



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 2021 Interim Results
Consolidated the Results of Pandemic Control and
Took Multiple Measures to Improve Quality and Efficiency**

(Hong Kong, 27 August 2021) **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 six months ended 30 June 2021 (“**the Reporting Period**”)¹.

Financial Highlights

- Revenue was RMB37,664 million (RMB, the same below), representing a year-on-year increase of 27.05%
- Operating expenses were 45,996 million, representing an increase of 20.42% in the same period of the previous year
- The loss attributable to equity shareholders was 6,781 million, representing a year-on-year decrease in loss of 2,658 million

The Group firmly implemented the spirit of General Secretary Xi's important instructions and the major decisions and arrangements of the CPC Central Committee, adhered to the general principle of pursuing progress while ensuring stability, coordinated miscellaneous tasks such as safe production, economic benefit, and reform and development, stayed committed to "preventing the coronavirus from entering the country and stem its domestic resurgence and implementing joint pandemic measures for individuals and goods", strove to reduce costs and improve efficiency, effectively managed risks, and continued to improve business quality.

Financial Highlights

In the first half of 2021, the Group recorded a revenue of 37,664 million, representing a year-on-year increase of 27.05%. Among the revenues, air traffic revenue was 35,470 million, representing a year-on-year increase of 30.70%. Air passenger revenue was 30,895 million, air cargo and mail revenue was 4,575 million, and the Group operated 7,935 cargo flights by passenger aircraft.

Operating expenses were 45,996 million, representing an increase of 20.42% in the same period of the previous year. Net exchange gain was 563 million.

The loss attributable to equity shareholders was 6,781 million, representing a year-on-year decrease in loss of 2,658 million.

¹ All figures are prepared based on the IFRS

Operation overview

In the first half of 2021, the COVID-19 pandemic continued to affect the global aviation industry, which was under pressure. Although the domestic market showed a recovery trend in the first half of the year, the recovery trend of the industry was hindered in June as the local pandemic appeared. In the first half of the year, the Group's overall transport capacity (ATK) was 12,928 million ATKs, a year-on-year increase of 30.02%, and the total traffic (RTK) was 7,265 million RTKs, a year-on-year increase of 35.66%.

In the first half of the year, the Group transported 38.61 million passengers. the Group's available seat kilometres for air passenger amounted to 82,500 million, representing a year-on-year increase of 25.83%. Particularly, domestic and regional routes increased by 61.88% and 10.23% year on year, respectively, while international routes decreased by 86.38% year on year. The total air passenger traffic amounted to 58,253 million RPK, representing a year-on-year increase of 31.73%. Particularly, domestic and regional routes increased by 70.33% and 7.82% year on year, respectively, while international routes decreased by 91.31% year-on-year. Passenger load factor was 70.61%, representing a year-on-year increase of 3.16 percentage points. Yield per RPK(revenue passenger kilometres) was 0.53, representing a year-on-year increase of 2.22%.

In the first half of the year, the Group introduced 23 aircraft including three A350, fourteen A320NEO, four A321NEO and two ARJ21-700, and phased out one A321 aircraft. As at the end of the Reporting Period, the Group operated a fleet of 729 aircraft with an average age of 7.97 years, of which the Company operated a total of 453 aircrafts with an average age of 8.18 years. During the first half of the year, the Company introduced 22 aircraft, including five aircraft under the wet lease agreement with Air Macau.

The Group Continuously Consolidated the Results of Pandemic Control

The Group always focused on the overall development of the Party and the country, insisted on putting pandemic control at the forefront, stayed committed to "preventing the coronavirus from entering the country and stem its domestic resurgence and implementing joint pandemic measures for individuals and goods", led pandemic prevention and control practices in a timely manner and following up and implementing such prevention and control measures. The Group prevented the domestic resurgence in an effective and orderly manner, and intensified specific inspection to remove loopholes, optimize management and undertake the responsibility in relation to pandemic prevention and control. The Group remained vigilant against imported cases, kept close tabs on the development of the pandemic abroad, strictly implemented pandemic prevention measures for international flights, and set high management standards for pandemic prevention and control management for international flight crews. Employee care was more practical and detailed, so that employee management and security were in place, personnel education and management were in place, and pandemic prevention materials were available.

The Group Maintained a Stable Situation of Safe Production

The guarantee for safe flight underlies the foundation of the Group's original aspiration and mission. The Group has firmly established the concept of safety development, continuously implemented safety development measures, and established four operation safety systems for safety management, flight training, aircraft maintenance and operation management. The Group intensely investigated potential safety issues, and effectively implemented the three-year action plan for special safety rectification and various risk control measures to ensure smooth and safe operation. The Group pushed forward the work style building, and built a highly disciplined professional team. During the Reporting Period, the Group recorded 860,000 safe flight hours while transporting 38.61 million passengers safely, maintained stable and safe operation in general and successfully safeguarded the provision of important transportation services for various events, such as the 100th anniversary of the Chinese Communist Party.

The Group Put All Efforts to Improve Operating Performance

The Company adhered to the general principle of pursuing progress while ensuring stability, improved production and operation to actively reduce costs, improve efficiency and control risks. Based on the new development pattern centered on internal circulation, the Company took advantage of opportunities arising from market recovery and optimized the structure of transport capacity allocation. The Company strengthened marketing control and continued dynamic monitoring and control, seized the opportunity of domestic market recovery in the second quarter, launched online marketing, built a high-quality and prosperous system and took various measures to maintain the stability and revenue level of the main base and major routes. In terms of the international market, the Company continued to promote the conversion of passenger aircraft for cargo operations. During the Reporting Period, it operated 7,935 cargo flights by passenger aircraft. Taking the commencement of operation of Chengdu Tianfu International Airport as an opportunity, the Company strived to build Chengdu into an international aviation hub, which the Company would develop core route network covering domestic and major markets such as Southeast Asia, Europe and North America. The Company exercised strict cost control, closely monitored major expenses, and enhanced the cost management for comprehensive security to facilitate effective cost control. The Company strengthened capital management and control as well as the internal and external financing mechanism. It rationalized the debt structure so as to offer protection for capital safety.

The Group Steadily Promoted Service Quality Improvement

The Group was dedicated to the provision of "people-oriented" services as its core philosophy, focusing on all areas in the whole service process. It continuing to enhance service quality, improving service and product quality, and giving play to the leading role of digitalization and intelligence development on an ongoing basis. During the Reporting Period, the traveler experience further improved and the overall traveler satisfaction of the Company increased steadily. Adopting the design approach of "customer-oriented", the Company renovated and built nine self-operated lounges to create the rest area with Air China's characteristics and Chinese culture and art. A total of 359 aircraft completed the WLAN cabin renovation and commenced full operation. The Company empowered "intelligent civil aviation" service and drove digitalization with innovation. It optimized the functions and service experience of self-service channels. During the Reporting Period, the self-service rate of passengers reached 79.27%, a year-on-year increase of 10.53 percentage points, and the rate of remote channel services reached 65.27%, a year-on-year increase of 19.87 percentage points. It promoted the luggage tracking service for the whole process, and nine routes had opened the whole baggage process and passenger baggage status query service. It built and upgraded the service quality management system, and improved the service digitalization and innovation capability significantly.

The Group Persisted in Green and Low-carbon Operation

The Group focused on the mission of building a powerful civil aviation nation in the new era and the requirements for high-quality development, with reform and innovation as the driving force, carbon reduction and pollution control as the starting point, to meet the demands of parties at interest for green aviation, and strove to improve energy efficiency, strictly implemented pollution prevention and control requirements, actively cooperated with the industry's carbon peak and carbon neutrality work, actively promoted environmental protection and public welfare, fulfilled social responsibilities, and integrated green development into the overall layout of the Company's high-quality development.

During the Reporting Period, the Group persisted in integrating the green and low-carbon concept into production and operation, focusing on strengthening aviation energy management, and steadily achieving low-carbon development. It scientifically managed carbon emissions and improved carbon asset management capabilities. Comparing to world-class standards, it enriched and improved energy-saving measures and tapped room for fuel efficiency improvement, effectively reducing 9,494.6 tons of aviation fuel and 29,908.0 tons of carbon dioxide.

Outlook

In the second half of the year, the national economy will continue to stabilize and improve. With the further increase in the vaccination ratio, the foundation of industry recovery and development will be stronger. The secular trend of the passenger transport market's recovery will not change, and the development of freight transport will still be in a period with opportunities. However, the Group must also see the risks and challenges: the global pandemic has not ended, pandemic control is still complicated and severe, and the industry recovery is still strongly volatile and uncertain. The Group will firmly implement the spirit of General Secretary Xi Jinping's "July 1" important speech, adhere to the general principle of pursuing progress while ensuring stability, strive to normalize the work of pandemic prevention and control, coordinate overall plans for safety and development, continuously improve the quality of development, and strive for a world-class enterprise.

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About Air China Limited

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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