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)

2025

Environmental, Social, and Governance (ESG) Report

CONTENTS

ABOUT THE REPORT

This report is a 2025 Environmental, Social and Governance (ESG) report (the "**Report**") issued by AviChina Industry & Technology Company Limited (中國航空科技工業股份有限公司), focusing on disclosing the Group's governance, strategies, goals, actions and achievements in sustainable development. This Report has been considered and approved by the Board.

COMPILATION BASIS

This Report is based on the Environmental, Social and Governance Reporting Code (the "**ESG Code**") in Appendix C2 of the Main Board Listing Rules from The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and with reference to the GRI Sustainability Reporting Standards (2021 Edition), the United Nations Sustainable Development Goals Corporate Action Guidelines (SDGs), the Basic Principles for Corporate Sustainable Disclosure (Trial) issued by nine ministries and commissions including the Ministry of Finance, the Reference Indicator System for Special ESG Reports of Listed Companies Controlled by Central Enterprises issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), and the IFRS Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB).

REPORTING PERIOD

This Report is an annual report. The time range covers 1 January 2025 to 31 December 2025. In order to ensure the continuity of the Report, some contents beyond the aforementioned scope are incorporated.

REPORTING SCOPE

All data and information disclosed in this Report come from AviChina and its subsidiaries.

REPORTING PRINCIPLE

This Report has been prepared in accordance with the reporting principles stipulated in the ESG Code of the Stock Exchange:

Materiality: The Board and the Sustainable Development Committee of the Company thereunder reviewed and assessed material issues relating to environmental, social and governance that are of concern to stakeholders, and focused on the impact of climate-related risks and opportunities, which shall be disclosed accordingly in this Report.

Quantitative: This Report adopts quantitative method to disclose applicable ESG key performance indicators and goals in 2025 and indicates reference standards, calculation methods and parameters.

Balance: The Group's ESG performance are disclosed objectively in this Report to avoid choices, omissions, or presentation formats that may inappropriately affect readers' decisions or judgments.

Consistency: The statistical methods used in the data disclosed in this Report remain consistent with previous years, and if there is any inconsistency, explanations has been made.

DATA SOURCES

Unless otherwise specified, the financial data quoted in this Report are derived from the audited financial reports of the Group, and other data come from the internal official documents and relevant statistics of the Group. Unless otherwise specified, the monetary unit used in this Report is RMB (yuan).

ACCESS TO THE REPORT

The electronic version of this Report will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk)and the "Announcement and Governance" column on the official website of the Company (www.avichina.com). AviChina encourages all stakeholders to provide feedback on any suggestions and opinions regarding the Group's ESG-related work.

DEFINITIONS

"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 Co., Ltd. (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 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
"AVIC Xinxiang Aviation Group"	AVIC Xinxiang Aviation Industry (Group) Co., Ltd. (新鄉航空工業(集團)有限公司), a subsidiary of AVIC Airborne
"AviChina", "Company"	AviChina Industry & Technology Company Limited (中國航空科技工業股份有限公司), a joint stock limited company established in the PRC with limited liability on 30 April 2003
"AviChina 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
"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
"Director(s)"	the director(s) of the Company
"Fengyang Hydraulic"	Guizhou Fengyang Hydraulic Co., Ltd. (貴州楓陽液壓有限責任公司), a subsidiary of AVIC Airborne
"Forstar"	AVIC Forstar S&T Company Limited (中航富士達科技股份有限公司), a subsidiary of JONHON

DEFINITIONS

"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
"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
"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)
"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 shares are listed on the Shanghai Stock Exchange, a subsidiary of the Company
"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
"Oriental Instrument"	Shaanxi Oriental Aeronautic Instrument Manufacture Co., Ltd. (陝西東方航空儀錶有限責任公司), a subsidiary of AVIC Airborne
"PRC" or "China"	the People's Republic of China
"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 the PRC
"SAEC"	Shaanxi Aero Electric Co., Ltd. (陝西航空電氣有限責任公司), a subsidiary of AVIC Airborne
"Shaanxi Huayan"	AVIC Shaanxi Huayan Aero-Instrument Co., Ltd. (陝西華燕航空儀錶有限公司), a subsidiary of AVIC Airborne
"Shanghai Aviation Electric"	Shanghai Aviation Electric Co., Ltd. (上海航空電器有限公司), a subsidiary of AVIC Airborne

"Shareholder(s)"	holder(s) of Share(s) of the Company
"Share(s)"	the ordinary share(s) of the Company
"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 amended Articles of Association approved by the Shareholders on 12 December 2025, the Company no longer established the Supervisors or Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company. Pursuant to the amended Articles of Association approved by the Shareholders on 12 December 2025, the Company no longer established Supervisors or Supervisory Committee
"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
"trainer"	aeroplanes designed and used for pilot training purposes
"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

STATEMENT OF THE BOARD

In 2025, with the global economic recovery and industrial restructuring continuing to deepen, the green and low-carbon transformation, innovation-driven innovation and high-quality development became the defining themes of the era. Faced with increasingly severe climate challenges and an evolving regulatory landscape, AviChina is deeply aware that proactively adapting to ESG regulatory trends and integrating the sustainable development philosophy into its strategies and operations are not only essential for meeting compliance requirements, but also a crucial approach to securing long-term competitive advantages and achieving high-quality development.

Over the past year, grounded in the status of the aviation industry as a national strategic high-tech industry, AviChina has always taken the harmonious development of the environment, economy and society as its mission, actively implemented the new development philosophy, accelerated the advancement of ESG management practices and capacity building, and strove to build an efficient, green and sustainable development pattern. AviChina and its subsidiaries have promoted the full integration of ESG concepts into strategic decision-making, operational management and cultural development, and gradually established a sustainable development system covering environment, society and governance.

Consolidating the Foundation of Corporate Governance to Strengthen Sustainable Development

AviChina has always adhered to high-standard corporate governance to lead the high-quality development, continuously optimized the structure of the Board of Directors, and established a modern corporate governance system featuring well-defined rights and responsibilities, coordinated operations and effective checks and balances. In 2025, we further strengthened the Board's leading role in sustainable development, upheld the three-tier governance structure with the Board at its core, and continuously improved the decision-making, implementation and supervision mechanisms for sustainable development-related matters. The Board has established a Sustainable Development Committee, which coordinates the management of key ESG issues and the identification of risks and opportunities, and comprehensively enhances the Group's capabilities in forward-looking identification, process control and response in the environmental, social and governance areas. Meanwhile, benchmarking against regulatory compliance requirements and the focus areas of rating agencies, we continued to optimize the ESG Information Management Manual, and through the structured ESG management system, we achieved regular and systematic improvements in information management, risk and opportunity identification, indicator tracking and other areas, laying a solid foundation for high-quality development.

Steadfastly Advancing Green Development to Build a Sustainable Ecosystem

Led by the strategy of "exploring new paths for energy conservation and carbon reduction in the aviation sector, accelerating the green aviation low-carbon technological revolution", AviChina has integrated the green and low-carbon philosophy into its entire operating chain. In 2025, we established and improved our environmental management system, deepened energy conservation, emission reduction and process upgrading, and accelerated the application of new energy alternatives. A number of our subsidiaries have obtained certifications for the GB/T 24001 (ISO 14001) Environmental Management System and GB/T 23331 (ISO 50001) Energy Management System. Two subsidiaries were listed in the national green manufacturing list, and one subsidiary was recognized as a provincial-level 3A Green Factory. Faced with the "Dual Carbon" goals and climate challenges, we formulated a systematic roadmap for the green transformation. Following the implementation framework of governance, strategy, risk and opportunity management, as well as indicators and targets, we comprehensively enhanced our climate resilience, improved the carbon emission accounting mechanism, and translated the green and low-carbon philosophy into measurable and manageable actions.

Empowering Development Through Technology Innovation to Forge a Sustainable Development Pattern

AviChina immovably takes technology innovation as the core driving force for sustainable development. Grounded in its role as a national strategic technology force, we adhere to the strategic positioning of being "a promoter of aviation technology innovation and an accelerator for the conversion of technological achievements". We have continued to optimize a collaborative and efficient innovation system, which deepened integration between the innovation and the industrial chain, and empowered the aviation industry with technology to move toward high-end, intelligent and green development. In 2025, focusing on our core businesses and core technologies in key fileds, we strengthened major technological breakthroughs and independent innovation capabilities. During the year, we filed 2,661 patent applications and were granted 1,833 patents, and subsidiaries won multiple honors such as the second prize of the National Science and Technology Progress Awards and the third prize of the Science and Technology Progress Award of Chinese Society of Aeronautics and Astronautics, being highly recognized by the industry in terms of our technology innovation strength.

Fostering a Strong Sense of Social Responsibility and Cultivating a Sustainable Development Culture

AviChina adheres to the development concept of people-oriented and is committed to fostering a safe, equal, inclusive and harmonious working environment. We strictly implement the responsibility system for production safety, improve the occupational health management system, and build a workplace ecosystem featuring mutual respect and common growth. In 2025, to meet the career development needs of employees throughout the entire employment cycle, we established a tiered and categorized talent development system to continuously enhance professional competence and innovation capabilities. Meanwhile, we actively fulfill our social responsibilities and undertake the mission of promoting aviation culture, popularizing aviation knowledge and advocating the spirit of serving the country through aviation. We actively respond to the national rural revitalization strategy and promote the coordinated advancement of economic and social benefits. We regularly carry out the Lei Feng Volunteer Service and public welfare activities to promote the volunteer spirit of dedication, friendship, mutual assistance and progress, contributing to social harmony and civilized progress.

Looking ahead, AviChina will remain committed to the mission of serving the country through aviation and strengthening the nation through aviation. With a higher stance, broader vision and stronger sense of responsibility, we will continue to consolidate the foundations of environmental responsibility, social responsibility and corporate governance. We will empower the high-quality development of aviation manufacturing through sustainable development, and work together with all employees, partners and all sectors of society to write a new chapter of safety, green development, resilience and win-win results in the aviation industry.

ABOUT AVICHINA

AviChina (stock code: 2357.HK) was incorporated in Beijing on 30 April 2003. It was listed on the Main Board of the Hong Kong Stock Exchange on 30 October 2003, with a registered capital of RMB7,972,854,242. The Company's controlling shareholder is AVIC.

Over the past years, AviChina has gone through three stages: start-up development, industrial adjustment and industrial focus and extension. With its business structure becoming increasingly consummate and its comprehensive operational capabilities in the aviation industry continuously strengthening, AviChina has stepped into a new stage of building a world-class high-tech aviation industry conglomerate. AviChina is the only aviation high-tech industry group in the Hong Kong capital market. It controls five A-share listed companies including AVICOPTER (600038.SH), Hongdu Aviation (600316.SH), AVIC Airborne (600372.SH), JONHON (002179.SZ) and Forstar (920640.BJ) and holds number of companies such as AVIC CAPDI, Tianjin Aviation and AviChina Hong Kong, and its main businesses cover helicopter, trainer, general-purpose aircraft, aviation ancillary system and related business and aviation engineering services, etc.

Complete Aircraft Business

Helicopter

◇ Has a comprehensive helicopter product portfolio to meet customer needs across defense, commerce, transportation, search and rescue, and other fields

Trainer

◇ Has the only complete system of R&D and manufacturing for junior, intermediate and advanced trainer aircraft in China

◇ Meets the training requirements of pilots from initial piloting to proficient piloting the advanced supersonic aircraft

General-purpose aircraft

◇ A leading manufacturer of general-purpose aircraft in China

◇ Y-12F is the only domestic civil aircraft obtaining type certificates from CAAC, FAA and EASA

Aviation Ancillary System and Related Business

◇ A major supplier of China's airborne systems with sound production capabilities. Its products cover eight major airborne product lines: control and navigation, data and sensor, hydraulics and fuel, and ECS and cabin

◇ As China's largest provider of high-end connector systems, it boasts domestically leading R&D and manufacturing capabilities for mid-to-high-end optical, electrical and fluid connection technologies and products, delivering best-in-class interconnection solutions for high-end manufacturing customers

◇ It is one of the key suppliers for China's large commercial aircraft program, supplying the front fuselage, the middle and rear fuselage, some of avionics systems and electromechanical systems

Aviation Engineering Services

◇ A leader in the specialized planning and design of aviation manufacturing industry. It has the highest industry qualifications in the full value chain of engineering construction, with three major business sectors of consulting and design, engineering assembly, and equipment assembly

◇ It serves the low-altitude economy by providing integrated solutions for the sector

HONORS AND AWARDS IN 2025

2025 Excellent Practice for Sustainable Development of Listed Companies

China Association for Public Companies

2025 ESG Crystal Ball Award for Listed Companies

Securities Market Weekly

"Green Manufacturing Enterprise of the Year" Award

NetEase Finance

EXTERNAL RATINGS IN 2025

MSCI ESG

B (upgraded from CCC to B)

Wind ESG

AA (upgraded from A to AA)

SNSI

A (upgraded from BBB to A)

SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

Board Statement

The Board of Directors of AviChina attaches great importance to sustainable development and remains committed to enhancing the Group's overall performance in sustainable development. In response to the regulatory disclosure requirements of the Hong Kong Stock Exchange, the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance and other regulatory authorities, AviChina has continuously improved its ESG governance structure and established a top-down sustainable development management system.Through the collaboration of the decision-making and supervisory executive, the management and the executor, the Group strives to advance steadily on the path of sustainable development. The Board of Directors is the supreme decision-making body for ESG affairs of AviChina, bearing overall responsibility for supervising ESG matters and responsible for making decisions on material ESG-related matters, reviewing the annual ESG work plan, its implementation and progress review, and approving disclosure information of ESG. In order to further strengthen the dedicated management of ESG affairs, the Board has established a Sustainable Development Committee to assist in the supervision and guidance of sustainable development-related work, ensuring that the ESG philosophy is effectively integrated into the Group's strategy and operations.

To further standardize ESG management and ensure its implementation in accordance with established procedures, AviChina has formulated and annually updated the Environmental, Social and Governance (ESG) Information Management Manual of AviChina Industry & Technology Company Limited (the "ESG Information Management Manual"), which clarifies the mechanism for ESG information management and disclosure. While adapting to changes in the internal and external environment and improving the quality of ESG information disclosure, the Group further strengthens internal ESG risk management and earnestly fulfills its sustainable development responsibilities. Meanwhile, the Group keeps abreast of global sustainable development trends and reviews and updates material issues on an annual basis through the establishment of a regular communication mechanism with internal and external stakeholders. And through dynamic identification and tracking of material sustainable risks and opportunities, the Group systematically integrates ESG considerations into its corporate strategy, and allocates appropriate resources to promote a deep integration of ESG governance into its core business operations, thereby achieving synchronized progress in value creation and sustainable development.

AviChina has set short-medium- and long-term targets around issues such as low-carbon emission reduction, pollutant discharge, safe production and human resources, and has formulated relevant plans and programs. During the reporting period, the Board has supervised, evaluated and reviewed the completion of such targets to promote the attainment of ESG goals. This Report discloses true and detailed information on the progress and achievements of the Group's work in sustainable development and management in 2025, the content of which is true and accurate without misleading statements or material omissions, and has been reviewed and approved by the Board of Directors.

SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

Sustainable Development Strategy

At present, the new round of global technological revolution and industrial transformation is gaining momentum. China is immovably advancing high-quality development with an increasingly clear development trajectory in coordinated transformation of green, digital and intelligent development. Against this backdrop, AviChina deeply recognizes that green development is not only a responsibility constraint but also an opportunity for innovation; digitalization and intelligentization are not only transformation trends but also drivers of development. Therefore, the Group has consistently taken the harmonious development of economy and society as its own responsibility, consistently implemented the new development concept of "innovation, coordination, green, openness and sharing", proactively responded to the Sustainable Development Goals (SDGs) of the United Nations and the Paris Convention and other international guidelines, fully integrated the sustainable development concept into strategic decision-making and operational practices, and deeply embedded ESG elements into its management system, striving to build an efficient, green and sustainable development pattern and build a solid value foundation for high-quality development.

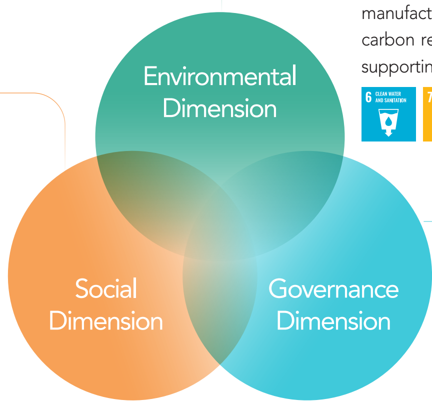
Leveraging its sound industrial support system and rich application scenarios, the Group will proactively extend the industrial boundaries, focus on green aviation and the industrialization of technological achievements, and pay attention to strategic emerging industries and future industries. Through cross-sector collaborative innovation, the Group is committed to building itself into:

◇ a promoter of aviation technology innovation

◇ an accelerator for the conversion of technological achievements

◇ an implementer of chain replenishment, reinforcement and extension

Under this strategic framework, the Group's actions on the sustainable development will focus on:



Focusing on Green and Low-Carbon Development

Leveraging green and low-carbon development as an engine of transformation, we have built a green aviation manufacturing system, and rooted in energy conservation and carbon reduction technologies within the aviation sector, fully supporting the achievement of the "Dual Carbon" goals.

Strengthening Ecological Synergy

Guided by technological innovation, we turn it into the core driving force for aviation industry upgrading. Furthermore, while advancing industrial transformation, we strengthen inclusive growth, empower employee development and engage deeply in community building.

Deepening Effective Governance

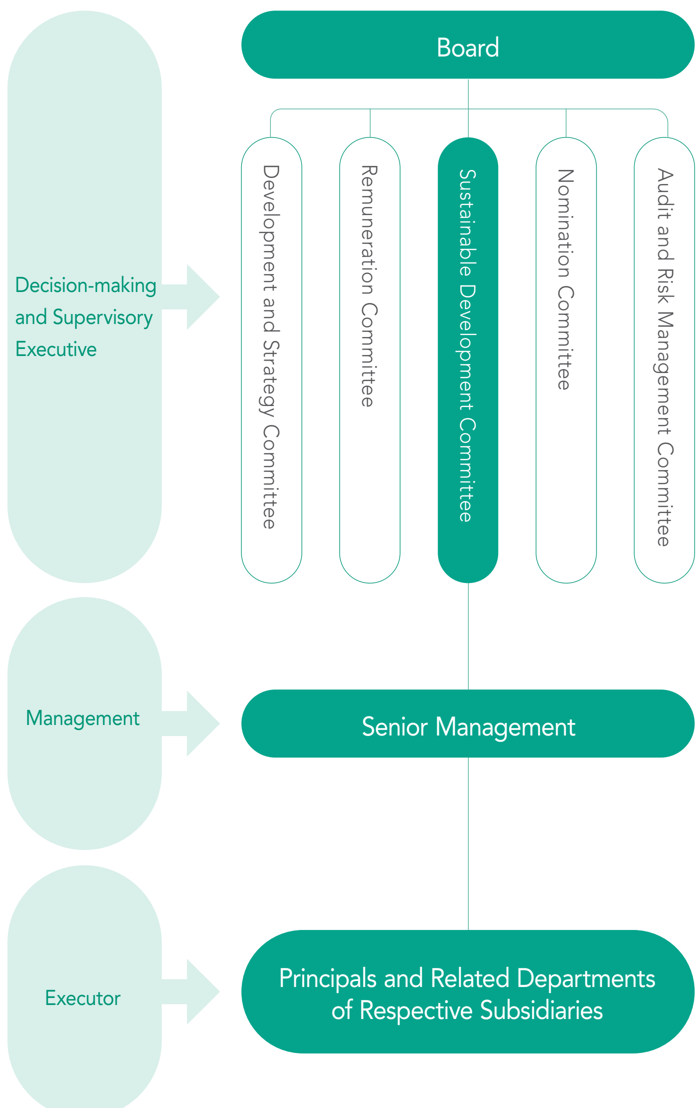
We safeguard long-term value creation through transparent and effective governance and compliance systems, ensuring that the Group achieves steady and sustainable growth on the path of high-quality development.

Going forward, AviChina will continue to take sustainable development as its guide and technological innovation as its driving force, realizing corporate value while serving national strategies and honoring long-term commitments in advancing industrial transformation.The Group will reshape its industrial landscape through green development, promote full-chain low-carbon transformation, and make ecological prioritization the hallmark of its development. It will strengthen its development foundation with enhanced resilience, enhance the risk resistance and strategic flexibility of the industrial chain, and drive resource integration with greater efficiency to improve operational efficiency and value creation capabilities. By systematically building a new competitiveness underpinned by coordinated green, resilient and efficient development, AviChina will not only be a practitioner of high-quality development, but also a leader in sustainable development, striving to write a new chapter of sustainable development amid the tide of historic transformation.

SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

Sustainable Development Governance

AviChina has established a three-level ESG governance structure consisting of the decision-making and supervisory executive, the management, and the executor, and it could promote ESG governance with a clear divisions and responsibilities and an efficient collaboration mechanisms. Among them, the Board of Directors is the ultimate decision-making body for ESG-related matters of the Company and bears the ultimate responsibility for ESG strategy, risks and opportunities. The Sustainable Development Committee established under the Board serves as a dedicated body responsible for the research of ESG strategy and reviewing of major ESG-related matters and the meeting shall be convened at least once a year, with Mr. Lin Guiping, an independent non-executive Director, as the chairman. The management is responsible for decomposing strategic goals and coordinating resource allocation to ensure an effective implementation of ESG requirements at the operational front-line. The executor is responsible for fully integrating ESG performance indicators into daily operations and is subject to supervision and assessment.



Responsibilities

◇ The ultimate decision-making body for ESG-related matters, responsible for overall supervision and management of ESG-related matters.

◇ Responsible for the analysis and study of the Company's ESG-related risks and opportunities, incorporating them into the process of strategy formulation, major transaction decisions, and risk management, and supervising the strategy implementation and objectives achieving;
◇ Coordinating and supervising the planning and implementation of the Company's ESG-related matters;
◇ Making recommendations to the Board or general manager on major issues relating to ESG;
◇ Reviewing the Company's annual ESG report and exercising other functions and duties authorized by the Board.

◇ Responsible for the formulation, implementation and coordination of ESG plans to ensure the orderly advancement of ESG initiatives across all business segments;
◇ Regularly reporting to the Board and Sustainable Development Committee on the implementation of ESG matters, providing feedback on issues and results, and proposing improvement measures.

◇ Responsible for the implementation of the Group's ESG goals and indicators, reporting progress regularly to senior management, and being subject to supervision and performance assessment.

SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

Under the Board's top-level ESG oversight, the Group has established a sound and standardized ESG institutional management system based on the ESG Information Management Manual. It promotes the systematic and ongoing improvement of ESG information management, risk control and opportunity identification, laying a solid institutional foundation for high-quality development.

To transform institutional strengths into governance effectiveness and ensure the achievement of sustainable development goals, the Group has further linked sustainable development performance indicators to senior management's remuneration, driving strategy implementation through incentive and restraint mechanisms. The Group has systematically incorporated key indicators including climate change response, low-carbon emission reduction, energy utilization and safe production into the annual business performance assessments of its subsidiaries and responsible departments. By decomposing the Group's strategy to specific business units and key positions, the assessment results are directly tied to departmental performance and senior management's remuneration, effectively fostering the internal impetus for sustainable development. Against this backdrop, each subsidiary innovates its management model based on operational realities and deeply embeds performance assessment requirements into daily operations. For example, its subsidiary Nanjing Hangjian adopts the balanced scorecard as its core management tool and explicitly includes the "timely completion rate of improvement measures related to safety, environmental protection and fire control" as one of the assessment indicators for departmental annual and monthly assessments. The assessment results are directly linked to monthly remuneration and annual performance bonuses.

CASE STUDY Continuous ESG Capacity Building Training

From 20 to 21 November 2025, AviChina participated in the 2025 Special Training on Brand and Social Responsibility organized by AVIC. The training further deepened the understanding of the concept that sustainable corporate governance drove long-term value enhancement, clarified ESG information disclosure standards for listed companies, and fully implemented the requirements of the brand-leading initiative put forward by the SASAC. It provided dedicated sessions on carbon assets and carbon management, ESG report preparation and other topics, and enhanced participants' practical capabilities through case studies and on-site Q&A. Representatives from subsidiaries shared practical achievements and valuable experience in ESG and brand building based on their business characteristics, building consensus for the coordinated development of the Group's ESG and brand strategies.

◇ ESG Capacity Building Training Site

SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

Sustainable Development Goals

Area	Issue	Target Setting and Achievement
Environment	Emission Management	◇ Each subsidiary has set separate targets for wastewater and waste gas emission reduction and achieved its annual targets during the reporting period; ◇ Each subsidiary has set separate targets for solid waste management, with a 100% disposal rate for both hazardous waste and general industrial solid waste.
	Resource and Energy Utilization	◇ Each subsidiary has set separate targets for energy consumption and water conservation and achieved its annual targets during the reporting period.
	Addressing Climate Change	◇ The Company has defined its overall climate-related targets: to implement the national carbon peaking and carbon neutrality strategy, build a green aviation enterprise, achieve carbon peaking by 2030 and carbon neutrality by 2060. Phased targets have been established and progressed toward achievement in an orderly manner during the reporting period.
Social	Employees	◇ The Group has not engaged in child labour or forced labour; ◇ The Group ensures a 100% labour contract coverage rate for all formal employees; ◇ The Group has achieved a 100% coverage rate of paying five social insurance and one housing fund for employees.
	Safe Production	◇ The Group recorded no major work safety accidents during the year; ◇ The Group achieved 100% coverage of production safety liability insurance.
Governance	Anti-Corruption	◇ The Group achieved a 100% coverage rate of anti-corruption training for Directors; ◇ The Group achieved a ≥90% coverage rate of anti-corruption training for employees.

Stakeholder Communication

In its ESG governance, AviChina attaches great importance to the needs and participation of all internal and external stakeholders, including Shareholders, investors, governments, regulatory authorities, customers, suppliers, partners, employees, communities and the public. Through questionnaires, on-site visits, seminars and other means, the Group proactively understands and responds to ESG issues of concern to stakeholders. These key issues serve as an important basis for its sustainable development management decisions and effectiveness evaluation, and are prioritized for disclosure in the Report.

Stakeholders	Expectation and Demand	Communication Channels
Shareholders and Investors	◇ Protection of Shareholders' rights and interests ◇ Effective corporate governance ◇ Investment returns ◇ Risk prevention ◇ Transparent information disclosure	◇ Periodic reports and announcements ◇ Shareholders' meetings ◇ Investor communication ◇ Company's official website ◇ Roadshow
Government and Regulatory Authorities	◇ Compliance ◇ Conservation of ecological environment ◇ Fulfillment of social responsibility ◇ Tax payment according to law ◇ Promotion of industry development	◇ Government projects, policies and suggestions ◇ Thematic reporting ◇ Meetings and communication ◇ Field investigation
Customers	◇ Lawful performance of contract ◇ Operation integrity ◇ Product quality and safety ◇ Privacy and information security	◇ Business communication ◇ Exchange and discussion ◇ Email and phone communication ◇ Customer satisfaction surveys ◇ Daily communication
Suppliers and Partners	◇ Operation integrity ◇ Win-win development ◇ Fair and equitable procurement	◇ Project cooperation ◇ Email and phone communication ◇ Communication through supplier and partners training ◇ Daily communication
Employees	◇ Rights safeguard ◇ Occupational health and safety ◇ Salary and benefits ◇ Training and development	◇ Staff congress ◇ Employee satisfaction surveys ◇ Symposiums ◇ Employee training ◇ Employee activity
Communities and the Public	◇ Promotion of regional development ◇ Participation in public welfare undertakings ◇ Information publicity and transparency	◇ Company's official website ◇ Periodic reports and announcements ◇ Aviation culture popularization activities ◇ Public welfare volunteer activities ◇ News media

SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

Assessment of material Issues

AviChina carries out the assessment of material ESG issues once a year to identify and respond to the ESG issues of high concern to investors and other stakeholders. During the reporting period, the Group engaged in extensive communication with internal and external stakeholders by various ways such as questionnaires, interviews and exchanges, and thoroughly collected the concerns and expectations of all parties regarding ESG issues. Based on the Corporate Sustainability Disclosure Standards – Basic Standards issued by the Ministry of Finance and the eight other ministries and commissions, the Group abides by the double materiality assessment principle from two dimensions including "influence importance" and "finance importance" to systematically identify and assess the impact of ESG issues on economy, society and environment and the financial risk and opportunity presented by ESG issues on the Group's sustainable development. The specific assessment steps are as follows:

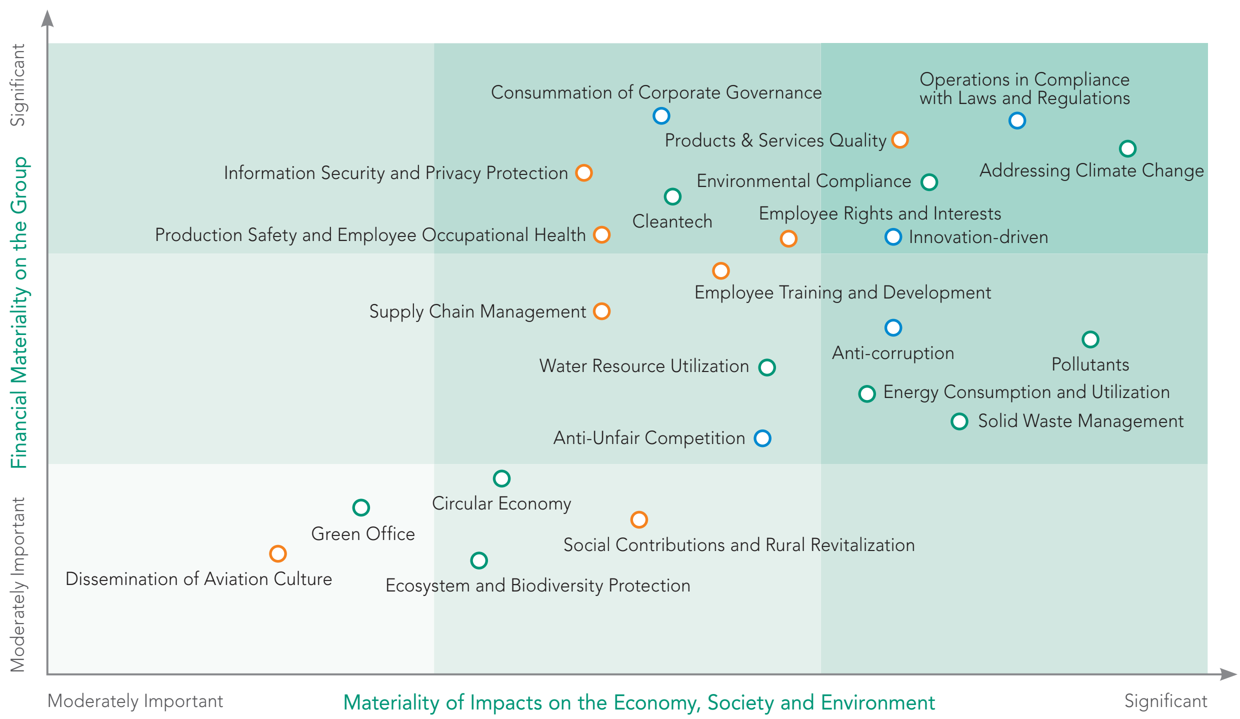
◇ Identification of ESG issues: In view of the domestic and international disclosure standards such as the ESG Code of the Hong Kong Stock Exchange, in combination with the Group's business background, and through peer benchmarking and expert judgment, we have preliminarily identified a total of 23 ESG issues related to environment, society and governance, including 10 environmental issues, 8 social issues and 5 governance issues, laying the foundation for the double materiality assessment.

◇ Stakeholder participation: Through a combination of questionnaires, interviews and exchanges, we extensively collected opinions from internal and external stakeholders, from which a total of 515 valid responses were received this time.

◇ Double materiality assessment：According to the cross-assessment and analysis of 23 issues based on the survey and interview results in "influence importance" and "finance importance" aspects respectively, we finally identified the ranking of material issues in 2025 and formed the matrix of material issues this year.

◇ Review and confirmation：The above-mentioned assessment results of double material issues were submitted to the Board of Directors for review and final confirmation, ensuring a rigorous issue identification process and reliable outcomes. Centering on the issue of high importance after confirmation, the Report will systematically disclose related management practice, performance and risk response measures and respond to the concerns and expectations of stakeholders comprehensively.

In 2025, the results of the Group's ESG materiality matrix are as follows:



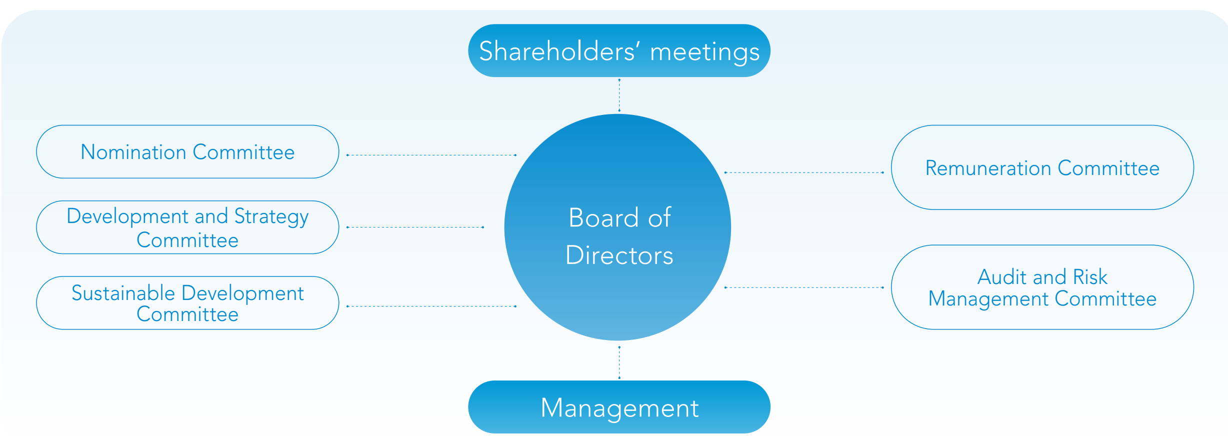
1 SUSTAINABLE FOUNDATION: STANDARDISED GOVERNANCE FOR A SOLID FOUNDATION

Response to the Sustainable Development Goals of the United Nations	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS
Key ESG Performance Indicators of the Hong Kong Stock Exchange	B7：Anti-corruption, B6.5
Response to Material Issues	Operations in Compliance with Laws and Regulations, Consummation of Corporate Governance, Anti-corruption, Anti-Unfair Competition

1.1 CORPORATE GOVERNANCE

1.1.1 Governance structure

AviChina strictly complies with the relevant laws, regulations and rules of China and the Hong Kong Stock Exchange on corporate governance and establishes a comprehensive set of supporting systems, forming a governance system with clear governance structure and standardized and efficient operations. The Board of Directors serves as the core of the Company's decision-making and oversight, and is responsible for leading, supervising and managing the Company's affairs. The Board of Directors has established the Development and Strategy Committee, the Audit and Risk Management Committee, the Remuneration Committee, the Nomination Committee and the Sustainable Development Committee. The Board also formulates the terms of reference and implementation rules of the special committees and gives full play to professional advantages, effectively ensuring the legality, scientific soundness, and correctness of the Board's collective decision-making, while reducing the Company's operational risks.



In 2025, the Company convened a total of 2 Shareholders' meetings, 5 Board meetings, 2 meetings of the Audit and Risk Management Committee, 2 meetings of the Nomination Committee, 1 meeting of the Remuneration Committee, 1 meeting of the Sustainable Development Committee, and 2 meetings of the Supervisory Committee.

SUSTAINABLE FOUNDATION: STANDARDISED GOVERNANCE FOR A SOLID FOUNDATION

1.1.2 Diversity of Directors

During the nomination and election of Directors, the Company strictly follows the relevant provisions of the Hong Kong Listing Rules and the Articles of Association to ensure that the procedures are standardized and fair. As of the end of the reporting period, the Company has 9 Directors: 2 executive Directors, 4 non-executive Directors, and 3 independent non-executive Directors. Among them, there is 1 female Director, 5 Directors hold master's degrees, and 4 hold doctoral degrees, with independent non-executive Directors accounting for 33.33% of the Board. Meanwhile, the Nomination Committee regularly reviews and assesses the structure and composition of the Board of Directors, taking full account of diversity factors such as age, gender, educational background and professional experience, and makes recommendations to the Board of Directors regarding the appointment of new Directors for the Company. During the reporting period, in accordance with relevant national policies and the Company's governance enhancement requirements, the Company revised the Terms of Reference of the Nomination Committee to further clarify the Committee's duties in areas such as Directors' selection and appointment, as well as diversity in composition, thereby promoting the implementation of a diverse Board membership in terms of background, expertise, and gender. Currently, Board members have rich working experience in many professional fields such as aviation, management, finance, and law, providing scientific, objective, and multidimensional professional perspectives for the Company's decision-making. In particular, Mr. Mao Fugen, chairman of the Audit and Risk Management Committee and an independent non-executive Director, and Mr. Liu Weiwu, chairman of the Remuneration Committee and an independent non-executive Director, both have deep professional expertise in accounting and financial management, further enhancing the effectiveness of the Board's oversight and guidance.

During the reporting period, the Company successfully completed the annual performance evaluation of the Board of Directors and individual Directors in accordance with relevant regulations and standards. The evaluation results indicated that the Board operated in a standardized manner and performed effectively, contributing to the continuous improvement of the Company's governance practices through review and assessment.

The Company attaches great importance to enhancing the performance of Board members. By systematically organizing thematic training, the professional qualities of the Directors in corporate governance, compliance operations, inside information management, sustainable development and other fields are improved continuously. The relevant training is closely aligned with the needs of Directors in fulfilling their roles, helping them deeply understand laws, regulations, and governance requirements, thereby providing a solid foundation for the Board's scientific decision-making and standardized operations. In addition, to continuously enhance Directors' recognition and the sense of belonging to the Company, the Company highly values and systematically plans on-site research for Directors, actively organizes directors to engage at the frontline and conduct thematic research focused on strategic emerging industry sectors, such as the cultivation of new quality productive forces and the development of the low-altitude economy, thereby providing strong support and reference for the Company's strategic assessment and major decision-making.

1.1.3. Investor Relations

Adhering to an investor demand-oriented approach, AviChina conducts in-depth investor relations management. The Company continues to increase information disclosure quality, broaden communication channels with investors and improve the frequency of investors' effective communication to practically guarantee investors' rights and interest in accordance with the Management Rules of Investor Relations and the Information Disclosure Management Measures and other institutional documents.

The Company convenes Shareholders' meetings regularly, diligently prepares and discloses periodic reports and interim announcements, and actively engages with investors to ensure that all Shareholders, especially minority Shareholders, enjoy equal status and fully exercise their rights. During the reporting period, the Company maintained close interaction with domestic and foreign investors through multi-level and multi-channel communication methods such as investor hotlines, emails, and investor exchange meetings. In 2025, the Company held over 70 investors' meetings and met over 300 investors.

In terms of information disclosure, relying on the synergy mechanism that is highly coordinated with its A-share subsidiaries, the Company continues to improve the timeliness and effectiveness of information transmission and effectively ensure the quality of information disclosure. During the reporting period, the Company has revised the Information Disclosure Management Measures and the Management Rules of Registration of Inside Information and Insiders to optimize the mechanisms of information disclosure and inside information management. The Company simultaneously released relevant information through the disclosure website of the Hong Kong Stock Exchange and the official website of the Company. In 2025, the Company released a total of 64 announcements. The public information disclosure throughout the year complied with the applicable laws and regulations with no misrepresentation, misleading statements, material omissions, and any other violation of related information disclosure regulations, thereby safeguarding the investors' right to know. In addition, through its official WeChat public account, the Company has established a convenient channel for investors to access information and engage with the Company, enabling them to stay informed about corporate developments and participate in investor activities in a timely manner.

The Company strictly complies with the requirements of the Hong Kong Listing Rules and relevant laws and regulations on inside information management. According to the Management Rules of Registration of Inside Information and Insiders, the Company implements end-to-end, closed-loop management over the generation, transmission, storage and disclosure of inside information, ensuring that all material information remains strictly confidential prior to its lawful disclosure, thereby maintaining fairness, justice and information transparency in the capital market. During the reporting period, the Company's information disclosure was accurate, timely and complete.

1.2 COMPLIANT OPERATIONS

1.2.1 Risk Management

AviChina has established a risk management and internal control system with well-defined division of labor and clear responsibilities. Guided by internal regulations such as the Regulations on Compliance Management, the Guidelines for Compliance Management System Assessment and Compliance Inspection, the Management Regulations on the Comprehensive Risk and the Construction and Supervision of Internal Control Systems, and the Management Measures for Reporting Major Operational Risk Incidents, the Company continuously improves its compliance management system and risk control management system and adopts a systematic and standardized management mechanism to effectively prevent all types of risks to support the Company's steady and sustainable development.

The Board of Directors shoulders the ultimate responsibility for the Group's risk management and internal control system, performs its duties of ongoing supervision and exercises its internal audit function through the Audit and Risk Management Committee. By fully integrating compliance risk assessment into the risk management system, the Group regularly conducts compliance assessments in key business areas and develops targeted measures to address significant risks, thereby ensuring effective prevention and control of compliance risks. The Board of Directors reviews the effectiveness of the risk management and internal control system at least once a year. At the operational level, the Group has established a "three lines of defense" mechanism featuring coordinated collaboration among business departments, risk control functions, and internal audit and accountability departments. The three lines of defense each perform their respective roles while working in synergy, ensuring the normalized and standardized effective operation of the risk control system.

Under the coordination of the above governance structure, the Group, rooted in its operational characteristics and the external environment, closely aligns with its development strategy and operational goals. The Group also deeply integrates risk management and control requirements into daily operations and has established an end-to-end, closed-loop management mechanism covering risk identification, assessment, response and supervision. In response to different risk levels, the Group formulates differentiated response strategies, deeply embeds control requirements into various business processes and ensures the effective implementation of risk response measures through institutionalized design, procedural execution, and explicit management. Meanwhile, building on traditional finance, operation and compliance risks, the Group actively adapts to the sustainable development trend, fully integrates ESG risks (including environmental compliance, production safety, social impact, and governance effectiveness) into its current risk management framework, thereby recognizing and responding to strategic, operational, and financial risks in a coordinated manner and enhancing its overall risk resilience from a more forward-looking perspective.

1.2.2 Compliance Management

The Group is committed to establishing a compliance management system that features full coverage, strong execution, and high efficiency. In accordance with its business development model and the latest laws and regulations, the Group has deeply embedded compliance requirements into every aspect and stage of operation and management, spanning the entire process of decision-making, execution, and supervision. The Group continuously refines its internal control system to systematically mitigate compliance risks, while driving dynamic optimization and continuous improvement of its management mechanisms through regular effectiveness assessments of its compliance management system.

As for the cultivation of compliance culture and values, the Group conducts multi-level compliance risk management training, striving to improve all employees' compliance awareness and risk identification capability, thereby making the compliance concept deeply rooted in all employees minds. In addition, the Group establishes refined mechanisms for reporting violations, investigations and accountability, making the reporting channels unimpeded, clarifying handling procedures, and strengthening accountability to ensure that compliance requirements are effectively implemented.

With regard to taxation, the Group adheres to all tax laws and regulations in the jurisdictions where it operates. The Group has established refined internal control processes for tax management to ensure that all taxes are declared and paid on time and in full, firmly prohibiting any form of tax evasion or underpayment.

SUSTAINABLE FOUNDATION: STANDARDISED GOVERNANCE FOR A SOLID FOUNDATION

1.3 BUSINESS ETHICS

1.3.1 Anti-corruption Management System

The Group strictly complies with national laws and regulations, including the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Supervision Law of the People's Republic of China as well as international anti-corruption principles and requirements. AviChina continues to improve its internal anti-corruption system and strengthen the mechanisms of oversight and accountability in high-risk areas. AviChina has formulated the Implementation Rules for Integrity Construction and Anti-Corruption Interview Reminder Work, the Implementation Plan for Integrity Culture Development and other internal regulations and maintains a "zero-tolerance" stance against any form of misconduct, including commercial bribery, corruption, extortion, fraud and improper transfer of benefits.

In terms of the establishment of governance mechanisms, the Board of Directors of the Company assumes the highest responsibility for supervising, managing, and guiding business ethics and anti-corruption efforts while the Audit and Risk Management Committee under the Board is responsible for reviewing and supervising the identification, prevention and control of business ethics and anti-corruption risks. Management actively promotes the comprehensive implementation of anti-corruption policies, integrating the integrity and compliance requirements into the Company's strategies and daily operations in depth to ensure that the integrity principles are consistently upheld from top to bottom. In order to enforce management responsibilities across all levels, the Group holds a collective interview reminder with management at least once a year. Besides, through channels such as inspection, special inspection, special rectification action, internal and external audit, and daily supervision, the Group systematically investigates and pushes the rectification of relevant issues to ensure the implementation of the integrity responsibility at all levels.

The Group advocates fair, transparent, and ethical business conduct, requiring all employees, subsidiaries, and business partners to adhere to the highest standards of professional ethics. Under the unified management of the Group, each subsidiary has established its own anti-bribery and anti-corruption systems and mechanisms, continuously refining integrity-related responsibilities, operational mechanisms, and disciplinary measures. Subsidiaries regularly update the negative list of positions with integrity risks, formulate guidance on preventive measures to mitigate integrity risks in key domains as well as clarify the requirements on business integrity. Furthermore, Subsidiaries implement focused supervision over positions with high integrity risks, requiring the personnel in such positions to sign the Statement of Integrity Commitment to ensure that the rotation mechanism of key positions is strictly implemented.

In terms of supplier management, the Group has established a strict access review mechanism to review information before the introduction of suppliers and resist commercial bribery and unfair competition with suppliers through a standardized integrity agreement signing process. The Group has clear punishment standards and working procedures for suppliers' breach of contract and dishonesty during the cooperation process. By leveraging information technology tools to dynamically monitor suppliers' integrity performance, the Group promptly identifies and resolves potential corruption risks, thereby fortifying the integrity defenses of the supply chain at the source and ensuring the standardized and healthy development of the Company's business.

During the reporting period, neither the Group nor its employees has been involved in any litigation cases regarding corrupt practices.

1.3.2 Reporting Mechanism and Whistle-blower Protection

The Group continuously establishes perfect mechanisms for reporting violations, investigations and accountability, and has developed a systematic and institutional system including reporting and case handling, responsibility accountability, preventive measures to mitigate integrity risks, the petition-letter whistleblowing management and other links. Employees, customers and other third parties may report or file complaints regarding matters that violate business ethics through various channels, including email, telephone, suggestion boxes, or offline reporting. A dedicated person from the Group takes on the responsibility of handling reporting and complaint. The dedicated person will research and verify the received clues as soon as possible and put the job ledger into place to ensure that every case is responded to and every issue is addressed.

On the basis of smoothing whistle-blowing channels, the Group attaches great importance to whistle-blower protection and regards it as the key to misconduct discovery and containment. The Group strictly keeps sensitive information confidential such as whistle-blowers' personal information, matters and clues and strictly controls the scope of knowledge. The handling staff comply with working procedures and strictly implement the rules of abstention to effectively safeguard the legal rights and interests of whistle-blowers. Besides, the internal regulatory body of the Group never stops supervising and auditing daily business throughout the year and focuses on important compliance risk points and key areas of integrity control, forming a control landscape combined with regular and special supervision.

1.3.3 Construction of Integrity Culture

Based on the Implementation Plan for Integrity Culture Development, the Group systematically advances the construction of integrity culture, promotes the regularization and institutionalization of theoretical learning education, integrity education and warning education and actively explores new dissemination approaches and carriers of integrity culture, integrating it into the whole process of operation and management.

The Group innovates education methods, builds an integrity education "matrix", solidly implements integrity training work through diverse methods such as discipline education, publicity and training, offline lectures, online courses and on-site visits to ensure that every employee has access to integrity values. The training content is tightly centered on the core issue of business ethics, covering anti-corruption laws and regulations, anti-commercial bribery, fair competition, the requirements on business integrity, violation accountability and other key aspects and helping employees deeply understand the bottom line and red line of business ethics. Targeted education is tiered by the Group in response to different positions: the increased training in anti-corruption laws and regulations, corporate governance and ethical leadership is the focus for the Directors and senior management whose responsibilities of demonstration, guidance and supervision are strengthened; targeted empowerment focusing on commercial bribery risk identification, preventive measures on conflict of interest and special risk prevention and control is for employees in key positions; the popularization of legal knowledge and corporate systems reinforces the awareness of integrity practice and the knowledge of reporting channels for all employees, thereby building a solid compliance foundation across the entire workforce. In addition, the Group continues to practice the integrity culture concept which is "Pure in Ambition, Integrated in Action; Incorruptible in Governance, Clear as the Sky" through a series of activities such as Integrity Culture Month, Integrity Aviation Theme Day, Integrity Culture Promotion Exhibition, making integrity culture deeply rooted into people's minds.

In 2025, the Group's total hours of anti-corruption training for Directors was 1,518 hours, and the anti-corruption training coverage for Directors was 100%. The total hours of anti-corruption training for employees was 301,339 hours, and the anti-corruption training coverage for employees was 99.99%.

1,518 Hours

Total hours of anti-corruption training for Directors

100 %

Anti-corruption training coverage for Directors

301,339 Hour

Total hours of anti-corruption training for employees

99.99 %

Anti-corruption training coverage for employees

1.3.4 Anti-unfair Competition

The Group firmly believes that fair competition is the cornerstone for market's healthy development, strictly abides by the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations, and clearly prohibits unfair competition, such as false propaganda, collusion in bidding, infringement of business secrets, etc.; meanwhile, continuously improves its internal supervision mechanisms, strengthens the training on employees' legal awareness, and eliminates any behavior that may damage market competition.

During the reporting period, the Group did not have legal proceedings against unfair competition, antitrust or anti-monopoly practices.

SUSTAINABLE FOUNDATION:
STANDARDISED GOVERNANCE FOR A SOLID FOUNDATION

1.4 INFORMATION SECURITY AND PRIVACY PROTECTION

1.4.1 Information Security

The Group strictly complies with the relevant laws and regulations such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Regulations on the Safety Protection of Computer Information System of the People's Republic of China, and constructs end-to-end information security management system covering management, technology and operation. The Group is committed to protecting national security secrets, corporate trade secrets and individual privacy security of citizens, laying a solid foundation for digital transformation.

In terms of information system security, the Group's intranet has deployed security protection products such as firewalls, intrusion detection systems, vulnerability scanning systems, antivirus systems, host auditing and three-in-one systems to prevent external attacks, and regularly updates antivirus, monitoring and other software to ensure the safe operation of the internet. In the light of the principles of defense in depth and active protection, each subsidiary, in accordance with the Information Classification and Control Measures, the Management Measures for the Operation of Information Systems and Equipment, and the Cybersecurity Incident Emergency Response Plan and other policy documents, establishes and continuously improves its cybersecurity defense system. They also conduct cybersecurity attack and defense drills irregularly to continue to strengthen their cybersecurity defense capabilities to ensure network security.

In terms of daily operation, the Group enhances real-time monitoring and periodic cybersecurity audits and assigns dedicated personnel to carry out information security inspections on information systems, network security, confidentiality security, identity authentication and access control, information equipment security, security audits and risk self-assessment. The Group implements strict control over secrecy-involved computer systems and office equipment and automatically audits whether operations are standard and record logs. Security and confidentiality managers audit various security protection products and output contents every week and generate audit reports on a monthly basis.

In terms of employees confidentiality management, the Group takes legal action as a bottom safeguard, enhances data management and control and eliminates incidents of information loss or leakage by including relevant terms in the Labor Contract, and the Confidentiality Undertaking signed with employees. Throughout the storage, processing, and transmission of information, the Group sets different permissions for employees at different levels and strictly controls the scope of access to specific files. At the same time, the Group opens up online cybersecurity learning sections and puts up warning signs to effectively and promptly remind all employees, which strictly prevents incidents of information loss or leakage.

During the reporting period, there were no major cybersecurity incidents in the Group.

1.4.2 Privacy Protection

The Group values and strives to maintain commercial information security, personal privacy including customers and employees and deeply integrated privacy protection requirements into product service and operation and management procedures. The Group conducts centralized management and control, classified and graded management of the customer and employee information obtained, strictly defines the scope of knowledge and ensures that commercial and personal information are secure and controllable throughout every stage of its lifecycle including collection, storage, usage, and transmission through data desensitisation, de-identification and other technical measures.

The Group has established a multi-layered defense system covering regulations, access controls, carrier management, and behavioral auditing. Each subsidiary formulates the Commercial Secret Protection Management Measures to clear the scope of commercial secret management, management structures within the organization, and the management responsibilities of each department, as well as management standards and requirements including commercial secrets' identification and adjustment, personnel, the carrier of commercial secrets, regions, informatization, information disclosure, and external business (cooperation).

◇ In terms of access controls, the Group limits the scope of knowledge according to functions and adjusts the authorization for confidential matters in a timely manner. Once there is a change in the position of a secrecy-involved employee, his or her authorization shall be adjusted immediately.

◇ In terms of carrier control, the Group tracks the whole process from creation to destruction against classified carriers that include paper files and electronic documents, and strengthens reviews of external disclosure involving information disclosure, news propaganda, and external partnerships.

◇ In terms of daily management, the Group conducts real-time monitoring and abnormal alert to classified operations through host auditing, endpoint security management, and normal log analysis, thereby building a multi-layered defense system that places equal emphasis on technology and management.

In order to strengthen all employees' awareness of security, the Group carries out tiered specific training on commercial secrets and privacy protection every year, enhances the awareness of employees' access responsibilities in line with positional duties and internalizes the culture of confidentiality into employees' daily work practices through compliance promotion and case-based warning education.

During the reporting period, the Group did not engage in any customer information or data leakage.

2 SUSTAINABLE ECOSYSTEM: GREEN DEVELOPMENT, NATURE IN FLIGHT

Response to the Sustainable Development Goals of the United Nations	
Key ESG Performance Indicators of the Hong Kong Stock Exchange	A1: Emissions, A2: Use of Resources, A3: The Environment and Natural Resources, Part D：Climate-related Disclosures
Response to Material Issues	Addressing Climate Change, Environmental Compliance, Cleantech, Management of Pollutants, Solid Waste Management, Energy Consumption and Utilization, Water Resource Utilization, Circular Economy, Ecosystem and Biodiversity, Green Office

2.1 ADDRESSING CLIMATE CHANGE

2.1.1 Climate Governance

AviChina has established a three-tier climate governance structure, comprising the Board of Directors and its Sustainable Development Committee as the decision-making and oversight level, senior management as the management level, and all subsidiaries as the execution level, ensuring that climate-related risks and opportunities are effectively monitored and managed.

Level		Duty
Decision-making Supervisory Executive	Board of Directors	As the highest responsible and decision-making body for the Company's ESG and climate change matters, the Board of Directors assumes the ultimate oversight responsibility for climate-related issues. The Board of Directors is responsible for approving and periodically reviewing policies, strategies and targets related to climate change, regularly hearing reports from management on climate risk response and target achievement, and incorporating climate change governance into corporate strategy as a core component.
	Sustainable Development Committee	The Sustainable Development Committee is authorized by the Board of Directors to assume full responsibility for the supervision and management of climate governance matters, including overseeing and guiding the formulation and implementation of the Company's climate-related policies, strategies and measures, as well as monitoring the process of identifying, assessing and responding to climate risks and opportunities.

Level		Duty
Management Level	Senior Management	Management is responsible for organizing the implementation of various decisions made by the Board of Directors and the Sustainable Development Committee regarding climate governance, through the appropriate allocation of human, financial, and technical resources. At the operational level, management actively promotes the establishment and effective operation of the energy management system and the environmental management system. Through conducting internal and external audits and management reviews, management systematically identifies and assesses climate-related risks and opportunities, ensuring that climate factors are integrated into daily operational processes. Meanwhile, management annually reviews and reports to the Board on the progress of managing climate-related risks and opportunities, the impact of climate change on business operations, and the establishment and achievement of climate-related targets, thereby facilitating the effective integration of climate issues into operational decision-making.
Execution Level	Respective Subsidiaries	Each subsidiary actively responds to the Group's overall strategy by establishing a dual-carbon/energy management/environmental protection leading working group or equivalent organization, establishing and improving climate management accountability mechanisms at various levels, formulating and implementing annual climate action plans, decomposing tasks level by level, and steadily advancing the achievement of climate-related indicators and targets.

To continuously enhance its comprehensive climate governance capabilities, the Group actively carries out climate-related specialized training and research, with a focus on international climate science advancements and policy developments, while conducting in-depth studies on the national "dual-carbon" policy system and industry implementation plans. At the same time, it benchmarks peer practice at home and abroad, learning from the climate actions and disclosure experiences of leading enterprises, to continuously improve the skill level of climate management personnel, thereby consistently strengthening the Group's depth of understanding and effectiveness of action in the field of climate change. In addition, the Group links climate governance requirements with the remuneration and performance of management and employees in key positions. Each subsidiary has incorporated climate-related assessment indicators (such as energy management, environmental protection, and low-carbon initiatives) and assessment content into its performance evaluation schemes tied to remuneration, and has signed the Environmental Protection Target Assessment Responsibility Agreement. Performance assessments are conducted on a monthly basis, with a year-end evaluation of the implementation of the Environmental Protection Responsibility Agreement. Commendation activities are also carried out to recognize individuals and units that have demonstrated outstanding performance in environmental protection work.

SUSTAINABLE ECOSYSTEM: GREEN DEVELOPMENT, NATURE IN FLIGHT

2.1.2 Climate Strategy

The Group continuously monitors global climate change, proactively identifies climate-related risks, and actively seeks climate-related opportunities to effectively enhance its operational resilience. In terms of strategic initiatives, guided by the strategy of "explore new paths for energy conservation and carbon reduction in the aviation field, and accelerate the low-carbon technological revolution of green aviation", the Group strengthens the development of its environmental management system, actively advances energy conservation and emission reduction programs, accelerates the application of green technologies and process improvements, promotes new energy substitution, and continuously reduces carbon emission intensity. During the reporting period, the Group continued to update and deepen its identification and assessment of physical and transition risks associated with climate, effectively integrating climate factors into its risk management framework through systematic analysis to ensure sustainable business development amidst the complex context of low-carbon transformation.

In terms of climate scenario analysis, the Group conducted assessments of physical risks and transition risks with reference to the SSP1-1.9, SSP2-4.5 and SSP5-8.5 scenarios of the Intergovernmental Panel on Climate Change (IPCC), as well as the Net Zero Emissions by 2050 Scenario and the Stated Policies Scenario of the International Energy Agency (IEA).

Scenario Definition	Low-emission Scenario	Base Scenario	High-emission Scenario
Scenario Selection	◇ SSP1-1.9 Scenario: By transitioning towards an inclusive, low-carbon society globally, the increase in global average temperature by 2100 is limited to approximately 1.5℃, aligning with the goals of the Paris Agreement. ◇ Net Zero Emissions by 2050 Scenario: It outlines the pathway for the global energy sector to achieve net-zero carbon dioxide emissions by 2050, aiming to keep the temperature rise within 1.5℃.	◇ SSP2-4.5 Scenario: Societal, economic and technological trends continue historical patterns, with global average temperature rise projected to reach approximately 2.1-3.5°C by 2100. ◇ Stated Policies Scenario: Based on the energy and climate-related policies that have been enacted and formally implemented by various countries, it reflects the evolution trends of the energy system under the current policy framework, providing a benchmark reference for assessing policy effectiveness.	◇ SSP5-8.5 Scenario: The global economy grows rapidly through fossil fuel dependence and energy-intensive approaches, with global average temperature rise projected to exceed 4°C by 2100.
Impact of Scenarios on the Group	This scenario represents the most stringent low-carbon transition pathway, under which the Group may be exposed to risks such as high carbon pricing, stringent policy supervision, and rapidly changing market preferences. At the same time, however, this scenario will also give rise to significant opportunities in clean technologies, energy efficiency improvements, and carbon credit management.	This scenario represents a gradual and moderate tightening of policies. The Group will follow its existing phased climate strategy, responding to carbon emission requirements through energy-saving retrofitting and moderate investments, while remaining vigilant to the risk of declining competitiveness due to a slow pace of transition.	This scenario represents an external environment characterized by high temperature rise and high physical risks. The Group may face impacts such as frequent extreme weather events, supply chain disruptions, and rising operating costs, necessitating the implementation of response measures to build sustainable competitiveness.

In terms of time horizon, the Group categorizes climate risks into three periods: short-term (within 1 year), medium-term (1 to 5 years), and long-term (over 5 years), to systematically identify climate-related risks and opportunities at different stages.

The Group's identification results for climate-related risks and opportunities are as follows. Regarding the impact of climate-related risks and opportunities on the Group's asset value, business operations, capital expenditure, and investment and financing activities, no material impact was identified during the reporting period. For an in-depth analysis of their expected future financial impact, please refer to the relevant explanations set out in "Risk Description" and "Response Measures".

Risk Type	Physical Risk	
	Acute Risk	Chronic Risk
Risk Description	◇ Factories, office buildings and office equipment located in areas with high risk of extreme weather events such as floods and typhoons may be vulnerable to damage, resulting in asset losses and incurring capital expenditure for repairs; ◇ Extreme weather events may cause maintenance-related business interruptions, disruptions to transportation routes, and an increased risk of quality issues, which could directly or indirectly disrupt business operational continuity and affect operating costs; ◇ Employees located in areas with high risk of extreme weather events such as floods and typhoons may be unable to report to work as normal, thereby affecting productivity and incurring additional production costs.	◇ High temperatures may lead to a decrease in the operational efficiency of factory equipment, thereby increasing energy consumption and production costs; ◇ Drought may lead to an increase in raw material prices or supply chain disruptions, thereby raising procurement costs; ◇ Sustained high temperatures pose a health threat to employees requiring outdoor work or on-site support, which may increase administrative costs.
Influence Period	Short-term	Long-term
Value Chain Impact	Business operations, supply chain	Business operations
Possibility of Occurrence	◇ Low-emission scenario: Minor ◇ Base scenario: Minor ◇ High-emission scenario: Major	◇ Low-emission scenario: Minor ◇ Base scenario: Minor ◇ High-emission scenario: Major
Severity of Impact	Medium-high	Medium
Response Measures	◇ Organize and conduct extreme weather events drills and develop emergency response plans; ◇ Conduct inspections on production equipment for disaster resilience and upgrade the disaster resilience rating of plant buildings and equipment; ◇ Provide early warning for disasters and organize and conduct pre-disaster safety inspections.	◇ Install active cooling devices at key sections of the production line to ensure stable operation of equipment under extreme high temperatures; ◇ Strengthen equipment inspections and preventive maintenance; ◇ Establish a water-saving operation mechanism and enhance water reuse; ◇ Implement heatstroke prevention and cooling measures.

SUSTAINABLE ECOSYSTEM: GREEN DEVELOPMENT, NATURE IN FLIGHT

Risk Type	Transition Risk	
	Policy & Legal Risk	Market & Economic Risk
Risk Description	◇ The tightening of policies such as carbon emissions and carbon tariffs may increase compliance costs.	◇ Customers' increased demand for low-carbon products requires the Group to adjust its product mix, which could result in higher R&D expenses and investment in technological upgrades; ◇ Failure to complete the transformation in a timely manner may lead to damage to brand reputation, which may affect future operating revenue.
Influence Period	Medium-term	Medium-term
Value Chain Impact	Business operations, supply chain	Business operations, supply chain
Possibility of Occurrence	◇ Low-emission scenario: Major ◇ Base scenario: Major ◇ High-emission scenario: Minor	◇ Low-emission scenario: Major ◇ Base scenario: Major ◇ High-emission scenario: Minor
Severity of Impact	High	Medium
Response Measures	◇ Continuously improve the development of the environmental management system; ◇ Conduct carbon emission monitoring and statistical work, and disclose information on a regular basis.	◇ Continuously establish and improve the green aviation manufacturing system; ◇ Optimize energy and resource utilization efficiency by investing in the development of photovoltaic projects and purchasing green electricity to actively promote cleaner production; ◇ Integrate low-carbon concept into corporate culture and conduct competency training for all employees.

Risk Type	Transition Risk	
	Technology Risk	Reputation Risk
Risk Description	◇ If the Group fails to timely identify and apply low-carbon and clean technologies, it may need to optimize various processes and equipment to promote the application of cleaner production technologies, which could in turn result in increased technology investment and operating costs; ◇ The application of new technologies may fail, resulting in idle equipment or investment losses.	◇ Should the Group demonstrate poor performance in addressing climate change and sustainability matters, resulting in negative feedback from stakeholders, such circumstances may affect its financing costs.
Influence Period	Medium-term	Medium-term
Value Chain Impact	Business operations, supply chain	Business operations, supply chain
Possibility of Occurrence	◇ Low-emission scenario: Minor ◇ Base scenario: Minor ◇ High-emission scenario: Minor	◇ Low-emission scenario: Minor ◇ Base scenario: Minor ◇ High-emission scenario: Minor
Severity of Impact	Medium	Medium
Response Measures	◇ Carry out low-carbon innovation in manufacturing processes and implement green and low-carbon supply chain management; ◇ Advance the development of a "dual-carbon" talent team.	◇ Regularly disclose ESG reports and continuously enhance the transparency of ESG information.

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Opportunity Type		Opportunity Description	Impact Cycle	Value Chain Impact
Opportunities	Resource efficiency opportunity	Through the introduction of high-efficiency energy-saving equipment and technology, the energy consumption of production processes can be reduced.	Long-term	business operations, supply chain
	Energy source opportunity	With policy support and technological advancements, fossil fuels can be gradually replaced by clean electricity and clean energy, thereby reducing energy costs.	Long-term	business operations, supply chain
	Product and service opportunity	Promoting low-carbon technology innovation in product design and production processes can help enhance the Group's market competitiveness, reduce costs, and attract green investment.	Medium-term	business operations, supply chain
	Market opportunity	The global demand for green and low-carbon products is continuously increasing, as customers increasingly prefer environmental-friendly and low-emission products and services. Capturing the opportunities in the green and low-carbon market will bring long-term financial benefits to the Group and enhance its market competitiveness.	Long-term	business operations, supply chain

2.1.3 Climate Risk and Opportunity Management

The Group fully recognizes the challenges and opportunities brought by climate change. On the basis of the existing comprehensive risk management framework, climate and environmental issues have been established as a specialized assessment area. The Group is committed to developing a systematic and dynamic climate risks and opportunities management mechanism, ensuring that strategic decision-making can effectively address the impacts of climate change while seizing development opportunities in the process of low-carbon transformation. When reviewing energy conservation and environmental protection plans, major investments, and technical upgrade measures, the Group has systematically incorporated a balanced assessment of climate risks (such as increased compliance costs resulting from stricter environmental policies) and climate opportunities (such as efficiency gains from the application of green and low-carbon technologies).

The Group's climate risks and opportunities management follows the following dynamic process:

◇ Identification: The Group systematically identifies climate-related issues based on domestic and international climate regulatory developments, industry technological transformations, and its own business layout, establishing and continuously updating a climate risk and opportunity map covering the entire value chain. In the identification process, the Group refers to different climate scenarios published by the Intergovernmental Panel on Climate Change and the International Energy Agency, clearly distinguishing between physical risks and transition risks, while also identifying low-carbon opportunities arising from sustainable development trends.

◇ Assessment: Based on the identification, the Group comprehensively evaluates the significance of climate issues under different climate scenario assumptions by using risk matrix tools to assess the likelihood of risk occurrence and the extent of its impact on financial performance and operations. For the identified material physical risks and transition risks, the Group conducts further in-depth analysis to simulate the resilience of the Group's business under different climate scenarios and to clarify their potential impact on the Group's development.

◇ Response: Based on the assessment results, the Group develops differentiated climate risk mitigation measures and opportunity conversion plans, and establishes a dynamic tracking mechanism to ensure the effectiveness and timeliness of the management measures.

2.1.4 Climate Indicators and Goals

In alignment with the statistical assessment requirements of regulatory authorities and the AVIC, and based on the "Carbon Peaking and Carbon Neutrality" Action Plan of AviChina Industry & Technology Company Limited, the Group has established clear carbon peaking and carbon neutrality goals and strategic deployments, embedding "carbon peaking and carbon neutrality" as an inherent requirement for promoting high-quality development and fully integrating them into the entire process of the Company's transformation and development. Through the dual drive of management innovation and technological innovation, the Group actively explores new paths for energy conservation and carbon reduction in the aviation field to accelerate the green and low-carbon technological revolution in aviation industry, and progressively promotes adjustments in industrial and energy structures to ensure the timely achievement of the "carbon peaking and carbon neutrality" goals.

In terms of goal setting, guided by the national "dual carbon" strategic objectives, the Company has defined its overarching climate-related goals as follows:

◇ To align with the national strategy known as "Carbon Peaking & Carbon Neutrality", we establish ourselves as a green aviation enterprise, achieving the Carbon Peaking by 2030 and the Carbon Neutrality by 2060.

◇ Specifically, by 2030, we will benchmark against the green aviation manufacturing system of the AVIC to strengthen the operation of the energy management system and further optimize our energy efficiency. Comprehensive energy consumption per RMB10,000 of industrial output value will drop by 25% compared with 2020; carbon dioxide emissions per RMB10,000 of industrial output value will fall by at least 65% compared with 2020, with carbon dioxide emissions reaching a peak and declining steadily.

◇ By 2060, a green and zero-carbon aviation product and service system will be fully established to achieve the goal of carbon neutrality for sites and products in all aspects.

In alignment with the overall objectives, each subsidiary has formulated specific phased greenhouse gas emission reduction plans and implemented corresponding transition programs. During the reporting period, the Group pursued the construction of a green aviation enterprise as a key initiative, systematically advancing the low-carbon transition, continuously enhancing the institutionalization and systematization of its "dual carbon" efforts, and scientifically coordinating and solidly implementing various emission reduction measures. Each subsidiary successfully achieved its respective phased climate emission reduction targets. Among them, the subsidiary Nanjing Hangjian took the lead in internal carbon pricing pilot, with the internal carbon price set at approximately RMB100 per ton in 2025 to quantify the cost of carbon emissions. Additionally, by constructing a solar photovoltaic system to obtain carbon credits, the company established a ledger for photovoltaic usage, which was managed by designated personnel to offset part of its emissions. Through technological carbon removal, the subsidiary reduced its reliance on coal, oil, natural gas, and other such sources, thereby avoiding carbon dioxide and other greenhouse gas emissions from combustion, and made initial progress in the field of carbon credit management.

In 2025, the data of greenhouse gas emissions of the Group is as follows. For details on the comprehensive energy consumption data, please refer to the "Resource Utilization" section and the "ESG Performance Data Table" in this Report.

Table: Greenhouse gas emissions from the production activities of the Group[1]

Indicator	Unit	2025
Greenhouse gas emissions (Scope 1)	Ten thousand tonnes of equivalent CO_2 emissions	4.90
Greenhouse gas emissions (Scope 2)	Ten thousand tonnes of equivalent CO_2 emissions	49.62
Total greenhouse gas emissions (Scope 1+Scope 2)	Ten thousand tonnes of equivalent CO_2 emissions	54.52
GHG Emissions Intensity	Tonnes of equivalent CO_2 emissions per RMB10,000 revenue	0.06

Based on the complexity and uncertainty of future carbon price fluctuations, transformation risks and physical risks, the Group is temporarily unable to accurately disclose the amount and proportion of assets affected by climate risks and opportunities, nor is it able to provide specific data on capital expenditures, investment and financing amounts and other financial quantitative information used to respond to climate-related risks and opportunities.

[1] Scope 1 and Scope 2 of greenhouse gas emissions are calculated with reference to the Corporate Greenhouse Gas Emissions Accounting and Reporting Guidelines published by the Ministry of Ecology and Environment, and the coefficients used in the calculation are mainly sourced from the Corporate Greenhouse Gas Emissions Accounting and Reporting Guidelines and the National Greenhouse Gas Emission Factor Database.

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2.2 ENVIRONMENTAL MANAGEMENT

2.2.1 Environmental Management System

The Group has strictly complied with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Regulations on Environmental Protection Management of Construction Projects, establishing and improving its environmental management system, diligently advanced environmental protection efforts, and consistently enhanced its environmental management standards. During the reporting period, a number of subsidiaries have continuously maintained their environmental management systems and successfully renewed their GB/T 24001 and ISO 14001 environmental management system certifications, and passed surveillance audits conducted by third-party authoritative institutions, thereby ensuring the compliance, suitability, and effectiveness of the system's operation.

Under the guidance of the Group's overall principles, each subsidiary has formulated a comprehensive environmental management system tailored to its specific production and operational circumstances. The system includes, but is not limited to, the Environmental Protection Management System, the Environmental Risk and Opportunity Management System, the Wastewater Emission Management System, the Emission Management System, the Solid Waste Management System, the Cleaner Production Audit Management System, and the Response Plans for Environmental Emergencies. These documents provide comprehensive management over aspects such as pollution prevention, hazardous waste management, soil pollution management, noise management, environmental protection equipment and facility management, environmental management of construction projects, environmental protection supervision and inspection, environmental statistics management, and environmental performance assessment, thereby clearly defining environmental protection requirements within production and operational activities.

In terms of environmental risk identification and hidden danger investigation

the Group proactively addresses various environmental risks arising from production operations and construction processes, conducting a systematic environmental risk assessment and a mechanism to investigate the hazards. Each subsidiary has established a list of pollution sources and pollution factors, deeply combining regular environmental inspections with irregular environmental spot checks to assess environmental risks and hazards, and implementing tiered and categorized risk management and control.

In terms of appraising of environmental impact

all subsidiaries strictly implement the "Three Simultaneous" systems for construction projects, fulfilling environmental impact assessment procedures in accordance with laws to ensure that environmental protection facilities are designed, constructed, and put into operation simultaneously with the main project.

In terms of pollutant discharge permit management

each subsidiary engages qualified third-party environmental monitoring units to conduct sampling and monitoring of wastewater, exhaust gas, noise, soil, etc., within the plant area. The monitoring results all comply with national emission standards and the requirements of the enterprise's pollutant discharge permits, ensuring that the environmental impact of production and operational activities remains under control.

In terms of environmental emergency management

each subsidiary has established an emergency command leading group and developed a scientifically sound and comprehensive system for response plans for environmental emergencies. During the reporting period, subsidiaries actively conducted various emergency drills for environmental emergencies, scientifically deploying specialized emergency drills based on the risk characteristics of the work sites, thereby enhancing operators' capabilities to respond to environmental risks.

In terms of environmental education and training

the Group continues to strengthen the construction of its environmental protection team, implement environmental education, training, and publicity activities layer by layer according to the actual production and operation needs, promote the continuous deepening of green environmental protection concepts within the Group, continuously improve the awareness of all employees about environmental protection and green production related work, and enhance the construction of environmental protection quality.

During the reporting period, the Group strictly complied with environmental laws and regulations and did not incur any administrative penalties for environmental violations.

2.2.2 Exhaust Gas Management

The main exhaust gas pollutants involved in the Group's operations include sulphur dioxide, nitrogen oxides and smoke and dust generated during the production process. Adhering to the concept of "source control and end-of-pipe treatment", the Group exercises strict control over exhaust gas emissions. By optimizing production processes, the Group reduces the generation of pollutants at the source and relies on efficient end-of-pipe treatment facilities to ensure stable compliance with emission standards. During the reporting period, the Group did not experience any environmental incidents or administrative penalties due to excessive exhaust gas emissions. All exhaust gas emission outlets within the Group achieved 100% licensed pollutant discharge, with both the concentration and total volume of pollutant emissions complying with national and local standards.

In accordance with the Group's requirements, each subsidiary has formulated phased exhaust gas emission reduction targets based on data feedback from regular internal inspections or third-party environmental evaluation reports, combined with their production capacity planning and industrial transformation and upgrading progress. For example, AVIC Lanfei set a clear quantitative target for nitrogen oxide reduction and successfully achieved that year's goal during the reporting period.

The exhaust gas management measures of the Group are as follows:

◇ AVIC Lanfei optimized the commissioning method for the "sulfur-nitrogen co-infiltration salt bath" process, significantly reducing costs associated with labor and equipment usage while improving efficiency by over 50%. This enhancement not only increased the product qualification rate but also effectively reduced the emission of air pollutants.

◇ To improve the environmental performance and efficiency of the exhaust gas treatment system, Nanjing Hangjian conducted a key upgrade of the exhaust gas treatment facilities by introducing new activated carbon adsorption units. These units are specifically designed to adsorb VOCs, achieving a critical improvement in exhaust gas treatment efficacy.

◇ Qing'an Company consolidated and upgraded the existing exhaust gas treatment facilities within the plant area by merging nearby units to reduce the number of emission outlets. Concurrently, it entrusted a third party with daily operation and maintenance management, ensuring the timely replacement of consumables such as activated carbon and filter cartridges, thereby maintaining the normal operation of the exhaust gas treatment facilities.

◇ JONHON carried out a series of targeted modifications and optimizations related to exhaust gas treatment. These initiatives included constructing new exhaust gas treatment facilities by adjusting the layout of glass sintering and heat treatment processes to achieve the collection and treatment of unorganized exhaust gas. Additionally, by modifying the floats and inspection windows of electroplating exhaust gas treatment facilities, the company further enhanced the maintainability and operational convenience of the exhaust gas treatment equipment.

In 2025, the total emission of exhaust gas of the Group amounted to 14,883,184,100 standard cubic meters.

2.2.3 Wastewater Management

The wastewater generated during the Group's production processes primarily consists of industrial wastewater and domestic sewage, with major pollutants including COD, NH-N, and TP. The Group strictly adheres to national and local environmental protection regulations, implementing comprehensive control over wastewater throughout the entire process. Following the principles of "separate treatment for different pollutants, advanced treatment, and reuse based on water quality", the Group adopts a process involving collecting different types separately, quality-based pretreatment, combined advanced treatment, and classified reuse for the collection and treatment of production wastewater. This ensures that all wastewater after treatment, meets discharge standards or is discharged into municipal pipelines. During the reporting period, the Group did not experience any environmental incidents or administrative penalties due to excessive discharge of wastewater.

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The wastewater management measures of the Group are as follows:

◇ Qing'an Company is equipped with two electroplating wastewater treatment stations. All environmental protection facilities operate stably and efficiently, with complete and traceable operation records and maintenance archives.

◇ SAEC conducts pretreatment of domestic sewage by constructing septic tanks, effectively improving the incoming water quality. At the same time, the company has fully implemented the renovation of separating rainwater from sewage system, achieving a complete separation of rainwater and wastewater within the plant area and optimizing the water environment management system at the source.

◇ Zhengzhou Aircraft has constructed a drainage system that separates rainwater from sewage, clean water from wastewater, and collects different types of wastewater separately. The wastewater treatment and disposal system was designed and built based on the principles of "separate treatment for different pollutants, advanced treatment, and reuse based on water quality".

In 2025, the total amount of wastewater discharged from the Group's plants was 3,446,715.36 tonnes.

2.2.4 Waste and Packaging Materials Disposal

The Group strictly abides by relevant laws and regulations on waste management where it operates, implements full life-cycle management of waste generated during operations, strictly categorized into hazardous waste and general industrial solid waste, and builds a closed-loop control system from source generation, classified storage, standardized transfer, to terminal disposal. To ensure the effective implementation of management policies, each subsidiary, in accordance with the Group's requirements, has formulated and strictly enforced internal regulations such as the Hazardous Wastes Management System and the General Industrial Solid Waste Management System, ensuring risk control and disposal compliance through clear responsible entities, detailing operational procedures, and strengthened ledger management.

For hazardous waste, each subsidiary has established standardized storage space with clear and complete labels, assigned dedicated personnel for management, and strictly implemented requirements for classification of the collection and designated storage. Comprehensive management ledgers are maintained, and emergency response plans for hazardous waste incidents are well-developed and effective. On this basis, subsidiaries continuously strengthen standardized management throughout the entire process and conduct regular targeted inspections to ensure that all management measures are fully implemented. All hazardous waste is entrusted to entities with corresponding qualifications for transportation and disposal. In 2025, the total amount of hazardous waste disposed of by the Group was 4,913.09 tonnes.

The waste management measures of the Group are as follows:

◇ Changhe Aircraft has renovated and upgraded its temporary storage for hazardous waste in accordance with regulatory requirements, adding explosion-proof monitoring cameras, activated carbon exhaust gas purification facilities and firefighting facilities, while improving measures such as seepage and leakage prevention in the warehouse. During the reporting period, the hazardous waste disposal rate reached 100%, which was in line with national environmental protection requirements.

◇ Chuanxi Machinery has set up a dedicated hazardous waste warehouse, with labels for hazardous waste, information on the generating unit, warning labels, notification cards, zoning diagrams for hazardous waste, and on-site emergency response plans, as well as clear management responsible persons.

◇ Oriental Instrument implements hierarchical reuse of gasoline used for parts cleaning, and promotes the use of ultrasonic cleaning machines (with specialized cleaning solutions) for mechanical parts in certain units to reduce the waste gasoline generated.

◇ AVIC Lanfei conducts research on the process of environmental-friendly cleaning agents that replace gasoline-based cleaning agents, organizing on-site trials and validations in production areas to reduce the usage volume of gasoline cleaning processes, thereby reducing the waste organic solvents generated such as gasoline and effectively minimizing the hazardous waste generated.

For general industrial solid waste, each subsidiary implements strict classification management for waste such as iron scraps, offcuts, and used packaging generated during production, and established management ledgers for the generation stage, the outbound stage and the disposal stage, ensuring a clear traceability for each batch of waste. Meanwhile, subsidiaries actively promote waste reduction initiatives by exploring and applying innovative techniques to minimize waste generated at the source. For waste with recycling value, each subsidiary gives priority to internal resource utilization, and reuses it based on actual production. For portions that cannot be consumed internally are entrusted to qualified third party for recycling, thereby advancing the reduction, resource utilization and harmless management of solid waste. In 2025, the total amount of general industrial solid waste disposed of by the Group was 13,496.32 tonnes.

The management measures for general industrial solid waste of the Group are as follows:

◇ GuiZhou FengLei recycled kraft paper and protective film generated from its production activities to ensure resource recycling and achieve resource conservation.

◇ Nanjing Hangjian makes small tooling by using leftover scraps from outsourcing processing. Rubber parts produced in the rubber production process are used for equipment insulation and tool protection, and rubber closures with abnormal size or appearance in the production process are used for equipment sealing.

◇ Lanzhou Aviation Electric improves its process technology level by providing professional skills training to its employees, thereby reducing the generation of scrap metal cutting.

In terms of packaging materials, adhering to the principle of "Reduce, Reuse, Recycle (3R)", each subsidiary implements classified management for packaging materials of different materials (such as paper products, plastics, wood, etc.), optimizes product design and packaging structure to minimize the use of non-essential packaging materials, and vigorously promotes mechanisms of the reuse and recycling of packaging materials, achieving efficient recycling of resource.

The recycling initiatives of packaging material of the Group are as follows:

◇ Harbin Aircraft sorts and separates packaging materials used by suppliers for shipments based on material type and purpose, then cleans and maintains them according to clear return standards before returning them to suppliers for reuse. This practice not only reduces the production of new packaging but also lowers procurement costs.

◇ AVIC Kaitian has designated personnel to clarify and recycle the packaging boxes. Slightly damaged boxes are repaired to ensure they meet the load-bearing and protective requirements for reuse. During the reporting period, over 600 packaging boxes were recovered, reducing procurement costs for packaging materials and achieving both environmental and economic benefits.

◇ Changfeng Avionics recycles and reuses packaging boxes returned from external sites. During the reporting period, more than 2,100 packaging boxes (and cases) were recycled.

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2.3 RESOURCE UTILIZATION

2.3.1 Energy Management

AviChina continues to advance the development of its energy management system by improving organizational mechanisms and lean control, focusing on enhancing energy efficiency to accelerate its low-carbon transformation. Each subsidiary has established an energy/energy conservation management leading group, formulating and breaking down energy management targets to ensure accountability. Energy conservation assessment and incentive mechanisms have been strengthened, linking energy performance to performance evaluations. Meanwhile, an energy use inspection system has been put in place to promptly identify and address leakage and dripping during equipment operation, reducing energy loss. During the reporting period, each subsidiary continuously improved its energy management system, maintaining certification under the GB/T 23331 and ISO 50001 energy management system standards.

In 2025, the Group's primary energy mix included gasoline, kerosene, diesel, natural gas, outsourcing electricity and outsourcing thermal power, with comprehensive energy consumption of 145,000 tonnes of standard coal equivalent.

The Group's energy management initiatives are as follows:

◇ Implementing energy conservation and carbon reduction responsibilities: Sichuan Hydraulic, based on annual targets, organizes employees at all levels to sign "Safety Production, Energy Conservation and Environmental Protection Responsibility Targets", further clarifying responsibilities, strengthening management, conducting supervision and inspections, and strictly implementing assessments, thereby establishing a long-term mechanism for "energy conservation and consumption reduction" management and improving operational energy efficiency.

◇ Strengthening energy-consuming equipment management: SAEC implements refined management of its air conditioning system by installing a centralized control system for air conditioners in the meeting room, enabling remote and automated start/stop control of multiple meeting room units while monitoring real-time operational status, reducing energy waste caused by neglecting to turn off air conditioners.

◇ Energy-saving equipment upgrades and retrofitting: Qing'an Company strictly promotes the retirement and replacement of outdated high-energy-consumption processes and equipment, completing the replacement of cooling water pump motors in the refrigeration station, achieving a nearly 30% increase of equipment utilization rate compared to the original motors.

◇ Establishing energy management platforms: Hongdu Aviation has built an energy management and control platform to strengthen centralized control of power and energy, gradually achieving the dominance, informatization and intelligence of energy management. By collecting, analyzing and utilizing energy consumption data, it gains insights into the energy system's status, enabling scientific management, reducing energy consumption, and achieving refined energy management.

◇ Daily energy conservation training and publicity: AVIC Lanfei conducts the "National Energy Conservation Week and Low-Carbon Day" publicity activity, and also publicizes the knowledge of energy-saving through internal networks, WeChat, slogans and other forms, encouraging employees to develop good energy-use habits and enhancing energy conservation awareness across the workforce.

2.3.2 Water Resource Management

Adhering to the core objective of "reduce waste and use water efficiently", the Group comprehensively promotes water conservation and water recycling. The Group's sources of water supply mainly come from municipal water supply and natural water bodies, with stable and reliable channels for water intake that pose no risk of water shortages. For stronger management of water resources consumption, each subsidiary continues to advance hardware maintenance and modification as well as the optimization of daily management and establishes a routine mechanism for energy conservation and safety inspection to conduct special inspections for channels' and equipment's potential risks every month. In terms of water resource management approach, they drive the transition from reactive maintenance to proactive prevention to reduce water waste at source and improve water recycling level.

During the reporting period, the Group took various measures to promote water conservation management, achieving phased success. Regarding source control, the Group effectively prevented leaks, spills, and drips in pipeline networks and equipment through a system of routine inspection and equipment maintenance, reducing unnecessary losses; regarding process optimization, the Group greatly improved efficiency of water use and system stability by technological upgrading and refined adjustment of water recycling system. In general, the Group's water consumption per unit of output value and total water consumption are declining steadily while the level of water resource management continues to rise. In 2025, the Group's total water consumption was 5,896,300 tonnes, representing a decrease of 11.14% compared with the previous year.

The Group's initiatives for water conservation are as follows:

◇ Through supervision and assessment of key water-consuming workshops and production equipment, Harbin Aircraft enhanced the sewage recycling management, increased the volume of recycling and implemented water saving practices. During the reporting period, Harbin Aircraft reused approximately 1.30 million tonnes of cooling water and rainwater, which effectively boosted the use of recycled water and reduced the purchase volume of tap water.

◇ Nanjing Hangjian has established a system for rainwater recycling with rainwater recycling tanks of 300 cubic meters. Collected and filtered through downpipe, subsequently stored in the tank, rainwater is used for irrigation of plants, dust control within plant area, etc., saving 1,200 cubic meters of water annually.

◇ Taiyuan Instrument has engaged a third-party organization to carry out a water balance test, thereby identifying the intake, usage, consumption of each water-consuming units and their relationships, grasping a clear picture of its water use performance and effectively improving water utilization.

2.3.3 Clean Energy Technology

In the field of clean technology, the Group has regarded the technological innovation as an important strategic direction. The Group continuously invests resources into relevant R&D and application exploration, strengthens green aviation manufacturing, and actively builds a clean and high-efficient production system, solidifying the foundation for green development. During the reporting period, two subsidiaries of the Group, Qing'an Company and GuiZhou Fenglei, were selected into the green manufacturing list at national level, while Changfeng Avionics, another subsidiary, was recognized as a 3A-level Green Factory in Jiangsu Province.

In terms of cleaner production, the Group actively explores application methods for clean energy. By implementing distributed photovoltaic projects and purchasing green electricity, the Group continues to increase the proportion of clean energy used in its production links.

CASE STUDY Integrated Project of "Sources, Grids, Loads, and Storage", Activating Green Momentum

Qing'an Company has actively explored approaches for the comprehensive application of green energy, coordinating and advancing the development of integrated demonstration project of "sources, grids, loads, and storage". By integrating rooftop photovoltaic systems, chemical energy storage, and intelligent energy charging facilities, it has established a multi-energy complementary clean energy supply system, continuously optimizing the energy consumption structure of its plant facilities.

During the reporting period, Qing'an Company completed the installation of rooftop photovoltaic of 2.28 MW, designed and installed lithium battery energy storage of 0.6 MWh, and used distributed energy storage system of 0.3 MW/0.6 MWh flow battery. By combining photovoltaic, energy storage, and load shifting technology, the company established a model of "rooftop resource assessment - grid-connection capacity calculation - revenue allocation", achieving the optimization of the plant's energy mix and predicted to save 2.28 million kWh of electricity annually.

Rooftop Photovoltaic Project

In product innovation and R&D, the Group focus on the low-altitude economy industry, and actively carries out breakthroughs in low-carbon and zero-carbon technologies, encompassing sustainable aviation fuels, advanced materials, and zero-carbon aircraft. The Group continuously promotes the R&D and validation of electrification and low-carbon technologies while exploring the innovative application of clean energy within the aircraft industry.

The Group will also continue to increase its investment in clean technology in the future and promote the deep integration of new energy technology and high-end manufacturing, injecting new momentum into green and low-carbon development.

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2.4 GREEN OPERATIONS

2.4.1 Green Office

The Group adheres to the concept of green operations, continuously integrating energy conservation and environmental protection requirements into its daily operations. By improving management systems, strengthening infrastructure, and deepening employee participation, it promotes energy conservation, emission reduction, and efficient resource utilization in office operations. During the reporting period, each subsidiary actively established and refined a green office management system, defining targets and requirements for office energy consumption, resource consumption, and waste management, thereby providing a mechanism to support green operations.

In terms of infrastructure

the Group accelerates the pace of energy-saving transformation, effectively reducing resource consumption at the hardware level by replacing energy-saving lamps of LED and upgrading water pump systems.

◇ Solar Street Light Retrofit

In terms of resource usage and conservation

the Group emphasizes behavioral guidance by prominently posting water-saving and electricity-saving reminder slogans in office areas to enhance employees' awareness of conservation. In its daily operations, it vigorously promotes a paperless office, relying on online OA approval systems, electronic documents, and video conferencing to effectively reduce paper consumption and carbon emissions associated with business travel.

◇ Green Office Poster

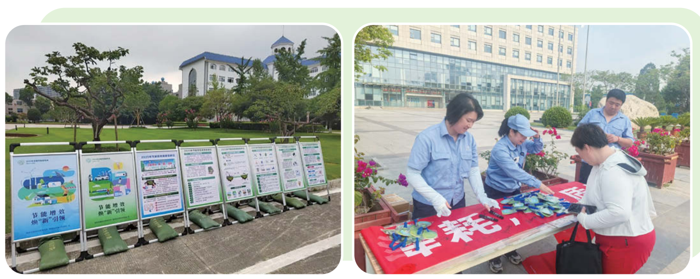
◇ Water Conservation Slogan

In terms of green procurement and commuting

the Group encourages the prioritization of environmentally friendly products and services, and guides employees to adopt low-carbon commuting options such as public transport, electric vehicles or cycling, thereby reducing commuting carbon emissions.

2.4.2 Low-carbon Actions

With a focus on green development, the Group continuously promotes the concepts and knowledge of ecological civilization and green development. During the reporting period, the Group disseminated energy conservation and environmental protection knowledge such as "low-carbon living" through large screens, promotional posters, and its corporate public accounts, and actively organized "Energy Conservation and Environmental Protection Week" activities, calling on all employees to start with themselves and with small actions in their daily lives to protect the environment and care for their home, widely mobilizing employees to participate in energy conservation and carbon reduction efforts.



◇ Energy Conservation and Environmental Protection Promotion Week Activities

2.5 BIODIVERSITY

The Group strictly complies with environmental protection laws and regulations related to ecosystems and biodiversity, deeply upholds the ecological civilization concept of "respecting, adapting to, and protecting nature", formulates and implements environmental and natural resource management policies, and integrates biodiversity protection requirements throughout the entire life-cycle of project siting, construction, operation and maintenance, thereby minimizing the potential impact of its operational activities on ecosystems.

Project Site Selection

The Group strictly complies with relevant national and local regulations on ecologically sensitive areas. During the site selection phase, it avoids key areas such as residential zones, ecological water source protection areas, and nature reserves, and reasonably selects plant locations to minimize the impact of its operations on communities, ecosystems, and the natural environment.

Construction of Projects

The Group strictly implements the environmental impact assessment and the "Three Simultaneous" system for construction projects, ensuring that pollution prevention and control facilities are designed, constructed, and put into operation simultaneously with the main project. During the project development phase, it conducts environmental impact assessments in a standardized manner to systematically evaluate the potential impact of the project on communities, biodiversity, and the surrounding environment, thereby preventing ecological risks at the source.

Project Operation

The Group strictly controls pollutant emissions to ensure the stable operation of treatment facilities for exhaust gas, wastewater, noise, and solid waste, and to ensure that emission indicators consistently meet environmental regulatory requirements, thereby minimizing long-term impacts on surrounding ecosystems.

Ecological Conservation

The Group actively implements ecological restoration and habitat optimization measures. By greening vacant areas within plant premises and planting native species, it creates ecological spaces suitable for wildlife habitation. It also carries out maintenance operations such as replacing topsoil, applying fertilizers, and replanting shrubs in surrounding areas and over underground pipe networks to enhance plant growth conditions and improve regional ecological functions. Currently, wildlife such as squirrels, turtledoves, and pigeons can be frequently observed within plant areas of some of our subsidiaries, gradually emerging the ecological achievements characterized by harmonious coexistence between humans and nature.

3 SUSTAINABLE LANDSCAPE: INDUSTRIAL SYNERGY FOR A CONNECTED FUTURE

Response to the United Nations Sustainable Development Goals (SDGs)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Response to Key ESG Performance Indicators of the Hong Kong Stock Exchange	B5: Supply Chain Management, B6: Product Responsibility
Response to Material Issues	Product and Service Quality, Supply Chain Management, Innovation-Drive, Cleantech

3.1 PRODUCTS AND SERVICES

3.1.1 Product Quality Management

The Group regards product quality as an important foundation for supporting high-quality development and long-term value creation. It strictly complies with laws and regulations such as the Product Quality Law of the People's Republic of China and the Civil Aviation Law of the People's Republic of China, and has established a comprehensive quality management system covering the entire process of R&D, production, delivery, and service. Subsidiaries, based on their actual business conditions, have established and continuously improved their quality management systems and formulated and revised a series of policy documents such as the Quality Management System Requirements, Production Process Quality Control, Production Quality Control Management Procedures, Process Inspection Management, and Quality Management System Assessment Measures, promoting standardized and normalized product life-cycle quality control.

To ensure the continued and efficient operation of the product quality management system, subsidiaries maintain certifications such as ISO 9001 and AS 9100D, and conduct annual audits to systematically assess the suitability and effectiveness of the quality management system. They promptly identify and rectify risks and hidden issues, optimize management processes and control mechanisms, and ensure the implementation of quality control measures. During the reporting period, the recycling rate of the products sold by the Group was 1.34%.

In terms of quality control measures, the Group continuously strengthens its management in R&D, production, delivery, and service, improves quality control systems and processes, conducts regular quality inspections of raw materials and key processes, and conducts employee quality training to enhance their quality awareness. At the same time, the Group strictly implements supplier quality management requirements, provides quality standard training, on-site and documentation audits, and performance evaluations for all suppliers, and promotes quality control throughout the supply chain life-cycle, ensuring that products and services maintain excellent quality and industry-leading standards.

◎ Establish a Digital Whole-Process Quality Control System

Lanzhou Aviation Electric adheres to the strategic direction of strengthening the enterprise through quality, and continuously strengthens the construction of a quality management system that covers the entire process, all elements, and full employee participation, ensuring high levels and high standards of product quality and performance capability.

◇ Strengthen the Implementation of Quality Responsibilities: Adhering to the principle of "whoever is in charge of the business is responsible for quality and bears the accountability", the company formulated and issued institutional documents such as the Measures for the Management of Quality Rewards and Penalties and the Measures for the Management of Quality Incentives and Accountability. In conjunction with operational performance assessments, the Measures for the Assessment of Quality Management Work was formulated to evaluate the quality performance of each unit on an annual basis and to implement performance-based rewards and penalties.

◇ Conduct Regular Quality Meetings: Regular meetings are held to analyze and study quality issues that arise. The resolution of technical quality issues is incorporated into matters subject to follow-up and tracking, resulting in a significant increase in the rate of quality issue closure.

◇ Establish a Quality Management Platform: A smart quality management platform was established. Through the online operation of multiple modules, it achieves visualized and dynamic management of process data for multiple products, enabling digitalized, standardized, and real-time supervision functions.

◇ Emphasize Quality Awareness Education for All Employees: A "Quality Culture Education Hall" was established, which was recognized as a "Quality Education Base" by both the Gansu Association for Quality and AVIC and regular quality awareness education and warning activities are conducted.

◎ Strengthen Supplier Quality Training and Capability Development

Harbin Aircraft has established a multi-department collaborative supplier review mechanism, formed a joint review team to conduct on-site or documentation reviews, identified weaknesses in suppliers, and strictly controlled the access conditions for qualified suppliers. For issues identified during reviews, Harbin Aircraft focuses on key aspects of quality management, urges rectification implementation, and organizes specialized supplier training and examination assessments. The content covers product identification and protection, first article inspection and qualification, special process control, incoming acceptance, quality control, green and low-carbon practices, and safety and confidentiality, aiming to enhance supplier quality management capabilities. At the same time, Harbin Aircraft implements a mechanism of regular re-evaluation and categorized cultivation for suppliers, conducting dynamic assessments of qualification conditions and production capabilities. For suppliers with insufficient capabilities, targeted assistance and capability improvement measures are carried out, continuously enhancing the overall quality level and risk control of the supply chain and ensuring its safe and stable operation.

◇ Supplier Quality Improvement Workshop

SUSTAINABLE LANDSCAPE: INDUSTRIAL SYNERGY FOR A CONNECTED FUTURE

3.1.2 Service Quality Assurance

The Group adheres to a customer-centered development philosophy, takes customer satisfaction as an important indicator for measuring operational quality and service level, and continuously improves product and service quality. Subsidiaries have formulated institutional procedures such as the External Quality Information Handling Procedure, Management Procedure for Corrective Actions on Product Quality Issues, and Customer Satisfaction Monitoring and Measurement System, which clarified service responsibilities and business process requirements, strengthened service process control and response efficiency, and ensured that customer needs are addressed promptly and effectively.

◎ Customer Complaint Handling Process

The Group places great emphasis on customer feedback and complaint management, using them as important tools for improving product design, optimizing quality control, and enhancing service capabilities. Subsidiaries have established standardized customer complaint acceptance and closed-loop management mechanisms, and implemented whole-process control over key aspects such as complaint categorization, cause analysis, rectification implementation, and completion timelines. Relevant handling information is incorporated into performance assessments to consolidate accountability, ensuring that issues are rectified and resolved in a timely and effective manner. During the reporting period, the Group's average customer complaint resolution rate was 100%.

◎ Establish a Closed-Loop Complaint Management Process to Enhance Customer Service Responsiveness

During the reporting period, AVIC Xinxiang Aviation Group focused on improving customer satisfaction and service support capabilities, continuously optimized its customer complaint management system, established a closed-loop management mechanism covering the entire process of acceptance, distribution, handling, feedback, and closure, and revised and improved the Customer Feedback Management Process.

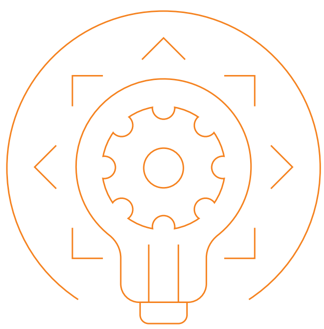
◇ Customer complaint information is incorporated into tiered and categorized management. Complaints involving safety, quality, and major service risks are handled according to "urgent" information standards, strengthening rapid response and risk control requirements.

◇ Upon receipt of complaint information, data desensitization is completed within three minutes, and the information is simultaneously communicated to the responsible unit through multiple channels such as phone, text message, and the business network office platform. The responsible unit is generally required to provide feedback on handling opinions within 24 hours.

◇ The progress of handling is subject to whole-process monitoring and dynamic tracking until the issue is closed, achieving traceable accountability, supervised processes, and evaluable results, effectively enhancing customer communication transparency and the timeliness of issue resolution.

◎ Customer Satisfaction Survey

The Group continuously improves its customer satisfaction management mechanism, and uses customer evaluation results as an important basis for improving product quality and service levels. Subsidiaries have established customer satisfaction measurement and analysis systems, regularly organized satisfaction surveys to systematically collect customer feedback on product performance, service responsiveness, and overall experience, and dynamically captured changes in customer needs. Based on the survey results, subsidiaries conduct specialized analysis and problem diagnosis, clarify improvement directions, and formulate annual customer satisfaction improvement plans. Corrective measures are implemented across key areas such as product design optimization, production process improvement, and after-sales service enhancement, promoting the formation of a closed loop for continuous improvement. During the reporting period, the Group's average customer satisfaction rate was 95.91%, demonstrating steady improvements in customer recognition and service quality.



◎ Improve the Customer Satisfaction Monitoring Mechanism

Fengyang Hydraulic formulated and implemented the Customer Satisfaction Monitoring and Measurement System, which systematically standardized the monitoring and evaluation management of customer satisfaction, clearly defined the processes of acceptance, analysis, improvement and communication of customer feedback, strengthened closed-loop management and the application of results, and promoted the improvement of product and service quality.

◇ Strengthen the Satisfaction Monitoring Mechanism: Customer satisfaction monitoring is conducted at least once a year, covering various business segments and key customer groups, ensuring comprehensive evaluation scope and reasonable sample structure, and enhancing the representativeness and effectiveness of monitoring results.

◇ Clarify the Survey Process: The Quality Management Department uniformly organizes customer satisfaction questionnaire surveys, systematically collecting customer feedback on product quality, service responsiveness, technical support, and other aspects, and conducts statistical analysis and comprehensive evaluation of the survey results.

◇ Strengthen Issue Rectification and Communication Feedback: For suggestions or improvement items identified in the survey, the Quality Management Department urges relevant responsible units to formulate and implement corrective measures, specifying rectification timelines and responsibilities, and provides timely feedback to customers on improvement progress and results, maintaining ongoing communication.

◇ Promote the Implementation of a Continuous Improvement Mechanism: Key concerns and improvement needs reflected in the survey are incorporated into the annual corrective and continuous improvement plan for coordinated management. Through follow-up evaluation and effectiveness verification, the company promotes management optimization and service capability enhancement, achieving continuous improvement in customer satisfaction.

3.2 SUPPLY CHAIN MANAGEMENT

3.2.1 Supply Chain Management System

The Group continues to promote the establishment of a standardized, efficient, green, and sustainable supply chain system, focuses on enhancing supply chain responsibility management, risk control capabilities, and environmental and social performance, and drives the formation of a stable, orderly, resilient, and sustainable supply chain ecosystem. Subsidiaries, based on their actual business conditions, have formulated and implemented institutional documents such as the Procurement and Supply Management Manual, Regulations on Supplier Access Management, Regulations on the Evaluation Management of Qualified Suppliers, Regulations on the Supervision and Management of Qualified Suppliers, and Regulations on Supplier Exit Management. These establish a full life-cycle management mechanism covering key stages such as supplier access, evaluation, supervision, and exit, and strengthen the regulation and guidance of suppliers in terms of compliant operations, social responsibility fulfillment, and environmental protection performance.

Table: Number and Distribution of the Group's Suppliers

Geographic Distribution	Number	Percentage
Suppliers in Chinese Mainland	15,448	97.64%
Suppliers from Overseas and Hong Kong, Macao, and Taiwan Regions	373	2.36%
Total	15,821	100%

SUSTAINABLE LANDSCAPE: INDUSTRIAL SYNERGY FOR A CONNECTED FUTURE

◎ Strengthen System Development, Improve Tiered and Categorized Management System

In December 2025, AVIC CAPDI optimized the development of its supplier management system and issued the Supplier Management Measures of China Aviation Planning and Design Institute (Group) Co., Ltd., which systematically stipulates the tiered and categorized management of suppliers, sourcing and cultivation, access, selection, evaluation, supervision and control, exit, and management of disqualified suppliers. This further improves the whole-process, full life-cycle supplier management system, promotes standardization, closed-loop management, and transparency in supplier management, and enhances the green and sustainable value creation capacity of the supply chain.

◎ Establish a Full Life-cycle Management Evaluation System

Tianjin Aviation, in alignment with the Group's procurement management and supply chain strategic layout and based on its own development strategy, continuously improves its agile, efficient, and green full life-cycle procurement and supply chain management system. It advances efforts to "reinforce, replenish and solidify" the supply chain, and continuously enhances supply chain resilience, risk prevention and control capabilities, and overall competitiveness.

◇ Supplier Access: The Supplier Sourcing and Access Procedure Document is formulated to establish a standardized and transparent supplier access process oriented toward long-term cooperation. Through a scientific supplier selection mechanism, the optimal supplier solution is determined for procurement implementation, achieving optimal allocation of overall procurement costs, environmental protection, and resource utilization efficiency.

◇ Supplier Evaluation: The Supplier Capability Assessment Procedure Document is formulated to clarify the supplier capability assessment process and management requirements. The document covers supplier quality assurance capability, management capability, and on-site assessment requirements, and specifies steps such as written assessment, physical quality evaluation, on-site audit, capability assurance assessment, and access risk evaluation. The assessment criteria adopt a tiered and categorized principle, with each evaluation item divided into four levels. Auditors conduct objective scoring based on actual on-site conditions, forming a scientific and quantifiable evaluation system.

◇ Supplier Supervision: Through the Supplier Comprehensive Performance Evaluation Procedure Document and relying on a preset indicator system, a comprehensive, systematic, and objective assessment is conducted on supplier performance in areas such as environmental protection, quality, delivery, price, technology, supply chain flexibility, and cooperation. The evaluation results are used to guide supplier improvement and to formulate corresponding reward and punishment measures, driving suppliers to continuously enhance their capabilities and performance.

3.2.2 Sustainable Supply Chain

The Group, adhering to its strategic positioning as an "implementer of chain replenishment, reinforcement and extension", insists on integrating sustainable development concepts into the entire process of supply chain management. It continuously improves the sustainable supply chain management system around the requirements of social responsibility, green and low-carbon practices, and integrity and self-discipline. Subsidiaries incorporate ESG requirements into all aspects of supply chain management, and establish a supplier evaluation mechanism covering dimensions such as green procurement, integrity procurement, work safety, and business ethics. They strengthen supply chain risk identification and tiered control, drive suppliers to continuously improve their environmental and social responsibility performance and enhance the overall resilience and stability of the supply chain. At the same time, based on the comprehensive assessment of supplier capabilities, subsidiaries prioritize suppliers with certifications such as ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, or OHSAS 18000 Occupational Health and Safety Management System. Through measures such as strengthening ESG risk supervision, contractual constraints, and supplier ESG training and capacity building, the Group continuously enhances the sustainable development level of its supply chain, and provides a solid foundation for achieving high-quality development.

◎ Actively Build a Green and Sustainable Supply Chain

SAEC actively promotes the construction of a green and sustainable supply chain, integrating ESG factors into the entire process of supplier management. It continuously optimizes management mechanisms in key areas such as supplier screening, access, evaluation, and supervision, strengthening risk prevention and control, compliance management, and credit assessment, and promoting the formation of a standardized, efficient, and robust supply chain system. At the same time, SAEC takes environmentally friendly products and green certifications as core assessment indicators for suppliers, advocating for upstream and downstream collaboration to enhance environmental performance and social responsibility, continuously strengthening supply chain resilience and sustainable development capabilities, and providing solid support for the Group's overall value creation and sustainable strategic goals.

◇ Tiered Risk Management: Suppliers are classified into high, medium, and low risk levels based on industry attributes and ESG sensitivity. For high-risk suppliers, the third-party environmental compliance audits are required to ensure the compliance and sustainability of supply chain.

◇ Certification and Access Requirements: Suppliers are required to provide ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications. Under the same conditions, suppliers with green product certifications are given priority, promoting the green transformation of the supply chain.

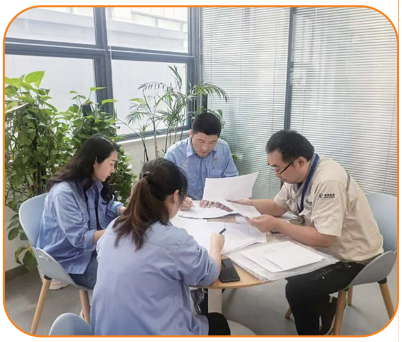
◇ Compliance and Credit Verification: Through the National Enterprise Credit Information Publicity System, public platforms of local environmental protection department, and international supply chain databases, supplier's environmental compliance records, labor disputes, and other potential negative information are verified to strengthen supply chain risk prevention and compliance management.

◎ Strengthen Supplier ESG Assessment

In its supplier management, Nanjing Hangjian incorporates environmental management level, social responsibility fulfillment, and governance standards into its key assessment system. Through regular document reviews, on-site evaluations, and comprehensive scoring, it tracks and monitors supplier's performance in environmental, social, and governance aspects, forming a systematic closed-loop audit mechanism that promotes a compliant, robust, and sustainable supply chain.

In terms of the environment, Nanjing Hangjian focuses on assessing supplier environmental management capabilities during supplier access, evaluation, and annual monitoring processes, including waste disposal, energy consumption control, and pollutant discharge monitoring. The third-party testing and compliance documents are used to ensure that supply chain environmental performance meets relevant regulations and standards.

In terms of social responsibility and governance, Nanjing Hangjian explicitly requires in its supplier management system that suppliers shall maintain good credit records, pay social insurance in accordance with the law, and establish sound safety management systems and product quality management systems.



◇ Conducting Qualification and Capability Assessment for Key Category Suppliers

SUSTAINABLE LANDSCAPE:
INDUSTRIAL SYNERGY FOR A CONNECTED FUTURE

3.3 TECHNOLOGICAL INNOVATION

3.3.1 Innovation and R&D System

The Group adheres to an innovation-driven development strategy, focuses on green aviation and the industrialization of scientific and technological achievements, and pays close attention to strategic emerging industries and future industries. Upholding the strategic positioning of being a "promoter of aviation technology innovation and an accelerator of the transformation of scientific and technological achievements," the Group regards technological innovation as a key pillar for enhancing core competitiveness and achieving high-quality development and accelerates the construction of a comprehensive, coordinated, and efficient aviation technology innovation system. During the reporting period, focusing on its core businesses and key technology areas, the Group strengthened efforts in major technology breakthroughs and independent innovation capability building, and promoted the deep integration of the innovation chain and industrial chain. In 2025, research and development expenses amounted to RMB6,155 million.

The Group focuses on the following key development directions to drive breakthroughs in core technologies, innovation in green and clean technologies, upgrades in intelligent manufacturing, and the strategic layout of emerging industries, thereby providing solid support for the Group's high-quality development and long-term value creation.

Low-Altitude Aircraft and Core Technology Innovation

In response to the development needs of the low-altitude economy, the Group explores the establishment of a future low-altitude aircraft joint innovation center, increases investment in key core technologies such as new aircraft and airborne products, and promotes the green and high-end development of product technologies.

Enhancing Aerospace Innovation and Expanding Applications

Focusing on new aircraft and frontier technologies, the Company advances key R&D and application exploration, broadens application scenarios, and promotes the synergy between aerospace innovation and green, low-carbon development.

Intelligent Manufacturing and Digital Transformation

Actively building an efficient and coordinated intelligent manufacturing system, and taking the "Intelligent Factory for Efficient Production of Aviation Electrical Connectors in Multi-Variety, Variable Batch" as a demonstration, the Group has formed an overall solution for the construction of automated equipment, digital production lines, and intelligent workshops, achieving efficient, green, and sustainable production processes.

Strategic Emerging Industries and Future Technology Development

The Group advances research on cutting-edge technologies such as reusable commercial spacecraft and infrared detection chips, explores development opportunities in strategic emerging industries and future industries, and plans future technology projects in accordance with the principles of green, innovation, and efficiency to enhance its long-term development potential.

◎ Establishing a "1+N" Innovation Platform System

Focusing on its core businesses and sustainable development strategy, Qing'an Company has initially established an aerospace actuation "1+N" innovation platform system characterized by clear functional positioning, rational professional layout, and distinct platform levels. Guided by core technology breakthroughs and supported by high-level innovation platforms, the system coordinates the layout of innovation platforms at the national, provincial and ministerial, and university-enterprise cooperation levels, and forms an innovation pattern featuring "core platform leadership, multi-disciplinary collaboration, and deep integration of industry, academia and research".

◇ High-level Platform Development Promotes Clean Technology Innovation: The "Shaanxi Aviation Clean Energy Technology Innovation Center for Science and Technology Industry" was approved for construction, which promoted the research and application of clean energy technologies in the aviation field and provided technical support for achieving green and low-carbon development goals.

◇ Strengthening Collaboration of Industry, Academia and Research: The company continuously promotes the standardized operation of university-enterprise joint research center. During the reporting period, it organized 12 centralized seminars on innovation platforms, established 6 innovation platform institutions, systematically advanced 30 scientific research projects, and jointly applied for 14 external research projects, which continuously enhanced the collaborative innovation capability and resource integration capacity of the platforms, and strengthened the capacity for transforming and applying research achievements.

◎ Improving the Technological Innovation System and Mechanism, Creating New Momentum of "Specialization, Refinement, Distinctiveness, and Innovation"

As a specialized, refined, differential and innovative "Little Giant" Enterprise at national level, Sichuan Hydraulic continues to regard technological innovation as the core driving force for high-quality development and systematically advances the construction of its technological innovation system.

◇ Establish a "4+8+N" Technology System: Building on its advantages in the hydraulic main business and specialized segment technologies, the company systematically established a "4+8+N" technology system and professional direction layout, and formed an innovation pattern characterized by core technology leadership, multi-disciplinary collaborative support, and continuous expansion of cutting-edge directions. In 2025, Sichuan Hydraulic successfully passed the reexamination for recognition as a High-Tech Enterprise, further consolidating its position as a technological innovation leader.

◇ Improve the Technology Governance Structure: A technological innovation governance system under the overall management of the Science and Technology Committee was established, responsible for technology strategic planning, technical direction demonstration, and evaluation of scientific and technological achievements, ensuring that the allocation of technological resources aligns with the company's development direction.

◇ Strengthen the Incentive Mechanism: Adhering to the concept of "full participation, full innovation", the company organizes the selection of scientific and technological achievements every two years, recognizes and rewards achievements that achieve key technological breakthroughs, overcome major technical bottlenecks, and promote product upgrades, forming a positive incentive mechanism oriented toward innovation value.

SUSTAINABLE LANDSCAPE: INDUSTRIAL SYNERGY FOR A CONNECTED FUTURE

3.3.2 Achievements in Technological Innovation

During the reporting period, the Group achieved remarkable achievements in scientific research and innovation. Multiple technology research and development projects received external recognition and awards. The technical R&D awards of some subsidiaries are as follows:

No.	Honors and Awards	Recipient of Award
1	Third Prize of the Science and Technology Progress Award of Chinese Society of Aeronautics and Astronautics First Prize and Second Prize of the China Innovation Method Competition Tianjin Division	Tianjin Aviation
2	Second Prize of National Science and Technology Progress Award First Prize and Second Prize of Henan Science and Technology Progress Award	JONHON
3	First Prize of the Technical Invention Award of the Chinese Mechanical Engineering Society Second Prize of Shaanxi Science and Technology Progress Award	Qing'an Company
4	Second Prize of Science and Technology Progress Award of Society of Aeronautics and Astronautics of Jiangsu Third Prize of Science and Technology Progress Award of Society of Aeronautics and Astronautics of Jiangsu	Changfeng Avionics
5	Second Prize of the Shaanxi Science and Technology Progress Award First Prize of Beijing Science and Technology Award	Taiyuan Instrument
6	Science and Technology Award of Chinese Society of Aeronautics and Astronautics Henan Science and Technology Progress Award of Aerospace Henan Science and Technology Progress Award Second Prize of Beijing Science and Technology Progress Award	AVIC CAPDI

◎ Focusing on Future Aviation Applications, Demonstrating the Transformation of Aviation Innovation Achievements

During the reporting period, AviChina, together with AVICOPTER and AVIC Global Culture Technology (Beijing) Co., Ltd.(中航環球文化科技 (北京) 有限公司), jointly designed and produced the "Purple Flame" future aircraft concept model. Based on the concept of a versatile vertical take-off and landing platform, this model is developed around public service scenarios such as emergency rescue, medical evacuation, and material delivery, showcasing the potential application directions of advanced aviation technology in the fields of social governance and public welfare, and reflecting the forward-looking exploration of the aviation industry in serving public needs. Leveraging the aviation-themed science fiction IP system of "Nantianmen Project (南天門計劃)", the project presents the envisioned development of future flight platforms in terms of safety, multi-mission adaptability, and intelligent operation through a combination of model display, scenario-based presentation, and science communication.

In October and November 2025, the "Purple Flame" concept model was unveiled at the 7th China Helicopter Exposition and the 2025 Aero Asia. With its forward-looking design concept and imaginative technological expression, it garnered widespread attention from on-site media and visitors, becoming a representative aviation technology showcase achievement at the exhibitions and effectively conveying the concept of "aviation high technology empowering future life".

◇ "Purple Flame" Concept Model

◎ Concentrated Emergence of Innovation Achievements, New Breakthroughs in Science and Technology Competitions

Keeven Instrument adheres to the innovation-driven development strategy as its guide, continuously deepening the application of innovation methods and the transformation of scientific and technological achievements. In the 2025 China Innovation Methods Competition, the company achieved breakthrough results, fully demonstrating the effectiveness of its technological innovation system construction and its high-level technological breakthrough capabilities. In this year's competition, Keeven Instrument won a total of one national first prize and one national second prize, as well as two first prizes, two second prizes, and one third prize in the Beijing Division, achieving a "dual improvement" in both the quantity and quality of national and regional awards. Meanwhile, Keeven Instrument was honored with the "Excellent Organization Award" for six consecutive years, reflecting its sustained investment and systematic layout in innovation management system construction, innovation talent cultivation, and the promotion and application of innovation methods.

◇ Keeven Instrument at the China Innovation Methods Competition

3.3.3 Digital Transformation

The Group focuses on its digital transformation strategy, continuously improves its digital capability development level, accelerates the construction of a collaborative, efficient, secure, and controllable digital ecosystem, and empowers and enhances efficiency in R&D, manufacturing, and operational management. Subsidiaries actively promotes the deep integration of next-generation information technology with core businesses, and drive the coverage of digital tools across key areas such as R&D and design, production and manufacturing, supply chain management, and operational control. During the reporting period, subsidiaries further improved relevant policies and systems, revised and issued institutional documents such as the Operational Control Center System Usage Management Norms, the Digital Twin System Operation and Maintenance Management Norms, and the BI Platform Management System, thereby strengthening the digital foundation supporting high-quality development.

◎ Promoting Comprehensive Upgrades in Digital Transformation

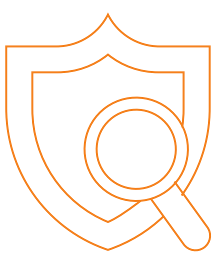
In 2025, JONHON, guided by the "14th Five-Year Plan" for digital transformation and committed to benchmarking against world-class standards, systematically advanced the construction of "Digital JONHON Optronic" across five major application scenarios: marketing, R&D, production, supply chain, and operations. JONHON accelerated process optimization and lean innovation, and continuously deepened the implementation of key projects such as RPA (robotic process automation), artificial intelligence, the industrial internet, smart parks, and master data and BI platforms.

In terms of AI applications, JONHON established the Optronic AI Intelligent Q&A Platform, promoted the automatic synchronization and intelligent Q&A application of R&D, process, quality and other documents, and improved the efficiency of general knowledge acquisition by 90%. In terms of digital interaction, JONHON created a 3D digital human image named "Xiao Hang", and enabled intelligent corporate and product presentations and interactive Q&A in scenarios such as exhibition displays and digital livestreams, while also converting internal training materials into audio-visual integrated courses. In terms of industrial internet development, through integration with systems such as MES and BI, JONHON achieved comprehensive launch in pilot scenarios, providing data support for the construction of digital workshops.

3.4 PROTECTION OF INTELLECTUAL PROPERTY

The Group strictly abides by laws and regulations such as the Patent Law of the People's Republic of China, fully implements the national decisions and arrangements on strengthening intellectual property protection, continuously improves its intellectual property management system covering the entire life-cycle, and enhances its capabilities in the creation, management, protection, and application of intellectual property. Subsidiaries, based on their actual circumstances, promote the improvement of intellectual property compliance review, infringement risk screening, and dispute resolution mechanisms, and strengthen the standardized management and protection of R&D achievements. At the same time, the Group systematically advances the cultivation of high-value patents and the patent layout in core technology fields, and promotes the transformation and application of innovative achievements. During the reporting period, subsidiaries further optimized policies and systems such as the Intellectual Property Management Measures and the Patent Management Procedures, improved internal review and incentive mechanisms, and actively carried out the filing and reserve of invention patents for key technologies, and resulted in a number of core technological achievements with independent intellectual property rights in key areas.

During the reporting period, the Group filed 2,661 patent applications, with a total of 1,833 patents licensed. The relevant intellectual property rights have clear ownership, remain in valid status, and are free from any significant ownership disputes, infringement claims, or restrictions.



3.5 COORDINATED DEVELOPMENT OF INDUSTRIES

In 2025, the Group continued to promote in-depth integration of industry, academia, research and application, and strengthened the development of mechanisms for coordinated innovation across the upstream and downstream of the industrial chain. Subsidiaries actively engaged with government departments, universities, research institutions and industry organizations to carry out pragmatic cooperation in key areas such as centering on tackling key core technologies, formulating industry standards and facilitating the application of scientific and technological achievements. Such efforts promoted the sharing of innovation resources and the complementarity of advantages, facilitated the organic integration of the innovation chain and the industrial chain, and accelerated the establishment of an open, collaborative, mutually beneficial, and win-win aviation industry innovation ecosystem.

◎ Deepening industry-academia-research collaboration to accelerate the industrial application of aviation manufacturing technologies

In 2025, Nanjing Hangjian carried out joint technical research and development with Nanjing University of Aeronautics and Astronautics, and successfully applied for and secured approval for a government-designated project targeting key core technologies. Driven by policy support and collaborative innovation mechanisms, Nanjing Hangjian accelerated the engineering validation and industrial application of relevant technological achievements, providing important technical support for enhancing the remanufacturing capability of critical components in the aviation maintenance sector.

Meanwhile, Nanjing Hangjian conducted joint research and development on remanufacturing and repair technologies with the Institute of New Materials, Guangdong Academy of Sciences. Focusing on the technical bottlenecks in the localized repair process of aviation components and accessories, they developed multiple key technical pathways and achieved three invention patents, laying a solid technical foundation for the Group's development in the field of aviation maintenance and remanufacturing.

4 SUSTAINABLE CULTURE: SOCIAL HARMONY FOR A UNITED LEADERSHIP

Response to the Sustainable Development Goals of the United Nations	
Key ESG Performance Indicators of the Hong Kong Stock Exchange	B1: Employment, B2: Health and Safety, B3: Development and Training, B4: Labour Standards, B8: Community Investment
Response to Material Issues	Employee Rights and Interests, Production Safety and Employee Occupational Health, Employee Training and Development, Social Contribution and Rural Revitalization

4.1 EMPLOYEES

4.1.1 Employment and Diversity

The Group signs labor contracts with its employees in accordance with laws and regulations, strictly adhering to the principles of equality, voluntariness, and mutual agreement to standardize labor relationship management. Each subsidiary has formulated and implemented systems such as the Norms for the Management of Prohibition of Forced Labor and the Management Regulations on Prohibition of Employment of Child and Minors, regulating recruitment and employment processes, incorporating relevant legal requirements into labor contract management and routine supervision and inspection, and resolutely prohibiting illegal practices such as child labor and forced labor. During the reporting period, the Group recorded no incidents of child labor or forced labor.

In areas such as recruitment and hiring, compensation and incentives, education and training, job promotion, and job rotation and exchange, the Group adheres to an open, transparent, fair, and equitable approach to talent management, systematically advancing diversity and inclusion development. The Group respects differences among employees in terms of age, gender, ethnicity, nationality, religious belief, and physical condition, and has established management systems including the Employee Recruitment Management Measures, the Market-oriented Talent Recruitment Management Measures, and the Employee Recruitment and Position Management System, resolutely prohibiting any form of unequal treatment and ensuring that employees enjoy equal rights in career development, compensation distribution, access to training resources, and promotion opportunities, continuously fostering a positive work environment that respects differences and promotes collaboration. In 2025, the Group's average employee satisfaction rate was 91.75%, reflecting the Group's positive results achieved in enhancing employees' sense of fulfillment and organizational identification.

4.1.2 Employees' Rights and Interests

Improving Protection of Basic Rights and Interests

The Group adheres to a people-oriented development philosophy, regarding the protection of employees' rights and interests as an important foundation for corporate sustainability. It strictly complies with relevant laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the PRC Social Insurance Law, and also refers to international standards such as the Universal Declaration of Human Rights, the International Covenants on Human Rights, continuously improving its human resource management and compliant employment system to safeguard employees' legitimate rights and interests in areas such as labor employment, compensation and benefits, and social security. The Group strictly implements the eight-hour working system and guarantees employees' rights to paid annual leave, maternity leave, and statutory holidays in accordance with the law, and makes full contributions to five social insurances and one housing fund as required. Each subsidiary negotiates and signs Collective Contract with employee representatives in accordance with the law, clarifying the rights and obligations of both parties and building harmonious and stable labor relations.

In 2025, the Group's labor contract signing rate and coverage rates for pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and the housing provident fund (five social insurances and one housing fund) were all 100%.

Improving the Compensation and Incentive System

The Group has established and continuously optimizes its compensation and incentive system, ensuring standardized compensation management through integration it into a unified management framework. Each subsidiary has formulated policy documents such as the Remuneration Management Measures, the Measures for Total Wage Management and the Employee Performance Management Systems, clarifying compensation structure, distribution standards, and payment processes, improving grievance and supervision mechanisms, and refining management requirements for seniority wages, allowances and subsidies, and special awards, continuously enhancing the standardization, fairness, and market competitiveness of the compensation system.

To enhance value-driven effectiveness, the Group continuously improves its performance management mechanism, establishes a multi-dimensional, tiered, and categorized evaluation system, strengthens the effective linkage between compensation distribution and performance outcomes, and promotes the formation of a distribution mechanism oriented toward performance contribution and value creation. Relevant incentive arrangements help mobilize the enthusiasm and initiative of all employees, improve organizational operational efficiency and execution capability, enhance the ability to attract and retain talent in key positions, and provide institutional support for the achievement of the Group's strategic goals and the sustainable development of its talent team. In 2025, each subsidiary, taking into account its actual operations and strategic priorities, continuously optimized compensation and incentive measures, further stimulating organizational vitality and endogenous momentum.

◎ Optimizing the Compensation Distribution Structure

During the reporting period, Oriental Instrument continuously improved its compensation distribution and performance management mechanisms, formulated the Implementation Rules for Compensation Distribution (Trial), revised the Notice on the 2025 Performance-Based Wage Assessment and Distribution Measures, strengthened tiered management and process control over compensation distribution, and enhanced the standardization and transparency of compensation management. By optimizing the secondary assessment and secondary distribution mechanisms, it improved the alignment of compensation distribution with job value as well as performance contribution, enhancing internal equity and incentive orientation. At the same time, Oriental Instrument formulated the Position-Based Dividend Incentive Plan (2025–2027), implementing medium- and long-term incentive arrangements for core backbone talents, strengthening the value creation orientation for key positions, further improving the multi-level compensation and incentive system, and providing institutional support for stabilizing the core talent team, enhancing organizational vitality, and promoting high-quality development.

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Strengthening Employee Benefits

On the basis of providing market-competitive compensation packages, the Group continuously improves its multi-tiered employee benefits protection system, strengthens institutional development and standardized management, and continuously enhances the level of employee protection and care. Each subsidiary formulates and implements policies and systems such as the Interim Management Measures for Enterprise Supplementary Medical Insurance, the Procedures for the Administration of Employee Housing Allowances and Transportation Fees, the Implementing Rules for Corporate Annuity, and the Administrative Measures for Employee Recuperation, establishing a diversified benefits mechanism covering supplemental medical care, housing security, transportation subsidies, corporate annuity, and recuperation. Through systematic and standardized benefits arrangements, the Group continuously enhances employees' sense of fulfillment and belonging, and improves organizational cohesion and talent stability.

◎ During the reporting period, the Group implemented the following measures to strengthen employee care and hardship assistance mechanisms:

JONHON, in collaboration with trade unions, banks, medical institutions, cultural tourism groups, and other organizations, jointly planned and held five social and networking activities for young employees, including "Youth in Luoyang · Connecting Hearts", "JONHON Journey · Setting Sail with Love", and "Meeting Love on Qixi Festival", with approximately 270 employees participating. Such activities provided a platform for interaction and communication among young employees, enhancing their sense of belonging and organizational cohesion, while improving talent retention and the level of corporate humanistic care.

Lanzhou Aviation Electric continuously improved its long-term mechanism for employee care and assistance, refined the identification and assistance process for employees in need, and enhanced the precision of its support efforts. In 2025, it conducted 17 visits to employees in difficulty, distributing RMB30,000 in special assistance funds, and provided care and support to 41 employees hospitalized due to illness, utilizing RMB64,000 from the assistance and support fund.

◎ During the reporting period, the Group implemented the following measures to improve the medical health and psychological care support system:

AVIC CAPDI organized the "Blue Sky Care" health mini-lecture, engaging experts to conduct employee self-care training, as well as cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) emergency training, effectively safeguarding and promoting employee health.

Hongdu Aviation paid attention to employee mental health, carried out a series of mental health service activities, provided psychological counseling services, established a medical station in the Aviation City, and cultivated employee mental health care instructors to safeguard employees' physical and mental well-being.

◎ During the reporting period, the Group implemented the following measures to strengthen the support system for employees' daily living services:

Qing'an Company actively implemented the local talent housing policies, proactively engaged with the competent housing security authorities, assisted employees in applying for talent housing subsidies and completing related procedures, and promoted the effective implementation of subsidy policies.

AVIC Lanfei deepened the "I Do Practical Things for Employees" initiative, partnering with local subdistrict offices and communities to open a holiday childcare class, serving 16 employees' children, assigning two full-time instructors, and providing homework guidance and interest development courses, demonstrating care and support for employees and their families, and enhancing employees' sense of fulfillment and organizational cohesion.

◎ During the reporting period, the Group implemented the following measures to support and care for female employees:

SAEC actively implemented the "Special Collective Contract for Female Employees", investing RMB90,000 annually to provide mutual aid insurance for specific illnesses to all female employees, and organized health knowledge lectures, with over 200 female employees participating on-site, further strengthening health protection and risk prevention.

Taiyuan Instrument systematically advanced the construction of care and support mechanisms for female employees. Through questionnaire surveys and thematic discussions, it gained insights into the actual needs of female employees during work, pregnancy, and postpartum stages. Focusing on key areas such as childcare and care support during pregnancy and postpartum, it gradually improved supporting service measures, established functional spaces such as holiday childcare classes and "Nursing Room" （媽咪小屋）, and provided more convenient support conditions for female employees to enable female employees to work with peace of mind, focus on career development, and enhance their sense of fulfillment and belonging.

◇ Taiyuan Instrument's Nursing Room

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In addition, the Group continues to build a diverse cultural matrix. By planning and organizing a variety of cultural and sports events, skills exchange programs, interest clubs, and innovation initiatives focused on employee career development, teamwork, and the enhancement of comprehensive competencies, the Group promotes the holistic development of its employees beyond their work. Through these initiatives, the Group fosters an open, inclusive, collaborative and win-win corporate culture, strengthens employees' sense of belonging, cohesion, and organizational identification, and effectively stimulates their innovative vitality and career development potential.

◇ Basketball Game Held by Nanjing Hangjian

◇ The First Fun Sports Day of Yibin Sanjian

◇ Labor Competition Held by Zhengzhou Aircraft

◇ "Riddle Guessing" Activity at the Lantern Festival Held by Shaanxi Huayan

4.1.3 Democratic Communication Mechanism

The Group continues to improve its democratic management mechanisms, strengthen the system of employee representative congresses and the development of trade union organizations, regularly convene employee representative congresses and organize trade union elections. Taking into account their specific circumstances, each subsidiaries has established management systems such as the Regulations on the Management of Proposals of the Congress of Workers and Staff, the Implementing Measures for the Collective Contract by Equal Consultation, the System for the Disclosure of Factory Affairs, and the Measures for the Management of Rationalized Suggestions. Through various channels such as the open bar, OA system, "Voice of the People Channel", Mailbox of the Chairman, the Group facilitates open employee communication mechanisms, ensuring employees' rights to know, participation rights, expression rights and supervision rights of employees, while enhancing internal governance transparency and collaborative efficiency.

◎ Actively Leveraging the Role of the Employee Representative Congress

In 2025, Zhengzhou Aircraft convened the Third Meeting of the Fourth Session of the Employee Representative Congress to review the annual work report and the performance of employee Directors and supervisors, and to fully deliberate on major matters concerning the immediate interests of employees, ensuring that employees' rights to participation and information were effectively realized. During the congress, Zhengzhou Aircraft signed the Collective Contract, the Collective Wage Contract, and the Special Collective Contract for Female Employees for the 2025–2028 period, clearly stipulating provisions on remuneration, working conditions, and welfare benefits, thereby safeguarding employees' legitimate rights and interests at the source and enhancing institutionalized and standardized management.

◇ Employee Representative Congress

4.2 TRAINING AND DEVELOPMENT

4.2.1 Promotion Mechanism

The Group adheres to the principles of openness, fairness, impartiality, and merit-based appointment, continuously improves a market-oriented, standardized, and institutionalized mechanism for talent selection and appointment, and builds a promotion management system guided by capability and performance and centered on value contribution. The Group has established a tiered and categorized job rank management system, defined multi-channel development paths such as management track, professional technology track, and skill track, while opening up channels for vertical promotion and horizontal mobility to promote diversified employee development. In accordance with relevant systems such as the Measures for the Management of Job Ranks, the Measures for the Management of Selection and Appointment of Cadres, and the Management System for Employee Career Development, each subsidiary standardizes promotion eligibility criteria, review processes, and public disclosure mechanisms, strengthens process supervision and result disclosure, and ensures the transparency and standardization of promotion procedures.

The Group also prioritizes the development of young talents and successors for key positions by enhancing its cadre echelon cultivation and talent pool management mechanisms. Through talent development programs, it strengthens the systematic training and practical experience of potential talents via job rotations, specialized training, and project assignments, thereby enhancing their overall capabilities. These efforts lay a solid foundation for promotion readiness and facilitate the establishment of a talent development framework that is rationally tiered, optimally structured, and orderly in succession.

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4.2.2 Employee Training System

The Group adheres to the strategy of strengthening the enterprise through talent development, continuously improves its employee training management system, and enhances the systematic, standardized, and professional nature of training activities. It promotes the alignment and coordinated advancement of talent cultivation with the Group's development strategy. Taking into account the business characteristics and job requirements, each subsidiary has formulated and implemented institutional documents such as the Management Measures for Employee Education and Training, the Management Measures for Employee Education and Training Effectiveness Evaluation, and the Training Management Measures, clarifying training plan formulation, implementation, effectiveness evaluation, and improvement mechanisms, and continuously enhancing the overall competence and professional capabilities of employees. During the reporting period, the average training hours per employee of the Group were 63.84 hours.

Focusing on the development needs of employees throughout their entire career lifecycle, the Group has established a tiered and categorized training system, coordinated the implementation of multi-level, multi-form, and multi-field training programs. Based on different job categories and career development stages, each subsidiary systematically designs development pathways ranging from new employee onboarding programs to capability enhancement programs for mid-level and senior management, ensuring that employees receive appropriate capability support at each stage of their development. Through an integrated online and offline learning model, the Group strengthens professional knowledge and job skills training. At the same time, each subsidiary focuses on fostering a learning-oriented organizational culture by regularly organizing internal seminars, invites industry experts to conduct training and exchanges, and facilitates cross-departmental learning and experience-sharing activities. These efforts promote knowledge sharing and collaborative innovation, continuously enhances employees' professional competence and job performance capabilities, and provides a solid talent foundation for high-quality and sustainable development.

◎ Tiered and Categorized Promotion of Talent Development

During the reporting period, Sichuan Fanhua continued to improve its tiered, graded and categorized talent development system. Centered on different job categories and development stages, it established a systematic training mechanism covering leaders, management personnel, technical personnel, and skilled workers. In 2025, a total of 176 first-level training programs were conducted, with 7,928 participants, and 137 second-level training programs were conducted, with 7,896 participants. The overall operation of the training system remained stable and orderly.

◇ In terms of technical personnel development: Focusing on core capability enhancement, key personnel were selected to participate in priority specialized training programs. Concurrently, internal thematic training on quality management, design tool applications, process specifications, and special process control were organized and carried out to strengthen professional capabilities and quality awareness, thereby enhancing technological innovation and engineering support levels.

◇ In terms of skilled personnel development: Through a combination of external demonstration training and internal specialized training, efforts were strengthened to build technical capabilities for key job types and special processes. Systematic skill enhancement training centered on key production units was carried out to promote continuous improvement of the specialization and standardization levels of frontline operators.

◇ In terms of management personnel development: Centered on operational management capabilities and compliance management requirements, thematic training on operational management capability enhancement as well as quality, safety, environment, and occupational health was conducted to strengthen institutional execution and management standardization levels, enhancing the overall performance capabilities of management personnel.

◇ Employee Training

◇ Completion Certificates Awarded at Internal Trainer Competition

4.3 OCCUPATIONAL HEALTH AND SAFETY

4.3.1 Employee Occupational Health

The Group consistently regards the protection of employee occupational health and safety as an important foundation for sustainable development. It continuously optimizes the production safety and occupational health management environment, strictly implements laws, regulations, and policy requirements such as the Code of Occupational Disease Prevention of People's Republic of China and the National Plan for the Prevention and Control of Occupational Diseases (2021-2025) and continuously improves the occupational health governance system to enhance management efficiency and risk prevention and control capabilities. Each subsidiary has revised and implemented institutional norms such as the Management System of Occupational Hazard Protection Equipment and Facilities, the Occupational Hazard Post Allowance Management Rules, the Environmental and Occupational Health and Safety Management Manual and the Regulations on the Management of Labor Protection Supplies in light of their actual production and operations to continuously strengthen the occupational health governance system and ensuring the effective implementation of various protective measures. At the same time, each subsidiary has established and improved information files for personnel in occupational disease hazard positions, strengthened risk source identification, monitoring and evaluation, and whole-process control, and continuously promoted the standardization, refinement, and scientific advancement of occupational health management.

◎ Strengthening Occupational Health Management and Building a Solid Foundation for Employee Health Protection

AVIC Kaitian continuously improves its employee health management mechanism, establishing a "1+N+X" medical examination program system and optimizing the configuration of examination items to enhance the targeting and continuity of health management. For workplaces with occupational disease hazard factors, AVIC Kaitian systematically equips dust-proof, anti-toxin, and noise-reducing protective facilities and standardizes their operation management, ensuring that occupational disease hazard factors comply with national occupational health standards requirements, thereby creating a safe and healthy working environment for employees.

In 2025, AVIC Kaitian strictly implemented occupational health management requirements and conducted occupational health surveillance examinations for personnel exposed to occupational disease hazard factors in accordance with the GBZ188 Technical Specifications on Occupational Health Monitoring. During the reporting period, no suspected occupational disease cases requiring diagnosis or identification procedures were identified, demonstrating that occupational health risks have been effectively prevented and controlled.

◎ Establishing a Closed-Loop Occupational Health Management System and Weaving a Strong Safety Protection Net for Employees

In 2025, Fengyang Hydraulic continued to improve its occupational health management mechanism, and formed a closed-loop management system covering the entire process from hazard detection and personal protection to health surveillance.

◇ Hazard Factor Control: A professional occupational health technical service institution was commissioned to conduct annual testing of occupational disease hazard factors. A systematic testing was carried out for 26 types of occupational disease hazard factors present in the workplace, including noise, dust, and toxic substances, achieving a 100% compliance rate. Occupational disease hazard project declarations were completed with the local health supervision authorities as required, ensuring lawful and compliant operations.

◇ Personal Protective Equipment Management: In strict accordance with regulatory requirements such as the Management Rules for Labor Protective Equipment and the Basic Requirements for the Provision of Personal Protective Equipment, and taking into account job-specific risk characteristics, employees were provided with labor protective equipment meeting quality standards, including safety helmets, protective goggles, masks, protective gloves, and safety shoes. A ledger for issuance and usage was established, and daily inspections alongside special checks were conducted to strengthen the management of proper wearing, effectively reinforcing the "last line of defense" for occupational safety.

◇ Occupational Health Surveillance: Occupational health records and employee health records were established and maintained. Occupational health examinations were organized, and personal health records were created based on the examination results, enabling dynamic management and control of occupational health risks.

4.3.2 Production Safety Management

The Group adheres to the safety development philosophy of "life first" and strictly implements the requirements of laws and regulations such as the Production Safety Law of the People's Republic of China and the Fire Control Law of the People's Republic of China. It regards production safety as an important prerequisite and bottom-line requirement for high-quality development. By reinforcing the production safety responsibility system and improving a management mechanism featuring tiered responsibility and step-by-step implementation, the Group steadily deepens the safety development philosophy. Subsidiaries continuously strengthen investment in production safety resources, systematically conduct safety education and training as well as emergency drills, consistently enhance safety governance capabilities and risk prevention and control levels, and comprehensively promote the construction of intrinsically safe enterprises, thereby solidifying the safety foundation for stable operation.

◎ Strengthening Safety Management System Development and Consolidating the Foundation of the Safety Governance System

In 2025, Sichuan Hydraulic continued to strengthen the development of its safety management system, continuously improved its organizational structure and institutional mechanisms and promoted standardized and systematic operation of production safety management. In terms of management framework, Sichuan Hydraulic established a Production Safety Committee, set up a specialized safety management organization, and appointed full-time and part-time safety management personnel to enhance professional support capabilities. It also organized employees at all levels to sign the Production Safety, Energy Conservation, and Environmental Protection Responsibility Letter on a tiered basis, and implemented a risk deposit system in high-risk departments to consolidate safety responsibilities. In addition, Sichuan Hydraulic established a quarterly regular meeting mechanism for its Production Safety Committee to regularly deploy key tasks and form a closed loop of task breakdown, supervision, and implementation, ensuring the effective operation of the safety management system and providing institutional guarantees for the safe and stable development of the enterprise.

◎ Strengthening Related Party Management and Building a Strong Defense Line for Production Safety Responsibilities

In 2025, Shaanxi Huayan improved its safety management system for related parties. On the basis of implementing the "district chief system" for a safety responsibility system involving all employees, it prioritized the management of production safety for related parties as a key focus of risk prevention and control, continuously improving the whole-process safety control mechanism for external cooperative units to strengthen operational risk control at the source. During the reporting period, safety qualification reviews were conducted for 15 cooperative suppliers and 8 construction units, achieving a 100% approval rate. A total of 23 Safety and Environmental Protection Agreements with Related Parties were signed, further clarifying safety responsibilities and management requirements.

At the same time, Shaanxi Huayan strengthened dynamic supervision during the cooperation period, and conducted 24 on-site safety inspections of related parties throughout the year. Safety hazards were identified and rectification was supervised, with all issues being fully addressed through a closed-loop process. During the reporting period, no safety accidents attributable to related parties occurred, and the overall safety management of related parties remained stable and under control.

◎ Deepening Hazard Identification and Control and Strengthening the Foundation for Production Safety

In 2025, Lanzhou Aviation Electric focused on hazard identification and control as its main priority, systematically carried out special safety rectification actions in key areas, and continuously enhanced its safety risk prevention and control capabilities. Focusing on key areas such as real estate leasing, construction, electroplating production lines, rotating machinery and equipment, and high-rise building fire protection, it organized multiple "one-thing" full-chain production safety special rectification initiatives. These efforts strengthened risk source control and whole-process hazard identification and rectification, and ensured that safety responsibilities were assigned to specific positions and individuals.

4.3.3 Occupational Health and Safety Training

The Group adheres to the principle of "prevention first and comprehensive management", integrating occupational health and safety production training into its safety management system as a key component. It establishes a company-wide training mechanism to continuously enhance employees' safety awareness and risk prevention and control capabilities. During the reporting period, each subsidiary systematically conducted new employee onboarding training, on-the-job specialized training, certification training for key positions, and safety leadership training for management personnel, covering areas such as safety production laws and regulations, occupational disease prevention knowledge, emergency response, and self-rescue and mutual rescue skills, thereby strengthening the implementation of safety responsibilities. At the same time, each subsidiary organized emergency drills and case-based safety awareness education based on actual production conditions, enhancing employees' ability to identify safety risks and their emergency response capabilities, and promoting the internalization and externalization of safety concepts.

◎ Strengthening the Construction of the Production Safety Training System

In 2025, Lanzhou Aviation Electric continued to strengthen the development of its production safety training system, establishing a tiered, categorized, and company-wide safety education mechanism focused on the dissemination of laws and regulations, job capability enhancement, and specialized skills training. Leveraging events such as "Safety Production Month", "Occupational Disease Prevention and Control Law Publicity Week", and "November 9 Fire Safety Publicity Month", it carried out various forms of publicity and education activities to reinforce safety awareness. For key positions and critical personnel, Lanzhou Aviation Electric conducted specialized capability training, offering specialized training sessions for part-time safety officers and production system unit heads on topics such as laws and regulations, risk identification, determination of major accident hazards, and team safety management. Meanwhile, Lanzhou Aviation Electric invited experts from the Lanzhou Center for Disease Control and Prevention to provide occupational health training for over 160 employees working in positions with occupational disease hazards, and organized 74 person-times to participate in special operation certification and retraining. In addition, Lanzhou Aviation Electric carried out a safety knowledge quiz activity for all employees. A total of more than 2,000 person-times participated in safety training and education activities throughout the year.

◎ Conducting Safety Emergency Plan Drills

In 2025, Shaanxi Huayan continuously improved its safety training system, closely integrating safety education with emergency drills to strengthen employees' risk prevention and emergency response capabilities. In 2025, it conducted 20 safety training sessions covering areas such as production safety, occupational health, regulatory systems, and risk identification. At the same time, Shaanxi Huayan organized training and certification obtaining for key responsible personnel, leaders in charge of safety production, and safety production and occupational health management staff, solidifying the professional foundation for emergency management.

On this basis, Shaanxi Huayan organized 21 emergency plan drills, covering key positions and critical processes, with a cumulative participation of over 4,100 personnel. Through these drills, the effectiveness of training and the validity of emergency plans were tested, on-site collaboration and emergency response capabilities were strengthened, and employees' self-rescue and mutual rescue skills were enhanced, ensuring the efficient operation of the safety management system.

◇ Safety Training Session

◇ Fire Emergency Plan Drill

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4.4 GIVING BACK TO SOCIETY

4.4.1 Supporting Rural Revitalization

The Group aligns with major national strategic deployments, promoting the deep integration of corporate development with the fulfillment of social responsibilities. It incorporates serving national strategies and advancing social progress into its overall development planning, actively implementing policies and requirements related to rural revitalization, and driving the coordinated enhancement of both economic and social benefits. Each subsidiary, grounded in its core responsibilities and primary business and leveraging its operational strengths and resources, continuously improves its assistance mechanisms. Through practical measures such as industrial collaboration, educational and cultural support, and consumption assistance, the Group strengthens the endogenous development momentum of assisted regions, contributing to the improvement of local industrial foundations and the enhancement of people's livelihoods.

◎ Industrial Assistance

During the reporting period, Lanzhou Aviation Electric implemented the guidance of Party-building in driving rural revitalization, visiting farming households at the grassroots level. By leveraging local planting characteristics and industrial advantages, it actively promoted and guided farmers to develop suitable crops such as wheat, rapeseed, soybeans, adzuki beans, corn, konjac, buckwheat, and traditional Chinese medicinal herbs, contributing to the optimization and upgrading of the agricultural structure. At the same time, Lanzhou Aviation Electric supported specialized farmer cooperatives in developing characteristic breeding industries, raising over 480 boxes of Chinese honeybees, and coordinated the promotion of diversified breeding models such as silkworms, poultry, and live pigs, broadening farmers' income channels and promoting sustained and stable growth in farmers' income.

◎ Educational Assistance

In October 2025, AviChina visited the Central School of Shazi Township, Zhenning County, Anshun City, to carry out a charitable education support donation activity, actively supporting rural education. Taking into account the actual circumstances and needs of the local school, AviChina donated desks and chairs, aviation science books, aviation model educational materials, and other supplies to the Central School of Shazi Township. While improving the school's basic educational conditions, the initiative also planted the dream of building a strong aviation nation in the hearts of the children.

◇ Charitable Education Support Donation Activity

◎ Consumption Assistance

In 2025, Tianjin Aviation, leveraging the "Caring Aviation" public welfare platform, conducted targeted procurement of local specialty agricultural and sideline products from Zhenning County, Anshun City, Guizhou Province, with a total procurement value of RMB307,400. By expanding sales channels for agricultural products, it effectively promoted income growth for farmers in assisted regions, demonstrating the enterprise's active role in driving local economic development and social value creation.

◎ Medical Assistance

In November 2025, Hongdu Aviation, in collaboration with People's Hospital of Yugan County, carried out a "bringing medical services to the countryside" activity in Fengjing Village, providing quality medical services to local residents. This activity aimed to improve the health level of rural residents, reduce the risk of falling into or returning to poverty due to illness, enhance villagers' health awareness and self-care capabilities, and inject healthy momentum into rural revitalization.

4.4.2 Public Welfare and Charity

The Group actively undertakes the important mission of fulfilling social responsibilities, promoting the coordinated enhancement of corporate value and social value, continuously increasing investment in public welfare initiatives, and proactively giving back to and serving society, and conveying responsibility and care. Each subsidiary continuously improves the long-term mechanism for volunteer services, promotes the institutionalized and regularized implementation of Lei Feng-style volunteer activities, and organizes a variety of volunteer service activities to uphold the volunteer spirit of dedication, friendship, mutual assistance, and progress, contributing to social harmony and the advancement of civilization. During the reporting period, the Group's total volunteer activities and public welfare project investments amounted to RMB534,400, with an accumulated volunteer service hours of 12,675 hours.

◎Caring for Children with Autism – Star Kids Mini Marathon Public Welfare Activity

In April 2025, Qing'an Company, together with Xi'an Hand in Hand Special Education Center and One Foundation, jointly organized the "Blue Action – The 9th Star Kids Mini Marathon" activity at Xingqing Palace Park. With the theme "A Community of Love Without Barriers, A Life of Independence and Freedom", the event combined online and offline approaches, aiming to advocate for social care for individuals with autism and enhance public awareness. The activity attracted over 300 volunteers and citizens, with Qing'an Company's "Wu Daguan Volunteer Service Team" actively participating, conveying "great aviation love" through concrete actions and providing care and support for special groups.

◇ Qing'an Company organized the "Blue Action – The 9th Star Kids Mini Marathon"

◎ "True Love in Every Drop, Great Love in Aviation" Lei Feng Volunteer Service Week Activity

During the "True Love in Every Drop, Great Love in Aviation" Lei Feng Volunteer Service Week, Shanghai Aviation Electric organized five featured volunteer service activities centered around themes such as "Sunshine Action" and "People's City". The activities were rich and diverse in content, transforming the spirit of Lei Feng into concrete actions, actively fulfilling corporate social responsibility, promoting the deep integration of volunteer services with community development, and demonstrating the public welfare commitment of aviation enterprises.

◇ Blood Donation Activity

◎ "China Dream, Aviation Dream" Aviation Science Popularization Campaign in Schools

In September 2025, AVIC CAPDI visited several schools, including Beijing Huimin Experimental Primary School, Xicheng Desheng Middle School, Tsinghua Affiliated High School Chaoyang School, and Dongzhimen Middle School, to carry out the "China Dream, Aviation Dream" aviation science popularization series of activities. The activities promoted the spirit of aviation technology, sparked young people's interest in and passion for exploring aviation knowledge, shaped the "Caring Aviation" blue sky dream public welfare brand, and sowed the seeds of aviation science, innovation, and exploration in the hearts of the youth.

◇ Aviation Science Popularization Activity in School

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4.4.3 Community Co-construction

The Group adheres to the people-centered development philosophy, integrating community co-construction into its important endeavors to fulfill corporate social responsibilities and promote high-quality development, actively establishing an enterprise-community cooperation mechanism featuring resource sharing, complementary advantages, and coordinated development. Focusing on key areas such as grassroots governance, improvement of public services, and enhancement of community livelihoods, the Group fully leverages its advantages in industry, technology, and talent to systematically carry out community assistance, volunteer services, science popularization and education, public welfare support and other activities, continuously strengthening community development vitality and governance efficiency. During the reporting period, each subsidiary strengthened communication and collaboration with local governments, community organizations, and resident representatives, accurately identified community needs, implemented targeted support projects, contributed to the improvement of public facility construction, enriched community cultural life, and enhanced residents' sense of gain and well-being.

◎ Actively Supporting Local Community Development

In 2025, AviChina actively supported the development of Xiaoguan Subdistrict in Chaoyang District, Beijing, engaging in cooperation in areas such as party-building co-development, fulfillment of social responsibilities, and community cultural development. Through sustained collaboration, AviChina not only strengthened the dissemination of its corporate culture within the community, but also contributed to enhancing community governance and public service capabilities, demonstrating the effectiveness of its corporate social responsibility efforts. In recognition of its positive contributions to community co-construction and social governance, AviChina was named an "Outstanding Co-construction Unit for Social Governance in 2025" by Xiaoguan Subdistrict.


荣誉证书
HONORARY CREDENTIAL
授予：中国航空科技工业股份有限公司
小关街道2025年度社会治理优秀共建单位
小关街道办事处
二〇[illegible]五年十二月

◇ Honorary Certificate

APPENDIX

LIST OF POLICIES AND REGULATIONS

ESG aspect	Environment
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Law of the People's Republic of China on Occupational Disease Prevention and Control (《中華人民共和國環境保護法》) Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) Directory of National Hazardous Wastes (《國家危險廢物名錄》) PRC Law on Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》) Law of the People's Republic of China on Prevention and Control of Pollution from Noise (《中華人民共和國噪聲污染防治法》) Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) Law of the People's Republic of China on Appraising of Environmental Impacts (《中華人民共和國環境影響評價法》) Regulations on Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》) Regulations of the People's Republic of China on Natural Reserves (《中華人民共和國自然保護區條例》) Energy Law of the People's Republic of China (《中華人民共和國能源法》)
Group Policies and Systems	Subsidiaries (enumerated): Environmental Protection Management Standards (《環境保護管理標準》) Energy Management System (《能源管理制度》) Management System for Identification and Evaluation of Environmental Factors (《環境因素識別、評價管理制度》) Management System for Pollution Sources Including Wastewater, Exhaust Gas, Noise and Soil (《廢水、廢氣、噪聲和土壤等污染源管理制度》) Environmental Protection Management System for Construction Projects (《建設項目環境保護管理制度》) Environmental Protection Equipment and Facilities Management System (《環保設備設施管理制度》) Solid Waste Management System (《固體廢物管理制度》) Hazardous Wastes Management System (《危險廢物管理制度》) Environmental Monitoring Management System (《環境監測管理制度》) Environmental Protection Supervision and Inspection System (《環保監督檢查制度》) Environmental Protection Reward and Punishment System (《環保獎懲制度》) Emergency Management System for Environmental Events (《環境事件應急管理制度》) Environmental Protection Management System for Related Parties (《相關方環保管理制度》) System for Investigation and Handling of Environmental Incidents and Disputes (《環境事件和糾紛調查處理制度》) Environmental Protection Publicity, Education and Training System (《環保宣傳教育培訓制度》)

APPENDIX

ESG aspect	Employment and Labour Standards
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Labor Law of the People's Republic of China (《中華人民共和國勞動法》) Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》) PRC Social Insurance Law (《中華人民共和國社會保險法》) Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》) Regulations of Insurance for Employment Injury (《工傷保險條例》)
Group Policies and Systems	The Company: Interim Measures for the Administration of Labor Contracts of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司勞動合同管理暫行辦法》) Interim Measures for the Administration of Employee Remuneration of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司員工薪酬管理暫行辦法》) Measures for the Administration of Employee Performance Assessment of AviChina Industry & Technology Company Limited (for trial implementation) (《中國航空科技工業股份有限公司員工績效考核管理辦法（試行）》) Interim Measures for the Administration of Supplementary Medical Insurance of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司補充醫療保險暫行管理辦法》) Interim Measures for Subsidizing Large Medical Expenses Borne by Individuals for Major Diseases of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司關於重大疾病個人負擔大額醫療費用補助暫行辦法》) Subsidiaries (enumerated): Norms for the Management of Prohibition of Forced Labor (《禁止強迫勞動管理規範》) Management Regulations on Prohibition of Employment of Child and Minors (《禁止僱傭童工、青少年工管理規範》) Employee Recruitment and Position Management System (《員工聘用及崗位管理制度》) Regulations on the Management of Proposals of the Congress of Workers and Staff (《職工代表大會提案工作管理規定》) Implementing Measures for the Collective Contract by Equal Consultation (《平等協商集體合同實施辦法》) System for the Disclosure of Factory Affairs (《廠務公開制度》) Measures for the Management of Rationalized Suggestions (《合理化建議管理辦法》) Salary Management Measures for the Company (《公司薪酬管理辦法》) Measures for Total Wage Management (《工資總額管理辦法》) Employee Performance Management Systems (《員工績效管理制度》) Company Provisions on Management of Employee Performance Evaluation (《公司員工績效考核管理規定》) Interim Management Measures for Enterprise Supplementary Medical Insurance (《企業補充醫療保險暫行管理辦法》) Procedures for the Administration of Employee Housing Allowances and Settlement Fees (《員工住房補貼和安家費管理程序》) Implementing Rules for Corporate Annuity (《企業年金實施細則》) Administrative Measures for Employee Recuperation (《職工療休養管理辦法》)

ESG aspect	Health and Safety
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Code of Occupational Disease Prevention of People's Republic of China (《中華人民共和國職業病防治法》) National Plan for the Prevention and Control of Occupational Diseases (2021-2025) (《國家職業病防治規劃（2021-2025 年）》) Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) Fire Control Law of the People's Republic of China (《中華人民共和國消防法》) Measures for the Administration of Contingency Plans for Work Safety Incidents (《生產安全事故應急預案管理辦法》) Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases (《中華人民共和國傳染病防治法》) Hazardous Chemicals Safety Law of the People's Republic of China (《中華人民共和國危險化學品安全法》)
Group Policies and Systems	The Company : Emergency Response Plan for Fire Emergencies at the Headquarters of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司總部突發火災事故應急預案》) Provisions on Emergency Management for Emergencies at the Headquarters of AviChina (《中航科工總部突發事件應急管理規定》) Measures on Emergency Management for Emergencies of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司突發事件應急管理辦法》) Subsidiaries (enumerated): Management System of Occupational Hazard Protection Equipment and Facilities (《職業危害防護設備設施管理制度》) Occupational Hazard Post Allowance Management Rules (《職業病危害崗位津貼管理制度》) Environmental and Occupational Health and Safety Management Manual (《環境與職業健康安全管理手冊》) Management Regulations on Distribution of Labor Protective Equipment (《勞動防護用品發放管理規定》) Safe Production and Environmental Protection Accountability System (《安全生產與環境保護責任制》) Measures for Safety and Environmental Protection Assessment and Management (《安全環保考核管理辦法》) Measures for Supervision and Administration of Production Safety (《安全生產監督管理辦法》) Production Safety Accountability System for Company Personnel at All Levels (《公司各級人員安全生產責任制度》) Dual Prevention Manual for Risk Grading and Control and Hidden Trouble Detection and Management (《風險分級管控和隱患排查治理雙重預防手冊》)

APPENDIX

ESG Dimension	Development and Training
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	/
Group Policies and Systems	The Company: Management Measures for Staff Selection of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司員工選用管理辦法》) Implementation Rules for the Promotion of Management of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司管理人員職級晉升實施細則》) Training Management Measures of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司培訓工作管理辦法》) Subsidiaries (enumerated): Management Measures for Employee Education and Training (《員工教育培訓管理辦法》) Management Measures for Employee Education and Training Effectiveness Evaluation (《員工教育培訓效果評價考核管理辦法》) Company Training Management Measures (《公司培訓管理辦法》) Staff Training Management Measures (《員工培訓管理辦法》) Management Measures for Employee Employment Certificate (《員工上崗證管理辦法》)

ESG Dimension	Supply Chain Management
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Civil Code of the People's Republic of China (《中華人民共和國民法典》) Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》)
Group Policies and Systems	Subsidiaries (enumerated): Procurement and Supply Management Manual (《採購供應管理手冊》) Regulations on Supplier Admittance Management (《供應商準入管理規定》) Regulations on the Evaluation and Management of Qualified Suppliers (《合格供應商評價管理規定》) Regulations on the Supervision and Management of Qualified Suppliers (《合格供應商監督管理規定》) Regulations on Supplier Exit Management (《供應商退出管理規定》) Qualified Suppliers List (《合格供方名錄》) Social Responsibility Audit Form (《社會責任審核表》) Part Supplier Cooperation Agreement (《成件供方合作協議》)

ESG Dimension	Product Responsibility
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) Regulations on the Administration of Production Licenses of Industrial Products of the People's Republic of China (《中華人民共和國工業產品生產許可證管理條例》) Civil Aviation Law of the People's Republic of China (《中華人民共和國民用航空法》)
Group Policies and Systems	Subsidiaries (enumerated): Quality Management System Requirements (《質量管理體系要求》) Quality Control in Production Process (《生產過程質量控制》) Production Quality Control and Management Procedures (《生產質量控制管理程序》) Process Inspection Management (《過程檢驗管理》) Quality Management System Assessment Method (《質量管理體系考核辦法》) After-sales Service Control Procedures (《售後服務控制程序》) Regulations on the Guarantee Management of Special Tasks (《專項任務保障管理規定》) Regulations on the Maintenance Management of Returned Products (《退廠產品維修管理規定》) Customer Satisfaction Control Procedure (《顧客滿意控制程序》) Outfield Information Management Process File (《外場信息管理流程文件》) On-site Troubleshooting Process File (《現場排故流程文件》) Accompanying Guarantee Process File (《伴隨保障流程文件》) Customer Satisfaction Evaluation and Analysis Management Measures (《顧客滿意度測評與分析管理辦法》)

APPENDIX

ESG Dimension	Anti-corruption
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Supervision Law of the People's Republic of China (《中華人民共和國監察法》) Company Law of the People's Republic of China (《中華人民共和國公司法》) Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) Anti-Money Laundering and Counter-Terrorist Financing Ordinance of the Hong Kong Special Administrative Region (《香港特別行政區打擊洗錢及恐怖分子資金籌集條例》) Corporate Governance Code of the Hong Kong Stock Exchange (香港聯交所《企業管治守則》)
Group Policies and Systems	The Company： Articles of Association of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司章程》) Implementation Rules for Integrity Construction and Anti-Corruption Interview Reminder Work of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司廉政建設和反腐敗約談提醒工作實施細則》) Implementation Plan for Integrity Culture Development of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司廉潔文化建設實施方案》) List of Powers and Responsibilities of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司權責清單》) Management Rules of Registration of Inside Information and Insiders of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司內幕信息及知情人登記管理辦法》) Measures for the Management of Duty Performance and Business Expenses for Corporate Responsible Persons of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司企業負責人履職待遇、業務支出管理辦法》) Subsidiaries (enumerated): Code of Conduct for Employee Integrity Practices (《員工廉潔從業行為守則》) Work Regulations of the Coordination Group for Integrity Construction and Anti-Corruption Work (《廉政建設和反腐敗工作協調小組工作規定》) Implementation Rules for Integrity Construction and Anti-Corruption Interview Reminder Work (《廉政建設和反腐敗約談提醒工作實施細則》) Regulations on Regular Job Rotation and Exchange of Company Personnel in Positions with High Integrity Risks (《公司廉潔高風險崗位人員定期輪崗交流工作規定》) Work Manual for Prevention and Control of Integrity Risks of Informatization Construction (《信息化建設領域廉潔風險防控工作手冊》)

ESG Dimension	Community Investment
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Charity Law of the People's Republic of China (《中華人民共和國慈善法》)
Group Policies and Systems	The Company: Interim Measures for the Management of External Donations of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司對外捐贈管理暫行辦法》) Subsidiaries (enumerated): Management Ledger of Wu Daguan Youth Volunteer Service (《吳大觀青年志願者志願服務情況管理臺賬》)

ESG Dimension	Addressing Climate Change
Major Laws, Regulations, Normative Documents, Policy Documents and Rules Complied with	Opinions on the Complete and Accurate Implementation of the New Development Concept and Carbon Peaking and Carbon Neutrality Work (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) Action Plan to Achieve Carbon Peaking by 2030 (《2030 年前碳達峰行動方案》) Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》) National Plan on the Construction of a Standard System to Address Climate Change (《國家應對氣候變化標準體系建設方案》)
Group Policies and Systems	The Company: Carbon Peaking and Carbon Neutrality" Action Plan of AviChina Industry & Technology Company Limited (《中國航空科技工業股份有限公司「碳達峰碳中和」行動方案》) Subsidiaries (enumerated): Energy Conservation and Emission Reduction Management System (《節能減排管理制度》) Performance Assessment and Reward and Punishment Methods for Energy Conservation and Carbon Reduction of the Company (《公司節能降碳績效考核與獎懲辦法》) Statistical Analysis and Management Methods for Energy Consumption and Carbon Emissions (《能源消耗與碳排放統計分析管理辦法》) Implementation Plan for Carbon Emission Management Work of the Company (《公司碳排放管理工作實施方案》)

ESG PERFORMANCE DATA TABLE

ENVIRONMENTAL

Indicators	Unit	2023	2024	2025
Greenhouse Gas Emissions				
Greenhouse gas emissions (Scope 1)	Ten thousand tonnes of equivalent CO_2 emissions	4.26	4.42	4.90
Greenhouse gas emissions (Scope 2)	Ten thousand tonnes of equivalent CO_2 emissions	44.95	47.68	49.62
Total greenhouse gas emissions (Scope 1+Scope 2)	Ten thousand tonnes of equivalent CO_2 emissions	49.21	52.10	54.52
Greenhouse gas Emissions Intensity	Tonnes of equivalent CO_2 emissions per RMB10,000 revenue	0.058	0.06	0.06
Sewage Discharge and Exhaust Gas Emission				
Total emission of exhaust gas	Ten thousand standard cubic meters	1,739,809.0	1,452,296.19	1,488,318.41
Emission of SO_2	Tonnes	2.95	1.87	3.67
Emission of NO_x	Tonnes	20.41	27.41	39.90
Total emission of soot	Tonnes	15.84	55.26	22.80
Total sewage discharge	Tonnes	4,177,152	4,349,418.44	3,446,715.36
Emission of COD	Tonnes	275	272.19	196.07
Amount of Hazardous Waste Generated				
Total hazardous waste	Tonnes	5,327	5,843.68	4,913.09
Disposal intensity of hazardous waste	Kg per RMB10,000 revenue	0.63	0.67	0.55
Amount of General Solid Waste Generated				
Total amount of general solid wastes	Tonnes	24,793	8,071.72	13,496.32
Disposal intensity of general solid wastes	Kg per RMB10,000 revenue	2.93	0.93	1.51
Packaging Material Use				
Total amount of packaging materials used[2]	Tonnes	4,934.12	5,495.81	5,678.77
Intensity of use of packaging materials	Kg per RMB10,000 revenue	0.58	0.63	0.63

[2] The categories of packaging materials used by the Group mainly include metals, plastics, composite materials and paper materials.

Indicators	Unit	2023	2024	2025
Energy Consumption				
Coal consumption	Tonnes	2	0	0
Gasoline consumption	Tonnes	1,038	1,225.59	1,389.68
Kerosene consumption	Tonnes	4,045	4,426.51	4,404.79
Diesel consumption	Tonnes	265	379.73	190.39
LNG consumption	Tonnes	-	6.42	15.00
Natural gas consumption	Ten thousand standard cubic meters	1,221	1,200.83	1,121.45
Electricity consumption	Ten thousand kWh	59,305	70,531.46	78,128.24
Outsourcing thermal power	Million kJ	1,011,961	894,138.47	817,832.92
Comprehensive energy consumption[3]	Ten thousand tonnes of standard coal	13.3	13.66	14.50
Intensity of comprehensive energy consumption	Tonnes of standard coal per RMB10,000 revenue	0.016	0.016	0.016
Water Consumption				
Total water consumption	Ten thousand tonnes	553.36	663.57	589.63
Water consumption intensity	Tonnes per RMB10,000 revenue	0.65	0.76	0.66

[3] According to the national standards of the People's Republic of China GB/T 2589-2020 General Principles of Comprehensive Energy Consumption Calculation, the units of comprehensive energy consumption are usually: grams of standard coal equivalent (gce), kilograms of standard coal equivalent (kgce), tonnes of standard coal equivalent (tce), etc.; the units of comprehensive energy consumption per unit of output value are usually: kilograms of standard coal equivalent per RMB10,000 (kgce/RMB10,000), tonnes of standard coal equivalent per RMB10,000 (tce/RMB10,000), etc.

ESG PERFORMANCE DATA TABLE

SOCIAL

Indicators	Unit	2023	2024	2025
Employment				
Total number of employees	person	74,584	71,847	71,800
By gender				
Male employees	person	52,065	49,984	51,394
Female employees	person	22,519	21,863	20,406
By age				
30 and below	person	21,308	21,781	28,065
31-50	person	43,848	40,763	36,757
50 and above	person	9,428	9,309	6,978
By grade				
Senior management	person	279	283	274
Middle management	person	2,466	2,728	2,619
General employees	person	71,839	68,836	68,907
By region				
Chinese Mainland employees	person	74,507	71,733	71,666
Overseas and Hong Kong, Macau and Taiwan employees	person	77	114	134
Employee Turnover				
Employee turnover	person	2,037	2,145	1,755
Total turnover rate	%	3.97	2.99	2.44
By gender				
Male employees	%	3.91	3.04	2.51
Female employees	%	4.09	2.87	2.29

Indicators	Unit	2023	2024	2025
By age				
30 and below	%	8.49	5.98	4.57
31-50	%	2.15	1.56	1.03
50 and above	%	2.17	2.25	1.33
By region				
Chinese Mainland employees	%	3.97	2.99	2.45
Overseas and Hong Kong, Macau and Taiwan employees	%	0	0	0
Employee Health and Safety				
Work-related fatalities[4]	person	0	1	1
Lost hours due to work injury	hour	14,332	9,238	6,011.34
Employee Development and Training				
Percentage of trained employees	%	87.55	96.24	97.70
By grade				
Senior management	%	94.88	96.11	100
Middle management	%	93.40	95.93	98.43
General employees	%	87.32	96.25	97.66
By gender				
Male employees	%	87.13	96.07	97.67
Female employees	%	88.51	96.61	97.79
Average training hours of employees[5]	hour	215.06	67.00	63.84

[4] One work-related death occurred in 2025 when an employee of a subsidiary AVIC CAPDI suddenly fell ill during working. AVIC CAPDI has appropriately handled relevant aftermath matters.

[5] The statistical criterion of average training hours of employees is the sum of the training hours of employees of the headquarters of the Group and all subsidiaries divided by the total number of employees.

ESG PERFORMANCE DATA TABLE

Indicators	Unit	2023	2024	2025
By grade				
Senior management	hour	121.58	135.84	111.05
Middle management	hour	101.52	85.13	85.82
General employees	hour	219.32	66.00	62.82
By gender				
Male employees	hour	203.13	65.39	62.39
Female employees	hour	242.64	70.69	67.50
Supplier Information				
Number of suppliers in Chinese Mainland	/	11,521	15,206	15,448
Number of suppliers from overseas and Hong Kong,Macau and Taiwan	/	241	226	373
Product Quality				
Percentage of products to be recycled	%	1.25	0.90	1.34
Number of complaints on products and services	/	68	230	268
Number of complaints resolved on products and services	/	66	225	268
Technology Innovation				
Patent applications	/	2,879	2,416	2,661
Patents granted	/	1,748	1,665	1,833
Community Investment				
Number of service hours for volunteer activities	hour	52,598.53	17,884.09	12,675.00
Total investment in volunteer service activities	RMB10,000	192.80	79.38	53.44

GOVERNANCE

Indicators	Unit	2023	2024	2025
Composition of Board of Directors				
Number of Directors	person	9	9	9
Executive Directors	person	2	2	2
Non-executive Directors	person	4	4	4
Independent non-executive Directors	person	3	3	3
Proportion of independent non-executive Directors	%	33.33	33.33	33.33
Anti-corruption[6]				
Total hours of anti-corruption training	hour	139,633.00	140,944.22	302,857.00
Total hours of anti-corruption training for directors	hour	1,745.50	1,521.72	1,518.00
Total hours of anti-corruption training for employees	hour	137,887.50	139,422.50	301,339.00
Anti-corruption training coverage for directors	%	100	100	100
Anti-corruption training coverage for employees	%	95.5	96.80	99.99
Number of anti-corruption related litigations concluded	/	0	0	0

[6] Anti-corruption training coverage for directors or anti-corruption training coverage for employees represents the average coverage rate of the Company and all subsidiaries; total hours of anti-corruption training for directors or total hours of anti-corruption training for employees is the sum of the training hours for the Company and all subsidiaries.

INDEX TABLE

CONTENT INDEX OF THE ENVIRONMENT, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

Content		Corresponding Disclosure Index
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainable Development Governance System
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About the Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About the Report

"Comply or explain" Provisions			
Subject Areas, Aspects, General Disclosures and KPIs			
A.Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environment Management List of Policies and Regulations
	KPI A1.1	The types of emissions and respective emissions data.	Environment Management ESG Performance Data Table
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
Aspect A2: Use of Resources	General Disclosure Policies on efficient use of resources including energy, water and other raw materials.		Resource Utilization List of Policies and Regulations
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource Utilization ESG Performance Data Table
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
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	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG Performance Data Table
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<tr><td>Governance</td><td colspan="2">19. Issuers shall disclose information on the following aspects:
(a) the information of governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:
(i) how the body(s) or individual(s) determines whether it currently or in the future has the appropriate skills and competencies to oversee the strategies to address climate-related risks and opportunities;
(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;
(iii) how the body(s) or individual(s) considers climate-related risks and opportunities in the process of overseeing the issuer's strategies, major transaction decisions and risk management procedures and related policies, including whether the body(s) or individual(s) has considered trade-offs related to such climate-related risks and opportunities;
(iv) how the body(s) or individual(s) oversees the formulation of goals related to climate-related risks and opportunities and monitors progress towards achieving compliance (see paragraphs 37 to 40), including whether and how relevant performance indicators are incorporated into remuneration policies (see paragraph 35); and
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</td><td>Addressing Climate Change</td></tr>
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Strategy	Climate-related risks and opportunities	20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Addressing Climate Change
	Business model and value chain	21.An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Addressing Climate Change
	Strategy and decision-making	22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on the issuer's strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Addressing Climate Change
		23. Issuers shall disclose the progress of their plans in accordance with paragraph 22(a) during each previous reporting period.	

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Strategy	Financial position, financial performance and cash flows	Current financial effect 24. An issuer shall disclose qualitative and quantitative information about: (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Addressing Climate Change
		Anticipated financial effect 25. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	
	Climate resilience	26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	Addressing Climate Change

Risk Management		27. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritize and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritizes climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritize and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management process.	Addressing Climate Change Assessment of Material Issues
Metrics and Targets	Greenhouse gas emissions	28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 29. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Addressing Climate Change
	Climate-related transition risks	30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Addressing Climate Change
	Climate-related physical risks	31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Addressing Climate Change

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Metrics and Targets	Climate-related opportunities	32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Addressing Climate Change
	Capital deployment	33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Addressing Climate Change
	Internal carbon prices	34. An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Addressing Climate Change
	Remuneration	35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Addressing Climate Change
	Industry-based metrics	36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Addressing Climate Change
	Climate-related targets	37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Addressing Climate Change
		38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	

Metrics and Targets	Climate-related targets	39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Addressing Climate Change
		40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
	Applicability of cross-sector indicators and industry indicators	41. In preparing disclosures to comply with paragraphs 21 to 26 and 37 to 38, issuers should refer to and consider the applicability of (i) the cross-sectoral indicators (see paragraphs 28 to 35) and (ii) the industry indicators (see paragraph 36).	Addressing Climate Change

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FEEDBACK FORM

Dear Reader,

Thank you for reading the 2025 Environmental, Social and Governance (ESG) Report of AviChina Industry & Technology Company Limited. To strengthen communication and engagement with our stakeholders and further enhance AviChina's sustainability capability, we welcome you to provide us with your valuable comments and suggestions by completing this feedback form.

1. Which category of stakeholder do you belong to?

☐ Government and regulator ☐ Shareholder and investor ☐ Customer ☐ Employee

☐ Supplier ☐ Partner ☐ Community and the public

☐ Other ____________________

2. What is your overall assessment of this Report?

☐ Very good ☐ Good ☐ Fair ☐ Poor

3. How do you find the comprehensiveness of this Report in reflecting AviChina's environmental responsibilities?

☐ Very good ☐ Good ☐ Fair ☐ Poor

4. How do you find the comprehensiveness of this Report in reflecting AviChina's social responsibilities?

☐ Very good ☐ Good ☐ Fair ☐ Poor

5. How do you find the comprehensiveness of this Report in reflecting AviChina's governance responsibilities?

☐ Very good ☐ Good ☐ Fair ☐ Poor

6. How do you find the clarity, accuracy and completeness of the information disclosed in this Report?

☐ Very good ☐ Good ☐ Fair ☐ Poor

7. Do you think this Report meets your reading needs?

☐ Very good ☐ Good ☐ Fair ☐ Poor

8. Other comments and suggestions on improving AviChina's implementation of the ESG concept and this Report:

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