



中國國際航空股份有限公司
AIR CHINA LIMITED
(於中華人民共和國註冊成立的股份有限公司)
(股份代號：00753)

Air China Announces 2023 Interim Results
Taking Firm and Effective Actions, Making Every Effort to
Reduce Losses and Advancing Towards High-Quality Development

(Hong Kong, 30 August 2023) **Air China Limited** (“**Air China**” or “**the Company**”, with its subsidiaries, “**the Group**”) (Stock Code: Hong Kong: 00753; London: AIRC; Shanghai: 601111; America: ADR OTC: AIRYY) is pleased to announce the interim results for the period ended 30 June 2023 (“**the Reporting Period**”)¹.

Results Highlight

- The operating revenue was RMB59,613 million, representing a year-on-year increase of 148.88%.
- The operating cost was RMB64,581 million, representing a year-on-year increase of 52.41%.
- The net loss attributable to the equity shareholders of the Company was RMB3,447 million, representing a year-on-year decrease of RMB15,990 million.

In the first half of the year, the civil aviation market witnessed signs of swift recovery as domestic economy picked up. The Group maintained a steadfast confidence, and has increased related transport capacity with seizing the opportunity of the rapid recovery in the domestic market, while steadily intensified related transport capacity in accordance with the progress of the recovery of the international market. Moreover, measures were taken to enhance quality and efficiency, effectively curbing costs and expenses. With fostering greater industry collaboration, the Group has obtained substantial improvements in the operating performance.

¹All figures are prepared based on the IFRS

Financial Summary

In the first half of 2023, the Group's revenue was RMB59,613 million, representing a year-on-year increase of 148.88%. Among the revenues, air traffic revenue was RMB56,879 million, representing a year-on-year increase of 158.74%. The Group recorded an air passenger revenue of RMB55,470 million, representing a year-on-year increase of 267.26%, while air cargo and mail revenue was RMB1,410 million, representing a year-on-year decrease of 79.51%.

The Group's operating expenses was RMB64,581 million, representing a year-on-year increase of 52.41%. During the Reporting Period, the Group recorded a net exchange loss of RMB1,565 million.

The net loss attributable to the equity shareholders of the Company was RMB3,447 million, representing a year-on-year decrease of RMB15,990 million.

Operating Overview

In the first half of 2023, the civil aviation market witnessed signs of swift recovery. The Group's overall capacity was 15,697 million available tonne kilometers (ATK), representing a year-on-year increase of 64.16%, and the total transportation turnover was 9,128 million revenue tonne kilometers (RTK), representing a year-on-year increase of 92.39%.

In the first half of the year, the Group transported 55.54 million passengers, representing an increase of 192.00% as compared with the same period of the previous year. The passenger transport capacity (ASK) was 128,800 million available seat kilometers, representing an increase of 167.30% year-on-year. Among them, domestic, international and regional routes represented a year-on-year increase of 143.57%, 787.06% and 281.74% respectively. The passenger turnover (RPK) was 90,835 million revenue passenger kilometers, representing a year-on-year increase of 209.87%. Among them, domestic, international and regional routes represented a year-on-year increase of 182.87%, 1399.96% and 413.52% respectively. The passenger load factor was 70.52%, representing a year-on-year decrease of 9.69 percentage points. The passenger yield was RMB0.61, representing a year-on-year increase of 8.18%.

In the first half of the year, the Group introduced a total of 10 aircraft, including 4 A350 aircraft, 2 A320 series aircraft, 1 B737 series aircraft and 3 ARJ21-700 aircraft, and phased out 2 B737 series aircraft. As at the end of the Reporting Period, the Group had a total of 902 aircraft with an average age of 9.05 years (the fleet of Shandong Airlines were consolidated into the Group's fleet during the Reporting Period), of which the Company operated a fleet of 493 aircraft in total, with an average age of 8.93 years. During the first half of the year, the Company introduced 8 aircraft and phased out 2 aircraft.

Enforcing the responsibility of safety at all levels, and safeguarded the bottom line of production safety

The Group conscientiously implemented the concept of overall national security, carried out in-depth investigations and researches on production safety, effectively carried out specific investigation and rectification of major hidden safety hazards, and actively pushed forward initiatives for this year of strengthening safety management. It has also solidly pushed ahead with the development of the "four systems", namely safety management, flight training,

operation management, and aircraft maintenance. At the same time, the Group closely monitored the actual conditions of flight operation, exercised control over the whole process of its flight operation under complex conditions, coordinated the rapid recovery of flight productivity and the restoration of operation support capability, and properly carried out the specific work for ensuring safe operation. The Group promoted in-depth development of safety style, and continuously improved the working pattern of shared management responsibilities among different governance bodies. During the Reporting Period, the Group recorded 1.1515 million safe flight hours. The Group successfully accomplished a series of major transportation safeguard missions such as the Two Sessions and evacuation of nationals.

Adhering to the general principle of pursuing progress while ensuring stability, and making every effort to reduce losses

Based on the domestic macro-circulation, the Company significantly increased the transport capacity for the domestic market and made consistent efforts to diligently develop the domestic express routes and enhance the competitive advantage. Seizing the opportunities arising from the rapid recovery of the international market, the Company steadily increased the related investment and expanded the scale of international routes operation. The Company gave its best efforts to improve the quality of revenue and maximize its revenue effectively by refining the marketing strategy. Through scientific pricing for interline products, enhancing price elasticity, the Company achieve has realized an increase in revenue from interline products. Furthermore, the Group adjusted the pricing structure of the first class and business class cabins to ensure steady improvement of yield level of both cabins. Frequent flier membership policies were also optimized with a focus on the long-term contribution of customers with a view to increasing the stickiness of frequent flier members. The Group strengthened the operation of passenger aircraft for cargo operations to give play to the complementary effect of belly hold capacity of passenger aircraft in the market to increase the revenue from passenger flights. Cost management and control was further implemented to deeply explore the cost-saving potentials, while the investments in labor costs was optimized to expand the contribution of productivity.

Based on new development, promoting deep synergy within the group and fostering green development

Having a keen grasp of the new development stage, the Group clearly defined a model for centralized, synergetic, refined and risk-resistant development to comprehensively promote in-depth synergy of the Group's principal businesses in all aspects. For the key areas of passenger transportation such as route network, cargo spaces management and customer resources management, the Group has achieved synergy through centralization of flight schedules and transport capacities, and strengthened its express route products and optimized the flight schedules of jointly-operated routes in various regions with concerted efforts. The interlink operations across multiple airlines under the Group have been strengthened. The airlines shared their customer resources and realized unification of ground support resources and service standards from the perspective of passengers' perception, thereby improving the service quality and enhancing the efficiency of resources utilization.

The Group promoted the steady implementation of the "14th Five-Year" Plan for green development and made deployment for advancing the carbon peak action plan to empower green and high-quality development with joint efforts. The implementation plan for carbon peak-related works was released, which clarified the strategic direction and technological paths with giving fundamental guidance for the carbon peak action plan. The self-developed

carbon emission monitoring and analysis platform realized automatic, systematic, intelligent and integrated management of aviation carbon emission data and established a carbon emission measurement model for civil aviation passengers, which won the “First Prize of the 19th Innovative Achievements of Modernized Management of Transportation Enterprises”. The Group participated in the 2nd Civil Aviation Science and Education Innovation Achievement Exhibition, displaying a total of 21 innovative achievements in the areas of smart travel, aircraft maintenance and technological support.

Striving to enhance service quality and continuously improving the travel experience for passengers

Staying committed to the people-centered development ideology, the Group strived to improve the quality of its air travel services. The Group pursued the goal and direction of developing world-class products and services. With a focus on passenger demand, it continued to raise service standards and optimize the design of services and products, in a bid to enrich the service experience of passengers at various aspects and solidify the foundation for high-quality development of services.

It promoted the upgrade of air-ground products, and launched Phase I of the “Fengting Lounge”, a self-owned lounge offering cultural experience and products. Furthermore, the renovation with interior design layout under the “Phoenix Dance in the Cloud” series was completed for 22 aircraft, and the passenger interfaces of the “Chinese Red” in-flight entertainment system on 17 aircraft were fully upgraded. In order to promote the consistent optimization and expansion of convenient services for passengers and optimize the functions and service experience of various self-service channels, Air China introduced an upgraded “Caring Version” on its official website to assist the elderly in travelling smoothly. It also continued to expand the air-railway interlink stations and network, which covered 63 transit cities, 98 transit train stations, 371 accessible train stations and connected with 582 railways across China, and contributed to the development of interline transportation and services integration.

Outlook

In the second half of the year, as the national economy continues to recover and improve, the foundation for the resumption and growth of the civil aviation industry will be further strengthened. Based on the characteristics of the new development phase, the Group will fully, precisely and comprehensively implement the new development philosophy, take the initiative to contribute to and integrate with the new development paradigm, seek development based on the domestic market and optimize international fleet capacity structure to accelerate the recovery of profitability. The group will be committed to diligently fulfilling all tasks and working towards the group's objectives of reducing losses, and achieving high-quality development.

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About Air China

Air China Limited is the national flag carrier of China and a leading provider of passenger, air cargo and airline-related services and products in China. Its operational headquarters is in Beijing, a major domestic and international hub in China. It also provides airline-related

services, including aircraft maintenance, ground handling services in Beijing, Chengdu, and other locations. Air China was listed on Hong Kong Stock Exchange and London Stock Exchange on 15 December 2004 under codes 00753 and AIRC respectively. On 30 June 2006, Level I Sponsored ADR Program of Air China had been set up under the code of AIRYY. On August 18, 2006, Air China was listed on Shanghai Stock Exchange under code 601111. For further details, please visit Air China's website: www.airchina.com.cn.

Forward-Looking Statement

This press release contains projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected.

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