdong) Co., Ltd. (中航光電(廣東)有限公司)	15%	①
AVIC Optoelectronic (Germany) Co., Ltd. (中航光電(德國)有限責任公司)	31.925%	
Reconn Technology Vietnam Co., Ltd. (越南睿連科技有限責任公司)	20%	
AVIC Optoelectronic (Shanghai) Co., Ltd. (中航光電(上海)有限公司)	20%	③
Jonhon Optronic Interconnection Technology (Nanchang) Co., Ltd. (中航光電互連科技(南昌)有限公司)	25%	

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

V. TAXES (Continued)

1. Main taxes and tax rates (Continued)

Description of taxpayers at different corporate income tax rates: (Continued)

Name of taxable entity	Income tax rate	Note
AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司)	25%	
Shanghai Aviation Electric Co., Ltd. (上海航空電器有限公司)	15%	①
Shanghai Hanghao Auto Parts Co., Ltd. (上海航浩汽車零部件有限公司)	15%	①
AVIC Guohua (Shanghai) Laser Display Technology Co., Ltd. (中航國畫(上海)激光顯示科技 有限公司)	15%	①
Shanghai Hangkai Electronic Technology Co., Ltd. (上海航鎧電子科技有限公司)	15%	①③
Shanghai Super Champion Machinery & Electrical Equipment Co., Ltd. (上海越冠機電設備 有限公司)	15%	①
Lanzhou Wanli Aviation Electric Co., Ltd. (蘭州萬里航空機電有限責任公司)	15%	①②
Lanzhou Flight Control Co., Ltd. (蘭州飛行控制有限責任公司)	15%	①②
AVIC Taiyuan Aviation Instrument Co., Ltd. (太原航空儀表有限公司)	15%	①
AVIC Shaanxi Huayan Aero-Instrument Co., Ltd. (陝西華燕航空儀表有限公司)	15%	①②
Xi'an Huayan Aero-Instrument Co., Ltd. (西安華燕航空儀表有限公司)	20%	③
AVIC Shaanxi Qianshan Avionics Co., Ltd. (陝西千山航空電子有限責任公司)	15%	①②
Chengdu CAIC Electronics Co., Ltd. (成都凱天電子股份有限公司)	15%	①②
Chengdu Aviation Mechanical and Electrical Co., Ltd. (成都航昇機電有限責任公司)	15%	②
Suzhou Changfeng Avionics Co., Ltd. (蘇州長風航空電子有限公司)	15%	①
Shaanxi Oriental Aeronautic Instrument Manufacture Co., Ltd. (陝西東方航空儀表有限責任公司)	15%	①②
Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀表有限公司)	15%	①
Beijing Qingyun Avionics Technology Co., Ltd. (北京青雲航電科技有限公司)	25%	
China Aviation Planning and Design Institute Co., Ltd. (中國航空規劃設計研究總院有限公司)	15%	①
China Aviation Integration Equipment Co., Ltd. (中航工程集成設備有限公司)	15%	①
AVIC CAPDI Engineering Consulting (Beijing) Co., Ltd. (中航工程諮詢(北京)有限公司)	20%	③
China Aviation International Construction and Investment Co., Ltd. (中國航空國際建設投資 有限公司)	15%	①
AVIC CAPDI (Macau) Company Limited (中航院設計諮詢(澳門)有限公司)	0%-12%	
Suzhou Aeronautical Equipment Co., Ltd. (蘇州航勢航空設備有限公司)	20%	③
Tianjin Aviation Mechanical and Electrical Co., Ltd. (天津航空機電有限公司)	15%	①
Tianjin Tianli Aviation Electro-Mechanical Co., Ltd. (天津天利航空机电有限公司)	25%	
AviChina Industrial Investment Co., Ltd. (中航科工產業投資有限責任公司)	25%	

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

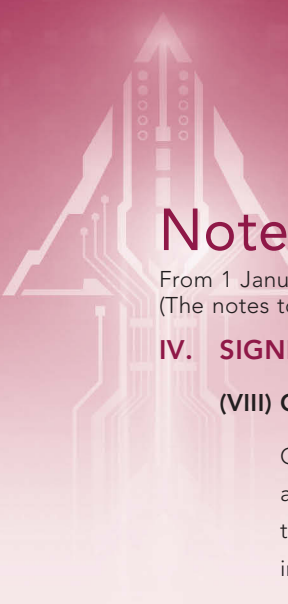
(The notes to the financial statements are presented in RMB, except as otherwise noted)

V. TAXES (Continued)

1. Main taxes and tax rates (Continued)

Description of taxpayers at different corporate income tax rates: (Continued)

Name of taxable entity	Income tax rate	Note
AviChina Hong Kong Limited (中航科工香港有限公司)	16.50%	
Qing'an Group Co., Ltd. (慶安集團有限公司)	15%	①②
Shaanxi Aero Electric Co., Ltd. (陝西航空電氣有限責任公司)	15%	①②
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	15%	①
Sichuan Lingfeng Aero Hydraulic Machinery Co., Ltd. (四川凌峰航空液壓機械有限公司)	15%	①②
Sichuan Fan Hua Aviation Instrument & Electric Co., Ltd. (四川泛華航空儀表電器有限公司)	15%	①②
Sichuan AVIC Industry Chuanxi Machinery Co., Ltd. (四川航空工業川西機器有限責任公司)	15%	①②
Hubei AVIC Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司)	15%	①
Guizhou Fenglei Aviation Ordnance Co., Ltd. (貴州風雷航空軍械有限責任公司)	15%	①②
Guizhou Fengyang Hydraulic Co., Ltd. (貴州楓陽液壓有限責任公司)	15%	②
AVIC Xinxiang Aviation Industry (Group) Co., Ltd. (新鄉航空工業(集團)有限公司)	15%	①
Yibin Sanjiang Machinery Co., Ltd. (宜賓三江機械有限公司)	15%	①②
Nanjing Hangjian Aviation Equipment Technology Service Co., Ltd. (南京航健航空裝備技術服務有限公司)	15%	①
Hubei HAPM MAGNA Seating System Co., Ltd. (湖北航嘉麥格納座椅系統有限公司)	15%	①
Xi'an Qing'an Import & Export Co., Ltd. (西安慶安進出口有限公司)	20%	③
Xi'an Qing'an Aviation Machinery Manufacturing Co., Ltd. (西安慶安航空機械製造有限公司)	25%	
Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司)	15%	①
Wuhan Qinling Linke Aviation Power System Co., Ltd. (武漢秦嶺凌科航空電力系統有限公司)	15%	①③
AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司)	15%	①
Zhengzhou Zhengfei Special Equipment Co., Ltd. (鄭州鄭飛特種裝備有限公司)	15%	①
Guizhou Anshun Tiancheng Aviation Equipment Co., Ltd. (貴州安順天成航空設備有限公司)	5%	①
Aviation Industry (Xinxiang) Metrology and Test Science Technology Co., Ltd. (航空工業(新鄉)計測科技有限公司)	25%	
Hapm Magna Seating System (Thailand) Co., Ltd.	15%	
AVIC Surface Treatment Technology (Tianjin) Co., Ltd.* (中航表面處理技術(天津)有限公司)	25%	



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

V. TAXES (Continued)

2. Preferential tax policies

(1) *Preferential value-added tax policy*

According to the “Announcement on the Additional Value-Added Tax Credit Policy for Advanced Manufacturing Enterprises” (《關於先進製造業企業增值稅加計抵減政策的公告》) issued by the Ministry of Finance and the State Administration of Taxation in September 2023 (Announcement of MOF and SAT [2023] No. 43), from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the value-added tax payable based on the deductible input tax for the current period.

(2) *High-tech enterprise income tax preferential policies*

According to Article 28 of the Enterprise Income Tax Law of the People’s Republic of China, high-tech enterprises that require great support from the state are subject to a reduced corporate income tax rate of 15%. For details of the Group’s subsidiaries that are subject to the preferential tax rate for high-tech enterprises in the current year, please refer to the companies noted with ① in the above table “Description of taxpayers at different corporate income tax rates”.

(3) *Income tax preferential policies for enterprises in the Western Development*

According to the Announcement on the Continuation of the Enterprise Income Tax Policy for the Western Development of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (Announcement No.23 [2020] of the Ministry of Finance), enterprises specified in the Catalogue of Enterprises in Encouraged Industries in the Western Region enjoy 15% preferential enterprise income tax rate from 1 January 2021 to 31 December 2030. Upon application by the enterprise and the approval by the competent tax authority, the enterprise income tax can be paid at a reduced rate of 15%. For details of the subsidiaries of the Group enjoying such preferential tax rates in the current year, please refer to the companies noted with ② in the above table “Description of taxpayers at different corporate income tax rates”

(4) *Income tax preferential policies for small and micro enterprises*

According to the Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses issued by the Ministry of Finance and the State Administration of Taxation (Announcement of MOF and SAT [2023] No. 6), from 1 January 2023 to 31 December 2024, for the low-profit small enterprises’ annual taxable income not exceeding RMB1 million, the enterprise income tax shall be calculated at the rate of 20% based on the amount of taxable income being reduced to 25% thereof. For details of the subsidiaries of the Group enjoying such preferential tax rates in the current year, please refer to the companies noted with ③ in the above table “Description of taxpayers at different corporate income tax rates”.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

VI. NOTES TO MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

For the statistic of the financial statements disclosed below, unless otherwise specified, "opening" or "at the beginning of the year" refers to 1 January 2024, "closing" or "at the end of the year" refers to 31 December 2024, and the "current year" or "the year" refers to 1 January to 31 December 2024, the "previous year" refers to the period from 1 January to 31 December 2023, and the currency unit is RMB.

1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	320,567	510,854
Bank deposits	40,984,056,624	39,130,497,683
Other monetary funds	337,766,598	389,690,957
Total	41,322,143,789	39,520,699,494
Including: total amount deposited abroad	258,429,590	268,235,518
Including: total amount deposited with AVIC Finance	28,971,478,262	26,829,638,872

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

Restricted use of monetary funds at the end of the year

Item	Closing balance	Opening balance
Term deposits over three months	1,650,823,459	1,988,207,659
Letter of credit deposit	105,136	1,709,474
Note deposit	263,756,796	288,928,033
Guarantee deposit	18,505,581	7,010,599
Employee housing related fund account and housing fund	25,031,943	10,612,393
Other restricted funds	29,197,339	44,343,961
Total	1,987,420,254	2,340,812,119

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

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

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	3,310,715,928	957,001,296
Including: Debt instrument investments		
Equity instrument investments	24,462,750	86,876,638
Bank wealth management	3,286,253,178	870,124,658
Total	3,310,715,928	957,001,296

Note: At the end of this year, the Group's equity instruments included in financial assets held for trading mainly consist of fund products and equity investments in other companies, whereas the bank wealth management of the Group are all structured deposits.

3. Notes receivable

(1) Classified presentation of notes receivable

Item	Closing balance	Opening balance
Banker's acceptance bill	3,322,807,413	3,023,393,412
Commercial acceptance bill	7,261,055,840	10,434,435,833
Total	10,583,863,253	13,457,829,245

(2) Notes receivable pledged

Item	Amount pledged at the end of the year
Banker's acceptance bill	716,359,812
Commercial acceptance bill	1,360,120,481
Total	2,076,480,293

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024
(The notes to the financial statements are presented in RMB, except as otherwise noted)

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

3. Notes receivable (Continued)

(2) Notes receivable pledged (Continued)

Item	Amount pledged at the beginning of the year
Banker's acceptance bill	230,076,530
Commercial acceptance bill	1,342,957,119
Total	1,573,033,649

(3) Notes receivable that have been endorsed or discounted and are not yet due on the balance sheet date

Item	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Banker's acceptance bill	591,467,771	23,725,548
Commercial acceptance bill	14,917,150	396,095,935
Total	606,384,921	419,821,483

(4) Notes transferred to accounts receivable due to non-performance by the drawer

Item	Amount transferred to accounts receivable at the end of the year
Commercial acceptance bill	85,557,316
Total	85,557,316

Notes to the Financial Statements

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

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

3. Notes receivable (Continued)

(5) Classified presentation by bad debt accrual method

Category	Book balance		Closing balance		Book value
	Amount	Proportion (%)	Bad debt provision		
			Amount	Provision proportion (%)	
Bad debt provision made individually					
Bad debt provision made as per portfolio	10,723,925,444	100.00	140,062,191	1.31	10,583,863,253
Including: Banker's acceptance bill	3,323,517,256	30.99	709,843	0.02	3,322,807,413
Commercial acceptance bill	7,400,408,188	69.01	139,352,348	1.88	7,261,055,840
Total	10,723,925,444	–	140,062,191	–	10,583,863,253

Category	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Bad debt provision		
			Amount	Provision proportion (%)	
Bad debt provision made individually					
Bad debt provision made as per portfolio	13,589,810,472	100.00	131,981,227	0.97	13,457,829,245
Including: Banker's acceptance bill	3,024,108,651	22.25	715,239	0.02	3,023,393,412
Commercial acceptance bill	10,565,701,821	77.75	131,265,988	1.24	10,434,435,833
Total	13,589,810,472	–	131,981,227	–	13,457,829,245

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

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

3. Notes receivable (Continued)

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

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

Name	Closing balance		Provision proportion (%)
	Book balance	Bad debt provision	
Banker's acceptance bill	3,323,517,256	709,843	0.02
Commercial acceptance bill	7,400,408,188	139,352,348	1.88
Total	10,723,925,444	140,062,191	—

(6) Provisions for bad debt accrued, recovered and reversed for notes receivable in the year

Category	Opening balance	Changes in the current year			Closing balance
		Accrued	Recovered or reversed	Written back or written off	
Notes receivable subjected to provision for expected credit losses on portfolio basis	131,981,227	8,080,964			140,062,191
Total	131,981,227	8,080,964			140,062,191

(7) The Group had no notes receivable that were actually written-off in the year.

(8) The ageing of the notes receivable at the end of the year

The ageing of the Group's notes receivable at the end of the year mentioned above is within 365 days.

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

4. Accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	50,720,744,268	39,900,047,537
Less: Impairment provision	2,091,284,734	1,738,689,389
Net accounts receivable	48,629,459,534	38,161,358,148

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

Category of portfolio	Original book value	Closing balance		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Bad debt provision made individually	253,152,654	99.64	252,243,135	909,519
Bad debt provision made as per portfolio	50,467,591,614	3.64	1,839,041,599	48,628,550,015
Including: Portfolio of credit risk characteristics	50,467,591,614	3.64	1,839,041,599	48,628,550,015
Total	50,720,744,268	–	2,091,284,734	48,629,459,534

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VI. 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)

Category of portfolio	Original book value	Opening balance		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Bad debt provision made individually	258,545,177	100.00	258,545,177	
Bad debt provision made as per portfolio	39,641,502,360	3.73	1,480,144,212	38,161,358,148
Including: Portfolio of credit risk characteristics	39,641,502,360	3.73	1,480,144,212	38,161,358,148
Total	39,900,047,537	–	1,738,689,389	38,161,358,148

1) Bad debt provision of accounts receivable made individually

Name	Book balance	Closing balance		Reasons for provision
		Bad debt provision	Provision proportion (%)	
Company 1	82,527,118	82,527,118	100.00	The funds are difficult to be recovered
Company 2	23,561,105	23,561,105	100.00	The funds are difficult to be recovered
Company 3	16,636,397	16,636,397	100.00	The funds are difficult to be recovered
Company 4	14,842,000	14,842,000	100.00	The funds are difficult to be recovered
Company 5	11,763,924	11,763,924	100.00	The funds are difficult to be recovered
Other customers	103,822,110	102,912,591	99.12	The funds are difficult to be recovered
Total	253,152,654	252,243,135	–	

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

VI. 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)

2) Bad debt provision of accounts receivable made by portfolio of credit risk characteristics

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year	42,225,594,428	377,503,171	0.89
1-2 years	6,322,765,775	571,806,030	9.04
2-3 years	959,678,250	297,694,532	31.02
3-4 years	315,589,343	147,302,086	46.68
4-5 years	200,854,931	119,334,895	59.41
Over 5 years	443,108,887	325,400,885	73.44
Total	50,467,591,614	1,839,041,599	—

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

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year	42,312,732,848	461,389,186	1.09
1-2 years	6,329,925,273	580,027,053	9.16
2-3 years	982,047,492	320,833,093	32.67
3-4 years	326,833,202	158,686,797	48.55
4-5 years	216,001,923	134,625,821	62.33
Over 5 years	553,203,530	435,722,784	78.76
Total	50,720,744,268	2,091,284,734	—

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

4. Accounts receivable (Continued)

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

Aging	Accounts receivable	Opening balance	
		Bad debt provision	Proportion of bad debt provision (%)
Within 1 year	33,194,126,260	363,635,397	1.10
1-2 years	4,743,495,026	446,267,025	9.41
2-3 years	833,515,192	242,459,811	29.09
3-4 years	423,790,534	170,469,511	40.22
4-5 years	215,282,052	143,612,550	66.71
Over 5 years	489,838,473	372,245,095	75.99
Total	39,900,047,537	1,738,689,389	—

Certain of the Group's domestic sales are made on advances, while the remaining sales are paid by letters of credit or banker's acceptances or customers are granted a credit period of 180-360 days, etc.

(3) Bad debt provision of accounts receivable in the current year

Category	Opening balance	Provision	Amount changed in the current year			Closing balance
			Accounts recovered or transferred back	Amounts written back or written off	Other changes	
Bad debt provision made individually	258,545,177	19,284,910	25,586,952			252,243,135
Bad debts provision made on the group of credit risk characteristics	1,480,144,212	364,460,195	1,742,404	3,804,596	-15,808	1,839,041,599
Total	1,738,689,389	383,745,105	27,329,356	3,804,596	-15,808	2,091,284,734

Note: The main reason for other changes is the translation differences in the foreign currency statements of JONHON, a subsidiary of the Company.

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

4. Accounts receivable (Continued)

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

Item	Write-off amount
Accounts receivable actually written-off	3,804,596

(5) Details of top five trade receivables with the closing balances classified by the borrowers

The aggregate amount of the top five trade receivables with the closing balances classified by the borrowers was RMB22,131,960,470, accounting for 43.63% of the total closing balance of accounts receivable, and the corresponding provision for bad debts at the end of the year was RMB473,962,518. Among all, the largest balance of year-end accounts receivable is RMB9,187,564,404, which is 18.11% of total year-end accounts receivable, the corresponding bad debt provision accrued is RMB174,877,579.

(6) Accounts receivable derecognized due to transfer of financial assets

Item	Transfer method of financial assets	Amount derecognized	Gains and losses related to derecognition (losses are presented as "-")
Company 1	Factored accounts receivable without recourse	88,884,176	-3,470,927
Company 2	Factored accounts receivable without recourse	34,430,928	-802,384
Company 3	Factored accounts receivable without recourse	29,000,000	-505,325
Total	—	152,315,104	-4,778,636

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

5. Receivables financing

Item	Closing balance	Opening balance
Notes receivable	687,378,756	383,654,710
Total	687,378,756	383,654,710

Note: The Group has no banker's acceptance bills for which impairment provision is individually accrued. At the end of the year, the Group measures the provision for bad debts based on the lifetime expected credit losses. The Group believes that the banker's acceptance bills issued by the banks with high credit ratings do not have significant credit risks and will not cause significant losses due to bank defaults.

6. Prepayments

(1) Aging of prepayments

Item	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,694,717,336	40.44	2,158,096,910	31.70
1-2 years	439,716,028	6.60	280,578,194	4.12
2-3 years	153,102,460	2.30	4,354,847,525	63.97
Over 3 years	3,375,421,598	50.66	14,530,621	0.21
Total	6,662,957,422	100.00	6,808,053,250	100.00

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

6. Prepayments (Continued)

(2) Prepayments with significant balances aged over 1 year at the end of the year

Debtor company	Closing balance	Aging	Reason for being unsettled	Proportion of the closing balance of prepayments (%)
Company 1	1,010,222,850	Over 3 years	Conditions for settlement not met	15.11
Company 2	618,136,138	1-2 years, 2-3 years, and over 3 years	Conditions for settlement not met	9.24
Company 3	592,502,368	Over 3 years	Conditions for settlement not met	8.86
Company 4	578,667,040	Over 3 years	Conditions for settlement not met	8.65
Company 5	319,568,423	Over 3 years	Conditions for settlement not met	4.78
Company 6	206,549,450	Over 3 years	Conditions for settlement not met	3.09
Company 7	190,782,125	Over 3 years	Conditions for settlement not met	2.85
Company 8	142,337,163	Over 3 years	Conditions for settlement not met	2.13
Company 9	89,209,991	1-2 years	Conditions for settlement not met	1.33
Company 10	68,184,900	Over 3 years	Conditions for settlement not met	1.02
Total	3,816,160,448	—		57.06

(3) Details of top five prepayments with the closing balances classified by the subject receiving prepayments

The aggregate amount of the top five prepayments with the closing balances classified by the subject receiving prepayments was RMB3,119,096,819, accounting for 46.52% of the total closing balance of the prepayments.

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

7. Other receivables

Item	Closing balance	Opening balance
Dividends receivable	10,756,337	1,679,462
Other receivables	418,440,558	247,192,189
Total	429,196,895	248,871,651

7.1 Dividends receivable

Investee	Closing balance	Opening balance
Aviation Gyro (Xi'an) Photoelectricity Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司)	6,170,962	1,679,462
Jiangxi Hongdu International Mechanical & Electrical Co., Ltd.* (江西洪都國際機電有限責任公司)	4,585,375	
Total	10,756,337	1,679,462

7.2 Other receivables

(1) Classification of other receivables by nature

Nature of amount	Closing book value	Opening book value
Intercourse funds	295,374,570	238,268,689
Deposit and security	108,289,031	71,004,731
Pretty cash and personal loan	28,889,783	38,912,921
Receivables and payables on behalf of other parties (Funds disbursed for others)	17,379,091	14,142,761
Equipment engineering cost	2,000,000	2,774,950
Tax refund and subsidy receivable		509,909
Borrowings		2,150,000
Others	68,658,668	24,900,456
Total	520,591,143	392,664,417

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

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(2) Bad debt provision of other receivables

	Stage 1 Expected credit loss in the future 12 months	Stage 2 Lifetime expected credit loss (not credit impaired)	Stage 3 Lifetime expected credit loss (credit impaired)	Total
Bad debt provision				
Opening balance	23,024,285	16,817,558	105,630,385	145,472,228
Opening book balance of other receivables during the year				
– 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 year	9,994,381	-7,540,800	4,553,625	7,007,206
Amount transferred back in the current year	7,000			7,000
Amount written back in the current year				
Amount written off in the current year	264,466	1,747		266,213
Other changes	393	-50,718	-50,005,311	-50,055,636
Closing balance	32,747,593	9,224,293	60,178,699	102,150,585

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

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(3) Other receivables listed as per aging

Aging	Closing book value	Opening book value
Within 1 year (including 1 year)	320,363,190	204,324,580
1-2 years	54,948,532	34,152,260
2-3 years	20,325,086	29,803,694
3-4 years	16,220,022	25,337,282
4-5 years	16,989,021	5,796,788
Over 5 years	91,745,292	93,249,813
Subtotal	520,591,143	392,664,417
Less: Bad debt provision	102,150,585	145,472,228
Total	418,440,558	247,192,189

Note: For details of other receivables with a single significant amount aged more than three years, please refer to Note VI. 7.2 (6) Details of top five other receivables with the closing balances classified by the borrowers.

(4) Bad debt provision of other receivables

Category	Opening balance	Provision	Amount changed in the current year			Closing balance
			Accounts recovered or transferred back	Amounts written back or written off	Other changes	
Other receivables	145,472,228	7,007,206	7,000	266,213	-50,055,636	102,150,585
Total	145,472,228	7,007,206	7,000	266,213	-50,055,636	102,150,585

Note: The main reason for other change is that the disposal of a subsidiary of the Company and exchange rate fluctuation, resulting in a decrease of RMB50,056,029 and an increase of RMB393 in the current period.

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

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(5) Other receivables actually written-off in the current year

Item	Write-off amount
Other receivables written-off	266,213

(6) Details of top five other receivables with the closing balances classified by the borrowers

Name	Nature of amount	Closing balance	Aging	Proportion to the total closing balance of other receivables (%)	Closing balance of bad debt provision
Company 1	Others	50,000,000	Over 5 years	10.24	50,000,000
Company 2	Intercourse funds	43,146,673	Within 1 year	8.84	431,467
Company 3	Intercourse funds	27,120,616	Over 5 years	5.56	3,685,574
Company 4	Others	25,611,325	Within 1 year	5.25	
Company 5	Intercourse funds	16,876,016	Within 1 year	3.46	257,035
Total	–	162,754,630	–	33.35	54,374,076

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

8. Inventories

(1) Inventory classification

Item	Book balance	Closing balance	Book value
		Inventory falling price reserves/impairment provision of contract performance costs	
Raw materials	13,757,552,182	550,045,463	13,207,506,719
Self-made semi-finished goods and products in progress	15,683,910,214	160,353,740	15,523,556,474
Finished goods	7,170,131,516	512,692,897	6,657,438,619
Turnover materials	639,524,277	4,537,143	634,987,134
Contract performance costs	73,727,125		73,727,125
Others	1,747,778,767	37,300,135	1,710,478,632
Total	39,072,624,081	1,264,929,378	37,807,694,703

Item	Book balance	Opening balance	Book value
		Inventory falling price reserves/impairment provision of contract performance costs	
Raw materials	12,936,676,478	463,041,634	12,473,634,844
Self-made semi-finished goods and products in progress	19,335,971,377	87,300,949	19,248,670,428
Finished goods	7,242,492,898	489,098,148	6,753,394,750
Turnover materials	498,005,250	567,966	497,437,284
Contract performance costs	66,865,997		66,865,997
Others	1,107,662,038	26,140,927	1,081,521,111
Total	41,187,674,038	1,066,149,624	40,121,524,414

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

8. Inventories (Continued)

(2) Inventory falling price reserves/impairment provision of contract performance costs

Item	Opening balance	Increase in the year		Decrease in the year			Closing balance
		Provision	Other	Accounts transferred back	Amount written back	Written off and Other	
Raw materials	463,041,634	113,519,774		3,838,917	19,070,347	3,606,681	550,045,463
Self-made semi-finished goods and products in progress	87,300,949	84,078,087		181,464	650,392	10,193,440	160,353,740
Finished goods	489,098,148	154,613,295		62,574,927	61,140,057	7,303,562	512,692,897
Turnover materials	567,966	3,969,177					4,537,143
Other inventories	26,140,927	11,159,208					37,300,135
Total	1,066,149,624	367,339,541		66,595,308	80,860,796	21,103,683	1,264,929,378

Note: Other inventories represent the impairment of the inventories of delivered goods.

(3) The Group's inventory balance at the end of the year does not include the capitalized amount of borrowing costs.

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

9. Contract assets

(1) Contract assets

Item	Book balance	Closing balance	Book value
		Impairment provision	
Aviation entire aircraft	3,335,368,630	46,193,129	3,289,175,501
Aviation engineering services	3,698,163,145	63,279,868	3,634,883,277
Aviation ancillary system and related business	1,236,811,145	3,684,294	1,233,126,851
Total	8,270,342,920	113,157,291	8,157,185,629

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

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

9. Contract assets (Continued)

(2) Impairment provision of contract assets in the current year

Category	Opening balance	Provision	Amount changed in the current year			Closing balance
			Accounts recovered or transferred back	Amounts written back or written off	Other changes	
Aviation entire aircraft	53,149,466	-6,787,231			169,106	46,193,129
Aviation engineering services	22,665,305	40,654,960		40,397		63,279,868
Aviation ancillary system and related business	478,209	3,206,085				3,684,294
Total	76,292,980	37,073,814		40,397	169,106	113,157,291

(3) Significant changes in the carrying value of contract assets during the current period

Item	Amount changed	Reasons for change
Aviation entire aircraft	2,234,829,560	due to the progress in fulfilling contracts
Aviation engineering services	796,997,123	due to the progress in fulfilling contracts
Aviation ancillary system and related business	1,194,788,426	due to the progress in fulfilling contracts
Total	4,226,615,109	–

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

10. Other current assets

Item	Closing balance	Opening balance
Input tax to be deducted, input tax to be certified and prepayment of value added tax	970,395,557	920,432,412
Prepayment of corporate income tax	196,333,790	130,087,503
Interest on term deposits		124,321,303
Others	4,038,686	5,564,399
Total	1,170,768,033	1,180,405,617

11. Long-term receivables

(1) Long-term receivables

Item	Closing balance			Opening balance			
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	Discount rate range
Financial lease payments	144,391		144,391	140,084		140,084	4.6%
Including: Unrealized financing income							
Others				1,202,775	30,069	1,172,706	
Total	144,391		144,391	1,342,859	30,069	1,312,790	

Note: The finance lease payments are the sale and return guarantee for equipment leases.

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

11. Long-term receivables (Continued)

(2) Bad debt provision of long-term receivables

	Stage 1 Expected credit loss in the future 12 months	Stage 2 Lifetime expected credit loss (not credit impaired)	Stage 3 Lifetime expected credit loss (credit impaired)	Total
Bad debt provision				
Opening balance		30,069		30,069
Opening book balance of long-term receivables during the year				
– 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 year		-30,069		-30,069
Amount transferred back in the current year				
Amount written back in the current year				
Amount written off in the current year				
Other changes				
Closing balance				

(3) Bad debt provision of long-term receivables

Category	Opening balance	Provision	Amount changed in the current year			Closing balance
			Accounts recovered or transferred back	Amounts written back or written off	Other decrease	
Long-term receivables	30,069	-30,069				
Total	30,069	-30,069				

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

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

12. Long-term equity investments

Investees	Opening balance (Book value)	Added investment	Decreased investment	Movement for the year				Distribution of cash dividend or profit declared	Impairment provision	Others	Closing balance (Book value)	Closing balance of impairment provision
				Investment profit or loss recognized under equity method	Adjustment to other comprehensive income	Other changes in equity						
I. Joint ventures												
Xi'an AVIC Hamilton Sundstrand Aviation Electric Company, Ltd. (西安中航漢勝航空電力有限公司)	68,797,432			-3,525,628							65,271,804	
Qingdao Xinghang Photoelectric Technology Co., Ltd. (青島興航光電技術有限公司)	357,136,325			57,805,504				79,116,120			335,825,709	
Others	31,476,403			3,730,505							35,206,908	
Subtotal	457,410,160			58,010,381				79,116,120			436,304,421	
II. Associates												
China Carbon Aviation Investment New Energy Group Co., Ltd. (中碳航投新能源集團有限公司)	412,817,848			37,438,825		2,566,859		11,577,266			441,246,266	
Jiangxi Hongdu Commercial Aircraft Corporation Limited* (江西洪都商用飛機股份有限公司)	308,381,087			-4,604,627		1,458,848		510,000			304,725,308	
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd. (上海施耐德低壓終端電器有限公司)	144,928,801			100,607,068				119,904,772			125,631,097	
AVIC Rongfu Fund Management Company Limited* (中航融富基金管理有限公司)	89,052,440			9,504,687	-137,525			4,312,054			94,107,548	
Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd.* (施耐德梅蘭日蘭低壓(天津)有限公司)	72,197,560			13,076,918				11,504,968			73,769,510	
Guangzhou Huazhi Auto Parts Co. (廣州華智汽車部件有限公司)	134,435,573			46,240,989		1,860,461		36,204,000			146,333,023	
Hongguang Airborne Equipment Co. (宏光空降裝備有限公司)	242,296,704			33,735,638	-303,365	602,876		16,224,674			260,107,179	
Beijing Hanghua Refrigeration Equipment Co. (北京航華製冷設備有限公司)	366,576,245			3,721,949	35,490	155,659					370,489,343	
Others	224,668,141	21,000,000	31,086,346	9,098,530		6,883,540		18,304,742			212,259,123	
Subtotal	1,995,354,399	21,000,000	31,086,346	248,819,977	-405,400	13,528,243		218,542,476			2,028,668,397	
III. Share floating right	354,739,885										354,739,885	
Subtotal	354,739,885										354,739,885	
Total	2,807,504,444	21,000,000	31,086,346	306,830,358	-405,400	13,528,243		297,658,596			2,819,712,703	

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

13. Other equity instrument investments

(1) Other equity instrument investments

Item	Closing balance	Opening balance
Shenyang Aircraft Co., Ltd. (瀋陽飛機股份有限公司)	1,188,232,757	988,163,598
Beijing AviChina Phase I Aviation Industrial Investment Fund * (北京中航一期航空工業產業投資基金)	584,635,630	428,685,548
Zhonghang Electronic Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)	505,588,460	308,156,800
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	485,645,496	416,076,444
Harbin DongAn Automotive Engine Manufacturing Co., Ltd. (哈爾濱東安汽車發動機製造有限公司)	425,400,000	467,700,000
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	335,967,171	313,645,952
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	126,000,000	174,000,000
Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	109,112,816	109,112,816
Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd. (哈爾濱哈飛航空客復合材料製造中心有限公司)	108,948,151	109,065,613
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工業投資有限責任公司)	108,194,551	104,773,496
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	89,687,304	72,358,920
Nanjing Guobo Electronics Co., Ltd. (南京國博電子股份有限公司)	87,159,888	94,251,083
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	70,360,000	71,310,000
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	64,922,059	63,680,014
Aviation Gyro (Xi'an) Photoelectricity Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司)	42,504,295	37,791,531
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)	16,440,777	22,019,483
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	5,626,681	5,626,681
Others	8,416,631	9,277,326
Total	4,362,842,667	3,795,695,305

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

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

13. Other equity instrument investments (Continued)

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

Item	Dividend income recognized in the current year	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 transfer from other comprehensive income to retained earnings
Shenyang Aircraft Co., Ltd. (瀋陽飛機股份有限公司)	9,370,921	854,632,761			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)	30,045,744	350,400,000			Non-trading equity investments	
Beijing AviChina Phase I Aviation Industrial Investment Fund * (北京中航一期航空工業產業投資基金)	2,273,734	152,947,407		2,013,146	Non-trading equity investments	Disposal
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)	1,337,867	285,429,937			Non-trading equity investments	
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	4,415,498	135,967,178			Non-trading equity investments	
Zhonghang Electronic Measuring Instruments Co., Ltd.* (中航電測儀器股份有限公司)		478,033,034			Non-trading equity investments	
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)			54,000,000		Non-trading equity investments	
Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)					Non-trading equity investments	
Harbin Hafei Airbus Composite Manufacturing Centre Co., Ltd. (哈爾濱哈飛空客複合材料製造中心有限公司)		83,689,330			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)		78,194,551			Non-trading equity investments	
Nanjing Guobo Electronics Co., Ltd. (南京國博電子股份有限公司)	900,558	2,739,929			Non-trading equity investments	
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	879,336	47,845,704			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)	118,562	20,360,000			Non-trading equity investments	
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	37,712	63,274,409			Non-trading equity investments	
Aviation Gyro (Xi'an) Photoelectricity Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司)	7,417,957		402,420		Non-trading equity investments	
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)			41,084,596		Non-trading equity investments	
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)					Non-trading equity investments	
Others	3,176,135	614,631	50,000,000	-2,675,094	Non-trading equity investments	
Total	59,974,024	2,554,128,871	145,487,016	-661,948	–	–

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From 1 January 2024 to 31 December 2024

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

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

14. Other non-current financial assets

Item	Fair value at the end of the period	Fair value at the beginning of the period
Financial assets such as stocks	3,444,547	
Total	3,444,547	

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

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

15. Investment properties

(1) Investment properties measured at cost

Item	Plant & buildings	Land use right	Total
I. Original book value			
1. Opening balance	662,375,449	152,031,761	814,407,210
2. Increase in the current period	21,528,555	1,372,694	22,901,249
(1) Purchase			
(2) Transferred from fixed assets	19,359,935		19,359,935
(3) Transferred from intangible assets		1,372,694	1,372,694
(4) Transferred from construction in progress			
(5) Translation differences of foreign currency	2,168,620		2,168,620
3. Decrease in the current period	70,426,293	44,629,564	115,055,857
(1) Disposal			
(2) Transferred to fixed assets	17,350,720		17,350,720
(3) Transferred to intangible assets		44,629,564	44,629,564
(4) Exchange rate adjustment	53,075,573		53,075,573
4. Closing balance	613,477,711	108,774,891	722,252,602
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	207,433,299	45,125,572	252,558,871
2. Increase in the current period	32,472,858	2,759,710	35,232,568
(1) Provision or amortization	19,237,567	2,359,181	21,596,748
(2) Transferred from fixed assets	11,023,441		11,023,441
(3) Transferred from intangible assets		400,529	400,529
(4) Translation differences of foreign currency	2,211,850		2,211,850
3. Decrease in the current period	12,779,481	12,452,878	25,232,359
(1) Disposal			
(2) Transferred to fixed assets	12,779,481		12,779,481
(3) Transferred to intangible assets		12,452,878	12,452,878
(4) Exchange rate adjustment			
4. Closing balance	227,126,676	35,432,404	262,559,080
III. Impairment provision			
1. Opening balance			
2. Increase in the current period			
3. Decrease in the current period			
4. Closing balance			
IV. Book value			
1. Closing book value	386,351,035	73,342,487	459,693,522
2. Opening book value	454,942,150	106,906,189	561,848,339

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

15. Investment properties (Continued)

(2) Investment properties for which the certificate of title has not been obtained at the end of the year

Item	Book value	Reason for not completing the title
Plant & buildings	5,937,243	Handling procedures not yet completed
Total	5,937,243	–

16. Fixed assets

Item	Closing book value	Opening book value
Fixed assets	25,035,925,023	22,384,619,460
Fixed assets in liquidation	4,051,909	2,251,372
Total	25,039,976,932	22,386,870,832

16.1 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. Opening balance	17,941,622,727	18,542,709,333	253,608,370	4,289,883,754	483,325,328	2,288,115,114	43,799,264,626
2. Increase in the current period	2,694,947,064	2,153,130,522	25,130,681	644,185,818	30,469,432	286,265,543	5,834,129,060
(1) Purchase	148,110,713	625,680,915	19,209,864	448,905,312	18,250,502	79,928,516	1,340,085,822
(2) Transferred from construction in progress	2,529,442,534	1,497,018,805	2,858,687	189,621,488	12,194,879	188,367,867	4,419,504,260
(3) Transferred from right-of-use assets							
(4) Transferred from investment	17,350,720						17,350,720
(5) Others increase	43,097	30,430,802	3,062,130	5,659,018	24,051	17,969,160	57,188,258
3. Decrease in the current period	391,279,866	400,338,426	23,286,072	94,974,638	22,340,393	74,168,085	1,006,387,480
(1) Disposal or scrapping	41,346,358	366,508,825	22,760,964	68,150,718	4,613,762	73,218,154	576,598,781
(2) Transferred to construction in progress	326,046,673	11,010,826					337,057,499
(3) Transferred to investment properties	19,359,935						19,359,935
(4) Transferred out due to disposal of subsidiary		122,015	147,466				269,481
(5) Other decrease	4,526,900	22,696,760	377,642	26,823,920	17,726,631	949,931	73,101,784
4. Closing balance	20,245,289,925	20,295,501,429	255,452,979	4,839,094,934	491,454,367	2,500,212,572	48,627,006,206

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

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

16. Fixed assets (Continued)

16.1 Fixed assets (Continued)

(1) Details of fixed assets (Continued)

Item	Plant & buildings	Machinery equipment	Transportation vehicles	Electronic equipment	Office equipment	Others	Total
II. Accumulated depreciation							
1. Opening balance	5,882,885,967	10,438,542,488	178,298,914	3,249,528,743	393,570,678	1,203,217,023	21,346,043,813
2. Increase in the current period	683,929,762	1,361,078,544	24,718,095	404,068,916	42,527,338	209,056,720	2,725,379,375
(1) Provision made in the current period	670,874,901	1,351,469,808	24,376,470	307,588,014	42,525,287	206,722,635	2,603,557,115
(2) Transferred from right-of-use assets							
(3) Transferred from investment	12,779,481						12,779,481
(4) Other increase	275,380	9,608,736	341,625	96,480,902	2,051	2,334,085	109,042,779
3. Decrease in the current period	136,423,423	278,412,576	19,390,267	66,169,797	11,995,375	65,882,134	578,273,572
(1) Disposal or scrapping	15,822,437	267,537,141	18,530,115	63,829,015	4,026,239	64,944,727	434,689,674
(2) Transferred to construction in progress	109,460,438	2,496,433					111,956,871
(3) Transferred to investment properties	11,023,441						11,023,441
(4) Transferred out due to disposal of subsidiary		115,545	143,042				258,587
(5) Other decrease	117,107	8,263,457	717,110	2,340,782	7,969,136	937,407	20,344,999
4. Closing balance	6,430,392,306	11,521,208,456	183,626,742	3,587,427,862	424,102,641	1,346,391,609	23,493,149,616
III. Impairment provision							
1. Opening balance	3,446,980	62,154,222	48,221	221,094		2,730,836	68,601,353
2. Increase in the current period	992,617	38,080,603		594,286	365	28,466	39,696,337
3. Decrease in the current period		10,364,028		2,095			10,366,123
(1) Disposal or scrapping		10,364,028		2,095			10,366,123
4. Closing balance	4,439,597	89,870,797	48,221	813,285	365	2,759,302	97,931,567
IV. Book value							
1. Closing book value	13,810,458,022	8,684,422,176	71,778,016	1,250,853,787	67,351,361	1,151,061,661	25,035,925,023
2. Opening book value	12,055,289,780	8,042,012,623	75,261,235	1,040,133,917	89,754,650	1,082,167,255	22,384,619,460

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

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

16. Fixed assets (Continued)

16.1 Fixed assets (Continued)

(2) Temporarily idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
Machinery equipment	16,150,435	15,553,843		596,592
Total	16,150,435	15,553,843		596,592

(3) Fixed assets leased out through operating leases

Item	Closing book value
Plant & buildings	190,854,583
Machinery equipment	11,165,679
Total	202,020,262

(4) Fixed assets for which the certificate of title has not been obtained

Item	Book value	Reason for not completing the title
Plant & buildings	2,019,938,709	To complete the title certificate successively
Plant & buildings	273,094,805	Not accepted for completion
Plant & buildings	232,317	Simple building
Total	2,293,265,831	–

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

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

16. Fixed assets (Continued)

16.2 Fixed assets in liquidation

Item	Closing balance	Opening balance
Machinery equipment	2,676,268	1,564,901
Electronic equipment	471,225	481,679
Office equipment	735,019	96,727
Transportation vehicles	83,331	21,998
Others	86,066	86,067
Total	4,051,909	2,251,372

17. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	4,240,450,534	4,437,643,212
Construction materials		
Total	4,240,450,534	4,437,643,212

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

17. Construction in progress (Continued)

Construction in progress

(1) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
High-end interconnect technology industrial community project	817,477,072		817,477,072	136,789,669		136,789,669
Civil Aircraft and Industrial Interconnection Industrial Park	557,531,314		557,531,314	94,069,224		94,069,224
Infrastructure technical transformation projects	275,008,017		275,008,017	297,693,469		297,693,469
Project of Shunyi New District	219,176,841		219,176,841	217,745,504		217,745,504
Self-made equipment	199,711,213		199,711,213	190,351,052		190,351,052
Aviation Pilot Gas Subsystem Capacity Enhancement Project	106,200,678		106,200,678	53,831,682		53,831,682
X-001	101,172,034		101,172,034	157,500,913		157,500,913
Research construction project 3	88,898,638		88,898,638	60,533,644		60,533,644
SAPC project	63,230,259		63,230,259	126,823,981		126,823,981
Basic Devices Industrial Park (Phase I)	54,127,217		54,127,217	1,038,080,294		1,038,080,294
Convertible bond fundraising project	47,189,288		47,189,288	92,835,188		92,835,188
Technical transformation and self-financing funds project	30,370,453		30,370,453	94,051,031		94,051,031
Huanan Industry Base Project	29,886,913		29,886,913	184,904,390		184,904,390
Huiyang technology park	21,151,869		21,151,869	14,964,026		14,964,026
Infrastructure renovation project of building 2	15,282,968		15,282,968	13,705,881		13,705,881
Tianjin Helicopter industrial base project	11,516,589		11,516,589	2,584,352		2,584,352
Surface Treatment Sewage Disposal System Upgrade and Renovation Project	10,948,418		10,948,418	10,619,655		10,619,655
SH project	4,262,256		4,262,256	15,959,750		15,959,750
Process layout adjustment	419,480		419,480	419,480		419,480
ZMPC project				180,435,122		180,435,122
Dingkunchi industrial base (phase II)				9,735,035		9,735,035
YGXP project				6,583,450		6,583,450
Solid state power distribution SSPC module automatic recording platform				1,137,800		1,137,800
Others	1,591,343,615	4,454,599	1,586,889,016	1,440,743,219	4,454,599	1,436,288,620
Total	4,244,905,133	4,454,599	4,240,450,534	4,442,097,811	4,454,599	4,437,643,212

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

17. Construction in progress (Continued)

Construction in progress (Continued)

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

Project name	Opening balance	Increase in the current year	Decrease in the current year		Closing balance
			Transferred to fixed assets	Other decrease	
High-end interconnect technology industrial community project	136,789,669	682,509,413	1,822,010		817,477,072
Civil Aircraft and Industrial Interconnection Industrial Park	94,069,224	467,856,949	4,394,860		557,531,313
Infrastructure technical transformation projects	297,693,469	140,812,448	147,902,296	15,595,604	275,008,017
Project of Shunyi New District	217,745,504	1,422,137	-9,200		219,176,841
Self-made equipment	190,351,052	180,556,831	171,196,670		199,711,213
Aviation Pilot Gas Subsystem Capacity Enhancement Project	53,831,682	116,065,592	18,700,108	44,996,488	106,200,678
X-001	157,500,913	832,000	36,770,402	20,390,477	101,172,034
Research construction project 3	60,533,644	77,870,019	43,228,853	6,276,172	88,898,638
SAPC project	126,823,981	146,619,046	200,970,268	9,242,500	63,230,259
Basic Devices Industrial Park (Phase I)	1,038,080,294	441,222,098	1,425,175,175		54,127,217
Convertible bond fundraising project	92,835,188	58,450,010	104,095,910		47,189,288
Technical transformation and self-financing funds project	94,051,031	14,242,696	77,923,275		30,370,452
Huanan Industry Base Project	184,904,390	175,456,011	330,473,488		29,886,913
Huiyang technology park	14,964,026	6,187,843			21,151,869
Infrastructure renovation project of building 2	13,705,881	1,577,087			15,282,968
Surface Treatment Sewage Disposal System Upgrade and Renovation Project	10,619,655	328,764			10,948,419
SH project	15,959,750	15,263,963	18,118,957	8,842,500	4,262,256
Process layout adjustment	419,480				419,480
ZMPC project	180,435,122		17,835,507	162,599,615	
Dingkunchi industrial base (phase II)	9,735,035	3,398,593	13,133,628		
YGXP project	6,583,450	1,834,175	8,417,625		
Solid state power distribution SSPC module automatic recording platform	1,137,800		1,137,800		
Total	2,998,770,240	2,532,505,675	2,621,287,632	267,943,356	2,642,044,927

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

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

17. Construction in progress (Continued)

Construction in progress (Continued)

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

Project name	Budget	Cumulative investment in the project as a percentage of the budget (%)	Project progress (%)	Accumulated amount of interest capitalized	Including: capitalized amount of interest for the year	Interest capitalization rate for the current year (%)	Sources of funds
High-end interconnect technology industrial community project	2,719,300,000	49	49	2,024,104	2,024,104	2	Self-financing funds, loan
Civil Aircraft and Industrial Interconnection Industrial Park	1,698,000,000	44	56	1,516,477	1,516,477	2	Self-financing funds, loan
Infrastructure technical transformation projects	830,638,671	N/A	N/A	16,405,846			State funding, self-financing funds, loan
Project of Shunyi New District	280,259,000	78	78	7,710,142	782,361	3	State funding, self-financing funds, loan
Self-made equipment							Self-financing funds
Aviation Pilot Gas Subsystem Capacity Enhancement Project	739,800,000	6	6				Self-financing funds
X-001	226,520,000	68	68				State funding, self-financing funds
Research construction project 3	279,100,000	87	87				State funding
SAPC project	722,600,000	80	80				State funding, self-financing funds
Basic Devices Industrial Park (Phase I)	1,672,500,000	93	93				Raised fund, self-financing funds
Convertible bond fundraising project	544,490,000	96	100				Self-financing funds
Technical transformation and self-financing funds project	28,000,000	98	98				Self-financing funds
Huanan Industry Base Project	2,255,448,700	87	87				Raised fund, self-financing funds
Huiyang technology park	671,840,000	99	99				Self-financing funds
Infrastructure renovation project of building 2	13,000,000	100	100	405,757		3	Self-financing funds, loan
Surface Treatment Sewage Disposal System Upgrade and Renovation Project	29,950,000	90	90				Self-financing funds
SH project	92,800,000	78	82				State funding, self-financing funds
Process layout adjustment	12,028,000	3	3				Self-owned funds
ZMPC project	1,003,500,000	99	100				State funding, self-financing funds
Dingkunchi industrial base (phase II)	306,690,000	75	100				Self-financing funds
YGXP project	198,620,000	99	99				State funding, self-financing funds
Solid state power distribution SSPC module automatic recording platform	1,200,000	95	95				Self-financing funds
Total	13,586,484,371			28,062,326	4,322,942		

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

18. Right-of-use assets

Item	Plant & buildings	Machinery equipment	Total
I. Original book value			
1. Opening balance	588,591,083	66,357,475	654,948,558
2. Increase in the current year	194,289,526	15,009,469	209,298,995
3. Decrease in the current year	72,593,871	17,040,010	89,633,881
4. Closing balance	710,286,738	64,326,934	774,613,672
II. Accumulated depreciation			
1. Opening balance	209,894,393	29,965,281	239,859,674
2. Increase in the current year	95,951,850	8,937,937	104,889,787
3. Decrease in the current year	45,056,174	3,408,002	48,464,176
4. Closing balance	260,790,069	35,495,216	296,285,285
III. Impairment provision			
1. Opening balance			
2. Increase in the current year			
3. Decrease in the current year			
4. Closing balance			
IV. Book value			
1. Closing book value	449,496,669	28,831,718	478,328,387
2. Opening book value	378,696,690	36,392,194	415,088,884

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

19. Intangible assets

(1) Details of intangible assets

Item	Software	Land use right	Patent right	Non-patented	Trademark right	Concession	Customer resources and sales channel	Total
I. Original book value								
1. Opening balance	2,320,300,528	4,037,707,184	175,170,717	237,330,765	8,417,935	800,000	44,622,700	6,824,349,829
2. Increase in the current year	283,990,223	66,750,394	2,363,584				166,038	353,270,239
(1)Purchase	162,482,295	22,102,320	64,151				166,038	184,814,804
(2)Transferred from construction in progress	121,507,928	18,510	2,299,433					123,825,871
(3)Transferred from investment		44,629,564						44,629,564
(4)Exchanged from non-monetary type transaction								
3. Decrease in the current year	23,342,096	34,057,346		28,000,000				85,399,442
(1) Disposal	23,342,096	32,684,652		28,000,000				84,026,748
(2) Transferred from investment properties		1,372,694						1,372,694
4. Closing balance	2,580,948,655	4,070,400,232	177,534,301	209,330,765	8,417,935	800,000	44,788,738	7,092,220,626
II. Accumulated amortization								
1. Opening balance	1,548,263,654	947,800,417	153,649,298	97,229,783	8,417,935	800,000	32,384,459	2,788,545,546
2. Increase in the current year	198,985,117	100,412,846	16,822,206	16,704,935			129,838	333,054,942
(1)Provision	199,059,048	87,959,968	16,822,206	16,704,935			129,838	320,675,995
(2)Transferred from investment		12,452,878						12,452,878
(3)Translation differences of foreign currency	-73,931							-73,931
3. Decrease in the current year	22,720,757	11,425,307		28,000,000				62,146,064
(1)Disposal	22,720,757	11,024,778		28,000,000				61,745,535
(2)Transferred from investment properties		400,529						400,529
(3)Exchange rate adjustment								
4. Closing balance	1,724,528,014	1,036,787,956	170,471,504	85,934,718	8,417,935	800,000	32,514,297	3,059,454,424
III. Impairment provision								
1. Opening balance	590,576			275,000			12,238,241	13,103,817
2. Increase in the current year								
3. Decrease in the current year								
4. Closing balance	590,576			275,000			12,238,241	13,103,817
IV. Book value								
1. Closing book value	855,830,065	3,033,612,276	7,062,797	123,121,047			36,200	4,019,662,385
2. Opening book value	771,446,298	3,089,906,767	21,521,419	139,825,982				4,022,700,466

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

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

19. Intangible assets (Continued)

(2) Land use right for which the title certificate has not been obtained

Item	Book value	Reason for not completing the title
Factory industrial land and aerotropolis land	6,027,143	Title certificates are being completed successively
Total	6,027,143	

20. Goodwill

(1) Original value of goodwill

Names of investees or matters forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司)	9,506,216			9,506,216
AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司)	59,487,100			59,487,100
Hubei HAPM MAGNA Seating System Co., Ltd. Kunshan Branch (湖北航嘉麥格納座椅系統有限公司昆山分公司)	262,329,083			262,329,083
Formed through merger of AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司) not under common control	15,871,971			15,871,971
Formed through merger of Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司) not under common control	53,249,924			53,249,924
Total	400,444,294			400,444,294

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

20. Goodwill (Continued)

(2) Impairment provision of goodwill

Names of investees or matters forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司)				
AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司)	44,922,201			44,922,201
Hubei HAPM MAGNA Seating System Co., Ltd. Kunshan Branch (湖北航嘉麥格納座椅系統有限公司昆山分公司)	262,329,083			262,329,083
Formed through merger of AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司) not under common control				
Formed through merger of Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司) not under common control				
Total	307,251,284			307,251,284

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

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

20. Goodwill (Continued)

(3) Information about the asset group or asset group portfolio where the goodwill belongs

The main components of the goodwill asset group	Book value of asset group (RMB0'000)	Book value of asset group including goodwill (RMB0'000)	Recognition method of goodwill asset group portfolio	Is there any change in this period
Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司)	1,175	2,126	There is an active market for the products produced by the asset group in which the goodwill belongs, which can bring independent cash flow and can be identified as a separate asset group	No
AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司)	3,226	4,682	There is an active market for the products produced by the asset group in which the goodwill belongs, which can bring independent cash flow and can be identified as a separate asset group	No
Hubei HAPM MAGNA Seating System Co., Ltd. Kunshan Branch (湖北航嘉麥格納座椅系統有限公司昆山分公司)	1,781	9,215	There is an active market for the products produced by the asset group in which the goodwill belongs, which can bring independent cash flow and can be identified as a separate asset group	No
The group of assets related to the formation of goodwill by AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司)	40,512	43,806	There is an active market for the products produced by the asset group in which the goodwill belongs, which can bring independent cash flow and can be identified as a separate asset group	No
The group of assets related to the formation of goodwill by Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司)	13,507	23,948	There is an active market for the products produced by the asset group in which the goodwill belongs, which can bring independent cash flow and can be identified as a separate asset group	No

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

20. Goodwill (Continued)

(3) Information about the asset group or asset group portfolio where the goodwill belongs (Continued)

The asset group business related to the formation of goodwill by Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司) has the same connotation and consistency as the initial recognition of goodwill and the asset group business during the impairment test in subsequent years.

The asset group business related to the formation of goodwill by AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司) has the same connotation and consistency as the initial recognition of goodwill and the asset group business during the impairment test in subsequent years.

The asset group business related to the formation of goodwill by Hubei HAPM MAGNA Seating System Co., Ltd. Kunshan Branch (湖北航嘉麥格納座椅系統有限公司昆山分公司) has the same connotation and consistency as the initial recognition of goodwill and the asset group business during the impairment test in subsequent years.

The asset group portfolio related to the formation of goodwill by AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司) include asset group of AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司), asset group of Xi'an Forstar Cable Co., Ltd. (西安富士達線纜有限公司), asset group of Xi'an TST Testing Technique Co., Ltd. (西安泰斯特檢測技術有限公司) and asset group of Forstar Technology (Hong Kong) Co., Ltd. (富士達科技(香港)有限公司). The asset group business related to the formation of goodwill by AVIC Forstar S&T Company Limited has the same connotation and consistency as the initial recognition of goodwill and the asset group business during the impairment test in subsequent years.

The asset group business related to the formation of goodwill by Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司) has the same connotation and consistency as the initial recognition of goodwill and the asset group business during the impairment test in subsequent years.

1. Description of the goodwill impairment test process, key parameters and the recognition method of goodwill impairment loss:

(1) Key assumptions for using the discounted future cash flow method

At the end of the period, the Group made impairment test on the aforesaid asset groups related to goodwill. First, the goodwill is included in the asset group and the book value is adjusted, and then the adjusted book value of asset group is compared with its recoverable amount, so as to determine whether asset group (including goodwill) is impaired.

The recoverable amount of an asset group is determined as the present value of the estimated future cash flows of the asset group. The future cash flows of the asset group are based on the financial budget for a five-year period, and the perpetual cash flows beyond five years are determined at the level of the last year of the detailed forecast period. The discount rate used to calculate the present value is a pre-tax discount rate that reflects the risks specific to the relevant asset group. Other key assumptions used in making cash flow projections for asset groups include projected operating revenues, operating costs, growth rates and related expenses based on prior years' operating results, growth rates, industry levels and management's expectations of market developments for the asset group to which the goodwill relates.

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

20. Goodwill (Continued)

(3) Information about the asset group or asset group portfolio where the goodwill belongs (Continued)

1. Description of the goodwill impairment test process, key parameters and the recognition method of goodwill impairment loss: (Continued)

(2) Goodwill impairment test results

- ① Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) assessed the recoverable amount of the asset portfolio including goodwill formed due to consolidation of AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司) by JONHON using the present value of the expected future cash flows of the assets of the asset group as its recoverable amount, and issued Dongzhou Ping Bao Zi [2025] No. 0558 Jonhon Optronic Technology Co., Ltd.'s Appraisal Report on Recoverable Value of the Assets Group Related to Proposed Impairment Testing of the Goodwill Formed by Merging AVIC Forstar S&T Company Limited on 13 March 2025, which was based on the condition at 31 December 2024, pursuant to which, the present value of the estimated future cash flows of the asset group portfolio including goodwill was RMB452,000,000, the carrying value of the asset group was RMB388,050,000, the consolidated goodwill of JONHON was RMB15,870,000, the goodwill of minority shareholders was RMB17,070,000, and the carrying value of the asset group including goodwill was RMB420,990,000. One of the key valuation assumptions, the gross profit margin, declined compared to the previous period due to changes in external market conditions, while other valuation assumptions remained relatively consistent with the previous period. The recoverable amount of the asset group, including goodwill, exceeded its book value by RMB63,950,000. Therefore, the goodwill formed upon consolidation of AVIC Forstar was not impaired at the end of 2024.

The major assessment assumptions are as follows:

Major basic assumptions	2025	2026	2027	2028	2029	Perpetuity
Revenue growth rate	9.16%	7.18%	5.19%	4.20%	3.00%	0.00%
Gross profit margin	32.87%	33.35%	33.47%	33.61%	33.64%	33.64%
Discount rate	10.81%	10.81%	10.81%	10.81%	10.81%	10.81%

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

20. Goodwill (Continued)

(3) Information about the asset group or asset group portfolio where the goodwill belongs (Continued)

1. Description of the goodwill impairment test process, key parameters and the recognition method of goodwill impairment loss: (Continued)

(2) Goodwill impairment test results (Continued)

- ② Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) assessed the recoverable amount of the asset portfolio including goodwill formed due to consolidation of Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司) by JONHON using the present value of the expected future cash flows of the assets of the asset group as its recoverable amount, and issued Dongzhou Ping Bao Zi [2025] No. 0602 Jonhon Optronic Technology Co., Ltd.'s Asset Appraisal Report on Recoverable Value of the Assets Group Related to Proposed Impairment Testing of the Goodwill Formed by Merging Shenzhen Xiangtong Photoelectric Technology Co., Ltd. on 13 March 2025, which is related to Items Containing Recoverable Amount of Goodwill Asset formed by merger of Shenzhen Xiangtong Photoelectric Technology Co., Ltd., which was based on the condition at 31 December 2024, pursuant to which, the present value of the estimated future cash flows of the asset group portfolio including goodwill of Shenzhen Xiangtong Photoelectric Technology Co., Ltd. was RMB531,000,000, the carrying value of the asset group was RMB152,110,000, the consolidated goodwill of JONHON was RMB53,250,000, the goodwill of minority shareholders was RMB51,160,000, and the carrying value of the asset group including goodwill was RMB256,520,000. The key valuation assumptions in the current period remained relatively consistent with the previous period. The recoverable amount of the asset group, including goodwill, exceeded its book value by RMB378,890,000. Therefore, the goodwill formed upon consolidation of Shenzhen Xiangtong was not impaired at the end of 2024.

The major assessment assumptions are as follows:

Major basic assumptions	2025	2026	2027	2028	2029	Perpetuity
Revenue growth rate	12.25%	9.96%	6.34%	4.77%	3.38%	0.00%
Gross profit margin	28.09%	28.24%	28.23%	28.31%	27.94%	27.94%
Discount rate	12.26%	12.26%	12.26%	12.26%	12.26%	12.26%

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

20. Goodwill (Continued)

(3) Information about the asset group or asset group portfolio where the goodwill belongs (Continued)

1. Description of the goodwill impairment test process, key parameters and the recognition method of goodwill impairment loss: (Continued)

(2) Goodwill impairment test results (Continued)

- ③ According to Asset Appraisal Report on the Present Value of the Estimated Future Cash Flows of the Asset Group of AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司) in Relation to the Goodwill Impairment Test Intended to Be Conducted by Shaanxi Aero Electric Co., Ltd. (陝西航空電氣有限責任公司) for the Purpose of Financial Reporting (Zhonghe Ping Bao Zi (2025) No. XAV1007) issued by Zhonghe Appraisal Co., Ltd. (中和資產評估有限公司), the present value of the estimated future cash flows of the asset group (including goodwill) related to AVIC Qinling Aerospace (Xiamen) Co., Ltd. was RMB39,190,000, including the carrying value of the asset group (including goodwill) was RMB38,550,000. The key valuation assumptions in the current period remained relatively consistent with the previous period. The recoverable amount of the asset group, including goodwill, exceeded its book value by RMB640,000. Therefore, no impairment provision for goodwill was required in the current period.

The major assessment assumptions are as follows:

Major basic assumptions	2025	2026	2027	2028	2029	Perpetuity
Revenue growth rate	5.29%	5.30%	5.30%	5.30%	5.30%	0.00%
Gross profit margin	25.22%	25.73%	28.86%	29.53%	29.96%	27.61%
Discount rate	10.28%	10.28%	10.28%	10.28%	10.28%	10.28%

- ④ According to Asset Appraisal Report on the Recoverable Amount of the Asset Group Where the Goodwill of Kunshan Branch of Hubei HAPM MAGNA Seating System Co., Ltd. Belongs in relation to the Goodwill Impairment Test Intended to Be Conducted by Hubei HAPM MAGNA Seating System Co., Ltd. (湖北航嘉麥格納座椅系統有限公司) (Yin Xin Ping Bao Zi (2024) No. B00043) issued by Yinxin Assets Appraisal Co., Ltd., the recoverable amount of the asset group related to Kunshan Branch of Hubei HAPM MAGNA Seating System Co., Ltd. was RMB50,300,000, and the carrying value of the asset group is RMB40,400,000. The recoverable amount of the asset group exceeded its book value by RMB9,900,000. The net book value of goodwill was written down to nil at the end of 2023, the impairment provision of goodwill at the end of 2023 amounted to RMB74,350,000.

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

20. Goodwill (Continued)

(3) Information about the asset group or asset group portfolio where the goodwill belongs (Continued)

1. Description of the goodwill impairment test process, key parameters and the recognition method of goodwill impairment loss: (Continued)

(2) Goodwill impairment test results (Continued)

- ⑤ According to Asset Appraisal Report on the Recoverable Amount of the Asset Group Where the Goodwill of Xi'an Qing'an Avionics Co., Ltd. Belongs in Relation to the Goodwill Impairment Test Intended to Be Conducted by Qing'an Group Co., Ltd. (慶安集團有限公司) (Yin Xin Ping Bao Zi (2025) No. V00005) issued by Yinxin Assets Appraisal Co., Ltd., the present value of the estimated future cash flows of the asset group (including goodwill) related to Xi'an Qing'an Avionics Co., Ltd. was RMB29,700,000, and the carrying value of the asset group (including goodwill) was RMB12,180,000. The key valuation assumptions in the current period remained relatively consistent with the previous period. The recoverable amount of the asset group, including goodwill, exceeded its book value by RMB17,520,000. Therefore, no impairment provision for goodwill was required in the current period.

The major assessment assumptions are as follows:

Major basic assumptions	2025	2026	2027	2028	2029	Perpetuity
Revenue growth rate	10.95%	20.00%	15.00%	15.00%	10.00%	0.00%
Gross profit margin	14.04%	16.30%	16.30%	16.30%	16.30%	16.30%
Discount rate	9.55%	9.55%	9.55%	9.55%	9.55%	9.55%

21. Long-term deferred expenses

Item	Opening balance	Increase in the current year	Amortization in the current year	Other decrease in the current year	Closing balance
Renovation costs	94,895,628	32,298,684	29,229,997		97,964,315
Technical transformation project	84,495		56,330		28,165
Others	5,675,063	1,910,955	1,696,987		5,889,031
Total	100,655,186	34,209,639	30,983,314		103,881,511

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From 1 January 2024 to 31 December 2024

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

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

22. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets before offsetting

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Impairment provision	3,583,250,880	540,034,960	2,955,335,663	450,219,614
Estimated liabilities	330,972,943	49,645,942	302,918,851	45,437,828
Employee compensation payable	15,834,374	2,375,156	34,382,200	5,157,330
Share-based payment	795,398,636	119,309,795	589,734,585	88,460,188
Changes in fair value of other equity instrument investments	173,527,761	32,346,965	63,652,500	5,738,431
Deductible losses	720,475,484	108,101,866	576,882,260	86,963,502
Lease liabilities	503,529,630	76,586,039	434,128,769	75,148,487
Others	519,850,504	77,556,088	722,969,079	112,575,641
Total	6,642,840,212	1,005,956,811	5,680,003,907	869,701,021

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

22. Deferred income tax assets and deferred income tax liabilities (Continued)

(2) Deferred income tax liabilities before offsetting

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	1,300,461,836	195,035,243	1,234,281,157	185,142,174
Changes in fair value of other equity instrument investments	2,154,523,908	488,735,844	1,509,337,487	333,910,952
Changes in fair value of financial instruments held for trading	4,144,031	1,036,012	3,286,066	821,516
Assets appraisal appreciation	28,649,946	4,999,793	31,322,663	5,429,366
Right-of-use assets	478,328,387	72,982,659	415,088,884	71,267,572
Total	3,966,108,108	762,789,551	3,193,316,257	596,571,580

(3) Details of unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	481,957,661	662,145,578
Deductible loss	1,963,836,600	1,685,940,878
Total	2,445,794,261	2,348,086,456

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

22. Deferred income tax assets and deferred income tax liabilities (Continued)

(4) *The deductible losses of unrecognized deferred income tax assets will expire in the following years*

Year	Closing balance	Opening balance	Note
2024		411,357,344	
2025	51,263,794	146,138,190	
2026	49,714,968	89,677,096	
2027	61,104,442	128,994,045	
2028	218,703,568	295,589,474	
2029	115,931,709	13,393,311	
2030	261,019,744	336,727,582	
2031	6,469,884	5,447,145	
2032	348,776,480	218,637,817	
2033	103,783,029	39,978,874	
2034	747,068,982		
Total	1,963,836,600	1,685,940,878	

23. Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract assets	56,368,830	169,106	56,199,724	175,225,487		175,225,487
Prepaid equipment fees	478,199,036		478,199,036	410,426,446		410,426,446
Term deposit for more than one year				178,874,698		178,874,698
Prepaid construction fees	121,056,848		121,056,848	46,459,957		46,459,957
Prepaid performance guarantee deposit				552,687		552,687
Total	655,624,714	169,106	655,455,608	811,539,275		811,539,275

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

24. Short-term borrowings

Category	Closing balance	Opening balance
Credit borrowings	9,031,171,658	4,813,472,656
Secured borrowings	315,116,499	186,311,097
Guaranteed borrowings		
Total	9,346,288,157	4,999,783,753

Note: There were no overdue short-term borrowings at the end of the year.

25. Financial liabilities held for trading

Item	Closing balance	Opening balance
Financial liabilities at fair value through profit or loss		72,143,493
Including: Gold leasing		72,143,493
Total		72,143,493

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

26. Notes payable

(1) Classification of notes payable

Category	Closing balance	Opening balance
Banker's acceptance bill	7,622,243,602	5,855,535,669
Commercial acceptance bill	5,001,034,545	5,812,744,376
Total	12,623,278,147	11,668,280,045

(2) Aging of notes payable

The ageing of the Group's notes payable at the end of the year mentioned above was within 365 days.

27. Accounts payable

(1) Presentation of accounts payable

Item	Closing balance	Opening balance
Materials costs payable	38,932,470,839	33,228,893,135
Construction costs payable	3,976,416,871	3,049,317,925
Equipment costs payable	1,187,299,654	1,013,870,812
Others	1,806,005,885	1,853,311,381
Total	45,902,193,249	39,145,393,253

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From 1 January 2024 to 31 December 2024

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

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

27. Accounts payable (Continued)

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

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	39,087,143,580	33,430,215,202
1-2 years (including 2 years)	4,717,965,470	3,301,952,322
2-3 years (including 3 years)	772,097,146	905,681,184
Over 3 years	1,324,987,053	1,507,544,545
Total	45,902,193,249	39,145,393,253

(3) Important accounts payable aged over 1 year

Name of the company	Closing balance	Reasons for outstanding or carry-over
Company 1	302,667,311	Payment conditions not met
Company 2	298,438,951	Payment conditions not met
Company 3	226,816,866	Payment conditions not met
Company 4	220,459,563	Payment conditions not met
Company 5	203,723,632	Payment conditions not met
Company 6	196,973,757	Payment conditions not met
Company 7	183,097,030	Payment conditions not met
Company 8	151,742,426	Payment conditions not met
Company 9	146,118,298	Payment conditions not met
Company 10	139,816,548	Payment conditions not met
Total	2,069,854,382	—

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

28. Advances

Item	Closing balance	Opening balance
Advance rent	25,221,608	18,258,191
Others	27,059,309	22,702,903
Total	52,280,917	40,961,094

29. Contract liabilities

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Aviation entire aircraft	6,063,237,084	12,261,906,744
Aviation ancillary system and related business	7,679,145,649	5,398,233,865
Aviation engineering services	2,035,384,286	1,440,550,860
Total	15,777,767,019	19,100,691,469

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

Item	Amount changed	Reasons for change
Aviation entire aircraft	-6,198,669,660	Contracts are gradually performed.
Aviation ancillary system and related business	2,280,911,784	Increase in prepayments from customers
Aviation engineering services	594,833,426	Increase in prepayments from customers
Total	-3,322,924,450	–

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

30. Employee compensation payable

(1) Classification of employee compensation payable

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term compensation	3,207,538,112	16,230,204,234	16,037,707,046	3,400,035,300
Post-employment welfare-defined contribution plan	106,145,510	2,177,151,150	2,205,015,664	78,280,996
Dismissal	10,104,660	22,815,740	25,298,613	7,621,787
Total	3,323,788,282	18,430,171,124	18,268,021,323	3,485,938,083

(2) Short-term compensation

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Salary, bonus, allowance and subsidy	2,328,460,195	12,023,500,407	11,955,726,065	2,396,234,537
Employee benefit	2,395,201	948,146,057	948,146,057	2,395,201
Social insurance premium	62,164,881	904,261,687	912,903,717	53,522,851
Including: Medical insurance premium	60,900,460	841,845,524	853,521,306	49,224,678
Work-related injury insurance premium	1,259,215	57,390,213	54,548,940	4,100,488
Maternity insurance premium	5,206	5,025,950	4,833,471	197,685
Housing provident fund	38,021,109	1,364,998,812	1,349,926,568	53,093,353
Union funds and staff education fund	771,189,147	440,442,146	320,653,470	890,977,823
Other short-term compensation	5,307,579	548,855,125	550,351,169	3,811,535
Total	3,207,538,112	16,230,204,234	16,037,707,046	3,400,035,300

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

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

30. Employee compensation payable (Continued)

(3) Defined contribution plan

The Group participates in social insurance plans established by government agencies as required. According to the plans, the Group pays fees based on a specific percentage of the employee's salary to these plans in accordance with the relevant regulations of the local government. Except for the above contributions, the Group will not undertake any further payment obligations. Corresponding expenses are included in the current profit and loss or related asset costs when incurred.

The Group's contributions to the pension, annuity and unemployment insurance plans for the year, respectively, are as follows:

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic pension insurance	17,930,136	1,558,160,387	1,560,835,342	15,255,181
Unemployment insurance	10,783,012	60,093,115	60,158,869	10,717,258
Annuity payments	77,432,362	558,897,648	584,021,453	52,308,557
Total	106,145,510	2,177,151,150	2,205,015,664	78,280,996

The Group has a contribution fee of RMB2,177,151,150 (2023: RMB1,940,333,881) payable to the participating defined contribution plans for the current year. As at 31 December 2024, the Group had RMB78,280,996 (31 December 2023: RMB106,145,510) of deposit fees payable which were due and unpaid during the current reporting period and such deposit fees payable were paid after the reporting period.

For each of the two financial years ended 31 December 2023 and 2024, there are no forfeited contributions under the Group's defined contribution plans (which are made by employers on behalf of employees who leave the plans prior to the full vesting of such contributions) available to the Group to reduce the existing level of contributions.

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

31. Tax payable

Item	Closing balance	Opening balance
Value-added tax	1,381,601,198	1,046,954,323
Corporate income tax	178,835,384	184,008,101
Individual Income Tax	95,583,934	96,267,298
City maintenance and construction tax	40,831,213	22,319,418
Education surcharge	29,632,778	16,284,827
Property tax	18,322,624	16,748,460
Land value-added tax	11,520,757	11,602,370
Land use tax	5,566,843	5,524,634
Other taxes and fees	10,729,500	11,822,916
Total	1,772,624,231	1,411,532,347

32. Other payables

Item	Closing balance	Opening balance
Dividends payable	61,485,432	62,556,162
Other payables	2,568,306,882	3,163,639,847
Total	2,629,792,314	3,226,196,009

32.1 Dividends payable

Item	Closing balance	Opening balance
Dividends on ordinary shares	61,485,432	62,556,162
Total	61,485,432	62,556,162

Note: There was no significant dividends payable outstanding for more than one year at the end of the year.

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

32. Other payables (Continued)

32.2 Other payables

(1) Classification of other accounts payable by nature

Nature of amount	Closing balance	Opening balance
Restricted stock repurchase obligations and stock dividend	909,497,741	1,557,260,735
Intercourse funds	318,088,815	368,875,677
Receivables and payables on behalf of other parties	193,059,529	260,200,518
Payables on behalf of employee	344,387,441	354,039,483
Outstanding fees	229,419,722	185,047,306
Security and deposit	90,996,440	66,720,588
Party organization funds	69,040,137	71,162,206
Pension provision	7,982,117	12,882,117
Housing maintenance fund	31,857,644	20,228,976
Others	373,977,296	267,222,241
Total	2,568,306,882	3,163,639,847

(2) Significant other accounts payable aged over one year

Name	Closing balance	Reasons for outstanding or not being carried forward
Restricted stock repurchase obligations and stock dividend	842,774,729	Undue
Company 1	111,654,734	Undue
Party organization work funds	31,229,853	Not used
Company 2	13,326,827	Unsettled
Company 3	9,843,567	Unsettled
Total	1,008,829,710	—

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

33. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,473,874,138	824,305,847
Long-term payables due within one year	7,548,381	3,106,278
Lease liabilities due within one year	102,921,676	90,466,176
Non-financial institution borrowings due within one year	505,412,969	336,064,481
Total	3,089,757,164	1,253,942,782

34. Other current liabilities

Item	Closing balance	Opening balance
Borrowings from other non-financial institutions	337,611,727	312,139,938
Tax pending for written back	470,495,901	400,616,000
Notes endorsed for transfer without derecognition at the end of the year	245,375,410	593,079,822
Total	1,053,483,038	1,305,835,760

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

35. Long-term borrowings

(1) Classification of long-term borrowings

Category	Closing balance	Opening balance
Credit borrowings	5,085,267,863	5,979,549,104
Guaranteed borrowings	55,000,000	64,000,000
Secured borrowings	24,000,000	24,000,000
Total	5,164,267,863	6,067,549,104

The principal of the above borrowings shall be repaid within the following periods:

Item	Closing balance	Opening balance
Within one year	2,473,874,138	824,305,847
More than one year after the balance sheet date, but not more than two years	4,269,067,863	3,044,813,758
More than two years after the balance sheet date, but not more than five years	816,200,000	2,934,735,346
More than five years after the balance sheet date	79,000,000	88,000,000
Less: amounts due within one year under current liabilities	2,473,874,138	824,305,847
Amount under non-current liabilities	5,164,267,863	6,067,549,104

Note 1: The interest rate range of the Group's long-term borrowings at the end of the year was 1.08% to 3.85% (1.08% to 4.37% at the beginning of the year).

Note 2: For details of the Group's secured borrowings at the end of the year, see Note VI. 66.

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

36. Lease liabilities

Item	Closing balance	Opening balance
Lease payment	627,140,242	562,042,654
Less: Unrecognized financing costs	123,610,612	128,914,504
Reclassification to leasing liabilities due within one year	102,921,676	90,466,176
Total	400,607,954	342,661,974

Note: The Group's cash flow payments for other leases except for short-term and low-value leases in the current year totaled RMB104,351,030.

The carrying amounts of the above lease liabilities shall be repaid within the following periods:

Item	Closing balance
Within one year	102,921,676
More than one year after the balance sheet date, but not more than two years	87,436,296
More than two years after the balance sheet date, but not more than five years	150,796,652
More than five years after the balance sheet date	162,375,006
Total	503,529,630
Less: lease liabilities due within one year under current liabilities	102,921,676
Lease liabilities under non-current liabilities	400,607,954

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

37. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	38,030,626	5,834,673
Special payables	-956,229,967	-746,153,203
Total	-918,199,341	-740,318,530

37.1 Long-term payables

(1) Classification of long-term payables by nature

Nature of the amount	Closing balance	Opening balance
Financial leasing	5,969,755	5,834,673
Less: Unrecognized financing costs		
Others	39,609,252	3,106,278
Less: long-term payables due within one year	7,548,381	3,106,278
Total	38,030,626	5,834,673

(2) The carrying amounts of the long-term payables shall be repaid within the following periods

Category	Closing balance	Opening balance
Within one year	7,548,381	3,106,278
More than one year after the balance sheet date, but not more than two years	5,280,626	3,067,174
More than two years after the balance sheet date, but not more than five years	32,750,000	2,767,499
More than five years after the balance sheet date		
Less: long-term payables due within one year under current liabilities	7,548,381	3,106,278
Amounts under non-current liabilities	38,030,626	5,834,673

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

37. Long-term payables (Continued)

37.2 Special payables

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Research fees	-3,311,926,097	2,515,611,406	2,319,975,835	-3,116,290,526
Technical renovation infrastructure project	2,511,021,870	579,512,918	958,843,525	2,131,691,263
Allocations for water, electricity, heating and property management	25,140,019	199,011	11,599,894	13,739,136
Other projects	29,611,005	66,000,278	80,981,123	14,630,160
Total	-746,153,203	3,161,323,613	3,371,400,377	-956,229,967

38. Long-term employee compensation payable

(1) Classification of Long-term employee compensation payable

Item	Closing balance	Opening balance
Post-employment welfare – net debt of the defined benefit plan	1,798,311,937	1,778,640,763
Dismissal welfare	19,413,032	62,697,176
Total	1,817,724,969	1,841,337,939

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

38. Long-term employee compensation payable (Continued)

(2) Changes in the defined benefit plan-the present value of the obligations of the defined benefit plan

Item	Balance at the end of the year	Amount in the previous year
I. Opening balance	1,778,640,763	1,904,750,142
II. Defined benefit cost included in current profit and loss	36,754,892	49,672,948
1. Current service cost	-5,332,380	154,948
2. Past service cost	200,000	1,030,000
3. Settlement gains (losses are indicated by "-")		
4. Net interest	41,887,272	48,488,000
III. Defined benefit cost included in other comprehensive income	-67,258,664	-34,766,713
1. Actuarial gains (losses are indicated by "-")	-67,258,664	-34,766,713
2. Return on plan assets		
IV. Other changes	50,174,946	-141,015,614
1. Consideration paid at settlement		-739,948
2. Benefits paid	-116,722,845	-131,445,666
3. Provision for reserve fee	-30,344,000	-8,830,000
4. Disposal of subsidiaries		
5. Reclassification	197,241,791	
V. Closing balance	1,798,311,937	1,778,640,763

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

38. Long-term employee compensation payable (Continued)

(3) Changes in the defined benefit plan-the net debt of the defined benefit plan (net assets)

Item	Amount in the current year	Amount in the previous year
I. Opening balance	1,778,640,763	1,904,750,142
II. Defined benefit cost included in current profit and loss	36,754,892	49,672,948
III. Defined benefit cost included in other comprehensive income	-67,258,664	-34,766,713
IV. Other changes	50,174,946	-141,015,614
V. Closing balance	1,798,311,937	1,778,640,763

Note: The Group recognizes the defined benefit obligation as a liability. The Group's liabilities are determined by relying on actuarial estimates with various assumptions and conditions. The assumptions used in the actuarial valuation report include discount rates, mortality rates, benefit growth rates, and other factors.

The present value of the Group's defined benefit plan obligations for the year was calculated by Towers Watson Consulting (Shenzhen) Co., Ltd., (韜睿惠悅管理諮詢(深圳)有限公司) an independent actuarial institute. The principal actuarial assumptions used in actuarial report for the current year are as follows:

- ① the discount rate to determine the defined benefit obligation: 1.00%-2.50%;
- ② mortality rate: China Life Insurance Mortality Table (2010-2013);
- ③ supplemental/extra-integrated medical benefits annual growth rate: 6.00%-8.00%;
- ④ annual growth rate of basic salary, allowance, basic social insurance and housing fund contributions for formerly retired staff who left their jobs: 2.00%-6.00%.

The deviations between actual results and actuarial results will affect the accuracy of the related accounting estimates. Even if the management considers the above assumptions to be reasonable, any changes in the assumptions will still affect the amount of the liability. All assumptions are reviewed at the reporting date.

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

39. Estimated liabilities

Item	Closing balance	Opening balance
Product quality assurance	377,333,512	302,918,851
Principal amount of Orient Asset Bonds converted to shares		215,180,000
Others	390,446	700,000
Total	377,723,958	518,798,851

40. Deferred income

(1) Classification of deferred income

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance	Reasons for formation
Government grants	1,237,870,569	76,270,400	127,454,667	1,186,686,302	Government grants
Subsidy for employee placement	1,237,106		1,237,106		Employee placement
Additional deduction of value-added tax		17,654,555	13,015,649	4,638,906	
Total	1,239,107,675	93,924,955	141,707,422	1,191,325,208	–

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

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

40. Deferred income (Continued)

(2) Government grants projects

	Opening balance	Amount of new subsidy this year	Amount included in other income this year	Amount included in non-operating income this year	Amount of offsetting costs and expenses this year	Other changes	Closing balance	Asset-related/ Income-related
Government grants projects								
Land relocation compensation	382,130,923		14,627,782				367,503,141	Asset-related
Subsidies for a post-disaster reconstruction project	270,487,422		10,497,799			-21,281,449	238,708,174	Asset-related
Special funds for central enterprises to enter Hebei and special funds for industrial development	58,337,500		2,500,000				55,837,500	Asset-related
Special funds for park construction allocated by the Development and Reform Bureau of an Economic and Technological Development Zone	62,669,560	2,290,000	10,735,120				54,224,440	Asset-related
Project of Nanchang Aviation Industry City construction and development of large aircraft	39,810,601		1,036,053				38,774,548	Asset-related
High Speed Connector Project (Research and development and industrialization project of a connector)	44,177,488		7,887,743				36,289,745	Asset-related
Relocation compensation subsidy	38,552,281		2,409,518				36,142,763	Asset-related
Government grants for land in the Lvmeng New District	35,402,592		842,919				34,559,673	Asset-related
Underwater plugging and unplugging of optoelectronic mixers	24,194,362		2,718,766				21,475,596	Asset-related
112G high-speed connector industrialization project	20,115,541		2,295,000				17,820,541	Asset-related
Industrial development funds	19,541,671		1,954,166				17,587,505	Asset-related
MIT project	17,989,830		3,932,656				14,057,174	Asset-related
Aviation pipeline specialization project	12,800,000						12,800,000	Asset-related
Land grant subsidies	11,517,705		338,756				11,178,949	Asset-related
Special funds for development	11,194,000		546,000				10,648,000	Asset-related
Kaitong relocation compensation	10,093,344		444,984				9,648,360	Asset-related
Special fund subsidy for gymnasium	9,508,333		700,000				8,808,333	Asset-related

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

40. Deferred income (Continued)

(2) Government grants projects (Continued)

	Opening balance	Amount of new subsidy this year	Amount included in other income this year	Amount included in non-operating income this year	Amount of offsetting costs and expenses this year	Other changes	Closing balance	Asset-related/ Income-related
Government grants projects								
An Electric Vehicle Powertrain System Construction Project under a High-tech Industrial Park Electric Vehicle Powertrain System (Phase I) Project	7,967,667		212,000				7,755,667	Asset-related
A capacity expansion project	8,250,450		1,000,000				7,250,450	Asset-related
A cutting funds for technological transformation and transformative upgrading allocated by the Finance Bureau of an Economic Development Zone	6,970,000						6,970,000	Asset-related
A research security funds	10,389,651		3,500,000				6,889,651	Asset-related
Rail transit equipment production projects	5,766,142		287,834				5,478,308	Asset-related
Special funds for high-quality development of provincial manufacturing industry	6,192,995		1,096,755				5,096,240	Asset-related
A Provincial Industry-guided Economic Fund	5,000,000						5,000,000	Asset-related
Special funds for the development of southern Shaanxi cycle project subsidies	5,227,246		909,096				4,318,150	Asset-related
High-performance cable industrialization project	9,962,746		5,977,648				3,985,098	Asset-related
Enterprise Technology Center award	5,000,000		2,460,966				2,539,034	Income-related
Subsidies for innovative capacity building	5,000,000		2,460,966				2,539,034	Asset-related
Lanzhou City coal-to-gas boiler subsidies	3,266,199		1,075,000				2,191,199	Asset-related
Production capacity enhancement project	5,496,355		5,496,355					Asset-related
Others	84,857,965	73,980,400	18,229,336				140,609,029	Asset/Income- related
Total	1,237,870,569	76,270,400	106,173,218			-21,281,449	1,186,686,302	

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

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

41. Other non-current liabilities

Item	Closing balance	Opening balance
Borrowings and interest of AVIC Airborne Systems (中航機載系統有限公司)		600,450,005
Borrowings and interest of China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司)	67,467,738	67,467,738
Proposed debt-to-equity borrowings	83,840,000	83,840,000
Contract liabilities	714,944,853	808,603,306
Total	866,252,591	1,560,361,049

42. Share capital

Item	Opening balance	Increase and decrease in change for the year (+, -)					Closing balance
		Issuance of new shares	Bonus issue	Conversion from reserves	Other	Subtotal	
Total shares	7,972,854,242						7,972,854,242

43. Capital reserves

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share capital premium	1,744,245,375	602,397,086	62,029,154	2,284,613,307
Other capital reserves	11,770,051,343	309,533,984		12,079,585,327
Total	13,514,296,718	911,931,070	62,029,154	14,364,198,634

Note 1: The completion of raising supporting funds by AVICOPTER, a subsidiary of the Company, resulted in an increase in capital reserve (share premium) by RMB602,397,086. Please refer to the section headed Material Acquisitions and Disposals of Subsidiaries and Associated Companies during the Reporting Period in the "Report of the Board" of this Report.

Note 2: The completion of restructuring of AVICOPTER, a subsidiary of the Company, involving acquisition of equity of Harbin Aircraft and Changhe Aircraft held by the Company, resulted in a decrease in capital reserves (share premium) by RMB58,965,018. Please refer to the section headed Material Acquisitions and Disposals of Subsidiaries and Associated Companies during the Reporting Period in the "Report of the Board" of this Report.

Note 3: AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司), a subsidiary of the Company, increased its capital in its subsidiary Chengdu CAIC Electronics Co., Ltd. (成都凱天電子股份有限公司), resulting in a decrease in capital reserves (share premium) by RMB3,064,136.

Note 4: The unlocking of restricted shares of JONHON, a subsidiary of the Company, during the year resulted in an increase in other capital reserves by RMB172,616,601.

Note 5: The amortization of share-based payment of JONHON, a subsidiary of the Company, during the year resulted in an increase in other capital reserves by RMB133,059,816.

Note 6: The Group accounted for the joint ventures and associates under the equity method, resulting in an increase in other capital reserves by RMB3,857,567.

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From 1 January 2024 to 31 December 2024

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

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

44. Other comprehensive income

Item	Opening balance	Amount for the current year	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: carry-over recount in defined benefits plan	Less: income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	Closing balance
I. Other comprehensive income that cannot be reclassified into profit or loss	202,364,663	467,113,743		-274,792	-9,562,000	130,931,693	220,592,060	125,426,782	422,956,723
Including: Changes arising from re-measurement of the defined benefit plan	-495,389,577	-78,348,500			-9,562,000	-3,897,435	-31,058,512	-33,830,553	-526,448,089
Other comprehensive income that cannot be reclassified into profit or loss under the equity method	6,556,257	-440,890					-187,580	-253,310	6,368,677
Changes in fair value of other equity instrument investments	691,197,983	545,903,133		-274,792		134,829,128	251,838,152	159,510,645	943,036,135
Others									
II. Other comprehensive income reclassified into the profit or loss	26,576,306	926,832	343,622				-52,443	635,653	26,523,863
Including: Other comprehensive income that can be reclassified into profit or loss under the equity method	-1,803	35,490					5,856	29,634	4,053
Translation difference of foreign currency financial statements	26,578,109	891,342	343,622				-58,299	606,019	26,519,810
Total other comprehensive income	228,940,969	468,040,575	343,622	-274,792	-9,562,000	130,931,693	220,539,617	126,062,435	449,480,586

45. Special reserves

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Production safety reserves	480,615,715	302,037,560	284,108,028	498,545,247
Total	480,615,715	302,037,560	284,108,028	498,545,247

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From 1 January 2024 to 31 December 2024

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

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

46. Surplus reserves

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	451,623,842	82,837,288		534,461,130
Total	451,623,842	82,837,288		534,461,130

47. Undistributed profits

Item	Amount in the current year	Amount in the previous year
Balance at the end of last year	8,923,873,029	7,169,523,872
Add: Adjustment of retained earnings at the beginning of the year Including: Change in the scope of combination under common control		
Balance at the beginning of the current year	8,923,873,029	7,169,523,872
Add: Net profit for the year attributable to owners of the parent company	2,187,431,551	2,446,952,909
Retained earnings carried over from other comprehensive income	1,571,722	1,796,398
Other increase		228,004
Less: Withdrawal of statutory surplus reserve	82,837,288	77,721,575
Dividends payable on ordinary shares	701,611,173	616,906,579
Other decrease		
Balance at the end of the current year	10,328,427,841	8,923,873,029

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

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

47. Undistributed profits (Continued)

Note 1: Details of dividends declared and paid and proposed in prior periods are as follows: ① Pursuant to the resolutions of meeting of the Board held on 15 March 2023 and the resolutions of the annual general meeting held on 18 May 2023 for the year ended 31 December 2022, the Company declared the final dividend for 2022 on the basis of RMB0.08 per share (including tax) to each shareholder, amounting to RMB616,906,579 in aggregate. The Company has paid the above dividends to each shareholder in June 2023. ② Pursuant to the resolution of meeting of the Board held on 15 March 2024 and the resolution of the annual general meeting held on 21 May 2024 for the year ended 31 December 2023, the Company declared a final dividend for 2023 on the basis of RMB0.088 (including tax) per share to each shareholder, amounting to RMB701,611,173 in aggregate. The Company has paid the above dividends to each shareholder in June 2024.

48. Operating revenue and operating costs

(1) Details of operating revenue and operating costs

Item	Amount for the current year		Amount for the previous year	
	Revenue	Cost	Revenue	Cost
Main businesses	85,690,334,349	67,170,987,740	83,581,113,836	62,690,090,375
Other businesses	1,280,429,817	951,469,950	1,170,483,678	900,137,254
Total	86,970,764,166	68,122,457,690	84,751,597,514	63,590,227,629

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From 1 January 2024 to 31 December 2024

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

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

48. Operating revenue and operating costs (Continued)

(2) Revenue from contracts

Contract classification	Aviation entire aircraft	Aviation ancillary system and related business	Aviation Engineering services	Total
By operation region				
Including: Mainland China	27,147,344,791	46,249,129,714	9,994,992,705	83,391,467,210
Other regions	1,324,172,170	2,255,124,786		3,579,296,956
By contract type				
Including: Sales contract	28,471,516,961	46,671,567,070	1,202,699,432	76,345,783,463
Service contract		1,832,687,430	8,792,293,273	10,624,980,703
By time of goods transfer				
Including: Performance in a period of time	28,182,796,706	369,574,020	8,499,970,345	37,052,341,071
Performance at a point in time	288,720,255	48,134,680,480	1,495,022,360	49,918,423,095
Total	28,471,516,961	48,504,254,500	9,994,992,705	86,970,764,166

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

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

48. Operating revenue and operating costs (Continued)

(3) Information related to performance obligations

The types of transactions involving performance obligations of the Group are sales of goods and rendering of services. The Group recognizes revenue when it has fulfilled its performance obligations under the contract, i.e., when the customer obtains control of the related goods or services.

The Group determines that the contracts of aviation entire aircraft, the helicopter maintenance contracts in the aviation ancillary system and related business, and the engineering contracting contracts and consulting and design contracts in the aviation engineering services are performance obligations to be performed within a certain period of time. The time of the performance obligations is basically consistent with the completion progress. The Group determines the time and proportion of progress payment according to the nodes in the contract with the customer and performs the corresponding obligations in strict accordance with the terms of the contract. If any party in the process breaches the contract or fails to perform its contractual obligations in a timely manner, in case of being the responsibility of the enterprise, it is required to refund the amount paid in advance by the customer or deduct the contract price payable, and compensate for the reasonable loss that has also been incurred.

Generally, the warranty period for contracts of aviation entire aircraft and helicopter maintenance contracts is 2 years or the contracted number of flight hours, and the Group provides repair services free of charge for defects caused by unintentional, navigational risks, natural damage, etc.; engineering contracts stipulate warranty responsibility for the works within the contracted quality warranty period, which is usually between 2 to 5 years; consulting and design contracts provide quality assurance as agreed in the contract.

(4) Information related to performance obligations at the beginning of the year

The revenue recognised by the Group from January to December 2024 included an amount of RMB8,357,297,736 that had been included in contract liabilities at the beginning of the year.

(5) Information related to the transaction price apportioned to the remaining performance obligations

At the end of the year, the amount of revenue corresponding to performance obligations contracted but not yet performed or completed was RMB40,865,315,373, of which RMB36,743,642,412 is expected to be recognized as revenue in 2025.

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

49. Taxes and surcharges

Item	Amount for the current year	Amount for the previous year
City maintenance and construction tax	210,334,272	169,776,595
Property tax	112,674,911	97,706,637
Education surcharge	152,706,040	121,743,303
Stamp duties	46,511,686	38,355,315
Land use tax	33,348,118	31,340,689
Resource tax	2,208,187	2,495,920
Vehicle usage tax	478,868	423,572
Land value-added tax		10,294,513
Others	4,332,833	6,042,124
Total	562,594,915	478,178,668

50. Selling expenses

Item	Amount for the current year	Amount for the previous year
Employee compensation	458,672,890	506,267,615
Business travel costs	124,544,229	120,809,457
Sales service charges	107,067,913	85,026,128
After-sales service charges	46,948,675	53,681,686
Office fees	22,165,476	22,456,127
Exhibition fees	17,844,515	16,032,819
Advertising and publicity expenses	8,825,039	17,417,222
Transportation costs	7,238,441	8,245,739
Depreciation and amortization costs	6,972,107	5,220,396
Packaging fees	3,837,811	4,068,954
Sample and product losses	3,071,152	606,891
Others	51,034,736	80,374,210
Total	858,222,984	920,207,244

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

51. Administrative expenses

Item	Amount for the current year	Amount for the previous year
Employee compensation	3,275,624,656	3,489,711,047
Depreciation and amortization costs	553,671,766	499,570,975
Amortization of equity incentives in the current period	233,781,270	301,176,768
Business travel costs	119,155,991	104,926,608
Maintenance and repair costs	109,320,408	158,469,467
Property fees and afforestation fees	102,071,795	109,161,769
Business entertainment expenses	95,015,658	118,728,610
Professional service fees	87,843,709	112,375,852
Power and fuel expenses	87,460,792	65,384,244
Office fees	79,299,804	98,367,773
Labor protection costs	52,183,028	41,173,768
Rental	43,192,214	33,488,144
Publicity expenses	28,863,714	31,807,353
Conference expenses	24,352,462	31,700,830
Insurance premium	21,276,975	18,513,147
Audit fees	8,321,046	11,384,399
Including: Auditor's fees for the annual report	2,270,000	2,420,000
Others	309,987,775	428,084,370
Total	5,231,423,063	5,654,025,124

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

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

52. Research and development expenses

Item	Amount for the current year	Amount for the previous year
Employee compensation	2,653,955,468	2,681,179,757
Materials expenses	2,092,617,540	2,770,574,671
Outsourcing fees	570,047,001	509,521,066
Experimental and special fees	426,331,408	510,025,632
Depreciation and amortization costs	206,556,589	226,086,960
Transportation and business travel costs	146,157,958	118,878,305
Administrative expense	144,106,700	169,618,414
Amortization of equity-based incentives	132,340,704	134,178,105
Power and fuel expenses	70,288,556	73,450,461
Design fees	13,354,343	51,332,263
Others	205,155,884	328,161,406
Total	6,660,912,151	7,573,007,040

53. Finance costs

Item	Amount for the current year	Amount for the previous year
Interest expenses	429,442,223	417,725,872
Less: Interest incomes	464,977,856	580,450,174
Less: Interest capitalized	5,314,550	6,290,173
Add: Exchange gains or losses	-20,281,360	-15,041,536
Add: Other expenditures	46,624,975	37,421,368
Total	-14,506,568	-146,634,643

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

54. Other income

Sources of other income	Amount for the current year	Amount for the previous year
Value-added tax credit	473,605,127	86,197,693
National major science and technology project	92,889,313	49,661,139
Business assist and employment stabilization subsidies	39,562,146	13,580,803
Value-added tax instant refund	24,412,578	13,969,112
Financial allocations	22,624,288	8,481,486
Production line maintenance subsidies	18,950,000	45,108,000
Government relocation compensation	17,821,040	23,255,195
High-tech allowance	13,815,260	20,867,620
Subsidies for the reconstruction project	10,497,799	10,505,334
Refund of individual tax handling fee	7,276,241	7,136,725
Science and technology innovation awards for enterprise	7,144,453	1,382,000
Connector research and industrialization project subsidies	5,977,648	14,265,391
Production capacity improvement project	5,496,356	5,520,235
Subsidies for research and development expenses	5,282,554	24,548,576
Special subsidies for scientific research funds	3,251,562	8,692,748
Technical transformation	1,295,731	4,587,783
Military product tax rebate		10,755,902
MIIT project		4,338,929
Others	90,902,494	78,262,950
Total	840,804,590	431,117,621

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

55. Investment income

Item	Amount for the current year	Amount for the previous year
Long-term equity investment incomes calculated at equity method	306,830,358	429,787,242
Investment income from disposal of long-term equity investments	362,797	90,692,361
Investment income from disposal of financial assets held for trading	57,440,921	38,220,861
Dividend income from holding other equity instrument investments	53,803,062	55,078,268
Gain on debt restructuring	17,681,679	52,655,474
Investment income from holding other non-current financial assets		23,027,317
Gain on derecognition of financial assets measured at amortized cost	-6,599,098	-24,565,459
Others	31,955,768	29,130,866
Total	461,475,487	694,026,930

Note: Gain on debt restructuring is the cash discounts gain obtained by the Company on settlement of payment for the supply payment.

56. Income from changes in fair value

Source of income from changes in fair value	Amount for the current year	Amount for the previous year
Financial assets held for trading	7,901,755	-4,735,647
Including: Gain from changes in fair value of derivative financial instruments		
Other non-current financial assets	6,302	
Financial liabilities held for trading	-2,751,645	-14,114,136
Total	5,156,412	-18,849,783

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

57. Credit impairment loss

Item	Amount for the current year	Amount for the previous year
Loss on bad debts of accounts receivable	-356,415,749	-270,273,782
Loss on bad debts of notes receivable	-8,080,964	-40,637,327
Loss on bad debts of other receivables	-7,000,206	-4,566,613
Others	931,646	-2,966,767
Total	-370,565,273	-318,444,489

58. Assets impairment loss

Item	Amount for the current year	Amount for the previous year
Inventory depreciation loss and contract performance cost impairment losses	-367,333,622	-354,931,082
Contract asset impairment losses	-37,033,417	-61,300,621
Goodwill impairment losses		-74,347,471
Others	-39,696,337	-17,709,118
Total	-444,063,376	-508,288,292

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

59. Income from assets disposal (loss to be listed with "-")

Item	Amount for the current year	Amount for the previous year	Amount included in non-recurring profit or loss for the current year
Income from disposal of non-current assets	-90,955	30,890,980	-90,955
Including: Income from disposal of non-current assets classified as held-for-sale	-27,085	17,290,959	-27,085
Including: Income from disposal of fixed assets	-27,085	17,290,959	-27,085
Including: Income from disposal of non-current assets not classified as held-for-sale	-63,870	13,600,021	-63,870
Including: Income from disposal of fixed assets	-462,675	598,834	-462,675
Including: Income from disposal of intangible assets	398,805	13,001,187	398,805
Total	-90,955	30,890,980	-90,955

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

60. Non-operating income

(1) Details of non-operating income

Item	Amount for the current year	Amount for the previous year	Amount included in non-recurring profit or loss for the current year
Gains on damaged and retired non-current assets	2,816,503	1,684,024	2,816,503
Government grants irrelevant to the daily business operations	34,230	4,200	34,230
Unpayable payments	15,783,758	27,635,931	15,783,758
Income from compensation, liquidated damages and fines	73,568,422	68,093,580	73,568,422
Others	11,693,480	14,307,951	11,693,480
Total	103,896,393	111,725,686	103,896,393

(2) Details of government grants

Item	Amount for the current year	Amount for the previous year	Source and basis	Asset-related/ Income-related
Government grants	3,000		Publicity Department of the Shanxi Provincial Committee of the Communist Party of China	Income-related
Government grants	31,230		Finance Bureau of Jinghai District, Tianjin	Income-related
Government grants		4,200	State Intellectual Property Bureau	Income-related
Total	34,230	4,200	–	–

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

61. Non-operating expenses

Item	Amount for the current year	Amount for the previous year	Amount included in non-recurring profit or loss for the current year
Losses on damaged and retired non-current assets	17,116,765	17,123,409	17,116,765
External donation expenditure	3,615,749	4,777,308	3,615,749
Obsolescence losses of inventories	26,846		26,846
Expenses on compensation, liquidated damages and fines	27,466,846	5,365,545	27,466,846
Others	5,913,011	4,834,118	5,913,011
Total	54,139,217	32,100,380	54,139,217

62. Income tax expenses

(1) Income tax expenses

Item	Amount for the current year	Amount for the previous year
Current income tax calculated in accordance with tax laws and related regulations	437,279,267	511,025,295
Deferred income tax expenses	-99,595,876	-129,428,059
Total	337,683,391	381,597,236

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

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

62. Income tax expenses (Continued)

(2) Adjustment process of accounting profits and income tax expenses

Item	Amount for the current year
Total consolidated profit before tax for the year	6,092,133,992
Income tax expenses at statutory/applicable rates	1,523,033,498
The impact of different tax rates applied to subsidiaries	-592,538,809
The impact of adjustments to income taxes in previous periods	-42,546,498
The impact of non-taxable revenue	-72,014,138
The impact of non-deductible costs, expenses and losses	123,387,478
The impact of deductible losses on the use of deferred income tax assets not recognized in previous periods	-81,726,247
The impact of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current year	210,038,588
Tax effect of surplus deduction	-744,854,490
Others	14,904,009
Income tax expenses	337,683,391

63. Other comprehensive income

For details, please refer to the relevant content of Note VI. 44. Other comprehensive income.

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

64. Items of cash flow statement

(1) Other cash received/paid related to operating/investing/financing activities

1) Other cash received related to operating activities

Item	Amount for the current year	Amount for the previous year
Research project grants	2,769,504,006	2,382,829,558
Intercourse funds	593,731,566	522,291,377
Security deposit	433,873,446	504,752,201
Financial interest income	370,142,194	492,282,949
Government grants income	214,452,835	358,878,070
Other operating income	61,721,730	36,699,803
Income from compensation, liquidated damages and fines	2,708,315	6,910,303
Others	665,371,931	604,250,987
Total	5,111,506,023	4,908,895,248

2) Other cash paid related to operating activities

Item	Amount for the current year	Amount for the previous year
Expenses for each item	1,605,804,592	1,657,007,308
Intercourse funds	1,133,686,809	2,771,339,994
Guarantee deposit and security deposit	491,459,563	490,330,864
Overall cost of employees who officially retired	143,406,186	118,810,807
Fines and compensation expenses	523,281	861,288
Others	1,180,449,964	893,936,569
Total	4,555,330,395	5,932,286,830

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

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

64. Items of cash flow statement (Continued)

(1) Other cash received/paid related to operating/investing/financing activities (Continued)

3) Other cash received related to investing activities

Item	Amount for the current year	Amount for the previous year
Redemption of structured deposits upon maturity	7,800,000,000	
Term deposits	1,705,763,670	919,236,785
Infrastructure appropriation	112,626,887	121,204,724
Others	109,090,000	1,225,778
Total	9,727,480,557	1,041,667,287

4) Other cash paid related to investment activities

Item	Amount for the current year	Amount for the previous year
Payment of structured deposits	10,450,000,000	
Term deposits	866,793,557	878,817,749
Project warranty	20,422,343	
Others	32,951,296	1,576,750
Total	11,370,167,196	880,394,499

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

64. Items of cash flow statement (Continued)

(1) Other cash received/paid related to operating/investing/financing activities (Continued)

5) Other cash received related to financing activities

Item	Amount for the current year	Amount for the previous year
Special allocation	426,659,242	266,900,018
Borrowings from non-financial institutions	224,052,879	1,027,991,710
Notes and letter of credit deposit	3,887,680	9,260,000
Others	32,366,769	58,384,100
Total	686,966,570	1,362,535,828

6) Other cash paid related to financing activities

Item	Amount for the current year	Amount for the previous year
Repayment of borrowings from non-financial institutions	314,700,751	842,794,810
Lease payments for right-to-use assets	104,351,030	65,253,351
Notes and letter of credit deposit	13,943,976	
Stock repurchase	8,495,025	3,579,439
Financial lease payments	7,351,977	70,663,977
Others	2,887,733	209,039,926
Total	451,730,492	1,191,331,503

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

64. Items of cash flow statement (Continued)

(2) Supplementary information to consolidated cash flow statement

Item	Amount for the current year	Amount for the previous year
1. Adjust net profit to cash flow from operating activities:		
Net profit	5,754,450,601	6,688,581,303
Add: Provision for asset impairment	444,063,376	508,288,292
Credit impairment losses	370,565,273	318,257,156
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of bearer biological assets	2,725,379,375	2,358,831,411
Depreciation of right-of-use assets	104,889,787	99,158,195
Amortization of intangible assets	333,054,942	332,550,425
Amortization of long-term deferred expenses	33,195,391	28,564,800
Losses on disposal of fixed assets, intangible assets and other long-term assets (incomes are listed with "-")	90,955	-30,890,980
Loss on scrapping of fixed assets (incomes are listed with "-")	14,300,262	15,439,385
Losses from changes in fair value (incomes are listed with "-")	-5,156,412	18,849,783
Financial costs (gains are listed with "-")	429,442,223	-162,730,529
Investment losses (incomes are listed with "-")	-461,475,487	-695,319,861
Decrease in deferred tax assets (increase are listed with "-")	-109,647,256	-156,307,309
Increase in deferred tax liabilities (decreases are listed with "-")	11,393,079	12,821,072
Decrease in inventory (increase are listed with "-")	2,115,049,957	-175,080,120
Decrease in operating receivable items (increase are listed with "-")	-8,231,729,063	-7,702,039,722
Increase in operating payable items (decreases are listed with "-")	-1,728,711,020	-6,287,956,112
Others	371,321,399	748,621,571
Net cash flow from operating activities	2,170,477,382	-4,080,361,240
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
3. Net change in cash and cash equivalent:		
Closing cash balance	2,154,836,162	-4,132,609,129
Less: opening cash balance	37,179,887,375	41,312,496,504
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	39,334,723,537	37,179,887,375

Notes to the Financial Statements

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

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

64. Items of cash flow statement (Continued)

(3) *Net cash received as a result of some subsidiaries no longer being included in the consolidation scope this year*

In this period, AviChina disposed of its subsidiary AVIC Helicopter, and received a disposal amount of RMB2,105,600. At the time of disposal, the book value of cash and cash equivalents of AVIC Helicopter were RMB35,047,550. This matter above resulted in a decrease of RMB32,942,950 in net cash.

(4) *Cash and cash equivalents*

Item	Closing balance	Opening balance
Cash	39,334,723,535	37,179,887,375
Including: Cash on hand	320,567	510,854
Bank deposits readily available for payment	39,328,269,720	37,157,303,172
Other monetary funds readily available for disbursement	6,133,248	22,073,349
Cash equivalents		
Cash and cash equivalents balance at the end of the year	39,334,723,535	37,179,887,375

65. Items of statement of changes in Shareholders' equity

- (1) The Group has no "Other" items for the current year to adjust the amount at the end of the previous year.
- (2) Other changes in the Group's statement of changes in shareholders' equity this year mainly come from the equity accounting for joint ventures and associates. For details, see Note VI. 43. Capital reserve.

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

66. Assets with restricted ownership or right to use

Item	Closing book value	Reasons for restriction
Monetary funds	1,987,420,254	For details, see Note VI. 1. Monetary funds
Notes receivable	2,093,406,317	Pledge of notes
Fixed assets	7,395,965	Secured borrowings
Accounts receivable	100,000,000	Pledged borrowings
Total	4,188,222,536	–

67. Government grants

Category	Amount received in the current year	Presentation items	Amount included in current profit or loss
Government grants included in deferred income	76,270,400	Deferred income	28,554,456
Government grants included in other income	359,923,222	Other income	359,923,222
Government grants included in non- operating income	34,230	Non-operating income	34,230
Total	436,227,852	–	388,511,908

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

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

68. Monetary items in foreign currency

Item	Closing balance of foreign currency	Conversion rate	Converted RMB balance at the end of the year
Monetary funds			
Including: USD	28,818,548	7.1884	207,159,250
EUR	9,403,411	7.5257	70,767,250
GBP	40	9.0765	363
HKD	218,274,063	0.92604	202,130,513
VND	34,944,503,621	0.00029	10,133,906
KWD	1,362,705	0.0538	73,314
MOP	399,709	0.8985	359,139
THB	225,368,742	0.2126	47,913,395
Accounts receivable			
Including: USD	67,903,384	7.1884	488,116,686
EUR	19,913,862	7.5257	149,865,751
CAD	193,017	5.0498	974,697
VND	104,672,381,862	0.00029	30,354,991
THB	18,775,429	0.2126	3,991,656
Other receivables			
Including: USD	214,450	7.1884	1,541,552
EUR	11,180	7.5257	84,137
THB	3,020,480	0.2126	642,154
VND	392,675,966	0.00029	113,876
Accounts payable			
Including: USD	4,383,104	7.1884	31,507,505
EUR	2,696,337	7.5257	20,291,823
JPY	596,700	0.0462	27,568
THB	32,283,468	0.2126	6,863,465
VND	110,100,640,877	0.00029	31,929,186
Other payables			
Including: USD	442,713	7.1884	3,182,398
HKD	546,901	0.92604	506,430
EUR	23,049	7.5257	173,460

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VII. CHANGES IN CONSOLIDATION SCOPE

1. Business combination not involving entities under common control

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

2. Business combinations involving entities under common control

(1) Business combination under common control occurred during the current period

Name of the combined party	The percentage of equity interest acquired in the business combination	The basis for the business combination under common control	Date of combination	Basis on which the combination date is recognized	Income of the combined party from the beginning of the year in which the combination occurred to the date of combination	Net profit of the combined party from the beginning of the year in which the combination occurred to the date of combination	Revenue of the combined party for the comparative period	Net profit of the combined party for the comparative period
AVIC Surface Treatment Technology (Tianjin) Co., Ltd.* (中航表面處理技術(天津)有限公司)	17%	Direct shareholding of 34%, indirect voting rights of 17% through equity entrustment agreement, totaling 51% to achieve control	October 2024	Control is achieved on the effective date of the equity entrustment agreement	10,819,873	-1,865,869	21,258,341	885,982
Total	17%				10,819,873	-1,865,869	21,258,341	885,982

(2) The cost of combination

In October 2024, Tianjin Aviation, a subsidiary of the Company, signed an equity entrustment agreement to control AVIC Surface and then AVIC Surface was included in the scope of consolidation, with a consolidation cost of zero.

Notes to the Financial Statements

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

VII. CHANGES IN CONSOLIDATION SCOPE (Continued)

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

(3) Carrying amounts of assets and liabilities of the combined party as at the combination date

Item	AVIC Surface Treatment Technology (Tianjin) Co., Ltd.* (中航表面處理技術(天津)有限公司)	
	Date of combination	At the end of the last period
Monetary funds	12,793,957	20,585,737
Notes receivable	6,595,840	4,609,363
Accounts receivable	18,541,621	31,959,204
Prepayments	503,899	211,390
Other receivables	1,235,819	997,990
Inventories	9,576,249	510,133
Total current assets	49,247,385	58,873,817
Fixed assets	16,251,086	17,965,737
Intangible assets	400,831	434,826
Long-term deferred expenses	13,237,579	14,939,555
Total non-current assets	29,889,496	33,340,118
Total assets	79,136,881	92,213,935
Less: Short-term borrowings		2,000,000
Accounts payable	4,888,858	6,508,705
Advances	2,675	206,840
Employee compensation payable	1,095,187	972,217
Tax payable	-196,667	2,443,431
Other payables	9,488,285	14,358,326
Net assets	63,858,543	65,724,416
Net assets acquired	63,858,543	65,724,416

3. Changes in consolidation scope for other reasons

- 1) The equity of AVIC Helicopter, a subsidiary of the Company, was transferred to a subsidiary of AVIC in August 2024.
- 2) China Aviation Engineering Supervision (Beijing) Co., Ltd.* (中航工程監理(北京)有限公司), a subsidiary of AVIC CAPDI, a subsidiary of the Company, was cancelled in February 2024.
- 3) Xi'an Qing'an Import & Export Co., Ltd. (西安慶安進出口有限公司), a subsidiary of AVIC Airborne, a subsidiary of the Company, was cancelled in September 2024.
- 4) Forstar Technology (Hong Kong) Co., Ltd. (富士達科技(香港)有限公司), a subsidiary of JONHON, a subsidiary of the Company, was cancelled in September 2024.

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VIII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) The composition of the enterprise group

Name of the subsidiary	Principal place of business	Place of registration	Business nature	Registered capital	Type of legal entity	Shareholding ratio (%) Direct Indirect	Acquisition method	Remark
Jiangxi Hongdu Aviation Industry Co., Ltd.* (江西洪都航空工業股份有限公司)	Nanchang	Nanchang	Manufacturing	717,114,512	Joint Stock Company Limited	43.77	Business combinations under common control	1
AviChina Hong Kong Limited (中航科工香港有限公司)	Hong Kong	Hong Kong	Investment	HKD10,000	Limited Liability Company	100.00	Investment set-up	—
AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司)	Shanghai, Chengdu, Xi'an, etc	Beijing	Manufacturing	44,850,395,900	Joint Stock Company Limited	16.50	Business combinations under common control	2
Jonhon Optronic Technology Co., Ltd. (中航光電科技股份有限公司)	Luoyang, etc	Luoyang	Manufacturing	1,631,008,160	Joint Stock Company Limited	36.76	Business combinations under common control	1
Tianjin Aviation Mechanical and Electrical Co., Ltd. (天津航空機電有限公司)	Tianjin	Tianjin	Manufacturing	293,160,000	Limited Liability Company	100.00	Business combinations under common control	—
AVICOPTER PLC (中航直升機股份有限公司)	Harbin, Tianjin, Jingdezhen, etc	Harbin	Manufacturing	819,893,213	Joint Stock Company Limited	48.56 1.14	Business combinations under common control, others	1
China Aviation Planning and Design Institute Co., Ltd. (中國航空規劃設計研究院有限公司)	Beijing	Beijing	Manufacturing	1,050,000,000	Limited Liability Company	100.00	Business combinations under common control	—
AviChina Industrial Investment Co., Ltd. (中航科工產業投資有限公司)	Shanghai	Shanghai	Investment	200,000,000	Limited Liability Company	100.00	Investment set-up	—
Changhe Aircraft Industries (Group) Co., Ltd. (昌河飛機工業集團有限公司)	Jingdezhen, etc	Jingdezhen	Manufacturing	478,821,689	Limited Liability Company	49.70	Business combinations under common control	1
Harbin Aircraft Industry Group Co., Ltd. (哈爾濱飛機工業集團有限公司)	Harbin	Harbin	Manufacturing	1,571,325,200	Limited Liability Company	49.70	Business combinations under common control	1
Shanghai Aviation Electric Co., Ltd. (上海航空電器有限公司)	Shanghai	Shanghai	Manufacturing	1,052,720,000	Limited Liability Company	16.50	Business combinations under common control	2
Lanzhou Wanli Aviation Electric Co., Ltd. (蘭州萬里航空機電有限公司)	Lanzhou	Lanzhou	Manufacturing	828,900,000	Limited Liability Company	16.50	Business combinations under common control	2
Chengdu CAIC Electronics Co., Ltd. (成都凱天電子股份有限公司)	Chengdu	Chengdu	Manufacturing	603,767,760	Joint Stock Company Limited	10.81	Business combinations under common control	2
Lanzhou Flight Control Co., Ltd. (蘭州飛行控制有限公司)	Lanzhou	Lanzhou	Manufacturing	649,000,000	Limited Liability Company	16.50	Business combinations under common control	2
AVIC Taiyuan Aviation Instrument Co., Ltd. (太原航空儀表有限公司)	Taiyuan	Taiyuan	Manufacturing	529,500,000	Limited Liability Company	16.50	Business combinations under common control	2
AVIC Shaanxi Qianshan Avionics Co., Ltd. (陝西千山航空電子有限公司)	Xi'an	Xi'an	Manufacturing	802,000,000	Limited Liability Company	16.50	Business combinations under common control	2
AVIC Shaanxi Huayan Aero-Instrument Co., Ltd. (陝西華燕航空儀表有限公司)	Nanzheng	Nanzheng	Manufacturing	700,000,000	Limited Liability Company	13.20	Business combinations under common control	2

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the enterprise group (Continued)

Name of the subsidiary	Principal place of business	Place of registration	Business nature	Registered capital	Type of legal entity	Shareholding ratio (%)		Acquisition method	Remark
						Direct	Indirect		
Beijing Keveen Aviation Instrument Co., Ltd. (北京青雲航空儀表有限公司)	Beijing	Beijing	Manufacturing	543,432,216	Limited Liability Company		16.50	Business combinations under common control	2
Suzhou Changfeng Avionics Co., Ltd. (蘇州長風航空電子有限公司)	Suzhou	Suzhou	Manufacturing	553,070,000	Limited Liability Company		16.50	Business combinations under common control	2
Shaanxi Oriental Aeronautic Instrument Manufacture Co., Ltd. (陝西東方航空儀表有限責任公司)	Hanzhong	Hanzhong	Manufacturing	418,000,000	Limited Liability Company		16.50	Business combinations under common control	2
Shanghai Super Champion Machinery & Electrical Equipment Co., Ltd. (上海越冠機電設備有限公司)	Shanghai	Shanghai	Manufacturing	3,000,000	Limited Liability Company		7.59	Business combinations under common control	2
Shanghai Hanghao Auto Parts Co., Ltd. (上海航浩汽車零部件有限公司)	Shanghai	Shanghai	Manufacturing	10,000,000	Limited Liability Company		8.58	Business combinations under common control	2
Shanghai Hangkai Electronic Technology Co., Ltd. (上海航繼電子科技有限公司)	Shanghai	Shanghai	Manufacturing	12,000,000	Limited Liability Company		9.08	Business combinations under common control	2
AVIC Guohua (Shanghai) Laser Display Technology Co., Ltd. (中航國畫(上海)激光顯示科技有限公司)	Shanghai	Shanghai	Manufacturing	115,800,000	Limited Liability Company		7.88	Business combinations under common control	2
Xi'an Huayan Aero-Instrument Co., Ltd. (西安華燕航空儀表有限公司)	Xi'an	Xi'an	Manufacturing	2,000,000	Limited Liability Company		16.50	Business combinations under common control	2
Chengdu Aviation Mechanical and Electrical Co., Ltd. (成都航昇機電有限責任公司)	Chengdu	Chengdu	Manufacturing	25,330,000	Limited Liability Company		10.62	Business combinations under common control	2
Beijing Qingyun Avionics Technology Co., Ltd. (北京青雲航電科技有限公司)	Beijing	Beijing	Manufacturing	200,000,000	Limited Liability Company		16.50	Business combinations under common control	2
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an	Xi'an	Production and manufacturing	1,992,304,100	Limited Liability Company		16.50	Business combinations under common control	2
Shaanxi Aero Electric Co., Ltd. (陝西航空電氣有限責任公司)	Xingping	Xingping	Production and manufacturing	619,576,100	Limited Liability Company		16.50	Business combinations under common control	2
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou	Zhengzhou	Production and manufacturing	644,771,400	Limited Liability Company		16.50	Business combinations under common control	2
Sichuan Lingfeng Aero Hydraulic Machinery Co., Ltd. (四川凌峰航空液壓機械有限公司)	Guanghan	Guanghan	Production and manufacturing	135,000,000	Limited Liability Company		16.50	Business combinations under common control	2
Sichuan Fanhua Aviation Instrument and Electrical Co., Ltd. (四川泛華航空儀表電器有限公司)	Ya'an	Ya'an	Production and manufacturing	280,155,300	Limited Liability Company		16.50	Business combinations under common control	2
Sichuan Aviation Industry Chuanxi Machinery Co., Ltd. (四川航空工業川西機器有限責任公司)	Ya'an	Ya'an	Production and manufacturing	207,475,400	Limited Liability Company		16.50	Business combinations under common control	2
AVIC Hubei Aviation Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司)	Xiangyang	Xiangyang	Production and manufacturing	380,000,000	Limited Liability Company		16.50	Business combinations under common control	2

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the enterprise group (Continued)

Name of the subsidiary	Principal place of business	Place of registration	Business nature	Registered capital	Type of legal entity	Shareholding ratio (%) Direct Indirect	Acquisition method	Remark
Guizhou Fenglei Aviation Ordnance Co., Ltd. (貴州風雷航空軍械有限責任公司)	Anshun	Anshun	Production and manufacturing	304,537,200	Limited Liability Company	16.50	Business combinations under common control	2
Guizhou Fengyang Hydraulic Co., Ltd. (貴州楓陽液壓有限責任公司)	Guiyang	Guiyang	Production and manufacturing	280,040,000	Limited Liability Company	16.50	Business combinations under common control	2
AVIC Xinxiang Aviation Industry (Group) Co., Ltd. (新鄉航空工業(集團)有限公司)	Xinxiang	Xinxiang	Production and manufacturing	428,000,000	Limited Liability Company	16.50	Business combinations under common control	2
Yibin Sanjiang Machinery Co., Ltd. (宜賓三江機械有限責任公司)	Yibin	Yibin	Production and manufacturing	236,698,000	Limited Liability Company	16.50	Business combinations under common control	2
Nanjing Hangjian Aviation Equipment Technology Service Co., Ltd. (南京航健航空裝備技術服務有限公司)	Nanjing	Nanjing	Production and manufacturing	85,000,000	Limited Liability Company	11.55	Business combinations under common control	2
Hubei HAPM MAGNA Seating System Co., Ltd. (湖北航嘉麥格納座椅系統有限公司)	Xiangyang	Xiangyang	Production and manufacturing	497,000,000	Limited Liability Company	8.27	Business combinations under common control	2
Xi'an Qing'an Aviation Machinery Manufacturing Co., Ltd. (西安慶安航空機械制造有限公司)	Xi'an	Xi'an	Production and manufacturing	500,000,000	Limited Liability Company	16.50	Business combinations under common control	2
Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司)	Xi'an	Xi'an	Production and manufacturing	13,470,000	Limited Liability Company	8.42	Business combinations under common control	2
AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司)	Xiamen	Xiamen	Aircraft maintenance	79,662,200	Limited Liability Company	16.50	Business combinations under common control	2
Zhengzhou Zhengfei Special Equipment Co., Ltd. (鄭州鄭飛特種裝備有限公司)	Zhengzhou	Zhengzhou	Production and manufacturing	295,000,000	Limited Liability Company	16.50	Business combinations under common control	2
Guizhou Anshun Tiancheng Aviation Equipment Co., Ltd. (貴州安順天成航空設備有限公司)	Anshun	Anshun	Production and manufacturing	3,000,000	Limited Liability Company	16.50	Business combinations under common control	2
Aviation Industry (Xinxiang) Metrology and Test Science Technology Co., Ltd. (航空工業(新鄉)計測科技有限公司)	Xinxiang	Xinxiang	Production and manufacturing	64,000,000	Limited Liability Company	16.50	Business combinations under common control	2
Hapm Magna Seating System (Thailand) Co., Ltd.	Thailand	Thailand	Production and manufacturing	THB199,369,200	Limited Liability Company	16.50	Business combinations under common control	2
AVIC Shenyang Xinghua Aero-Electric Appliance Co., Ltd. (瀋陽興華航空電器有限責任公司)	Shenyang	Shenyang	Manufacturing	141,878,131	Limited Liability Company	18.75	Business combinations under common control	1
AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司)*	Xi'an	Xi'an	Manufacturing	187,728,000	Joint Stock Company Limited	17.14	Business combination not involving entities under common control	1
AVIC Optoelectronic (Luoyang) Co., Ltd. (中航光電(洛陽)有限責任公司)	Luoyang	Luoyang	Manufacturing	10,000,000	Limited Liability Company	36.76	Investment set-up	1

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From 1 January 2024 to 31 December 2024

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

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the enterprise group (Continued)

Name of the subsidiary	Principal place of business	Place of registration	Business nature	Registered capital	Type of legal entity	Shareholding ratio (%) Direct Indirect	Acquisition method	Remark
Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司)	Shenzhen	Shenzhen	Manufacturing	2,360,000	Limited Liability Company	33.82	Business combination not involving entities under common control	1
AVIC Optoelectronic Precision Electronics (Guangdong) Co., Ltd. (中航光電精密電子(廣東)有限公司)	Guangzhou	Guangzhou	Manufacturing	50,000,000	Limited Liability Company	36.76	Investment set-up	1
Taixing Aviation Optoelectronic Technology Co., Ltd. (泰興航空光電技術有限公司)	Taixing	Taixing	Manufacturing	100,000,000	Limited Liability Company	24.26	Investment set-up	1
AVIC Optoelectronics Huayi (Shenyang) Electronic Technology Co., Ltd. (中航光電華億(瀋陽)電子科技有限公司)	Shenyang	Shenyang	Manufacturing	100,000,000	Limited Liability Company	18.48	Business combinations under common control	1
Xi'an Forstar Cable Co., Ltd. (西安富士達線纜有限公司)	Xi'an	Xi'an	Manufacturing	168,750,000	Limited Liability Company	18.75	Business combination not involving entities under common control	1
Xi'an TST Testing Technique Co., Ltd. (西安泰斯特檢測技術有限公司)	Xi'an	Xi'an	Manufacturing	2,000,000	Limited Liability Company	36.76	Business combination not involving entities under common control	1
Dongguan Xiangtong Photoelectric Technology Co., Ltd. (東莞市翔通光電技術有限公司)	Dongguan	Dongguan	Manufacturing	5,000,000	Limited Liability Company	36.76	Business combination not involving entities under common control	1
AVIC Optoelectronic (Guangdong) Co., Ltd. (中航光電(廣東)有限公司)	Guangzhou	Guangzhou	Manufacturing	100,000,000	Limited Liability Company	36.76	Investment set-up	1
AVIC Optoelectronics (Germany) Co., Ltd. (中航光電(德國)有限責任公司)	Germany	Germany	Manufacturing	EUR1,200,000	Limited Liability Company	36.76	Investment set-up	1
AVIC Optoelectronic (Shanghai) Co., Ltd. (中航光電(上海)有限公司)	Shanghai	Shanghai	Manufacturing	100,000,000	Limited Liability Company	36.76	Investment set-up	1
Reconn Technology Vietnam Co., Ltd. (越南睿連科技有限責任公司)	Vietnam	Vietnam	Manufacturing	19,301,282	Limited Liability Company	36.76	Investment set-up	1
Jonhon Optronic Interconnection Technology (Nanchang) Co., Ltd. (中航光電互連科技(南昌)有限公司)	Nanchang	Nanchang	Manufacturing	100,000,000	Limited Liability Company	39.21	Investment set-up	1
Harbin Hafei Aviation Industry Co., Ltd. (哈爾濱哈飛航空工業有限責任公司)	Harbin	Harbin	Manufacturing	1,571,325,200	Limited Liability Company	49.70	Investment set-up	1
Harbin General Aircraft Industry Co., Ltd. (哈爾濱通用飛機工業有限責任公司)	Harbin	Harbin	Manufacturing	500,000,000	Limited Liability Company	19.88	Investment set-up	1
Jiangxi Changhe Aviation Industry Co., Ltd. (江西昌河航空工業有限公司)	Jingdezhen	Jingdezhen	Manufacturing	1,170,422,696	Limited Liability Company	49.70	Business combinations under common control	1
Huiyang Aviation Propeller Limited (惠陽航空螺旋槳有限責任公司)	Baoding	Baoding	Manufacturing	86,838,030	Limited Liability Company	49.70	Business combinations under common control	1

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1) The composition of the enterprise group (Continued)

Name of the subsidiary	Principal place of business	Place of registration	Business nature	Registered capital	Type of legal entity	Shareholding ratio (%)		Acquisition method	Remark
						Direct	Indirect		
Tianjin Helicopter Company Limited (天津直升機有限責任公司)	Tianjin	Tianjin	Manufacturing	803,000,000	Limited Liability Company		49.70	Combinations under common control	1
Jingdezhen Changhang Aviation High-tech Co., Ltd. (景德鎮昌航航空高新技術有限責任公司)	Jingdezhen	Jingdezhen	Manufacturing	80,000,000	Limited Liability Company		49.70	Combinations under common control	1
Harbin Hafei Aviation Maintenance Engineering Co., Ltd. (哈爾濱哈飛航空維修工程有限公司)	Harbin	Harbin	Aviation product maintenance	35,000,000	Limited Liability Company		49.70	Investment set-up	1
Tianjin AVIC Jinjiang Aviation Maintenance Engineering Co., Ltd. (天津中航錦江航空維修工程有限責任公司)	Tianjin	Tianjin	Aviation product maintenance	117,084,200	Limited Liability Company		49.70	Investment set-up	1
Tianjin Tianli Aviation Electro-Mechanical Co., Ltd.* (天津天利航空机电有限公司)	Tianjin	Tianjin	Manufacturing	181,864,200	Limited Liability Company		75.00	Business combinations under common control	—
AVIC Surface Treatment Technology (Tianjin) Co., Ltd.* (中航表面處理技術(天津)有限公司)	Tianjin	Tianjin	Services	60,000,000	Limited Liability Company		34.00	Business combinations under common control	2
China Aviation Integration Equipment Co., Ltd. (中航工程集成設備有限公司)	Beijing	Beijing	Manufacturing	61,000,000	Limited Liability Company		100.00	Business combinations under common control	—
AVIC CAPDI Engineering Consulting (Beijing) Co., Ltd. (中航工程諮詢(北京)有限公司)	Beijing	Beijing	Technology Services	12,000,000	Limited Liability Company		100.00	Business combinations under common control	—
China Aviation International Construction and Investment Co., Ltd. (中國航空國際建設投資有限公司)	Beijing	Beijing	Business Services	130,000,000	Limited Liability Company		100.00	Business combinations under common control	—
AVIC CAPDI (Macau) Company Limited (中航院設計諮詢(澳門)有限公司)	Macau	Macau	Technology Services	MOP600,000	Limited Liability Company		100.00	Investment set-up	—
Suzhou Hangshi Aviation Equipment Co., Ltd. (蘇州航勢航空設備有限公司)	Suzhou	Suzhou	Real estate	20,000,000	Limited Liability Company		100.00	Business combinations under common control	—
Wuhan Qinling Lingke Aviation Power System Co., Ltd. (武漢秦嶺凌科航空電力系統有限公司)	Wuhan	Wuhan	Manufacturing	10,000,000	Limited Liability Company		5.78	Business combinations under common control	2

Notes: 1. Although the Company's shareholding and voting rights in the above companies are less than 50%, they are still considered to be controlled by the Company because the remaining other shareholdings are more dispersed and the other shareholders are not consolidated their equity in such a way as to enable them to exercise more voting rights than the Company.

2. Although the Company's shareholding in the above companies is less than 50%, directly or indirectly, the Company's statements consolidate the above-mentioned companies because the Company is able to obtain voting rights that constitute control through agreements with other investors.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(2) Important non-wholly owned subsidiaries

Name of subsidiary	Minority shareholding ratio (%)	Profit or loss attributable to minority shareholders in the current year	Dividends distributed to minority shareholders in the current year	Balance of minority shareholding at the end of the year
Hongdu Aviation	56.23	21,151,539	6,048,468	2,998,308,381
AVIC Airborne	83.50	1,021,854,090	509,092,903	33,907,126,817
JONHON	63.24	2,315,712,723	804,598,733	16,578,350,313
AVICOPTER	50.30	194,380,046	64,027,400	8,747,671,098

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

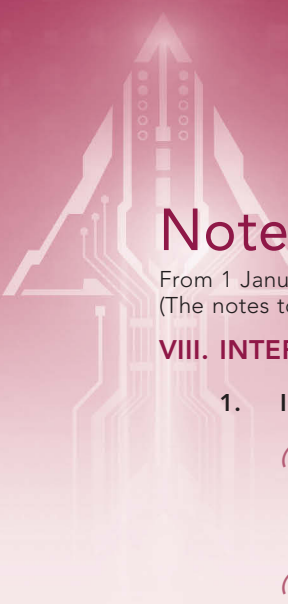
(The notes to the financial statements are presented in RMB, except as otherwise noted)

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(3) Main financial information of important non-wholly-owned subsidiaries

Item	Hongdu Aviation	AVIC Airborne	JONHON	AVICOPTER
2024:				
Current assets	13,536,757,423	59,493,346,401	31,043,195,349	44,462,418,112
Non-current assets	1,822,215,857	18,627,109,708	10,203,618,105	7,766,039,147
Total assets	15,358,973,280	78,120,456,109	41,246,813,454	52,228,457,259
Current liabilities	9,934,784,358	35,101,171,692	14,716,461,970	31,924,066,006
Non-current liabilities	89,812,508	3,806,656,414	1,277,518,812	3,916,328,778
Total liabilities	10,024,596,866	38,907,828,106	15,993,980,782	35,840,394,784
Operating income	5,252,055,627	23,879,725,152	20,685,528,503	29,765,640,319
Net profit	39,236,110	1,193,586,445	3,547,919,998	481,845,969
Total comprehensive income	39,039,970	1,367,853,388	3,546,540,035	439,326,637
Net cash flows from operating activities	-565,962,453	-1,988,714,087	2,149,960,286	2,567,771,942
2023:				
Current assets	13,769,759,495	55,475,423,996	27,600,165,839	37,171,474,889
Non-current assets	1,848,309,627	18,047,993,386	7,969,738,483	7,935,820,444
Total assets	15,618,069,122	73,523,417,382	35,569,904,322	45,107,295,333
Current liabilities	10,282,573,789	29,832,674,056	12,498,263,739	28,235,709,509
Non-current liabilities	40,049,634	5,995,785,624	1,057,195,432	3,775,527,797
Total liabilities	10,322,623,423	35,828,459,680	13,555,459,171	32,011,237,306
Operating income	3,726,925,247	29,006,921,224	20,074,439,569	26,592,446,105
Net profit	32,501,170	2,149,089,471	3,535,762,439	508,356,502
Total comprehensive income	32,236,340	2,114,768,253	3,538,647,649	531,580,915
Net cash flows from operating activities	196,533,004	-1,017,258,018	3,087,812,925	-6,361,415,690



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

VIII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(4) *The Group has no major restrictions on using the assets of the enterprise group and paying off the debts of the enterprise group.*

(5) *The Group does not provide financial support or other support to structured entities included in the scope of the consolidated financial statements.*

2. The share of owner's equity in the subsidiary has changed and the subsidiary is still under control

(1) During the reporting period, due to the implementation of the capital increase program by AVIC Kaitian, a subsidiary of AVIC Airborne which was the subsidiary of the Company, the Company's shareholding percentage in it dropped from 14.57% at the beginning of the period to 10.81%.

(2) During the reporting period, due to the restructuring and completion of raising supporting funds carried by AVICOPTER, a subsidiary of the Company, the Company's shareholding percentage in AVICOPTER increased from 49.30% at the beginning of the period to 49.70%, the Company's shareholding percentage in Changhe Aircraft decreased from 92.43% at the beginning of the period to 49.70%, the Company's shareholding percentage in Harbin Aircraft and Harbin Hafei Aviation Maintenance Engineering Co., Ltd. (哈爾濱哈飛航空維修工程有限公司) decreased from 80.79% at the beginning of the period to 49.70%, the Company's shareholding percentage in the units affiliated with AVICOPTER underwent corresponding changes.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates

(1) *The Group has no significant joint ventures or associates.*

(2) *Aggregated financial information of unimportant joint ventures and associates*

Item	31 December 2024/2024	31 December 2023/2023
Joint ventures		
Total book value of investments	457,700,968	457,410,160
Total of the following in proportion to shareholdings		
– Net profit	261,371,280	173,266,098
– Other comprehensive income		
– Total comprehensive income	261,371,280	173,266,098
Associates		
Total book value of investments	1,430,509,756	2,024,460,961
Total of the following in proportion to shareholdings		
– Net profit	688,783,208	257,814,075
– Other comprehensive income	-714,189	2,988,972
– Total comprehensive income	688,069,019	260,803,047

(3) *There are no significant restrictions on the ability of the Group's joint ventures or associates to transfer funds to the Company.*

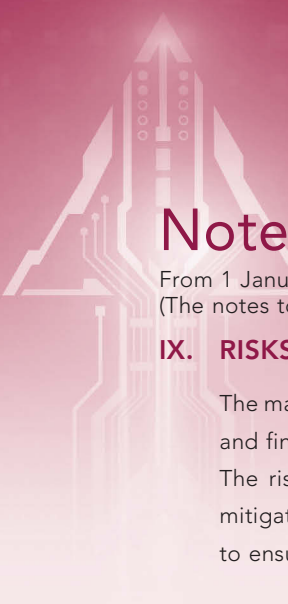
(4) *No excess losses incurred by the Group's joint ventures or associates.*

(5) *The Group has no unrecognized commitments related to investments in joint ventures.*

(6) *The Group has no contingent liabilities related to investments in joint ventures or associates.*

4. The Group has no significant joint operations

5. The Group has no structured entities that are not included in the scope of the consolidated financial statements



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The main financial instruments of the Group include monetary funds, borrowings, accounts receivable, accounts payable and financial assets held for trading. Please refer to Note VI for the detailed description of each financial instrument. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. The management of the Group manages and monitors these risk exposures to ensure that the above risks are controlled within a limited range.

(I) Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1. Market risk

(1) Exchange rate risk

The Group's exposure to exchange rate risk is mainly related to the USD, EUR and HKD. Except for the purchase and sales made by several subsidiaries of the Group were dominated in US dollars, other major business activities of the Group are denominated and settled in RMB. As at 31 December 2024 and 31 December 2023, except for the foreign currency balances of assets and liabilities as described in the table below, the Group's assets and liabilities are all RMB-denominated balances. The exchange rate risk arising from the assets and liabilities of such foreign currency balances may have an impact on the Group's operating results.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Risk management objectives and policies (Continued)

1. Market risk (Continued)

(1) Exchange rate risk (Continued)

Item	31 December 2024	31 December 2023
Monetary funds-USD	28,818,548	49,977,082
Monetary funds-EUR	9,403,411	6,888,943
Monetary funds-JPY		4,000
Monetary funds-GBP	40	40
Monetary funds-HKD	218,274,063	209,717,044
Monetary funds-MOP	399,709	399,709
Monetary funds-THB	225,368,742	318,829,869
Monetary funds-VND	34,944,503,621	2,501,917,827
Monetary funds-TND	1,362,705	7,915,271
Accounts receivable-USD	67,903,384	49,470,757
Accounts receivable-EUR	19,913,862	6,304,836
Accounts receivable-CAD	193,017	240
Accounts receivable-VND	104,672,381,862	54,168,992,863
Accounts receivable-THB	18,775,429	
Other receivables-USD	214,450	220,869
Other receivables-EUR	11,180	
Other receivables-HKD	280,444,932	280,486,764
Other receivables-THB	3,020,480	4,120,193
Other receivables-VND	392,675,966	238,419,002
Accounts payable-USD	4,383,104	1,003,277
Accounts payable-EUR	2,696,337	
Accounts payable-JPY	596,700	
Accounts payable-THB	32,283,468	29,840,266
Accounts payable-VND	110,100,640,877	50,942,310,625
Other payables-USD	442,713	377,346
Other payables-EUR	23,049	780
Other payables-HKD		280,996,901
Other payables-VND		26,724,362

The Group closely monitors the impact of exchange rate changes on the Group. The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposures when necessary.

Notes to the Financial Statements

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

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Risk management objectives and policies (Continued)

1. Market risk (Continued)

(2) Interest rate risk

The Group's interest rate risk arises from interest-bearing debt such as bank borrowings. Financial liabilities with floating interest rates expose the Group to cash flow interest rate risk and financial liabilities with fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed-rate and floating-rate contracts based on the prevailing market conditions. As at 31 December 2024, the Group's interest-bearing debts are mainly RMB denominated floating rate borrowing contracts with an aggregate amount of RMB2,537,318,323 (31 December 2023: RMB872,813,362) and RMB-denominated fixed rate contracts with an amount of RMB15,220,257,226 (31 December 2023: RMB12,282,947,504).

The Group's exposure to changes in the fair value of financial instruments due to changes in interest rates relates primarily to fixed-rate bank borrowings. For fixed rate borrowings, the Group's objective is to maintain its floating interest rate.

The Group's exposure to changes in cash flows from financial instruments due to changes in interest rates relates primarily to floating rate bank borrowings. The Group's policy is to maintain floating interest rates on these borrowings to eliminate the fair value risk of changes in interest rates.

(3) Price risk

The Group's primary exposure to security price risk arises from investments held by the Group (classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income). Some of these financial assets are publicly tradable on recognized stock exchanges. At 31 December 2024, if the fair value of financial assets held by the Group at fair value through profit or loss and the fair value of financial assets at fair value through other comprehensive income had been 10% (2023: 10%) higher or lower, assuming other variables had remained unchanged, the Group's net profit would have increased or decreased by approximately RMB248.30 million (2023: RMB71.78 million) and the Group's net other comprehensive income after tax would increase or decrease by approximately RMB505.02 million (2023: RMB417.94 million).

The Group sells products at market prices and is therefore subject to fluctuations in these prices.

Notes to the Financial Statements

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

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Risk management objectives and policies (Continued)

2. Credit risk

As at 31 December 2024, the largest exposure to credit risk that could give rise to financial losses for the Group arises mainly from losses incurred on the Group's financial assets as a result of the failure of the other party to the contract to perform its obligations and from the financial guarantees assumed by the Group, specifically:

The carrying amount of recognized financial assets in the consolidated balance sheet; the Group's listed financial assets at fair value through profit or loss and listed financial assets at fair value through other comprehensive income can be publicly traded on a recognized stock exchange, and the carrying amount of the Group reflects the exposure, but not the maximum exposure, which will change with future changes in fair value.

In order to reduce credit risk, the Group only deals with approved and reputable third parties. In accordance with the Group's policy, credit audits are required for all customers who request the use of credit. In addition, the Group monitors notes receivable and accounts receivable balances on an ongoing basis to ensure that the Group is not exposed to significant risk of bad debts. For foreign transactions, the Group does not provide credit terms for transactions unless specifically approved by the Group's credit control department. The Group identifies any credit risk in a timely manner in order to reduce the risk of credit-related losses. Therefore, the Group's management believes that the credit risk assumed has been significantly reduced.

The Group's liquidity is placed with the finance company of the Group and banks with high credit ratings, so the credit risk of liquidity is low.

As part of the Group's credit risk asset management, the Group uses expected credit losses to assess impairment losses on accounts receivable and other receivables. The Group's accounts receivable and other receivables involve a large number of customers, and expected credit losses reflect the solvency and bad debt risk of these customers with respect to accounts receivable and other receivables. The Group calculates the historical actual bad debt ratio for different aging periods based on historical data and adjusts the expected loss ratio by considering the current and the forecast of future economic conditions, such as the national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information.

Notes to the Financial Statements

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IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Risk management objectives and policies (Continued)

2. Credit risk (Continued)

As of 31 December 2024, the book balances of the related assets and expected credit impairment losses are as follows:

Aging	Book balances	Impairment provision
Notes receivable	10,723,925,444	140,062,191
Accounts receivable	50,720,744,268	2,091,284,734
Other receivables	520,591,143	102,150,585
Total	61,965,260,855	2,333,497,510

The Group has adopted the necessary policies to ensure that all sales customers have good credit histories and the Group has significant related party balances with low credit risk and no significant credit concentration risk.

3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that it has sufficient financial liquidity to meet its obligations as they fall due without incurring unacceptable losses or causing damage to its corporate reputation. The Group regularly analyzes the structure and maturity of its liabilities to ensure that sufficient funds are available. The Group's management monitors the use of bank borrowings and ensures compliance with borrowing agreements. It also negotiates financing with financial institutions in order to maintain a certain credit limit and reduce liquidity risk.

The Group uses bank borrowings as its main source of funding. As at 31 December 2024, the Group's unused bank borrowings amounted to RMB27,251 million (31 December 2023: RMB31,104 million), of which the Group's unused short-term bank borrowings amounted to RMB12,793 million (31 December 2023: RMB5,991 million).

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Risk management objectives and policies (Continued)

3. Liquidity risk (Continued)

An analysis of the Group's financial assets and financial liabilities held as of 31 December 2024, based on the maturity of the undiscounted remaining contractual obligations, is as follows:

Item	Within one year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial assets					
Monetary funds	41,322,143,789				41,322,143,789
Financial assets held for trading	3,310,715,928				3,310,715,928
Notes receivable	10,723,925,444				10,723,925,444
Accounts receivable	50,720,744,268				50,720,744,268
Other receivables	520,591,143				520,591,143
Long-term receivables		144,391			144,391
Financial liabilities					
Short-term borrowings	9,346,288,157				9,346,288,157
Financial liabilities held for trading					
Notes payable	12,623,278,147				12,623,278,147
Accounts payable	45,902,193,249				45,902,193,249
Other payables	2,568,306,882				2,568,306,882
Dividends payable	61,485,432				61,485,432
Interest payable					
Employee compensation payable	3,485,938,083				3,485,938,083
Non-current liabilities due within one year	3,089,757,164				3,089,757,164
Long-term borrowings		4,269,067,863	816,200,000	79,000,000	5,164,267,863
Lease liabilities		87,436,296	150,796,652	162,375,006	400,607,954
Long-term payables		5,280,626	32,750,000		38,030,626

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(II) Sensitivity analysis

The Group uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. Since changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the amount of the ultimate impact of a change in a risk variable, the following is performed under the assumption that changes in each variable are independent.

1. Foreign exchange risk sensitivity analysis

Foreign exchange risk sensitivity analysis assumes that all hedges of net investment in foreign operations and cash flow hedges are highly effective.

On the basis of the above assumptions, the after-tax effect on current profit or loss and equity of a reasonable possible change in exchange rates, with all other variables held constant, is as follows:

Item	Exchange rate changes	2024		2023	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
USD	10% appreciation against RMB	55,400,631	55,400,631	52,210,876	52,210,876
USD	10% depreciation against RMB	-55,400,631	-55,400,631	-52,210,876	-52,210,876
EUR	10% appreciation against RMB	7,804,746	7,804,746	7,776,481	7,776,481
EUR	10% depreciation against RMB	-7,804,746	-7,804,746	-7,776,481	-7,776,481
JPY	10% appreciation against RMB	-2,343	-2,343	15	15
JPY	10% depreciation against RMB	2,343	2,343	-15	-15
GBP	10% appreciation against RMB	31	31	27	27
GBP	10% depreciation against RMB	-31	-31	-27	-27
CAD	10% appreciation against RMB	82,849	82,849	97	97
CAD	10% depreciation against RMB	-82,849	-82,849	-97	-97
HKD	10% appreciation against RMB	19,817,521	19,817,521	14,218,727	14,218,727
HKD	10% depreciation against RMB	-19,817,521	-19,817,521	-14,218,727	-14,218,727
MOP	10% appreciation against RMB	35,914	35,914	26,492	26,492
MOP	10% depreciation against RMB	-35,914	-35,914	-26,492	-26,492
THB	10% appreciation against RMB	3,654,699	3,654,699	4,559,323	4,559,323
THB	10% depreciation against RMB	-3,654,699	-3,654,699	-4,559,323	-4,559,323
VND	10% appreciation against RMB	867,359	867,359	133,657	133,657
VND	10% depreciation against RMB	-867,359	-867,359	-133,657	-133,657
TND	10% appreciation against RMB	6,232	6,232	31,641	31,641
TND	10% depreciation against RMB	-6,232	-6,232	-31,641	-31,641

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(II) Sensitivity analysis (Continued)

2. Interest rate risk sensitivity analysis

The interest rate risk sensitivity analysis is based on the following assumptions:

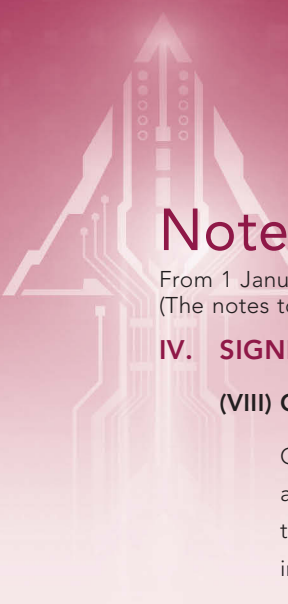
Changes in market interest rates affecting interest income or expense on variable rate financial instruments;

For fixed-rate financial instruments measured at fair value, changes in market interest rates affect only their interest income or expense;

Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method based on market interest rates at the balance sheet date.

Based on the above assumptions, the after-tax impact on current profit or loss and equity of a reasonable possible change in interest rates, with all other variables held constant, is as follows:

Item	Interest rate changes	2024		2023	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
Floating-rate borrowings	Increase by 0.5%	-3,177,823	-3,177,823	-3,273,050	-3,273,050
Floating-rate borrowings	Decrease by 0.5%	3,177,823	3,177,823	3,273,050	3,273,050



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

X. DISCLOSURE OF FAIR VALUE

1. Financial instruments measured at fair value

The Group presents the carrying value of financial asset instruments measured at fair value at 31 December 2024 by the three levels of fair value. The overall classification of fair value into the three levels is based on the lowest of the three levels to which each significant input used in measuring fair value belongs. The three levels are defined as follows:

Level 1: is the unadjusted quoted price in an active market for identical assets or liabilities that is available at the measurement date;

Level 2: is an input other than a Level 1 input that is directly or indirectly observable for the relevant asset or liability;

Level 2 inputs include: 1) quoted prices for identical assets or liabilities in active markets; 2) quoted prices for the same or identical assets or liabilities in inactive markets; 3) observable inputs other than quoted prices, including interest rates and yield curves, implied volatilities and credit spreads that are observable during normal quotation intervals; and 4) inputs for market validation, etc.

Level 3: is the unobservable input value of the related asset or liability.

The Group has valued the valuation techniques adopted in the fair value assessment of corresponding financial assets, relevant input parameters and other information based on available information such as external market conditions and the operating conditions of its investees, so as to ensure the rationality of its fair value assessment results.

Notes to the Financial Statements

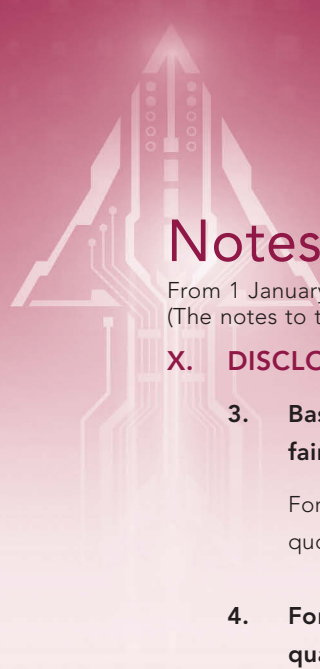
From 1 January 2024 to 31 December 2024

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

X. DISCLOSURE OF FAIR VALUE (Continued)

2. The fair value of assets and liabilities measured at fair value at the end of the year

Item	Fair value at the end of the year			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I Continuous fair value measurement				
(I) Financial assets held for trading	24,462,750	3,286,253,178		3,310,715,928
1. Financial assets at fair value through profit or loss	24,462,750	3,286,253,178		3,310,715,928
(1) Equity instrument investments	24,462,750			24,462,750
(2) Others		3,286,253,178		3,286,253,178
(II) Receivables financing			687,378,756	687,378,756
(III) Other equity instrument investments	2,779,983,124	1,377,145,158	205,714,386	4,362,842,667
Total assets continuously measured at fair value	2,804,445,873	4,663,398,336	893,093,142	8,360,937,351
(IV) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss				
Including: gold leasing				
Forward foreign exchange settlement				
Total liabilities continuously measured at fair value				
II Non-continuous fair value				
(I) Held-for-sale assets				
Total assets not continuously measured at fair value				



Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

X. DISCLOSURE OF FAIR VALUE (Continued)

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

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

4. For items continuously and not continuously measured with fair value at level 2, qualitative and quantitative information on valuation technique and important parameters used

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.

5. For items continuously and not continuously measured with fair value at level 3, qualitative and quantitative information on valuation technique and important parameters used

Valuation techniques are used to determine their fair value. The valuation technique adopted is the cost method. The inputs to the valuation technique include mainly transaction dates, trading conditions, regional factors, individual factors, etc.

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 Jonhon Optron 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.

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

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

X. DISCLOSURE OF FAIR VALUE (Continued)

6. Ongoing fair value measurement items for which translation between levels occurred during the year

Nil

7. Changes in valuation techniques during the year and the reasons for the changes

During the year, the Group did not have any changes in valuation techniques.

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

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) Relationship of related parties

1. Controlling shareholder and ultimate controlling party

(1) Controlling shareholder and ultimate controlling party

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

Note: The ultimate controller of the Company is AVIC.

(2) Registered capital of controlling shareholder and the changes

Controlling shareholder	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
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 (%)	
	Closing balance	Opening balance	Ending proportion	Beginning proportion
AVIC (directly holding)	4,548,680,808	4,548,680,808	57.05	57.05
AVIC (indirectly holding)	255,288,667	255,288,667	3.20	3.20
Total	4,803,969,475	4,803,969,475	60.25	60.25

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(I) Relationship of related parties (Continued)

2. Subsidiaries

For details of the subsidiaries, see Note VIII.1 (1) Composition of the enterprise group.

3. Joint ventures and associates

Please refer to Note VI.12. Long-term equity investments for details of joint ventures and associates.

4. Other related parties

Other related parties of the Group are mainly other subsidiaries and associates and joint ventures within the scope of consolidation of AVIC.

(II) Related party transactions

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

(1) Purchasing goods/receiving services

Related party	Content of related transactions	Amount for the current year	Amount for the previous year
AVIC	Purchasing goods		24,714
Subsidiaries of AVIC	Purchasing goods	9,224,995,565	11,790,345,654
Associates of the Group	Purchasing goods	63,842,794	126,597,366
Joint ventures of the Group	Purchasing goods	345,086,526	528,887,536
Associates of AVIC	Purchasing goods	485,583,559	321,478,674
Joint ventures of AVIC	Purchasing goods	6,390,961	50,059
AVIC	Receiving services		6,280
Subsidiaries of AVIC	Receiving services	1,091,769,461	716,552,062
Associates of the Group	Receiving services		12,754,115
Joint ventures of the Group	Receiving services	452,830	
Total	—	11,218,121,696	13,496,696,460

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

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

(2) Selling goods/rendering services

Related party	Content of related transactions	Amount for the current year	Amount for the previous year
AVIC	Sales of goods		30,156,621
Subsidiaries of AVIC	Sales of goods	22,832,901,538	25,084,514,188
Associates of the Group	Sales of goods	118,320,508	207,041,958
Joint ventures of the Group	Sales of goods	14,597,506	2,685,859
Associates of AVIC	Sales of goods	47,489,891	60,433,545
Joint ventures of AVIC	Sales of goods	2,050,968	16,804
AVIC	Rendering services	10,529,012	230,381,317
Subsidiaries of AVIC	Rendering services	3,878,380,640	2,812,991,987
Associates of the Group	Rendering services	71,155,635	10,317,958
Joint ventures of the Group	Rendering services		32,429
Total	—	26,975,425,698	28,438,572,666

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. 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 year
AVIC Airborne Systems Company Limited* (中航機載系統有限公司)	AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司)	Other asset custody	2024/1/1	2024/12/31	Notes 1, 2	100,894,057
Beijing Qingyun Aviation Equipment Co., Ltd.* (北京青雲航空設備有限公司)	Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀表有限公司)	Other asset custody	2024/1/1	2024/12/31	Note 3	12,367,925
KOKI TECHNIK Transmission Systems GmbH	Wuhan AVIC Precision Blanking Technology Branch of Hubei AVIC Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司武漢中航精沖技術分公司)	Other asset custody	2024/1/1	2024/12/31	Note 4	1,743,220
Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司)	AVIC CAPDI (中航規劃)	Equity	2015/9/30		Note 5	1,414,051
Total	-	-	-	-	-	116,419,253

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

2. Related party trustee management (Continued)

- Note 1: According to the Equity Trusteeship Agreement signed between AVIC Airborne and AVIC Airborne Systems, it is agreed that AVIC Airborne Systems shall entrust the management of 14 subordinate enterprises and institutions under its control to AVIC Airborne. For the enterprises in the unit under custody that made profits in the current year, the trustee fee for the current year is 2% of the audited operating income of the target enterprise for the current year calculated in accordance with the equity ratio entrusted to AVIC Airborne (i.e.: the amount of operating income of a target company for the current year \times the equity ratio for trusteeship management \times 2%); for the units in the target enterprise that recorded losses in the current year, the trustee fee for the current year is RMB200,000.
- Note 2: According to the Supplementary Agreement to the Custody Agreement signed between AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司) (AVIC Electromechanical) and AVIC Airborne Systems, it is agreed that AVIC Airborne Systems shall entrust the management of its 8 subordinate enterprises and institutions to AVIC Electromechanical. For the unit under custody that makes profits in the current year, the custodial fee for the current year is 3 % of the audited operating income of the unit under custody calculated based on the proportion of equity managed by AVIC Electromechanical (i.e.: the amount of operating income of the unit under custody for the current year \times the equity ratio for trusteeship management \times 3%); for the unit under custody that incurred losses in the current year, the custodial fee for that year is RMB200,000.
- Note 3: Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀表有限公司), a subsidiary of AVIC Airborne, is entrusted by Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司) to manage the relevant business of Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司) and has reached an entrusted management service agreement on entrusted management matters. The management fees to be paid by Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司) include but are not limited to labor wages, welfare fees and other service fees.
- Note 4: Pursuant to the Corporate Service Agreement signed between KOKI TECHNIK Transmission Systems GmbH and Wuhan AVIC Precision Blanking Technology Branch of Hubei AVIC Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司武漢中航精沖技術分公司), it is agreed that KOKI TECHNIK Transmission Systems GmbH shall entrust the management of its subsidiary company, Koki TECHNIK Transmission Systems (China) Co.,Ltd. (科奇汽車傳動系統(中國)有限公司) to Wuhan AVIC Precision Blanking Technology Branch of Hubei AVIC Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司武漢中航精沖技術分公司). The custodial fee for the current year is: annual sales revenue of the entrusted unit \times 70% \times 1% + total annual profit before tax \times 30% \times 10%.
- Note 5: Pursuant to the Equity Trusteeship Agreement signed between AVIC Group and AVIC CAPDI, it is agreed that the management of AVIC Construction and Development (Beijing) Technology Co., Ltd. (中航建發(北京)科技有限公司) shall be entrusted to AVIC CAPDI. The custodial fee is charged at the higher of RMB500,000 per annum or 3% of the audited net profit after tax per annum.

Notes to the Financial Statements

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

3. Related lease

(1) The Group as a lessor

Name of lessor	Name of the lessee	Types of leased assets	Rental income recognized in the current year	Rental income recognized in the previous year
AviChina Hong Kong Limited (中航科工香港有限公司)	AVIC Cabin System Co., Ltd. (中航客艙系統有限公司)	Plant & buildings	319,671	354,710
AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司)	Xi'an Ruixintong Microwave Technology Co., Ltd. (西安瑞新通微波技術有限公司)	Plant & buildings	987,589	1,253,925
AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司)	Xi'an Tianze Xunda Technology Co., Ltd. (西安天澤訊達科技有限責任公司)	Plant & buildings	378,295	378,295
Beijing Qingyun Avionics Technology Co., Ltd. (北京青雲航電科技有限公司)	Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司)	Plant & buildings	3,023,683	3,015,400
Beijing Qingyun Avionics Technology Co., Ltd. (北京青雲航電科技有限公司)	AVIC Composite Co., Ltd. (中航複合材料有限責任公司)	Plant & buildings	10,190,976	9,591,800
Beijing Qingyun Avionics Technology Co., Ltd. (北京青雲航電科技有限公司)	AVIC Manufacturing Technology Institute (中國航空製造技術研究院)	Plant & buildings	13,226,573	8,885,800
Shaanxi Oriental Aeronautic Instrument Manufacture Co., Ltd. (陝西東方航空儀表有限責任公司)	AVIC Xi'an Flight Automatic Control Research Institute (中國航空工業集團公司西安飛行自動控制研究所)	Machinery equipment	221,947	887,800
AVIC Shaanxi Qianshan Avionics Co., Ltd. (陝西千山航空電子有限責任公司)	AVIC Xi'an Aeronautics Computing Technique Research Institute (中國航空工業集團公司西安航空計算技術研究所)	Plant & buildings	5,924,394	4,558,400

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From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

3. Related lease (Continued)

(1) The Group as a lessor (Continued)

Name of lessor	Name of the lessee	Types of leased assets	Rental income recognized in the current year	Rental income recognized in the previous year
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Jiangxi Hangtian Haihong Measurement & Control Technology Co., Ltd. (江西航天海虹測控技術有限責任公司)	Plant & buildings	315,254	315,254
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Jiangxi Hongdu International Mechanical & Electrical Co., Ltd. (江西洪都國際機電有限責任公司)	Plant & buildings		189,934
Jiangxi Changhe Aviation Industry Co., Ltd. (江西昌河航空工業有限公司)	Jingdezhen Changfei Industrial Co., Ltd. (景德鎮昌飛實業有限公司)	Plant & buildings	264,352	244,709
Jiangxi Changhe Aviation Industry Co., Ltd. (江西昌河航空工業有限公司)	Jingdezhen Changfei Industrial Co., Ltd. (景德鎮昌飛實業有限公司)	Machinery equipment	679,749	
Harbin Aircraft Industry Group Co., Ltd. (哈爾濱飛機工業集團有限責任公司)	China Flying Dragon General Aviation Co., Ltd. (中國飛龍通用航空有限公司)	Machinery equipment		8,807
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	Jiangxi Hongdu Aviation Industry Group Co., Ltd. (江西洪都航空工業集團有限責任公司)	Machinery equipment	1,062,801	1,378,604
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Aviation Test Equipment Co., Ltd. (西安慶安航空試驗設備有限責任公司)	Plant & buildings	385,092	385,100

Notes to the Financial Statements

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

3. Related lease (Continued)

(1) The Group as a lessor (Continued)

Name of lessor	Name of the lessee	Types of leased assets	Rental income recognized in the current year	Rental income recognized in the previous year
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Zhihang General Equipment Co., Ltd. (西安慶安智航通用設備有限公司)	Plant & buildings	105,963	105,963
Qing'an Group Co., Ltd. (慶安集團有限公司)	Xi'an Qing'an Electric Control Co., Ltd. (西安慶安電氣控制有限公司)	Machinery equipment	2,214,055	2,214,055
AVIC Hubei Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司)	Koki TECHNIK Transmission Systems (China) Co., Ltd. (科奇汽車傳動系統(中國)有限公司)	Plant & buildings	2,056,488	2,056,500
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou Zhengfei Casting Co., Ltd. (鄭州鄭飛鍛鑄有限責任公司)	Plant & buildings	275,524	275,524
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou Zhengfei Aircraft Technology Co., Ltd. (鄭州鄭飛機電技術有限責任公司)	Plant & buildings	355,100	355,100
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou Zhengfei Machinery Co., Ltd. (鄭州鄭飛機械有限責任公司)	Plant & buildings		297,800
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou Zhengfei Rubber & Plastic Products Co., Ltd. (鄭州鄭飛橡塑製品有限責任公司)	Plant & buildings	91,200	91,200
Total	—	—	42,078,706	36,844,680

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

3. Related lease (Continued)

(2) The Group as a lessee

Name of lessor	Types of leased assets	Rental fees recognized in the current period	Rental fees recognized in the previous period
Aviation Industry Information Centre (航空工業信息中心)	Plant & buildings	3,169,527	4,951,736
AVIC Construction Investment Energy Technology (Beijing) Co., Ltd. (中航建投能源科技(北京)有限公司)	Machinery equipment		3,050,240
AVIC International Leasing Co., Ltd. (中航國際融資租賃有限公司)	Machinery equipment	2,440,354	4,120,078
Yuxin Automotive Thermal Management Technology Co., Ltd. (豫新汽車熱管理科技有限公司)	Plant & buildings		646,474
Yuxin Automotive Thermal Management Technology Co., Ltd. (豫新汽車熱管理科技有限公司)	Machinery equipment	1,661,804	1,661,804
Xinxiang Xinhang Electromechanical Technology Co., Ltd. (新鄉市新航機電科技有限公司)	Plant & buildings	4,302,134	1,815,913
Xinxiang Xinhang Electromechanical Technology Co., Ltd. (新鄉市新航機電科技有限公司)	Others	173,873	173,873
Xinxiang Xinhang Electromechanical Technology Co., Ltd. (新鄉市新航機電科技有限公司)	Land use rights	309,112	
Jingdezhen Changfei Industrial Co., Ltd. (景德鎮昌飛實業有限公司)	Plant & buildings	264,352	1,337,280
Jingdezhen Changfei Industrial Co., Ltd. (景德鎮昌飛實業有限公司)	Machinery equipment	679,749	

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From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

3. Related lease (Continued)

(2) The Group as a lessee (Continued)

Name of lessor	Types of leased assets	Rental fees recognized in the current period	Rental fees recognized in the previous period
Jiangxi Hongdu Aviation Industry Group Co., Ltd. (江西洪都航空工業集團有限責任公司)	Fixed assets and land use rights	17,238,126	2,915,467
Jiangxi Changfei Aviation Service Co., Ltd. (江西昌飛航空服務有限公司)	Plant & buildings	9,733,945	9,610,632
Harbin Hafei Enterprise Management Co., Ltd. (哈爾濱哈飛企業管理有限責任公司)	Plant & buildings	7,568,807	2,444,260
Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司)	Plant & buildings	1,793,224	1,682,885
Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司)	Land use rights	90,476	400,000
Shenzhen AVIC City Commercial Development Co., Ltd. (深圳市中航城商業發展有限公司)	Plant & buildings	32,354	
Total	—	49,457,837	34,810,642

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From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

4. Related party guarantees

Guarantor	Guaranteed party	Guaranteed amount	Starting date of guarantee	Due date of guarantee	Has the guarantee been fulfilled
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備有限公司)	2,924,000	2024/1/30	2025/1/30	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備有限公司)	4,386,000	2024/2/2	2025/2/2	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備有限公司)	4,386,000	2024/3/14	2025/3/14	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備有限公司)	4,386,000	2024/3/28	2025/3/28	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備有限公司)	2,924,000	2024/4/8	2025/4/8	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備有限公司)	4,239,800	2024/4/23	2025/4/23	No
Total	—	23,245,800	—	—	—

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From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

5. Fund borrowing from related parties

Name of related party	Amount borrowed	Starting date	Expiration date
Borrowed funds:			
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	12,033,054,618	2022/3/29	2027/12/25
AVIC Airborne Systems Co., Ltd.* (中航機載系統有限公司)	709,230,000	2022/8/31	2025/12/30
Beijing Qingyun Aviation Equipment Co., Ltd.* (北京青雲航空設備有限公司)	260,000,000	2023/6/15	2025/12/27

6. Key management personnel remuneration

Name of the item	Amount for the current year	Amount for the previous year
Total remuneration	6,546,628	6,306,365

7. Other financial services

(1) Interest income

Type of related party	Amount for the current year	Amount for the previous year
Subsidiaries of AVIC	230,148,758	233,703,044
Total	230,148,758	233,703,044

(2) Interest expense

Type of related party	Amount for the current year	Amount for the previous year
Subsidiaries of AVIC	231,492,807	223,858,566
Total	231,492,807	223,858,566

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

7. Other financial services (Continued)

(3) Discount of notes receivable

Related party	Amount for the current year		Amount for the previous year	
	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)	105,655,078	734,639	57,716,609	303,350
Total	105,655,078	734,639	57,716,609	303,350

(4) Acceptance of notes receivable

Related party	Amount for the current year	Amount for the previous year
AVIC Finance Co., Ltd.* (中航工業集團財務有限責任公司)	70,901,194	165,732,760
Total	70,901,194	165,732,760

(5) Factored accounts receivable

Type of related party	Amount for the current year	Amount for the previous year
Subsidiaries of AVIC	152,315,104	384,729,040
Total	152,315,104	384,729,040

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

7. Other financial services (Continued)

(6) Commission expenses

Related party	Amount for the current year	Amount for the previous year
AVIC Securities Co., Ltd. (中航證券有限公司)	19,000,000	500,000
Total	19,000,000	500,000

8. Sale/acquisition of assets/equity to related parties

(1) Sale of equity to related parties

Related party	Transaction content	Related party relationship	Net book assets	Assessed value	Transfer price
Company 1	Transfer of equity held in AVIC Helicopter	Subsidiary of AVIC	2,065,661	2,105,600	2,105,600
Total			2,065,661	2,105,600	2,105,600

(2) Sale/acquisition of assets to/from related parties

Company	Transaction content	Related party relationship	Net book assets	Assessed value	Transfer price
Company 2	Acquire buildings, structures, and equipment from the counterparty.	Subsidiary of AVIC	3,905	6,373	6,373 ^①
Company 3	Sell buildings (including land using right), structures, and certain equipment to the counterparty.	Subsidiary of AVIC	46,346	65,941	65,941 ^②

Note:

- ① Please refer to the announcement issued by the Company on November 22, 2024, for further information.
- ② The agreement was signed on June 15, 2024; however, the transaction had not been completed during the reporting period. Please refer to the announcement issued by the Company on May 21, 2024, for further information.

9. Connected transactions complied with Hong Kong Listing Rules

All or partial of the related party transactions disclosed on pages 263 to 275 of this financial report also constitute connected transactions as defined in Chapter 14A of the Listing Rules. And the Group had complied with requirements under chapter 14A of the Listing Rules when dealt with those transactions.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(III) Balance of intercourse funds among related parties

1. Receivables

Item name	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	AVIC	3,217,155	10,838	1,325,728	5,175
Accounts receivable	Subsidiaries of AVIC	23,794,687,376	825,571,645	19,072,833,796	643,061,619
Accounts receivable	Associates of the Group	106,188,579	10,617,002	308,665,836	15,688,469
Accounts receivable	Joint ventures of the Group	6,402,416	11,057	630,969	11,492
Accounts receivable	Associates of AVIC	80,268,354	24,076,756	2,304,281	433,178
Accounts receivable	Joint ventures of AVIC	2,025,100	49,186		
Notes receivable	Subsidiaries of AVIC	5,019,258,030	87,942,725	7,030,416,907	51,973,129
Notes receivable	Associates of the Group	3,000,000	6,060	1,543,000	17,765
Notes receivable	Associates of AVIC	12,668,991	726,873	200,000	2,000
Receivables financing	Subsidiaries of AVIC	87,893,966		298,000	
Receivables financing	Joint ventures of the Group	60,772			
Receivables financing	Associates of AVIC	397,760			
Other receivables	AVIC	551,519		1,998,244	1,300,000
Other receivables	Subsidiaries of AVIC	46,740,556	3,931,658	22,492,481	1,452,730
Other receivables	Associates of the Group	1,482,270	748,127		
Other receivables	Associates of AVIC	52,800,000	52,000,000	50,000,000	50,000,000
Prepayments	AVIC	283,500			
Prepayments	Subsidiaries of AVIC	1,945,219,615		1,683,747,927	
Prepayments	Associates of the Group	25,088,588		181,565	
Prepayments	Associates of AVIC	121,369,652		3,884,521	
Contract assets	AVIC	16,760,509		14,569,201	14,569
Contract assets	Subsidiaries of AVIC	2,453,785,812	25,154,670	841,049,520	821,425
Contract assets	Associates of the Group	17,237	261	3,844,651	3,844
Other non-current assets	Subsidiaries of AVIC	56,368,830	169,106	34,957,381	
Total	–	33,836,536,587	1,031,015,964	29,074,944,008	764,785,395

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From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

2. Payables

Item name	Related party	Closing book balance	Opening book balance
Accounts payable	Subsidiaries of AVIC	9,606,204,077	8,101,541,012
Accounts payable	Associates of the Group	119,062,939	97,797,006
Accounts payable	Joint ventures of the Group	31,778,186	80,970,681
Accounts payable	Associates of AVIC	303,515,322	111,677,127
Accounts payable	Joint ventures of AVIC	1,027,390	539,898
Notes payable	Subsidiaries of AVIC	983,121,053	1,160,376,514
Notes payable	Associates of the Group	18,422,076	26,174,341
Notes payable	Joint ventures of the Group	131,191,181	191,378,307
Notes payable	Associates of AVIC	76,350,063	21,662,403
Notes payable	Joint ventures of AVIC	838,920	
Other payables	AVIC	1,377,131	1,680,276
Other payables	Subsidiaries of AVIC	94,735,174	137,710,665
Other payables	Associates of the Group	2,552,448	625,865
Other payables	Associates of AVIC	684,900	
Advance receipts	Subsidiaries of AVIC	33,597,906	16,478,818
Advance receipts	Associates of AVIC	25,105	
Contract liabilities	AVIC	550,613	195,156
Contract liabilities	Subsidiaries of AVIC	7,307,290,246	8,800,305,582
Contract liabilities	Associates of the Group	1,769,619	22,082,478
Contract liabilities	Joint ventures of the Group		2,546
Contract liabilities	Associates of AVIC	1,166,208	196,859
Contract liabilities	Joint ventures of AVIC	804,000	
Other current liabilities	Subsidiaries of AVIC	369,396,888	232,558,982
Other non-current liabilities	Subsidiaries of AVIC	94,000,000	412,453,042
Non-current liabilities due within one year	Subsidiaries of AVIC	1,682,460,053	197,247,574
Total	—	20,861,921,498	19,613,655,132

(IV) Commitment of related parties

None.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(V) Director, supervisor and employee compensation

1. Details of director and supervisor compensation

Item	Fees	Salaries, allowances and other expenses	Contribution to pension scheme	Bonus	Share-based payment	Total	Note
Amount for the current year							
Executive directors							
Yan Lingxi		709,161	147,764	303,200		1,160,125	
Sun Jizhong		966,094	150,888	296,840		1,413,822	
Supervisors							
Guo Guangxin							
Nie Xiaoming							Appointed as a supervisor at the extraordinary Shareholders' meeting on 12 July 2024
Kang Yinglei		294,893	58,831	138,556		492,280	Appointed as a supervisor on 12 July 2024
Zheng Qiang							
Zhao Zhuo		342,947	65,648	160,223		568,818	Resigned on 12 July 2024
Non-executive directors							
Xu Gang							
Liu Weiwu	218,330					218,330	
Mao Fugen	218,330					218,330	
Lin Guiping	218,330					218,330	
Hu Shiwei							Appointed as a non- executive Director at the extraordinary Shareholders' meeting on 12 July 2024

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

1. Details of director and supervisor compensation (Continued)

Item	Fees	Salaries, allowances and other expenses	Contribution to pension scheme	Bonus	Share-based payment	Total	Note
Xu Dongsheng							Appointed as a non-executive Director at the extraordinary Shareholders' meeting on 12 July 2024
Zhou Xunwen							Appointed as a non-executive Director at the extraordinary Shareholders' meeting on 12 July 2024
Lian Dawei							Resigned on 12 July 2024
Liu Bingjun							Resigned on 12 July 2024
Wang Jun	122,500					122,500	Resigned on 12 July 2024
Total	777,490	2,313,095	423,131	898,819		4,412,535	

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

1. Details of director and supervisor compensation (Continued)

Item	Fees	Salaries, allowances and other expenses	Contribution to pension scheme	Bonus	Share-based payment	Total	Note
Amount for the previous year							
Executive directors							
Yan Lingxi		727,951	144,564	378,594		1,251,109	Resigned as the general manager and elected as the Chairman of the Board on 21 February 2023
Sun Jizhong		597,280	135,655	310,400		1,043,335	Appointed as the general manager at the Board meeting on 21 February 2023 Appointed as an executive Director at the annual general meeting on 18 May 2023
Supervisor							
Zheng Qiang							
Guo Guangxin							
Zhao Zhuo		592,191	121,439	301,360		1,014,990	
Non-executive directors							
Lian Dawei							
Liu Bingjun							
Xu Gang							
Wang Jun	210,000					210,000	
Liu Weiwu	210,000					210,000	
Mao Fugen	210,000					210,000	
Lin Guiping	210,000					210,000	
Total	840,000	1,917,422	401,658	990,354		4,149,434	

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

2. Five highest paid employees

There were no directors among the top five highest paid employees in the current year

Item	Amount for the current year	Amount for the previous year
Salaries, allowances and other expenses	6,764,127	10,993,000
Contribution to pension schemes	207,239	167,702
Share-based payment	4,581,840	5,380,353
Total	11,553,206	16,541,055

Remuneration range:

Item	Number of people in the current year	Number of people in the previous year
RMB1,500,001 to RMB2,000,000		
RMB2,000,001 to RMB2,500,000	4	1
RMB2,500,001 to RMB3,000,000	1	
RMB3,000,001 to RMB3,500,000		2
RMB3,500,001 to RMB4,000,000		2

During the track record period, none of the directors has waived or agreed to waive any remuneration. During the track record period, the Group did not pay any remuneration to any director, supervisor or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

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

3. Compensation for key managers

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	Amount for the current year	Amount for the previous year
Fees	777,490	840,000
Salaries, allowances and other expenses	3,584,679	3,179,563
Contribution to pension schemes	688,286	655,263
Bonus share-based payment	1,496,173	1,631,539
Total	6,546,628	6,306,365

(VI) Loan of related party

Related Party	Closing balance	Opening balance
Subsidiaries of AVIC	13,002,284,618	8,039,582,542
Total	13,002,284,618	8,039,582,542

(VII) Others

Monetary funds deposited with related parties

Related Party	Closing balance	Opening balance
AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司)	28,971,478,262	26,829,638,872
AVIC Securities Co., Ltd. (中航證券有限公司)	19,205	18,674,557
Total	28,971,497,467	26,848,313,429

Notes to the Financial Statements

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

XII. SHARE-BASED PAYMENT

The share-based payment of JONHON, a subsidiary of the Company, is mainly used for the grants to incentive recipients under the Restricted Share Incentive Plan. The share-based payment executed during the reporting period is as follows:

(1) Restricted Share Incentive Plan (Phase II)

On 26 December 2023, the eighth meeting of the seventh session of the Board and the sixth meeting of the seventh session of the Supervisory Committee of JONHON reviewed and approved the "Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Plan", it was agreed to repurchase and cancel a total of 92,458 shares at RMB12.87 per share held by eleven incentive recipients according to the JONHON Restricted A Share Incentive Plan (Phase II). According to the "Proposal on the Achievement of Unlocking Conditions in the Third Unlocking Period of the Company's Restricted A Share Incentive Plan (Phase II)", the third batch of unlocked shares under Phase II was implemented, involving a total of 17,770,792 shares. All of the share incentive plan under Phase II were unlocked at the report date.

(2) Restricted Share Incentive Plan (Phase III)

According to the provisions as stipulated in the resolutions of the 26th meeting of the sixth session of the Board, the 19th meeting of the sixth session of the Supervisory Committee, the 28th meeting of the sixth session of the Board, the 21st meeting of the sixth session of the Supervisory Committee, the second extraordinary general meeting of 2022, the 29th meeting of the sixth session of the Board and the 22nd meeting of the sixth session of the Supervisory Committee held by JONHON, JONHON granted 41,769,000 shares to the incentive recipients through the targeted issuance of ordinary A shares, with a grant price of RMB32.37 per share. The applied increase of registered capital amounted to RMB41,769,000, which was paid in full before 12 December 2022 by 1,472 incentive recipients, including directors, senior management, disciplinary committee secretaries, chairman of the labor union, middle management, core technical (business) personnel of JONHON, and senior executives and core backbones of JONHON's subsidiaries. As of 12 December 2022, JONHON received a total of RMB1,339,574,184 in new capital contributions from 1,465 incentive recipients, including: RMB41,383,200 included in share capital, and RMB1,298,190,984 included in capital reserve-capital premium. This change in share capital has been verified by Da Hua Certified Public Accountants (Special General Partnership) with a capital verification report (Da Hua Yan Zi [2022] No. 000838) issued on 13 December 2022.

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From 1 January 2024 to 31 December 2024

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

XII. SHARE-BASED PAYMENT (Continued)

(2) Restricted Share Incentive Plan (Phase III) (Continued)

According to the “Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Plan” which was considered and approved at the 8th meeting of the seventh session of the Board and the 6th meeting of the seventh session of the Supervisory Committee held by JONHON on 26 December 2023, it was agreed to repurchase and cancel a total of 292,500 shares under the Restricted Share Incentive Plan (Phase III) held by 8 incentive recipients.

According to the “Proposal on the Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Plan” which was considered and approved at the 14th meeting of the seventh session of the Board and the 12th meeting of the seventh session of the Supervisory Committee held by JONHON on 2 December 2024, it was agreed to repurchase and cancel a total of 1,390,346 shares under the Restricted Share Incentive Plan (Phase III) held by 62 incentive recipients.

On 2 December 2024, the 14th meeting of the seventh session of the Board and the 12th meeting of the seventh session of the Supervisory Committee of JONHON reviewed and approved the “Proposal on the Achievement of Unlocking Conditions in the First Unlocking Period of the Company’s Restricted A Share Incentive Plan (Phase III)”, pursuant to which the first batch of unlocked shares under JONHON’s Restricted A Share Incentive Plan (Phase III) was implemented, involving a total of 17,193,616 shares.

XIII. CONTINGENCIES

As of 31 December 2024, the Group has no material contingencies.

XIV. COMMITMENTS

Capital commitments

Item	Closing balance	Opening balance
Capital commitments		
Including: Fixed assets	66,449,890	43,107,084
Total	66,449,890	43,107,084

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XV. EVENTS AFTER THE BALANCE SHEET DATE

(I) Profit distribution after the balance sheet date

Unit: RMB

Profit or dividend to be distributed	645,801,194
Profit or dividends declared after consideration and approval	

Note: The Board recommended the payment of a final dividend for the year 2024 in an aggregate amount of RMB645,801,194, representing a dividend of RMB0.081 per share (2023: RMB0.088 per share), calculated based on the existing number of total issued shares of 7,972,854,242 shares of the Company as at the date of this report, subject to adjustment (if any) based on the number of total issued shares as at 30 May 2025 (the Record Date).

(II) Significant non-adjusting events

Acquisition of equity of AVICOPTER

In order to further rationalize the equity structure of the helicopter business of the Group, on 25 December 2024, the Company entered into an equity transfer agreement with Harbin Aircraft, pursuant to which, Harbin Aircraft shall transfer to the Company all of 19,186,952 A shares it held in AVICOPTER (representing 2.34% of the total issued shares of AVICOPTER) at a transfer price of RMB39.76 per share. Upon completion of the equity transfer in March 2025, the direct shareholding of the Company in AVICOPTER increased to 417,354,803 A shares, representing an increase from 48.56% to 50.90% of the total issued shares of AVICOPTER.

(III) Other significant non-adjustments after the balance sheet date

Other than the above disclosed events after the balance sheet date, the Group has no other significant events after the balance sheet date.

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVI. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Determination basis and accounting policies of reportable segments

The Group determines operating segments based on internal organizational structure, management requirements and internal reporting system, and determines reportable segments and discloses segment information based on operating segments.

An operating segment is a component of the Group that meets the following conditions simultaneously: (1) the component is able to generate revenue and incur expenses in its daily activities; (2) the Group's management is able to evaluate the operating results of the component on a regular basis to decide to allocate resources to it and evaluate its performance; and (3) the Group is able to obtain accounting information related to the financial position, operating results and cash flows of the component. Two or more operating segments may be combined into one operating segment if they have similar economic characteristics and certain conditions are met.

(2) Financial information of the report segment in the year

The current year	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	28,471,516,961	48,504,254,500	9,994,992,705		86,970,764,166
Revenue from inter-segment transactions		7,478,461,115	486,506,655	-7,964,967,770	
Investment income from associates and joint ventures	4,312,239	263,989,961	38,528,158		306,830,358
Asset impairment losses and credit impairment losses	-88,608,502	-699,914,938	-23,776,886	-2,328,323	-814,628,649
Depreciation and amortization costs	578,039,902	2,407,972,199	54,837,777		3,040,849,878
Profit before tax	430,463,645	5,636,424,568	237,894,008	-212,648,229	6,092,133,992
Income tax expense	25,109,890	305,496,876	9,828,875	-2,752,250	337,683,391
Net profit	405,353,755	5,330,927,692	228,065,133	-209,895,979	5,754,450,601
Total assets	64,707,985,175	146,778,876,802	11,126,836,200	-20,569,591,227	202,044,106,950
Total liability	43,357,953,769	59,949,608,660	8,103,380,506	-6,015,047,863	105,395,895,072
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	46,360,569	452,084,980			498,445,549
Long-term equity investment in associates and joint ventures	435,200,599	1,543,157,579	486,614,640		2,464,972,818
Increase in other non-current assets other than long-term equity investments	-402,204,026	3,249,007,352	27,135,182	120,480,540	2,994,419,048

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVI. OTHER SIGNIFICANT MATTERS (Continued)

1. Segment information (Continued)

(2) Financial information of the report segment in the year (Continued)

The previous year	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	22,252,441,042	54,819,095,585	7,680,060,887		84,751,597,514
Revenue from inter-segment transactions		6,578,064,248	779,890,763	-7,357,955,011	
Investment income from associates and joint ventures	12,017,324	380,163,678	38,899,171	-1,292,931	429,787,242
Asset impairment losses and credit impairment losses	-168,184,693	-620,947,738	-33,462,102	-4,138,248	-826,732,781
Depreciation and amortization costs	702,101,909	2,049,102,980	41,851,755		2,793,056,644
Profit before tax	442,851,427	6,716,338,889	236,250,689	-322,776,281	7,072,664,724
Income tax expense	1,907,131	374,104,632	9,256,764	-3,671,291	381,597,236
Net profit	440,944,296	6,342,234,257	226,993,925	-319,104,990	6,691,067,488
Total assets	59,602,131,669	136,511,554,027	10,255,726,934	-21,295,691,521	185,073,721,109
Total liabilities	41,357,227,153	53,936,599,326	7,386,522,850	-5,705,731,401	96,974,617,928
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	129,101,021	435,354,873			564,455,894
Long-term equity investment in associates and joint ventures	465,267,629	1,546,388,930	441,108,000		2,452,764,559
Increase in other non-current assets other than long-term equity investments	-357,828,264	3,188,356,773	-649,508,698	205,673,046	2,386,692,857

2. The Group has no other significant transactions and events that have an impact on investors' decisions

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	1,603,740	1,603,740
Less: Impairment provision	1,603,740	1,590,381
Net accounts receivable		13,359

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

Category of portfolio	Original value	Closing balance		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Bad debt provision made individually				
Bad debt provision made as per portfolio	1,603,740	100.00	1,603,740	
Including: Portfolio of credit risk characteristics	1,603,740	100.00	1,603,740	
Total	1,603,740	–	1,603,740	

Category of portfolio	Original value	Opening balance		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Bad debt provision made individually				
Bad debt provision made as per portfolio	1,603,740	99.17	1,590,381	13,359
Including: Portfolio of credit risk characteristics	1,603,740	99.17	1,590,381	13,359
Total	1,603,740	–	1,590,381	13,359

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

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

1) Bad debt provision of accounts receivable made by portfolio of credit risk characteristics

Aging	Book balance	Closing balance	Provision proportion (%)
		Bad debt provision	
Within 1 year (inclusive)			
1-2 years			
2-3 years			
3-4 years			
4-5 years			
Over 5 years	1,603,740	1,603,740	100.00
Total	1,603,740	1,603,740	—

Aging	Book balance	Opening balance	Provision proportion (%)
		Bad debt provision	
Within 1 year (inclusive)			
1-2 years			
2-3 years			
3-4 years			
4-5 years	66,793	53,434	80.00
Over 5 years	1,536,947	1,536,947	100.00
Total	1,603,740	1,590,381	—

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

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

Aging	Accounts receivable	Closing balance	
		Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (inclusive)			
1-2 years			
2-3 years			
3-4 years			
4-5 years			
Over 5 years	1,603,740	1,603,740	100.00
Total	1,603,740	1,603,740	—

Aging	Accounts receivable	Opening balance	
		Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (inclusive)			
1-2 years			
2-3 years			
3-4 years			
4-5 years	66,793	53,434	80.00
Over 5 years	1,536,947	1,536,947	100.00
Total	1,603,740	1,590,381	—

(3) Bad debt provision of accounts receivable in the current year

Category	Opening balance	Provision	Amount changed in the current year			Closing balance
			Accounts recovered or transferred back	Amounts written back or written off	Other	
Accounts receivable	1,590,381	13,359				1,603,740
Total	1,590,381	13,359				1,603,740

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

1. Accounts receivable (Continued)

(4) Details of top five accounts receivable with the closing balances classified by the borrowers

The total amount of the top five accounts receivable with the closing balances classified by the borrowers for the current year was RMB1,603,740, accounting for 100% of the total accounts receivable balance, and the corresponding bad debt provision totaled RMB1, 603,740.

2. Other receivables

Item	Closing balance	Opening balance
Dividends receivable	6,170,962	
Other receivables	259,651,013	250,706,487
Total	265,821,975	250,706,487

2.1 Dividends receivable

(1) Classification of dividends receivable

Item (or investee)	Closing balance	Opening balance
Aviation Gyro (Xi'an) Photoelectricity Technology Co., Ltd. (中航捷銳(西安)光電技術有限公司)	6,170,962	
Total	6,170,962	

2.2 Other receivables

(1) Classification of other receivables by nature

Nature of amount	Closing book value	Opening book value
Borrowings	259,703,224	254,143,790
Disbursements	3,669,857	
Others	1,291,986	3,874,453
Total	264,665,067	258,018,243

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(2) Bad debt provision of other receivables

Bad debt provision	Stage 1 Expected credit loss in the future 12 months	Stage 2 Lifetime expected credit loss (no credit impaired)	Stage 3 Lifetime expected credit loss (credit impaired)	Total
Opening balance	7,311,756			7,311,756
Opening book balance of other receivables during the year	7,311,756			7,311,756
– 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 year	-2,297,702			-2,297,702
Amount transferred back in the current year				
Amount written back in the current year				
Amount written off in the current year				
Other changes				
Closing balance	5,014,054			5,014,054

(3) Other receivables listed as per aging

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	259,765,435	136,527,386
1-2 years	1,214,775	117,806,000
2-3 years		
3-4 years		
4-5 years		
Over 5 years	3,684,857	3,684,857
Subtotal	264,665,067	258,018,243
Less: Bad debt provision	5,014,054	7,311,756
Total	259,651,013	250,706,487

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

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

Category of portfolio	Original book value	Closing balance		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Other receivables with expected credit losses provision made individually				
Other receivables with bad debt provision made on the group of credit risk characteristics	264,665,067	1.89	5,014,054	259,651,013
Total	264,665,067	1.89	5,014,054	259,651,013

Category of portfolio	Original book value	Opening balance		Book value
		Proportion of bad debt provision (%)	Bad debt provision	
Other receivables with expected credit losses provision made individually				
Other receivables with bad debt provision made on the group of credit risk characteristics	258,018,243	2.83	7,311,756	250,706,487
Total	258,018,243	2.83	7,311,756	250,706,487

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

2. Other receivables (Continued)

2.2 Other receivables (Continued)

(5) Bad debt provision of other receivables

Category	Opening balance	Provision	Amount changed in the current year			Closing balance
			Accounts recovered or transferred back	Amounts written back or written off	Other	
Other receivables	7,311,756	-2,297,702				5,014,054
Total	7,311,756	-2,297,702				5,014,054

(6) Details of other receivables classified by the borrowers

Name	Nature of amount	Closing balance	Aging	Proportion to the total closing balance of other receivables (%)	Closing balance of bad debt provision
Company 1	Borrowings	259,703,224	Within 1 year, 1-2 years	98.13	1,298,516
Total	–	259,703,224	–	98.13	1,298,516

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments

(1) Classification of long-term equity investments

Item	Closing balance		Opening balance	
	Book balance	Impairment provision	Book balance	Impairment provision
Investment in subsidiaries	14,008,167,212	14,008,167,212	14,801,335,945	14,801,335,945
Investment in associates and joint ventures	110,366,816	110,366,816	106,178,521	106,178,521
Total	14,118,534,028	14,118,534,028	14,907,514,466	14,907,514,466

(2) Investment in subsidiaries

Investee	Opening balance	Increase in the current year	Decrease in the current year	Closing balance	Impairment Provision for the year	Closing balance of impairment provision
AVIC Helicopter Co., Ltd. (中航直升機有限責任公司)	993,168,726		993,168,726			
Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司)	988,016,529			988,016,529		
Jonhon Optron Technology Co., Ltd. (中航光電科技股份有限公司)	1,055,216,254			1,055,216,254		
AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司)	2,323,388,401			2,323,388,401		
Tianjin Aviation Mechanical and Electrical Co., Ltd. (天津航空機電有限公司)	1,031,349,927			1,031,349,927		
AviChina Hong Kong Limited (中航科工香港有限公司)	486,562,400			486,562,400		
China Aviation Planning and Design Institute Co., Ltd. (中國航空規劃設計研究總院有限公司)	1,463,693,497			1,463,693,497		
AviChina Industrial Investment Co., Ltd. (中航科工產業投資有限責任公司)	200,000,000			200,000,000		
Changhe Aircraft Industries (Group) Co., Ltd. (昌河飛機工業(集團)有限責任公司)	735,841,588		735,841,588			
Harbin Aircraft Industry Group Co., Ltd. (哈爾濱飛機工業集團有限責任公司)	860,721,836		860,721,836			
AVICOPTER PLC (中航直升機股份有限公司)	4,663,376,787	1,796,563,417		6,459,940,204		
Total	14,801,335,945	1,796,563,417	2,589,732,150	14,008,167,212		

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

3. Long-term equity investments (Continued)

(3) Investments in associates and joint ventures

Investee	Opening balance (Book value)	Added investment	Decreased investment	Movement for the year					Closing balance (Book value)	
				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		Others
I. Associates										
AVIC Rongfu Fund Management Company Limited (中航融富 基金管理有限公司)	89,053,529			9,503,597	-137,525		4,312,053			94,107,548
Gongqingcheng Aviation Investment Rongfuyoucai Equity Investment Partnership (Limited Partnership) (共青城航投融富 優材股權投資合夥企業 (有限合夥))	17,124,992			-674,422			191,302			16,259,268
Subtotal	106,178,521			8,829,175	-137,525		4,503,355			110,366,816
Total	106,178,521			8,829,175	-137,525		4,503,355			110,366,816

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024
(The notes to the financial statements are presented in RMB, except as otherwise noted)

XVII. NOTES TO THE MAJOR ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (Continued)

4. Operating income and operating cost

Item	Amount for the current year		Amount for the previous year	
	Income	Cost	Income	Cost
Other businesses	464,686	1,314,913	1,171,030	1,370,322
Total	464,686	1,314,913	1,171,030	1,370,322

5. Investment income

Item	Amount for the current year	Amount for the previous year
Long-term equity investment income calculated at cost method	788,990,419	633,932,945
Long-term equity investment income calculated at equity method	8,829,175	9,775,911
Investment income from disposal of long-term equity investment		203,011,814
Investment income from holding financial assets held for trading		
Investment income from disposal of financial assets held for trading	23,422,288	19,914,442
Dividend income from holding other equity instrument investments	9,177,203	7,383,472
Investment income from holding other non-current financial assets		23,027,317
Others	6,170,963	
Total	836,590,048	897,045,901

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVIII. SUPPLEMENTARY INFORMATION ON FINANCIAL STATEMENTS

1. Breakdown of non-recurring profit or loss for the current year

In accordance with the China Securities Regulatory Commission's Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profits and Losses (Revised in 2023), the Group's non-recurring profit and loss during the reporting period is as follows:

Item	Amount for the year
Gains or losses on disposal of non-current assets (including the write-off accrued asset impairment)	-14,391,217
Government subsidies included in current gains or losses (except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, are entitled to in accordance with determined standards, and have a lasting impact on the company's gains or losses)	243,917,513
Gains or losses from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises, and gains or losses arising from the disposal of financial assets and financial liabilities, in addition to the effective hedging business related to the company's normal operating business	70,747,240
Gain or loss from entrusting others to invest or manage assets	5,910,535
Reversal of provision for impairment of receivables individually tested for impairment	25,587,039
Net profit or loss of subsidiaries from the beginning of the period to the consolidation date arising from business combination under common control	-1,865,869
Gain or loss on debt restructuring	17,681,679
Custodian fee income earned from entrusted operations	116,419,253
Other non-operating income and expenses other than those mentioned above	66,846,629
Other profit and loss items that meet the definition of non-recurring profit or loss	-3,358,224
Subtotal	527,494,578
Less: Income tax effect amount	80,960,830
Amount of minority interest impact (after tax)	77,049,020
Total	369,484,728

Notes to the Financial Statements

From 1 January 2024 to 31 December 2024

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

XVIII. SUPPLEMENTARY INFORMATION ON FINANCIAL STATEMENTS (Continued)

1. Breakdown of non-recurring profit or loss for the current year (Continued)

In accordance with the “Rules Governing the 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 the China Securities Regulatory Commission, the Group’s weighted average return on net assets, basic earnings per share and diluted earnings per share for the current year are as follows:

Profit for the reporting period	Weighted average Return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent Company	6.66	0.274	0.274
Net profit attributable to ordinary shareholders of the parent company after non-recurring profit or loss	5.53	0.228	0.228

XIX. APPROVAL OF FINANCIAL STATEMENT

This financial report was approved by the Board of the Company on 28 March 2025.

AviChina Industry & Technology Company Limited
28 March 2025



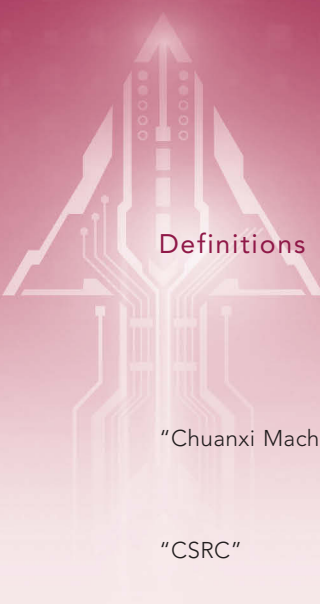
Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings indicated.

"Articles of Association"	Articles of Association of the Company (as amended from time to time)
"AVIC"	Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司), a controlling Shareholder of the Company holding directly and indirectly 59.63% equity interest of the Company at the date of the report
"AVIC Airborne"	AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司), a joint stock limited liability company whose shares are listed on the Shanghai Stock Exchange, a subsidiary of the Company
"AVIC Airborne Systems"	AVIC Airborne Systems Company Limited (中航機載系統有限公司), a subsidiary of AVIC
"AVIC CAPDI"	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 wholly-owned subsidiary of the Company
"AVIC Electromechanical"	AVIC Electromechanical Systems Co., Ltd. (中航工業機電系統股份有限公司)
"AVIC Finance"	AVIC Finance Co., Ltd. (中航工業集團財務有限責任公司), a subsidiary of AVIC
"AVIC Company"	AVIC and its subsidiaries
"AVIC Helicopter"	AVIC Helicopter Co., Ltd. (中航直升機有限責任公司)
"AVIC I"	China Aviation Industry Corporation I (中國航空工業第一集團公司), the predecessor of AVIC
"AVIC II"	China Aviation Industry Corporation II (中國航空工業第二集團公司), a former controlling Shareholder of the Company and the predecessor of AVIC
"AVIC Industry-Finance"	AVIC Industry-Finance Holdings Co., Ltd. (中航工業產融控股股份有限公司), a joint stock limited liability company whose shares are listed on the Shanghai Stock Exchange and a subsidiary of AVIC
"AVIC Kaitian"	Chengdu CAIC Electronics Co., Ltd. (成都凱天電子股份有限公司), a subsidiary of AVIC Airborne

Definitions

"AVIC Lanfei"	Lanzhou Flight Control Co., Ltd. (蘭州飛行控制有限責任公司), a subsidiary of AVIC Airborne
"AVIC Lease"	AVIC International Financial Lease Co., Ltd. (中航國際融資租賃有限公司), a subsidiary of AVIC
"AVIC Optoelectronics Precision"	AVIC Optoelectronics Precision Electronics (Shenzhen) Co. Ltd. (中航光電精密電子(深圳)有限公司), a subsidiary of JONHON
"AVIC Precision Machinery Technology"	Hubei AVIC Precision Machinery Technology Co., Ltd. (湖北中航精機科技有限公司), a subsidiary of AVIC Airborne
"AVIC Trust"	AVIC Trust Co., Ltd. (中航信託股份有限公司), a subsidiary of AVIC
"AVIC Xinxiang Aviation Group"	AVIC Xinxiang Aviation Industry (Group) Co., Ltd. (新鄉航空工業(集團)有限公司), a subsidiary of AVIC Airborne
"AviChina", "Company"	AviChina Industry & Technology Company Limited (中國航空科技工業股份有限公司), a joint stock limited company established in the PRC with limited liability on 30 April 2003
"AviChina Capital"	AviChina Industrial Investment Co., Ltd. (中航科工產業投資有限責任公司), a wholly-owned subsidiary of the Company
"AviChina Hong Kong"	AviChina Hong Kong Limited (中航科工香港有限公司), a wholly-owned subsidiary of the Company
"AVICOPTER"	AVICOPTER PLC (中航直升機股份有限公司), a joint stock limited company whose shares are listed on the Shanghai Stock Exchange, a subsidiary of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"Changfeng Avionics"	Suzhou Changfeng Avionics Co., Ltd. (蘇州長風航空電子有限公司), a subsidiary of AVIC Airborne
"Changhe Aircraft"	Changhe Aircraft Industries (Group) Co., Ltd. (昌河飛機工業(集團)有限責任公司), a wholly-owned subsidiary of AVICOPTER
"Changhe Aviation"	Jiangxi Changhe Aviation Industry Co., Ltd. (江西昌河航空工業有限公司), a wholly-owned subsidiary of AVICOPTER



Definitions

"Chuanxi Machinery"	Sichuan Aviation Industry Chuanxi Machinery Co., Ltd. (四川航空工業川西機器有限責任公司), a subsidiary of AVIC Airborne
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi by PRC nationals and/or PRC corporate entities
"Fengyang Hydraulic"	Guizhou Fengyang Hydraulic Co., Ltd. (貴州楓陽液壓有限責任公司), a subsidiary of AVIC Airborne
"Former AVIC"	Aviation Industry Corporation of China (中國航空工業總公司), the predecessor of AVIC I and AVIC II
"Forstar"	AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司), a subsidiary of JONHON
"Group"	the Company and its subsidiaries
"GuiZhou FengLei"	GuiZhou FengLei Aviation Ordnance Co., Ltd. (貴州風雷航空軍械有限責任公司), a subsidiary of AVIC Airborne
"H Share(s)"	overseas listed foreign invested share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"Hafei Aviation"	Harbin Hafei Aviation Industry Co., Ltd. (哈爾濱哈飛航空工業有限責任公司), a wholly-owned subsidiary of AVICOPTER
"Harbin Aircraft"	Harbin Aircraft Industry Group Co., Ltd. (哈爾濱飛機工業集團有限責任公司), a wholly-owned subsidiary of AVICOPTER
"Helicopter Tianjin"	Tianjin Helicopter Company Limited (天津直升機有限責任公司), a wholly-owned subsidiary of AVICOPTER
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)

Definitions

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
"Hongdu Aviation"	Jiangxi Hongdu Aviation Industry Co., Ltd. (江西洪都航空工業股份有限公司), a joint stock limited company whose shares are listed on the Shanghai Stock Exchange, a subsidiary of the Company
"Hongdu Group"	Jiangxi Hongdu Aviation Industry Group Co., Ltd. (江西洪都航空工業集團有限責任公司), a wholly-owned subsidiary of AVIC
"Huiyang Company"	Huiyang Aviation Propeller Limited (惠陽航空螺旋槳有限責任公司), a wholly-owned subsidiary of AVICOPTER
"Jingdezhen Helicopter R&D Branch"	AviChina Industry & Technology Company Limited Jingdezhen Helicopter Research and Development Branch (中國航空科技工業股份有限公司景德鎮直升機研發分公司)
"JONHON"	Jonhon Optronic Technology Co.,Ltd (中航光電科技股份有限公司), a joint stock limited liability company whose shares are listed on the Shenzhen Stock Exchange, a subsidiary of the Company
"Keeven Instrument"	Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀錶有限公司), a subsidiary of AVIC Airborne
"Lanzhou Aviation Electric"	Lanzhou Wanli Aviation Electric Co., Ltd. (蘭州萬里航空機電有限責任公司), a subsidiary of AVIC Airborne
"Nanjing Hangjian"	Nanjing Hangjian Aviation Equipment Technical Service Co., Ltd. (南京航健航空裝備技術服務有限公司), a subsidiary of AVIC Airborne
"National Industrial Investment Fund"	National Military-civilian Integration Industrial Investment Fund Co., Ltd. (國家軍民融合產業投資基金有限責任公司), a limited liability company established in the PRC
"Oriental Instrument"	Shaanxi Oriental Aeronautic Instrument Manufacture Co., Ltd. (陝西東方航空儀錶有限責任公司), a subsidiary of AVIC Airborne
"PRC" or "China"	the People's Republic of China
"Qianshan Avionics"	AVIC Shaanxi Qianshan Avionics Co., Ltd. (陝西千山航空電子有限責任公司), a subsidiary of AVIC Airborne

Definitions

"Qing'an Company"	Qing'an Group Co., Ltd. (慶安集團有限公司), a subsidiary of AVIC Airborne
"reporting period"	the period from 1 January 2024 to 31 December 2024
"SAEC"	Shaanxi Aero Electric Co., Ltd. (陝西航空電氣有限責任公司), a subsidiary of AVIC Airborne
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended from time to time)
"Shaanxi Huayan"	AVIC Shaanxi Huayan Aero-Instrument Co., Ltd. (陝西華燕航空儀錶有限公司), a subsidiary of AVIC Airborne
"Shanghai Aviation Electric"	Shanghai Aviation Electric Co., Ltd. (上海航空電器有限公司), a subsidiary of AVIC Airborne
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	the ordinary share(s) of the Company
"Shenyang Xinghua"	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 JONHON
"Sichuan Fanhua"	AVIC Sichuan Fanhua Aviation Instrument and Electric Co., Ltd. (四川泛華航空儀錶電器有限公司), a subsidiary of AVIC Airborne
"Sichuan Hydraulic"	Sichuan Lingfeng Aero Hydraulic Machinery Co., Ltd. (四川凌峰航空液壓機械有限公司), a subsidiary of AVIC Airborne
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Taixing Aviation Optoelectronic"	Taixing Aviation Optoelectronic Technology Co., Ltd. (泰興航空光電技術有限公司), a subsidiary of JONHON
"Taiyuan Instrument"	AVIC Taiyuan Aviation Instrument Co., Ltd. (太原航空儀錶有限公司), a subsidiary of AVIC Airborne
"Tianjin Aviation"	Tianjin Aviation Mechanical and Electrical Co., Ltd. (天津航空機電有限公司), a wholly-owned subsidiary of the Company

Definitions

"Tianjin Free Trade Zone Investment"	Tianjin Free Trade Zone Investment Company Limited (天津保稅區投資有限公司), a limited liability company incorporated in the PRC
"Trainer"	aeroplanes designed and used for pilot training purposes
"Xiangtong Photoelectric"	Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司), a subsidiary of JONHON
"Yibin Sanjiang"	Yibin Sanjiang Machinery Co., Ltd. (宜賓三江機械有限責任公司), a subsidiary of AVIC Airborne
"Zhengzhou Aircraft"	Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司), a subsidiary of AVIC Airborne

The English names of the entities of mainland China referred to in the definitions above are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.



Corporate Information

BOARD OF DIRECTORS

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

SUPERVISORY COMMITTEE

Chairman of the Supervisory Committee	Nie Xiaoming
Supervisor	Guo Guangxin
Supervisor	Kang Yinglei

SENIOR MANAGEMENT

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

COMPANY SECRETARY

Wu Yun

THE LEGAL NAME OF THE COMPANY

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUTHORISED REPRESENTATIVES

Yan Lingxi

Wu Yun

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

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

China Minsheng Banking Corp., Ltd.
No. 2 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 Shares)

Stock Name: AVICHINA

Stock Code: 2357

REGISTERED ADDRESS

2nd floor, Building 27, No. 26 Xihuan South Street,
Economic Technological Development Area,
Beijing, the PRC
Postal Code: 100176

WEBSITE

<http://www.avichina.com>

CORRESPONDENCE ADDRESS

6/F, Tower A, No. 14 Xiaoguandongli,
Chaoyang District, Beijing, the PRC
Postal Code: 100029

Telephone: 86-10-58354750

Facsimile: 86-10-58354300/10

E-mail Address: avichina@avichina.com



Corporate Information

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year of 2024 will be held at 9:00 a.m. on Tuesday, 20 May 2025 at Building A, No. 14 Xiaoguan Dongli, Andingmenwai, Chaoyang District, Beijing, the PRC.

AUDITOR

*Public Interest Entity Auditor recognised in
accordance with the Financial Reporting Council Ordinance*
WUYIGE Certified Public Accountants LLP
Room 2206 22/F, Xueyuan International Tower No.1
Zhichun Road, Haidian District, Beijing, the PRC

LEGAL ADVISERS

As to Hong Kong law

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F, Edinburgh Tower, The Landmark,
15 Queen's Road Central, Hong Kong

As to PRC law

Commerce & Finance Law Offices
12-15th Floor, China World Office 2,
No. 1 Jianguomenwai Avenue,
Beijing, the PRC