中國國際航空股份有限公司
AIR CHINA LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00753)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of the Company has approved, among others, the unaudited interim results of the Group for the six months ended 30 June 2024 at a meeting of the Board held on 29 August 2024.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board presents the unaudited interim results of the Group for the six months ended 30 June 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3A	**79,520,332**	59,613,193
Other income and gains	4	**3,250,850**	4,069,876
		82,771,182	63,683,069
Operating expenses			
Jet fuel costs		**(27,132,269)**	(19,346,786)
Employee compensation costs		**(16,953,921)**	(13,594,872)
Depreciation and amortisation		**(14,025,285)**	(12,704,783)
Take-off, landing and depot charges		**(9,963,482)**	(6,635,703)
Aircraft maintenance, repair and overhaul costs		**(6,862,447)**	(4,972,590)
Air catering charges		**(1,973,435)**	(1,167,220)
Aircraft and engine lease expenses		**(261,132)**	(146,086)
Other lease expenses		**(346,900)**	(242,637)
Other flight operation expenses		**(3,263,760)**	(3,419,424)
Selling and marketing expenses		**(2,275,875)**	(1,542,326)
General and administrative expenses		**(780,314)**	(706,174)
Impairment loss recognised on non-current assets		**–**	(91,160)
Net impairment loss recognised under expected credit loss model		**(14,334)**	(11,508)
		(83,853,154)	(64,581,269)
Loss from operations	5	**(1,081,972)**	(898,200)
Finance income		**245,615**	291,375
Finance costs	6	**(3,265,473)**	(3,542,402)
Share of results of associates		**1,084,817**	1,265,560
Share of results of joint ventures		**91,360**	88,817
Exchange losses, net		**(360,422)**	(1,565,320)
Loss before taxation		**(3,286,075)**	(4,360,170)
Income tax (expense)/credit	7	**(252,536)**	316,216
Loss for the period		**(3,538,611)**	(4,043,954)
Attributable to:			
– Equity shareholders of the Company		**(2,778,953)**	(3,446,814)
– Non-controlling interests		**(759,658)**	(597,140)
		(3,538,611)	(4,043,954)
Loss per share			
– Basic and diluted	9	**RMB(17.67) cents**	RMB(22.39) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(3,538,611)**	(4,043,954)
Other comprehensive (expense)/income for the period		
Items that will not be reclassified to profit or loss:		
– Fair value losses on investments in equity instruments at fair value through other comprehensive income	**(86,078)**	(67,769)
– Remeasurement of net defined benefit liability	**(5,741)**	44
– Share of other comprehensive expense of an associate	**(361)**	–
– Income tax credit relating to items that will not be reclassified to profit or loss	**21,519**	16,942
Items that may be reclassified subsequently to profit or loss:		
– Fair value gains on investments in debt instruments at fair value through other comprehensive income	**14,619**	5,530
– Share of other comprehensive income/(expense) of associates and joint ventures	**232,792**	(474,687)
– Exchange differences on translation of foreign operations	**137,205**	561,877
– Impairment loss recognised on investments in debt instruments at fair value through other comprehensive income	**(236)**	(2,505)
– Income tax expense relating to items that may be reclassified subsequently to profit or loss, net	**(3,597)**	(756)
Other comprehensive income for the period, net of tax	**310,122**	38,676
Total comprehensive expense for the period	**(3,228,489)**	(4,005,278)
Attributable to:		
– Equity shareholders of the Company	**(2,433,924)**	(3,389,356)
– Non-controlling interests	**(794,565)**	(615,922)
	(3,228,489)	(4,005,278)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024

	NOTE	**At 30 June 2024** *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**119,636,097**	117,728,498
Right-of-use assets		**118,740,307**	120,971,059
Investment properties		**709,827**	726,594
Intangible assets		**106,576**	106,580
Goodwill		**4,095,732**	4,095,732
Interests in associates		**13,520,651**	12,863,023
Interests in joint ventures		**2,566,091**	2,413,799
Advance payments for aircraft and flight equipment		**25,129,965**	26,114,064
Deposits for aircraft under leases		**535,239**	525,463
Equity instruments at fair value through other comprehensive income		**1,821,908**	1,547,986
Debt instruments at fair value through other comprehensive income		**1,311,348**	1,397,310
Deferred tax assets		**13,704,304**	13,757,180
Other non-current assets		**627,191**	696,685
		302,505,236	302,943,973
Current assets			
Inventories		**4,853,666**	3,682,821
Accounts receivable	*10*	**5,478,674**	3,182,797
Bills receivable		**6,203**	3,601
Prepayments, deposits and other receivables		**5,253,415**	5,852,345
Financial assets at fair value through profit or loss		**2,125**	2,505
Restricted bank deposits		**2,409,176**	611,692
Cash and cash equivalents		**19,963,866**	15,016,804
Assets held for sale		**107,359**	108,527
Other current assets		**4,820,628**	3,873,629
		42,895,112	32,334,721
Total assets		**345,400,348**	335,278,694

	NOTE	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current liabilities			
Air traffic liabilities		**(10,648,694)**	(8,366,222)
Accounts payable	*11*	**(22,020,724)**	(17,954,298)
Bills payable		**(102,727)**	(500,160)
Dividends payable		**(99,856)**	(98,000)
Other payables and accruals		**(17,009,346)**	(15,701,546)
Current taxation		**(187,243)**	(76,662)
Lease liabilities		**(17,618,030)**	(18,175,349)
Interest-bearing borrowings		**(72,150,988)**	(47,271,768)
Provision for return condition checks		**(224,318)**	(650,777)
Contract liabilities		**(1,270,386)**	(1,522,492)
		(141,332,312)	(110,317,274)
Net current liabilities		**(98,437,200)**	(77,982,553)
Total assets less current liabilities		**204,068,036**	224,961,420
Non-current liabilities			
Lease liabilities		**(61,803,418)**	(64,053,967)
Interest-bearing borrowings		**(86,162,955)**	(104,759,631)
Provision for return condition checks		**(18,402,780)**	(17,196,982)
Provision for early retirement benefit obligations		**(546)**	(720)
Long-term payables		**(764,985)**	(1,082,301)
Contract liabilities		**(2,143,187)**	(1,663,987)
Defined benefit obligations		**(185,489)**	(187,810)
Deferred income		**(428,738)**	(404,103)
Deferred tax liabilities		**(327,262)**	(347,910)
		(170,219,360)	(189,697,411)
NET ASSETS		**33,848,676**	35,264,009
CAPITAL AND RESERVES			
Issued capital		**16,593,720**	16,200,793
Treasury shares		**(3,047,564)**	(3,047,564)
Reserves		**23,041,654**	24,052,746
Total equity attributable to equity shareholders of the Company		**36,587,810**	37,205,975
Non-controlling interests		**(2,739,134)**	(1,941,966)
TOTAL EQUITY		**33,848,676**	35,264,009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure requirements of the Listing Rule. The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023.

As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB98,437 million. The liquidity of the Group is primarily dependent on its ability to maintain cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. Considering the Company's sources of liquidity and the unutilised bank facilities of RMB137,665 million as at 30 June 2024, the Directors believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements to enable the Group to continue in operational existence for the foreseeable future when preparing these condensed consolidated financial statements for the six months ended 30 June 2024. Accordingly, these condensed consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than change in accounting policies resulting from application of amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3A. REVENUE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*
Revenue from contracts with customers	**79,406,709**	59,482,882
Rental income (included in revenue of airline operations segment)	**113,623**	130,311
Total revenue	**79,520,332**	59,613,193

Disaggregation of revenue from contracts with customers

Segments	**Six months ended 30 June 2024** Airline operations *RMB'000* (Unaudited)	Other operations *RMB'000* (Unaudited)	Six months ended 30 June 2023 Airline operations *RMB'000* (Unaudited)	Other operations *RMB'000* (Unaudited)
Type of goods or services				
Airline operations				
Passenger	**73,137,116**	**–**	55,469,530	–
Cargo and mail	**3,328,452**	**–**	1,409,862	–
Others	**859,569**	**–**	695,501	–
	77,325,137	**–**	57,574,893	–
Other operations				
Aircraft engineering income	**–**	**2,023,821**	–	1,872,556
Others	**–**	**57,751**	–	35,433
	–	**2,081,572**	–	1,907,989
Total	**77,325,137**	**2,081,572**	57,574,893	1,907,989
Geographical markets				
Mainland China	**55,765,478**	**2,081,572**	48,304,525	1,907,989
Hong Kong Special Administrative Region ("SAR"), Macau SAR and Taiwan, China	**2,484,032**	**–**	1,730,660	–
International	**19,075,627**	**–**	7,539,708	–
Total	**77,325,137**	**2,081,572**	57,574,893	1,907,989

3B. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. The Group has the following reportable operating segments:

(a) the "airline operations" segment which mainly comprises the provision of air passenger and air cargo services; and

(b) the "other operations" segment which comprises the provision of aircraft engineering and other airline-related services.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Operating segments

The following tables present the Group's consolidated revenue and loss before taxation regarding the Group's operating segments in accordance with the CASs for the six months ended 30 June 2024 and 2023 and the reconciliations of reportable segment revenue and loss before taxation to the Group's consolidated amounts under IFRSs:

For the six months ended 30 June 2024 (Unaudited)

	Airline operations *RMB'000*	**Other operations** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Revenue				
Sales to external customers	**77,438,760**	**2,081,572**	**–**	**79,520,332**
Inter-segment sales	**106,388**	**4,343,972**	**(4,450,360)**	**–**
Revenue for reportable segments under CASs and IFRSs	**77,545,148**	**6,425,544**	**(4,450,360)**	**79,520,332**
Segment (loss)/profit before taxation				
(Loss)/profit before taxation for reportable segments under CASs	**(3,715,694)**	**502,625**	**(77,722)**	**(3,290,791)**
Effect of differences between IFRSs and CASs				**4,716**
Loss before taxation for the period under IFRSs				**(3,286,075)**

For the six months ended 30 June 2023 (Unaudited)

	Airline operations *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
Sales to external customers	57,705,204	1,907,989	–	59,613,193
Inter-segment sales	62,176	3,359,869	(3,422,045)	–
Revenue for reportable segments under CASs and IFRSs	57,767,380	5,267,858	(3,422,045)	59,613,193
Segment (loss)/profit before taxation				
(Loss)/profit before taxation for reportable segments under CASs	(4,584,441)	263,523	(44,471)	(4,365,389)
Effect of differences between IFRSs and CASs				5,219
Loss before taxation for the period under IFRSs				(4,360,170)

The following table presents the segment assets of the Group's operating segments under CASs as at 30 June 2024 and 31 December 2023, and the reconciliations of reportable segment assets to the Group's consolidated amounts under IFRSs:

	Airline operations ***RMB'000***	**Other operations** ***RMB'000***	**Elimination** ***RMB'000***	**Total** ***RMB'000***
Segment assets				
Total assets for reportable segments as at 30 June 2024 under CASs (unaudited)	**330,660,668**	**36,776,800**	**(22,016,670)**	**345,420,798**
Effect of differences between IFRSs and CASs				**(20,450)**
Total assets as at 30 June 2024 under IFRSs (unaudited)				**345,400,348**
Total assets for reportable segments as at 31 December 2023 under CASs (audited)	323,324,926	30,250,454	(18,272,699)	335,302,681
Effect of differences between IFRSs and CASs				(23,987)
Total assets as at 31 December 2023 under IFRSs (audited)				335,278,694

Geographical information

The following tables present the Group's consolidated revenue under IFRSs by geographical location for the six months ended 30 June 2024 and 2023, respectively:

For the six months ended 30 June 2024 (Unaudited)

	Mainland China *RMB'000*	**Hong Kong SAR, Macau SAR and Taiwan, China** *RMB'000*	**International** *RMB'000*	**Total** *RMB'000*
Sales to external customers and total revenue	**57,960,673**	**2,484,032**	**19,075,627**	**79,520,332**

For the six months ended 30 June 2023 (Unaudited)

	Mainland China *RMB'000*	Hong Kong SAR, Macau SAR and Taiwan, China *RMB'000*	International *RMB'000*	Total *RMB'000*
Sales to external customers and total revenue	50,342,825	1,730,660	7,539,708	59,613,193

In determining the Group's geographical information, revenue is attributed to the segments based on the origin or destination of each flight. Assets, which consist principally of aircraft and ground equipment, supporting the Group's worldwide transportation network, are mainly registered/located in Mainland China. According to the business demand, the Group needs to flexibly allocate different aircraft to match the need of the route network. An analysis of the assets of the Group by geographical distribution has therefore not been included.

There was no individual customer that contributed 10% or more of the Group's revenue, for both periods.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Co-operation routes income and subsidy income	**2,232,415**	1,985,078
Gains on disposal of property, plant and equipment and right-of-use assets	**775,226**	669,898
(Loss)/gains on disposal of assets held for sale	**(7,907)**	18,519
Dividend income	**5,935**	9,557
Others	**245,181**	1,386,824
	3,250,850	4,069,876

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**6,505,225**	5,350,122
Depreciation of right-of-use assets	**7,503,289**	7,340,150
Depreciation of investment properties	**16,767**	14,511
Amortisation of intangible assets	**4**	–

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing borrowings	**2,215,565**	1,988,148
Interest on lease liabilities	**1,192,838**	1,677,935
Imputed interest expenses on defined benefit obligations	**2,628**	3,188
	3,411,031	3,669,271
Less: Interest capitalised	**(145,558)**	(126,869)
	3,265,473	3,542,402

The interest capitalisation rates during the period ranged from 2.40% to 4.45% (six months ended 30 June 2023: 2.50% to 3.06%) per annum relating to the costs of related borrowings during the period.

7. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– Mainland China	**201,017**	126,521
– Hong Kong SAR and Macau SAR, China	**887**	833
Under provision in respect of prior years	**431**	11,920
Deferred tax	**50,201**	(455,490)
	252,536	(316,216)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, except for three (six months ended 30 June 2023: three) branches and five (six months ended 30 June 2023: five) subsidiaries of the Company, and certain branches of two subsidiaries of the Company which are taxed at a preferential rate of 15%, all group companies located in Mainland China are subject to a income tax rate of 25% (six months ended 30 June 2023: 25%). Subsidiaries in Hong Kong SAR, China are taxed at profits tax rate of 16.5%, and subsidiaries in Macau SAR, China are taxed at profits tax rate of 12%, for both periods.

In respect of majority of the Group's overseas airline activities, the Group has either obtained exemptions from overseas taxation pursuant to the bilateral aviation agreements between the overseas governments and the PRC government, or has sustained tax losses in these overseas jurisdictions. Accordingly, no provision for overseas tax has been made for overseas airlines activities in the current and prior periods.

8. DIVIDENDS

(a) Dividends payable to equity shareholders attributable to the interim period

In accordance with the Company's articles of association, the profit after tax of the Company for the purpose of dividend distribution is based on the lesser of (i) the profit determined in accordance with CASs; and (ii) the profit determined in accordance with IFRSs.

No interim dividend has been declared by the Directors for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved during the current interim period

No dividend has been declared by the Directors for the financial year of 2023 during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB2,779 million (six months ended 30 June 2023: RMB3,447 million) and the weighted average number of 15,723,985,056 (six months ended 30 June 2023: 15,392,419,484) ordinary shares in issue during the period, as adjusted to reflect the number of treasury shares held by Cathay Pacific through reciprocal shareholding.

The Group had no potential ordinary shares in issue during both periods.

10. ACCOUNTS RECEIVABLE

The ageing analysis of the accounts receivable as at the end of the reporting period, based on the transaction date, net of allowance for expected credit losses, was as follows:

	At 30 June 2024 *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Within 30 days	**4,116,692**	2,349,927
31 to 60 days	**628,333**	265,953
61 to 90 days	**192,085**	155,337
Over 90 days	**541,564**	411,580
	5,478,674	3,182,797

11. ACCOUNTS PAYABLE

The ageing analysis of the accounts payable, based on the transaction date, as at the end of the reporting period was as follows:

	At 30 June 2024 *RMB'000* **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Within 30 days	**9,767,376**	7,517,749
31 to 60 days	**2,918,389**	2,479,368
61 to 90 days	**3,482,204**	3,411,397
Over 90 days	**5,852,755**	4,545,784
	22,020,724	17,954,298

SUMMARY OF OPERATING DATA

The following is the operating data summary of the Company, Shenzhen Airlines (including Kunming Airlines), Shandong Airlines, Air Macau, Beijing Airlines, Dalian Airlines and Air China Inner Mongolia.

	January to June 2024	January to June 2023	Increase/(decrease)
Capacity			
ASK (million)	**171,790.89**	128,799.56	33.38%
International	**44,082.60**	14,201.46	210.41%
Mainland China	**122,675.40**	111,479.91	10.04%
Hong Kong SAR, Macau SAR and Taiwan, China	**5,032.90**	3,118.19	61.40%
AFTK (million)	**6,122.03**	4,090.64	49.66%
International	**2,577.25**	925.60	178.44%
Mainland China	**3,409.83**	3,078.23	10.77%
Hong Kong SAR, Macau SAR and Taiwan, China	**134.96**	86.79	55.50%
ATK (million)	**21,606.69**	15,697.06	37.65%
Traffic			
RPK (million)	**136,213.57**	90,835.35	49.96%
International	**33,625.02**	8,652.06	288.64%
Mainland China	**98,966.23**	80,191.99	23.41%
Hong Kong SAR, Macau SAR and Taiwan, China	**3,622.31**	1,991.29	81.91%
RFTK (million)	**2,237.13**	1,088.96	105.44%
International	**1,409.88**	497.15	183.59%
Mainland China	**795.51**	575.51	38.23%
Hong Kong SAR, Macau SAR and Taiwan, China	**31.74**	16.31	94.63%
Passengers carried (thousand)	**74,959.47**	55,544.89	34.95%
International	**7,535.97**	1,740.62	332.95%
Mainland China	**65,161.14**	52,566.97	23.96%
Hong Kong SAR, Macau SAR and Taiwan, China	**2,262.37**	1,237.31	82.85%
Cargo and mail carried (tonnes)	**701,598.29**	429,444.60	63.37%
Kilometres flown (million)	**896.88**	705.70	27.09%
Block hours (thousand)	**1,438.31**	1,151.46	24.91%
Number of flights	**498,613**	417,396	19.46%
International	**47,201**	13,715	244.16%
Mainland China	**434,608**	393,420	10.47%
Hong Kong SAR, Macau SAR and Taiwan, China	**16,804**	10,261	63.77%
RTK (million)	**14,229.30**	9,128.30	55.88%

	January to June 2024	January to June 2023	Increase/(decrease)
Load factor			
Passenger load factor (RPK/ASK)	**79.29%**	70.52%	8.77 ppt
International	**76.28%**	60.92%	15.35 ppt
Mainland China	**80.67%**	71.93%	8.74 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	**71.97%**	63.86%	8.11 ppt
Cargo and mail load factor (RFTK/AFTK)	**36.54%**	26.62%	9.92 ppt
International	**54.70%**	53.71%	0.99 ppt
Mainland China	**23.33%**	18.70%	4.63 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	**23.52%**	18.79%	4.73 ppt
Overall load factor (RTK/ATK)	**65.86%**	58.15%	7.70 ppt
Utilisation			
Daily utilisation of aircraft (block hours per day per aircraft)	**8.79**	7.75	1.04 hours
Yield			
Yield per RPK (RMB)	**0.5369**	0.6107	(12.08%)
International	**0.4927**	0.7772	(36.61%)
Mainland China	**0.5475**	0.5873	(6.78%)
Hong Kong SAR, Macau SAR and Taiwan, China	**0.6578**	0.8275	(20.51%)
Yield per RFTK (RMB)	**1.4878**	1.2947	14.91%
International	**1.7792**	1.6404	8.46%
Mainland China	**0.9035**	0.8886	1.68%
Hong Kong SAR, Macau SAR and Taiwan, China	**3.1906**	5.0857	(37.26%)
Unit cost			
Cost of operation per ASK (RMB)	**0.4881**	0.5014	(2.65%)
Cost of operation per ATK (RMB)	**3.8809**	4.1142	(5.67%)

DEVELOPMENT OF FLEET

During the Reporting Period, the Group introduced a total of 16 aircraft, including three A321NEO aircraft, one A320NEO aircraft, nine B737 series aircraft and three ARJ21-700 aircraft, and phased out a total of 6 aircraft, including one A330-200 aircraft, four A320 aircraft and one B737 series aircraft. As at the end of the Reporting Period, the Group had a total of 915 aircraft with an average age of 9.64 years, of which the Company operated a fleet of 496 aircraft in total, with an average age of 9.38 years. The Company introduced 9 aircraft and phased out 8 aircraft during the Reporting Period.

Details of the fleet of the Group are set out in the table below:

	30 June 2024				
	Sub-total	**Self-owned**	**Finance leases**	**Operating leases**	**Average age (year)**
Airbus	**437**	**199**	**119**	**119**	**9.29**
A320	351	165	94	92	9.47
A330	56	24	5	27	11.48
A350	30	10	20	–	3.13
Boeing	**447**	**192**	**81**	**174**	**10.46**
B737	395	157	72	166	10.48
B747	10	8	2	–	14.97
B777	28	15	7	6	10.21
B787	14	12	–	2	7.36
COMAC	**27**	**15**	**12**	**–**	**1.66**
ARJ21	27	15	12	–	1.66
Business jets	**4**	**1**	**–**	**3**	**10.78**
Total	**915**	**407**	**212**	**296**	**9.64**

	Introduction Plan			**Phase-out Plan**		
	2024	**2025**	**2026**	**2024**	**2025**	**2026**
Airbus	**4**	**26**	**33**	**13**	**6**	**11**
A320	4	26	33	8	4	11
A330	–	–	–	5	2	–
Boeing	**32**	**2**	**33**	**1**	**–**	**1**
B737	32	–	23	1	–	1
B787	–	2	10	–	–	–
COMAC	**12**	**12**	**10**	–	–	–
ARJ21	9	2	–	–	–	–
C919	3	10	10	–	–	–
Total	**48**	**40**	**76**	**14**	**6**	**12**

Note: Please refer to the actual operation for the introduction and phase-out of the Group's fleet in the future.

BUSINESS OVERVIEW

Safe Operation

The Group is committed to implementing the comprehensive national security concept and embracing a "General Safety" mindset. During the Reporting Period, the Group meticulously addressed safety production-related rectifications following central inspections, and successfully meeting the "halfway through the year, more than halfway through the tasks" requirement. The Group actively carried out a three-year action plan to tackle safety production at its root, formulated an action implementation plan and advanced the work on schedule. Major hidden safety hazards investigations and rectifications were thoroughly conducted, with the Company's core management regularly leading teams to supervise and inspect these efforts, ensuring strict adherence to dynamic clearance. The Group continued to improve five major systems: safety management, flight training, operation management, aircraft maintenance, risk identification and hidden hazard investigation, accelerating its progress toward becoming a world-class enterprise. Persisting with collaboration and joint management across various sectors, the Group deepened its commitment to building a strong safety culture and continuously improved employees' safety awareness. By focusing on operational characteristics, the Group ensured meticulous control of flight production and operations, optimizing flight production management. During the Reporting Period, the Group recorded 1.438 million safe flight hours, and successfully completed key transport security tasks, including the Spring Festival travel rush, the "Two Sessions" and special charter flights, fully ensuring "two absolute safeties".

Maximising Operating Performance

The Group is making solid progress in enhancing quality and efficiency, with a clear focus on achieving its annual business objectives. By leveraging the domestic circulation, the Group has significantly increased fleet capacity in the domestic market and meticulously developed domestic express routes to enhance its competitive edges. On international routes, the Group continued to promote the resumption of international flights and the opening of new routes, steadily increased the fleet capacity to expand the scale of international route operations and continuously improved the international fare product system. Marketing strategies have been refined to seize opportunities for yield growth, with a strong focus on enhancing yield quality. By implementing scientific pricing for connecting flight products, the Group has increased revenue from these services. Adjustments to the pricing structure for premium cabins have ensured a steady improvement in the yield level from these segments. The frequent flyer program has been optimized with a focus on long-term customer value to increase member loyalty. The integration of passenger and cargo services has been strengthened, leveraging the supplementary capacity of passenger aircraft bellyhold to boost passenger flight revenue. The Group advanced cost control, identified and leveraged cost-saving opportunities, continually optimized labor costs, thereby expanding the contribution to overall profitability. Unified management of funds has been consistently reinforced, with enhanced debt risk management and control and improved capital utilization efficiency, all while ensuring safety of funds and reducing financial expenses.

Enhancing Services

The Group is committed to a people-centered development philosophy, with the overarching goal of becoming a world-class air transport group. Focusing on passenger needs, the Group continuously improves service standards and quality, cultivates high-quality service product brands, and accelerates service digitalization and upgrade. This commitment ensures that passengers enjoy superior aviation services, thereby contributing to the high-quality development of civil aviation services.

The Group is focused on addressing passengers' concerns by optimizing key service standards, particularly for special passenger services and compensation policies. Targeted improvements have been made in handling irregular flights and ticketing services to enhance the overall passenger experience. To strengthen its service brand, the Group has introduced cultural initiatives such as the "Phoenix Pavilion" (「鳳庭薈」) exhibitions and the "Dragon Boat Festival Themed Journey" (「情寄端午粽享旅途」), further boosting passenger recognition of Air China's self-operated lounge services. New express routes, including the "Chengdu-Shenzhen" express route and the "Beijing-Guangzhou" Air China-Shenzhen Airlines joint express route, have been launched to provide passengers with the ultimate "quick and effortless travel" (「快人一步隨到隨走」) experience. The Group is actively adapting to changing passenger needs by refining in-flight dining standards and enhancing the user interface for in-flight entertainment. Additionally, the Group has, developed a series of care products and introduced proprietary boarding and disembarking music to further enrich the in-flight product and service experience. Through the development of service systems, the Group is driving the digital transformation of its services. This includes accelerating the implementation of Air China's global ground flight support platform, advancing the development of the full-process service information notification system for passengers, building Air China's in-flight catering reservation management system, and updating and iterating basic service management systems such as the passenger service compensation system. These initiatives are continuously enhancing the Group's digital service capabilities.

Brand Value

The Group is making steady progress in brand leadership initiative, contributing to the Company's high-quality development. Actively supporting national strategies, the Group has utilized major exhibitions such as the China Brand Expo (中國品牌博覽會), the Western China International Fair for Investment and Trade (中國西部國際投資貿易洽談會) and the China-Eurasia Expo (中國－亞歐博覽會) as platforms to showcase the Company's commitment to social responsibility as a state-owned enterprise and its role as a leader in product innovation. The Group also strengthened its brand internationalization through collaborations with Star Alliance and overseas industry associations, as well as theme flights on international routes, aiming at enhancing Air China's global brand influence. According to the World Brand Lab rankings, Air China ranked 25th on the 2024 list of China's 500 Most Valuable Brands with a brand value of RMB259.695 billion, representing a year-on-year increase of RMB24.533 billion. Both its ranking and brand value remain a leading position in the domestic aviation service industry.

Synergetic Development

Positioning itself at the new development stage, the Group has established a clear development model focused on intensification, coordination, refinement and risk prevention. By fully leveraging the deepened collaboration mechanisms, the Group aims to enhance passenger service experiences, improve efficiency and profitability, and strengthen competitive synergy. The Group has outlined a coordinated approach and implementation path, formulated 32 key tasks across three major sectors to advance comprehensive and in-depth collaboration. The Group is particularly focused on deepening coordination in key areas of passenger transportation to further solidify collaborative outcomes. During the first half of the year, the Group strengthened the integrated planning of Air China family airlines' route network, optimizing the concentration of scattered external capacity towards hubs and main bases. The Group also advanced the implementation of integrated interline operations within the Air China family, resulting in a year-on-year increase of 216% in the volume of interline flight segments. In addition, the Group gradually achieved one-stop mutual ticket sales and streamlined refund and change processes for flights of the Air China family airlines via mobile platforms, thereby providing passengers with a more convenient service experience.

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis are based on the Group's interim condensed consolidated financial statements and notes thereto which were prepared in accordance with the IAS 34 as well as the applicable disclosure requirements under Appendix D2 to the Listing Rules and are designed to assist the readers in further understanding the information provided in this announcement so as to better understand the financial conditions and results of operations of the Group as a whole.

Revenue

During the Reporting Period, the Group's revenue was RMB79,520 million, representing a year-on-year increase of RMB19,907 million or 33.39%. Among the revenues, air traffic revenue was RMB76,466 million, representing a year-on-year increase of RMB19,586 million or 34.43%. Other operating revenue was RMB3,054 million, representing a year-on-year increase of RMB321 million or 11.74%.

Revenue Contributed by Geographical Segments

	For the six months ended 30 June				
	2024		2023		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
International	**19,075,627**	**23.99%**	7,539,708	12.65%	153.00%
Mainland China	**57,960,673**	**72.89%**	50,342,825	84.45%	15.13%
Hong Kong SAR, Macau SAR and Taiwan, China	**2,484,032**	**3.12%**	1,730,660	2.90%	43.53%
Total	**79,520,332**	**100.00%**	59,613,193	100.00%	33.39%

Air Passenger Revenue

During the Reporting Period, the Group recorded an air passenger revenue of RMB73,137 million, representing a year-on-year increase of RMB17,668 million. Among the air passenger revenue, the increase of capacity resulted in an increase in revenue of RMB18,515 million, and the increase of passenger load factor resulted in an increase in revenue of RMB9,196 million, while the decrease of passenger yield resulted in a decrease in revenue of RMB10,043 million. The capacity, passenger load factor and yield per RPK of air passenger business during the Reporting Period are as follows:

	For the six months ended 30 June		
	2024	2023	Change
Available seat kilometres *(million)*	**171,790.89**	128,799.56	33.38%
Passenger load factor *(%)*	**79.29**	70.52	8.77 ppt
Yield per RPK *(RMB)*	**0.5369**	0.6107	(12.08%)

Air Passenger Revenue Contributed by Geographical Segments

	For the six months ended 30 June				
	2024		2023		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
International	**16,567,178**	**22.65%**	6,724,163	12.12%	146.38%
Mainland China	**54,187,183**	**74.09%**	47,097,647	84.91%	15.05%
Hong Kong SAR, Macau SAR and Taiwan, China	**2,382,755**	**3.26%**	1,647,720	2.97%	44.61%
Total	**73,137,116**	**100.00%**	55,469,530	100.00%	31.85%

Air Cargo and Mail Revenue

During the Reporting Period, the Group's air cargo and mail revenue was RMB3,328 million, representing a year-on-year increase of RMB1,919 million. Among which, the increase of capacity resulted in an increase in revenue of RMB700 million, and the increase of cargo and mail load factor resulted in an increase in revenue of RMB786 million, while the increase of yield of cargo and mail business contributed to an increase in revenue of RMB432 million. The capacity, cargo and mail load factor and yield per RFTK of air cargo and mail business during the Reporting Period are as follows:

	For the six months ended 30 June		
	2024	2023	Change
Available freight tonne kilometres *(million)*	**6,122.03**	4,090.64	49.66%
Cargo and mail load factor *(%)*	**36.54**	26.62	9.92 ppt
Yield per RFTK *(RMB)*	**1.4878**	1.2947	14.91%

Air Cargo and Mail Revenue Contributed by Geographical Segments

(in RMB'000)	**For the six months ended 30 June**				
	2024		2023		
	Amount	**Percentage**	Amount	Percentage	Change
International	**2,508,449**	**75.36%**	815,545	57.85%	207.58%
Mainland China	**718,726**	**21.59%**	511,377	36.27%	40.55%
Hong Kong SAR, Macau SAR and Taiwan, China	**101,277**	**3.05%**	82,940	5.88%	22.11%
Total	**3,328,452**	**100.00%**	1,409,862	100.00%	136.08%

Operating Expenses

During the Reporting Period, the Group's operating expenses increased by RMB19,272 million on a year-on-year basis to RMB83,853 million, representing an increase of 29.84%. The breakdown of the operating expenses is set out below:

(in RMB'000)	**For the six months ended 30 June**				
	2024		2023		
	Amount	**Percentage**	Amount	Percentage	Change
Jet fuel costs	**27,132,269**	**32.36%**	19,346,786	29.96%	40.24%
Take-off, landing and depot charges	**9,963,482**	**11.88%**	6,635,703	10.27%	50.15%
Depreciation and amortisation	**14,025,285**	**16.73%**	12,704,783	19.67%	10.39%
Aircraft maintenance, repair and overhaul costs	**6,862,447**	**8.18%**	4,972,590	7.70%	38.01%
Employee compensation costs	**16,953,921**	**20.22%**	13,594,872	21.05%	24.71%
Air catering charges	**1,973,435**	**2.35%**	1,167,220	1.81%	69.07%
Selling and marketing expenses	**2,275,875**	**2.71%**	1,542,326	2.39%	47.56%
General and administrative expenses	**780,314**	**0.93%**	706,174	1.09%	10.50%
Others	**3,886,126**	**4.64%**	3,910,815	6.06%	(0.63%)
Total	**83,853,154**	**100.00%**	64,581,269	100.00%	29.84%

- Jet fuel costs increased by RMB7,785 million on a year-on-year basis, mainly due to the effect of the increase in the consumption of jet fuel and increase in the prices of jet fuel.

- Take-off, landing and depot charges increased by RMB3,328 million on a year-on-year basis, mainly due to the year-on-year increase in the number of take-offs and landings.

- Depreciation and amortisation increased by RMB1,321 million on a year-on-year basis, mainly due to the expansion of fleet and the year-on-year increase in flying hours.

- Aircraft maintenance, repair and overhaul costs increased by RMB1,890 million on a year-on-year basis, mainly due to the year-on-year increase in flying hours.

- Employee compensation costs increased by RMB3,359 million on a year-on-year basis, mainly due to the inclusion of Shandong Aviation Group Corporation in the consolidation scope since 21 March 2023 and the year-on-year increase in flight hour fees.

- Air catering charges increased by RMB806 million on a year-on-year basis, mainly due to the increase in the number of passengers.

- Selling and marketing expenses increased by RMB734 million on a year-on-year basis, mainly due to the increase in handling fees for agency services and booking fees resulting from the increase in the sales volumes and the number of passengers.

- General and administrative expenses increased by RMB74 million on a year-on-year basis, mainly due to the effect of the inclusion of Shandong Aviation Group Corporation in the consolidation scope since 21 March 2023.

- Other operating expenses mainly included civil aviation development fund and ordinary expenses arising from the core air traffic business other than those mentioned above, which decreased by RMB25 million on a year-on-year basis, mainly due to the year-on-year decrease in impairment loss recognised on long-term assets.

Net Exchange Loss and Finance Costs

During the Reporting Period, the Group recorded a net exchange loss of RMB360 million, representing a year-on-year decrease of RMB1,205 million. The Group incurred finance costs of RMB3,265 million (excluding those capitalised) during the Reporting Period, representing a year-on-year decrease of RMB277 million.

Share of Results of Associates and Joint Ventures

During the Reporting Period, the Group's share of profits of its associates was RMB1,085 million, representing a year-on-year decrease of RMB181 million. The Group recorded a share of profits of Cathay Pacific of RMB1,067 million during the Reporting Period, representing a year-on-year decrease of RMB212 million.

During the Reporting Period, the Group's share of profits of its joint ventures was RMB91 million, representing a year-on-year increase of RMB3 million.

Assets Structure Analysis

At the end of the Reporting Period, the total assets of the Group were RMB345,400 million, representing an increase of 3.02% from that as at 31 December 2023. Among them, the current assets accounted for RMB42,895 million or 12.42% of the total assets, while the non-current assets accounted for RMB302,505 million or 87.58% of the total assets.

Among the current assets, cash and cash equivalents were RMB19,964 million, representing an increase of 32.94% from that as at 31 December 2023, which was mainly due to the Company's flexible adjustment of its funds according to its capital arrangements.

Among the non-current assets, the aggregate carrying amount of property, plant and equipment and right-of-use assets as at the end of the Reporting Period was RMB238,376 million, representing a decrease of 0.14% from that as at 31 December 2023.

Asset Pledged

At the end of the Reporting Period, the Group's certain bank loans and finance leasing agreements were secured by aircraft and buildings with an aggregate book value of approximately RMB84,750 million (31 December 2023: RMB84,599 million) and land use rights with book value of approximately RMB24 million (31 December 2023: RMB24 million). In addition, the Group had restricted bank deposits of approximately RMB2,409 million (31 December 2023: approximately RMB612 million), which were mainly statutory reserves deposited in the People's Bank of China and time deposits with a maturity of more than 3 months.

Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to a total of RMB5,921 million, of which the total investment in aircraft and engines was RMB4,047 million. Other capital expenditure investment amounted to RMB1,874 million, mainly including investment in high-value rotables, flight simulators, infrastructure construction, IT system construction, ground equipment procurement and cash component of the long-term investments.

Equity Investment

At the end of the Reporting Period, the Group's equity investment in its associates amounted to RMB13,521 million, representing an increase of 5.11% from that as at 31 December 2023, among which, the balance of the equity investment of the Group in Cathay Pacific amounted to RMB13,263 million.

At the end of the Reporting Period, the Group's equity investment in its joint ventures was RMB2,566 million, representing an increase of 6.31% from that as at 31 December 2023.

Debt Structure Analysis

At the end of the Reporting Period, the Group's total liabilities amounted to RMB311,552 million, representing an increase of 3.85% from those as at 31 December 2023. Among them, current liabilities amounted to RMB141,332 million, accounting for 45.36% of the total liabilities; and non-current liabilities amounted to RMB170,220 million, accounting for 54.64% of the total liabilities.

Among the current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB89,769 million, representing an increase of 37.16% as compared with that as at 31 December 2023.

Among the non-current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB147,966 million, representing a decrease of 12.35% from that as at 31 December 2023.

Details of interest-bearing liabilities of the Group by currency are set out below:

	30 June 2024		31 December 2023		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
RMB	**202,359,124**	**85.12%**	197,161,354	84.16%	2.64%
US dollars	**34,356,310**	**14.45%**	36,018,880	15.38%	(4.62%)
Others	**1,019,958**	**0.43%**	1,080,481	0.46%	(5.60%)
Total	**237,735,392**	**100.00%**	234,260,715	100.00%	1.48%

Commitments and Contingent Liabilities

The Group's capital commitments, which mainly consisted of the expenditure in the next few years for purchasing certain aircraft and related equipment, increased by 58.67% from RMB72,079 million as at 31 December 2023 to RMB114,365 million as at the end of the Reporting Period. The Group's investment commitments, which were mainly used for the investment agreements that have been signed and come into effect, amounted to RMB310 million as at the end of the Reporting Period, as compared with RMB457 million as at 31 December 2023.

Gearing Ratio

At the end of the Reporting Period, the Group's gearing ratio (total liabilities divided by total assets) was 90.20%, representing an increase of 0.72 percentage points from that as at 31 December 2023.

Working Capital and its Sources

At the end of the Reporting Period, the Group's net current liabilities (current liabilities less current assets) were RMB98,437 million, representing an increase of RMB20,455 million from that as at 31 December 2023. The Group's current ratio (current assets divided by current liabilities) was 0.30, representing an increase of 0.01 as compared to that as at 31 December 2023.

The Group meets its working capital needs mainly through its operating activities and external financing activities. During the Reporting Period, the Group's net cash inflow from operating activities was RMB14,253 million, representing a decrease of 11.70% from RMB16,142 million for the corresponding period in 2023, which was mainly due to the effect of changes in operating payable items. Net cash outflow from investing activities was RMB8,177 million, representing an increase of 302.52% from RMB2,032 million for the corresponding period in 2023, mainly due to the consolidation of Shandong Aviation Group Corporation into the Group for the corresponding period of the previous year with the recognition of net cash inflow arising on acquisition of a subsidiary of RMB5,392 million (presented as net cash inflow arising on acquisition of a subsidiary). Net cash outflow from financing activities amounted to RMB1,154 million, as compared to the cash inflow of RMB1,046 million for the corresponding period in 2023.

At the end of the Reporting Period, the Company has obtained bank facilities of up to RMB230,587 million granted by several banks in the PRC, among which approximately RMB92,922 million has been utilised and approximately RMB137,665 million remained unutilised. The remaining amount is sufficient to meet its demands on liquidity and future capital commitments.

POTENTIAL RISKS

1. Risks of External Environment

Market Fluctuation

During the Reporting Period, the transportation production of civil aviation resumed its natural growth. Leveraging the super large-scale domestic demand market, the domestic aviation market achieved stable and relatively fast growth. The international air passenger transportation market continued its rapid recovery trend, with the number of passengers surpassing 80% of the same period in 2019, while the resumption pace of the North American routes, the traditional advantageous market of the Company, was slow. Based on the characteristics of the new development stage, the Group will fully, precisely and comprehensively implement the new development philosophy, proactively support and integrate into the new development pattern, adhere to the focus on domestic circulation and promote the rational allocation of resources, in a bid to develop its core competitiveness in the market. Furthermore, the Group will optimize and improve the international fleet capacity structure and promote the opening and resumption of flights to “Belt and Road” partner countries, and to accelerate the recovery of profitability.

Oil Price Fluctuation

Jet fuel is one of the main operating costs of the Group. The results of the Group are relatively more affected by the changes in jet fuel price. During the Reporting Period, with other variables remaining unchanged, if the average price of the jet fuel rises or falls by 5%, the Group’s jet fuel costs will rise or fall by approximately RMB1.357 billion.

Exchange Rate Fluctuation

The Group’s certain assets and liabilities are denominated in US dollar. Certain international income and expenses of the Group are denominated in currencies other than RMB. Assuming that the risk variables other than the exchange rate stay unchanged, the appreciation or depreciation of RMB against US dollar by 1% due to the changes in the exchange rate will result in the increase or decrease in the Group’s net profit and shareholders’ equity as at 30 June 2024 by approximately RMB227 million.

2. *Risks of Competition*

Industry competition

During the Reporting Period, there was no significant reduction in the number of operating entities in the market, hence the Company still faced relatively huge industry competition pressure. In respect of the domestic market, as the international market has not yet fully recovered, wide-body aircraft were used in the domestic market, which intensified the imbalance between supply and demand in the domestic market. In respect of the international market, the newly resumed and increased routes of domestic airlines were mainly concentrated in destinations such as Europe, Central Asia and the Middle East, resulting in an intense competition in certain regions. Adhering to its strategy for hub network, the Company spared no efforts in building Beijing Capital International Airport into a world-class hub and Chengdu Tianfu International Airport into an international hub, realising differentiated development from other market competitors. Main routes and express routes were launched centering on hubs as well as principal bases and markets with a view to strengthening core market competitiveness with high-quality products.

Alternative competition

As the world's largest high-speed railway network further expanded, there are ongoing risks relating to diversion of customers in terms of short- and medium-distance transportation. In the long run, the high-speed railway will change China's geographic pattern of the economy and, as a result of its cooperation and competition with civil aviation, the air-rail interlink operation will provide strong support to the development of aviation hubs. The civil aviation sector will give full play to its comparative advantages in the comprehensive transportation system and promote international exchanges. It will "link main routes and branch routes and connect the whole network" to offer easily accessible and quality transportation services to the general public.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including the sales of treasury shares (as defined in the Listing Rules)) (the term "securities" has the meaning ascribed to it under paragraph 1 of Appendix D2 to the Listing Rules).

INTERIM DIVIDEND

No interim dividend will be paid by the Company for the six months ended 30 June 2024.

SUBSEQUENT EVENTS

On 26 April 2024, upon approval by the 29th meeting of the sixth session of the Board of the Company, the Company entered into an agreement with COMAC for the purchase of 100 C919 aircraft from COMAC. The basic price, comprising airframe price, add-on features price and engine price, in aggregate, is approximately US$10,800 million. The purchase has been approved by the shareholders at the 2024 second extraordinary general meeting of the Company held on 9 August 2024. Please refer to the announcements of the Company dated 26 April 2024 and 9 August 2024 for details.

On 15 July 2024, the "Resolution in Relation to the Nomination of Mr. Cui Xiaofeng as a Director" was considered and approved by the 31st meeting of the sixth session of the Board of the Company. Upon the pre-review and approval by the nomination committee of the Board of the Company, the Board agreed to nominate Mr. Cui Xiaofeng as a candidate of non-executive Director of the sixth session of the Board of the Company. On 9 August 2024, Mr. Cui Xiaofeng was elected as a non-executive Director of the Company at the 2024 second extraordinary general meeting of the Company. Please refer to the announcements of the Company dated 15 July 2024 and 9 August 2024 for details.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

During the Reporting Period, the Company has complied with the code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Compliance with the Model Code

The Company has adopted and formulated a code of conduct on terms no less stringent than the required standards of the Model Code. After making specific enquiries, the Company confirmed that each Director and each Supervisor has complied with the required standards of the Model Code and the Company's code of conduct throughout the Reporting Period.

DISCLOSURE REQUIREMENTS UNDER THE LISTING RULES

In order to comply with the requirements under paragraph 46 of Appendix D2 to the Listing Rules, the Company confirmed that save as disclosed in this announcement, there are no material changes in the current information of the Company in relation to matters as set out in paragraph 46(3) of Appendix D2 to the Listing Rules as compared with relevant disclosures in the 2023 annual report of the Company.

REVIEW BY THE AUDIT AND RISK CONTROL COMMITTEE (SUPERVISION COMMITTEE)

The audit and risk control committee (supervision committee) of the Company has reviewed the Company's interim results for the six months ended 30 June 2024, the Company's unaudited interim condensed consolidated financial statements, and the accounting policies and practices adopted by the Group.

GLOSSARY OF TECHNICAL TERMS

Capacity Measurements

"available tonne kilometres" or "ATK(s)"	the number of tonnes of capacity available for transportation multiplied by the kilometres flown
"available seat kilometres" or "ASK(s)"	the number of seats available for sale multiplied by the kilometres flown
"available freight tonne kilometres" or "AFTK(s)"	the number of tonnes of capacity available for the carriage of cargo and mail multiplied by the kilometres flown

Traffic Measurements

"passenger traffic"	measured in RPK, unless otherwise specified
"revenue passenger kilometres" or "RPK(s)"	the number of revenue passengers carried multiplied by the kilometres flown
"cargo and mail traffic"	measured in RFTK, unless otherwise specified
"revenue freight tonne kilometres" or "RFTK(s)"	the revenue cargo and mail load in tonnes multiplied by the kilometres flown
"revenue tonne kilometres" or "RTK(s)"	the revenue load (passenger and cargo) in tonnes multiplied by the kilometres flown

Efficiency Measurements

"passenger load factor"	RPK expressed as a percentage of ASK
"cargo and mail load factor"	RFTK expressed as a percentage of AFTK
"overall load factor"	RTK expressed as a percentage of ATK
"block hour"	each whole and/or partial hour elapsing from the moment the chocks are removed from the wheels of the aircraft for flights until the chocks are next again returned to the wheels of the aircraft

Yield Measurements

"passenger yield"/"yield per RPK"	revenues from passenger operations divided by RPKs
"cargo yield"/"yield per RFTK"	revenues from cargo operations divided by RFTKs

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Airbus"	Airbus S.A.S., a company established in Toulouse, France
"Air China Inner Mongolia"	Air China Inner Mongolia Co., Ltd., a non-wholly owned subsidiary of the Company
"Air Macau"	Air Macau Company Limited, a non-wholly owned subsidiary of the Company
"Ameco"	Aircraft Maintenance and Engineering Corporation, a non-wholly owned subsidiary of the Company
"Articles of Association"	the articles of association of the Company, as amended from time to time
"A Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Renminbi and listed on Shanghai Stock Exchange
"Beijing Airlines"	Beijing Airlines Company Limited, a non-wholly owned subsidiary of the Company
"Board"	the board of directors of the Company
"Boeing"	The Boeing Company
"CASs"	China Accounting Standards for Business Enterprises
"Cathay Pacific"	Cathay Pacific Airways Limited, an associate of the Company
"CNAHC"	China National Aviation Holding Corporation Limited
"COMAC"	Commercial Aircraft Corporation of China, Ltd.

"Company", "We" or "Air China"	Air China Limited, a company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A Shares are listed on the Shanghai Stock Exchange
"Dalian Airlines"	Dalian Airlines Company Limited, a non-wholly owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Share(s)"	overseas-listed foreign invested share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange (as primary listing venue) and has/have been admitted into the Official List of the UK Listing Authority (as secondary listing venue)
"International Financial Reporting Standards" or "IFRSs"	International Financial Reporting Standards
"Kunming Airlines"	Kunming Airlines Company Limited, a subsidiary of Shenzhen Airlines
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Reporting Period"	the period from 1 January 2024 to 30 June 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Shandong Airlines"	Shandong Airlines Co., Ltd., a non-wholly owned subsidiary of the Shandong Aviation Group Corporation
"Shandong Aviation Group Corporation"	Shandong Aviation Group Company Limited, a non-wholly owned subsidiary of the Company
"Shenzhen Airlines"	Shenzhen Airlines Company Limited, a non-wholly owned subsidiary of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"US dollars"	United States dollars, the lawful currency of the United States

By Order of the Board
Air China Limited
Xiao Feng **Huen Ho Yin**
Joint Company Secretaries

Beijing, the PRC, 29 August 2024

As at the date of this announcement, the directors of the Company are Mr. Ma Chongxian, Mr. Wang Mingyuan, Mr. Cui Xiaofeng, Mr. Patrick Healy, Mr. Xiao Peng, Mr. Li Fushen, Mr. He Yun*, Mr. Xu Junxin* and Ms. Winnie Tam Wan-chi*.*

* *Independent non-executive director of the Company*