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中國航空科技工業股份有限公司

AviChina Industry & Technology Company Limited*

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

(Stock Code: 2357)

2026 INTERIM RESULTS ANNOUNCEMENT

Financial Highlights

The Board announces that in the first half of 2026, the Company's businesses have developed steadily and the revenue has continued to increase.

- For the six months ended 30 June 2026, the Group recorded revenue of RMB37,812 million, representing an increase of RMB347 million or 0.93% as compared with that of RMB37,465 million in the corresponding period of last year.

- For the six months ended 30 June 2026, the net profit attributable to the owners of the parent company amounted to RMB823 million, representing a decrease of RMB207 million or 20.10% as compared with that of RMB1,030 million in the corresponding period of last year.

The board of directors (the "**Board**") of AviChina Industry & Technology Company Limited* (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**reporting period**") prepared according to the China Accounting Standards for Business Enterprises as follows:

INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2026 Unit: RMB

Items	Note	January to June 2026 (Unaudited)	January to June 2025 (Unaudited) (Restated)
I. Total operating income		**37,811,562,214**	**37,465,251,870**
Including: Operating revenue	3	37,811,562,214	37,465,251,870
Interest income			
Earned premium			
Fee and commission income			
II. Total operating cost		**35,603,879,397**	**34,714,785,997**
Including: Operating cost	3	30,283,115,771	29,889,477,932
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		259,492,337	304,314,255
Selling expenses	5	413,951,850	339,100,579
Administrative expenses	6	2,125,344,488	2,067,510,254
Research and development expenses	7	2,322,471,592	2,169,891,803
Finance costs	8	199,503,359	-55,508,826
Including: Interest expense		225,707,059	182,201,581
Interest income		110,573,366	218,076,531
Add: Other income	9	257,889,368	531,824,475
Investment income (loss to be listed with "-")	10	218,203,766	219,167,880
Including: Income from investment in associates and joint ventures		124,857,728	134,484,683
Derecognition income of financial assets at amortised cost		-2,325,993	-395,833
Exchange gain (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Income from changes in fair value (loss to be listed with "-")	11	1,957,231	2,896,081
Credit impairment loss (loss to be listed with "-")	12	-40,250,789	-297,045,637
Asset impairment loss (loss to be listed with "-")	13	-70,781,667	-102,856,346
Income from assets disposal (loss to be listed with "-")		5,591,337	962,971
III. Operating profit (loss to be listed with "-")		**2,580,292,063**	**3,105,415,297**
Add: Non-operating income		72,047,230	49,096,668
Less: Non-operating expenses		40,236,330	58,465,472
IV. Profit before tax (total loss to be listed with "-")		**2,612,102,963**	**3,096,046,493**

Less: Income tax expenses	14	321,429,600	292,374,224
V. Net profit (net loss to be listed with "-")		**2,290,673,363**	**2,803,672,269**
(I) Classified according to operating continuity			
1.Net profit from continuing operations (net loss to be listed with"-")		2,290,673,363	2,803,672,269
2. Net profit from discontinuing operations (net loss to be listed with "-")			
(II) Classified according to the ownership			
1.Net profit attributable to the owners of the parent company (net loss to be listed with "-")		822,933,877	1,030,217,176
2.Minority profit and loss (net loss to be listed with "-")		1,467,739,486	1,773,455,093
VI. Net of tax of other comprehensive income		**-439,775,456**	**243,805,880**
Net of tax of other comprehensive income attributable to the owner of the parent company		-180,187,302	81,276,810
(I) Other comprehensive income that cannot be reclassified into profit or loss		-179,011,256	81,219,439
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		-855,271	-24,557
3.Changes in fair value of other equity instrument investments		-178,155,985	81,243,996
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		-1,176,046	57,371
1.Other comprehensive income that can be reclassified into profit or loss under the equity method		-2,419	-8,307
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		-1,173,627	65,678
7.Others			
Net of tax of other comprehensive income attributable to minority shareholders		-259,588,154	162,529,070
VII. Total comprehensive income		**1,850,897,907**	**3,047,478,149**
Total comprehensive income attributable to shareholders of the parent company		642,746,575	1,111,493,986
Total comprehensive income attributable to minority shareholders		1,208,151,332	1,935,984,163
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)	16	0.103	0.129
(II) Diluted earnings per share (RMB/share)	16	0.103	0.129

INTERIM CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2026 Unit: RMB

Items	Note	30 June 2026 (Unaudited)	31 December 2025 (Restated)
Current assets:			
Monetary funds		31,375,165,230	30,443,496,700
Settlement reserve			
Loans to banks and other financial institutions			
Financial assets held for trading		1,938,691,825	2,342,175,411
Derivative financial assets			
Notes receivable	17	3,999,161,183	10,564,461,161
Accounts receivable	18	58,667,913,620	55,366,743,457
Receivables financing		556,757,309	1,200,967,879
Prepayments		2,830,897,875	3,021,374,825
Premium receivable			
Reinsurance premium receivable			
Reinsurance contract provision receivable			
Other receivables		535,959,930	451,487,988
Including: Interest receivable			
Dividends receivable		14,354,814	
Financial assets purchased under agreements to resell			
Inventories		45,009,092,239	42,114,515,185
Contract assets		14,753,750,294	14,707,279,213
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		1,668,731,542	1,484,547,921
Total current assets		**161,336,121,047**	**161,697,049,740**
Non-current assets:			
Loans and advances			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments		3,028,188,547	2,863,864,803
Other equity instrument investments		3,585,478,443	4,365,994,240
Other non-current financial assets		3,564,907	245,105,769
Investment properties		451,733,626	458,709,031
Fixed assets		27,352,168,895	27,118,235,307
Construction-in-progress		3,535,227,270	3,588,269,809
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		442,317,573	417,189,078
Intangible assets		3,907,885,816	3,920,260,376
Development expenditure			
Goodwill		93,193,010	93,193,010
Long-term deferred expenses		86,640,789	97,241,225
Deferred income tax assets		1,211,194,209	1,265,836,914
Other non-current assets		656,019,780	717,212,813
Total non-current assets		**44,353,612,865**	**45,151,112,375**
Total assets		**205,689,733,912**	**206,848,162,115**

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

AS AT 30 JUNE 2026 Unit: RMB

Items	Note	30 June 2026 (Unaudited)	31 December 2025 (Restated)
Current liabilities:			
Short-term borrowings		16,780,581,703	11,845,088,409
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	19	4,329,013,991	12,375,345,621
Accounts payable	20	57,653,717,572	51,095,327,265
Advances		56,714,386	50,923,819
Contract liabilities		9,854,376,019	10,878,839,027
Financial assets sold under agreements to repurchase			
Deposits and placements from other financial institutions			
Securities brokering			
Securities underwriting			
Employee compensation payable		1,746,081,044	3,244,435,164
Tax payable		640,130,801	967,099,220
Other payable		1,985,387,568	2,269,436,540
Including: Interest payable			
Dividends payable		133,900,476	70,856,910
Fees and commissions payable			
Reinsurance amounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		2,543,638,103	3,972,936,277
Other current liabilities		1,391,737,457	1,246,906,482
Total current liabilities		**96,981,378,644**	**97,946,337,824**
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings		4,376,143,315	4,472,446,797
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		353,214,979	352,400,575
Long-term payable		-628,845,553	-471,096,692
Long-term employee compensation payable		1,441,297,648	1,484,251,834
Estimated liabilities		304,851,248	319,240,694
Deferred income		1,180,719,452	1,187,812,127
Deferred income tax liabilities		785,472,466	974,773,748
Other non-current liabilities		1,095,504,919	956,688,208
Total non-current liabilities		**8,908,358,474**	**9,276,517,291**

Total liabilities		**105,889,737,118**	**107,222,855,115**
Shareholders' equity:			
Share capital		7,972,854,242	7,972,854,242
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		13,980,033,321	14,027,406,251
Less: treasury shares			
Other comprehensive income		130,917,464	476,147,477
Special reserves		595,620,529	553,909,504
Surplus reserves		628,222,730	628,222,730
General risk reserve			
Undistributed profits		11,843,924,073	11,384,814,739
Total shareholders' equity attributable to parent company		**35,151,572,359**	**35,043,354,943**
Minority equity		64,648,424,435	64,581,952,057
Total shareholders' equity		**99,799,996,794**	**99,625,307,000**
Total liabilities and shareholders' equity		**205,689,733,912**	**206,848,162,115**

Notes:

1. Corporate information

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

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

The controlling shareholder of the Company is Aviation Industry Corporation of China, Ltd. (hereafter as **AVIC**), and the ultimate controller is AVIC. The Company has a Board of Directors, which manages and controls the Company's major decisions and daily operation.

These financial statements were approved for issue by the Board on 26 August 2026.

The data of the following financial statements for the six months ended 30 June 2025 is restated and unaudited, and that for the six months ended 30 June 2026 is unaudited.

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

2. Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis and based on the transactions and events actually occurred in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC and relevant requirements, as well as based on the Group's accounting policies and accounting estimates.

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.

The accounting policies used in the preparation of the Group's interim consolidated financial statements for the period ended 30 June 2026 are consistent with the accounting policies followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2025, which complies with the requirements of Accounting Standards for Business Enterprises and give a true and full view of the financial position, operating results and cash flows of the Company and the Group.

On June 2026, AVIC Airborne Systems Co., Ltd. (中航機載系統股份有限公司), a subsidiary of the Company, acquired equity interests through cash contributions to control 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)), which was under the control of the Company's controlling shareholder, AVIC, and was included in the scope of consolidation. The Group has restated the relevant financial statements for the six months ended 30 June 2025.

The restatement of the consolidated financial statements for the previous period due to the business combination involving entities under common control have had the following impacts on the Group's financial statements submitted of last period:

Items	Previously presented January to June 2025	Business combinations involving entities under common control	Restated January to June 2025
Operating revenue	37,465,251,870		37,465,251,870
Total operating cost	34,711,799,167	2,986,830	34,714,785,997
Including: Operating cost	29,889,477,932		29,889,477,932
Selling expenses	339,100,579		339,100,579
Administrative expenses	2,064,480,752	3,029,502	2,067,510,254
Research and development expenses	2,169,891,803		2,169,891,803
Finance costs	-55,466,154	-42,672	-55,508,826
Operating profit	3,108,402,127	-2,986,830	3,105,415,297
Net profit	2,806,659,099	-2,986,830	2,803,672,269
Net profit attributable to the owners of the parent company	1,030,426,079	-208,903	1,030,217,176

Items	Previously presented 31 December 2025	Business combinations involving entities under common control	Restated 31 December 2025
Total current assets	161,692,928,980	4,120,760	161,697,049,740
Total non-current assets	44,909,571,513	241,540,862	45,151,112,375
Total assets	**206,602,500,493**	**245,661,622**	**206,848,162,115**
Total current liabilities	97,946,330,854	6,970	97,946,337,824
Total non-current liabilities	9,276,517,291		9,276,517,291
Total liabilities	**107,222,848,145**	**6,970**	**107,222,855,115**
Total shareholders' equity attributable to parent company	35,014,101,749	29,253,194	35,043,354,943
Minority equity	64,365,550,599	216,401,458	64,581,952,057
Total shareholders' equity	**99,379,652,348**	**245,654,652**	**99,625,307,000**
Total liabilities and shareholders' equity	**206,602,500,493**	**245,661,622**	**206,848,162,115**

3. Operating revenue and operating cost

Item	January to June 2026		January to June 2025	
	Revenue	**Cost**	**Revenue**	**Cost**
Main businesses	37,258,845,900	29,857,326,827	36,826,838,364	29,376,744,360
Other businesses	552,716,314	425,788,944	638,413,506	512,733,572
Total	**37,811,562,214**	**30,283,115,771**	**37,465,251,870**	**29,889,477,932**

Note: The revenue recognized by the Group from January to June 2026 included an amount of RMB4,481,087,778 that had been included in contract liabilities at the beginning of the year.

4. Segment information

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

The executive Directors classify the business into three reportable segments:

1. Aviation entire aircraft - manufacturing, assembly, sales and servicing of helicopters, trainers and other aircraft;

2. Aviation ancillary system and related business - manufacturing and sale of aviation ancillary system and related business; and

3. Aviation engineering services - delivery of aviation engineering services such as planning, design, consultation, construction and operation.

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

January to June 2026/ 30 June 2026	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	8,840,296,582	24,060,658,373	4,910,607,259		37,811,562,214
Revenue from inter-segment transactions		1,902,602,023	177,647,620	-2,080,249,643	
Investment income from associates and joint ventures	-2,482,929	123,539,768	3,800,889		124,857,728
Asset impairment losses and credit impairment losses	68,133,850	-179,671,068	744,489	-239,727	-111,032,456
Depreciation and amortization costs	370,748,068	1,283,983,930	30,104,796		1,684,836,794
Profit before tax	225,922,558	2,447,037,224	173,428,971	-234,285,790	2,612,102,963
Income tax expense	1,482,082	320,262,754	6,856,247	-7,171,483	321,429,600
Net profit	224,440,476	2,126,774,470	166,572,724	-227,114,307	2,290,673,363
Total assets	62,580,988,877	151,263,165,179	11,874,865,349	-20,029,285,493	205,689,733,912
Total liabilities	40,371,863,274	62,197,548,638	8,571,242,397	-5,250,917,191	105,889,737,118
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	16,576,139	12,504,582			29,080,721
Long-term equity investment in associates and joint ventures	436,809,728	1,725,173,914	511,465,020		2,673,448,662
Increase in other non-current assets other than long-term equity investments	-267,255,408	-760,598,139	-19,231,873	85,262,166	-961,823,254

January to June 2025/ 30 June 2025	Aviation entire aircraft	Aviation ancillary system and related business	Aviation engineering services	Offset	Total
Revenue from external transactions	10,339,465,510	22,582,925,462	4,542,860,898		37,465,251,870
Revenue from inter-segment transactions		2,313,679,841	237,325,533	-2,551,005,374	
Investment income from associates and joint ventures	-4,791,362	123,207,474	16,068,571		134,484,683
Asset impairment losses and credit impairment losses	-31,396,797	-359,460,462	-8,458,164	-586,560	-399,901,983
Depreciation and amortization costs	380,161,118	1,164,160,725	28,329,559		1,572,651,402
Profit before tax	438,629,437	2,606,053,767	187,974,971	-136,611,682	3,096,046,493
Income tax expense	31,602,320	245,115,247	9,909,022	5,747,635	292,374,224
Net profit	407,027,117	2,360,938,520	178,065,949	-142,359,317	2,803,672,269
Total assets	60,018,331,726	149,065,174,990	11,329,062,395	-20,522,466,390	199,890,102,721
Total liabilities	38,275,130,229	61,135,780,584	8,161,885,036	-5,783,485,349	101,789,310,500
Other non-cash expenses other than depreciation and amortization costs and asset impairment losses	34,031,544	104,558,626			138,590,170
Long-term equity investment in associates and joint ventures	435,569,834	1,593,052,580	506,806,050		2,535,428,464
Increase in other non-current assets other than long-term equity investments	-214,317,465	703,421,179	-4,010,584	121,757,675	606,850,805

5. Selling expenses

Item	January to June 2026	January to June 2025
Employee compensation	239,967,574	172,814,985
Business travel costs	62,268,580	58,466,608
Sales service charges	30,622,969	28,641,015
Advertising and publicity expenses and exhibition fees	28,808,164	33,792,498
Depreciation and amortization costs	6,899,858	5,435,537
Office fees	5,118,887	5,507,066
Transportation costs	1,329,883	3,731,158
Packing charges	1,302,204	2,056,710
Others	37,633,731	28,655,002
Total	**413,951,850**	**339,100,579**

6. Administrative expenses

Item	January to June 2026	January to June 2025
Employee compensation	1,335,784,125	1,252,186,093
Depreciation and amortization costs	319,693,798	296,382,483
Labor protection costs	58,398,334	73,772,750
Office fees	49,850,839	45,067,307
Maintenance and repair costs	48,257,702	54,220,266
Business travel costs	47,147,549	39,870,052
Property fees and afforestation fees	46,147,979	46,830,122
Power and fuel expenses	33,377,951	34,069,492

Item	January to June 2026	January to June 2025
Professional service fees	22,070,419	27,129,063
Business entertainment expenses	18,167,146	32,966,997
Rental	15,813,543	15,556,772
Material amortization and consumption of low-value consumables	9,704,958	4,726,232
Insurance premium	9,014,799	6,824,649
Publicity expenses	6,813,155	6,484,392
Conference expenses	4,034,882	6,250,911
Transportation costs	3,202,000	5,424,954
Audit fees	3,012,725	2,468,419
Amortization of equity incentives in the current period		70,577,690
Others	94,852,584	46,701,610
Total	**2,125,344,488**	**2,067,510,254**

7. Research and development expenses

Item	January to June 2026	January to June 2025
Employee compensation	1,091,850,099	859,178,231
Materials expenses	477,868,763	594,603,039
Experimental and special fees	291,450,744	302,118,533
Outsourcing fee	201,713,929	108,480,786
Depreciation and amortization costs	78,243,191	69,794,062
Transportation and business travel costs	54,639,609	60,671,892
Administrative expense	46,120,918	50,030,391
Power and fuel expenses	18,154,235	18,792,596
Design fees	14,111,145	17,039,486
Amortization of equity incentives in the current period		33,980,936
Others	48,318,959	55,201,851
Total	**2,322,471,592**	**2,169,891,803**

8. Finance costs

Item	January to June 2026	January to June 2025
Interest expenses	225,707,059	182,201,581
Less: Interest incomes	110,573,366	218,076,531
Add: Exchange gains or losses	72,055,822	-28,246,495
Add: Other expenditures	12,313,844	8,612,619
Total	**199,503,359**	**-55,508,826**

9. Other income

Sources of other income	January to June 2026	January to June 2025
Value-added tax credit	114,988,136	367,489,440
Financial subsidies	28,600,000	21,460,000
Special funds for the development	12,607,165	9,940,554
Production line subsidy	9,024,684	4,575,107
Instant value-added tax refund	7,861,684	15,647,273
Refund of individual tax handling fee	7,561,299	8,270,239
Government relocation compensation	7,536,383	7,890,864
Business assist and employment stabilization subsidies	5,396,146	4,038,021
Subsidies for a reconstruction project	5,213,681	
Project subsidies	4,045,369	5,108,605
Maintenance costs	3,975,000	11,710,000
Government grants from Industry and Information Technology Bureau	3,579,167	10,000,000
National major science and technology project	3,144,828	
Science and technology innovation awards	1,453,000	26,983,600
Special funds for specialized, refined, differentiated, and innovative enterprises	1,356,700	3,400,000
High-tech allowance	1,128,206	316,000
Subsidies for other projects	40,417,920	34,994,772
Total	**257,889,368**	**531,824,475**

10. Investment income

Item	January to June 2026	January to June 2025
Long-term equity investment incomes calculated at equity method	124,857,728	134,484,683
Investment income from disposal of long-term equity investments	643,613	
Investment income from holding financial assets held for trading		
Investment income from disposal of financial assets held for trading and other financial assets	27,551,219	26,327,306
Dividend income from holding other equity instrument investments	29,714,018	19,306,501
Gain on debt restructuring	23,624,314	25,775,814
Gain on derecognition of financial assets measured at amortized cost	-2,325,993	-395,833
Others	14,138,867	13,669,409
Total	**218,203,766**	**219,167,880**

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

11. Income from changes in fair value

Source of income from changes in fair value	January to June 2026	January to June 2025
Financial assets held for trading	1,957,231	2,896,081
Including: Gain from changes in fair value of derivative financial instruments		
Financial liabilities held for trading		
Total	**1,957,231**	**2,896,081**

12. Credit impairment loss

Item	January to June 2026	January to June 2025
Loss on bad debts of accounts receivable	-132,771,391	-360,401,223
Loss on bad debts of notes receivable	91,641,620	75,506,904
Loss on bad debts of other receivables	-2,132,391	-10,243,492
Other loss on bad debts	3,011,373	-1,907,826
Total	**-40,250,789**	**-297,045,637**

13. Assets impairment loss

Item	January to June 2026	January to June 2025
Inventory depreciation loss and contract performance cost impairment losses	-85,193,630	-92,443,780
Contract asset impairment losses	14,411,963	-10,412,566
Fixed assets impairment losses		
Total	**-70,781,667**	**-102,856,346**

14. Income tax expenses

Item	January to June 2026	January to June 2025
Current income tax expenses	259,502,789	369,193,249
Deferred income tax expenses	61,926,811	-76,819,025
Total	**321,429,600**	**292,374,224**

15. Dividends

Item	January to June 2026	January to June 2025
Dividends recognized for distribution of 2025 final dividend: RMB0.0665 per share (2024 final dividend: RMB0.081 per share)	530,194,807	645,801,194

The Board of the Company did not recommend interim dividend distribution for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

16. Earnings per share

In accordance with the Rules Governing the Preparation and Disclosure of Information by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per

Share (Revised 2010) of China Securities Regulatory Commission, the basic earnings per share and diluted earnings per share of the Group from January to June 2026 are as follows:

Profit for the reporting period	**Earnings per share (RMB per share)**	
	Basic earnings Per share	**Diluted earnings per share**
Net profit attributable to shareholders of the parent company	0.103	0.103
Net profit attributable to shareholders of the parent company after non-recurring profit or loss	0.094	0.094

17. Notes receivable

(1)Classified presentation of notes receivable

Item	**30 June 2026**	**31 December 2025**
Banker's acceptance bill	1,564,230,904	3,188,696,287
Commercial acceptance bill	2,434,930,279	7,375,764,874
Total	**3,999,161,183**	**10,564,461,161**

(2)Notes receivable pledged

Item	**Amount pledged at 30 June 2026**
Banker's acceptance bill	188,069,119
Commercial acceptance bill	108,702,408
Total	**296,771,527**

(3)Classified presentation by bad debt accrual method

Category	**30 June 2026**				
	Book balance		**Bad debt provision**		**Book value**
	Amount	**Proportion (%)**	**Amount**	**Provision proportion (%)**	
Bad debt provision made individually					
Bad debt provision made as per portfolio	4,083,242,548	100.00	84,081,365	2.06	3,999,161,183
Total	**4,083,242,548**	——	**84,081,365**	——	**3,999,161,183**

Category	**31 December 2025**				
	Book balance		**Bad debt provision**		**Book value**
	Amount	**Proportion (%)**	**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
Total	**10,739,847,834**	——	**175,386,673**	——	**10,564,461,161**

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

Name	30 June 2026		
	Book balance	**Bad debt provision**	**Provision proportion (%)**
Banker's acceptance bill	1,564,374,833	143,929	0.01
Commercial acceptance bill	2,518,867,715	83,937,436	3.33
Total	**4,083,242,548**	**84,081,365**	——

Name	31 December 2025		
	Book 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**	——

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

Category	31 December 2025	Changes in the current period				30 June 2026
		Accrued	**Recovered or reversed**	**Written back or written off**	**Increase due to other reasons**	
Bad debt provision of notes receivable made as per portfolio	175,386,673	-91,641,620			336,312	84,081,365
Total	**175,386,673**	**-91,641,620**			**336,312**	**84,081,365**

Note: Other changes represent an increase of RMB336,312 arising from the acquisition of Chengdu Chuanmei New Technology Co., Ltd.(成都川美新技術股份有限公司）by the Company's subsidiary, Jonhon Optronic Technology Co., Ltd (中航光電科技股份有限公司), during the current period.

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

18. Accounts receivable

Item	30 June 2026	31 December 2025
Accounts receivable	61,372,127,804	57,904,514,580
Less: Impairment provision	2,704,214,184	2,537,771,123
Net accounts receivable	**58,667,913,620**	**55,366,743,457**

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

Category of portfolio	30 June 2026			
	Original value	**Proportion of bad debt provision (%)**	**Bad debt provision**	**Book value**
Accounts receivable with bad debt provision made individually	2,339,816,366	12.07	282,496,304	2,057,320,062
Accounts receivable with bad debt provision made as per portfolio	59,032,311,438	4.10	2,421,717,880	56,610,593,558
Including: accounts receivable with bad debt provision made on the group of credit risk characteristics	59,032,311,438	4.10	2,421,717,880	56,610,593,558
Total	**61,372,127,804**	——	**2,704,214,184**	**58,667,913,620**

Category of portfolio	31 December 2025			
	Original value	**Proportion of bad debt provision (%)**	**Bad debt provision**	**Book value**
Accounts receivable with bad debt provision made individually	2,299,305,085	11.55	265,610,916	2,033,694,169
Accounts receivable with bad debt provision made as per portfolio	55,605,209,495	4.09	2,272,160,207	53,333,049,288
Including: accounts receivable with bad debt provision made on the group 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**

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

Name	30 June 2026			
	Book balance	**Bad debt provision**	**Provision proportion (%)**	**Reasons for provision**
Company 1	2,073,083,558	16,372,999	0.79	Provided based on expected loss rate
Company 2	95,871,744	95,871,744	100.00	All of it is expected to be unable to recover
Company 3	22,553,427	22,553,427	100.00	All of it is expected to be unable to recover
Company 4	16,812,810	16,812,810	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
Total	**2,224,957,936**	**168,247,377**	**-**	**--**

2） Bad debt provision of accounts receivable made by portfolio

Aging	30 June 2026		
	Book balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 1 year)	44,955,280,737	390,083,816	0.87
1-2 years	10,840,218,680	708,414,964	6.54
2-3 years	2,052,879,325	554,652,327	27.02
Over 3 years	1,183,932,696	768,566,773	64.92
Total	**59,032,311,438**	**2,421,717,880**	——

Aging	31 December 2025		
	Book balance	Bad debt provision	Provision proportion (%)
Within 1 year (including 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
Over 3 years	1,047,912,275	671,002,400	64.03
Total	**55,605,209,495**	**2,272,160,207**	——

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

Aging	30 June 2026		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 1 year)	47,127,480,407	504,963,424	1.07
1-2 years	10,876,745,856	744,942,140	6.85
2-3 years	2,071,820,320	573,593,322	27.69
3-4 years	453,288,508	254,921,940	56.24
4-5 years	244,421,162	178,816,438	73.16
Over 5 years	598,371,551	446,976,920	74.70
Total	**61,372,127,804**	**2,704,214,184**	——

Aging	31 December 2025		
	Accounts receivable	Bad debt provision	Proportion of bad debt provision (%)
Within 1 year (including 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**	——

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

Category	31 December 2025	Changes in the current period				30 June 2026
		Accrued	Recovered or reversed	Written back or written off	Increase due to other reasons	
Bad debt provision for accounts receivable	2,537,771,123	132,775,565	4,174		33,671,670	2,704,214,184
Total	**2,537,771,123**	**132,775,565**	**4,174**		**33,671,670**	**2,704,214,184**

Note: Other changes mainly represent an increase of RMB33,519,555 arising from the acquisition of Chengdu Chuanmei New Technology Co., Ltd.(成都川美新技術股份有限公司）by the Company’s subsidiary, Jonhon Optronic Technology Co., Ltd (中航光電科技股份有限公司), during the current period.

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

19. Notes payable

Category	30 June 2026	31 December 2025
Banker’s acceptance bill	2,740,792,131	7,633,854,595
Commercial acceptance bill	1,588,221,860	4,741,491,026
Total	**4,329,013,991**	**12,375,345,621**

20. Accounts payable

（1） Presentation of accounts payable

Item	30 June 2026	31 December 2025
Materials costs payable	48,229,132,113	43,211,252,791
Construction costs payable	5,115,370,393	4,207,696,988
Equipment costs payable	1,901,933,746	1,387,529,498
Others	2,407,281,320	2,288,847,988
Total	**57,653,717,572**	**51,095,327,265**

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

Aging	30 June 2026	31 December 2025
Within 1 year (including 1 year)	43,315,950,302	40,215,657,115
1-2 years	10,550,520,189	7,562,051,396
2-3 years	2,334,923,804	1,966,832,982
Over 3 years	1,452,323,277	1,350,785,772
Total	**57,653,717,572**	**51,095,327,265**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2026, the international environment remained turbulent. Facing this challenging landscape, China's economy maintained overall stability while progressing toward new and high-quality development. Facing various risks and challenges, Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司)(**"AVIC"**) responded proactively, ensuring stable and orderly economic operations, steady and rapid progress in scientific research and production, continuous optimization of its industrial structure, and steadily enhanced development momentum.

In the first half of 2026, the Group continued to promote the deep integration of technological innovation with industrial innovation, remained firmly committed to facilitating the commercialization of scientific and technological achievements, advanced the development of the low-altitude economy, and ensured the steady progress of business operations.

The Group continued to expand its application scenarios and strengthened its core competitiveness in helicopter business. The AC332 helicopter completed certification review by the Civil Aviation Administration of China, with the airworthiness certification process entering its final sprint phase. The AC312E helicopter achieved significant improvements in its takeoff and landing capabilities on high-altitude plateaus. The Z-8 and AC311A helicopters collaboratively executed integrated aerial fire fighting operations and event support missions, continuing to advance the systematic development of the aviation emergency rescue. The AC311 helicopter participated in numerous air security patrol missions as well as low-altitude sightseeing tourism projects, promoting the development of urban management systems and the normalization of low-altitude cultural and tourism flights. The search-and-rescue configuration of the AC352 civil helicopter entered the adjustment test flight phase as planned. The Z-8 helicopter took part in flood control and flood fighting disaster relief drills for catastrophic floods, fully demonstrating its rapid response and integrated delivery capabilities in dealing with major and catastrophic disasters. Multiple heavy-lift electric vertical takeoff and landing (eVTOL) aircraft AR-E800 have completed final assembly and delivery, entering the test and flight trial phase with airworthiness certification process advancing steadily, with application being explored in areas including emergency rescue, general aviation operations, and smart logistics.

The trainer business continued to undergo optimization and upgrades. Jiangxi Hongdu Aviation Industry Co., Ltd.* (江西洪都航空工業股份有限公司) systematically advanced the optimization and upgrading of various scientific research models, effectively ensuring the safety assessments approval; accelerated the establishment of a comprehensive and effective scientific and technological innovation system,expediting the commercialization of scientific and technological achievements,comprehensively enhancing the level of scientific research and design; focused on cultivating new-quality productive forces, accelerated technological transformation, equipment renewal, process improvement, and digital empowerment in the basic manufacturing sector, driving effective improvements in basic manufacturing and production delivery capabilities.

The aviation ancillary system and related business remained committed to the commercialization of scientific and technological achievements. Jonhon Optronic Technology Co., Ltd* (中航光電科技股份有限公司) ("**JONHON**") consistently consolidated its position as the preferred supplier in the defense sector, fully participated in emerging fields such as unmanned systems, deep-water operations, and satellite-launch vehicles, achieving breakthroughs in key technologies such as deep-sea high-reliability connector assemblies, steadily reinforcing its leading advantages in the high-end interconnect field; continuously strengthened its technological leadership in the new energy vehicle sector, consolidated its core technological capabilities in intelligent connectivity, accelerated its transformation from high-voltage interconnects to full-vehicle interconnects, and empowered the rapid development of the new energy vehicle industry through technological innovation; continuously optimized its business structure in the data center sector, seized incremental market opportunities, and achieved rapid year-on-year growth in such business scale. Qing'an Group Co., Ltd.* (慶安集團有限公司) and AVIC Taiyuan Aviation Instrument Co., Ltd.* (太原航空儀錶有限公司) supported the AS700D manned airship, which has entered the mass production stage; the large-scale warm isostatic press developed by Sichuan Aviation Industry Chuanxi Machinery Co., Ltd.* (四川航空工業川西機器有限責任公司) successfully passed acceptance and was put into operation, empowering the R&D and manufacturing of large-sized, high-performance aerospace materials and new energy solid-state batteries; the atmospheric attitude and heading reference system developed by AVIC Taiyuan Aviation Instrument Co., Ltd. officially entered the civil aircraft airworthiness certification process; the propeller independently developed by Huiyang Aviation Propeller Limited* (惠陽航空螺旋槳有限責任公司) was successfully installed on the Changying-8 large transport and delivery unmanned aerial vehicle (UAV) for its maiden flight, effectively enhancing its industry influence in the UAV sector.

Steady progress was made in the aviation engineering services business. China Aviation Planning and Design Institute Co., Ltd.* (中國航空規劃設計研究總院有限公司) focused on the civil aviation market, successfully passed the dynamic verification of the Class A comprehensive engineering design qualification by the Civil Aviation Administration of China, actively built smart airports and green airports, continuously focusing on frontier fields such as low-altitude economy infrastructure construction, and participating in low-altitude economy planning for multiple local governments; won the bid for the Wenchang Rocket Base project of the China Academy of Launch Vehicle Technology, effectively enhancing the overall performance of the project in resisting extreme weather conditions through high-precision design standards; designed, fully integrated and delivered the Ameco Beijing wheel intelligent maintenance production line, which completed construction and entered pre-production, supporting maintenance of a range of mainstream civil aviation models including the Airbus A320/A321, Boeing B737NG/MAX, and domestically developed C909/C919, steadily advancing the construction of digital and intelligent civil aviation maintenance projects; won bids for two new civil aviation innovation center construction projects, deepening its involvement in the development of high-end industrial parks for intelligent manufacturing of civil aviation electronics; participated in the establishment of the Anhui Workstation of the Key Scientific Research Base for Seismic Protection of Cultural Relics under the National Cultural Heritage Administration which was officially inaugurated, continuing to leverage its scientific expertise and leadership in setting international standards in the field of cultural relic seismic protection.

The modernization of the governance system and governance capacity progressed steadily. The Group continued to advance sustainable development, deeply cultivated green intelligent manufacturing, and systematically promoted the green and low-carbon transformation and development. A project participated in by China Aviation Planning and Design Institute Co., Ltd. passed the zero-carbon building technology review, contributing to the green transformation of aviation R&D and manufacturing; firmly upheld the bottom line of risk prevention and compliance; actively assumed social responsibilities, proactively expanded diverse application scenarios such as emergency rescue, tourism, and logistics transportation, promoting regional economic development, participated in multiple expansion projects, and contributed to building a community with a shared future for mankind.

BUSINESS OUTLOOK

The year 2026 marks a pivotal year as the 15th Five-Year Plan for National Economic and Social Development (the "**15th Five-Year Plan**") gets underway. The aerospace sector and the low-altitude economy have been explicitly designated as national emerging pillar industries and are expected to support China's future economic development. The industrial orientation of national policies will drive the low-altitude economy in its transition from technical validation to large-scale operations and systematic development, while the aerospace industry, leveraging its long-term technological accumulation, will steadily achieve leapfrog development. China’s domestically developed large passenger aircraft have officially commenced operations on international commercial routes and are steadily advancing toward scaled delivery and commercial operation. The trend toward integrated development between the aerospace and the low-altitude economy sectors is becoming increasingly evident. As a leader in both the aviation industry and the low-altitude economy, the Group will continue to benefit from this trend and further unlock its growth potential.

In the second half of 2026, the Group will precisely focus on its development strategy, adhere to the general principle of pursuing progress while ensuring stability, and drive the Company's high-quality development:

1. The Group will remain steadfast in the goal of building a world-class helicopter enterprise. The Group will continuously enhance core functions, fully leverage the role of industrial cultivation and innovation-driven development to support the optimization and upgrading of existing products and the development of new-domain and new-quality products, and continue to strengthen model R&D and technological innovation capabilities to ensure the orderly progress of airworthiness certification and test flight verification;
2. The Group will continuously expand the application scenarios for trainers and intensify market development efforts. The trainer business will be expanded from the sale of individual aircraft systems to integrated comprehensive training systems, achieving full value-chain and full-life cycle management;
3. The Group will accelerate the digital and intelligent transformation of aviation ancillary system and related businesses. The Group will move faster in adjusting structures and promoting transformation, increase R&D investment in connector products and airborne system technologies, and empower the innovative development of the aviation industry through digital and intelligent transformation via deep integration of industry, academia, research and application;
4. The Group will continuously expand into new market areas. By seizing the development opportunities presented by domestically developed commercial aircraft, the Group will continuously optimize and expand the international business layout, coordinate the allocation of resources in overseas markets, and actively participate in competition in the global aviation market;
5. The Group will continue to implement the strategic deployment of the low-altitude economy and coordinate high-quality resources across the industrial chain. By actively promoting the industrialization of aviation scientific and technological achievements and intensifying efforts to tackle key core technologies in flight control for intelligent electric aircraft, the Group will continuously expand diversified application scenarios for products, promote the establishment of the "Future Aircraft Joint Innovation Center", and actively explore consultation on demonstration applications of low-altitude aircraft;
6. The Group will systematically advance the development of the corporate governance system. The Group will fortify the bottom line of risk prevention and control, continuously strengthen compliance and risk management, and coordinate high-quality development with a high standard of safety; systematically promote the green and low-carbon transformation and development, injecting new green momentum into the high-quality development of the industry; and
7. The Group will strengthen brand building. The Group will focus on market value management; reinforce corporate brand synergy, continuing to build itself as a world-class aviation high-tech industry group with excellent products, prestigious brands, leading innovation and modern governance.

FINANCIAL REVIEW

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

Due to the adjustment of the consolidation scope on June 2026, the financial data of the Group in the corresponding period of the preceding year was restated pursuant to the relevant regulations and requirements. Unless otherwise stated, the financial data in the corresponding period of the preceding year referred to in this announcement has been restated.

Revenue

For the six months ended 30 June 2026, the Group recorded a revenue of RMB37,812 million, representing an increase of RMB347 million or 0.93% as compared with that of RMB37,465 million in the corresponding period of last year.

Segment Information

For the six months ended 30 June 2026, the revenue of the aviation entire aircraft segment of the Group amounted to RMB8,840 million, representing a decrease of 14.50% as compared with that in the corresponding period of last year, which was mainly attributable to the decrease in sales volume of helicopter products during the reporting period. The revenue of the aviation entire aircraft segment accounted for 23.38% of the total revenue of the Group. The revenue of the aviation ancillary system and related business segment of the Group amounted to RMB24,061 million, representing an increase of 6.54% as compared with that in the corresponding period of last year. The revenue of the aviation ancillary system and related business segment accounted for 63.63% of the total revenue of the Group. The revenue of the aviation engineering services segment of the Group amounted to RMB4,911 million, representing an increase of 8.10% as compared with that in the corresponding period of last year, which was mainly attributable to the year-on-year increase of construction revenue during the reporting period. The revenue of the aviation engineering services segment accounted for 12.99% of the total revenue of the Group.

For the six months ended 30 June 2026, the segment profit of the aviation entire aircraft segment of the Group amounted to RMB226 million, representing a decrease of RMB213 million or 48.52% as compared with that of RMB439 million in the corresponding period of last year, which was mainly attributable to the decrease in benefits from the additional value-added tax credit policy during the reporting period. The segment profit of the aviation ancillary system and related business segment of the Group amounted to RMB2,447 million, representing a decrease of RMB159 million or 6.10% as compared with that of RMB2,606 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease of operating result of JONHON, a subsidiary of the Company, during the reporting period. The segment profit of the aviation engineering services segment of the Group amounted to RMB173 million, representing a decrease of RMB15 million or 7.98% as compared with that of RMB188 million in the corresponding period of last year,which was mainly attributable to the low gross profit margin of certain business.

Gross Profit

For the six months ended 30 June 2026, the Group recorded a gross profit of RMB7,529 million, representing a decrease of RMB47 million or 0.62% as compared with that of RMB7,576 million in the corresponding period of last year. The comprehensive gross profit margin was 19.91% during the reporting period, representing a decrease of 0.31 percentage points as compared with that of 20.22% in the corresponding period of last year.

Selling Expenses

For the six months ended 30 June 2026, the selling expenses of the Group amounted to RMB414 million, representing an increase of RMB75 million or 22.12% as compared with that of RMB339 million in the corresponding period of last year, which was mainly attributable to the year-on-year increase in the employee compensation for sales personnel of certain subsidiaries to expand the high-end civilian product market. The selling expenses accounted for 1.09% of the revenue during the reporting period, representing an increase of 0.19 percentage point as compared with that of 0.90% in the corresponding period of last year.

Administrative Expenses

For the six months ended 30 June 2026, the administrative expenses of the Group amounted to RMB2,125 million, representing an increase of RMB57 million or 2.76% as compared with that of RMB2,068 million in the corresponding period of last year. The administrative expenses accounted for 5.62% of the revenue during the reporting period, representing an increase of 0.10 percentage point as compared with that of 5.52% in the corresponding period of last year.

Research and Development Expenses

For the six months ended 30 June 2026, the R&D expenses of the Group amounted to RMB2,322 million, representing an increase of RMB152 million or 7.00% as compared with that of RMB2,170 million in the corresponding period of last year, which was mainly attributable to the increase in the R&D investment to tackle the tough problems in high-end civilian product during the reporting period. The R&D expenses accounted for 6.14% of the revenue during the reporting period, representing an increase of 0.35 percentage point as compared with that of 5.79% in the corresponding period of last year.

Finance Costs

For the six months ended 30 June 2026, the finance costs of the Group amounted to RMB200 million, representing an increase of RMB256 million as compared with that of RMB-56 million in the corresponding period of last year, which was mainly attributable to the year-on-year decrease in interest income driven by the decrease of average cash balances and the decrease of deposit interest rate, the increase of exchange losses and the year-on-year increase in interest expenses driven by the increase in debt financing of certain subsidiaries during the reporting period. Details are set out in Note 8 to the financial statements.

Net Profit Attributable to the Owners of the Parent Company

For the six months ended 30 June 2026, the net profit attributable to the owners of the parent company amounted to RMB823 million, representing a decrease of RMB207 million or 20.10% as compared with that of RMB1,030 million in the corresponding period of last year, which was mainly attributable to the decrease in benefits from the additional value-added tax credit policy during the reporting period and the year-on-year increase in finance costs and other period expenses of the Group during the reporting period.

Liquidity and Financial Resources

As at 30 June 2026, the cash and cash equivalents of the Group amounted to RMB31,451 million, which consisted mainly of cash and bank deposits at the beginning of 2026 and funds generated from business operations during the reporting period.

As at 30 June 2026, the total borrowings of the Group amounted to RMB24,067 million, of which short-term borrowings amounted to RMB17,231 million, current portion of long-term borrowings amounted to RMB2,393 million, and non-current portion of long-term borrowings amounted to RMB4,443 million.

As at 30 June 2026, the bank borrowings of the Group amounted to RMB13,481 million with an average interest rate of 2.0% per annum, representing an increase of RMB6,184 million as compared with that at the beginning of the reporting period; and other borrowings amounted to RMB10,586 million with an average interest rate of 2.1% per annum, representing a decrease of RMB2,804 million as compared with that at the beginning of the reporting period.

MORTGAGED AND PLEDGED ASSETS

As at 30 June 2026, the Group's total mortgaged and pledged borrowings amounted to RMB275 million, among which RMB92 million was mortgaged by house buildings with a net book value of RMB7 million and RMB183 million was pledged by notes receivable and accounts receivable with a net book value of RMB178 million.

GEARING RATIO

As at 30 June 2026, the Group's gearing ratio was 11.70% (10.00% as at 31 December 2025), which was calculated as the total borrowings divided by the total assets as at 30 June 2026.

EXCHANGE RATE RISKS

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

During the reporting period, the Group did not have any foreign currency hedging instrument.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no significant contingent liabilities.

EMPLOYEES

As at 30 June 2026, the Group had 71,552 employees. The Group's staff costs amounted to RMB7,080 million for the six months ended 30 June 2026, representing an increase of RMB411 million or 6.16% as compared with that of RMB6,669 million in the corresponding period of last year.

The remuneration policies and employee training programs of the Company remained the same as those set out in the 2025 annual report of the Company published on 22 April 2026.

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT

Having reached the statutory retirement age, Mr. Zhou Xunwen applied to the Board on 27 March 2026 for resignation from his position as a non-executive Director and a member of each of the Development and Strategy Committee, the Audit and Risk Management Committee and the Sustainable Development Committee of the Board with effect from 19 May 2026.

At the 2025 Annual General Meeting held on 19 May 2026, Mr.Wang Rong was appointed as a non-executive Director, a member of each of the Development and Strategy Committee, the Audit and Risk Management Committee and the Sustainable Development Committee of the Board, with a term of office commencing on the date of 2025 Annual General Meeting until the next session of the Board is approved by the Shareholder at the next general meeting of the Company to be held in 2027.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), and the Shares Trading Management Rules for Directors, senior management and employees of the Company as its own guidelines for securities transactions by the Directors, senior management and employees of the Company. All Directors of the Company have confirmed their compliance with the Model Code for the six months ended 30 June 2026 following specific enquiry with them.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

The Audit and Risk Management Committee had reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2026.

CORPORATE GOVERNANCE CODE

The Company strictly complied with various applicable laws, rules and regulations as well as the Articles of Association, maintaining standardized operations. Having reviewed the corporate governance practices adopted by the Company for the six months ended 30 June 2026, the Board is of the view that the Company has complied with the principles and code provisions set out in Part 2 of the Corporate Governance Code (as amended from time to time).

OTHER EVENTS

On 12 December 2025, AVIC Airborne Systems Co., Ltd.* (中航機載系統股份有限公司) ("**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**"). On 8 May 2026, AVIC Airborne and AVIC Industry Investment entered into a supplemental agreement to the Partnership Interest Transfer Agreement, extending the Deferred Effective Period of the transaction and clarifying the relevant rights and responsibilities. On 25 June 2026, the relevant transfer agreement officially became effective, for a consideration of RMB202.1057 million. For details, please refer to the announcements of the Company dated 12 December 2025 and 8 May 2026, and the announcement of AVIC Airborne dated 25 June 2026. Unless the context otherwise defined, terms used in this paragraph shall have the same meanings as those defined in the relevant announcements.

On 6 February 2026, (i) Beijing Keeven Aviation Instrument Co., Ltd.* (北京青雲航空儀錶有限公司) ("**Keeven Aviation Instrument**"), 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)) (" **Aviation Industrial Fund**"), and AVIC Jierui (Xi'an) Optoelectronic Technology Co., Ltd.* (中航捷銳(西安)光電技術有限公司) ("**AVIC Jierui**") entered into the Equity Transfer Agreement I; and (ii) Keeven Aviation Instrument, Ruitexin (Beijing) Technology Center (Limited Partnership)* (瑞特新(北京)科技中心（有限合夥）)("**Ruitexin**"), and AVIC Jierui entered into the Equity Transfer Agreement II. Pursuant to the Equity Transfer Agreements, Keeven Aviation Instrument agreed to acquire, and Aviation Industrial Fund agreed to sell 3.7805% of the equity interests in AVIC Jierui at the consideration of RMB21.9269 million; and Keeven Aviation Instrument agreed to acquire, and Ruitexin agreed to sell 6.2195% of the equity interests in AVIC Jierui at the consideration of RMB36.0731 million. Upon the Completion, Keeven Aviation Instrument holds 10% of the equity interests of AVIC Jierui, and AVIC Jierui will remain as a non-wholly owned subsidiary of AVIC. For details, please refer to the announcement of the Company dated 6 February 2026. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in the relevant announcement.

On 27 March 2026, the Company entered into the Technology Development Agreement with AVICOPTER PLC* (中航直升機股份有限公司)("**AVICOPTER**") and 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)("**AVIC Automatic Control Institute**"), pursuant to which the Company and AVICOPTER (as entrusting parties) will entrust AVIC Automatic Control Institute (as entrusted party) to conduct research and development on intelligent electric aircraft flight control technology in accordance with the Technology Development Agreement. For details, please refer to the announcement of the Company dated 27 March 2026. Unless otherwise defined, terms used in this paragraph shall have the same meanings as those defined in the relevant announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2026, 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).

As at 30 June 2026, the Company did not hold any treasury shares.

PUBLICATION OF INFORMATION ON THE HKEXNEWS WEBSITE OF THE HONG KONG STOCK EXCHANGE

The electronic version of this announcement is published on both the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.avichina.com). The interim report of the Company for the six months ended 30 June 2026, which contains all information as required by Appendix D2 to the Listing Rules, will be published on the HKEXnews website of Hong Kong Stock Exchange and the website of the Company in due course.

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

Beijing, 26 August 2026

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

* For identification purpose only