

For Immediate Release



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 Annual Results
Positively Tackling the Impact of the Epidemic and Taking
Multiple Measures to Strengthen Performance**

(Hong Kong, 30 March 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 31 December 2021 (“**the Reporting Period**”)¹.

The year 2021 marks the second year of the global spread of the COVID-19 pandemic. The Group's operations were further hampered by continued restrictions on the capacity input in international routes, the rising oil prices and exchange rate fluctuations. In the face of the pandemic, the Group insisted on strengthening the situation assessment and judgment, focusing on the core business, focusing on the improvement of quality and efficiency. By taking the initiative and actively tackling the problems in strict cost control, resource planning, collaboration between passenger flights and cargo flights, risk prevention and control, the Group strived to minimize the impact of the pandemic to the minimum. In 2021, the Group's domestic market recovered better than the international market, and the operation of air-cargo flight with passenger aircraft became a strong support. Although the high oil price has dragged down the operating performance, the Group's competitive advantage and the foundation for sustainable development are still solid, with results basically in line with expectations.

Financial Highlights

In 2021, the Group's revenue was RMB74,532 million, representing a year-on-year increase of 7.23%. Among which, air traffic revenue was RMB69,430 million, representing a year-on-year increase of 8.01%. Air passenger revenue was RMB58,317 million, air cargo revenue was RMB11,113 million, representing a year-on-year increase of 4.65% and 29.93% respectively. Among them, passenger aircraft converted cargo flight revenue was RMB8,720 million, representing a year-on-year increase of 49.5%.

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

Operating expenses were RMB95,465 million, representing an increase of 12.27% in the same period of the previous year. Net exchange income during the period was RMB1,235 million.

The loss attributable to shareholders was RMB16,635 million.

Business Overview

In 2021, the Group's overall transportation capacity (ATK) was 24.490 billion available tonne kilometers, representing a year-on-year increase of 3.40%, and the overall traffic (RTK) was 13.599 billion revenue tonne kilometers, representing a year-on-year increase of 2.36%.

During the period, the Group's passenger capacity (ASK) was 152.445 billion available seat kilometers, representing a year-on-year decrease of 2.32%. Among them, the passenger capacity of domestic routes was 145.939 billion seat kilometers, that of regional routes was 2.353 billion seat kilometers, representing a year-on-year increase of 7.66% and 26.03% respectively, and that of international routes was 4.152 billion seat kilometers, representing a year-on-year decrease of 77.72%.

The Group's cargo capacity was 10,761 million available tonne kilometers, representing a year-on-year increase of 11.69%. Among them, the capacity of international was 6,716 million tonne kilometers, that of domestic capacity was 3,938 million tonne kilometers, and that of regional capacity was 107 million tonne kilometers, representing a year-on-year increase of 8.96%, 16.66% and 11.77%.

The passenger traffic (RPK) was 104.626 billion revenue passenger kilometers, representing a year-on-year decrease of 4.74%. Among them, the passenger traffic of domestic routes was 101.494 billion passenger kilometers, that of regional routes was 1.251 billion passenger kilometers, representing a year-on-year increase of 4.51% and 30.47% respectively, and that of international routes was 1.880 billion passenger kilometers, representing a year-on-year decrease of 84.00%.

The Group safely transported 69.05 million passengers and 1.187 million tons of cargo and mail, with a year-on-year increase of 0.5% and 6.6% respectively. Resulted in 16,000 air cargo flights operated by using the passenger aircraft, representing a year-on-year increase of 14.5%. The yield per RPK was 0.56, a year-on-year increase of 9.85%; The yield per RFTK was 2.58, representing a year-on-year increase of 7.44%.

During the year of 2021, the Group introduced a total of 43 aircraft, including four A350, twenty-three A320NEO, eleven A321NEO, four ARJ21-700 aircraft and one business jet, among which 29 were introduced under finance leases and 14 were introduced under operating leases. On the other hand, the Group phased out four aircraft, including one A330-200, two A321 and one business jet. As at the end of 2021, the Group had a total of 746 passenger aircraft including business jets, with an average age of 8.23 years.

Guaranteeing for Safe Flight, Steady and Orderly Production Planning

Continuing to adhere to the safety guarantee as the top priority, the Group safeguarded the bottom line of safety development and maintained the development of stable and safe production amidst the sophisticated and critical operating environment. The Group enhanced organization and leadership for assuring operation safety, strictly performing the safety responsibility, further embedding the concept of safety development into production frontline. Firmly adhering to the concept of system safety management, the Group further pushed forward the three-year action plan for specific safety production rectification and perfected the long-term effective mechanism for safety management. The Group emphasized the safety management and control over the production process, and kept proper normal safety management and control on key areas based on the characteristics of safety production precisely. During the period under review, the Group delivered an impressive performance with respect to major aviation transportation safeguarding missions such as Tokyo Olympic Games and Beijing Winter Olympic Games, exemplifying its commitment and positive image as the national flag carrier and central enterprise.

Performing the Entity's Responsibilities and Improving the Epidemic Prevention and Control Mechanisms Continuously

Sticking to compliance with the national pandemic containment policy in general, the Group stayed committed to “preventing the coronavirus from entering the country, stemming its domestic resurgence and implementing joint pandemic containment measures for individuals and goods”. The Group strengthened the organizational leadership, improved the management and control mechanisms for regular pandemic containment and continued to optimize the prevention and control system. Strengthening the precise containment efforts, it used its best endeavors to prevent pandemic risk among international flights and responded to certain local outbreak of pandemic in China rapidly. The Group made contributions for the economic and social development and strived to safeguard our external flight routes, or the “bridges in the sky”, against any disruptions, thereby securing a stable international supply chain. In 2021, 641 tonnes of COVID-19 vaccines were transported through the cold-chain transportation service system.

Striving to Maximize the Operating Performance and Securing Stable Operation with A Multipronged Approach

The Group stayed committed to the general working principle of pursuing progress while ensuring stability, enhanced market study and research and adopted positive and active approach to strive its best efforts to maximise the operating performance and maintain a solid foundation for operation of core business. Giving play to its advantages of hub network and brand, the Group strengthened the management and seized the market opportunities arising from air passengers and control on marketing to consolidate the market position of its main base. Enhancing the conversion of passenger aircraft for cargo operations, the Group undertook the overall planning for safeguarding the resources based on the market demand and increased the input of air-cargo flight with passenger aircraft, hence improving operating efficiency, and the revenue of air-cargo flight with passenger aircraft was 8.72 billion yuan. To prevent risks, the Group strictly controlled cost, improved the matching of costs and production, optimized the debt structure and strengthened the control of cash flows.

Improving the Quality of Services and Enhancing Brand Value Continuously

The Group was dedicated to the “people-oriented” approach as its concept of development, striving to provide passengers with better and unique travelling experience. By optimizing operation management, it continued to improve the normal flight operation and enhanced service standards for delayed flights. The Group innovated and upgraded its services and products as well as promoted digital transformation, with a view to launching the remote self-service check-in of passengers in the domestic terminals and in-cabin WiFi for the operation of the entire fleet comprehensively. The Group promoted the linkage brand management mechanism to strengthen the driver of brand value. A series of brand promotion campaigns featuring both the Summer Olympic Games and the Winter Olympic Games were launched to shape brand image and enhance brand value.

Pushing Ahead the Implementation of Strategies to Build A New Development Pattern of Services

The Group firmly adhered to its responsibilities and missions in building a new development pattern, while actively promoted and served national interests. In view of the overall trend, the Group took the initiative to formulate strategies and pursue development, in a bid to align with the development plans of the State and the industry in an orderly manner. As such, the Group has formulated the 14th Five-Year planning in a scientific manner, specifying the general development concept of “one goal, four strategic directions and enhancement of five capabilities” and eight key areas, and established an indicator system for planning to apply the new development concepts to various areas of safe production, operation and development actively. To optimize the business pressure in the aviation market, the Group pushed ahead the transformation of the functions of Beijing Capital International Airport, accomplishing the operation of “one airport and two terminals” at Beijing Capital International Airport and “one city, two airports” in Chengdu steadily. In addition, we pushed forward low-carbon green development steadily, continued to increase the efficiency of jet fuel use and reduced the intensity of carbon emission. We have been accredited with the certification of ISO14001 environmental management system successfully.

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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.

Investor relations and media inquiry:

Air China Limited

Joyce Zhang / Zhang Chen

Investor Relations

Tel: (8610) 6146-2560 / 6146-2543

Email: joycezhang@airchina.com / zhangchen2017@airchina.com

Wonderful Sky Financial Group Company Ltd.

Erica Wu / Lilia Yang

Tel: (852) 3970 2296 / (852) 3970 2338

Fax: (852) 3102 0210

Email: airchina@wsfg.hk