



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 2022 Interim Results
Adhere to Seek Progress While Maintaining Stability
and Maintain a Safe and Stable Development Trend**

(Hong Kong, 30 August 2022) **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 30 June 2022 (“**the Reporting Period**”)¹.

Results Highlight

- The operating revenue was RMB23.953 billion
- The operating cost was RMB42.373 billion
- The net loss attributable to the shareholders of the parent company was RMB19.437 billion

Financial Summary

In the first half of 2022, the Group realized an operating income of RMB23.953 billion, representing a year-on-year decrease of 36.40%. Among them, the main business income was RMB21.983 billion, the air passenger revenue was RMB15.104 billion, and the air cargo revenue was RMB6.880 billion. A total of 9,851 cargo flights with passenger aircraft were operated, representing a year-on-year increase of 24.1%. The operating cost was RMB42.373 billion, representing a year-on-year decrease of 7.88%. The net exchange loss during the period was RMB2.240 billion. The net loss attributable to the shareholders of the parent company was RMB19.437 billion.

Operating Overview

In the first half of 2022, air traffic production continued to be affected by COVID-19 pandemic. Civil aviation completed 118 million passengers traffic, representing a year-on-year decrease of 51.9%, which was 36.7% of the same period in 2019. Air cargo and

¹All data are calculated in accordance with the Accounting Standards for Business Enterprises of China and unaudited.

mail traffic volume was 3.077 million tons, representing a year-on-year decrease of 17.9%, which was 87.5% of the same period in 2019. In the first half of the year, the Group's overall capacity was 9.162 billion available tonne kilometers (ATK), representing a year-on-year decrease of 29.13%, and the total transportation turnover was 4.481 billion revenue tonne kilometers (RTK), representing a year-on-year decrease of 38.31%.

In the first half of the year, the Group transported 17.37 million passengers, representing 30.75% of the same period in 2019. The passenger transport capacity (ASK) was 44.282 billion available seat kilometers, representing a decrease of 46.32% year-over-year and 31.24% for the same period in 2019. Among them, domestic, international and regional routes represented a year-on-year decrease of 47.06%, 24.57% and 36.86% respectively. The passenger turnover (RPK) was 26.757 billion revenue passenger kilometers, representing a year-on-year decrease of 54.07%. Among them, domestic, international and regional routes represented a year-on-year decrease of 54.45%, 36.01% and 46.65% respectively. The passenger load factor was 60.42%, representing a year-on-year decrease of 10.19 percentage points. The passenger yield was RMB0.56, representing a year-on-year increase of 6.43%.

In the first half of the year, the Group introduced 16 aircraft, including 1 A350 aircraft, 7 A320NEO aircraft and 8 A321NEO aircraft, and phased out 14 aircraft, including 3 A330-200 aircraft, 5 B737-800 aircraft, 3 B737-900 aircraft and 3 A319 aircraft. As of the end of the Reporting Period, the Group had 748 aircraft with an average age of 8.39 years. The Company operated a total of 472 aircraft with an average age of 8.54 years. During the first half of the year, the Company introduced 13 aircraft and phased out 8 aircraft.

Enhancing its Safety Management Capabilities and Maintaining a Stable and Safe Operation

In the face of the complex and severe safety situation in the industry, the Group strictly implemented the work requirements of the superior units. The Group consolidated and improved the Three-year Action Plan for Specific Safety Rectification, continuously improved the safety production system, and strengthened the construction of "four systems" of safety management, flight training, operation management and maintenance. The Group conscientiously did a good job in preventing and resolving major safety risks and special improvement actions in eight safety areas, including aviation safety, air defense safety and epidemic prevention and control, and refined and implemented the "15 measures for safe production". The Group continued to carry out in-depth safety inspections and troubleshooting of potential safety hazards, actively responded to operational changes, implemented risk prevention and control measures, and solidly promoted the construction of the work style of safety practitioners. The Group revised and released the Company's overall emergency response plan to continuously improve the emergency response capability.

During the Reporting Period, the Group operated for a total of 508,000 hours, successfully accomplished the important transportation support tasks during the periods such as the Spring Festival, the two sessions, the Beijing Winter Olympics/Paralympics, adhered to the concept that safety responsibility is political responsibility, strictly implemented the main responsibility of safety management, and greet the successful convening of the 20th National Congress of the Party with practical actions.

Implementing Prevention and Control Measures in a Strict and Detailed Manner and Constantly Consolidating the Achievements of Epidemic Prevention and Control

The Group conscientiously implemented the guidelines and policies for epidemic prevention and control determined by the Party Central Committee, adhered to the general strategy of “preventing the coronavirus from entering the country, stem its domestic resurgence” and dynamic zero-COVID approach, and carefully carried out epidemic prevention and control work. The Group closely tracked the dynamics of the epidemic and changes in prevention and control policies, made targeted deployment of prevention and control priorities, carried out supervision and inspection, and promoted the implementation of main responsibilities and the implementation of prevention and control measures at all levels. Air China Inner Mongolia Co., Ltd. has successfully completed the task of anti epidemic rescue charter flights in the autonomous region for many times, and has done a good job in ensuring inbound diversion flights. The Group set high standards for the prevention and control measures and disposal plans for transportation support for major events such as the Beijing Winter Olympics/Paralympics and the "two sessions" to achieve "zero infection" for major tasks.

Pursuing Progress while Ensuring Stability, and Maintaining Smooth Operation

To maximise its operating performance, the Group continued to strengthen operation management dynamically and took initiatives to cope with operating pressure. With the major goal of optimising the operation of the entire fleet, the Group strived to maximise income and performance through more effective market analysis and assessment, operation arrangement, resources coordination, conversion of passenger aircraft for cargo operations, strict control of costs and risks, and consolidation of operating competitiveness of main business. Continue to promote the construction of domestic express routes and optimize flight schedules. The investment ratio of wide-body aircraft on 6 express routes reaches 47%, and the investment ratio of wide-body aircraft on 10 high-quality routes reaches 38%. Refine marketing strategies, promote precision marketing, and increase the stickiness of frequent flyer members. The linkage between passenger and cargo was strengthened, and 9,851 cargo flights with passenger aircraft were carried out, representing a year-on-year increase of 24.1%. Strictly control costs and strive to save expenses, strengthen the management of aircraft life cycle value, and focus on improving the economics of operating aircraft. Optimize maintenance costs, increase the implementation of fuel-saving measures and APU replacement. Make good use of the bailout policy and obtain support funds. Optimise debt structure under the premise of securing capital.

Continuing to Promote the Implementation of Service Measures and Constantly Improving Customer Service Experience

The Group continues to optimize the travel experience of passengers under the epidemic prevention and control state, improve the quality of service products, create a more distinctive and influential service brand, and facilitate the high-quality development of the Company. The Company responded quickly to the epidemic prevention and control policy, and promptly provided full-process passenger services such as flight change notification, cancellation and change. Focus on the needs of passengers and accelerate the expansion of passenger convenience services. Expand online contactless services, achieve full coverage of "paperless" travel services at all navigable domestic terminals, and open remote self-service check-in at 137 domestic navigable sites; open the health information inquiry and automatic verification service for international inbound passengers at 14 overseas destinations in Europe, America, Asia, and Africa; follow international standards to improve the quality of luggage transportation, successfully pass the IATA 753 luggage network tracking certification, and

continue to expand the coverage of luggage tracking routes. Create a cloud-based comfort experience with Air China's characteristics, customize the design of A350 brand-new business class seats, upgrade the passenger graphical interface of the in-flight entertainment system, and refresh the passenger flight experience; launch the five major features of "Learning to Make a Powerful Country - Aviation Edition" on the Wi-Fi platform, and add color to passengers' flight life through rich entertainment content; constantly develop new products, establish and optimize new models of in-flight meals, and provide passengers with more high-quality meal choices.

Vigorously Promoting Green Development and Integrating Green and Low-carbon Concepts into Production Operations

During the Reporting Period, the Group thoroughly studied the important instructions of General Secretary Xi Jinping on carbon peaking and carbon neutrality, unswervingly implemented the major deployment of the Party Central Committee for ecological civilization construction and the national dual-carbon strategy, and solidly promoted green development work and achieved good results. Actively serve the national dual-carbon strategy, set up a special leading group and working group for carbon neutrality, and discuss the carbon reduction path of the industry with the Civil Aviation Administration, civil aviation research institutes, aircraft and engine manufacturers, and aviation fuel suppliers. Improve the management system, hold the Group's green development work meeting, deploy the key work of green development and double carbon, and carry out special training. The Group insists on integrating the concept of green and low carbon into production and operation. On the basis of ensuring effective epidemic prevention and control and safe and normal flight production and operation, the Group takes various measures to effectively save aviation fuel and reduce carbon dioxide emissions.

Outlook

In the second half of the year, opportunities and challenges coexist in the industry. The national economy has been improving for a long time, the prevention and control situation is generally stable, the foundation for industrial recovery is more solid, and the development of freight logistics under the support of national policies ushers in a new period of strategic opportunities. At the same time, there is still a risk of market demand fluctuations caused by the rebound of the local epidemic. The Group will always maintain the good style of doing solid work and seeking truth and pragmatism, take responsibilities and work hard to continuously improve the strategic layout, optimise the route network, expand the public and business customers, improve the stickiness of frequent passengers, accumulate international business and strengthen cost control through the practical actions of ensuring safety, preventing the pandemic, stabilizing growth, preventing risks, promoting reforms and enhancing Party building, and greet the successful convening of the 20th National Congress of the Party with excellent results.

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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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