



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)



Annual Report
2025

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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;

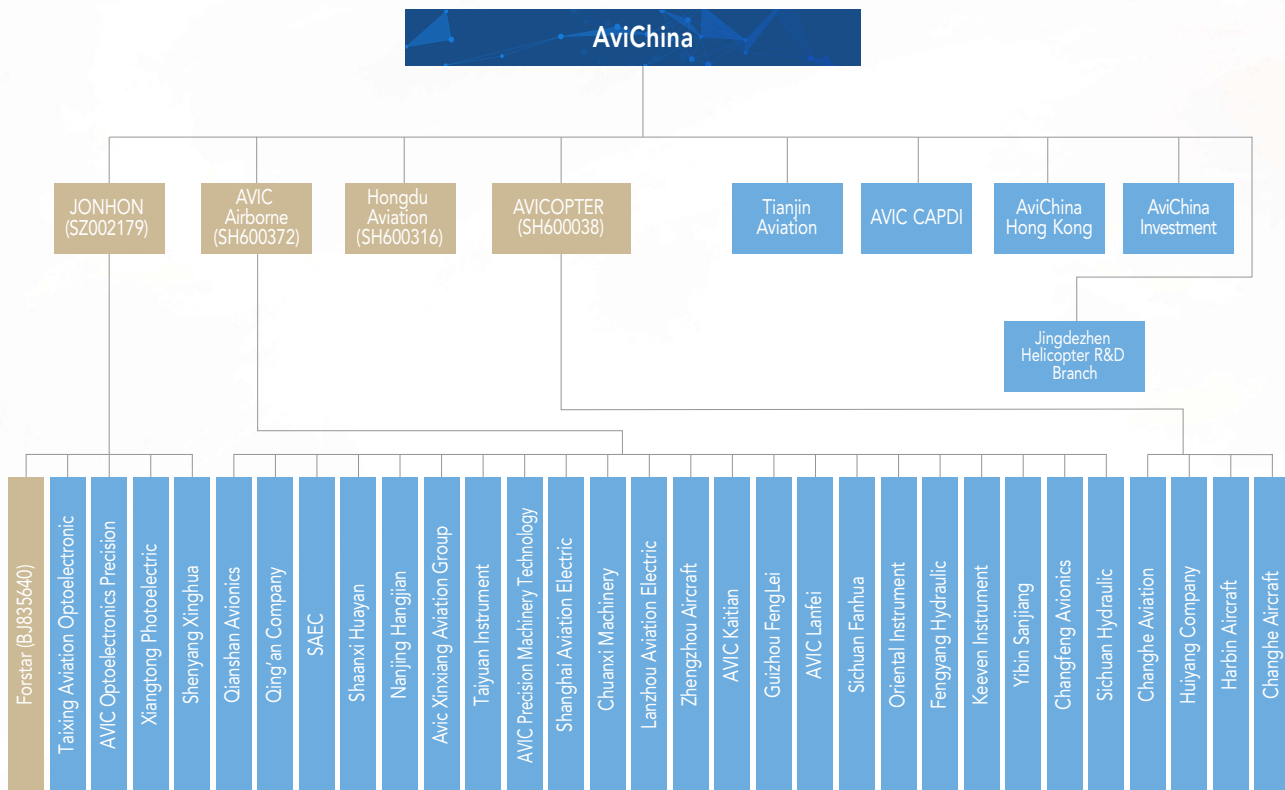
Trainer: L15, K8 and CJ6 trainers series;

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		
	2025	2024	Changes
Revenue	89,442	86,971	2.84%
Profit before tax	5,348	6,092	-12.21%
Net profit attributable to the owners of the parent company	1,765	2,187	-19.30%
Gross profit margin	19.50%	21.67%	decreased by 2.17 percentage points
Earnings per share (RMB)			
– Basic	0.221	0.274	-19.34%
– Diluted	0.221	0.274	-19.34%

CONSOLIDATED ASSETS AND LIABILITIES

(Prepared under China Accounting Standards for Business Enterprises)

(RMB million)

	As at 31 December		
	2025	2024	Changes
Total assets	206,603	202,044	2.26%
Total liabilities	107,223	105,396	1.73%
Minority equity	64,366	62,500	2.99%
Shareholders' equity attributable to parent company	35,014	34,148	2.54%

Financial Highlights

Financial information on the Group's comprehensive business in the recent five years starting from 1 January 2021 is summarized as follows:

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

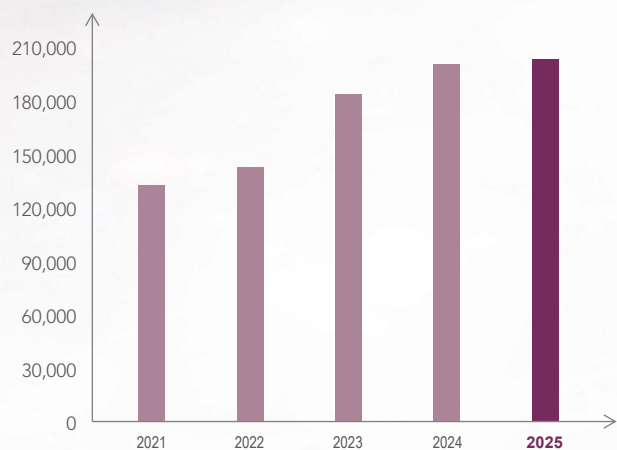
	As at 31 December/For the year ended 31 December				
	2025	2024	2023	2022	2021
Total assets	206,603	202,044	185,018	144,006	133,889
Total liabilities	107,223	105,396	96,962	85,853	79,123
Minority equity	64,366	62,500	56,484	30,029	27,859
Shareholders' equity attributable					
to parent company	35,014	34,148	31,572	28,124	26,907
Revenue	89,442	86,971	84,725	63,639	60,296
Profit before tax	5,348	6,092	7,069	5,248	5,315
Net profit attributable to the owners of					
the parent company	1,765	2,187	2,447	2,216	2,369
Gross profit margin	19.50%	21.67%	25.18%	22.60%	21.06%
Earnings per share (RMB)					
– Basic	0.221	0.274	0.311	0.287	0.307
– Diluted	0.221	0.274	0.311	0.287	0.307



Financial Highlights

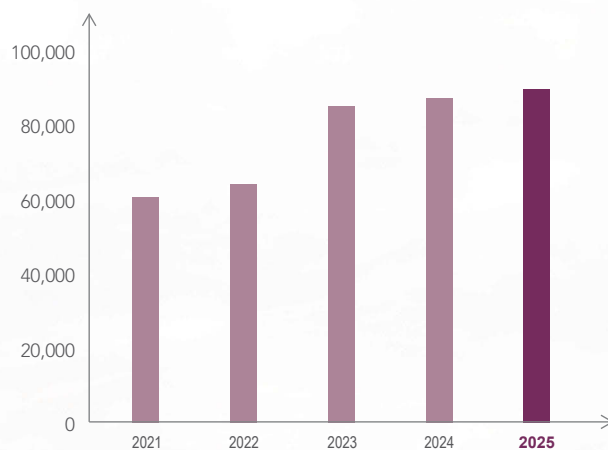
TOTAL ASSETS

(RMB million)



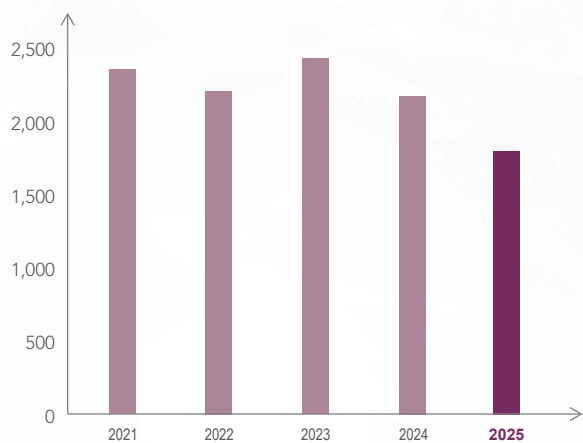
REVENUE

(RMB million)



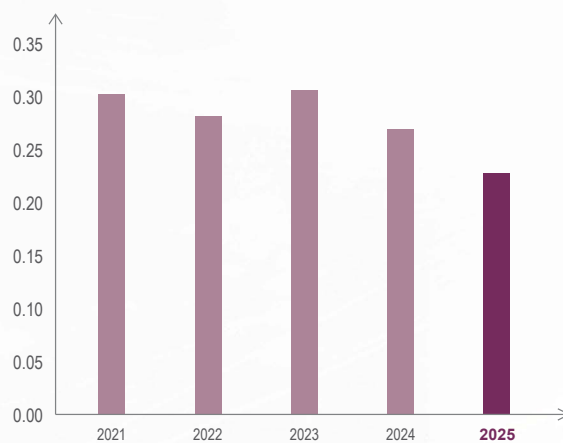
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

(RMB million)



BASIC EARNINGS PER SHARE

(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 ended 31 December 2025 of AviChina Industry & Technology Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**").

In 2025, the Outline of the 14th Five-Year Plan for National Economic and Social Development (the "**14th Five-Year**") was brought to a successful conclusion. Looking back on the "14th Five-Year" period, the Company's controlling Shareholder, AVIC, shouldered its responsibilities and forged ahead with dedication. It delivered solid results in equipment development, achieved tangible progress in the independent breakthroughs of civil aircraft, accelerated quality improvement and empowerment through scientific and technological innovation, yielded fruitful outcomes in deepening reforms, steadily enhanced risk prevention and control capabilities, cultivated a robust industrial system, and maintained steady progress in operational quality and efficiency. The Group actively integrated itself into the overall development of AVIC, successfully completed all key tasks, and achieved steady growth in scale. New aircraft models and projects advanced steadily, with active promotion of the full integration between technological and industrial innovation. The Group actively explored the layout of emerging industries and industries of the future, continuously strengthened brand building; and steadily propelled the modernization of governance. With the successful conclusion of the "14th Five-Year", the Group laid a solid foundation for its high-quality development.

ANNUAL RESULTS

For the year ended 31 December 2025, the Group recorded a revenue of RMB89,442 million, and the net profit attributable to the owners of the parent company amounted to RMB1,765 million. In 2025, the Group achieved steady progress in all its businesses with steady revenue growth.

BUSINESS REVIEW

In 2025, rarely in many years have we encountered such a grave and complex landscape, where external shocks and challenges were intertwined with domestic difficulties, China's economy forged ahead against headwinds, and has achieved dynamic, innovation-driven, and high-quality development. AVIC continuously refined its development strategy, remained firmly focusing on its core aviation business, and concentrated its efforts on achieving breakthroughs in scientific and technological innovation, resulting in a significant enhancement of its aviation R&D capabilities and industry status. The Group also actively seized opportunities presented by industrial transformation, adopted an innovative mindset in planning and strategizing, and made steady progress in all areas of work.

Focusing on industrial integration, we continuously advanced the development of a modern aviation industry system. We accelerated the integrated operation of the helicopter industry chains, continuously improved the product portfolio and R&D capabilities, and made every effort to support the development of a world-class helicopter enterprise. Steady progress was made in expanding the helicopter market both domestically and internationally, with continued enhancement of global influence. We fully supported the domestically developed large passenger aircraft project, helping Jiangxi Hongdu Commercial Aircraft Corporation Limited (江西洪都商用飛機股份有限公司) achieve new records in the delivery of its domestically developed large passenger aircraft products. The civil CJ6 trainer continued to expand its presence in the domestic market.

Focusing on scientific and technological innovation, we accelerated the implementation of new quality productive forces in the aviation sector. Steady progress was made in the innovation and R&D in the airborne industry, with multiple breakthroughs achieved in next-generation airborne systems, while the civil aircraft airborne industry system was continuously improved. We accelerated the construction of digital aviation, advanced the deployment of intelligent factories, completed the construction of multiple intelligent production lines throughout the year. We completed airworthiness verification for AG600 airborne equipment, supporting the AS700 in obtaining China's first production license for domestic manned airships. Efforts were focused on key areas such as intelligent flight control systems to promote the application and commercialization of artificial intelligence technologies in aviation airborne systems. The domestic electric vertical take-off and landing aircraft AR-E800 successfully completed its maiden flight. JONHON'S high-speed cable modules empowered high-speed interconnections in digital infrastructure.

Focusing on industrial layout, we were committed to fostering new drivers of the low-altitude economy growth. We actively expanded into emerging sectors such as the low-altitude economy, unmanned systems, deep-water operations, and satellite-launch vehicles. Seizing the historic opportunities presented by the low-altitude economy, we continued to advance central-local cooperation on the domestic helicopter demonstration center and accelerated the deployment of innovative products for the low-altitude economy. Helicopter and general-purpose aircraft products were increasingly utilized in scenarios such as emergency rescue, general aviation transportation, and aerial sightseeing. Our aviation planning business continued to deepen its presence in the low-altitude economy sector, winning bids for multiple low-altitude economy projects in various provinces and cities.

Focusing on brand value, we continuously strengthened the foundation for high-quality development. With brand value steadily rising, the future aircraft concept model "Purple Flame" drew widespread attention at the airshow. The L15 trainer completed a cross-border ferry delivery and made a stunning debut at the international airshow. We continued to refine our sustainable development governance system and deepened practices in green aviation. Efforts were made to enhance the corporate governance system construction, with high priority placed on investor returns. We were honored with awards including the "Excellent Long-Term Value Return Listed Company" award at the China Securities Golden Bauhinia Awards, the China Securities Journal Golden Bull Award for Outstanding Hong Kong-Listed Companies, the Listed Company ESG Crystal Ball Award and Shareholder Return Crystal Ball Award from Securities Market Weekly, and the Most Valuable Listed Company for Investment Award at the "Golden Kunpeng", thereby continuously enhancing our market influence.



Chairman's Statement

OUTLOOK

The year 2026 marks a pivotal year for the Outline of the 15th Five-Year Plan for National Economic and Social Development (the “**15th Five-Year**”), as it ushers in a new chapter and charts a new course. Report on the Work of the Government for 2026 clearly outlined the need to cultivate and strengthen the aviation and aerospace industry, the low-altitude economy, quantum technology, embodied AI, brain-computer interfaces and expand AI plus initiatives. The aviation and aerospace industry has been explicitly designated as an emerging industry. The low-altitude economy has been included in the Government Work Report for the third consecutive year, following 2024 and 2025. Domestically developed large passenger aircraft are set to enter large-scale delivery and commercial operation, while overseas business continues to expand.

AVIC will adhere to the general principle of pursuing progress while ensuring stability, balance high-quality development with high-level security, formulate and implement the “15th Five-Year” plan, and advance a new round of state-owned enterprise reform. AVIC will focus on independent innovation and advanced manufacturing, and concentrate its efforts on promoting high-quality development in the aviation industry to ensure a good start in the “15th Five-Year” period.

Against the backdrop of the aviation industry's sustained and rapid development, in 2026, the Company will firmly seize this historic opportunity, remain steadfast in its strategic objectives, focus on core capabilities and value creation, continue to deepen reform and innovation, accelerate the formation of new quality productive forces, and make every effort to drive the high-quality development of the Group.

We will continue to optimize the layout of the aviation industry, consolidate our core industrial advantages, deepen the high-end, intelligent, and green upgrading of the entire aviation industry chain. We will optimize the layout of helicopter production capacity, supply chains, and maintenance service assurance capabilities. We will refine the specialized layout of airborne systems industry to enhance competitiveness in key segments of the industrial chain. We will continue to deepen our presence across the entire low-altitude economy industry chain, enrich the product portfolio, expand application scenarios, and establish ourselves as a leading force in the low-altitude economy. We will actively expand into future industries to cultivate new drivers of performance growth and build a industry development system driven by multiple efforts.

We will continue to strengthen our scientific and technological innovation capability system, intensify efforts to achieve breakthroughs in key core technologies for the flight control systems of intelligent electric aircraft, and drive the in-depth digital and intelligent transformation. We will increase investment in the research and development of key core technologies, and deepen technological breakthroughs in key areas such as helicopter, trainer, and airborne system. We will expand forward-looking research into the upstream and downstream industrial chains of future aircraft, deepen the integration and innovation of next-generation information technology, artificial intelligence, and the aviation industry, and promote effective alignment between the transformation of scientific and technological achievements and the cultivation of future industries.

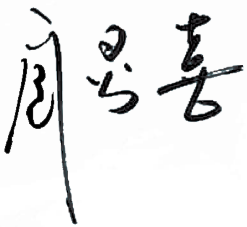
Chairman's Statement

We will continuously optimize our equity structures and business structures; strengthen market value management, enhance the level of modern governance, and persistently improve the sustainable development governance system. We will vigorously advance green and low-carbon development, actively fulfill our social responsibilities, and achieve the organic integration of industrial value and social value.

Where ambition leads, no distance is insurmountable; with dedicated efforts, a boundless future awaits. The year 2026 marks the beginning of the "15th Five-Year". The Board will lead the Company in remaining steadfast in its convictions and staying focused on its goals. With scientific and technological innovation as the core and capital empowerment as the driving force, we will concentrate our efforts on overcoming challenges and courageously shoulder the mission of our time. We will accelerate the development of the Company into a world-class aviation high-tech industrial group distinguished by outstanding products, exceptional brand, leading innovation, and modern governance, and we will repay the trust and support of our shareholders and all sectors of society with solid operational results.

APPRECIATION

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



Yan Lingxi

Chairman

Beijing, 27 March 2026

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 2025, the Group continued to classify its businesses 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 annual report to demonstrate their operation and development.

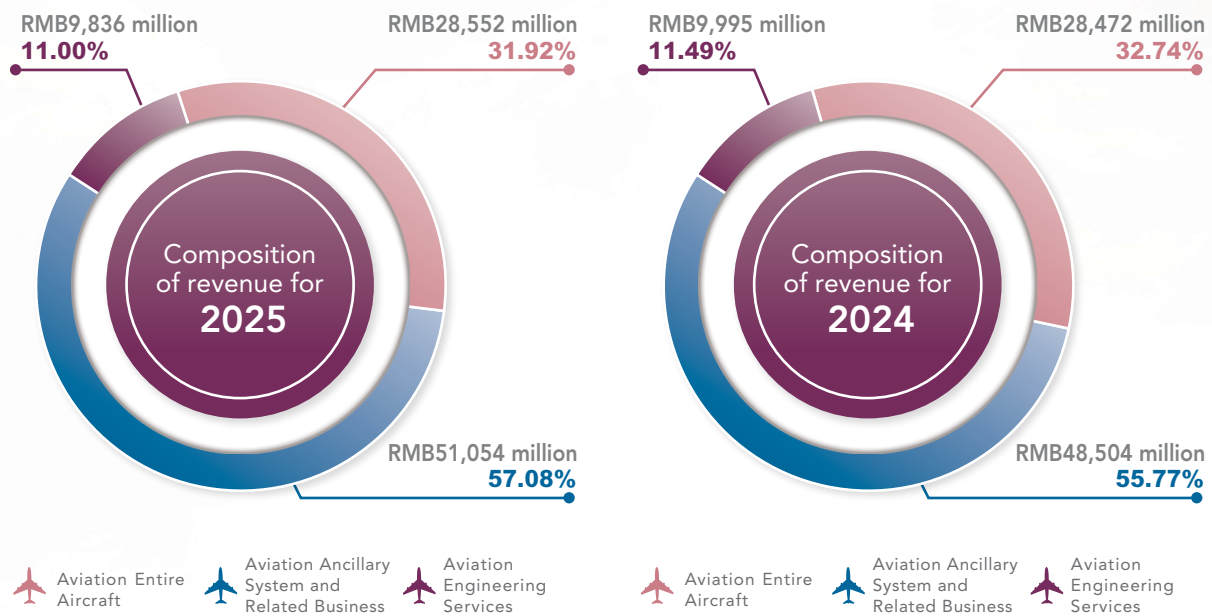
For the year ended 31 December 2025, the Group recorded a revenue of RMB89,442 million, representing an increase of RMB2,471 million or 2.84% as compared with that of RMB86,971 million in the corresponding period of the preceding year. The net profit attributable to the owners of the parent company amounted to RMB1,765 million, representing a decrease of RMB422 million or 19.30% as compared with that of RMB2,187 million in the corresponding period of the preceding year.

The following shows the comparison between the consolidated operating results of the Group for the year ended 31 December 2025 and those for the year ended 31 December 2024:

CONSOLIDATED OPERATING RESULTS

1 Composition of revenue

The revenue of the Group for the year 2025 amounted to RMB89,442 million, representing an increase of RMB2,471 million or 2.84% as compared with that of RMB86,971 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year increase in revenue of aviation ancillary system products during the reporting period.



The revenue of the Group's aviation entire aircraft business for the year 2025 amounted to RMB28,552 million, representing an increase of RMB80 million or 0.28% as compared with that of RMB28,472 million in the corresponding period of the preceding year. The revenue of the aviation entire aircraft business for the year 2025 accounted for 31.92% of the total revenue of the Group, representing a decrease of 0.82 percentage point 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 2025 amounted to RMB51,054 million, representing an increase of RMB2,550 million or 5.26% as compared with that of RMB48,504 million in the corresponding period of the preceding year, which was mainly attributable to the increase of the revenue of the Company's subsidiaries JONHON and AVIC Airborne during the reporting period. The revenue of the aviation ancillary system and related business for the year 2025 accounted for 57.08% of the total revenue of the Group, representing an increase of 1.31 percentage points as compared with that in the corresponding period of the preceding year.



Management Discussion and Analysis

The revenue of the Group's aviation engineering services business for the year 2025 amounted to RMB9,836 million, representing a decrease of RMB159 million or 1.59% as compared with that of RMB9,995 million in the corresponding period of the preceding year. The revenue of the aviation engineering services business for the year 2025 accounted for 11.00% of the total revenue of the Group, representing a decrease of 0.49 percentage point as compared with that in the corresponding period of the preceding year.

The Group mainly conducts its businesses in and generated most of its revenue from Chinese Mainland.

2 Selling expenses

The Group's selling expenses for the year 2025 amounted to RMB791 million, representing a decrease of RMB67 million or 7.81% as compared with that of RMB858 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year decrease in salaries of sales personnel and sales service charges of certain subsidiaries during the reporting period. In 2025, the selling expenses accounted for 0.88% of the revenue of the Group, representing a decrease of 0.11 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 2025 amounted to RMB4,915 million, representing a decrease of RMB316 million or 6.04% as compared with that of RMB5,231 million in the corresponding period of the preceding year, which was mainly attributable to the failure to satisfy the vesting conditions of the third batch under the third phase of the Restricted Share Incentive Scheme of JONHON, a subsidiary of the Company. In 2025, the administrative expenses accounted for 5.50% of the revenue of the Group, representing a decrease of 0.51 percentage point as compared with that in the corresponding period of the preceding year.

4 Research and development expenses

The Group's research and development expenses for the year 2025 amounted to RMB6,155 million, representing a decrease of RMB506 million or 7.60% as compared with that of RMB6,661 million in the corresponding period of the preceding year, which was mainly attributable to the year-on-year decrease in research and development investment of certain subsidiaries during the reporting period. In 2025, the research and development expenses accounted for 6.88% of the revenue of the Group, representing a decrease of 0.78 percentage point as compared with that in the corresponding period of the preceding year.

5 Finance costs

The Group's finance costs in 2025 amounted to RMB118 million, representing an increase of RMB133 million as compared with that of RMB-15 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.52 to the financial statements for details.

6 Operating profit

The Group's operating profit in 2025 amounted to RMB5,367 million, representing a decrease of RMB675 million or 11.17% as compared with that of RMB6,042 million in the corresponding period of the preceding year, which was mainly attributable to the change in products structure during the reporting period, resulting in the year-on-year decrease in gross profit margin and gross profit amount.

7 Income tax expenses

The Group's income tax expenses in 2025 amounted to RMB505 million, representing an increase of RMB167 million or 49.41% as compared with that of RMB338 million in the corresponding period of the preceding year, which was mainly attributable to the supplementary payment of corporate income tax by certain subsidiaries of the Company.

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 2025 amounted to RMB1,765 million, representing a decrease of RMB422 million or 19.30% as compared with that of RMB2,187 million in the corresponding period of the preceding year, which was mainly attributable to the change in products structure during the reporting period, which resulted in the year-on-year decrease in gross profit margin and gross profit amount.

GUARANTEED AND SECURED LOANS

As at 31 December 2025, the Group's mortgaged and pledged borrowings amounted to RMB243 million, of which RMB92 million was secured by house buildings with a net book value of RMB7 million, RMB151 million was secured by notes receivable and accounts receivable with a net book value of RMB151 million.

Borrowings placed under guarantees amounted to RMB55 million, of which RMB55 million represented guarantees provided by subsidiaries.

EXCHANGE RATE RISKS

The Group mainly operates in 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 did not have any foreign currency hedging instruments.



Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no significant contingent liabilities.

CASH FLOW AND FINANCIAL RESOURCES

1 Liquidity and capital resources

As at 31 December 2025, the Group's cash and cash equivalents amounted to RMB29,054 million, which was mainly derived from the following sources:

- cash and bank deposits at the beginning of the 2025;
- funds generated from its operations.

The Group's cash flow for each of the years 2025 and 2024 were as follows:

Unit: RMB million (except for percentage)

Main items of cash flow	2025	2024	Changes (amount)	Change rate (percentage)
Net cash flows from (used in) operating activities	(8,121)	2,170	(10,291)	N/A
Net cash flows (used in) investing activities	(2,603)	(5,367)	2,764	51.50%
Net cash flows from financing activities	442	5,336	(4,894)	-91.72%

2 Operating, investing and financing activities

Net cash outflows from operating activities of the Group for the year 2025 amounted to RMB8,121 million, representing an increase of net outflows by RMB10,291 million as compared with the net cash inflows of RMB2,170 million in the corresponding period of the preceding year, which was mainly due to the year-on-year increase in payments for commodity purchases during the reporting period.

Net cash outflows from investing activities of the Group for the year 2025 amounted to RMB2,603 million, representing a decrease of net outflows by RMB2,764 million as compared with the net cash outflows of RMB5,367 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 in the preceding year.

Management Discussion and Analysis

Net cash inflows from financing activities of the Group for the year 2025 amounted to RMB442 million, representing a decrease of net inflows by RMB4,894 million as compared with the net cash inflows of RMB5,336 million in the corresponding period of the preceding year, which was mainly attributable to the completion of the fund raising through share issuance by the Company's subsidiary AVICOPTER in the preceding year, as well as the year-on-year decrease in net amount of new borrowings by certain subsidiaries during the reporting period.

As at 31 December 2025, the Group's total borrowings amounted to RMB20,687 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 RMB12,296 million, RMB3,851 million and RMB4,540 million, respectively.

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

Maturity	RMB million
Within one year	3,851
In the second year	2,943
In the third to fifth year	1,385
After the fifth year	212
Total	8,391

As at 31 December 2025, the Group's bank borrowings amounted to RMB7,297 million with a weighted average interest rate of 2.1% per annum, accounting for 35.27% of the total borrowings. Other borrowings amounted to RMB13,390 million with a weighted average interest rate of 2.1% per annum, accounting for 64.73% of the total borrowings.

As at 31 December 2025, there was no significant balance of borrowings denominated in foreign currencies.

GEARING RATIO

As at 31 December 2025, the Group's gearing ratio was 10.01% (as at 31 December 2024: 8.79%), which was calculated by dividing the total borrowings by the total assets as at 31 December 2025.

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.



Management Discussion and Analysis

THE AVIATION ENTIRE AIRCRAFT BUSINESS

Revenue

The Group's revenue derived from the aviation entire aircraft business for the year 2025 amounted to RMB28,552 million, representing an increase of 0.28% 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 RMB24,415 million, representing a decrease of RMB1,523 million or 5.87% as compared with that in the corresponding period of the preceding year, and accounted for 85.51% of the total revenue of the aviation entire aircraft business.

The revenue of the aviation entire aircraft business of the Group for the year 2025 accounted for 31.92% of the Group's total revenue, representing a decrease of 0.82 percentage point 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 2025 was 7.22%, representing a decrease of 1.30 percentage points as compared with that in the corresponding period of the preceding year, which was mainly attributable to the changes in structure and price adjustments of helicopter products during the reporting period.

THE AVIATION ANCILLARY SYSTEM AND RELATED BUSINESS

Revenue

The Group's revenue derived from the aviation ancillary system and related business for the year 2025 amounted to RMB51,054 million, representing an increase of 5.26% as compared with that in the corresponding period of the preceding year. Among the above revenue, the revenue derived from avionics business amounted to RMB41,503 million, representing an increase of RMB1,141 million or 2.83% as compared with that in the corresponding period of the preceding year, and accounted for 81.29% 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 2025 accounted for 57.08% of the Group's total revenue, representing an increase of 1.31 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 2025 was 27.66%, representing a decrease of 3.63 percentage points as compared with that in the corresponding period of the preceding year, which was mainly attributable to the changes in structure of aviation ancillary system products during the reporting period, resulting in the year-on-year decrease in gross profit margin.

THE AVIATION ENGINEERING SERVICES BUSINESS

Revenue

The Group's revenue derived from the aviation engineering services business for the year 2025 amounted to RMB9,836 million, representing a decrease of 1.59% as compared with that in the corresponding period of the preceding year.

The revenue derived from the aviation engineering services business for the year 2025 accounted for 11.00% of the Group's total revenue, representing a decrease of 0.49 percentage point 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 2025 was 12.82%, representing an increase of 0.39 percentage point as compared with that in the corresponding period of the preceding year.

BUSINESS REVIEW AND OUTLOOK

In 2025, amidst profound and complex developments both at home and abroad, China's economy remained generally stable, and steady growth was registered. AVIC, the controlling Shareholder of the Company, rose to challenges and forged ahead, achieving remarkable results in equipment development, civil aircraft business, technological innovation, deepening reforms, and industrial system cultivation, with steady progress in high-quality development.

In 2025, faced with major internal and external risks and challenges, the Group stayed committed to its strategic direction and maintained its development momentum. It actively seized opportunities in industrial transformation, continuously improved its industrial layout, focused on the industrialization of aviation scientific and technological achievements and the low-altitude economy and continued to optimize its equity structure and business structure, and pursued steady and sustained progress in high-quality development.

The helicopter business continuously enhanced its core competitiveness and brand influence. The development of the aviation emergency rescue system and modernization of capabilities were steadily improved. The AC-series helicopters continued to explore diversified application scenarios for the low-altitude economy, and progressively improved the low-altitude economy ecosystem covering logistics, rescue, tourism and other fields. The AC332 helicopter completed multiple test flights with steady progress in airworthiness certification. The AC352 helicopter (search-and-rescue type) carried out its domestication development and completed its maiden flight. The AC352 helicopter (basic type) obtained its type certificate, filling the gap in the range of domestically developed 7-ton class civil helicopters. The Z-8 and AC311A helicopters collaboratively executed three-dimensional forest fire-fighting operations, and the AC311 helicopter accomplished multiple medical rescue missions.



Management Discussion and Analysis

The trainer business actively expanded its markets. The L15 trainer had been delivered across borders and made its debut at multiple international airshows, continuously enhancing its global influence. Sales intent agreements were signed for the CJ6 trainer, further expanding the civil aviation market. The development of new models programs progressed smoothly, providing endogenous impetus for the long-term and sustainable development of the trainer business.

The aviation ancillary system and related business segment continuously strengthened scientific and technological innovation and the construction of the civil aircraft airborne industry system has been steadily improved. JONHON officially put into operation its civil aircraft and industrial park and high-end interconnection industrial community, with its industrial layout steadily improved. Focusing on digital and intelligent transformation, the Group has empowered the upgrading of the entire production chain, and its core technologies were highly compatible with cutting-edge sectors such as commercial spaceflight and the low-altitude economy. Oriental Instrument obtained the civil aircraft quality management system certification (AS9100D), laying a solid foundation for the development and manufacturing of civil aircraft airborne equipment. Chuanxi Machinery made progress in the precision control of large warm isostatic press, empowering the R&D and manufacturing of large-sized, high-performance aerospace materials and new energy solid-state batteries. Shaanxi Huayan jointly established the “Joint Laboratory of Collaborative Innovation for Intelligent Aviation Sensing” with Shanghai Jiao Tong University, promoting original innovation in the field of intelligent sensing.

The Group made steady progress in the aviation engineering services business. AVIC CAPDI received the 2025 National Excellent Engineering Survey and Design Awards by virtue of its multiple projects. It won the bids for several low-altitude economy projects in Ningxia, continuously deepening its presence in this field. The civil aviation electronics industrialization project, which it participated in the planning and design, commenced construction, marking a continuous expansion in the civil aviation electronics field. The aid project in Africa has been handed over and put into operation, further advancing its overseas market development. The Jinshishan Mining Park project in Xinyu City, Jiangxi Province, which AVIC CAPDI designed, was selected as a national model case for ecological restoration in mining areas, contributing aviation expertise and strength to the Beautiful China Initiative.

The Group accelerated the cultivation of new quality productive forces and continuously enhanced the low-altitude economy industrial ecosystem. Collaborations with universities and research institutions were strengthened to explore in-depth synergy mechanism for industry, academia and research. The Group proactively positioned itself in the research and development of low-altitude aircraft’s core technologies and the transformation of achievement to promote the integration of strategic emerging industries and future industries with the aviation industry and foster the deep integration of technological innovation and industrial innovation. It deepened cooperation with multiple local governments and established low-altitude economy application demonstration centers, propelling the deployment and application of helicopters and manned airships in diverse scenarios such as emergency rescue, tourism sightseeing and logistics transportation. The jointly developed future aircraft concept model “Purple Flame” made its debut at the Tianjin International Helicopter Exposition* (天津國際直升機博覽會) and the AERO ASIA* (亞洲通用航空展), where the concept of “Aerospace High-Tech Transforming Future Life” garnered widespread public attention.

The effectiveness of corporate governance continued to improve, with brand image being steadily refreshed.

The Group further refined its modern corporate systems, continuously optimized corporate governance structures, and solidified the foundation for standardized operations. It deepened engagement with long-term capital, patient capital and strategic capital, optimized capital structure, upheld value creation and shareholder returns, thus winning multiple prestigious awards in the capital market, with its market influence steadily growing. It remained committed to the development of green aviation, built a green manufacturing system for the entire industrial chain under the guidance of the “carbon peaking and carbon neutrality” strategy, and empowered the high-quality development of the aviation industry through green and low-carbon transformation, thereby fortifying a solid foundation for sustainable development.

The year 2026 marks the pivotal year for initiating and laying the groundwork for the “15th Five-Year”. The evolving international situations profoundly impacts domestic development, placing China in a period where strategic opportunities coexist with risks and challenges, amid increasing uncertainties and unforeseeable factors. The Group will focus on its development strategy, maintain strategic momentum, and pursue progress while ensuring stability. Through relentless effort and steadfast execution, the Group will accelerate the building of itself as a world-class aviation high-tech industry group characterised by product excellence, prestigious brands, leading innovation and modern governance:

1. The Group will strengthen core functions and enhance core competitiveness. It will intensify strategic deployment in cutting-edge fields, cultivate and expand new quality productive forces, deepen and enhance industrial control capabilities, and continuously build talent competitiveness to persistently forge new momentum and establish new advantages;
2. The Group will focus on building the low-altitude economy industrial ecosystem. It will seize opportunities in low-altitude economy development, coordinate high-quality resources across the industrial chain, explore a collaborative model spanning the entire chain of “research and development – manufacturing – operations – services”, and continuously expand diverse application scenarios such as emergency rescue, tourism sightseeing, logistics transportation and urban services. By fully leveraging synergistic effects, it will activate new momentum for the development of low-altitude economy through ecosystem-driven growth;
3. The Group will accelerate the transformation of scientific and technological achievements. By focusing on industrial development needs, strengthening the efforts in tackling core technologies in key fields for flight control of intelligent electric aircraft, promoting deep integration of scientific and technological innovation with industrial innovation, and deepening cooperation with universities and research institutions, it will refine the mechanism integrating industry, academia, research and application and accelerate the transformation of scientific and technological achievements to inject new momentum for the high-quality development;
4. The Group will enhance the quality and efficiency of the helicopter industry development. By accelerating the development of models under research, exploring new models for market development, improving brand communication, strengthening scientific and technological innovation, advanced manufacturing and collaborative development, it will speed up the development of a world-class helicopter enterprise;



Management Discussion and Analysis

5. The Group will continuously leverage synergies across the airborne industry chain. By focusing on core segments of airborne equipment, strengthening industrial advantages, and enhancing the resilience and value creation capabilities of the airborne industry chain, it strives to build itself as a world-class airborne equipment supplier. The Group will continuously drive industrial innovation and upgrading via accelerating the deployment of new domains and new quality technologies and giving full play to digital intelligence and intelligent manufacturing;
6. The Group will continuously expand new market segments. It will seize the development opportunities of domestic commercial aircraft represented by the domestically developed large passenger aircraft project and accelerate the dedicated tackling of domestic large aircraft programs; optimize the layout of international business on an ongoing basis, and establish a new industrial development pattern featuring the domestic economy as the mainstay and the domestic economy and international engagement providing mutual reinforcement; and
7. The Group will continuously refine the construction of the modern enterprise system. It will improve corporate governance structure, enhance corporate governance efficiency; uphold value creation while maintaining close shareholder engagement, persistently optimize the equity structure, and leverage the empowering advantages of the capital market. It will adhere to the concept of sustainable development in green aviation industry. By deeply practicing the “carbon peaking and carbon neutrality” strategy, and strengthening innovation in green aviation technologies, it aims to drive green and low-carbon transformation across the entire industry chain, and continuously empower the high-quality development.

EMPLOYEES

As at 31 December 2025, the Group had 71,800 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	15,652	21.80
Aviation ancillary system and related business	53,741	74.85
Aviation engineering services business and others	2,407	3.35
Total	71,800	100.00

For the year ended 31 December 2025, the total staff costs of the Group amounted to RMB17,352 million, representing a decrease of RMB457 million or 2.57% as compared with that of RMB17,809 million in the corresponding period of the preceding year.

REMUNERATION OF EMPLOYEES

The remuneration of employees of 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 2025, the Group adhered to the talent-driven development strategy, continuously improved the employee training and management system, and enhanced the systematicity, standardization and professionalism of training work. It aligned and advanced talent development initiatives in tandem with the Group's development strategy, enriched the approaches to talent cultivation on an ongoing basis, intensified training efforts consistently, and upgraded the talent training system in a systematic manner. The Group conducted targeted system training such as corporate governance for listed companies, ESG and aviation new quality productive forces. At the same time, the Group established interdepartmental 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 and Senior Management

DIRECTORS

Executive Directors



Mr. Yan Lingxi (閻靈喜)

55, a master's degree holder and a Senior Engineer Level I. 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 was a director of AVICOPTER. From October 2016 to February 2018, Mr. Yan successively served as 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 was 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 served as 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)

58, a master's degree holder and a Researcher-level Senior Accountant. 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 the finance department, as well as deputy general manager and the chief accountant of Shenyang Aircraft Corporation* (瀋陽飛機工業(集團)有限公司), and 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 was 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 an executive Director of the Company since May 2023.

Non-executive Directors

Mr. Xu Dongsheng (徐東升)



60, a doctor's degree holder and a Researcher-level Senior Engineer. Mr. Xu graduated from the School of Management of Beihang University with a doctor's 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 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 a non-executive Director of the Company since July 2024.

Mr. Zhou Xunwen (周訓文)



60, 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 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, and 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 as 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 was a supervisor of AVIC Chengdu Aircraft Co., Ltd. from January 2025 to September 2025. He has been a non-executive Director of the Company since July 2024.



Directors and Senior Management



Ms. Hu Shiwei (胡世偉)

57, 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 been serving as the head of the office for Inspection Work of AVIC since November 2023. She has been a non-executive Director of the Company since July 2024.



Mr. Gao Jiming (高繼明)

67, a master's degree holder and a Researcher-level Senior Engineer. He graduated from Beihang University with a master's degree in aerospace vehicle systems engineering. Mr. Gao has previously served as head of Personnel Department and office head of the HIWING Technology Academy of China Aerospace Science and Industry Corporation* (中國航天科工飛航技術研究院), and as director and general manager of Aerospace Hi-Tech Holding Group Co., Ltd.* (航天科技控股集團股份有限公司). From 2015 to 2018, Mr. Gao served as a standing committee member of the economic development committee of the HIWING Technology Academy of China Aerospace Science and Industry Corporation. From 2019 to 2024, Mr. Gao served as an expert member of the Strategic Research Alliance Expert Group of China Aerospace Science and Industry Corporation Limited* (中國航天科工集團有限公司). Since 2024, Mr. Gao has been holding various positions including a member of the Innovation and Investment Professional Committee of the Chinese Society of Aeronautics* (中國航空學會), a consultant expert at China Aerospace Industry Science and Technology Consulting Co., Ltd.* (中國航天工業科學技術諮詢有限公司) and a senior expert at CIECC Engineering Company Limited* (中諮工程有限公司). Mr. Gao has been a non-executive Director of the Company since December 2025.

Independent Non-executive Directors



Mr. Liu Weiwu (劉威武)

62, a master's degree holder. Mr. Liu has served as the 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 an independent non-executive Director of the Company since June 2018.



Mr. Mao Fugen (毛付根)

63, 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 obtained a master's degree in economics (accounting) from Xiamen University in 1988, and a doctor's 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 lecturer, deputy professor and professor of the School of Accounting of Xiamen University. He was an independent non-executive director of Zhonghong Pulin Medical Product Co., Ltd. from July 2021 to July 2024. He was an independent non-executive director of Haitong Securities Co., Ltd. from October 2023 to April 2025. He has been an independent non-executive director of Guotai Haitong Securities Co., Ltd. since April 2025. He has been an independent non-executive Director of the Company since May 2021.



Mr. Lin Guiping (林貴平)

60, 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 doctoral degree majoring in man-machine and environmental engineering in 1993. Mr. Lin was promoted successively as deputy professor in 1993, professor in 1998, and was elected as a supervisor of doctoral candidates 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 an independent non-executive Director of the Company since May 2021.



Directors and Senior Management

SENIOR MANAGEMENT



Mr. Wang Jingmin (王敬民)

Chief Financial Officer (Chief Accountant)

54, a Senior Accountant Level I. 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 an 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 the Culture Center of AVIC and director and deputy general manager of AVIC Culture Co., Ltd.* (中航文化有限公司). He has been the Chief Accountant of the Company since December 2021.



Mr. Zhao Zhuo (趙卓)

Board Secretary

53, a master's degree holder and a Researcher. Mr. Zhao successively graduated from Beijing Institute of Chemical Technology with a bachelor's degree in engineering majoring in industrial management engineering and from the school of management of Beihang University with a master's degree in engineering majoring in management. Mr. Zhao has obtained an EMBA degree from the University of Texas at Arlington. Mr. Zhao commenced his career in the 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. From 2005, Mr. Zhao successively 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 a director of AVIC Airborne since November 2025 and a director of AVICOPTER since December 2025. 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 2025. All references made below to other sections, reports or notes of this annual report form part of this Report of the Board of this year.

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 19 to page 22 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 the 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 22 April 2026.

RESULTS, DIVIDEND AND DIVIDEND POLICY

The results of the Group for the year 2025 are set out in the Consolidated Income Statement on page 85 to page 87 of this annual report.

The Board recommended the payment of a final dividend for the year 2025 in an aggregate amount of RMB530,194,807, representing a dividend of RMB0.0665 per Share (2024: RMB0.081 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 on Friday, 29 May 2026 (the “**Record Date**”).

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 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, 24 May 2026 to Friday, 29 May 2026 (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, 22 May 2026.



Report of The Board

In accordance with Article 137 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 average 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, 19 May 2026 (the "**2025 AGM**"). Subject to the approval of the Company's Shareholders at the 2025 AGM, the aforementioned dividend is expected to be paid by the Company on or before Thursday, 25 June 2026.

The 2025 AGM will be held on Tuesday, 19 May 2026. The H Shares register of members of the Company will be closed from Wednesday, 29 April 2026 to Tuesday, 19 May 2026 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of the H Shares and Domestic Shares whose names appear on the Company's register of members at the opening of business on Tuesday, 19 May 2026 are entitled to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, holders of 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, 28 April 2026.

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 29 May 2025.

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 the Company's H Shares 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 2025 was as follows:

	Number of Shares as at 31 December 2025	Percentage of total number of Shares in issue as at 31 December 2025 (%)
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 31 December 2025, 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	H Shares (Note 1)	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 31 December 2025, 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 2025.

As at 31 December 2025, 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 2025, the amount of donation of the Group amounted to RMB2.4966 million.

RESERVES

Details of change in reserves of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Changes in Shareholders' Equity and Note VI. 42-46 to the financial statements.

DISTRIBUTABLE RETAINED EARNINGS

As at 31 December 2025, the Company had distributable retained earnings of RMB1,431,035,094.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the Group's total purchases from the five largest suppliers for the aviation business accounted for 33.05% (2024: 26.46%) of the Group's total purchases, of which, purchases from the largest supplier accounted for 18.72% (2024: 15.14%) of the Group's total purchases. The Group's sales to the five largest customers accounted for 70.34% (2024: 69.51%) of the Group's total sales, of which, sales to the largest customer accounted for 32.54% (2024: 30.73%) of the Group's total sales.

Purchases from the five largest suppliers in the aviation entire aircraft segment accounted for 70.42% (2024: 51.82%) of the total purchases in the Group in that segment, of which, purchases from the largest supplier accounted for 37.69% (2024: 29.74%) of the total purchases in that segment. Sales to the five largest customers in the aviation entire aircraft segment accounted for 99.66% (2024: 99.54%) of the total sales in that segment, of which, sales to the largest customer accounted for 85.14% (2024: 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 15.30% (2024: 13.32%) of the total purchases in the Group in that segment, of which, purchases from the largest supplier accounted for 9.45% (2024: 7.55%) of the total purchase in that segment. Sales to the five largest customers in the aviation ancillary system and related business segment accounted for 45.81% (2024: 47.84%) of the total sales in that segment, of which, sales to the largest customer accounted for 28.39% (2024: 34.44%) of the total sales in that segment.

Purchases from the five largest suppliers in the aviation engineering services segment accounted for 30.83% (2024: 35.42%) of the total purchases in the Group in that segment, of which, purchases from the largest supplier accounted for 10.07% (2024: 12.28%) of the total purchase in that segment. Sales to the five largest customers in the aviation engineering services segment accounted for 55.23% (2024: 63.60%) of the total sales in that segment, of which, sales to the largest customer accounted for 48.26% (2024: 42.79%) of the total sales in that segment.

During the reporting period, the data presented above are based on the scope of the ultimate controller under common control (except for those actually controlled by the same state-owned assets administration institute).

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.



Report of The Board

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 27 of this annual report. Details of changes of the Directors during the year 2025 are set out on pages 42 to 43 of this annual report.

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

No 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 2025*

For the year ended 31 December 2025, the Group engaged in continuing connected transactions with AVIC Company, AVIC Airborne and its subsidiaries (“**AVIC Airborne Group**”) and Shenyang Xinghua. 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. 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 2025, 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 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.

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. On 29 August 2025, the Board resolved to increase the existing annual caps on the revenue transactions of the Group under the Shenyang Xinghua mutual product and service supply framework agreement for the financial years ending 31 December 2025 and 31 December 2026 to RMB140 million and RMB110 million, respectively.



Report of The Board

With AVIC Finance

- 6 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 (including but not limited to bill acceptance, discount services and other services) as approved by the National Administration of Financial Regulation for a term of three years ending 31 December 2026.

With AVIC Lease

- 7 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 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 2025*
Entrusted Loan and Guarantee Framework Agreement entered by AVIC CAPDI and AVIC Construction and Development Technology

- 8 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**") ("**2023 Framework Agreement**"), 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.

Financial Service Framework Agreement entered by Tianjin Tianli and AVIC Securities

- 9 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**”)(“**2023 Financial Service Framework Agreement**”), 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, 19 December 2023 and 29 August 2025 and the circular dated 28 November 2023.



Report of The Board

The annual caps of the year 2025 of the continuing connected transactions and the actual transaction amounts incurred by the Group in 2025 are set out below. For the year ended 31 December 2025, such continuing connected transactions of the Group were calculated on a consolidated basis as follows:

	For the year 2025	
	Actual Amount (RMB million)	Annual Cap (RMB million)
1 Mutual Product Supply Agreement with AVIC		
(a) Annual expenditure of the Group	12,287	24,320
(b) Annual revenue of the Group	24,159	45,220
2 Mutual Service Supply Agreement with AVIC		
(a) Annual expenditure of the Group	1,373	1,400
(b) Annual revenue of the Group	4,992	5,000
3 Land Use Rights and Properties Leasing Agreement with AVIC		
(a) The Group as the lessee		
– Right-of-use assets	36	400
(b) The Group as lessor		
– Lease payments	39	100
4 Mutual Product and Service Supply Framework Agreement with AVIC Airborne		
(a) Annual expenditure of the Group	2,115	3,000
(b) Annual revenue of the Group	519	1,100
5 Mutual Product and Service Supply Framework Agreement with Shenyang Xinghua		
(a) Annual expenditure of the Group	86	180
(b) Annual revenue of the Group	48	140
	Maximum daily outstanding balance (RMB million)	Cap for the maximum daily outstanding balance (RMB million)
6 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	0	5,000
	Actual Amount (RMB million)	Annual Cap (RMB million)
(c) Other financial services provided by AVIC Finance to the Group	0	3,000

Report of The Board

	Maximum daily outstanding balance (RMB million)	Cap for the maximum daily outstanding balance (RMB million)
7 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	0	1,000
8 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
9 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 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.

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.



Report of The Board

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

On 12 December 2025, AVIC Airborne and AVIC Aviation Industry Investment Co., Ltd.* (中航航空產業投資有限公司) (“**AVIC Industry Investment**”) entered into the Partnership Interest Transfer Agreement, pursuant to which AVIC Airborne agreed to acquire and AVIC Industry Investment agreed to sell 59.1816% of the partnership interest in AIC Yuhua (Shenzhen) Airborne Systems Industry Investment Partnership (Limited Partnership)* (航投譽華(深圳)機載系統產業投資合夥企業(有限合夥)) (“**AIC Yuhua**”) at a preliminary Consideration of RMB202,105,702.57. As at the date of this report, AVIC Airborne is a non-wholly owned subsidiary of the Company, AVIC is the controlling Shareholder of the Company, AVIC Industry Investment is a non-wholly owned subsidiary of AVIC. Therefore, AVIC Industry Investment 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 12 December 2025. Unless the context otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.

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 2025 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 the context otherwise defined, terms used in this section shall have the same meanings as those defined in such announcements.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

1. On 24 November 2025, based on the recognition of the Company of the long-term investment value of AVICOPTER and confidence in its stable future development, as well as confidence in the development prospects of China's capital market, the Company increased its shareholding in AVICOPTER by purchasing 1,391,700 A shares of AVICOPTER through centralized price bidding on the trading system of the Shanghai Stock Exchange, representing approximately 0.17% of the total issued shares of AVICOPTER as at the date of the share increase. Upon the completion, the Company directly held 418,746,503 A shares of AVICOPTER, representing approximately 51.07% of the total issued shares of AVICOPTER.
2. On 12 December 2025, the Board considered and approved the proposed implementation of the conversion of 261,522,000 Domestic Shares held by National Industrial Investment Fund, a shareholder of the Company, representing approximately 3.28% of the total issued Shares of the Company as at the date of this report, into H Shares (the "**H Share Full Circulation**"). The H Share Full Circulation remains subject to all relevant approvals for its implementation, including the filing of the H Share Full Circulation, the conversion of the aforementioned Domestic Shares into H Shares, and the Hong Kong Stock Exchange's approval for the listing and trading of such H Shares on the Main Board of the Stock Exchange (the "**Conversion and Listing**"). As at the date of this report, the Company has not yet submitted the application and filing documents for the H Share Full Circulation to the CSRC, nor has it applied to the Hong Kong Stock Exchange for the Conversion and Listing. Pursuant to the Articles of Association, the Conversion and Listing does not require Shareholder approval at Shareholders' meeting. The Company will make further announcement(s) on the progress of the H Share Full Circulation and the Conversion and Listing as and when appropriate in accordance with the requirements of the Inside Information Provisions and/or the Hong Kong Listing Rules. Unless the context otherwise defined, terms used in this paragraph shall have the same meanings as those defined in such announcement.
3. On 12 December 2025, in accordance with the amended Articles of Association approved by the Shareholders, the Company would not establish Supervisory Committee or Supervisors, and the Audit and Risk Management Committee shall exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law of the PRC.

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



Report of The Board

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 2025 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.

AUDITOR

At the 2022 annual general meeting of the Company, the Company re-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 2023. At the extraordinary Shareholders’ meeting held by the Company on 22 November 2024, 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. At the 2024 annual general meeting of the Company, the Company re-appointed WUYIGE Certified Public Accountant LLP as the auditor of the Company for the year 2025, for a term of office commencing from the conclusion of the 2024 annual general meeting until the conclusion of the 2025 annual general meeting. For details, please refer to the announcements of the Company dated 18 May 2023, 22 November 2024 and 20 May 2025, and the circulars of the Company dated 27 April 2023, 1 November 2024 and 25 April 2025.

The financial statements for the year 2025 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

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

Due to the work arrangement, Mr. Xu Gang applied to the Board on 20 May 2025 for resignation from his position as a non-executive Director with effect from 20 May 2025.

At the extraordinary Shareholders’ meeting held on 12 December 2025, Mr. Gao Jiming has been appointed as a non-executive Director with a term of office commencing from the date of approval at the extraordinary Shareholders’ meeting until the date of approval of the next session of the Board at the Shareholders’ meeting of the Company to be held in 2027.

At the extraordinary Shareholders' meeting held on 12 December 2025, the resolution related to proposed amendments to the Articles of Association was considered and approved. Pursuant to the amended Articles of Association, the Company would not establish Supervisory Committee or Supervisors. The Company hereby expresses sincere gratitude towards all Supervisors for their contribution to the Company's development during their tenure!

Having reached the statutory retirement age, Mr. Zhou Xunwen applied to the Board for resignation from his position as a non-executive Director and member of each of the Development and Strategy Committee, Audit and Risk Management Committee and Sustainable Development Committee of the Board on 27 March 2026. Mr. Zhou's tenure shall end on the date on which the appointment of the new Director candidate is approved at the 2025 AGM. At the Board meeting held on 27 March 2026, Mr. Wang Rong has been nominated as the candidate for non-executive Director of the eighth session of the Board for a term of office commencing from the date on which his proposed appointment is approved at the 2025 AGM until the date on which the election of the new session of the Board is resolved at the Shareholders' meeting to be convened in 2027.

BOARD

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. Gao Jiming (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).

SUPERVISORY COMMITTEE

Since 12 December 2025, pursuant to the amended Articles of Association, the Company would not establish Supervisory Committee or Supervisors. From 1 January 2025 to 12 December 2025, 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 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.



Report of The Board

From 1 January 2025 to 12 December 2025, the Supervisory Committee convened two meetings, at which eight resolutions were considered and approved. The Supervisory Committee fulfilled its tasks on reviewing the 2024 annual report, 2025 interim report, and the profits distribution plans for 2024 and the first half of 2025. The Supervisory Committee also attended the Shareholders' meetings and the Board meetings to monitor the procedures for the convening 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. Meanwhile, in order to have a more comprehensive understanding of the overall financial position of the Group, the Supervisors attended two meetings of the Audit and Risk Management Committee for the year 2025, 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. The Supervisory Committee consistently fulfilled its duties in accordance with the principles of faithfulness, diligence, compliance, efficiency, precision and pragmatism, 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 jointly promote the construction of a modern corporate governance system, and contribute to the high quality development of the Company.

The Company hereby expresses sincere gratitude towards all Supervisors of the Supervisory Committee for their contribution to the Company's development during their tenure!

SERVICE CONTRACTS OF DIRECTORS

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

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

As at 31 December 2025, none of the Directors or senior management had any interest in any businesses which may constitute competition, directly or indirectly, with the Company.

DIRECTORS' 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 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 AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, based on information provided by Directors, save as disclosed below, none of the Directors 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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of remuneration of the Directors 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 TO ACQUIRE SHARES OR DEBENTURES

As at 31 December 2025, none of the Directors 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 was entered into or existing during the year 2025.

SIGNIFICANT CONTRACTS

Save as disclosed in this annual 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.



Report of The Board

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 2025, within the knowledge of the Directors, the Group did not have any violation of relevant laws and regulations in the PRC which gave 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

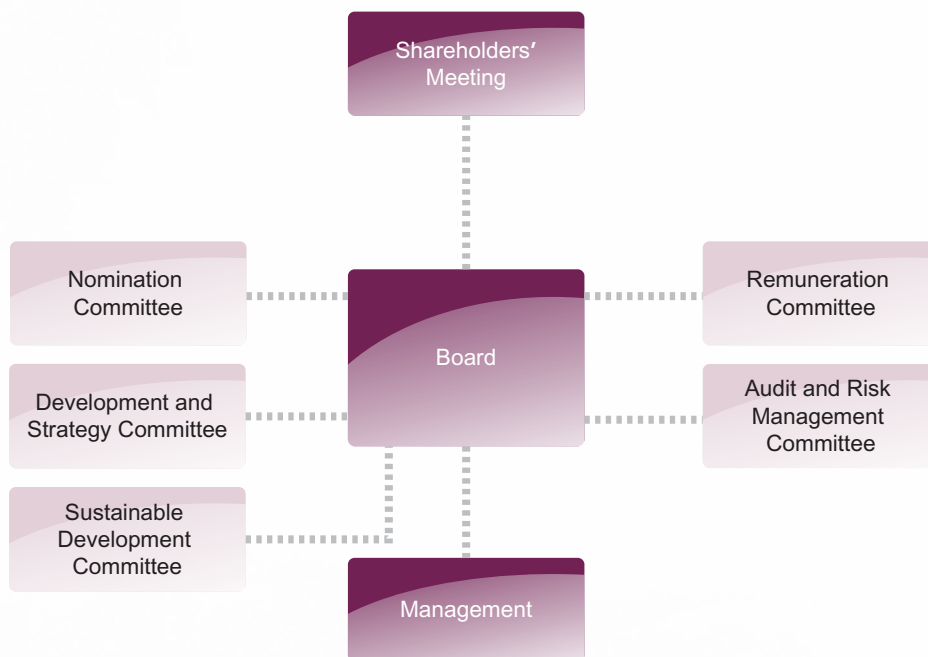
For the Group's events after the balance sheet date, please refer to Note XV to the financial statements in this annual report.

Corporate Governance Report

The Company is committed to “becoming the most valuable listed company in 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 documentation 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, and the Management Rules of Information Disclosure, the Company continuously enhanced its corporate governance standards 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 as at the date of this report is set out as follows:





Corporate Governance Report

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 2025 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 environment in 2025, 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, Management Rules of Registration of Inside Information and Insiders, Management Rules of Information Disclosure, Management Rules of Investor Relations and Terms of Reference of the Nomination Committee, and pursuant to the amended Articles of Association to abolish the establishment of the Supervisory Committee and Supervisor and repeal the supporting rules and regulations related to the Supervisory Committee, enhancing the scientific and advanced nature of the corporate governance structure, 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 report before its publication 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 has strictly complied with various applicable laws, rules and regulations as well as the Articles of Association and maintained standardized operations. The Board reviewed the corporate governance practices adopted by the Company for the year ended 31 December 2025 and was of the view that the Company complied with the code provisions as set out in Part 2 of the Corporate Governance Code.

CORPORATE CULTURE AND VALUES

The Board is committed to continuously strengthening and actively promoting a corporate culture aligned with the Group's strategic objectives and values of the Group.

The Group adheres to the people-oriented development philosophy and is committed to fostering a safe, equal, inclusive and harmonious working environment. It improves the occupational health management system and builds a workplace ecology featuring mutual respect and common growth. It optimizes the performance management mechanism and keeps refining the salary and incentive system to enhance value-driven effectiveness, promoting a distribution mechanism oriented to performance contribution and value creation. It establishes a tiered and categorized talent development system to meet employees' development needs across their entire career cycle and continuously enhance professional competence and innovation capacity. The Group actively fulfills its social responsibilities, undertakes the mission of promoting aviation culture and popularizing aviation knowledge. It responds actively to the national strategy of rural revitalization, promotes the coordinated advancement of economic and social benefits, and contributes to social harmony, civilization and progress.

For further details on corporate culture and culture construction of the Group during the reporting period, please refer to "Chairman's Statement" and "Management Discussion and Analysis" of this annual report, as well as the "Environmental, Social and Governance Report" of the Company dated 22 April 2026.



Corporate Governance Report

BOARD

The Company is managed by the Board. The Board is responsible for leading the 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. Gao Jiming, 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.

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 27 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 Authorized by the Board to 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. The management of the Company regularly provides company information to the Directors and updates on the Company and the industry to enhance the communication among the management and the Directors, facilitate the performance of the duties by the Directors and keep the Directors 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 Authorized by the Board to 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).



Corporate Governance Report

DIRECTORS TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

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. In addition, every newly appointed Director will obtain legal advice as required under Rule 3.09D of the Hong Kong Listing Rules from the Hong Kong legal advisor of the Company and confirmed that he/she understand his/her obligations as a director of a listed company. During the reporting period, every newly appointed Director had received and completed the required 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 ethics 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. All the trainings were provided in the format of internal trainings, external trainings and self-study.

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 and ESG	Hong Kong Listing Rules and Hong Kong law compliance	Industry and business updates	Board and Directors' duties	Risk management and internal controls
Executive Directors					
Mr. Yan Lingxi	√	√	√	√	√
Mr. Sun Jizhong	√	√	√	√	√
Non-executive Directors					
Mr. Xu Dongsheng	√	√	√	√	√
Mr. Zhou Xunwen	√	√	√	√	√
Ms. Hu Shiwei	√	√	√	√	√
Mr. Gao Jiming*	√	√	√	√	√
Mr. Xu Gang**	√	√	√	√	√
Independent non-executive Directors					
Mr. Liu Weiwu	√	√	√	√	√
Mr. Mao Fugen	√	√	√	√	√
Mr. Lin Guiping	√	√	√	√	√

* On 12 December 2025, Mr. Gao Jiming was appointed as a non-executive Director of the Company.

** On 20 May 2025, Mr. Xu Gang ceased to be a non-executive Director of the Company.



Corporate Governance Report

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 in 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. The 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 2025, the Company convened two meetings of the Audit and Risk Management Committee, two meetings of the Nomination Committee, one meeting 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

Five meetings were held by the Board during 2025. The attendance record of every Director at the Board meetings in 2025 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	5	5	0
Mr. Sun Jizhong	5	5	0
Non-executive Directors			
Mr. Xu Dongsheng	5	5	0
Mr. Zhou Xunwen	5	5	0
Ms. Hu Shiwei	5	5	0
Mr. Gao Jiming*	1	1	0
Mr. Xu Gang**	2	0	2
Independent non-executive Directors			
Mr. Liu Weiwu	5	4	1
Mr. Mao Fugen	5	4	1
Mr. Lin Guiping	5	5	0

* On 12 December 2025, Mr. Gao Jiming was appointed as a non-executive Director of the Company.

** On 20 May 2025, Mr. Xu Gang ceased to be a non-executive Director of the Company.

In 2025, any Director who was unable to attend a particular Board meeting in person due to other business commitments had, in each case, reviewed the relevant meeting materials and duly appointed another Director as proxy to express their views and to exercise their voting rights on their behalf at the corresponding Board meeting.



Corporate Governance Report

DEVELOPMENT AND STRATEGY COMMITTEE

As at the date of this 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.

The 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 2025, 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 this 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.

The 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 2025, the remuneration policy for Directors implemented by the Remuneration Committee is that: when determining the remuneration for Directors (including non-executive Directors) and senior management members, the Remuneration Committee shall consider various factors including salaries paid by comparable companies, time commitment, responsibilities and employment conditions for other positions.

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 2025, the Remuneration Committee held one meeting to consider and approve the resolutions relating to the remuneration standard of Directors, Supervisors and senior management. 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	1	1	0
Mr. Xu Dongsheng	Non-executive Director	1	1	0
Mr. Mao Fugen	Independent non-executive Director	1	1	0
Mr. Lin Guiping	Independent non-executive Director	1	1	0

For the year ended 31 December 2025, remunerations of senior management members by band are set out as follows:

Remuneration Band	Number
RMB1,000,000-1,100,000 (inclusive)	2
RMB1,200,000-1,300,000 (inclusive)	1

Details of remunerations of Directors and Supervisors for the year ended 31 December 2025 are set out in Note XI.(V) to the financial statements.



Corporate Governance Report

AUDIT AND RISK MANAGEMENT COMMITTEE

As at the date of this report, the Audit and Risk Management Committee of the Company comprises the Directors, namely Mr. Mao Fugen, Mr. Zhou Xunwen, 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 assists the Board and independently monitors the financial operation, audit procedures and the risk management operation of the Company, assesses and monitors the effectiveness of the internal control and risk management system of the Company on an ongoing basis, communicate, monitor and review both the internal and external audit work, maintains effective communication with the senior management, financial department, internal audit institution, internal control institution and external auditors of the Company, so as to ensure that the Company has established and maintained appropriate and effective risk management and internal control systems; and shall concurrently exercise the functions and powers of the Supervisory Committee as stipulated in the Company Law of the PRC.

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.

During 2025, work scope of the Audit and Risk Management Committee include:

- reviewed the annual financial statements and the annual results announcement for the year ended 31 December 2024;
- reviewed the interim financial statements and the interim results announcement for the six months ended 30 June 2025;
- reviewed the Company's profit distribution plan for the year of 2024 and the interim profit distribution plan for the year of 2025;
- reviewed the proposal relating to the appointment of auditor of the Company for the year of 2025 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 2024 and the first half of 2025, the internal control report of the Company for the year of 2024, and listened to the report from the auditor on its audit work in relation to the year of 2024 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 2025.



Corporate Governance Report

The Audit and Risk Management Committee held two meetings in 2025. 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	2	2	0
Ms. Hu Shiwei*	Non-executive Director	1	1	0
Mr. Liu Weiwu	Independent non-executive Director	2	2	0
Mr. Lin Guiping	Independent non-executive Director	2	2	0
Mr. Zhou Xunwen*	Non-executive Director	1	1	0

* 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 2025, the annual payment made by the Company to the Company's auditor in relation to auditing services for the year of 2025 amounted to RMB2.27 million. Such payment had been approved by the Audit and Risk Management Committee, the Board and the Shareholders' meeting. In addition, the payment made by the Company to the Company's auditor in relation to auditing services for project amounted to RMB0.04 million. 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 77 to 78 of this annual report.

NOMINATION COMMITTEE

As at the date of this 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 annually on the structure, size and composition of the Board (including the skills, knowledge, experience, and diversity) at least once a year to assist the Company in regularly assessing Board performance 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 major criteria considered by the Nomination Committee and the Board are the Director candidates' educational backgrounds, experience in the industry and achieving the goal of diversity of the Board, among other things.

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 meet the policy requirements of the diversity of the Board, the Nomination Committee has established the following selection criteria for diversification policies of the Board:

- to select candidates with objective criteria, taking into account comprehensive factors like the gender, age, culture, educational background as well as professional experience, industry knowledge and reputation 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;
- the members of the Board must not be of a single gender. The Nomination Committee shall continuously monitor the implementation of the Board's diversity policy and report on the policy in the Corporate Governance Report included in the Company's annual report, including a summary of the policy, any measurable targets set for its implementation, and progress toward achieving them.



Corporate Governance Report

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 2025, the Group had a total of 71,800 employees, of which 20,406 were female, accounted for approximately 28.42%. At the same time, the Company is committed to enhancing gender diversity among the senior management and actively promoting the appointment of women to senior management positions. 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 2025. The Nomination Committee discussed the composition and size of the Board and specialized committees, approved resolutions relating to the nomination of a Director. 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	1	1	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 this 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.

The 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.

The Sustainable Development Committee held one meeting in 2025. The Sustainable Development Committee approved the resolution relating to the Environmental, Social and Governance Report of 2024. 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 Sustainable Development 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



Corporate Governance Report

INDEPENDENT OPINION MECHANISM OF THE BOARD

The Company ensures that the Board can obtain independent views and opinions through the following mechanisms (the “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 2025, 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 or her.
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 Meetings, 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.
5. The Company has complied with Code Provision B.1.3 of the Corporate Governance Code and established mechanisms to ensure that strong independent element on, and independent views and input are available to the Board: the mechanisms cover composition of the Board and its specialized committees; independence assessment; compensation; Board decision making; and review of the policy implementation. The Board has also taken into account the respective contributions of the independent non-executive Directors to the Board and their firm commitments to their independent roles. In 2025, all the independent non-executive Directors do not hold any cross-directorships or have any significant links with other Directors through involvement in other companies or bodies that could give rise to conflicts of interest in their roles as independent non-executive Directors and they are not involved in the daily management of the Company nor in any relationships or circumstances which would affect the exercise of their independent judgment.

The Company will review the implementation and effectiveness of the Mechanisms annually. The Company had reviewed the above Mechanisms for ensuring the independent opinions of the Board and its implementation for the year of 2025 and considered them 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 in compliance with Rule 3.29 of the Hong Kong Listing Rules.

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, such 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 2025 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 are 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 2025 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 2025.



Corporate Governance Report

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 2025, 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.

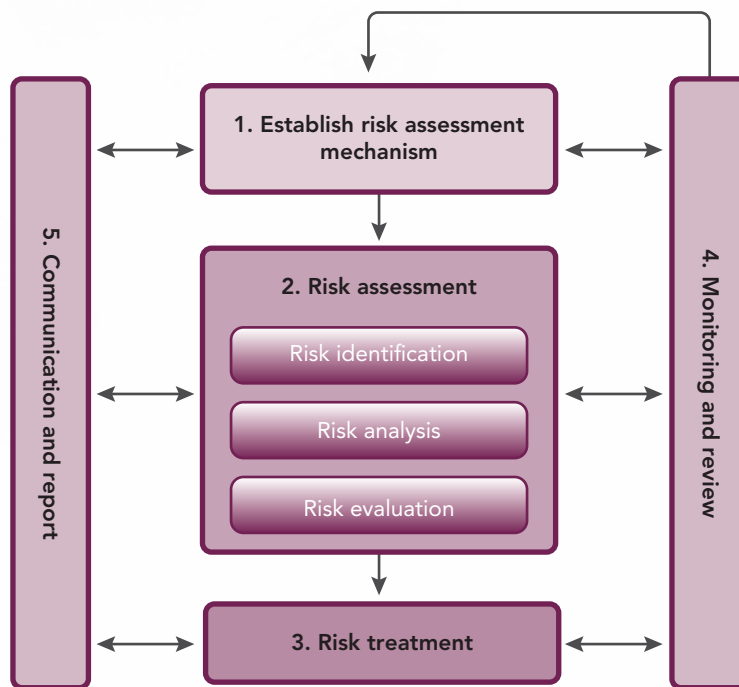
In accordance with the requirements of the Hong Kong Listing Rules, the Company has timely announced its annual and interim results within three and two months respectively after the end of the relevant financial periods.

INTERNAL CONTROL AND RISK MANAGEMENT

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 formulates 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, the SFO 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 2025 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 detection 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 2025. 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 2025, 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.

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 2025, the Company convened two Shareholders' meetings, at which ten 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	2	2
Mr. Sun Jizhong	2	2
Mr. Xu Dongsheng	2	2
Mr. Zhou Xunwen	2	2
Ms. Hu Shiwei	2	2
Mr. Gao Jiming*	0	0
Mr. Liu Weiwu	2	2
Mr. Mao Fugen	2	2
Mr. Lin Guiping	2	2
Mr. Xu Gang**	1	0

* On 12 December 2025, Mr. Gao Jiming was appointed as a non-executive Director of the Company.

** On 20 May 2025, Mr. Xu Gang ceased to be a non-executive Director 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 have submitted the request may submit a written request to the Audit and Risk Management Committee to convene such a meeting.
3. If the Audit and Risk Management 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 Audit and Risk Management 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 10% 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.

Corporate Governance Report

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

10/F, Building B, 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 2025, 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 Association, please refer to announcement of the Company dated 29 August 2025, and circular of the Company dated 20 November 2025.

The latest amended Articles of Association was uploaded on the website of the Company and the Hong Kong Stock Exchange on 12 December 2025.

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.



Corporate Governance Report

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.

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 2025, the Company continued to strengthen communication and collaboration with strategic capital, long-term capital and patient capital, further enhancing the effectiveness of investor relations management. The Company carried out several investor activities along with subsidiaries in Beijing, Shanghai and Guangzhou, respectively, following a number of major events, to promote the prospect and planning of AVIC and the Company, demonstrating the Company's development potential and strategic layout. The management of the Company participated in non-deal roadshows in Saudi Arabia, Qatar and Singapore to introduce China aviation industry to overseas investors. The Company 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 2025, the Company won the "Outstanding Long Term Value Returning Listed Company" in the 15th China Securities Golden Bauhinia Awards, the "Outstanding H Share Company" awarded by the China Securities Journal, the "Most Valuable Listed Company" awarded by Hong Kong Commercial Daily and "Top 100 Investor Relations Management" awarded by Board Secretary Association.

The Company had reviewed the implementation of the Shareholder communication policy for the year of 2025 and considered it effective.

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. [2026]1-01942

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 2025, 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 2025, 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 2025 and the financial performance and cash flows for the year of 2025.

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 China's CPA Independence Standard, and we have fulfilled our other ethical obligations. In our audit, we have complied with the independence requirements applicable to audits of financial statements of public interest entities.

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.



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. 47. Operating revenue and operating costs.

As of 31 December 2025, the operating revenue in the consolidated financial statements of AviChina was RMB89,442,248,717. 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 evaluating the rationality of the design of internal control systems related to revenue by the management of AviChina, and performing effectiveness testing on internal control related to revenue;
- (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 of AviChina, 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) In conjunction with the accounts receivable correspondence procedures, select major customers and simultaneously implement revenue correspondence to verify the authenticity of recognised revenues;
- (7) Conducting a cut-off test to assess whether there are any significant inter-period misstatements of operating revenues.

Auditor's Report (Continued)

2. Issues for recoverability of accounts receivable

1) Item description

For details of related information disclosures, please see Note IV. 10. Financial assets and financial liabilities and Note VI. 4. Accounts receivable.

As of 31 December 2025, the book balance of accounts receivable in the consolidated financial statements of AviChina was RMB57,904,514,580, the balance of bad debt provision was RMB2,537,771,123, and the book value was RMB55,366,743,457. Its book value accounts for 34.24% of current assets and 26.80% 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.

2) How our audit addressed the key audit matter

Our major audit procedure for the recoverability of accounts receivable includes:

- (1) Understanding and evaluating the rationality of internal control design and the effectiveness of operation of the management of AviChina related to accounts receivable management;
- (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, examining the judgment basis used by the management of AviChina in estimating the future recoverable amount, analyzing and reviewing the rationality of the bad debt provision assessed on an individual basis based on the customer's business situation; 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; 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 ageing of receivables and customer creditworthiness;
- (5) Reviewing the disclosure and presentation of AviChina's receivables and corresponding bad debt provisions.



Auditor's Report (Continued)

IV. OTHER INFORMATION

The management of AviChina (hereinafter referred to as the management) is responsible for the other information. The other information comprises the information included in the 2025 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.

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.



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.

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: Long Jiao
(Engagement partner)

CICPA: Liu Wenwen
27 March 2026

Consolidated Balance Sheet

31 December 2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2025	31 December 2024
Current assets:			
Monetary funds	1	30,439,375,940	41,322,143,789
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading	2	2,342,175,411	3,310,715,928
Derivative financial assets			
Notes receivable	3	10,564,461,161	10,583,863,253
Accounts receivable	4	55,366,743,457	48,629,459,534
Receivables financing	5	1,200,967,879	687,378,756
Prepayments	6	3,021,374,825	6,662,957,422
Premium receivable			
Reinsurance premium receivable			
Reinsurance contract provision receivable			
Other receivables	7	451,487,988	429,196,895
Including: Interest receivable			
Dividends receivable			10,756,337
Financial assets purchased under agreements to resell			
Inventories	8	42,114,515,185	37,807,694,703
Contract assets	9	14,707,279,213	8,157,185,629
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	10	1,484,547,921	1,170,768,033
Total current assets		161,692,928,980	158,761,363,942



Consolidated Balance Sheet (Continued)

31 December 2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2025	31 December 2024
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables	11		144,391
Long-term equity investments	12	2,863,864,803	2,819,712,703
Other equity instrument investments	13	4,365,994,240	4,362,842,667
Other non-current financial assets	14	3,564,907	3,444,547
Investment properties	15	458,709,031	459,693,522
Fixed assets	16	27,118,235,307	25,039,976,932
Construction-in-progress	17	3,588,269,809	4,240,450,534
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	18	417,189,078	478,328,387
Intangible assets	19	3,920,260,376	4,019,662,385
Development expenditure			
Goodwill	20	93,193,010	93,193,010
Long-term deferred expenses	21	97,241,225	103,881,511
Deferred income tax assets	22	1,265,836,914	1,005,956,811
Other non-current assets	23	717,212,813	655,455,608
Total non-current assets		44,909,571,513	43,282,743,008
Total assets		206,602,500,493	202,044,106,950

Legal representative:
Yan Lingxi

Person in charge of accounting:
Wang Jingmin

Person in charge of the accounting department:
Deng Hui

Consolidated Balance Sheet (Continued)

31 December 2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2025	31 December 2024
Current Liabilities:			
Short-term borrowings	24	11,845,088,409	9,346,288,157
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	25	12,375,345,621	12,623,278,147
Accounts payable	26	51,095,327,265	45,902,193,249
Advances	27	50,923,819	52,280,917
Contract liabilities	28	10,878,839,027	15,777,767,019
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securities brokering			
Securities underwriting			
Employee compensation payable	29	3,244,435,164	3,485,938,083
Tax payable	30	967,099,220	1,772,624,231
Other payables	31	2,269,429,570	2,629,792,314
Including: Interest payable			
Dividends payable		70,856,910	61,485,432
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	32	3,972,936,277	3,089,757,164
Other current liabilities	33	1,246,906,482	1,053,483,038
Total current liabilities		97,946,330,854	95,733,402,319



Consolidated Balance Sheet (Continued)

31 December 2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	31 December 2025	31 December 2024
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings	34	4,472,446,797	5,164,267,863
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	35	352,400,575	400,607,954
Long-term payables	36	-471,096,692	-918,199,341
Long-term employee compensation payable	37	1,484,251,834	1,817,724,969
Estimated liabilities	38	319,240,694	377,723,958
Deferred income	39	1,187,812,127	1,191,325,208
Deferred income tax liabilities	22	974,773,748	762,789,551
Other non-current liabilities	40	956,688,208	866,252,591
Total non-current liabilities		9,276,517,291	9,662,492,753
Total liabilities		107,222,848,145	105,395,895,072
Shareholders' equity:			
Share capital	41	7,972,854,242	7,972,854,242
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	42	14,003,240,853	14,364,198,634
Less: treasury shares			
Other comprehensive income	43	476,305,781	449,480,586
Special reserves	44	553,778,874	498,545,247
Surplus reserves	45	628,222,730	534,461,130
General risk reserve			
Undistributed profits	46	11,379,699,269	10,328,427,841
Total shareholders' equity attributable to parent company		35,014,101,749	34,147,967,680
Minority equity		64,365,550,599	62,500,244,198
Total shareholders' equity		99,379,652,348	96,648,211,878
Total liabilities and shareholders' equity		206,602,500,493	202,044,106,950

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

31 December 2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII	31 December 2025	31 December 2024
Current assets:			
Monetary funds		1,483,165,984	1,821,978,543
Financial assets held for trading		27,786,024	291,946,466
Derivative financial assets			
Notes receivable			
Accounts receivable	1		
Receivables financing			
Prepayments			64,151
Other receivables	2	248,164,332	265,821,975
Including: Interest receivable			
Dividends receivable			6,170,962
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		2,124,824	1,775,028
Total current assets		1,761,241,164	2,381,586,163
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	3	14,931,622,734	14,118,534,028
Other equity instrument investments		2,059,709,679	2,106,259,560
Other non-current financial assets			
Investment properties		22,017,641	23,176,953
Fixed assets		883,662	1,081,190
Construction-in-progress			
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		35,802,055	4,804,079
Intangible assets		247,904	312,575
Development expenditure			
Goodwill			
Long-term deferred expenses		2,665,540	77,044
Deferred income tax assets		60,977,817	18,329,785
Other non-current assets			
Total non-current assets		17,113,927,032	16,272,575,214
Total assets		18,875,168,196	18,654,161,377

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 2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII 31 December 2025	31 December 2024
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances		
Contract liabilities		
Employee compensation payable	16,887,773	17,623,000
Tax payable	6,053,647	11,211,267
Other payables	5,017,926	125,668,218
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	7,927,111	3,523,339
Other current liabilities		
Total current liabilities	35,886,457	158,025,824
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	29,164,282	
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	232,325,104	202,471,987
Other non-current liabilities		
Total non-current liabilities	261,489,386	202,471,987
Total liabilities	297,375,843	360,497,811
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	8,000,376,551
Less: treasury shares		
Other comprehensive income	545,303,736	557,399,881
Special reserves		
Surplus reserves	628,222,730	534,461,130
Undistributed profits	1,431,035,094	1,228,571,762
Total shareholders' equity	18,577,792,353	18,293,663,566
Total liabilities and shareholders' equity	18,875,168,196	18,654,161,377

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

Consolidated Income Statement

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2025	2024
I. Total operating income		89,442,248,717	86,970,764,166
Including: Operating revenue	47	89,442,248,717	86,970,764,166
Interest income			
Earned premium			
Fee and commission income			
II. Total operating cost		84,620,007,459	81,421,104,235
Including: Operating cost	47	71,997,879,346	68,122,457,690
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	48	642,848,389	562,594,915
Selling expenses	49	791,078,677	858,222,984
Administrative expenses	50	4,914,579,809	5,231,423,063
Research and development expenses	51	6,155,375,313	6,660,912,151
Finance costs	52	118,245,925	-14,506,568
Including: Interest expense		417,990,885	424,127,673
Interest income		327,497,798	464,977,856
Add: Other income	53	927,437,306	840,804,590
Investment income (loss to be listed with "-")	54	453,754,307	461,475,487
Including: Income from investment in associates and joint ventures		287,471,261	306,830,358
Gain on derecognition of financial assets measured at amortized cost		-2,454,167	-6,599,098
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 "-")	55	17,744,012	5,156,412
Credit impairment loss (loss to be listed with "-")	56	-544,987,327	-370,565,273
Asset impairment loss (loss to be listed with "-")	57	-406,148,953	-444,063,376
Income from assets disposal (loss to be listed with "-")	58	97,056,351	-90,955



Consolidated Income Statement (Continued)

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2025	2024
III. Operating profit (loss to be listed with "-")		5,367,096,954	6,042,376,816
Add: Non-operating income	59	110,265,346	103,896,393
Less: Non-operating expenses	60	129,683,825	54,139,217
IV. Profit before tax (loss before tax to be listed with "-")		5,347,678,475	6,092,133,992
Less: income tax expenses	61	504,842,149	337,683,391
V. Net profit (net loss to be listed with "-")		4,842,836,326	5,754,450,601
(I) Classified according to operating continuity			
1. Net profit from continuing operations (net loss to be listed with "-")		4,842,836,326	5,754,450,601
2. Net profit from discontinuing operations (net loss to be listed with "-")			
(II) Classified according to attribution of the ownership			
1. Net profit attributable to the owners of the parent company (net loss to be listed with "-")		1,765,126,860	2,187,431,551
2. Minority profit and loss (net loss to be listed with "-")		3,077,709,466	3,567,019,050
VI. Net of tax of other comprehensive income	62	68,872,287	348,173,774
Net of tax of other comprehensive income attributable to the owner of the parent company		39,526,727	222,111,339
(I) Other comprehensive income that cannot be reclassified into profit or loss		39,664,047	222,163,780
1. Changes arising from re-measurement of the defined benefit plan		29,408,861	-31,058,512
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		2,741,776	-187,580
3. Changes in fair value of other equity instrument investments		7,513,410	253,409,872
4. Changes in fair value of the enterprise's credit risk			
5. Others			

Consolidated Income Statement (Continued)

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2025	2024
(II) Other comprehensive income that can be reclassified into profit or loss		-137,320	-52,441
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		-11,671	5,856
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		-125,649	-58,297
7. Others			
Net of tax of other comprehensive income attributable to minority shareholders		29,345,560	126,062,435
VII. Total comprehensive income		4,911,708,613	6,102,624,375
Total comprehensive income attributable to shareholders of the parent company		1,804,653,587	2,409,542,890
Total comprehensive income attributable to minority shareholders		3,107,055,026	3,693,081,485
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.221	0.274
(II) Diluted earnings per share (RMB/share)		0.221	0.274

Legal representative:
Yan Lingxi

Person in charge of accounting:
Wang Jingmin

Person in charge of the accounting department:
Deng Hui



Income Statement of the Company

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII	2025	2024
I. Operating income	4	619,581	464,686
Less: Operating cost	4	1,314,913	1,314,913
Taxes and surcharges		319,758	2,686,153
Selling expenses			
Administrative expenses		49,997,444	48,704,690
Research and development expenses			1,368,405
Finance costs		-29,596,496	-34,986,927
Including: Interest expense		284,572	
Interest income		35,887,112	33,265,489
Add: Other income		201,824	227,485
Investment income (loss to be listed with "-")	5	948,212,314	836,590,048
Including: Income from investment in associates and joint ventures		8,107,191	8,829,175
Gain on derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")		5,748,802	857,982
Credit impairment loss (loss to be listed with "-")		-3,480,978	2,314,413
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 "-")		929,265,924	821,367,380
Add: Non-operating income			
Less: Non-operating expenses		101,404	30,365
III. Profit before tax (loss before tax to be listed with "-")		929,164,520	821,337,015
Less: income tax expenses		-8,451,475	-7,035,874
IV. Net profit (net loss to be listed with "-")		937,615,995	828,372,889
(I) Net profit from continuing operations (net loss to be listed with "-")		937,615,995	828,372,889
(II) Net profit from discontinuing operations (net loss to be listed with "-")			

Income Statement of the Company (Continued)

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note XVII	2025	2024
V. Net of tax of other comprehensive income		-7,686,013	239,564,928
(I) Other comprehensive income that cannot be reclassified into profit or loss		-7,686,013	239,564,928
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		637,036	-137,525
3. Changes in fair value of other equity instrument investments		-8,323,049	239,702,453
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		929,929,982	1,067,937,817

Legal representative:
Yan Lingxi

Person in charge of accounting:
Wang Jingmin

Person in charge of the accounting department:
Deng Hui



Consolidated Cash Flow Statement

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		76,476,576,793	77,250,892,679
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		990,241,869	1,149,256,415
Other cash received relating to operating activities	63	4,141,301,705	5,111,506,023
Subtotal of cash inflows from operating activities		81,608,120,367	83,511,655,117
Cash paid for purchase of goods and receipt of services		61,582,067,110	54,036,592,244
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		18,596,209,283	17,825,075,004
Taxes and surcharges cash payments		5,101,572,985	4,924,180,092
Other cash paid relating to operating activities	63	4,449,607,823	4,555,330,395
Subtotal of cash outflow from operating activities		89,729,457,201	81,341,177,735
Net cash flow from operating activities		-8,121,336,834	2,170,477,382

Consolidated Cash Flow Statement (Continued)

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note VI	2025	2024
II. Cash flows from investing activities:			
Cash received from return of investment		709,412,792	4,673,202,593
Cash received from investment income		320,025,146	375,332,245
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		49,385,191	58,353,604
Net cash received from disposal of subsidiaries and other business entities		4,880,063	2,105,600
Other cash received relating to investing activities	63	5,284,377,318	9,727,480,557
Subtotal of cash inflows from investing activities		6,368,080,510	14,836,474,599
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		4,621,395,558	4,280,370,618
Cash paid to acquire investments		98,992,334	4,552,548,229
Net increase in pledge loans			
Net cash paid for acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities	63	4,250,323,199	11,370,167,196
Subtotal of cash outflows from investing activities		8,970,711,091	20,203,086,043
Net cash flows from investing activities		-2,602,630,581	-5,366,611,444
III. Cash flows from financing activities:			
Cash received from absorbing investment		79,568,000	2,766,999,975
Including: Cash received from minority shareholders' investment in subsidiaries		79,568,000	2,766,999,975
Cash received from borrowings		19,507,937,737	17,408,833,044
Cash received from bond issue			
Other cash received relating to financing activities	63	541,114,673	686,966,570
Subtotal of cash inflow from financing activities		20,128,620,410	20,862,799,589
Cash paid for repayments of debts		16,008,027,966	12,529,107,480
Cash paid for distribution of dividends, profits or interest repayment		2,790,225,905	2,545,828,671
Including: Dividends and profits paid to minority shareholders by subsidiaries		1,706,039,605	1,479,250,491
Other cash paid relating to financing activities	63	888,701,315	451,730,492
Subtotal of cash outflow from financing activities		19,686,955,186	15,526,666,643
Net cash flow from financing activities		441,665,224	5,336,132,946
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,539,876	14,837,278
V. Net increase in cash and cash equivalents		-10,280,762,315	2,154,836,162
Add: Opening balance of cash and cash equivalents		39,334,723,537	37,179,887,375
VI. Closing balance of cash and cash equivalents		29,053,961,222	39,334,723,537

Legal representative:
Yan Lingxi

Person in charge of accounting:
Wang Jingmin

Person in charge of the accounting department:
Deng Hui



Cash Flow Statement of the Company

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		1,603,740	
Refund of taxes and surcharges			
Other cash received relating to operating activities		13,946,328	23,688,725
Subtotal of cash inflows from operating activities		15,550,068	23,688,725
Cash paid for purchase of goods and receipt of services			
Cash paid to and for employees		25,262,429	27,629,834
Taxes and surcharges cash payments		7,099,055	48,905,411
Other cash paid relating to operating activities		148,996,069	9,961,129
Subtotal of cash outflow from operating activities		181,357,553	86,496,374
Net cash flow from operating activities		-165,807,485	-62,807,649
II. Cash flows from investing activities:			
Cash received from return of investment		334,454,392	3,221,635,334
Cash received from investment income		950,088,515	802,552,417
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
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		1,284,542,907	4,026,293,351
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		187,748	206,331
Cash paid to acquire investments		838,081,872	3,247,548,229
Net cash paid for acquisition of subsidiaries and other business entities			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		838,269,620	3,247,754,560
Net cash flows from investing activities		446,273,287	778,538,791

Cash Flow Statement of the Company (Continued)

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	Note	2025	2024
III. Cash flows from financing activities:			
Cash received from absorbing investment			
Cash received from borrowings			
Cash received from bond issue			
Other cash received relating to financing activities			
Subtotal of cash inflow from financing activities			
Cash paid for repayments of debts			
Cash paid for distribution of dividends, profits or interest repayment		645,021,072	705,489,719
Other cash paid relating to financing activities			6,260,249
Subtotal of cash outflow from financing activities		645,021,072	711,749,968
Net cash flow from financing activities		-645,021,072	-711,749,968
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-339,897	296,806
V. Net increase in cash and cash equivalents		-364,895,167	4,277,980
Add: Opening balance of cash and cash equivalents		1,085,551,545	1,081,273,565
VI. Closing balance of cash and cash equivalents		720,656,378	1,085,551,545

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

2025

Prepared by: AviChina Industry & Technology Company Limited

2025
Equity attributable to shareholders of the parent company

Unit: RMB

Items	Other equity instrument				Equity attributable to shareholders of the parent company				Total shareholders' equity						
	Share capital	Preferred shares	Perpetual bonds	Others	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	7,972,854,242				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
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				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
III. Change in increase or decrease of the current year (decrease to be listed with "-")															
(I) Total comprehensive income							26,825,195	55,233,627	93,761,600	1,051,271,428			866,134,069	1,865,306,401	2,731,440,470
(II) Capital invested and decreased by shareholders							39,526,727			1,765,126,860			1,804,653,587	3,107,055,026	4,911,706,613
1. Ordinary shares invested by shareholders													-357,689,385	402,342,394	44,653,009
2. Capital invested by other equity instrument holders														79,568,000	79,568,000
3. Amount of share-based payment recognized as shareholders' equity															
4. Others															
(III) Profit distribution															
1. Appropriation to surplus reserves															
2. Appropriation to general risk reserve															
3. Distribution to shareholders															
4. Others															
(IV) Internal carry-over in shareholders' equity															
1. Transfer from capital reserves to share capital															
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				14,003,240,833		476,305,781	553,778,874	628,222,730	11,379,697,269			35,014,101,749	64,365,550,599	99,379,652,348

Legal representative:

Yan Lingxi

Person in charge of accounting:

Wang Jingmin

Person in charge of the accounting department:

Deng Hui

Consolidated Statement of Changes in Shareholders' Equity (Continued)

2025

Prepared by: AvChina Industry & Technology Company Limited

Unit: RMB

Items	2024										Total shareholders' equity				
	Share capital	Preferred shares	Perpetual bonds	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	7,972,854,242				13,514,296,718		228,940,969	480,615,715	451,623,842		8,923,873,029		31,572,204,515	56,526,896,665	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	56,526,896,665	88,099,103,180
III. Change in increase or decrease of the current year (decrease to be listed with "-")															
(I) Total comprehensive income					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
(II) Capital invested and decreased by shareholders					846,044,349		222,111,339				2,187,431,551		2,409,542,890	3,693,081,465	6,102,624,375
1. Ordinary shares invested by shareholders															
2. Capital invested by other equity instrument holders															
3. Amount of share-based payment recognized as shareholders' equity					305,676,417								305,676,417	711,902,926	1,017,579,343
4. Others					540,367,932								540,367,932	236,216,525	776,584,457
(III) Profit distribution									82,837,288		-784,448,461		-701,611,173	-1,476,658,572	-2,178,267,745
1. Appropriation to surplus reserves									82,837,288		-82,837,288				
2. Appropriation to general risk reserve															
3. Distribution to shareholders															
4. Others															
(IV) Internal carry-over in shareholders' equity							-1,571,722				1,571,722				
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							-1,571,722				1,571,722				
6. Others															
(V) Special reserves							17,929,532						17,929,532	37,131,530	55,061,062
1. Appropriation in the current year							302,037,560						302,037,560	180,165,875	482,203,435
2. Use in the current year							284,108,028						284,108,028	143,054,345	427,162,373
(VI) Others					3,857,567		449,480,586	498,545,247	534,461,130		10,328,427,941		3,857,567	3,403,891	7,261,458
IV. Closing balance of the current year	7,972,854,242				14,364,198,634		449,480,586	498,545,247	534,461,130		10,328,427,941		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

Statement of Changes in Shareholders' Equity of the Company

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	2025					Total shareholders' equity					
	Share capital	Preferred shares	Other equity instrument Perpetual bonds	Other comprehensive income	Less: treasury shares		Capital reserves	Surplus reserves	Special reserves	Undistributed profit	Others
I. Closing balance of the previous year	7,972,854,242			557,399,881	8,000,376,551	534,461,130	1,228,571,761				18,293,463,566
Add: Changes in accounting policies											
Error correction of previous period											
Others											
II. Opening balance of the current year	7,972,854,242			557,399,881	8,000,376,551	534,461,130	1,228,571,761				18,293,463,565
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											
1. Ordinary shares invested by shareholders											
2. Capital invested by other equity instrument holders											
3. Amount of share-based payment recognized as shareholders' equity											
4. Others											
(III) Profit distribution											
1. Appropriation to surplus reserves											
2. Distribution to shareholders											
3. Others											
(IV) Internal carry-over in shareholders' equity											
1. Transfer from capital reserves to share capital											
2. Transfer from surplus reserves to share capital											
3. Recovery of losses by surplus reserves											
4. Retained earnings carried over from changes in defined benefit plans											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in the current year											
2. Use in the current year											
(VI) Others											
IV. Closing balance of the current year	7,972,854,242			545,303,736	8,000,376,551	628,222,730	1,431,035,094				18,577,792,353

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)

2025

Prepared by: AviChina Industry & Technology Company Limited

Unit: RMB

Items	2024							Total shareholders' equity				
	Share capital	Preferred shares	Perpetual bonds	Other equity instrument Others	Capital reserves	Less: treasury shares	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profit	Others
I. Closing balance of the previous year	7,972,854,242				8,991,439,677		319,848,100		451,623,842	1,182,634,191		18,918,400,052
Add: Changes in accounting policies												
Error correction of previous period												
Others												
II. Opening balance of the current year	7,972,854,242				8,991,439,677		319,848,100		451,623,842	1,182,634,191		18,918,400,052
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												
1. Ordinary shares invested by shareholders					-991,063,126		237,551,782		82,837,288	45,937,571		-624,736,486
2. Capital invested by other equity instrument holders					-991,063,126		239,564,928			828,372,889		1,067,937,817
3. Amount of share-based payment recognized as shareholders' equity												
4. Others												
(III) Profit distribution												
1. Appropriation to surplus reserves												
2. Distribution to shareholders												
3. Others												
(IV) Internal carry-over in shareholders' equity												
1. Transfer from capital reserves to share capital												
2. Transfer from surplus reserves to share capital												
3. Recovery of losses by surplus reserves												
4. Retained earnings carried over from changes in defined benefit plans												
5. Retained earnings carried over from other comprehensive income												
6. Others												
(V) Special reserves												
1. Appropriation in the current 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		534,461,130	1,228,571,762		18,293,663,566

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

1 January 2025 to 31 December 2025

(All amounts in these notes 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 (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 RMB305,416,000. After the capital increase, the share capital of the Company was changed to RMB4,949,024,500.

In 2012, the Company issued 342,000,000 additional overseas listed foreign invested shares (H shares) to foreign investors, increasing the share capital by RMB342,000,000. 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 RMB5,474,429,167.

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 RMB5,966,121,836.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

I. BASIC INFORMATION OF THE COMPANY (Continued)

(I) Basic Information (Continued)

In 2018, 3,609,687,934 existing shares of the Company held by AVIC, AVIC Airborne Systems, 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 RMB6,245,121,836.

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 RMB6,210,662,836. 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 RMB7,711,332,242.

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 27 March 2026.

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 69 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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 Company 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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.

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1 January 2025 to 31 December 2025

(All amounts in these notes 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.



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1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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.



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1 January 2025 to 31 December 2025

(All amounts in these notes 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

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1 January 2025 to 31 December 2025

(All amounts in these notes 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.



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(All amounts in these notes are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XIV) Other receivables (Continued)

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

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.

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(All amounts in these notes 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.



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(All amounts in these notes 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.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XVIII) Long-term equity investments (Continued)

For long-term equity investment obtained through business combination not involving entities under common control, consolidated cost shall be recognized as initial investment cost. 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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(All amounts in these notes 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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1 January 2025 to 31 December 2025

(All amounts in these notes 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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(All amounts in these notes 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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(All amounts in these notes 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.



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(All amounts in these notes 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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(All amounts in these notes 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.



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(All amounts in these notes 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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(All amounts in these notes 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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(All amounts in these notes 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.

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(All amounts in these notes 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.



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(All amounts in these notes 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.

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(All amounts in these notes 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)

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.

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.



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(All amounts in these notes 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)

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.

(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).

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(All amounts in these notes are presented in RMB, except as otherwise noted)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXV) Government grants (Continued)

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.

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.



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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(XXXVII) 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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.

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(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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.



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(All amounts in these notes 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 of 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

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

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.

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(All amounts in these notes are presented in RMB, except as otherwise noted)

V. TAXES

1. Main taxes and tax rates

Tax category	Taxation basis	Tax rate
Chinese Mainland		
– 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%

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%	
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責任公司)	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



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1 January 2025 to 31 December 2025

(All amounts in these notes 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 Shenyang Xinghua Aero-Electric Appliance Co., Ltd. (瀋陽興華航空電器有限公司)	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
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
OFEX (Guangdong) Co., Ltd. (歐斐科思(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%	
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

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(All amounts in these notes 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
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. (天津天利航空機電有限公司)	25%	
AviChina Industrial Investment Co., Ltd. (中航科工產業投資有限責任公司)	25%	
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
AVIC Sichuan Fanhua Aviation Instrument and 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



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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 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 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%	

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.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

V. TAXES (Continued)

2. Preferential tax policies (Continued)

(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), 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" .

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 2025, "closing" or "at the end of the year" refers to 31 December 2025, and the "current year" or "the year" refers to 1 January to 31 December 2025, the "previous year" refers to the period from 1 January to 31 December 2024, and the currency unit is RMB.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	235,280	320,567
Bank deposits	30,242,172,286	40,984,056,624
Other monetary funds	196,968,374	337,766,598
Total	30,439,375,940	41,322,143,789
Including: total amount deposited abroad	282,177,531	258,429,590
Including: total amount deposited with AVIC Finance	22,282,732,749	28,971,478,262

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	1,189,947,810	1,650,823,459
Letter of credit deposit	4,264,865	105,136
Note deposit	134,126,436	263,756,796
Guarantee deposit	15,553,493	18,505,581
Employee housing related fund account and housing fund	26,157,766	25,031,943
Other restricted funds	15,093,341	29,197,339
Total	1,385,143,711	1,987,420,254

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	2,342,175,411	3,310,715,928
Including: Debt instrument investments		
Equity instrument investments	30,985,822	24,462,750
Bank wealth management	2,311,189,589	3,286,253,178
Total	2,342,175,411	3,310,715,928

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.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

3. Notes receivable

(1) Classified presentation of notes receivable

Item	Closing balance	Opening balance
Banker's acceptance bill	3,188,696,287	3,322,807,413
Commercial acceptance bill	7,375,764,874	7,261,055,840
Total	10,564,461,161	10,583,863,253

(2) Notes receivable pledged

Item	Amount pledged at the end of the year
Banker's acceptance bill	769,536,517
Commercial acceptance bill	979,616,423
Total	1,749,152,940

Item	Amount pledged at the beginning 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

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

3. Notes receivable (Continued)

(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	2,478,356,422	59,023,230
Commercial acceptance bill	14,208,182	295,614,938
Total	2,492,564,604	354,638,168

(4) 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	10,739,847,834	100.00	175,386,673	1.63	10,564,461,161
Including: Banker's acceptance bill	3,189,150,622	29.69	454,335	0.01	3,188,696,287
Commercial acceptance bill	7,550,697,212	70.31	174,932,338	2.32	7,375,764,874
Total	10,739,847,834	-	175,386,673	-	10,564,461,161

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

3. Notes receivable (Continued)

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

Category	Book balance		Opening balance		Book value
	Amount	Proportion (%)	Amount	Bad debt 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

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

Name	Book balance	Closing balance	
		Bad debt provision	Provision proportion (%)
Banker's acceptance bill	3,189,150,622	454,335	0.01
Commercial acceptance bill	7,550,697,212	174,932,338	2.32
Total	10,739,847,834	175,386,673	-

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

Category	Opening balance	Accrued	Changes in the current year			Closing balance
			Recovered or reversed	Written back or written off	Other changes	
Notes receivable subjected to provision for expected credit losses on portfolio basis	140,062,191	35,332,495			-8,013	175,386,673
Total	140,062,191	35,332,495			-8,013	175,386,673

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

3. Notes receivable (Continued)

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

(7) *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 six months.

4. Accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	57,904,514,580	50,720,744,268
Less: Impairment provision	2,537,771,123	2,091,284,734
Net accounts receivable	55,366,743,457	48,629,459,534

(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	2,299,305,085	11.55	265,610,916	2,033,694,169
Bad debt provision made as per portfolio	55,605,209,495	4.09	2,272,160,207	53,333,049,288
Including: Portfolio of credit risk characteristics	55,605,209,495	4.09	2,272,160,207	53,333,049,288
Total	57,904,514,580	–	2,537,771,123	55,366,743,457

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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)

Category of portfolio	Original book value	Opening 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

1) Bad debt provision of accounts receivable made individually

Name	Closing balance			Reasons for provision
	Book balance	Bad debt provision	Provision proportion (%)	
Company 1	1,720,676,555	10,050,059	0.58	Provided based on expected loss rate
Company 2	323,595,695	1,137,527	0.35	Provided based on expected loss rate
Company 3	72,310,639	72,310,639	100.00	All of it is expected to be unable to recover
Company 4	23,561,105	23,561,105	100.00	All of it is expected to be unable to recover
Company 5	16,636,397	16,636,397	100.00	All of it is expected to be unable to recover
Other customers	142,524,694	141,915,189	99.57	Part of it is expected to be unable to recover
Total	2,299,305,085	265,610,916	–	–

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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*

Ageing	Closing balance		Provision proportion (%)
	Book balance	Bad debt provision	
Within 1 year	41,804,869,460	342,688,414	0.82
1-2 years	10,552,012,829	644,389,146	6.11
2-3 years	2,200,414,931	614,080,247	27.91
3-4 years	365,002,561	190,908,935	52.30
4-5 years	219,652,013	154,753,847	70.45
Over 5 years	463,257,701	325,339,618	70.23
Total	55,605,209,495	2,272,160,207	–

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

Ageing	Closing balance		Proportion of bad debt provision (%)
	Accounts receivable	Bad debt provision	
Within 1 year	43,960,833,468	465,567,477	1.06
1-2 years	10,564,956,341	656,989,049	6.22
2-3 years	2,215,461,638	628,861,338	28.39
3-4 years	382,801,508	208,707,883	54.52
4-5 years	229,288,044	164,389,878	71.70
Over 5 years	551,173,581	413,255,498	74.98
Total	57,904,514,580	2,537,771,123	–

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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)

Ageing	Accounts receivable	Opening balance	
		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	—

Certain of the Group's domestic sales are made on advances, while the remaining sales are paid by letters of credit or banker's acceptance bills 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		Other changes	Closing balance
			Accounts recovered or transferred back	Amounts written back or written off		
Bad debt provision made individually	252,243,135	68,169,144	269,580	54,670,476	138,693	265,610,916
Bad debts provision made on the group of credit risk characteristics	1,839,041,599	442,307,282	-1,255,132	9,448,184	-995,622	2,272,160,207
Total	2,091,284,734	510,476,426	-985,552	64,118,660	-856,929	2,537,771,123

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

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

Item	Write-off amount
Accounts receivable actually written-off	64,118,660

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

4. Accounts receivable (Continued)

(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 RMB26,794,778,465, accounting for 46.27% of the total closing balance of accounts receivable, and the corresponding provision for bad debts at the end of the year was RMB445,409,599. Among all, the largest balance of year-end accounts receivable is RMB10,760,091,217, which is 18.58% of total year-end accounts receivable, the corresponding bad debt provision accrued is RMB115,008,393.

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

During the current period, there were no accounts receivable derecognized due to the transfer of financial assets.

5. Receivables financing

Item	Closing balance	Opening balance
Notes receivable	1,200,967,879	687,378,756
Total	1,200,967,879	687,378,756

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) Ageing of prepayments

Item	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,536,208,706	50.84	2,694,717,336	40.44
1-2 years	330,253,050	10.93	439,716,028	6.60
2-3 years	209,858,654	6.95	153,102,460	2.30
Over 3 years	945,054,415	31.28	3,375,421,598	50.66
Total	3,021,374,825	100.00	6,662,957,422	100.00

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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	Ageing	Reason for being unsettled	Proportion of the closing balance of prepayments (%)
Company 1	262,449,511	Over 3 years	Conditions for settlement not met	8.69
Company 2	170,335,707	Within 1 year and over 3 years	Conditions for settlement not met	5.64
Company 3	150,767,339	Within 1 year and over 3 years	Conditions for settlement not met	4.99
Company 4	132,897,840	Over 3 years	Conditions for settlement not met	4.40
Company 5	101,676,759	Over 3 years	Conditions for settlement not met	3.37
Company 6	69,216,700	Over 3 years	Conditions for settlement not met	2.29
Company 7	52,147,000	Within 1 year, 1-2 years and 2-3 years	Conditions for settlement not met	1.73
Company 8	45,775,774	Within 1 year, 1-2 years and 2-3 years	Conditions for settlement not met	1.52
Company 9	44,951,504	1-2 years	Conditions for settlement not met	1.49
Company 10	42,754,389	1-2 years	Conditions for settlement not met	1.42
Total	1,072,972,523			35.54

(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 RMB1,020,081,490, accounting for 33.76% of the total closing balance of the prepayments.

7. Other receivables

Item	Closing balance	Opening balance
Dividends receivable		10,756,337
Other receivables	451,487,988	418,440,558
Total	451,487,988	429,196,895

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

7. Other receivables (Continued)

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
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

7.2 Other receivables

(1) Classification of other receivables by nature

Nature of amount	Closing book value	Opening book value
Intercourse funds	361,528,249	295,374,570
Deposit and security	120,418,622	108,289,031
Receivables and payables on behalf of other parties (Funds disbursed for others)	20,309,273	17,379,091
Petty cash and personal loan	11,816,944	28,889,783
Equipment engineering cost	2,000,000	2,000,000
Others	31,150,107	68,658,668
Total	547,223,195	520,591,143

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Opening balance	32,747,593	9,224,293	60,178,699	102,150,585
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	-9,113,925	2,518,760	684,726	-5,910,439
Amount transferred back in the current year			220,057	220,057
Amount written back in the current year				
Amount written off in the current year	187,437	80,000		267,437
Other changes		15,895	-33,340	-17,445
Closing balance	23,446,231	11,678,948	60,610,028	95,735,207

(3) Other receivables listed as per ageing

Ageing	Closing balance	Opening balance
Within 1 year (including 1 year)	303,451,783	320,363,190
1-2 years	135,349,990	54,948,532
2-3 years	19,620,257	20,325,086
3-4 years	6,674,434	16,220,022
4-5 years	7,733,353	16,989,021
Over 5 years	74,393,378	91,745,292
Subtotal	547,223,195	520,591,143
Less: Bad debt provision	95,735,207	102,150,585
Total	451,487,988	418,440,558



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

7. Other receivables (Continued)

7.2 Other receivables (Continued)

(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	102,150,585	-5,910,439	220,057	267,437	-17,445	95,735,207
Total	102,150,585	-5,910,439	220,057	267,437	-17,445	95,735,207

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

Item	Write-off amount
Other receivables written-off	267,437

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

Name	Nature of amount	Closing balance	Ageing	Proportion to the total closing balance of other receivables (%)	Closing balance of bad debt provision
Company 1	Intercourse funds	63,248,885	Within 1 year, 1-2 years and 2-3 years	11.56	1,442,761
Company 2	Intercourse funds	50,000,000	Over 5 years	9.14	50,000,000
Company 3	Intercourse funds	41,146,673	1-2 years	7.52	4,114,667
Company 4	Intercourse funds	33,788,860	Within 1 year	6.17	33,789
Company 5	Others	33,225,187	Within 1 year	6.07	
Total	—	221,409,605	—	40.46	55,591,217

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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	12,594,319,538	670,838,370	11,923,481,168
Self-made semi-finished goods and products in progress	19,388,201,315	182,573,933	19,205,627,382
Finished goods	8,859,277,438	499,276,991	8,360,000,447
Turnover materials	604,000,052	4,537,143	599,462,909
Contract performance costs	81,758,862		81,758,862
Others	1,989,378,504	45,194,087	1,944,184,417
Total	43,516,935,709	1,402,420,524	42,114,515,185

Item	Book balance	Opening 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

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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	550,045,463	158,122,601		346,500	23,794,101	13,189,093	670,838,370
Self-made semi-finished goods and products in progress	160,353,740	42,048,042			3,165,068	16,662,781	182,573,933
Finished goods	512,692,897	156,620,099			152,924,815	17,111,190	499,276,991
Turnover materials	4,537,143						4,537,143
Other inventories	37,300,135	15,702,612			7,808,660		45,194,087
Total	1,264,929,378	372,493,354		346,500	187,692,644	46,963,064	1,402,420,524

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.

9. Contract assets

(1) Contract assets

Item	Closing balance		Book value
	Book balance	Impairment provision	
Aviation entire aircraft	9,349,981,800	53,634,590	9,296,347,210
Aviation engineering services	3,747,406,046	85,404,221	3,662,001,825
Aviation ancillary system and related business	1,754,759,318	5,829,140	1,748,930,178
Total	14,852,147,164	144,867,951	14,707,279,213

Notes to the Financial Statements

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

9. Contract assets (Continued)

(1) Contract assets (Continued)

Item	Opening balance		Book value
	Book balance	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

(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	46,193,129	7,441,461				53,634,590
Aviation engineering services	63,279,868	22,944,545	820,192			85,404,221
Aviation ancillary system and related business	3,684,294	2,144,846				5,829,140
Total	113,157,291	32,530,852	820,192			144,867,951

(3) Significant changes in the carrying value of contract assets during the current period

Item	Amount changed	Reasons for change
Aviation entire aircraft	6,007,171,709	due to the progress in fulfilling contracts
Aviation engineering services	27,118,548	due to the progress in fulfilling contracts
Aviation ancillary system and related business	515,803,327	due to the progress in fulfilling contracts
Total	6,550,093,584	-

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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	1,320,414,475	970,395,557
Prepayment of corporate income tax	159,768,235	196,333,790
Others	4,365,211	4,038,686
Total	1,484,547,921	1,170,768,033

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	
Including: Unrealized financing income							
Others							
Total				144,391		144,391	

Note: The balance of long-term receivables for the current period was zero.

(2) Bad debt provision of long-term receivables

The balance of bad debt provision of long-term receivables for the current period was zero.

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1 January 2025 to 31 December 2025

(All amounts in these notes 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				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	Distribution of cash dividend or profit declared		
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)	65,271,804			-1,838,148				63,433,657	
Qingdao Xinghang Photoelectric Technology Co., Ltd. (青島興航光電技術有限公司)	335,825,709			78,401,660			65,000,000	349,227,368	
Others	35,206,908			2,743,250			750,000	37,200,157	
Subtotal	436,304,421			79,306,762			65,750,000	449,861,182	
II. Associates									
China Carbon Aviation Investment New Energy Group Co., Ltd. (中碳航投新能源集團有限公司)	441,246,266			15,696,000	1,680,778	-3,696,452	504,000	454,422,593	
Jiangxi Hongdu Commercial Aircraft Corporation Limited* (江西洪都商用飛機股份有限公司)	304,725,308			1,322,050		73,854		306,121,212	
Schneider Shanghai Low Voltage Terminal Apparatus Co., Ltd. (上海施耐德低壓終端電 器有限公司)	125,631,097			101,125,021			100,139,847	126,616,270	
AVIC Rongfu Fund Management Company Limited* (中航融富基金管理有限公司)	94,107,548			7,347,222	637,036		8,553,238	93,538,569	
Schneider Merlin Gerin Low Voltage (Tianjin) Co., Ltd.* (施耐德梅蘭日蘭低壓(天津)有限公司)	73,769,510			13,304,887			12,061,754	75,012,643	
Guangzhou Huazhi Auto Parts Co. (廣州華智汽車 部件有限公司)	146,333,023			34,432,357		980,421	37,117,830	144,627,971	
Hongguang Airborne Equipment Co. (宏光空降 裝備有限公司)	260,107,179			23,636,060	2,569,465	661,245	18,171,327	268,802,621	
Beijing Hanghua Refrigeration Equipment Co. (北 京華製冷設備有限公司)	370,489,343			4,742,113	-70,731	249,243		375,409,968	
Others	212,259,123		1,473,761	6,558,789		-59,621	2,572,641	214,711,889	
Subtotal	2,028,668,397		1,473,761	208,164,499	4,816,548	-1,791,310	179,120,637	2,059,263,736	
III. Share floating right	354,739,885							354,739,885	
Subtotal	354,739,885							354,739,885	
Total	2,819,712,703		1,473,761	287,471,261	4,816,548	-1,791,310	244,870,637	2,863,864,803	



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1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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
AVIC Shenyang Aircraft Co., Ltd.* (中航沈飛股份有限公司)	1,315,443,007	1,188,232,757
AVIC Chengdu Aircraft Co., Ltd.* (中航成飛股份有限公司)	556,443,136	505,588,460
Beijing AviChina Phase I Aviation Industrial Investment Fund (Limited Partnership)*(北京中航一期航空工業產業投資基金(有限合夥))	542,421,347	584,635,630
Harbin DongAn Automotive Engine Manufacturing Co., Ltd. (哈爾濱東安汽車發動機製造有限公司)	426,600,000	425,400,000
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	314,466,585	335,967,171
AVIC Industry-Finance Holdings Co., Ltd.*(中航工業產融控股股份有限公司)	228,775,151	485,645,496
Nanjing Guobo Electronics Co., Ltd.(南京國博電子股份有限公司)	164,413,638	87,159,888
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)	125,280,000	126,000,000
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)	124,473,110	64,922,059
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)	110,653,872	108,948,151
Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	107,856,307	109,112,816
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工業投資有限責任公司)	104,169,140	108,194,551
Chengdu RMI Technology Co., Ltd.* (成都雷電微力科技股份有限公司)	90,765,360	89,687,304
AVIC Guizhou Anji Aviation Investment Casting Co., Ltd.* (貴州安吉航空精密鑄造有限責任公司)	71,760,000	70,360,000
Aviation Gyro (Xi'an) Photoelectricity Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司)	47,007,970	42,504,295
CALB Group Co., Ltd.* (中創新航科技集團股份有限公司)	31,323,764	16,440,777
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)	2,156,117	5,626,681
Others	1,985,736	8,416,631
Total	4,365,994,240	4,362,842,667

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1 January 2025 to 31 December 2025

(All amounts in these notes 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
AVIC Shenyang Aircraft Co., Ltd.* (中航沈飛股份有限公司)	9,370,921	981,843,011			Non-trading equity investments	
AVIC Chengdu Aircraft Co., Ltd.* (中航成飛股份有限公司)	4,486,763	528,887,711			Non-trading equity investments	
Beijing AviChina Phase I Aviation Industrial Investment Fund(Limited Partnership) * (北京中航一期航空工業產業投資基金(有限合夥))	1,440,433	92,226,349		4,410,132	Non-trading equity investments	Disposal
Harbin DongAn Automotive Engine Manufacturing Co., Ltd. (哈爾濱東安汽車發動機製造有限公司)		351,600,000			Non-trading equity investments	
AVIC Heavy Machinery Co., Ltd.* (中航重機股份有限公司)	1,999,062	114,466,592			Non-trading equity investments	
AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司)			314,701,177		Non-trading equity investments	
Nanjing Guobo Electronics Co., Ltd. (南京國博電子股份有限公司)	706,320	79,993,679			Non-trading equity investments	
AVIC Huabei Aircraft Industry Co., Ltd.* (中航通飛華北飛機工業有限公司)			54,720,000		Non-trading equity investments	
Sichuan Chengfei Integration Technology Corporation Limited* (四川成飛集成科技股份有限公司)		120,081,811			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)			17,364,684		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)	140,789		1,256,509		Non-trading equity investments	

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(All amounts in these notes 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 (Continued)

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
Tianjin Zhongtian Aviation Industry Investment Co., Ltd.* (天津中天航空工 業投資有限責任公司)		44,169,140			Non-trading equity investments	
Chengdu RMI Technology Co., Ltd.* (成 都雷電微力科技股份有限公司)	603,364	48,923,760			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)	1,415,478	21,760,000			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)	3,163,749	9,624,854			Non-trading equity investments	
CALB Group Co., Ltd.* (中創新航科技集團 股份有限公司)			26,201,608		Non-trading equity investments	
AVIC Jincheng Unmanned System Co., Ltd.* (中航金城無人系統有限公司)			3,470,564		Non-trading equity investments	
Others	64,086		49,151,364	8,291,400	Non-trading equity investments	Disposal
Total	23,390,965	2,393,576,907	466,865,906	12,701,532	-	-

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	3,564,907	3,444,547
Total	3,564,907	3,444,547

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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	613,477,711	108,774,891	722,252,602
2. Increase in the current period	55,242,082	935,369	56,177,451
(1) Purchase	15,553,342		15,553,342
(2) Transferred from fixed assets	3,375,036		3,375,036
(3) Transferred from intangible assets		935,369	935,369
(4) Transferred from construction in progress	36,313,704		36,313,704
(5) Foreign currency translation differences			
3. Decrease in the current period	72,976,150	1,859,969	74,836,119
(1) Disposal	2,997,123		2,997,123
(2) Transferred to fixed assets	67,481,827		67,481,827
(3) Transferred to intangible assets		1,859,969	1,859,969
(4) Transferred to construction in progress			
(5) Foreign currency translation differences	2,497,200		2,497,200
4. Closing balance	595,743,643	107,850,291	703,593,934
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	227,126,676	35,432,404	262,559,080
2. Increase in the current period	28,258,138	2,567,056	30,825,194
(1) Provision or amortization	25,824,901	2,074,934	27,899,835
(2) Transferred from fixed assets	2,433,237		2,433,237
(3) Transferred from intangible assets		492,122	492,122
(4) Foreign currency translation differences			
3. Decrease in the current period	47,575,046	924,325	48,499,371
(1) Disposal	2,194,674		2,194,674
(2) Transferred to fixed assets	44,720,459		44,720,459
(3) Transferred to intangible assets		924,325	924,325
(4) Transferred to construction in progress			
(5) Foreign currency translation differences	659,913		659,913
4. Closing balance	207,809,768	37,075,135	244,884,903
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	387,933,875	70,775,156	458,709,031
2. Opening book value	386,351,035	73,342,487	459,693,522

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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	15,553,342	Handling procedures not yet completed
Total	15,553,342	—

16. Fixed assets

Item	Closing book value	Opening book value
Fixed assets	27,113,703,346	25,035,925,023
Fixed assets in liquidation	4,531,961	4,051,909
Total	27,118,235,307	25,039,976,932

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	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
2. Increase in the current period	2,622,013,849	2,053,412,366	14,184,190	262,937,090	-3,390,105	134,801,116	5,083,958,506
(1) Purchase	28,334,248	423,828,699	10,164,202	102,919,846	19,760,996	33,432,772	618,440,763
(2) Transferred from construction in progress	2,523,654,705	1,524,440,790	3,522,791	217,430,484	22,393,690	102,101,068	4,393,543,528
(3) Transferred from right-of-use assets							
(4) Transferred from investment properties	67,481,827						67,481,827
(5) Reclassification (between asset classes)		103,245,059	497,197	-57,448,461	-45,561,071	-732,724	
(6) Acquired via debt restructuring	2,543,069						
(7) Other increase		1,897,818		35,221	16,280		1,949,319

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(All amounts in these notes 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
3. Decrease in the current period	126,446,689	344,648,654	31,568,011	62,783,149	13,719,962	26,703,839	605,870,304
(1) Disposal or scrapping	51,894,227	207,035,883	31,121,848	58,386,280	13,626,027	26,487,307	388,551,572
(2) Transferred to construction in progress	70,002,133	12,453,919		3,748,787	77,655		86,282,494
(3) Transferred to investment properties	3,375,036	15,553,342					18,928,378
(4) Transferred out due to disposal of subsidiary		40,633,003	446,163			206,355	41,285,521
(5) Other decrease	1,175,293	68,972,507		648,082	16,280	10,177	70,822,339
4. Closing balance	22,740,857,085	22,004,265,141	238,069,158	5,039,248,875	474,344,300	2,608,309,849	53,105,094,408
II. Accumulated depreciation							
1. Opening 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
2. Increase in the current period	813,239,808	1,471,532,427	17,597,070	326,565,422	-18,078,732	195,026,678	2,805,882,673
(1) Provision made in the current period	768,670,079	1,430,328,616	17,105,668	318,250,474	33,026,866	193,661,359	2,761,043,062
(2) Transferred from right-of-use assets							
(3) Transferred from investment properties	44,720,458						44,720,458
(4) Reclassification (between asset classes)	-150,729	41,105,737	491,402	8,306,172	-51,117,901	1,365,319	
(5) Other increase		98,074		8,776	12,303		119,153
3. Decrease in the current period	41,385,079	252,705,960	17,074,426	59,614,971	12,973,708	21,562,229	405,316,373
(1) Disposal or scrapping	27,719,293	195,428,270	16,976,083	55,283,770	12,888,657	21,355,874	329,651,947
(2) Transferred to construction in progress	11,051,040	7,171,699		3,748,786	75,325		22,046,850
(3) Transferred to investment properties	2,433,237						2,433,237
(4) Transferred out due to disposal of subsidiary		22,325,864	98,343			206,355	22,630,562
(5) Other decrease	181,509	27,780,127		582,415	9,726		28,553,777
4. Closing balance	7,202,247,035	12,740,034,923	184,149,386	3,854,378,313	393,050,201	1,519,856,058	25,893,715,916
III. Impairment provision							
1. Opening balance	4,439,597	89,870,797	48,221	813,285	365	2,759,302	97,931,567
2. Increase in the current period		1,467,427					1,467,427
3. Decrease in the current period		1,723,848					1,723,848
(1) Disposal or scrapping		1,723,848					1,723,848
4. Closing balance	4,439,597	89,614,376	48,221	813,285	365	2,759,302	97,675,146
IV. Book value							
1. Closing book value	15,534,170,453	9,174,615,842	53,871,551	1,184,057,277	81,293,734	1,085,694,489	27,113,703,346
2. Opening 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

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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	32,325,179	26,285,620		6,039,559
Total	32,325,179	26,285,620		6,039,559

(3) Fixed assets leased out through operating leases

Item	Closing book value
Plant & buildings	57,767,142
Machinery equipment	3,895,359
Total	61,662,501

(4) Fixed assets for which the certificate of title has not been obtained

Item	Book value	Reason for not completing the title
Plant & buildings	2,165,316,711	To complete the title certificate successively
Plant & buildings	159,619,763	Not accepted for completion
Plant & buildings	12,701,992	Simple building
Total	2,337,638,466	–

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(All amounts in these notes 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	3,419,403	2,676,268
Electronic equipment	482,553	471,225
Office equipment	198,533	735,019
Transportation vehicles	74,085	83,331
Others	357,387	86,066
Total	4,531,961	4,051,909

17. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	3,588,269,809	4,240,450,534
Construction materials		
Total	3,588,269,809	4,240,450,534

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(All amounts in these notes 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

(1) Details of construction in progress

Item	Closing balance		Opening balance			
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Self-made equipment	272,570,209		272,570,209	199,711,213		199,711,213
Project of Shunyi New District	220,115,947		220,115,947	219,176,841		219,176,841
Aviation air bleed subsystem production capacity enhancement project	203,912,587		203,912,587	106,200,678		106,200,678
Acquisition of Xi'an park project	198,721,461		198,721,461			
Infrastructure technical transformation projects	133,414,867		133,414,867	275,008,017		275,008,017
High-end interconnect technology industrial community project	82,281,991		82,281,991	817,477,072		817,477,072
Convertible bond fundraising project	80,919,565		80,919,565	47,189,288		47,189,288
Intelligent production project for the final assembly of a certain aircraft X-009	74,244,048		74,244,048			
Quality and infrastructure capability improvement (Phase II of fundraising investment)	56,044,796		56,044,796			
Civil Aircraft and Industrial Interconnection Industrial Park	55,088,557		55,088,557	557,531,314		557,531,314
Basic Devices Industrial Park (Phase I)	37,705,281		37,705,281	54,127,217		54,127,217
Huanan Industry Base Project	32,490,585		32,490,585	29,886,913		29,886,913
SAPC project	29,084,228		29,084,228	63,230,259		63,230,259
Aviation airborne products and isostatic pressing equipment capability improvement project	27,111,752		27,111,752			
Research construction project 3	23,629,333		23,629,333	88,898,638		88,898,638
Self-financing projects for technological reform A special project	22,127,745		22,127,745	30,370,453		30,370,453
Infrastructure renovation project of building 2	21,682,566		21,682,566			
Surface Treatment Plant Project	13,967,022		13,967,022	15,282,968		15,282,968
Huiyang technology park	12,196,702		12,196,702			
SH project	4,403,098		4,403,098	21,151,869		21,151,869
Process layout adjustment	4,262,256		4,262,256	4,262,256		4,262,256
X-001	421,900		421,900	419,480		419,480
Others	1,913,272,344		1,913,272,344	101,172,034	4,454,599	1,609,354,024
Total	3,588,269,809		3,588,269,809	4,244,905,133	4,454,599	4,240,450,534

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(All amounts in these notes 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

Project name	Opening balance	Increase in the current year	Decrease in the current year		Closing balance
			Transferred to fixed assets	Other decrease	
Self-made equipment	199,711,213	259,725,536	186,866,540		272,570,209
Project of Shunyi New District	219,176,841	939,106			220,115,947
Aviation air bleed subsystem production capacity enhancement project	106,200,678	187,534,570	89,822,661		203,912,587
Acquisition of Xi'an park project		198,721,461			198,721,461
Infrastructure technical transformation projects	275,008,017	154,404,564	227,498,858	68,498,856	133,414,867
High-end interconnect technology industrial community project	817,477,072	322,020,808	1,038,515,463	18,700,426	82,281,991
Convertible bond fundraising project	47,189,288	78,904,711	42,487,982	2,686,452	80,919,565
Intelligent production project for the final assembly of a certain aircraft		74,244,048			74,244,048
X-009		72,721,969	4,121,000		68,600,969
Quality and infrastructure capability improvement (Phase II of fundraising investment)		68,865,355	12,820,559		56,044,796
Civil Aircraft and Industrial Interconnection Industrial Park	557,531,314	344,876,439	847,213,709	105,487	55,088,557
Basic Devices Industrial Park (Phase I)	54,127,217	20,489,731	32,221,635	4,690,032	37,705,281
Huanan Industry Base Project	29,886,913	48,392,360	45,788,688		32,490,585
SAPC project	63,230,259	86,600,154	118,618,385	2,127,800	29,084,228
Aviation airborne products and isostatic pressing equipment capability improvement project		27,111,752			27,111,752
Research construction project 3	88,898,638	14,107,099	71,927,344	7,449,060	23,629,333
Self-financing projects for technological reform	30,370,453	26,873,431	33,223,913	1,892,226	22,127,745
A special project		21,682,566			21,682,566
Infrastructure renovation project of building 2	15,282,968			1,315,946	13,967,022
Surface Treatment Plant Project		12,196,702			12,196,702
Huiyang technology park	21,151,869	2,655,875	19,404,646		4,403,098
SH project	4,262,256				4,262,256
Process layout adjustment	419,480		-2,420		421,900
X-001	101,172,034	478,047	101,650,081		
Total	2,631,096,510	2,023,546,284	2,872,179,044	107,466,285	1,674,997,465

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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 (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
Self-made equipment	N/A	N/A	N/A				Self-financing
Project of Shunyi New District	280,259,000	78.54	78.54	8,382,396	672,254	2.54	Self-financing, loan
Aviation air bleed subsystem production capacity enhancement project	739,800,000	27.56	27.56				Self-financing
Acquisition of Xi'an park project	281,950,000	40.00	40.00	129,675	129,675	2.73	Self-financing, loan
Infrastructure technical transformation projects	626,462,071	N/A	N/A	14,095,769			Self-financing, state funding, loan
High-end interconnect technology industrial community project	2,719,300,000	60.83	71.57	7,851,442	5,827,338	2.30	Self-financing, loan
Convertible bond fundraising project	544,490,000	48.33	48.33				Self-financing
Intelligent production project for the final assembly of a certain aircraft	298,776,600	25.00	25.00				Others
X-009	320,000,000	10.00	10.00				Self-financing, state funding, loan
Quality and infrastructure capability improvement (Phase II of fundraising investment)	192,000,000	36.00	36.00				Self-financing
Civil Aircraft and Industrial Interconnection Industrial Park	1,698,000,000	82.74	88.64	3,514,660	1,998,183	2.30	Self-financing, loan
Basic Devices Industrial Park (Phase I)	1,672,500,000	98.60	99.97				Raised funds, self-financing
Huanan Industry Base Project	2,255,448,700	98.99	98.99				Raised funds, self-financing
SAPC project	722,600,000	91.88	91.88				State funding, self-financing
Aviation airborne products and isostatic pressing equipment capability improvement project	132,000,000	20.54	20.00				Self-financing
Research construction project 3	279,100,000	92.37	92.37				State funding
Self-financing projects for technological reform	28,000,000	100.00	100.00				Self-financing
A special project	53,290,000	41.00	41.00				State funding, self-financing
Infrastructure renovation project of building 2	16,550,000	84.00		405,757			Self-financing
Surface Treatment Plant Project	27,000,000	45.17	45.17				Self-financing
Huiyang technology park	671,840,000	99.00	99.00				Self-financing
SH project	92,800,000	82.33	82.33				State funding, self-financing
Process layout adjustment	500,000	83.90	83.90				Self-financing
X-001	226,520,000	100.00	100.00				State funding, self-financing
Total	13,879,186,371	-	-	34,379,699	8,627,450	-	-

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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	710,286,738	64,326,934	774,613,672
2. Increase in the current year	114,193,217	13,295,110	127,488,327
3. Decrease in the current year	213,800,304	26,934,091	240,734,395
4. Closing balance	610,679,651	50,687,953	661,367,604
II. Accumulated depreciation			
1. Opening balance	260,790,069	35,495,216	296,285,285
2. Increase in the current year	110,044,628	14,010,647	124,055,275
3. Decrease in the current year	151,778,866	24,383,168	176,162,034
4. Closing balance	219,055,831	25,122,695	244,178,526
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	391,623,820	25,565,258	417,189,078
2. Opening book value	449,496,669	28,831,718	478,328,387

19. Intangible assets

(1) Details of intangible assets

Item	Software	Land use right	Patent right	Non-patented technology	Trademark right	Concession	Customer resources and sales channel	Total
I. Original book value								
1. Opening 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
2. Increase in the current year	212,959,925	28,642,711	97,616					241,700,252
(1) Purchase	101,555,475	26,782,742	97,616					128,435,833
(2) Transferred from construction in progress	111,404,450							111,404,450
(3) Transferred from investment properties		1,859,969						1,859,969
(4) Exchanged from non-monetary type transaction								
3. Decrease in the current year	10,328,311	27,156,286	2,299,433					39,784,030
(1) Disposal	10,328,311	26,220,917	2,299,433					38,848,661
(2) Transferred to investment properties		935,369						935,369
(3) Foreign currency translation differences								
4. Closing balance	2,783,580,269	4,071,886,657	175,332,484	209,330,765	8,417,935	800,000	44,788,738	7,294,136,848

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

19. Intangible assets (Continued)

(1) Details of intangible assets (Continued)

Item	Software	Land use right	Patent right	Non-patented technology	Trademark right	Concession	Customer resources and sales channel	Total
II. Accumulated amortization								
1. Opening 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
2. Increase in the current year	215,458,121	88,681,585	1,113,077	16,748,712				322,001,495
(1) Provision	215,458,121	87,757,260	1,113,077	16,748,712				321,077,170
(2) Transferred from investment properties		924,325						924,325
(3) Foreign currency translation differences								
3. Decrease in the current year	10,289,850	8,093,981	2,299,433					20,683,264
(1) Disposal	10,289,850	7,601,859	2,299,433					20,191,142
(2) Transferred to investment properties		492,122						492,122
(3) Foreign currency translation differences								
4. Closing balance	1,929,696,285	1,117,375,560	169,285,148	102,683,430	8,417,935	800,000	32,514,297	3,360,772,655
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	853,293,408	2,954,511,097	6,047,336	106,372,335			36,200	3,920,260,376
2. Opening book value	855,830,065	3,033,612,276	7,062,797	123,121,047			36,200	4,019,662,385

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

(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	5,809,590	Title certificates are being completed successively
Total	5,809,590	

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

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
Formed through merger of Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司) not under common control	9,506,216			9,506,216
Formed through merger of AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司) not under common control	59,487,100			59,487,100
Formed through merger of 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) not under common control	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 Optical Technology Co., Ltd. (深圳市翔通光科技有限公司) not under common control	44,105,366			44,105,366
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	9,144,558			9,144,558
Total	400,444,294			400,444,295



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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
Formed through merger of Xi'an Qing'an Avionics Co., Ltd. (西安慶安航空電子有限公司) not under common control				
Formed through merger of AVIC Qinling Aerospace (Xiamen) Co., Ltd. (廈門中航秦嶺宇航有限公司) not under common control	44,922,201			44,922,201
Formed through merger of 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) not under common control	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 Optical Technology Co., Ltd. (深圳市翔通光科技有限公司) 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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(All amounts in these notes 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
Formed through merge of Xi'an Qing'an Avionics Co., Ltd. not under common control (西安慶安航空電子有限公司)	625	1,575	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
Formed through merge of AVIC Qinling Aerospace (Xiamen) Co., Ltd. not under common control (廈門中航秦嶺宇航有限公司)	1,654	3,110	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
Formed through merge of Hubei HAPM MAGNA Seating System Co., Ltd. Kunshan Branch not under common control (湖北航嘉麥格納座椅系統有限公司昆山分公司)	4,040	4,040	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)	35,708	39,989	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
Formed through merger of Shenzhen Xiangtong Optical Technology Co., Ltd. (深圳市翔通光科技有限公司) not under common control	12,285	20,934	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)	3,973	5,766	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.

Information on 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) is as follows: In May 2025, Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司) and its subsidiary Dongguan Xiangtong Photoelectric Technology Co., Ltd. (東莞市翔通光電技術有限公司) implemented business reorganization, and JONHON established a new subsidiary, Shenzhen Xiangtong Optical Technology Co., Ltd. (深圳市翔通光科技有限公司). After the completion of the reorganization, 100% equity of Dongguan Xiangtong Photoelectric Technology Co., Ltd. (東莞市翔通光電技術有限公司) has been transferred to Shenzhen Xiangtong Optical Technology Co., Ltd. (深圳市翔通光科技有限公司). Due to business reorganization, the group of assets corresponding to the combined goodwill originally formed from the merger of companies not under common control was split and was attributed to Shenzhen Xiangtong Photoelectric Technology Co., Ltd. (深圳市翔通光電技術有限公司) and Shenzhen Xiangtong Optical Technology Co., Ltd. (深圳市翔通光科技有限公司), respectively. Based on the fair value proportion of the relevant group of assets on the purchase date, the combined goodwill will be re-allocated to the two groups of assets after the split.

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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:

(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.

(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 [2026] No. 0415 Jonhon Optron 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 6 March 2026, which was based on the condition at 31 December 2025, pursuant to which, the present value of the estimated future cash flows of the asset group portfolio including goodwill was RMB516,000,000, the carrying value of the asset group was RMB357,080,000, 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 RMB399,890,000. 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 RMB116,110,000. Therefore, the goodwill formed upon consolidation of AVIC Forstar was not impaired at the end of 2025.



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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)

The major assessment assumptions are as follows:

Major basic assumptions	2026	2027	2028	2029	2030	Perpetuity
Revenue growth rate	9.10%	7.11%	5.12%	4.13%	3.00%	0.00%
Gross profit margin	33.12%	33.28%	33.44%	33.49%	33.47%	33.47%
Discount rate	11.87%	11.87%	11.87%	11.87%	11.87%	11.87%

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 Optical Technology Co., Ltd. (深圳市翔通光科技有限公司) 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 [2026] No. 0429 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 Optical Technology Co., Ltd. on 10 March 2026, which was based on the condition at 31 December 2025, pursuant to which, the present value of the estimated future cash flows of the asset group portfolio including goodwill of Shenzhen Xiangtong Optical Technology Co., Ltd. was RMB854,000,000, the carrying value of the asset group was RMB122,850,000, the consolidated goodwill of JONHON was RMB44,110,000, the goodwill of minority shareholders was RMB42,380,000, and the carrying value of the asset group including goodwill was RMB209,340,000. 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 RMB644,660,000. Therefore, the goodwill formed upon consolidation of Shenzhen Xiangtong Optical Technology Co., Ltd. was not impaired at the end of 2025.

The major assessment assumptions are as follows:

Major basic assumptions	2026	2027	2028	2029	2030	Perpetuity
Revenue growth rate	13.35%	10.50%	6.94%	4.42%	3.00%	0.00%
Gross profit margin	22.19%	22.66%	22.80%	22.52%	22.09%	22.09%
Discount rate	15.41%	15.41%	15.41%	15.41%	15.41%	15.41%

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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 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. 0428 Jonhon Optron 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 10 March 2026, which was based on the condition at 31 December 2025, 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 RMB340,000,000, the carrying value of the asset group was RMB39,730,000, the consolidated goodwill of JONHON was RMB9,140,000, the goodwill of minority shareholders was RMB8,790,000, and the carrying value of the asset group including goodwill was RMB57,660,000. The recoverable amount of the asset group, including goodwill, exceeded its book value by RMB282,340,000. Therefore, the goodwill formed upon consolidation of Shenzhen Xiangtong Photoelectric Technology Co., Ltd. was not impaired at the end of 2025.

The major assessment assumptions are as follows:

Major basic assumptions	2026	2027	2028	2029	2030	Perpetuity
Revenue growth rate	10.78%	9.20%	6.08%	4.25%	3.00%	0.00%
Gross profit margin	40.49%	41.01%	41.15%	41.22%	41.14%	41.14%
Discount rate	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%



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(All amounts in these notes 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 (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)

- ④ According to Asset Appraisal Report on the Recoverable Amount 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 (2026) No. XAV1025) 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 RMB40,030,000, including the carrying value of the asset group (including goodwill) was RMB31,100,000. 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 RMB8,930,000. Therefore, no impairment provision for goodwill was required in the current period.

The major assessment assumptions are as follows:

Major basic assumptions	2026	2027	2028	2029	2030	Perpetuity
Revenue growth rate	5.00%	5.00%	5.00%	5.00%	5.00%	0.00%
Gross profit margin	10.02%	11.39%	13.63%	14.20%	14.75%	12.68%
Discount rate	15.60%	15.60%	15.60%	15.60%	15.60%	15.60%

- ⑤ 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 as of the end of 2023.

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(All amounts in these notes 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 (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)

- ⑥ 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) for the Purpose of Financial Report (Zhong He Ping Bao Zi (2026) No. XAV1052) issued by Zhong He 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 RMB24,700,000, and the carrying value of the asset group (including goodwill) was RMB15,750,000. 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 RMB8,950,000. Therefore, no impairment provision for goodwill was required in the current period.

The major assessment assumptions are as follows:

Major basic assumptions	2026	2027	2028	2029	2030	Perpetuity
Revenue growth rate	-1.52%	67.36%	24.49%	15.40%	11.97%	0.00%
Gross profit margin	2.05%	4.10%	4.32%	4.57%	4.73%	4.77%
Discount rate	11.73%	11.73%	11.73%	11.73%	11.73%	11.73%

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	97,964,315	32,949,112	36,198,083	1,368,876	93,346,468
Technical transformation project	28,165		28,165		
Others	5,889,031	992,987	2,046,520	940,741	3,894,757
Total	103,881,511	33,942,099	38,272,768	2,309,617	97,241,225

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1 January 2025 to 31 December 2025

(All amounts in these notes 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	4,134,810,359	621,427,946	3,583,250,880	540,034,960
Estimated liabilities	333,951,308	50,092,696	330,972,943	49,645,942
Employee compensation payable	8,411,241	1,261,686	15,834,374	2,375,156
Share-based payment	342,180,497	51,327,075	795,398,636	119,309,795
Changes in fair value of other equity instrument investments	403,875,326	76,863,428	173,527,761	32,346,965
Deductible losses	2,157,388,138	326,998,202	720,475,484	108,101,866
Lease liabilities	254,633,722	42,626,455	503,529,630	76,586,039
Others	637,313,328	95,239,426	519,850,504	77,556,088
Total	8,272,563,919	1,265,836,914	6,642,840,212	1,005,956,811

(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	2,568,898,995	385,334,849	1,300,461,836	195,035,243
Changes in fair value of other equity instrument investments	2,377,844,114	543,221,471	2,154,523,908	488,735,844
Changes in fair value of financial instruments held for trading	9,892,833	2,473,208	4,144,031	1,036,012
Assets appraisal appreciation	26,839,946	4,699,627	28,649,946	4,999,793
Right-of-use assets	234,099,528	39,044,593	478,328,387	72,982,659
Total	5,217,575,416	974,773,748	3,966,108,108	762,789,551

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(All amounts in these notes 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 (Continued)

(3) Details of unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	626,723,836	481,957,661
Deductible loss	1,855,501,696	1,963,836,600
Total	2,482,225,532	2,445,794,261

(4) The deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	Closing balance	Opening balance	Note
2025		51,263,794	
2026	2,624,109	49,714,968	
2027	59,672,587	61,104,442	
2028	217,789,310	218,703,568	
2029	156,707,985	115,931,709	
2030	225,805,970	261,019,744	
2031	42,511,158	6,469,884	
2032	182,625,038	348,776,480	
2033	187,457,234	103,783,029	
2034	452,840,140	747,068,982	
2035	327,468,165		
Total	1,855,501,696	1,963,836,600	

23. Other non-current assets

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract assets	33,842,184	101,527	33,740,657	56,368,830	169,106	56,199,724
Prepaid equipment fees	576,263,979		576,263,979	478,199,036		478,199,036
Prepaid construction fees	83,424,504		83,424,504	121,056,848		121,056,848
Prepaid investment fees	23,783,673		23,783,673			
Total	717,314,340	101,527	717,212,813	655,624,714	169,106	655,455,608



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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	11,693,807,728	9,031,171,658
Secured borrowings	151,280,681	315,116,499
Guaranteed borrowings		
Total	11,845,088,409	9,346,288,157

Note: There were no overdue short-term borrowings at the end of the year.

25. Notes payable

(1) Classification of notes payable

Category	Closing balance	Opening balance
Banker's acceptance bill	7,633,854,595	7,622,243,602
Commercial acceptance bill	4,741,491,026	5,001,034,545
Total	12,375,345,621	12,623,278,147

(2) Ageing of notes payable

The ageing of the Group's notes payable at the end of the year mentioned above was within six months.

26. Accounts payable

(1) Presentation of accounts payable

Item	Closing balance	Opening balance
Materials costs payable	43,211,252,791	38,932,470,839
Construction costs payable	4,207,696,988	3,976,416,871
Equipment costs payable	1,387,529,498	1,187,299,654
Others	2,288,847,988	1,806,005,885
Total	51,095,327,265	45,902,193,249

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

26. Accounts payable (Continued)

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

Ageing	Closing balance	Opening balance
Within 1 year (including 1 year)	40,215,657,115	39,087,143,580
1-2 years (including 2 years)	7,562,051,396	4,717,965,470
2-3 years (including 3 years)	1,966,832,982	772,097,146
Over 3 years	1,350,785,772	1,324,987,053
Total	51,095,327,265	45,902,193,249

(3) *Important accounts payable aged over 1 year*

Name of the company	Closing balance	Reasons for outstanding or carry-over
Company 1	205,998,525	The contract has not been fully settled
Company 2	201,375,308	The contract has not been fully settled
Company 3	182,400,389	The contract has not been fully settled
Company 4	178,169,213	The contract has not been fully settled
Company 5	162,536,388	The contract has not been fully settled
Company 6	146,118,298	The contract has not been fully settled
Company 7	143,645,718	The contract has not been fully settled
Company 8	142,274,334	The contract has not been fully settled
Company 9	134,715,463	The contract has not been fully settled
Company 10	124,720,000	The contract has not been fully settled
Total	1,621,953,636	–

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

27. Advances

Item	Closing balance	Opening balance
Advance rent	15,587,496	25,221,608
Others	35,336,323	27,059,309
Total	50,923,819	52,280,917

28. Contract liabilities

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Aviation entire aircraft	5,049,622,892	6,063,237,084
Aviation ancillary system and related business	3,764,010,963	7,679,145,649
Aviation engineering services	2,065,205,172	2,035,384,286
Total	10,878,839,027	15,777,767,019

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

Item	Amount changed	Reasons for change
Aviation entire aircraft	-1,013,614,192	Orders were delivered gradually
Aviation ancillary system and related business	-3,915,134,686	Orders were delivered gradually
Aviation engineering services	29,820,886	
Total	-4,898,927,992	-

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

29. 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	3,400,035,300	16,040,586,749	16,345,590,350	3,095,031,699
Post-employment welfare-defined contribution plan	78,280,996	2,300,238,365	2,338,318,894	40,200,467
Dismission	7,621,787	24,967,185	25,565,974	7,022,998
Other benefits due within one year		186,276,650	84,096,650	102,180,000
Total	3,485,938,083	18,552,068,949	18,793,571,868	3,244,435,164

(2) Short-term compensation

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Salary, bonus, allowance and subsidy	2,396,234,537	11,735,656,334	12,110,372,996	2,021,517,875
Employee benefit	2,395,201	942,883,806	942,883,806	2,395,201
Social insurance premium	53,522,851	922,677,719	924,577,113	51,623,457
Including: Medical insurance premium	49,224,678	839,127,665	842,410,767	45,941,576
Work-related injury insurance premium	4,100,488	72,997,119	71,603,252	5,494,355
Maternity insurance premium	197,685	10,552,935	10,563,094	187,526
Housing provident fund	53,093,353	1,484,090,375	1,494,573,229	42,610,499
Union funds and staff education fund	890,977,823	421,677,886	339,815,942	972,839,767
Other short-term compensation	3,811,535	533,600,629	533,367,264	4,044,900
Total	3,400,035,300	16,040,586,749	16,345,590,350	3,095,031,699

(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.

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

29. Employee compensation payable (Continued)

(3) Defined contribution plan (Continued)

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	15,255,181	1,656,374,048	1,656,873,804	14,755,425
Unemployment insurance	10,717,258	65,687,563	65,825,138	10,579,683
Annuity payments	52,308,557	578,176,754	615,619,952	14,865,359
Total	78,280,996	2,300,238,365	2,338,318,894	40,200,467

The Group has a contribution fee of RMB2,300,238,365 (2024: RMB2,177,151,150) payable to the participating defined contribution plans for the current year. As at 31 December 2025, the Group had RMB40,200,467 (31 December 2024: RMB78,280,996) 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 2024 and 2025, 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.

30. Tax payable

Item	Closing balance	Opening balance
Value-added tax	485,701,997	1,381,601,198
Corporate income tax	272,382,846	178,835,384
Individual Income Tax	92,680,322	95,583,934
City maintenance and construction tax	31,562,018	40,831,213
Education surcharge	23,688,283	29,632,778
Property tax	23,322,619	18,322,624
Land value-added tax	11,520,757	11,520,757
Land use tax	11,221,974	5,566,843
Other taxes and fees	15,018,404	10,729,500
Total	967,099,220	1,772,624,231

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

31. Other payables

Item	Closing balance	Opening balance
Dividends payable	70,856,910	61,485,432
Other payables	2,198,572,660	2,568,306,882
Total	2,269,429,570	2,629,792,314

31.1 Dividends payable

Item	Closing balance	Opening balance
Dividends on ordinary shares	70,856,910	61,485,432
Total	70,856,910	61,485,432

Note: There was no significant dividends payable outstanding for more than one year at the end of the year.

31.2 Other payables

(1) Classification of other accounts payable by nature

Nature of amount	Closing balance	Opening balance
Stock repurchase amounts payable	449,021,339	
Intercourse funds	296,513,418	318,088,815
Receivables and payables on behalf of other parties	289,816,000	193,059,529
Payables on behalf of employee	263,407,288	344,387,441
Pre-refund	166,832,180	
Party organization funds	113,384,936	69,040,137
Security and deposit	105,259,830	90,996,440
Outstanding fees	76,586,799	66,824,137
Housing maintenance fund	22,360,352	31,857,644
Amounts due to third parties for project funds advanced	20,458,400	162,595,585
Restricted stock repurchase obligations and stock dividend		909,497,741
Pension provision		7,982,117
Others	364,932,118	373,977,296
Total	2,198,572,660	2,568,306,882

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

31. Other payables (Continued)

31.2 Other payables (Continued)

(2) Significant other accounts payable aged over one year

Name	Closing balance	Reasons for outstanding or not being carried forward
Company 1	117,601,850	Undue
Company 2	50,005,311	Undue
Company 3	46,290,096	Undue
Company 4	37,445,940	Undue
Company 5	11,931,177	Undue
Company 6	10,000,000	Undue
Total	273,274,374	–

32. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	3,847,194,016	2,473,874,138
Long-term payables due within one year	2,789,690	7,548,381
Lease liabilities due within one year	96,168,533	102,921,676
Non-financial institution borrowings due within one year	5,980,000	505,412,969
Estimated liabilities due within one year	20,804,038	
Total	3,972,936,277	3,089,757,164

33. Other current liabilities

Item	Closing balance	Opening balance
Borrowings from other non-financial institutions	449,405,645	337,611,727
Deferred Output VAT	505,656,537	470,495,901
Notes endorsed for transfer without derecognition at the end of the year	291,844,300	245,375,410
Total	1,246,906,482	1,053,483,038

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

34. Long-term borrowings

(1) Classification of long-term borrowings

Category	Closing balance	Opening balance
Credit borrowings	4,402,446,797	5,085,267,863
Guaranteed borrowings	46,000,000	55,000,000
Secured borrowings	24,000,000	24,000,000
Total	4,472,446,797	5,164,267,863

The principal of the above borrowings shall be repaid within the following periods:

Item	Closing balance	Opening balance
Within one year	3,847,194,016	2,473,874,138
More than one year after the balance sheet date, but not more than two years	2,943,216,797	4,269,067,863
More than two years after the balance sheet date, but not more than five years	1,385,230,000	816,200,000
More than five years after the balance sheet date	144,000,000	79,000,000
Less: amounts due within one year under current liabilities	3,847,194,016	2,473,874,138
Amount under non-current liabilities	4,472,446,797	5,164,267,863

Note 1: The interest rate range of the Group's long-term borrowings at the end of the year was 1.08% to 2.73% (1.08% to 3.85% 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. 65.

Notes to the Financial Statements

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

35. Lease liabilities

Item	Closing balance	Opening balance
Lease payment	551,917,087	627,140,242
Less: Unrecognized financing costs	103,347,979	123,610,612
Reclassification to leasing liabilities due within one year	96,168,533	102,921,676
Total	352,400,575	400,607,954

Note: The Group's cash flow payments for other leases except for short-term and low-value leases in the current year totaled RMB148,149,362.

The carrying amounts of the above lease liabilities shall be repaid within the following periods:

Item	Closing balance
Within one year	96,168,533
More than one year after the balance sheet date, but not more than two years	110,426,111
More than two years after the balance sheet date, but not more than five years	122,364,570
More than five years after the balance sheet date	119,609,894
Total	448,569,108
Less: lease liabilities due within one year under current liabilities	96,168,533
Lease liabilities under non-current liabilities	352,400,575

36. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	31,041,083	38,030,626
Special payables	-502,137,775	-956,229,967
Total	-471,096,692	-918,199,341

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

36. Long-term payables (Continued)

36.1 Long-term payables

(1) Classification of long-term payables by nature

Nature of the amount	Closing balance	Opening balance
Financial leasing	2,789,690	5,969,755
Less: Unrecognized financing costs		
Others	31,041,083	39,609,252
Less: long-term payables due within one year	2,789,690	7,548,381
Total	31,041,083	38,030,626

(2) The carrying amounts of the long-term payables shall be repaid within the following periods

Category	Closing balance	Opening balance
Within one year	2,789,690	7,548,381
More than one year after the balance sheet date, but not more than two years	2,081,083	5,280,626
More than two years after the balance sheet date, but not more than five years	28,960,000	32,750,000
More than five years after the balance sheet date		
Less: long-term payables due within one year under current liabilities	2,789,690	7,548,381
Amounts under non-current liabilities	31,041,083	38,030,626

36.2 Special payables

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Research fees	-3,116,290,526	3,488,220,816	3,298,310,293	-2,926,380,003
Technical renovation infrastructure project	2,131,691,263	404,205,789	149,243,311	2,386,653,741
Allocations for water, electricity, heating and property management	13,739,136			13,739,136
Other projects	14,630,160	18,625,448	9,406,257	23,849,351
Total	-956,229,967	3,911,052,053	3,456,959,861	-502,137,775

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

37. 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	1,467,138,336	1,798,311,937
Dismission welfare	17,113,498	19,413,032
Total	1,484,251,834	1,817,724,969

(2) Changes in the defined benefit plan-the present value of the obligations of the defined benefit plan

Item	Amount in the current year	Amount in the previous year
I. Opening balance	1,798,311,937	1,778,640,763
II. Defined benefit cost included in current profit and loss	-4,390,883	36,754,892
1. Current service cost	-18,791,579	-5,332,380
2. Past service cost	170,000	200,000
3. Settlement gains (losses are indicated by "-")		
4. Net interest	14,230,696	41,887,272
III. Defined benefit cost included in other comprehensive income	-13,295,443	-67,258,664
1. Actuarial gains (losses are indicated by "-")	-13,295,443	-67,258,664
2. Return on plan assets		
IV. Other changes	-313,487,275	50,174,946
1. Consideration paid at settlement		
2. Benefits paid	-128,987,807	-116,722,845
3. Provision for reserve fee	-184,499,468	-30,344,000
4. Disposal of subsidiaries		
5. Reclassification		197,241,791
V. Closing balance	1,467,138,336	1,798,311,937

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1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

37. 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	1,798,311,937	1,778,640,763
II. Defined benefit cost included in current profit and loss	-4,390,883	36,754,892
III. Defined benefit cost included in other comprehensive income	-13,295,443	-67,258,664
IV. Other changes	-313,487,275	50,174,946
V. Closing balance	1,467,138,336	1,798,311,937

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:

the discount rate to determine the defined benefit obligation: 1.25%-1.75%;

mortality rate: China Life Insurance Mortality Table (2010-2013);

supplemental/extra-integrated medical benefits annual growth rate: 6.00%-8.00%;

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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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

38. Estimated liabilities

Item	Closing balance	Opening balance
Product quality assurance	305,931,601	377,333,512
Pending onerous contract	3,570,061	
Others	9,739,032	390,446
Total	319,240,694	377,723,958

39. 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	1,186,686,302	143,471,570	142,345,745	1,187,812,127	Government grants
Additional deduction of value-added tax	4,638,906	2,055,070	6,693,976		
Total	1,191,325,208	145,526,640	149,039,721	1,187,812,127	-

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

39. 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	367,503,141		14,627,782				352,875,359	Asset-related
Subsidies for a post-disaster reconstruction project	238,708,174		10,427,363				228,280,811	Asset-related
Special funds for park construction allocated by the Development and Reform Bureau of an Economic and Technological Development Zone	54,224,440	10,460,000	3,196,076				61,488,364	Asset-related
Special funds for central enterprises to enter Hebei and special funds for industrial development	55,837,500		2,500,000				53,337,500	Asset-related
Project of Nanchang Aviation Industry City construction and development of large aircraft	38,774,548		1,036,053				37,738,495	Asset-related
Relocation compensation subsidy	36,142,763		2,409,518				33,733,245	Asset-related
Government grants for land in the Lvmeng New District	34,559,673		842,919				33,716,754	Asset-related
112G high-speed connector industrialization project	17,820,541	22,950,000	8,756,915				32,013,626	Asset-related
High Speed Connector Project (Research and development and industrialization project of a connector)	36,289,745		7,406,404				28,883,341	Asset-related
Underwater plugging and unplugging of optoelectronic mixers	21,475,596		2,718,766				18,756,830	Asset-related
Industrial development funds	17,587,505		1,954,166				15,633,339	Income-related
Construction cost of Hafei Pingfang Airport funded by Harbin Pingfang District Industrial Information Technology Bureau	3,000,000	12,000,000					15,000,000	Asset-related
Aviation pipeline specialization project	12,800,000						12,800,000	Asset-related
High-precision Multi-media Rotary Connector Technology Breakthrough and Industrialization Project		11,420,000	363,220				11,056,780	Asset-related
Land grant subsidies	11,178,949		338,756				10,840,193	Asset-related
Subsidy received from Department of Economy and Information Technology of Sichuan Province for XX Project		12,010,000	1,201,000				10,809,000	Income-related
MIIT project	14,057,174		3,582,916				10,474,258	Asset-related

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

39. 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								
Special funds for development	10,648,000		546,000				10,102,000	Asset-related
Kaitong relocation compensation	9,648,360		444,984				9,203,376	Asset-related
Special fund subsidy for gymnasium	8,808,333		700,000				8,108,333	Asset-related
An Electric Vehicle Powertrain System Construction Project under a High-tech Industrial Park Electric Vehicle Powertrain System (Phase I) Project	7,755,667		212,000				7,543,667	Asset-related
A capacity expansion project	7,250,450		1,000,000				6,250,450	Asset-related
Rail transit equipment production projects	5,478,308		432,447				5,045,861	Asset-related
A Provincial Industry-guided Economic Fund	5,000,000						5,000,000	Asset-related
Special funds for high-quality development of provincial manufacturing industry	5,096,240		1,096,755				3,999,485	Asset-related
Special funds for the development of southern Shaanxi cycle project subsidies	4,318,150		909,096				3,409,054	Asset-related
A research security funds	6,889,651		3,500,000				3,389,651	Asset-related
Lanzhou City coal-to-gas boiler subsidies	2,191,199		1,075,000				1,116,199	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
High-performance cable industrialization project	3,985,098		3,985,098					Asset-related
Enterprise Technology Center award	2,539,034		2,539,034					Income-related
Subsidies for innovative capacity building	2,539,034		2,539,034					Income-related
Others	137,609,029	74,631,570	55,034,443				157,206,156	Asset/Income- related
Total	1,186,686,302	143,471,570	142,345,745				1,187,812,127	

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

40. Other non-current liabilities

Item	Closing balance	Opening balance
Contract liabilities	805,380,470	714,944,853
Proposed debt-to-equity borrowings	83,840,000	83,840,000
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
Total	956,688,208	866,252,591

41. Share capital

Item	Opening balance	Increase and decrease in change for the year (+, -)					Subtotal	Closing balance
		Issuance of new shares	Bonus issue	Conversion from reserves	Other			
Total shares	7,972,854,242						7,972,854,242	

42. Capital reserves

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Share capital premium	2,284,613,307			2,284,613,307
Other capital reserves	12,079,585,327	186,472,105	547,429,886	11,718,627,546
Total	14,364,198,634	186,472,105	547,429,886	14,003,240,853

Note 1: The unlocking of the second batch of the phase III of the Restricted Share Incentive Scheme of JONHON, a subsidiary of the Company, resulted in an increase in other capital reserves by RMB109,693,662.

Note 2: The failure of the third batch of the phase III of the Restricted Share Incentive Scheme and the amortization of restricted shares of JONHON, a subsidiary of the Company, and other related issues resulted in a decrease in other capital reserves by RMB33,124,761.

Note 3: JONHON, a subsidiary of the Company, repurchased shares resulting in a decrease in other capital reserves by RMB55,139,039.

Note 4: The cancellation of restricted shares of the third batch of the phase III of the Restricted Share Incentive Scheme of JONHON, a subsidiary of the Company, resulted in an increase in other capital reserves by RMB76,778,443.

Note 5: The repurchase of shares by AVIC Airborne, a subsidiary of the Company, resulted in a decrease in other capital reserves by RMB32,996,749.

Note 6: The Company's acquisition of 2.34% equity interest in its subsidiary AVICOPTER from Harbin Aircraft, a subsidiary of the Company, and an additional 0.17% equity interest in AVICOPTER from capital market, resulted in a decrease in other capital reserves by RMB422,900,941.

Note 7: The changes in equity of associates accounted for using the equity method during the current period resulted in a decrease in other capital reserves by RMB3,268,396.



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

43. Other comprehensive income

Item	Opening balance	Amount before income tax for the current period	Less: included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Amount for the current year				Attributable to the parent company after tax	Attributable to minority shareholders after tax	Closing balance
				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				
I. Other comprehensive income that cannot be reclassified into profit or loss	422,956,723	78,206,746		12,701,532		10,486,363	26,962,515	28,056,336	449,919,238	
Including: Changes arising from re-measurement of the defined benefit plan	-526,448,089	24,732,045				-3,440,484	29,408,861	-1,236,332	-497,039,228	
Other comprehensive income that cannot be reclassified into profit or loss under the equity method	6,368,677	4,250,243					2,741,776	1,508,467	9,110,453	
Changes in fair value of other equity instrument investments	943,036,135	49,224,458		12,701,532		13,926,847	-5,188,122	27,784,201	937,848,013	
Others										
II. Other comprehensive income reclassified into the profit or loss	26,523,863	2,246,664	1,094,759				-137,320	1,289,224	26,386,543	
Including: Other comprehensive income that can be reclassified into profit or loss under the equity method	4,053	566,305					-11,671	577,976	-7,618	
Translation difference of foreign currency financial statements	26,519,810	1,680,359	1,094,759				-125,649	711,248	26,394,161	
Total other comprehensive income	449,480,586	80,453,410	1,094,759	12,701,532		10,486,363	26,825,195	29,345,560	476,305,781	

44. Special reserves

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Production safety reserves	498,545,247	298,702,316	243,468,689	553,778,874
Total	498,545,247	298,702,316	243,468,689	553,778,874

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

45. Surplus reserves

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Statutory surplus reserve	534,461,130	93,761,600		628,222,730
Total	534,461,130	93,761,600		628,222,730

46. Undistributed profits

Item	Amount in the current year	Amount in the previous year
Balance at the end of last year	10,328,427,841	8,923,873,029
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	10,328,427,841	8,923,873,029
Add: Net profit for the year attributable to owners of the parent company	1,765,126,860	2,187,431,551
Retained earnings carried over from other comprehensive income	12,701,532	1,571,722
Other increase	13,005,830	
Less: Withdrawal of statutory surplus reserve	93,761,600	82,837,288
Dividends payable on ordinary shares	645,801,194	701,611,173
Other decrease		
Balance at the end of the current year	11,379,699,269	10,328,427,841

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 2024 and the resolutions of the annual general meeting held on 21 May 2024 for the year ended 31 December 2023, the Company declared the final dividend for 2023 on the basis of RMB0.088 per share (including tax) to each shareholder, amounting to RMB701,611,173 in aggregate. The Company has paid the above dividends to each shareholder in June 2024. ② Pursuant to the resolution of meeting of the Board held on 28 March 2025 and the resolution of the annual general meeting held on 20 May 2025 for the year ended 31 December 2024, the Company declared a final dividend for 2024 on the basis of RMB0.081 (including tax) per share to each shareholder, amounting to RMB645,801,194 in aggregate. The Company has paid the above dividends to each shareholder in June 2025.



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

47. 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	88,158,655,091	70,940,343,688	85,690,334,349	67,170,987,740
Other businesses	1,283,593,626	1,057,535,658	1,280,429,817	951,469,950
Total	89,442,248,717	71,997,879,346	86,970,764,166	68,122,457,690

(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	28,552,041,204	48,754,489,567	9,836,135,273	87,142,666,044
Other regions		2,299,275,018	307,655	2,299,582,673
By contract type				
Including: Sales contract	28,552,041,204	48,723,384,370	1,324,632,978	78,600,058,552
Service contract		2,330,380,215	8,511,809,950	10,842,190,165
By time of goods transfer				
Including: Performance in a period of time	28,219,040,710	233,942,017	8,247,851,276	36,700,834,003
Performance at a point in time	333,000,494	50,819,822,568	1,588,591,652	52,741,414,714
Total	28,552,041,204	51,053,764,585	9,836,442,928	89,442,248,717

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

47. 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 2025 included an amount of RMB10,816,184,468 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 RMB29,273,700,112, of which RMB27,553,253,289 is expected to be recognized as revenue in 2026.



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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

48. Taxes and surcharges

Item	Amount for the current year	Amount for the previous year
Property tax	157,018,823	112,674,911
Land use tax	155,170,239	33,348,118
City maintenance and construction tax	153,438,657	210,334,272
Education surcharge	111,217,886	152,706,040
Stamp duties	45,923,200	46,511,686
Land value-added tax	14,209,105	
Resource tax	1,029,795	2,208,187
Vehicle usage tax	420,615	478,868
Others	4,420,069	4,332,833
Total	642,848,389	562,594,915

49. Selling expenses

Item	Amount for the current year	Amount for the previous year
Employee compensation	437,741,236	458,672,890
Business travel costs	126,310,447	124,544,229
Sales service charges	91,231,928	107,067,913
Office fees	24,640,831	22,165,476
Storage and custody fees	23,408,394	16,974,381
Advertising, promotion and exhibition expenses	12,693,073	26,669,554
Depreciation and amortization costs	11,967,652	6,972,107
Tender fees	4,732,356	7,312,636
Transportation costs	3,326,137	7,238,441
Packaging fees	2,227,917	3,837,811
Others	52,798,706	76,767,546
Total	791,078,677	858,222,984

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

50. Administrative expenses

Item	Amount for the current year	Amount for the previous year
Employee compensation	3,208,854,761	3,275,624,656
Depreciation and amortization costs	603,214,014	553,671,766
Office and utilities expenses	195,762,432	166,760,596
Property fees and afforestation fees	117,382,272	102,071,795
Maintenance and repair costs	115,031,653	109,320,408
Business travel costs	95,929,733	119,155,991
Professional service fees	78,245,409	87,843,709
Business entertainment expenses	62,618,564	95,015,658
Labor protection costs	50,301,288	52,183,028
Rental	49,190,136	43,192,214
Publicity expenses	28,898,630	28,863,714
Insurance premium	19,893,007	21,276,975
Conference expenses	19,266,526	24,352,462
Audit fees	12,660,756	8,321,046
Including: Annual audit fees	2,270,000	2,270,000
Amortization of equity incentives in the current period	-61,801,182	233,781,270
Others	319,131,810	309,987,775
Total	4,914,579,809	5,231,423,063

51. Research and development expenses

Item	Amount for the current year	Amount for the previous year
Employee compensation	2,621,464,401	2,653,955,468
Materials expenses	1,622,323,160	2,092,617,540
Experimental and special fees	665,424,534	426,331,408
Outsourcing fees	591,565,565	570,047,001
Depreciation and amortization costs	186,649,319	206,556,589
Transportation and business travel costs	184,492,703	146,157,958
Administrative expense	138,596,324	144,106,700
Power and fuel expenses	60,768,703	70,288,556
Design fees	18,332,678	13,354,343
Amortization of equity-based incentives	-28,549,127	132,340,704
Others	94,307,053	205,155,884
Total	6,155,375,313	6,660,912,151



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

52. Finance costs

Item	Amount for the current year	Amount for the previous year
Interest expenses	430,055,985	429,442,223
Less: Interest incomes	327,497,798	464,977,856
Less: Interest capitalized	12,065,100	5,314,550
Add: Exchange gains or losses	-5,672,949	-20,281,360
Add: Other expenditures	33,425,787	46,624,975
Total	118,245,925	-14,506,568

53. Other income

Sources of other income	Amount for the current year	Amount for the previous year
Value-added tax credit	566,861,835	473,605,127
Science and technology innovation awards for enterprise	44,166,797	7,144,453
National major science and technology project	43,008,948	92,889,313
Financial allocations	27,699,689	22,624,288
Business assist and employment stabilization subsidies	26,015,092	39,562,146
Production line maintenance subsidies	18,460,000	18,950,000
Technical transformation	17,102,400	1,295,731
Subsidies for research and development expenses	13,341,312	5,282,554
Government relocation compensation	12,471,040	17,821,040
MIIT project	11,800,000	2,000,000
Value-added tax instant refund	11,150,073	24,412,578
Subsidies for the reconstruction project	10,427,363	10,497,799
Refund of individual tax handling fee	8,184,663	7,276,241
High-tech allowance	6,700,784	13,815,260
Connector research and industrialization project subsidies	3,985,099	5,977,648
Special subsidies for scientific research funds	1,888,640	3,251,562
Land compensation	1,878,971	
Subsidies of boiler retrofitting	1,145,000	
Production capacity improvement project		5,496,356
Subsidies for other projects	101,149,600	88,902,494
Total	927,437,306	840,804,590

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

54. Investment income

Item	Amount for the current year	Amount for the previous year
Long-term equity investment incomes calculated at equity method	287,471,261	306,830,358
Investment income from disposal of long-term equity investments	-3,522,376	362,797
Investment income from holding financial assets held for trading	34,563	
Investment income from disposal of financial assets held for trading	42,744,434	57,440,921
Dividend income from holding other equity instrument investments	23,570,554	53,803,062
Gain on debt restructuring	73,672,921	17,681,679
Gain on derecognition of financial assets measured at amortized cost	-2,454,167	-6,599,098
Others	32,237,117	31,955,768
Total	453,754,307	461,475,487

Note: Gain on debt restructuring is the cash discounts gain obtained by the Company on settlement of payment for the supply payment.

55. 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	17,621,905	7,901,755
Including: Gain from changes in fair value of derivative financial instruments		
Other non-current financial assets	122,107	6,302
Financial liabilities held for trading		-2,751,645
Total	17,744,012	5,156,412



Notes to the Financial Statements

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

56. Credit impairment loss

Item	Amount for the current year	Amount for the previous year
Loss on bad debts of accounts receivable	-510,367,698	-356,415,749
Loss on bad debts of notes receivable	-40,368,877	-8,080,964
Loss on bad debts of other receivables	6,130,496	-7,000,206
Others	-381,248	931,646
Total	-544,987,327	-370,565,273

57. Assets impairment loss

Item	Amount for the current year	Amount for the previous year
Inventory depreciation loss and contract performance cost impairment losses	-372,146,854	-367,333,622
Contract asset impairment losses	-32,534,672	-37,033,417
Others	-1,467,427	-39,696,337
Total	-406,148,953	-444,063,376

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

58. Income from assets disposal

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	97,056,351	-90,955	97,056,351
Including: Income from disposal of non-current assets classified as held-for-sale		-27,085	
Including: Income from disposal of fixed assets		-27,085	
Including: Income from disposal of non-current assets not classified as held-for-sale	97,056,351	-63,870	97,056,351
Including: Income from disposal of fixed assets	44,095,942	-462,675	44,095,942
Income from disposal of intangible assets	46,294,548	398,805	46,294,548
Income from disposal of other assets	6,665,861		6,665,861
Total	97,056,351	-90,955	97,056,351

59. 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	3,482,768	2,816,503	3,482,768
Government grants irrelevant to the daily business operations		34,230	
Unpayable payments	25,867,238	15,783,758	25,867,238
Income from compensation, liquidated damages and fines	78,220,261	73,568,422	78,220,261
Liquidation income	235,396		235,396
Others	2,459,683	11,693,480	2,459,683
Total	110,265,346	103,896,393	110,265,346

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

59. Non-operating income (Continued)

(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
Total		34,230	–	–

60. 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	19,207,202	17,116,765	19,207,202
External donation expenditure	2,496,577	3,615,749	2,496,577
Expenses on compensation, liquidated damages and fines	103,051,933	27,466,846	103,051,933
Others	4,928,113	5,939,857	4,928,113
Total	129,683,825	54,139,217	129,683,825

Notes to the Financial Statements

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

61. 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	562,407,077	437,279,267
Deferred income tax expenses	-57,564,928	-99,595,876
Total	504,842,149	337,683,391

(2) Adjustment process of accounting profits and income tax expenses

Item	Amount for the current year
Total consolidated profit before tax for the year	5,347,678,475
Income tax expenses at statutory/applicable rates	1,336,919,619
The impact of different tax rates applied to subsidiaries	-439,568,129
The impact of adjustments to income taxes in previous periods	109,259,129
The impact of non-taxable revenue	-102,296,027
The impact of non-deductible costs, expenses and losses	74,521,347
The impact of deductible losses on the use of deferred income tax assets not recognized in previous periods	-109,510,675
The impact of deductible temporary differences or deductible losses on deferred income tax assets not recognized in the current year	170,680,223
Tax effect of surplus deduction	-512,953,729
Others	-22,209,609
Income tax expenses	504,842,149

62. Other comprehensive income

For details, please refer to the relevant content of Note VI. 43. Other comprehensive income.



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

63. 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	2,282,011,357	2,769,504,006
Intercourse funds	670,303,047	593,731,566
Government grants income	365,531,121	214,452,835
Security deposit	310,066,338	433,873,446
Financial interest income	302,427,103	370,142,194
Other operating income	65,467,407	61,721,730
Income from compensation, liquidated damages and fines	12,834,114	2,708,315
Others	132,682,809	665,371,931
Total	4,141,323,296	5,111,506,023

2) Other cash paid related to operating activities

Item	Amount for the current year	Amount for the previous year
Expenses for each item	1,662,768,518	1,605,804,592
Intercourse funds	1,338,546,234	1,133,686,809
Guarantee deposit and security deposit	405,577,577	491,459,563
Overall cost of employees who officially retired	141,111,289	143,406,186
Fines and compensation expenses	33,971,041	523,281
Others	880,183,605	1,180,449,964
Total	4,462,158,264	4,555,330,395

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	4,600,000,000	7,800,000,000
Redemption of term deposits upon maturity	473,586,250	1,705,763,670
Receipt of infrastructure project appropriation	9,759,329	112,626,887
Others	201,031,739	109,090,000
Total	5,284,377,318	9,727,480,557

Notes to the Financial Statements

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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

63. Items of cash flow statement (Continued)

(1) Other cash received/paid related to operating/investing/financing activities (Continued)

4) Other cash paid related to investment activities

Item	Amount for the current year	Amount for the previous year
Payment for purchase of structured deposits	4,250,000,000	10,450,000,000
Term deposits		866,793,557
Project warranty		20,422,343
Others	323,199	32,951,296
Total	4,250,323,199	11,370,167,196

5) Other cash received related to financing activities

Item	Amount for the current year	Amount for the previous year
Borrowings from non-financial institutions	261,300,000	224,052,879
Special allocation	237,611,605	426,659,242
Notes and letter of credit deposit	41,203,868	3,887,680
Others	999,200	32,366,769
Total	541,114,673	686,966,570

6) Other cash paid related to financing activities

Item	Amount for the current year	Amount for the previous year
Payment for stock repurchase	388,670,143	8,495,025
Repayment of borrowings from non-financial institutions	255,007,885	314,700,751
Financial lease payments	84,373,390	7,351,977
Notes and letter of credit deposit	17,096,433	13,943,976
Lease payments for right-to-use assets	13,410,566	104,351,030
Others	129,969,272	2,887,733
Total	888,527,689	451,730,492



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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

63. 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	4,842,836,326	5,754,450,601
Add: Provision for asset impairment	406,148,953	444,063,376
Credit impairment losses	544,987,327	370,565,273
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of bearer biological assets	2,838,709,652	2,725,379,375
Depreciation of right-of-use assets	124,055,275	104,889,787
Amortization of intangible assets	324,567,746	333,054,942
Amortization of long-term deferred expenses	38,272,768	33,195,391
Losses on disposal of fixed assets, intangible assets and other long-term assets (incomes are listed with "-")	-97,056,351	90,955
Loss on scrapping of fixed assets (incomes are listed with "-")	15,727,334	14,300,262
Losses from changes in fair value (incomes are listed with "-")	-17,744,012	-5,156,412
Financial costs (gains are listed with "-")	416,997,218	429,442,223
Investment losses (incomes are listed with "-")	-453,754,307	-461,475,487
Decrease in deferred tax assets (increase are listed with "-")	-215,063,498	-109,647,256
Increase in deferred tax liabilities (decreases are listed with "-")	157,498,570	11,393,079
Decrease in inventory (increase are listed with "-")	-4,444,311,628	2,115,049,957
Decrease in operating receivable items (increase are listed with "-")	-10,648,491,132	-8,231,729,063
Increase in operating payable items (decreases are listed with "-")	-2,639,623,247	-1,728,711,020
Others	684,906,172	371,321,399
Net cash flow from operating activities	-8,121,336,834	2,170,477,382
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	29,053,961,222	39,334,723,537
Less: opening cash balance	39,334,723,537	37,179,887,375
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	-10,280,762,315	2,154,836,162

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

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

63. 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

AVIC Airborne, a subsidiary of the Company, disposed of its subsidiary Shanghai Hanghao Auto Parts Co., Ltd. (上海航浩汽車零部件有限公司), and received a disposal amount of RMB17,290,000. At the time of disposal, the book value of cash and cash equivalents of Shanghai Hanghao Auto Parts Co., Ltd. amounted to RMB12,409,937. This matter above resulted in an increase of RMB4,880,063 in net cash.

(4) Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	29,053,961,222	39,334,723,537
Including: Cash on hand	235,280	320,569
Bank deposits readily available for payment	29,047,579,653	39,328,269,720
Other monetary funds readily available for disbursement	6,146,289	6,133,248
Cash equivalents		
Cash and cash equivalents balance at the end of the year	29,053,961,222	39,334,723,537

64. 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 Restricted Share Incentive Scheme of its subsidiary JONHON, the repurchase of shares by its subsidiary JONHON, the repurchase of shares by its subsidiary AVIC Airborne, the acquisition of equity interest in AVICOPTER by the Company, and the equity accounting for joint ventures and associates. For details, see Note VI. 42. Capital reserve.

65. Assets with restricted ownership or right to use

Item	Closing book value	Reasons for restriction
Monetary funds	1,357,743,711	For details, see Note VI. 1. Monetary funds
Notes receivable	1,717,106,602	Pledge of notes
Fixed assets	6,848,920	Secured borrowings
Accounts receivable	52,899,315	Factored accounts receivable and discounted letters of credit
Total	3,134,598,548	–



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(All amounts in these notes are presented in RMB, except as otherwise noted)

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

66. Government grants

Category	Amount received in the current year	Presentation items	Amount included in current profit or loss
Government grants included in deferred income	145,526,639	Deferred income	142,345,745
Government grants included in other income	192,201,016	Other income	210,045,063
Government grants included in non-operating income		Non-operating income	
Total	337,727,655	–	352,390,808

67. 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	37,694,159	7.0288	264,944,705
EUR	13,201,547	8.2355	108,721,340
HKD	221,526,172	0.9032	200,082,439
VND	64,415,599,333	0.00027	17,392,212
KWD	447,357	0.0540	24,157
MOP	399,209	0.8763	349,827
THB	199,141,900	0.2225	44,309,073
Accounts receivable			
Including: USD	91,277,544	7.0288	641,571,601
EUR	27,650,671	8.2355	227,717,101
VND	144,922,481,333	0.00027	39,129,070
Other receivables			
Including: USD	220,869	7.0288	1,552,444
Accounts payables			
Including: USD	8,192,933	7.0288	57,586,487
EUR	3,149,816	8.2355	25,940,310
JPY	596,700	0.0448	26,732
THB	73,830	0.2225	16,427
VND	179,840,891,852	0.00027	48,557,041
Other payables			
Including: USD	192,048	7.0288	1,349,867

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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

The Group did not have any business combination under common control during the year.

3. Changes in consolidation scope for other reasons

- 1) Harbin Hafei Aviation Industry Co., Ltd. (哈爾濱哈飛航空工業有限責任公司), a subsidiary of AVICOPTER, a subsidiary of the Company, was cancelled in November 2025.
- 2) The shareholding in Shanghai Hanghao Auto Parts Co., Ltd. (上海航浩汽車零部件有限公司) held by Shanghai Aviation Electric Co., Ltd. (上海航空電器有限公司), a subsidiary of AVIC Airborne, a subsidiary of the Company, was transferred to a third party outside the AVIC in December 2025.
- 3) Shenzhen Xiangtong Optical Technology Co., Ltd. (深圳市翔通光科技有限公司), a subsidiary of JONHON, a subsidiary of the Company, was established in May 2025.

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 (%)		Acquisition method	Remark
						Direct	Indirect		
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 Optron 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	37.07		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	51.07		Business combinations under common control, others	

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(All amounts in these notes 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 (%)		Acquisition method	Remark
						Direct	Indirect		
China Aviation Planning and Design Institute Co., Ltd. (中國航空規劃設計研究總院有限公司)	Beijing	Beijing	Manufacturing	1,050,000,000	Limited Liability Company	100.00		Business combinations under common control	
AviChina Industrial Investment Co., Ltd. (中航科工業投資有限責任公司)	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)有限責任公司)	Jingdezhen, etc	Jingdezhen	Manufacturing	478,821,689	Limited Liability Company		51.07	Business combinations under common control	
Harbin Aircraft Industry Group Co., Ltd. (哈爾濱飛機工業集團有限責任公司)	Harbin	Harbin	Manufacturing	1,571,325,200	Limited Liability Company		51.07	Business combinations under common control	
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責任公司)	Lanzhou	Lanzhou	Manufacturing	828,900,000	Limited Liability Company		16.50	Business combinations under common control	2
Chengdu CAIC Electronics Co., Ltd. (成都鵬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. (蘭州飛行控制有限責任公司)	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責任公司)	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)	Hanzhong	Hanzhong	Manufacturing	700,000,000	Limited Liability Company		13.20	Business combinations under common control	2
Beijing Keeven 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
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

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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		
Chengdu Aviation Mechanical and Electrical Co., Ltd. (成都航昇機電有限公司)	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械有限公司)	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
Guizhou Fenglei Aviation Ordnance Co., Ltd. (貴州風雷航空軍械有限公司)	Anshun	Anshun	Production and manufacturing	304,537,200	Limited Liability Company	16.50		Business combinations under common control	2
Guizhou Fengyang Hydraulic Co., Ltd. (貴州風陽液壓有限公司)	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

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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		
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		18.91	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		17.29	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		37.07	Investment set-up	1
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		24.47	Business combination not involving entities under common control	1
Shenzhen Xiangtong Optical Technology Co., Ltd. (深圳市翔通光科技有限公司)	Shenzhen	Shenzhen	Manufacturing	1,000,000	Limited Liability Company		34.10	Investment set-up	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		37.07	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		24.47	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		14.19	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		17.29	Business combination not involving entities 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		
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		37.07	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		37.07	Business combination not involving entities under common control	1
OFEI (Guangdong) Co., Ltd. (歐斐科思(廣東)有限公司)	Guangzhou	Guangzhou	Manufacturing	100,000,000	Limited Liability Company		37.07	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		37.07	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		37.07	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		37.07	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		39.42	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		20.43	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		51.07	Business combinations under common control	
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		51.07	Business combinations under common control	
Tianjin Helicopter Company Limited (天津直升機有限責任公司)	Tianjin	Tianjin	Manufacturing	803,000,000	Limited Liability Company		51.07	Combinations under common control	
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		51.07	Combinations under common control	
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		51.07	Investment set-up	
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		51.07	Investment set-up	
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

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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		
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.

(2) Important non-wholly owned subsidiaries

Name of subsidiary	Minority shareholding ratio (%)	Profit or loss	Dividends	Balance of
		attributable to minority shareholders in the current year	distributed to minority shareholders in the current year	minority shareholding at the end of the year
Hongdu Aviation	56.23	22,356,959	6,854,931	302,355,019,889
AVIC Airborne	83.50	891,202,185	502,852,827	32,550,231,478
JONHON	62.93	1,366,959,675	1,096,276,569	15,352,372,788
AVICOPTER	48.93	325,827,439	82,117,836	9,015,704,456

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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
2025:				
Current assets	12,285,897,458	64,056,609,989	31,289,441,380	43,588,433,792
Non-current assets	1,727,812,642	19,202,624,749	11,237,955,637	7,949,597,628
Total assets	14,013,710,100	83,259,234,738	42,527,397,017	51,538,031,420
Current liabilities	8,558,216,414	39,941,343,013	15,436,537,350	29,615,437,104
Non-current liabilities	78,381,471	3,475,321,318	953,542,507	4,244,070,658
Total liabilities	8,636,597,885	43,416,664,331	16,390,079,857	33,859,507,762
Operating income	7,449,126,775	24,211,960,384	21,386,059,440	29,086,417,692
Net profit	39,759,841	1,342,701,048	2,349,745,101	595,399,430
Total comprehensive income	51,980,558	1,339,328,605	2,349,529,584	647,841,928
Net cash flows from operating activities	165,279,021	282,546,710	1,561,835,268	-10,776,483,174
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



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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 cancellation of restricted shares by JONHON, a subsidiary of the Company, the Company's shareholding percentage in it increased from 36.76% at the beginning of the period to 37.07%, with corresponding changes in the shareholding percentage in other units affiliated with JONHON.

(2) During the reporting period, the Company's shareholding percentage in AVICOPTER increased from 49.70% at the beginning of the period to 50.90%, resulting from the purchase of 2.34% equity interests in AVICOPTER held by Harbin Aircraft. The subsequent acquisition of AVICOPTER's 0.17% outstanding shares from the secondary capital market resulted in an increase of the Company's shareholding percentage in AVICOPTER from 50.90% to 51.07%.

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 2025/2025	31 December 2024/2024
Joint ventures		
Total book value of investments	449,861,182	457,700,968
Total of the following in proportion to shareholdings		
– Net profit	79,306,762	261,371,280
– Other comprehensive income		
– Total comprehensive income	79,306,762	261,371,280
Associates		
Total book value of investments	1,668,640,991	1,430,509,756
Total of the following in proportion to shareholdings		
– Net profit	208,164,499	688,783,208
– Other comprehensive income	4,816,548	-714,189
– Total comprehensive income	212,981,047	688,069,019

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VIII. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates (Continued)

(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

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.

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IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (Continued)

(I) Risk management objectives and policies (Continued)

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 2025 and 31 December 2024, 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.

Item	31 December 2025	31 December 2024
Monetary funds-USD	37,694,159	28,818,548
Monetary funds-EUR	13,201,547	9,403,411
Monetary funds-GBP		40
Monetary funds-HKD	221,526,172	218,274,063
Monetary funds-MOP	399,209	399,709
Monetary funds-THB	199,141,900	225,368,742
Monetary funds-VND	64,415,599,333	34,944,503,621
Monetary funds-TND	447,357	1,362,705
Accounts receivable-USD	91,277,544	67,903,384
Accounts receivable-EUR	27,650,671	19,913,862
Accounts receivable-CAD		193,017
Accounts receivable-VND	144,922,481,333	104,672,381,862
Accounts receivable-THB		18,775,429
Other receivables-USD	220,869	214,450
Other receivables-EUR		11,180
Other receivables-THB		3,020,480
Other receivables-VND		392,675,966
Accounts payable-USD	8,192,933	4,383,104
Accounts payable-EUR	3,149,816	2,696,337
Accounts payable-JPY	596,700	596,700
Accounts payable-THB	73,830	32,283,468
Accounts payable-VND	179,840,891,852	110,100,640,877
Other payables-USD	192,048	442,713
Other payables-EUR		23,049
Other payables-HKD		546,901

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.

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(All amounts in these notes 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 2025, the Group's interest-bearing debts are mainly RMB denominated floating rate borrowing contracts with an aggregate amount of RMB3,736,402,515 (31 December 2024: RMB2,537,318,323) and RMB-denominated fixed rate contracts with an amount of RMB16,950,225,922 (31 December 2024: RMB15,220,257,226).

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 2025, 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% (2024: 10%) higher or lower, assuming other variables had remained unchanged, the Group's net profit would have increased or decreased by approximately RMB175.66 million (2024: RMB248.30 million) and the Group's net other comprehensive income after tax would increase or decrease by approximately RMB556.70 million (2024: RMB505.02 million).

The Group sells products at market prices and is therefore subject to fluctuations in these prices.



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1 January 2025 to 31 December 2025

(All amounts in these notes 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 2025, 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 ageing 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.

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(All amounts in these notes 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 (Continued)

As of 31 December 2025, the book balances of the related assets and expected credit impairment losses are as follows:

Ageing	Book balances	Impairment provision
Notes receivable	10,739,847,834	175,386,673
Accounts receivable	57,904,514,580	2,537,771,123
Other receivables	547,223,195	95,735,207
Total	69,191,585,609	2,808,893,003

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 2025, the Group's unused bank borrowings amounted to RMB36,119 million (31 December 2024: RMB27,251 million), of which the Group's unused short-term bank borrowings amounted to RMB10,970 million (31 December 2024: RMB12,793 million).



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1 January 2025 to 31 December 2025

(All amounts in these notes 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 2025, 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	30,439,375,940				30,439,375,940
Financial assets held for trading	2,342,175,411				2,342,175,411
Notes receivable	10,739,847,834				10,739,847,834
Accounts receivable	57,904,514,580				57,904,514,580
Other receivables	547,223,195				547,223,195
Long-term receivables					
Financial liabilities					
Short-term borrowings	11,845,088,409				11,845,088,409
Financial liabilities held for trading					
Notes payable	12,375,345,621				12,375,345,621
Accounts payable	51,095,327,265				51,095,327,265
Other payables	2,198,572,660				2,198,572,660
Dividends payable	70,856,910				70,856,910
Interest payable					
Employee compensation payable	3,244,435,164				3,244,435,164
Non-current liabilities due within one year	3,972,936,277				3,972,936,277
Long-term borrowings		2,943,216,797	1,385,230,000	144,000,000	4,472,446,797
Lease liabilities		110,426,111	122,364,570	119,609,894	352,400,575
Long-term payables		2,081,083	28,960,000		31,041,083

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1 January 2025 to 31 December 2025

(All amounts in these notes 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	2025		2024	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
USD	10% appreciation against RMB	71,342,001	71,342,001	55,400,631	55,400,631
USD	10% depreciation against RMB	-71,342,001	-71,342,001	-55,400,631	-55,400,631
EUR	10% appreciation against RMB	26,509,733	26,509,733	7,804,746	7,804,746
EUR	10% depreciation against RMB	-26,509,733	-26,509,733	-7,804,746	-7,804,746
JPY	10% appreciation against RMB	-2,272	-2,272	-2,343	-2,343
JPY	10% depreciation against RMB	2,272	2,272	2,343	2,343
GBP	10% appreciation against RMB			31	31
GBP	10% depreciation against RMB			-31	-31
CAD	10% appreciation against RMB			82,849	82,849
CAD	10% depreciation against RMB			-82,849	-82,849
HKD	10% appreciation against RMB	19,736,212	19,736,212	19,817,521	19,817,521
HKD	10% depreciation against RMB	-19,736,212	-19,736,212	19,817,521	-19,817,521
MOP	10% appreciation against RMB	34,982	34,982	35,914	35,914
MOP	10% depreciation against RMB	-34,982	-34,982	-35,914	-35,914
THB	10% appreciation against RMB	3,764,875	3,764,875	3,654,699	3,654,699
THB	10% depreciation against RMB	-3,764,875	-3,764,875	-3,654,699	-3,654,699
VND	10% appreciation against RMB	796,424	796,424	867,359	867,359
VND	10% depreciation against RMB	-796,424	-796,424	-867,359	-867,359
TND	10% appreciation against RMB	2,053	2,053	6,232	6,232
TND	10% depreciation against RMB	-2,053	-2,053	-6,232	-6,232



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(All amounts in these notes 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	2025		2024	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
Floating-rate borrowings	Increase by 0.5%	-4,207,780	-4,207,780	-3,177,823	-3,177,823
Floating-rate borrowings	Decrease by 0.5%	4,207,780	4,207,780	3,177,823	3,177,823

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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 2025 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

1 January 2025 to 31 December 2025

(All amounts in these notes 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	30,985,822	2,311,189,589		2,342,175,411
1. Financial assets at fair value through profit or loss	30,985,822	2,311,189,589		2,342,175,411
(1) Equity instrument investments	30,985,822			30,985,822
(2) Others		2,311,189,589		2,311,189,589
(II) Receivables financing			1,200,967,879	1,200,967,879
(III) Other equity instrument investments	2,829,208,504	1,329,836,889	206,948,847	4,365,994,240
Total assets continuously measured at fair value	2,860,194,326	3,641,026,478	1,407,916,726	7,909,137,530
(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 measurement				
(I) Held-for-sale assets				
Total assets not continuously measured at fair value				

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.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

X. DISCLOSURE OF FAIR VALUE (Continued)

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.

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.



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1 January 2025 to 31 December 2025

(All amounts in these notes 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	59.63	59.63

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)	205,289,667	255,288,667	2.58	3.20
Total	4,753,970,475	4,803,969,475	59.63	60.25

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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
Subsidiaries of AVIC	Purchasing goods	12,158,464,315	9,224,995,565
Associates of the Group	Purchasing goods	76,309,594	63,842,794
Joint ventures of the Group	Purchasing goods	392,666,725	345,086,526
Associates of AVIC	Purchasing goods	206,685,972	485,583,559
Joint ventures of AVIC	Purchasing goods	3,869,548	6,390,961
Subsidiaries of AVIC	Receiving services	1,321,505,076	1,091,769,461
Associates of AVIC	Receiving services	22,244,501	21,541,087
Associates of the Group	Receiving services	14,872,212	10,629,693
Joint ventures of the Group	Receiving services		452,830
Total	–	14,196,617,943	11,218,121,696



Notes to the Financial Statements

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(All amounts in these notes 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		
Subsidiaries of AVIC	Sales of goods	24,156,909,427	22,832,901,538
Associates of the Group	Sales of goods	107,690,457	118,320,508
Joint ventures of the Group	Sales of goods	2,925,192	14,597,506
Associates of AVIC	Sales of goods	3,003,795	47,489,891
Joint ventures of AVIC	Sales of goods	1,260,727	2,050,968
AVIC	Rendering services	128,986,218	10,529,012
Subsidiaries of AVIC	Rendering services	4,819,227,113	3,878,380,640
Associates of AVIC	Rendering services	9,932,318	
Associates of the Group	Rendering services	6,051,885	71,155,635
Joint ventures of the Group	Rendering services	3,299,367	2,276,279
Total	—	29,239,286,499	26,977,701,977

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(中航機載系統)	AVIC Airborne(中航機載)	Other asset custody	2025/1/1	2025/12/31	Notes 1, 2, 3	22,117,415
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	2025/1/1	2025/12/31	Note 4	12,226,415
Aviation Industry Corporation of China, Ltd. (中國航空工業集團有限公司)	AVIC CAPDI (中航規劃)	Other asset custody	2015/9/30		Note 5	844,717
Total	—	—	—	—	—	35,188,547

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 its 20 subordinate enterprises and institutions 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 0.03% of the audited operating income of the target enterprise for the current year calculated in accordance with the equity ratio entrusted to AVIC Airborne (i.e.: the amount of operating income of a target company for the current year × the equity ratio for trusteeship management × 0.03%); for the units in the target enterprise that recorded losses in the current year, no trustee fee for the current year was charged. The Equity Trusteeship Agreement was effective from 15 July 2025 while the original agreement was abolished.

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XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

2. Related party trustee management (Continued)

- Note 2: According to the Equity Trusteeship Agreement signed between AVIC Airborne Systems and AVIC Airborne, it is agreed that AVIC Airborne Systems shall entrust the management of its 14 subordinate enterprises and institutions 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 (i.e.: the amount of operating income of a target company for the current year × the equity ratio for trusteeship management × 2‰); for the units in the target enterprise that recorded losses in the current year, the trustee fee for the current year is RMB200,000. It was abolished on 14 July 2025, and a new trusteeship agreement took effect on 15 July 2025.
- Note 3: 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 × the equity ratio for trusteeship management × 3‰); for the unit under custody that incurred losses in the current year, the custodial fee for that year is RMB200,000. It was abolished on 14 July 2025, and a new trusteeship agreement took effect on 15 July 2025.
- Note 4: 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 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.

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	1,546,222	319,671
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	895,879	987,589
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	351,014	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	3,023,683
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	10,190,976
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	13,226,573



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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
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	1,492,940	221,947
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	6,140,921	5,924,394
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 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		313,767
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	4,088,568	1,062,801
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	648,899	385,092
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	277,982	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責任公司)	Machinery equipment	1,701,882	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
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	1,148,762	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	1,418,000	355,100
Zhengzhou Aircraft Equipment Co., Ltd. (鄭州飛機裝備有限責任公司)	Zhengzhou Zhengfei Rubber & Plastic Products Co., Ltd. (鄭州鄭飛橡膠製品有限責任公司)	Plant & buildings	162,857	91,200
Total	-	-	46,630,412	41,448,372

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1 January 2025 to 31 December 2025

(All amounts in these notes 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	3,667,066	3,169,527
AVIC International Leasing Co., Ltd. (中航國際融資租賃有限公司)	Machinery equipment	5,004,956	2,440,354
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	4,002,134	4,302,134
Xinxiang Xinhang Electromechanical Technology Co., Ltd. (新鄉市新航機電科技有限公司)	Others		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	309,112
Jingdezhen Changfei Industrial Co., Ltd. (景德鎮昌飛實業有限公司)	Plant & buildings	528,703	264,352
Jingdezhen Changfei Industrial Co., Ltd. (景德鎮昌飛實業有限公司)	Machinery equipment	1,359,497	679,749
Jiangxi Hongdu Aviation Industry Group Co., Ltd. (江西洪都航空工業集團有限責任公司)	Plant & buildings, machinery equipment	23,912,037	17,238,126
Jiangxi Changfei Aviation Service Co., Ltd. (江西昌飛航空服務有限公司)	Plant & buildings, machinery equipment	9,619,266	9,733,945
Harbin Hafei Enterprise Management Co., Ltd. (哈爾濱哈飛企業管理有限責任公司)	Plant & buildings	6,055,046	7,568,807
Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司)	Plant & buildings	1,793,224	1,793,224
Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司)	Land use rights	190,476	90,476
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	-	58,103,321	49,457,837

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(All amounts in these notes 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
AVIC Airborne Systems Co.,Ltd. (中航機載系統股份有限公司)	Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀表有限公司)	35,000,000	2016/3/14	2031/3/13	No
AVIC Airborne Systems Co.,Ltd. (中航機載系統股份有限公司)	Beijing Keeven Aviation Instrument Co., Ltd. (北京青雲航空儀表有限公司)	20,000,000	2015/12/21	2030/12/20	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,386,000	2025/2/26	2026/2/26	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,386,000	2025/3/25	2026/3/25	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	2,924,000	2025/4/2	2026/4/2	No
Qing'an Group Co.,Ltd. (慶安集團有限公司)	Xi'an Qing'an Refrigeration Equipment Co., Ltd. (西安慶安製冷設備股份有限公司)	4,239,800	2025/4/16	2026/4/16	No
Total	-	70,935,800	-	-	-

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)	12,562,081,369	2023/2/23	2028/12/30
Beijing Qingyun Aviation Equipment Co., Ltd. (北京青雲航空設備有限公司)	330,000,000	2025/5/26	2026/12/26
AVIC	280,180,522	2025/12/19	2026/12/18
AVIC Airborne Systems Company Limited (中航機載系統有限公司)	120,090,000	2025/11/30	2026/12/31

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1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(II) Related party transactions (Continued)

6. Key management personnel remuneration

Name of the item	Amount for the current year	Amount for the previous year
Total remuneration	6,017,737	6,546,628

7. Other financial services

(1) Interest income

Type of related party	Amount for the current year	Amount for the previous year
Subsidiaries of AVIC	236,703,070	230,148,758
Total	236,703,070	230,148,758

(2) Interest expense

Type of related party	Amount for the current year	Amount for the previous year
Subsidiaries of AVIC	244,353,824	231,492,807
Total	244,353,824	231,492,807

(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
Total			105,655,078	734,639

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1 January 2025 to 31 December 2025

(All amounts in these notes 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)

(4) Acceptance of notes

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
Total		70,901,194

(5) Factored accounts receivable

Type of related party	Amount for the current year	Amount for the previous year
Subsidiaries of AVIC		152,315,104
Total		152,315,104

(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
Total		19,000,000

8. Sale/acquisition of assets/equity to related parties

None.

9. Connected transactions complied with Hong Kong Listing Rules

All or partial of the related party transactions disclosed on pages 240 to 248 of this annual 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.

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1 January 2025 to 31 December 2025

(All amounts in these notes 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	210		3,217,155	10,838
Accounts receivable	Subsidiaries of AVIC	25,875,808,136	869,606,713	23,794,687,376	825,571,645
Accounts receivable	Associates of the Group	4,369,282	238,539	106,188,579	10,617,002
Accounts receivable	Joint ventures of the Group	2,386,989	31,270	6,402,416	11,057
Accounts receivable	Associates of AVIC	28,682,760	20,216,380	80,268,354	24,076,756
Accounts receivable	Joint ventures of AVIC			2,025,100	49,186
Notes receivable	Subsidiaries of AVIC	3,951,653,152	16,361,615	5,019,258,030	87,942,725
Notes receivable	Associates of the Group			3,000,000	6,060
Notes receivable	Associates of AVIC	556,769	215	12,668,991	726,873
Notes receivable	Joint ventures of AVIC	4,424,654	741,345		
Receivables financing	Subsidiaries of AVIC	135,143,561		87,893,966	
Receivables financing	Associates of the Group	672,181			
Receivables financing	Joint ventures of the Group	32,830		60,772	
Receivables financing	Associates of AVIC			397,760	
Other receivables	AVIC	1,711,519		551,519	
Other receivables	Subsidiaries of AVIC	65,907,794	868,248	46,740,556	3,931,658
Other receivables	Associates of the Group	11,019,961	862,712	1,482,270	748,127
Other receivables	Associates of AVIC	673,520	3,623	52,800,000	52,000,000
Prepayments	AVIC	283,500		283,500	
Prepayments	Subsidiaries of AVIC	827,083,374		1,945,219,615	
Prepayments	Associates of the Group	46,697		25,088,588	
Prepayments	Associates of AVIC	138,699		121,369,652	
Contract assets	AVIC	26,033,551		16,760,509	
Contract assets	Subsidiaries of AVIC	2,961,328,364	4,458,848	2,453,785,812	25,154,670
Contract assets	Associates of the Group			17,237	261
Other non-current assets	Subsidiaries of AVIC	298,327,426		56,368,830	169,106
Total	-	34,196,284,929	913,389,508	33,836,536,587	1,031,015,964

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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	AVIC	6,000,000	
Accounts payable	Subsidiaries of AVIC	10,168,953,651	9,606,204,077
Accounts payable	Associates of the Group	77,497,256	119,062,939
Accounts payable	Joint ventures of the Group	248,169,816	31,778,186
Accounts payable	Associates of AVIC	265,580,611	303,515,322
Accounts payable	Joint ventures of AVIC		1,027,390
Notes payable	Subsidiaries of AVIC	2,018,514,337	983,121,053
Notes payable	Associates of the Group	648,579	18,422,076
Notes payable	Joint ventures of the Group		131,191,181
Notes payable	Associates of AVIC	37,515,393	76,350,063
Notes payable	Joint ventures of AVIC	30,000	838,920
Other payables	AVIC	473,000	1,377,131
Other payables	Subsidiaries of AVIC	221,700,902	94,735,174
Other payables	Associates of the Group	32,109	2,552,448
Other payables	Associates of AVIC	57,800	684,900
Advance receipts	Subsidiaries of AVIC	734,148	33,597,906
Advance receipts	Associates of AVIC	4,404	25,105
Contract liabilities	AVIC	3,097,381	550,613
Contract liabilities	Subsidiaries of AVIC	4,678,664,612	7,307,290,246
Contract liabilities	Associates of the Group	55,125,897	1,769,619
Contract liabilities	Associates of AVIC	3,001,332	1,166,208
Contract liabilities	Joint ventures of AVIC	829,254	804,000
Other current liabilities	Subsidiaries of AVIC	452,589,774	369,396,888
Other non-current liabilities	Subsidiaries of AVIC		94,000,000
Non-current liabilities due within one year	AVIC	9,018,015	
Non-current liabilities due within one year	Subsidiaries of AVIC	129,072,585	1,682,460,053
Total	–	18,377,310,856	20,861,921,498

(IV) Commitment of related parties

None.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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		697,042	151,896	240,388		1,089,326	
Sun Jizhong		825,642	162,695	235,238		1,223,575	
Supervisors							
Guo Guangxin							
Nie Xiaoming							
Kang Yinglei		573,222	123,615	267,893		964,730	
Non-executive directors							
Xu Gang							Resigned on 20 May 2025
Gao Jiming							Appointed as a non-executive Director at the extraordinary Shareholders' meeting on 12 December 2025
Hu Shiwei							
Xu Dongsheng							
Zhou Xunwen							
Liu Weiwu	230,000					230,000	
Mao Fugen	230,000					230,000	
Lin Guiping	230,000					230,000	
Total	690,000	2,095,906	438,206	743,519		3,967,631	

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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		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							Resigned on 19 September 2024
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
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

1 January 2025 to 31 December 2025

(All amounts in these notes 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	7,252,890	6,764,127
Contribution to pension schemes	236,682	207,239
Share-based payment	-728,395	4,581,840
Total	6,761,177	11,553,206

Remuneration range:

Item	Number of people in the current year	Number of people in the previous year
RMB1,000,001 to RMB1,500,000	5	
RMB1,500,001 to RMB2,000,000		
RMB2,000,001 to RMB2,500,000		4
RMB2,500,001 to RMB3,000,000		1
RMB3,000,001 to RMB3,500,000		
RMB3,500,001 to RMB4,000,000		

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

1 January 2025 to 31 December 2025

(All amounts in these notes 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	690,000	777,490
Salaries, allowances and other expenses	3,368,820	3,584,679
Contribution to pension schemes	711,246	688,286
Bonus	1,247,671	1,496,173
Share-based payment		
Total	6,017,737	6,546,628

(VI) Loan of related party

Related Party	Closing balance	Opening balance
Subsidiaries of AVIC	13,294,130,753	13,002,284,618
Total	13,294,130,753	13,002,284,618

(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)	22,282,732,749	28,971,478,262
AVIC Securities Co., Ltd. (中航證券有限公司)	4,747,404	19,205
Total	22,287,480,153	28,971,497,467

Notes to the Financial Statements

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(All amounts in these notes 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 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.

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.



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes are presented in RMB, except as otherwise noted)

XII. SHARE-BASED PAYMENT (Continued)

(1) 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 5th meeting of the Board’s Remuneration and Appraisal Committee for 2025 and the 21st meeting of the seventh session of the Board held on 24 December 2025 and the first extraordinary general meeting of 2026 held on 9 January 2026 by JONHON, it was agreed to repurchase and cancel a total of 843,489 shares under the Restricted Share Incentive Plan held by 95 incentive recipients.

On 1 December 2025, the 20th meeting of the seventh session of the Board and the 4th meeting of the Board’s Remuneration and Appraisal Committee for 2025 of JONHON reviewed and approved the “Proposal on the Achievement of Unlocking Conditions in the Second Unlocking Period of the Company’s Restricted A Share Incentive Plan (Phase III)”, pursuant to which the second batch of unlocked shares under JONHON’s Restricted A Share Incentive Plan (Phase III) was implemented, involving a total of 16,896,945 shares.

On 26 March 2026, the 2nd meeting of the eighth session of the Board of JONHON reviewed and approved the “Proposal on the Failure to Meet the Unlocking Conditions for the Third Unlocking Period of the Company’s Restricted A Share Incentive Plan (Phase III) and the Repurchase and Cancellation of a Portion of Restricted Shares, intending to repurchase and cancel 17,181,264 restricted shares held by 1,400 incentive recipients.

XIII. CONTINGENCIES

As of 31 December 2025, the Group has no material contingencies.

XIV. COMMITMENTS

Capital commitments

Item	Closing balance	Opening balance
Capital commitments		
Including: Fixed assets	408,990,224	66,449,890
Total	408,990,224	66,449,890

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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	530,194,807
Profit or dividends declared after consideration and approval	

Note: The Board recommended the payment of a final dividend for the year 2025 in an aggregate amount of RMB530,194,807, representing a dividend of RMB0.0665 per share (2024: RMB0.081 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 29 May 2026 (the Record Date).

(II) Significant non-adjusting events

None.

(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.

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.



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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

The current year	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	28,552,041,204	51,053,764,585	9,836,442,928		89,442,248,717
Revenue from inter-segment transactions		7,156,024,765	386,490,254	-7,542,515,019	
Investment income from associates and joint ventures	2,328,973	266,579,435	18,562,853		287,471,261
Asset impairment losses and credit impairment losses	-135,856,916	-768,921,296	-50,814,102	4,456,034	-951,136,280
Depreciation and amortization costs	743,217,459	2,394,823,479	62,915,293		3,200,956,231
Profit before tax	606,494,841	4,658,193,780	216,636,002	-133,646,148	5,347,678,475
Income tax expense	42,776,375	445,621,179	7,150,463	9,294,132	504,842,149
Net profit	563,718,466	4,212,572,601	209,485,539	-142,940,280	4,842,836,326
Total assets	61,648,398,178	154,047,351,813	11,042,405,997	-20,135,655,495	206,602,500,493
Total liability	39,286,709,495	65,296,420,476	7,838,234,268	-5,198,516,094	107,222,848,145
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	-102,284,914	-46,548,659			-148,833,573
Long-term equity investment in associates and joint ventures	435,048,988	1,571,418,110	502,657,820		2,509,124,918
Increase in other non-current assets other than long-term equity investments	131,906,365	1,603,271,322	-3,077,096	-149,424,186	1,582,676,405

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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	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

2. The Group has no other significant transactions and events that have an impact on investors' decisions



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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
Less: Impairment provision		1,603,740
Net accounts receivable		

Note: The Company's balance of accounts receivable during the current period was RMB0.

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

The closing balance of the Company's original value of accounts receivable is zero.

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	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	

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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*

The closing balance of the Company's original value of accounts receivable is zero.

Ageing	Opening balance		
	Book balance	Bad debt provision	Provision proportion (%)
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	–



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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

The closing balance of the Company's original value of accounts receivable is zero.

Ageing	Opening balance		Proportion of bad debt provision (%)
	Accounts receivable	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	–

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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)

(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	1,603,740		1,603,740			
Total	1,603,740		1,603,740			

(4) Details of top five accounts receivable with the closing balances classified by the borrowers

The closing balance of accounts receivable for the year was RMB0.

2. Other receivables

Item	Closing balance	Opening balance
Dividends receivable		6,170,962
Other receivables	248,164,332	259,651,013
Total	248,164,332	265,821,975

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

Note: The dividends receivable at the beginning of the current period has been received while the balance of dividends receivable at the end of the current period was RMB0.

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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

(1) Classification of other receivables by nature

Nature of amount	Closing book value	Opening book value
Borrowings	253,303,471	259,703,224
Disbursements	3,669,857	3,669,857
Others	1,289,776	1,291,986
Total	258,263,104	264,665,067

(2) Bad debt provision of other receivables

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the future 12 months	Lifetime expected credit loss (no credit impaired)	Lifetime expected credit loss (credit impaired)	
Opening balance	5,014,054			5,014,054
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	5,084,718			5,084,718
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	10,098,772			10,098,772

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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)

(3) Other receivables listed as per ageing

Ageing	Closing balance	Opening balance
Within 1 year (inclusive)	473,872	259,765,435
1-2 years	252,901,600	1,214,775
2-3 years	1,202,775	
3-4 years		
4-5 years		
Over 5 years	3,684,857	3,684,857
Subtotal	258,263,104	264,665,067
Less: Bad debt provision	10,098,772	5,014,054
Total	248,164,332	259,651,013

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

Category of portfolio	Closing balance			Book value
	Original 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	258,263,104	3.91	10,098,772	248,164,332
Total	258,263,104	3.91	10,098,772	248,164,332

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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 (Continued)

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	264,665,067	1.89	5,014,054	259,651,013
Total	264,665,067	1.89	5,014,054	259,651,013

(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	5,014,054	5,084,718				10,098,772
Total	5,014,054	5,084,718				10,098,772

(6) Details of other receivables classified by the borrowers

Name	Nature of amount	Closing balance	Ageing	Proportion to the total closing balance of other receivables (%)	Closing balance of bad debt provision
Company 1	Borrowings	252,961,600	1-2 years	97.95	10,098,772
Total	-	252,961,600		97.95	10,098,772

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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 value	Book balance	Impairment provision	Book value
Investment in subsidiaries	14,821,064,928		14,821,064,928	14,008,167,212		14,008,167,212
Investment in associates and joint ventures	110,557,806		110,557,806	110,366,816		110,366,816
Total	14,931,622,734		14,931,622,734	14,118,534,028		14,118,534,028

(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
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 Optronic 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		
AVICOPTER PLC (中航直升機股份有限公司)	6,459,940,204	812,897,716		7,272,837,920		
Total	14,008,167,212	812,897,716		14,821,064,928		

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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	Investment profit or loss recognized under equity method	Movement for the year			Closing balance (Book value)
					Adjustment to other comprehensive income	Other changes in equity	Distribution of cash dividend or profit declared	
Associates								
AVIC Rongfu Fund Management Company Limited (中航融富基金管理有限公司)	94,107,548			7,347,222	637,036		8,553,237	93,538,569
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))	16,259,268			759,969				17,019,237
Subtotal	110,366,816			8,107,191	637,036		8,553,237	110,557,806
Total	110,366,816			8,107,191	637,036		8,553,237	110,557,806

4. Operating income and operating cost

Item	Amount for the current year		Amount for the previous year	
	Income	Cost	Income	Cost
Other businesses	619,581	1,314,913	464,686	1,314,913
Total	619,581	1,314,913	464,686	1,314,913

5. Investment income

Item	Amount for the current year	Amount for the previous year
Long-term equity investment income calculated at cost method	924,712,895	788,990,419
Long-term equity investment income calculated at equity method	8,107,191	8,829,175
Investment income from disposal of long-term equity investment		
Investment income from holding financial assets held for trading	4,740,808	23,422,288
Dividend income from holding other equity instrument investments	10,651,420	9,177,203
Investment income from holding other non-current financial assets		
Others		6,170,963
Total	948,212,314	836,590,048

Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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)	77,129,629
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)	213,158,420
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	65,648,681
Gain or loss from entrusting others to invest or manage assets	489,637
Reversal of provision for impairment of receivables individually tested for impairment	489,637
Net profit or loss of subsidiaries from the beginning of the period to the consolidation date arising from business combination under common control	73,672,921
Gain or loss on debt restructuring	73,672,921
Custodian fee income earned from entrusted operations	34,343,830
Other non-operating income and expenses other than those mentioned above	-3,140,937
Other profit and loss items that meet the definition of non-recurring profit or loss	-3,490,993
Subtotal	457,811,188
Less: Income tax effect amount	58,943,414
Amount of minority interest impact (after tax)	240,397,403
Total	158,470,371



Notes to the Financial Statements

1 January 2025 to 31 December 2025

(All amounts in these notes 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	Earnings per share (RMB/share)	
	Return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the parent Company	5.10	0.221	0.221
Net profit attributable to ordinary shareholders of the parent company after non-recurring profit or loss	4.65	0.202	0.202

XIX. APPROVAL OF FINANCIAL STATEMENT

This financial report was approved by the Board of the Company on 27 March 2026.

AviChina Industry & Technology Company Limited
27 March 2026

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 A 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 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 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
“AVIC Lanfei”	Lanzhou Flight Control Co., Ltd. (蘭州飛行控制有限責任公司), a subsidiary of AVIC Airborne



Definitions

“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 (Guangdong) Co. Ltd. (中航光電精密電子(廣東)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 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” or “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 Investment”	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 A 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
“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

Definitions

“Corporate Governance Code”	the Corporate Governance Code, as set out in the Appendix C1 to the Hong Kong Listing Rules (as amended from time to time)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the 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)”	the 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
“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 A 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 A 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
“the 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 2025 to 31 December 2025
“RMB”	Renminbi, the lawful currency of PRC
“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
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“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. Pursuant to the amendments to the Articles of Association approved by the Shareholders on 12 December 2025, the Company no longer established Supervisory Committee or Supervisors
“Supervisory Committee”	the supervisory committee of the Company. Pursuant to the amendments to the Articles of Association approved by the Shareholders on 12 December 2025, the Company no longer established Supervisory Committee or Supervisors



Definitions

“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
“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 Chinese mainland referred to in this annual report 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	Gao Jiming
Independent Non-Executive Director	Liu Weiwu
Independent Non-Executive Director	Mao Fugen
Independent Non-Executive Director	Lin Guiping

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, 22nd 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



Corporate Information

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

10/F, Tower B, 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

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 2025 will be held at 9:00 a.m. on Tuesday, 19 May 2026 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

Jia Yuan Law Office
Suites 3502-3503, 35/F, One Exchange Square,
8 Connaught Place, Hong Kong

As to PRC law

Jia Yuan Law Offices
F408, Ocean Plaza, 158 Fuxing Men Nei Street,
Xicheng District Beijing, PRC