

Air China Announces 2023 Annual Results

(Hong Kong, 29 March 2024) 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 annual results for the year ended 31 December 2023 (“the Reporting Period”)¹.

Results Highlight

- The operating revenue was RMB141.10 billion, representing a year-on-year increase of 166.74%
 - The operating cost was RMB145.612 billion, representing a year-on-year increase of 58.76%
 - The net loss attributable to the shareholders of the company was RMB1.038 billion, compared with a net loss of RMB38.617 billion in the same period last year
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2023 is the year of marking the beginning of comprehensive implementation of the spirit of the 20th National Congress of the Communist Party of China and a critical year for carrying forward the “14th Five-Year Plan” development blueprint. Over the past year, the Group has adhered to the underlying principle of seeking progress while maintaining stability, coordinated safety and development, made full efforts to reduce losses and break through difficulties, accelerated its

¹ All data are calculated in accordance with the International Financial Reporting Standards.

development into a world-class enterprise, continued to promote in-depth reforms, improved service quality, strengthened Party building for its leadership and support, and made significant progress in all aspects of work.

Financial Summary

In 2023, the Group realized an operating income of RMB141.10 billion, representing a year-on-year increase of 166.74%. Among which, air traffic revenue was RMB134.681 billion, representing a year-on-year increase of 178.38%. Air passenger revenue was RMB130.517 billion, representing a year-on-year increase of 240.81%; the air cargo and mail revenue was RMB4.165 billion, representing a year-on-year decrease of 58.70%.

The operating cost was RMB145.612 billion, representing a year-on-year increase of 58.76%. The net exchange loss during the period was RMB1.035 billion, representing a year-on-year decrease of RMB3.053 billion.

The net loss attributable to the shareholders of the parent company was RMB1.038 billion, compared with a net loss of RMB38.617 billion in the same period last year.

Operational Summary

In 2023, the Group transported 125 million passengers, an increase of 178.25% year-on-year. Passenger capacity (ASK) was 292,513 million available seat kilometers (ASK), an increase of 164.15% year-on-year. Domestic, international and regional routes grew by 127.29%, 916.63% and 359.41% respectively year-on-year. Passenger turnover (RPK) was 214,173 million revenue passenger kilometers (RPK), an increase of 206.11% year-on-year. Of these, domestic, international and regional routes rose by 163.34%, 1,455.84% and 571.82% respectively year-on-year. Passenger load factor was 73.22%, up 10.03 percentage points year-on-year. Yield per RPK was RMB0.61, down 3.96% year-on-year.

During the Reporting Period, the Group introduced a total of 23 aircraft, including seven A350, three A321NEO, three A320NEO, one B737-800 and nine ARJ21-700, and phased out a total of 12 aircraft, including three A330-200, one A320, seven B737-800 and one business jet. As at the end of the Reporting Period, the Group's fleet had a total of 905 aircraft with an average age of 9.36 years, of which the Company operated a fleet of 495 aircraft in total, with an average age of 9.12 years. The Company introduced 20 aircraft and phased out 12 aircraft.

Steadily maintaining safe development to lay a more solid safety foundation. Faced with a complex environment and severe challenges, the Group has always regarded safety as its primary political mission and a matter of paramount importance. The Group comprehensively implements the overall national security concept, and maintained a stable situation in safe operation. The Group has rigorously implemented its safety responsibilities, firmly established the concept of safety development, resolutely implemented the Law on the Production Safety (《安全生產法》) and the “15 Hard Measures” (“十五條硬措施”) adopted by the Work Safety Committee of the State Council (國務院安全生產委員會), and continuously strengthened organizational leadership in safety work. The Group thoroughly carried out key tasks, diligently implemented the safety supervision and inspection requirements of the Civil Aviation Administration of China, earnestly conducted rectification and reform and improved the long-term mechanism in a bid to enhance the overall level of safety management. By earnestly focusing on the key aspects, the Group carried out specialized risk assessments in conjunction with the characteristics of market recovery at various stages and seasonal environmental changes so as to ensure that the operation support capability matched the actual flight operations. In 2023, the Group successfully safeguarded major transportation tasks such as the Chengdu Summer World University Games, the Hangzhou Asian Games, “Belt and Road” Forum and earthquake relief.

Significant improvement in operating performance with effective strides in profitability. During the year, the Group seized the opportunity of market recovery, implementing comprehensive measures to enhance quality and efficiency, resulting in a substantial reduction in operational losses. Capitalizing on opportunities of increasing flight schedules at major domestic airports, the Group continued to upgrade the quality of express routes, enhanced the efficiency of utilizing advantageous aircraft types, and made concerted efforts to expand effective investment in the domestic market. With a commitment to high-quality service for the country's "Going Global" and "Belt and Road" initiatives, the Group strived to promote the resumption and expansion of international routes. As of the end of the Reporting Period, the number of weekly flights on international and regional routes had been restored to 74% of the level in the same period in 2019. Proactively maintaining market order, strengthening sales arrangement and yield level management, the Group ensured yield level remaining stable. Furthermore, by further integrating passenger and cargo operations and leveraging international passenger aircraft capacity and hub networks, revenue from bellyhold capacity saw significant year-on-year growth. Through rigorous cost reduction and efficiency enhancement efforts, adhering to the concept of "living within our means", optimise controlling major costs throughout the entire process and tightening control over non-budgetary expenses, the Group achieved cost reduction and efficiency improvements.

Enhancing standard quality management and steadily elevating service standards. The Group is deeply committed to the people-centered ideology, continuously refining and enhancing the quality of its aviation services. The Group actively advanced the construction of the service standard system, redesigned the top-level management of service standards, strengthened the implementation of service standards, and promoted consistency in key service standards among member companies. With efforts made to create outstanding service products, expedite the launch of branded lounges, and introduce new onboard products, the Group has continued to enhance the image of the service brand. It strived

to improve the management capabilities for service quality, consolidate flight regularity management, optimise ticket refund and change services, and enhance passenger service experience. In addition, the Group accelerated the digital transformation of services, completing the functional development of the in-flight catering reservation management system, continuously enhancing the application of mobile-end scenarios, and steadily upgraded the digitalization of services.

Contributing to the “national priorities” and exemplifying our mission and responsibility. The Group remains steadfast in its functional mission, dedicated to the national strategies and fulfilling its political and social responsibilities. New progress has been made in supporting regional strategies. Proactively aligning with the national strategies, the Group further refined regional development plans to continuously optimise market layout and route networks. Achieving new results in technology innovation, focusing on the three major areas in safety operation, service marketing and management synergy, resulting in the formulation of a top-level design for the Group’s digital development. Embracing the concept of green development, the Group actively participated in formulating rules for the civil aviation carbon market, released its action plan for achieving the “Carbon Peak” initiative and drove its implementation. Demonstrating new roles in fulfilling social responsibility, the Group effectively facilitated rural revitalization and consolidated achievements in poverty alleviation, earning the highest rating for six consecutive years.

Outlook

The year 2024 marks the 75th anniversary of the founding of the People’s Republic of China, and an important year for the Group’s journey towards becoming a world-class enterprise. The Group will adhere to the principle of seeking progress while ensuring stability, fully, precisely and comprehensively implementing the new development philosophy, and contributing to accelerating the establishment of the new development paradigm. The Group will coordinate high-quality development and

top-level safety, strengthen core functions and enhance core competitiveness. By focusing on tasks such as ensuring safe operations, enhancing quality and efficiency, deepening reform, improving services and strengthening Party building, the Group aims to enhance its ability for value creation, and will play its role in technological innovation, industrial control and safety support, so as to make new contributions to advancing civil aviation and building a strong transportation nation.

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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. 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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