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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)

2024 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- During the Reporting Period, the Group recorded a revenue of RMB166,699 million. The net loss attributable to equity shareholders of the Company was RMB233 million.
- As considered and approved by the 2nd meeting of the seventh session of the Board of the Company, the Company proposed not to make profit distribution for the year of 2024.

 **2024 ANNUAL RESULTS**

The Board hereby announces the audited consolidated financial results of the Group for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards, together with the corresponding comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	3	166,698,880	141,100,234
Other income and gains	5	<u>7,319,912</u>	<u>7,401,756</u>
		174,018,792	148,501,990
Operating expenses			
Jet fuel costs		(53,720,436)	(46,725,219)
Employee compensation costs		(34,268,745)	(29,300,310)
Depreciation and amortisation		(29,102,968)	(27,110,507)
Take-off, landing and depot charges		(20,915,459)	(15,554,795)
Aircraft maintenance, repair and overhaul costs		(12,848,288)	(9,921,853)
Air catering charges		(4,165,874)	(3,002,720)
Aircraft and engine lease expense		(358,885)	(237,319)
Other lease expenses		(598,621)	(602,403)
Other flight operation expenses		(9,119,619)	(7,838,908)
Selling and marketing expenses		(4,695,760)	(3,423,478)
General and administrative expenses		(1,872,201)	(1,683,284)
Impairment loss recognised on non-current assets		(143,240)	(187,054)
Net impairment loss reversed/(recognised) under expected credit loss model		<u>9,507</u>	<u>(24,617)</u>
		(171,800,589)	(145,612,467)
Profit from operations	6	2,218,203	2,889,523
Finance income		521,356	605,004
Finance costs	7	(6,398,748)	(6,943,087)
Share of results of associates		2,610,723	2,554,412
Share of results of joint ventures		209,121	279,566
Exchange losses, net		<u>(759,523)</u>	<u>(1,035,197)</u>
Loss before taxation		(1,598,868)	(1,649,779)
Income tax (expense)/credit	8	<u>(846,474)</u>	<u>88,531</u>
Loss for the year		(2,445,342)	(1,561,248)
Attributable to:			
– Equity shareholders of the Company		(232,557)	(1,038,411)
– Non-controlling interests		<u>(2,212,785)</u>	<u>(522,837)</u>
		(2,445,342)	(1,561,248)
Loss per share			
– Basic and diluted	9	<u>RMB(1.47) cents</u>	<u>RMB(6.74) cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
Loss for the year	<u>(2,445,342)</u>	<u>(1,561,248)</u>
Other comprehensive (expense)/income for the year		
Items that will not be reclassified to profit or loss:		
– Fair value (losses)/gains on investments in equity instruments at fair value through other comprehensive income	(79,126)	149,253
– Remeasurement of net defined benefit liability	(15,130)	(912)
– Share of other comprehensive (expense)/income of associates and joint ventures	(31,632)	43,458
– Income tax credit/(expense) relating to items that will not be reclassified to profit or loss	<u>19,782</u>	<u>(37,313)</u>
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	27,772	9,138
– Impairment loss reversed/(recognised) on investments in debt instruments at fair value through other comprehensive income	394	(6,688)
– Share of other comprehensive expense of associates and joint ventures	(28,272)	(472,484)
– Exchange differences on translation of foreign operations	434,021	250,817
– Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(7,042)</u>	<u>(613)</u>
Other comprehensive income/(expense) for the year (net of tax)	<u>320,767</u>	<u>(65,344)</u>
Total comprehensive expense for the year	<u><u>(2,124,575)</u></u>	<u><u>(1,626,592)</u></u>
Attributable to:		
– Equity shareholders of the Company	114,293	(1,097,758)
– Non-controlling interests	<u>(2,238,868)</u>	<u>(528,834)</u>
	<u><u>(2,124,575)</u></u>	<u><u>(1,626,592)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	31 December	31 December
	2024	2023
<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Property, plant and equipment	122,180,871	117,728,498
Right-of-use assets	118,832,142	120,971,059
Investment properties	693,059	726,594
Intangible assets	106,563	106,580
Goodwill	4,095,732	4,095,732
Interests in associates	14,632,923	12,863,023
Interests in joint ventures	2,423,853	2,413,799
Advance payments for aircraft and flight equipment	24,689,737	26,114,064
Deposits for aircraft under leases	526,004	525,463
Equity instruments at fair value through other comprehensive income	1,791,273	1,547,986
Debt instruments at fair value through other comprehensive income	1,426,851	1,397,310
Deferred tax assets	12,959,766	13,757,180
Other non-current assets	704,196	696,685
	<u>305,062,970</u>	<u>302,943,973</u>
Current assets		
Inventories	4,224,992	3,682,821
Accounts receivable	3,670,252	3,182,797
Bills receivable	7,785	3,601
Prepayments, deposits and other receivables	5,223,257	5,852,345
Financial assets at fair value through profit or loss	37,559	2,505
Restricted bank deposits	1,428,429	611,692
Cash and cash equivalents	21,039,472	15,016,804
Assets held for sale	94,829	108,527
Other current assets	4,960,628	3,873,629
	<u>40,687,203</u>	<u>32,334,721</u>
Total assets	<u><u>345,750,173</u></u>	<u><u>335,278,694</u></u>

		31 December 2024	31 December 2023
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Air traffic liabilities		(11,098,740)	(8,366,222)
Accounts payable	12	(18,869,784)	(17,954,298)
Bills payable		–	(500,160)
Dividends payable		(98,000)	(98,000)
Other payables and accruals		(13,437,502)	(15,701,546)
Advance		(36,270)	–
Current taxation		(130,653)	(76,662)
Lease liabilities		(17,464,654)	(18,175,349)
Interest-bearing borrowings		(74,544,705)	(47,271,768)
Provision for return condition checks		(758,575)	(650,777)
Contract liabilities		(1,171,172)	(1,522,492)
		<u>(137,610,055)</u>	<u>(110,317,274)</u>
Net current liabilities		<u>(96,922,852)</u>	<u>(77,982,553)</u>
Total assets less current liabilities		<u>208,140,118</u>	<u>224,961,420</u>
Non-current liabilities			
Lease liabilities		(59,134,187)	(64,053,967)
Interest-bearing borrowings		(84,836,960)	(104,759,631)
Provision for return condition checks		(19,228,054)	(17,196,982)
Provision for early retirement benefit obligations		(359)	(720)
Long-term payables		(727,741)	(1,082,301)
Contract liabilities		(2,565,188)	(1,663,987)
Defined benefit obligations		(186,700)	(187,810)
Deferred income		(406,943)	(404,103)
Deferred tax liabilities		(128,016)	(347,910)
		<u>(167,214,148)</u>	<u>(189,697,411)</u>
NET ASSETS		<u>40,925,970</u>	<u>35,264,009</u>
CAPITAL AND RESERVES			
Issued capital		17,448,421	16,200,793
Treasury shares		(3,047,564)	(3,047,564)
Reserves		30,727,315	24,052,746
Total equity attributable to equity shareholders of the Company		45,128,172	37,205,975
Non-controlling interests		(4,202,202)	(1,941,966)
TOTAL EQUITY		<u>40,925,970</u>	<u>35,264,009</u>

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB96,923 million. The liquidity of the Group is primarily dependent on its ability to maintain adequate 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 RMB144,106 million as at 31 December 2024, the Directors believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements to continue in operational existence for the foreseeable future when preparing the consolidated financial statements for the year ended 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance ("Companies Ordinance").

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services..

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards as 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 consolidated financial statements:

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

Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature- dependent Electricity</i> ³
Amendments to IFRS 10 and IFRS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i> ³
Amendments to IAS 21	<i>Lack of Exchangeability</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or 1 January 2025.

³ Effective for annual periods beginning on or 1 January 2026.

⁴ Effective for annual periods beginning on or 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. REVENUE

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	166,390,725	140,721,730
Rental income (included in revenue of airline operations segment)	308,155	378,504
Total revenue	<u>166,698,880</u>	<u>141,100,234</u>

Disaggregation of revenue from contracts with customers

Segments	2024		2023	
	Airline operations <i>RMB'000</i>	Other operations <i>RMB'000</i>	Airline operations <i>RMB'000</i>	Other operations <i>RMB'000</i>
Type of goods or services				
Airline operations				
Passenger	151,788,672	–	130,516,558	–
Cargo and mail	7,413,855	–	4,164,743	–
Others	1,876,406	–	1,704,339	–
	<u>161,078,933</u>	<u>–</u>	<u>136,385,640</u>	<u>–</u>
Other operations				
Aircraft engineering income	–	5,179,776	–	4,238,926
Others	–	132,016	–	97,164
	<u>–</u>	<u>5,311,792</u>	<u>–</u>	<u>4,336,090</u>
Total	<u>161,078,933</u>	<u>5,311,792</u>	<u>136,385,640</u>	<u>4,336,090</u>
Geographical markets				
Mainland China	112,871,422	5,311,792	108,050,710	4,336,090
Hong Kong Special Administrative Region (“SAR”), Macau SAR and Taiwan, China	5,118,889	–	4,126,997	–
International	43,088,622	–	24,207,933	–
Total	<u>161,078,933</u>	<u>5,311,792</u>	<u>136,385,640</u>	<u>4,336,090</u>

Performance obligations for contracts with customers

Passenger revenue is recognised when transportation services are provided. Besides, the Group recognises the expected breakage amount as passenger revenue in proportion to the pattern of rights exercised by the passenger (or flown revenue) based on historical experience. Ticket sales for transportation not yet provided are recorded in air traffic liabilities.

The Group operates frequent-flyer programme and provides free services or products to the customers according to the miles they earn. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. The amount allocated to the miles earned by the frequent-flyer programme members is recorded in contract liabilities and deferred until the miles are redeemed when the Group fulfils its obligations to supply services or products or when the miles expire. During the year, the Group recognised revenue of RMB1,351 million (2023: RMB1,455 million) which was included in contract liabilities in relation to frequent-flyer programme at the beginning of the year.

Cargo and mail revenue is recognised when contract services are provided.

Revenue from other airline-related services is recognised when the related performance obligations are satisfied.

Sale of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer.

Transaction price allocated to the remaining performance obligation for contracts with customers

The customer loyalty points in frequent-flyer programme have a three-year term and these points can be redeemed anytime at customers' discretion during the valid period.

4. 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 Accounting Standards for Business Enterprises of the PRC ("CASs") for the years ended 31 December 2024 and 2023, and the reconciliations of reportable segment revenue and loss before taxation to the Group's consolidated amounts under IFRS Accounting Standards:

Year ended 31 December 2024

	Airline operations <i>RMB'000</i>	Other operations <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
Sales to external customers	161,387,088	5,311,792	–	166,698,880
Inter-segment sales	<u>229,651</u>	<u>9,268,619</u>	<u>(9,498,270)</u>	<u>–</u>
Revenue for reportable segments under CASs and IFRS Accounting Standards	<u>161,616,739</u>	<u>14,580,411</u>	<u>(9,498,270)</u>	<u>166,698,880</u>
Segment (loss)/profit before taxation				
(Loss)/profit before taxation for reportable segments under CASs	<u>(2,239,127)</u>	<u>795,124</u>	<u>(161,195)</u>	(1,605,198)
Effect of differences between IFRS Accounting Standards and CASs				<u>6,330</u>
Loss before taxation for the year under IFRS Accounting Standards				<u>(1,598,868)</u>

Year ended 31 December 2023

	Airline operations <i>RMB'000</i>	Other operations <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
Sales to external customers	136,764,144	4,336,090	–	141,100,234
Inter-segment sales	<u>206,970</u>	<u>7,909,425</u>	<u>(8,116,395)</u>	<u>–</u>
Revenue for reportable segments under CASs and IFRS Accounting Standards	<u>136,971,114</u>	<u>12,245,515</u>	<u>(8,116,395)</u>	<u>141,100,234</u>
Segment (loss)/profit before taxation				
(Loss)/profit before taxation for reportable segments under CASs	<u>(2,084,670)</u>	<u>475,041</u>	<u>(50,778)</u>	(1,660,407)
Effect of differences between IFRS Accounting Standards and CASs				<u>10,628</u>
Loss before taxation for the year under IFRS Accounting Standards				<u>(1,649,779)</u>

The following tables present the assets, liabilities and other information of the Group's operating segments under CASs as at 31 December 2024 and 2023 and the reconciliations of reportable segment assets, segment liabilities and other segment information to the Group's consolidated amounts under IFRS Accounting Standards:

	Airline operations RMB'000	Other operations RMB'000	Elimination RMB'000	Total RMB'000
Segment assets				
Total assets for reportable segments as at 31 December 2024 under CASs	<u>335,387,462</u>	<u>35,068,041</u>	<u>(24,686,091)</u>	<u>345,769,412</u>
Effect of differences between IFRS Accounting Standards and CASs				<u>(19,239)</u>
Total assets under IFRS Accounting Standards				<u><u>345,750,173</u></u>
Total assets for reportable segments as at 31 December 2023 under CASs	<u>323,324,926</u>	<u>30,250,454</u>	<u>(18,272,699)</u>	<u>335,302,681</u>
Effect of differences between IFRS Accounting Standards and CASs				<u>(23,987)</u>
Total assets under IFRS Accounting Standards				<u><u>335,278,694</u></u>
Segment liabilities				
Total liabilities for reportable segments as at 31 December 2024 under CASs and IFRS Accounting Standards	<u>301,829,477</u>	<u>27,135,795</u>	<u>(24,141,069)</u>	<u>304,824,203</u>
Total liabilities for reportable segments as at 31 December 2023 under CASs and IFRS Accounting Standards	<u>294,072,306</u>	<u>23,748,047</u>	<u>(17,805,668)</u>	<u>300,014,685</u>

Year ended 31 December 2024

	Airline operations RMB'000	Other operations RMB'000	Elimination RMB'000	Total RMB'000	Effect of differences between IFRS Accounting Standards and CASs RMB'000	Amounts under IFRS Accounting Standards RMB'000
Other segment information						
Share of profit of associates and joint ventures	2,535,142	284,702	–	2,819,844	–	2,819,844
Net impairment losses reversed/ (recognised) on financial assets	11,792	(27,985)	25,700	9,507	–	9,507
Impairment losses recognised on non-financial assets	145,588	10,412	–	156,000	–	156,000
Depreciation and amortisation	28,827,562	448,312	(166,617)	29,109,257	(6,289)	29,102,968
Income tax expense	(656,490)	(211,035)	22,633	(844,892)	(1,582)	(846,474)
Interests in associates and joint ventures	14,310,136	2,693,530	(86,809)	16,916,857	139,919	17,056,776
Additions to non-current assets	<u>34,264,696</u>	<u>401,343</u>	<u>(442,547)</u>	<u>34,223,492</u>	<u>–</u>	<u>34,223,492</u>

Year ended 31 December 2023

	Airline operations RMB'000	Other operations RMB'000	Elimination RMB'000	Total RMB'000	Effect of differences between IFRS Accounting Standards and CASs RMB'000	Amounts under IFRS Accounting Standards RMB'000
Other segment information						
Share of profit of associates and joint ventures	2,501,992	331,986	–	2,833,978	–	2,833,978
Net impairment losses (recognised)/ reversed on financial assets	(18,271)	41,094	(47,440)	(24,617)	–	(24,617)
Impairment losses recognised on non-financial assets	192,203	29,900	–	222,103	–	222,103
Depreciation and amortisation	26,839,044	437,075	(154,982)	27,121,137	(10,630)	27,110,507
Income tax credit/(expense)	254,127	(170,957)	8,018	91,188	(2,657)	88,531
Interests in associates and joint ventures	12,559,126	2,656,782	(79,005)	15,136,903	139,919	15,276,822
Additions to non-current assets	<u>25,053,588</u>	<u>346,788</u>	<u>(17,211)</u>	<u>25,383,165</u>	<u>–</u>	<u>25,383,165</u>

Geographical information

The following table presents the Group's consolidated revenue under IFRS Accounting Standards by geographical location for the years ended 31 December 2024 and 2023, respectively:

Year ended 31 December 2024

	Mainland China <i>RMB'000</i>	Hong Kong SAR, Macau SAR and Taiwan, China <i>RMB'000</i>	International <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers and total revenue	<u>118,491,369</u>	<u>5,118,889</u>	<u>43,088,622</u>	<u>166,698,880</u>

Year ended 31 December 2023

	Mainland China <i>RMB'000</i>	Hong Kong SAR, Macau SAR and Taiwan, China <i>RMB'000</i>	International <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers and total revenue	<u>112,765,304</u>	<u>4,126,997</u>	<u>24,207,933</u>	<u>141,100,234</u>

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.

5. OTHER INCOME AND GAINS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Co-operation routes income and subsidy income	4,295,552	4,450,650
Dividend income	36,740	14,286
Gains/(losses) on disposal of:		
– Property, plant and equipment and right-of-use assets	1,029,912	934,614
– Asset held for sale	(17,527)	18,519
– Investment properties	–	(315)
Gain/(loss) arising on financial assets at FVTPL	54	(893)
Others (<i>Note</i>)	<u>1,975,181</u>	<u>1,984,895</u>
	<u>7,319,912</u>	<u>7,401,756</u>

Note: These mainly include engines and flight operation remedies.

6. PROFIT FROM OPERATIONS

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation of property, plant and equipment	13,439,898	11,611,121
Depreciation of right-of-use assets	15,629,518	15,468,124
Depreciation of investment properties	33,535	31,256
Amortisation of intangible assets	<u>17</u>	<u>6</u>
Total depreciation and amortisation	<u>29,102,968</u>	<u>27,110,507</u>
Impairment losses recognised on property, plant and equipment	143,240	184,166
Impairment losses recognised on inventories	12,760	35,049
Impairment losses recognised on interests in associates	–	2,888
Auditors' remuneration:		
– Audit related services	21,847	19,395
– Other services	<u>1,540</u>	<u>1,088</u>

7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on interest-bearing borrowings	4,025,619	3,872,746
Interest on lease liabilities	2,683,519	3,328,563
Imputed interest expenses on defined benefit obligations	<u>5,147</u>	<u>6,204</u>
	6,714,285	7,207,513
Less: Interest capitalised (<i>Note</i>)	<u>(315,537)</u>	<u>(264,426)</u>
	<u>6,398,748</u>	<u>6,943,087</u>

Note: The interest capitalisation rates ranged from 2.40% to 4.00% per annum (2023: 2.40% to 4.45% per annum) relating to the costs of related borrowings during the year.

8. INCOME TAX EXPENSE/(CREDIT)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax:		
– Mainland China	247,162	214,771
– Hong Kong SAR and Macau SAR, China	–	–
Under provision in respect of prior years	879	13,600
Deferred tax	<u>598,433</u>	<u>(316,902)</u>
	<u>846,474</u>	<u>(88,531)</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, except for three (2023: three) branches and five (2023: five) subsidiaries of the Company, and some branches of two (2023: two) subsidiaries of the Company which are taxed at a preferential rate of 15% (2023: 15%), all group companies located in Mainland China are subject to a income tax rate of 25% during the year (2023: 25%). Subsidiaries in Hong Kong SAR, China are taxed at profits tax rate of 16.5% (2023: 16.5%) and subsidiaries in Macau SAR, China are taxed at profits tax rate of 12% (2023: 12%), for each reporting period.

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 years.

The taxation for the year can be reconciled to the loss before taxation per consolidated statement of profit or loss as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before taxation	<u>(1,598,868)</u>	<u>(1,649,779)</u>
Tax at the applicable tax rate of 25%	(399,717)	(412,445)
Preferential tax rates on income of group entities	111,747	85,063
Tax effect of share of results of associates and joint ventures	(713,367)	(703,457)
Tax effect of non-deductible expenses	190,830	139,600
Tax effect of non-taxable income	(16,259)	(18,395)
Reversal of tax losses recognised as deferred tax assets in prior years	907,589	–
Tax effect of deductible temporary differences and tax losses not recognised	1,058,113	1,005,444
Utilisation of tax losses and deductible temporary differences not recognised in prior years	(17,067)	(197,941)
Under provision in respect of prior years	879	13,600
Reversal of unrealised equity investment income recognised as deferred tax liabilities in prior years	<u>(276,274)</u>	<u>–</u>
Income tax expense/(credit)	<u>846,474</u>	<u>(88,531)</u>

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity shareholders of the Company is based on the following data:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(232,557)</u>	<u>(1,038,411)</u>

	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	<u>15,864,560</u>	<u>15,401,755</u>

The number of ordinary shares for the purpose of basic and diluted loss per share is calculated based on the number of ordinary shares in issue during the year, as adjusted to reflect the number of treasury shares held by Cathay Pacific through reciprocal shareholding.

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

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2023 and 2024, nor has any dividend been proposed since the end of both reporting periods.

11. ACCOUNTS RECEIVABLE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Accounts receivable	3,834,983	3,357,916
Less: Allowance for expected credit losses	<u>(164,731)</u>	<u>(175,119)</u>
	<u>3,670,252</u>	<u>3,182,797</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	2,963,962	2,349,927
31 to 60 days	147,934	265,953
61 to 90 days	139,120	155,337
Over 90 days	<u>419,236</u>	<u>411,580</u>
	<u>3,670,252</u>	<u>3,182,797</u>

12. 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 30 days	8,354,764	7,517,749
31 to 60 days	2,009,755	2,479,368
61 to 90 days	4,806,725	3,411,397
Over 90 days	<u>3,698,540</u>	<u>4,545,784</u>
	<u>18,869,784</u>	<u>17,954,298</u>

The accounts payable are non-interest-bearing and have normal credit terms up to 90 days.

CONSOLIDATED BALANCE SHEET

At 31 DECEMBER 2024

(Prepared under the CASs)

ASSETS	31 December 2024 RMB'000	31 December 2023 RMB'000
Current assets		
Cash and bank	22,467,901	15,628,496
Financial assets at fair value through profit or loss	37,559	2,505
Bills receivable	7,785	3,601
Accounts receivable	3,670,252	3,182,797
Accounts receivable	462,245	414,431
Other receivables	4,761,012	5,437,914
Inventories	4,224,992	3,682,821
Assets held for sale	94,829	108,527
Other current assets	4,960,628	3,873,629
Total current assets	40,687,203	22,245,131
Non-current assets		
Debt instruments at fair value through other comprehensive income	1,426,851	1,397,310
Long-term receivables	910,872	847,273
Long-term equity investments	16,916,857	15,136,903
Equity instruments at fair value through other comprehensive income	1,793,316	1,550,029
Investment properties	305,917	320,827
Fixed assets	109,655,401	104,970,803
Right-of-use assets	114,042,465	116,342,903
Construction in progress	36,767,279	38,407,989
Intangible assets	5,937,851	5,817,144
Goodwill	4,097,942	4,097,942
Long-term deferred expenses	314,274	286,247
Deferred tax assets	12,908,130	13,703,962
Other non-current assets	5,054	88,628
Total non-current assets	305,082,209	302,967,960
TOTAL assets	345,769,412	335,302,681

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2024 RMB'000	31 December 2023 RMB'000
Current liabilities		
Short-term loans	16,876,294	21,363,178
Short-term bonds payable	3,010,847	–
Bills payable	–	500,160
Accounts payable	19,538,712	18,595,075
Air traffic liabilities	11,098,740	8,366,222
Advance	36,270	–
Contract liabilities	1,171,172	1,522,492
Employee compensations payable	3,441,130	3,088,820
Taxes payable	655,407	571,838
Other payables	11,075,198	16,085,401
Non-current liabilities repayable within one year	<u>70,706,285</u>	<u>40,224,088</u>
Total current liabilities	<u>137,610,055</u>	<u>110,317,274</u>
Non-current liabilities		
Long-term loans	77,836,960	80,777,799
Corporate bonds	6,000,000	9,196,832
Long-term payables	16,785,219	28,752,343
Lease liabilities	59,134,187	64,053,967
Defined benefit obligations	186,700	187,810
Accrued liabilities	4,170,935	4,312,660
Deferred income	406,943	404,103
Deferred tax liabilities	128,016	347,910
Other non-current liabilities	<u>2,565,188</u>	<u>1,663,987</u>
Total non-current liabilities	<u>167,214,148</u>	<u>189,697,411</u>
Total liabilities	<u>304,824,203</u>	<u>300,014,685</u>
Shareholders' equity		
Issued capital	17,448,421	16,200,793
Capital reserve	46,150,983	39,587,767
Other comprehensive income	550,334	215,566
Reserve funds	11,564,287	11,564,287
Retained earnings	(30,744,120)	(30,495,138)
General reserve	177,506	153,747
Safety funds	–	2,940
Equity attributable to shareholders of the Company	<u>45,147,411</u>	<u>37,229,962</u>
Non-controlling interests	<u>(4,202,202)</u>	<u>(1,941,966)</u>
Total shareholders' equity	<u>40,945,209</u>	<u>35,287,996</u>
Total liabilities and shareholders' equity	<u>345,769,412</u>	<u>335,302,681</u>

EFFECTS OF DIFFERENCES BETWEEN IFRS Accounting Standards AND CASs

The effects of differences between the consolidated financial statements of the Group prepared under IFRS Accounting Standards and CASs are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net loss attributable to shareholders of the Company under CASs	(237,305)	(1,046,382)
Deferred taxation	(1,582)	(2,657)
Differences in value of fixed assets and certain non-current assets	6,330	10,628
	<u> </u>	<u> </u>
Net loss attributable to shareholders of the Company under IFRS Accounting Standards	<u>(232,557)</u>	<u>(1,038,411)</u>
	31 December 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>
Equity attributable to shareholders of the Company under CASs	45,147,411	37,229,962
Deferred taxation	51,636	53,218
Differences in value of fixed assets and certain non-current assets	(210,794)	(217,124)
Unrealised profit on the disposal of Hong Kong Dragon Airlines Limited	139,919	139,919
	<u> </u>	<u> </u>
Equity attributable to shareholders of the Company under IFRS Accounting Standards	<u>45,128,172</u>	<u>37,205,975</u>

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.

	Current year	Previous year	Increase/ (decrease)
Capacity			
ASK (million)	356,103.62	292,513.16	21.74%
International	95,626.32	47,693.43	100.50%
Mainland China	250,051.04	237,326.42	5.36%
Hong Kong SAR, Macau SAR and Taiwan, China	10,426.25	7,493.31	39.14%
AFTK (million)	12,629.76	9,648.19	30.90%
International	5,593.32	2,939.26	90.30%
Mainland China	6,764.65	6,511.56	3.89%
Hong Kong SAR, Macau SAR and Taiwan, China	271.79	197.37	37.70%
ATK (million)	44,726.10	36,002.19	24.23%
Traffic			
RPK (million)	284,349.95	214,172.87	32.77%
International	72,918.97	32,306.61	125.71%
Mainland China	203,880.63	176,788.86	15.32%
Hong Kong SAR, Macau SAR and Taiwan, China	7,550.35	5,077.40	48.71%
RFTK (million)	4,732.69	3,015.54	56.94%
International	3,001.96	1,637.80	83.29%
Mainland China	1,663.75	1,337.20	24.42%
Hong Kong SAR, Macau SAR and Taiwan, China	66.98	40.55	65.20%
Passengers carried (thousand)	155,315.51	125,454.54	23.80%
International	16,317.71	6,730.76	142.43%
Mainland China	134,256.06	115,547.16	16.19%
Hong Kong SAR, Macau SAR and Taiwan, China	4,741.74	3,176.62	49.27%
Cargo and mail carried (tonnes)	1,480,085.34	1,070,372.96	38.28%
Kilometres flown (million)	1,856.98	1,565.96	18.58%
Block hours (thousand)	2,950.89	2,529.46	16.66%

	Current year	Previous year	Increase/ (decrease)
Number of flights	1,024,492	902,517	13.51%
International	102,399	46,956	118.07%
Mainland China	886,944	830,317	6.82%
Hong Kong SAR, Macau SAR and Taiwan, China	35,149	25,244	39.24%
RTK (million)	29,743.08	21,887.15	35.89%
Load factor			
Passenger load factor (RPK/ASK)	79.85%	73.22%	6.63 ppt
International	76.25%	67.74%	8.52 ppt
Mainland China	81.54%	74.49%	7.04 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	72.42%	67.76%	4.66 ppt
Cargo and mail load factor (RFTK/AFTK)	37.47%	31.26%	6.21 ppt
International	53.67%	55.72%	(2.05 ppt)
Mainland China	24.59%	20.54%	4.06 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	24.64%	20.54%	4.10 ppt
Overall load factor (RTK/ATK)	66.50%	60.79%	5.71 ppt
Utilisation			
Daily utilisation of aircraft (block hours per day per aircraft)	8.90	8.14	0.76 hours
Yield			
Yield per RPK (RMB)	0.5338	0.6094	(12.41%)
International	0.5127	0.6627	(22.63%)
Mainland China	0.5371	0.5948	(9.70%)
Hong Kong SAR, Macau SAR and Taiwan, China	0.6488	0.7785	(16.66%)
Yield per RFTK (RMB)	1.5665	1.3811	13.42%
International	1.8999	1.7094	11.14%
Mainland China	0.8959	0.8907	0.58%
Hong Kong SAR, Macau SAR and Taiwan, China	3.2855	4.2950	(23.50%)
Unit cost			
Operating expenses per ASK (RMB)	0.4824	0.4978	(3.09%)
Operating expenses per ATK (RMB)	3.8412	4.0445	(5.03%)

DEVELOPMENT OF FLEET

During the year of 2024, the Group introduced a total of 36 aircraft, including four A320 series aircraft, 19 B737 series aircraft, three C919 aircraft, nine C909 aircraft and one business jet, and phased out a total of 11 aircraft, including three A330 series aircraft, six A320 series aircraft, one B737 series aircraft and one business jet.

As at the end of 2024, the Group had a total of 930 aircraft with an average age of 9.90 years, of which the Company operated a fleet of 504 aircraft in total, with an average age of 9.60 years. The Company introduced 22 aircraft and phased out 13 aircraft.

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

	31 December 2024				
	Sub-total	Self-owned	Finance leases	Operating leases	Average age (year)
Airbus	433	195	119	119	9.70
A320	349	163	94	92	9.90
A330	54	22	5	27	11.79
A350	30	10	20	–	3.63
Boeing	457	186	97	174	10.73
B737	405	149	90	166	10.71
B747	10	8	2	–	15.47
B777	28	17	5	6	10.71
B787	14	12	–	2	7.86
COMAC	36	24	12	–	1.68
C909	33	21	12	–	1.81
C919	3	3	–	–	0.17
Business jets	4	1	–	3	9.30
Total	930	406	228	296	9.90

	Introduction Plan			Phase-out Plan		
	2025	2026	2027	2025	2026	2027
Airbus	22	32	19	13	13	3
A320	22	32	19	9	13	3
A330	–	–	–	4	–	–
Boeing	13	2	30	4	1	1
B737	13	–	22	4	1	1
B787	–	2	8	–	–	–
COMAC	12	10	10	–	–	–
C909	2	–	–	–	–	–
C919	10	10	10	–	–	–
Total	<u>47</u>	<u>44</u>	<u>59</u>	<u>17</u>	<u>14</u>	<u>4</u>

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

2024 REVIEW

2024 marked the 75th anniversary of the founding of New China and served as a critical year for achieving the goals and tasks outlined in the “14th Five-Year Plan”. Over the past year, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we thoroughly implemented the guiding principles of the 20th National Congress of the Communist Party of China (CPC) and the Second and Third Plenary Sessions of the 20th CPC Central Committee as well as the resolutions and deployments of the CPC Central Committee and the State Council. The Group, focusing on enhancing core functions and improving core competitiveness, while upholding the Party’s comprehensive leadership, insisting on deepening reforms and pursuing high-quality development, has achieved new progress in various areas, including safety, operating performance, service and reform, taking significant strides toward building a world-class enterprise.

Ensuring stringent safety management for stable and secure operations. The Group thoroughly implemented General Secretary Xi Jinping’s key directives on safety production and civil aviation, taking concrete actions to ensure “Two Absolute Safeties (兩個絕對安全)”. The Group formulated a dedicated safety production work plan, steadily advanced the three-year action plan for fundamental improvements in work safety and carried out comprehensive self-inspections and corrective measures for major hidden safety hazards, thus driving the dynamic elimination of hidden safety hazards. The Group continued to enhance the development of five major systems: safety management, flight training, aircraft maintenance, operation management, risk identification and hidden hazard investigation, while further strengthening the safety foundation and enhancing safety capabilities. Through meticulous production and operational coordination, the Group strengthened oversight and control over safety processes, ensuring that flight operations were dynamically aligned with support capabilities. In 2024, the Group recorded 2.95 million safe flight hours, representing a year-on-year increase of 17%, and successfully completed major aviation transport support missions, including major charter flights, the Paris Olympics, the Forum on China-Africa Cooperation, and the evacuation of Chinese nationals from Lebanon.

Focusing on enhancing development quality and continuously improving operating quality and performance. The Group made every effort to strengthen financial outcomes, achieving quantitative growth and qualitative improvements in production and operating performance. By “consolidating existing capacity and expanding incremental capacity”, the Group significantly increased its effective capacity. Over the year, the Group’s available seat kilometers (ASK) reached 356.1 billion, representing a year-on-year increase of 22%. The Group actively supported national diplomacy initiatives by accelerating the resumption and opening of new international routes, doubling the Group’s international capacity compared to the previous year. The Group established a resource management mechanism to maximise aircraft utilization and strived to enhance aircraft operational usage efficiency, leading to a year-on-year increase in daily aircraft utilisation rates. The Group intensified marketing innovation by implementing a quarterly product release mechanism, refining its inbound tourism product system and organising a series of campaigns celebrating the 30th anniversary of “Phoenix Miles”, so as to further strengthen brand influence. Amid intensifying industry competition, the Group reinforced yield management and maintained a leading position in yield level. The Group pursued rigorous income and efficiency management and cost control, continuously expanded financing channels, and achieved notable results through refined financial management and oversight.

Fulfilling Our Mission and Responsibility to Serve the Nation’s Priorities with Greater Efficacy.

We fully supported the development of domestically produced civil aircraft, marking a significant milestone in the large-scale operation of such aircraft. With the C909 and C919 aircraft soaring through the skies adorned with the national flag, the Group aspired to become the world’s first operator of the C929. In alignment with the national regional development strategy, the Group actively promoted the construction of hub networks, increasing capacity concentration in key markets such as Beijing-Tianjin-Hebei, Chengdu-Chongqing, Guangdong-Hong Kong-Macao and the Yangtze River Delta. The Group accelerated the development of Beijing Capital Airport and Chengdu Tianfu International Airport into international hubs, optimising network structures and improving the quality of hub operation. Continuing to strengthen its “Belt and Road” route network, the Group expanded its coverage to 29 countries and operating 65 flight routes. The Group is dedicated to rural revitalisation, with its targeted assistance efforts earning the highest rating from the SASAC for seven consecutive years. Committed to green and low-carbon development, the Group made steady progress toward achieving carbon peaking, and initiated the routine use of domestically produced sustainable aviation fuel on designated flights.

Enhancing service excellence with care and dedication. Guided by our “people-centered” development philosophy, we focused on the objectives of the “Year of Quality and Efficiency Enhancement for Civil Aviation Services”, striving to deliver high-quality services that meet customer expectations. Adhering to the principles of “customer-oriented, problem-oriented and value-oriented” services, the Group concentrated resources on establishing a customer service centre and further refined its professional service management system. Key systems, such as full-process passenger service notification and in-flight meal reservation, were successfully launched, steadily advancing the digital transformation of services. The Group further improved its customer service mechanism to better understand customer needs, design and deliver tailored products, thereby promoting continuous growth in customer value.

Strengthening Party leadership and Party building to ensure new achievements in high-quality development. We remain committed to high-quality Party building as a cornerstone for high-quality development, fully embracing its responsibilities and missions as a national flag carrier. The Group rigorously implements the “Two Consistencies (兩個一以貫之)” approach, ensuring the comprehensive strengthening of Party leadership while enhancing corporate governance. The Group further optimised organisational structures in key areas, reinforced the development of a robust cadre talent pipeline, and continuously improved team vitality. The Group remains steadfast in advancing comprehensive and strict governance of the Party, fostering a clean and upright political environment that serves as a solid foundation for promoting high-quality development and accelerating the construction of a world-class enterprise.

As 2025 marks the final year of the “14th Five-Year Plan” and a pivotal transition to the “15th Five-Year Plan”, we will uphold the fundamental principle of seeking progress while maintaining stability. The Group will continue to shoulder its political responsibility for operational safety, strengthen strategic support capabilities, and accelerate the development of new business models. By pursuing high-quality development and accelerating the construction of a world-class enterprise with tangible outcomes, the Group will make new and greater contributions to building a great country and advancing the grand cause of national rejuvenation!

BUSINESS OVERVIEW

Safe Operation

The Group remained committed to strictly implementing the comprehensive national security concept and adhering to the political mandate of “Two Absolute Safeties (兩個絕對安全)”. It made every effort to achieve the objectives of the three-year action plan for fundamentally improving work safety, with a focus on the “Year of Tackling Hidden Hazards”. Rigorous investigations and rectifications of major hidden safety hazards were carried out, emphasising immediate corrective actions and ensuring the dynamic elimination of hidden hazards. The Group continued to strengthen the development of five key systems: safety management, flight training, aircraft maintenance, operation management, risk identification and hidden hazard investigation. To establish a “Holistic Safety (大安全)” framework, the Group built a long-term safety management mechanism, promoted voluntary incident reporting and advanced the digital transformation of various business systems. Meticulous oversight was applied to flight operations, ensuring smooth seasonal flight adjustments, efficient peak-season scheduling and comprehensive safety inspections. The Group successfully introduced the C919 aircraft and provided high-quality operational support, ensuring seamless dynamic alignment between flight operations and support capabilities. Strict management of dangerous goods air transport was maintained, including the successful verification of transportation licenses. The Group continued to strengthen aviation security measures and organised annual security assessments for international flight routes. It implemented targeted measures to address disruptive passenger behavior, and successfully passed the CAAC’s aviation security audit.

Air China recorded over 20 million consecutive safe flight hours, and was awarded the “Two-Star Diamond Award for Flight Safety (飛行安全鑽石二星獎)” by the CAAC. The Group successfully completed a number of major aviation transport support missions, including the Spring Festival travel rush, the Two Sessions, the Paris Olympics, the Forum on China-Africa Cooperation, and the evacuation of Chinese nationals from Lebanon. During the Reporting Period, the Group recorded 2.95 million safe flight hours and safely transported 155 million passengers, maintaining an overall stable and safe operational environment on an ongoing basis.

Enhancing Operating Performance

In 2024, the global economy maintained overall growth, while China’s economy showed a general recovery and improvement. The recovery process of the civil aviation market also accelerated. Seizing market opportunities, the Company focused on improving financial outcomes while ensuring safe operations. Fleet efficiency was enhanced through meticulous production planning. The Company strengthened capacity and pricing management to stabilise yield quality, enforced strict cost controls to drive efficiency and reduce expenses, and continuously improved operating quality and performance, achieving a significant year-on-year reduction in losses.

Focusing on its annual production and operational targets, the Group remained committed to increasing capacity, maintaining pricing and competing for market share. By actively improving aircraft utilisation, closely monitoring market trends and seizing opportunities, the Group achieved notable progress in enhancing financial outcomes. The Group tapped into the potential of connecting flight markets, targeted key market shares, refined base pricing, and made precise capacity allocations. The Company continuously optimised product design and refined marketing controls, enhancing product offerings such as up-selling strategies and inbound travel packages for foreign passengers to drive targeted sales. A multi-faceted approach was adopted to boost flight revenue. The Group strengthened ancillary revenue streams, implementing refined management of competitive products such as seat selection services. Upholding a customer-centric approach, the Group deepened engagement with high-value customers and launched the “Business Travel Prime Zone (商旅專區)”, a one-stop service platform for corporate clients, ensuring seamless access to exclusive benefits. Furthermore, the Group amplified marketing innovation, established a quarterly product release mechanism and organising a series of campaigns to celebrate the 30th anniversary of “Phoenix Miles”, further strengthening Air China’s brand influence. The Group deepened the integration of passenger and cargo operations, driving year-on-year growth in passenger and cargo transportation revenue.

The Group implemented strict cost control measures in line with the requirements of “intensification, coordination and refinement”. The Group optimised the matching of aircraft types and routes with market demand to manage operating costs and enhanced precision management of resource utilization efficiency to ensure effective cost control. The Group strengthened fund management, optimised its debt structure and reduced financial expenses. The Group focused on improving labor productivity at all levels and maintaining a balanced approach to labor cost management, in order to effectively expanding profitability potential.

Enhancing Service

Guided by a “people-centred” development philosophy, the Group remained focused on passenger needs, continuously upgrading service standards and quality. The Group introduced innovative service products, improved the full-process travel experience, and enhanced service delivery capabilities, driving a comprehensive upgrade in service quality.

The Group elevated its service quality, systematically enhanced service standards at all levels, laying a solid foundation for delivering high-quality service. Focusing on the travel needs of “first-time flyers”, the Group pioneered the industry’s first customised service for first-time passengers, offering comprehensive travel guides, ground instructions and in-flight assistance to ensure full coverage of their needs. Attention to service details was emphasized, with the introduction of the “Travel with Care” series. The in-flight Wi-Fi and Internet platforms were revamped with updated entertainment content and layouts to meet the diverse needs of passengers. The Group actively catered to passengers’ needs and local culinary cultures, and launched “Light Dishes on the Clouds (雲饗輕食)”, “Sky-high seafood (萬尺鱈鮮)” and a variety of regional specialty meal sets. On the C919 aircraft, the Group unveiled Air China’s exclusive, first-of-its-kind in-flight seat and cabin interior design, along with dedicated cabin announcements, in-flight entertainment programs and amenities. The Group optimised and upgraded Air China Express Routes to eight routes, strengthened collaboration across the Air China family airlines, and leveraged key resources to enhance the express route experience.

The Group optimised passenger compensation standards in irregular situations, improving the overall service experience during irregular flights. The Group refined voluntary ticket change policies, upgraded the ticket purchase protection, and continued to improve ticketing services for passengers. The Group newly introduced full-process luggage tracking services at 12 overseas terminals, enabling cross-company baggage inquiries among Air China family airlines. The Group expanded the booking permissions for five special services within the Air China family on mobile platforms, along with membership services and convenient functions, thereby enhancing passenger mobile service experience. A full-process service information notification system was launched, ensuring that passengers receive more comprehensive and accurate information. The Group introduced an in-flight meal reservation management system, enabling personalised meal selections for passengers. The Group established a service expert team, selecting 157 specialists to provide core support for future standard upgrades, quality improvements, and other service enhancement initiatives.

Digital Transformation

To comprehensively advance digital transformation, the Group optimised the organisational framework for digital transformation and enhanced its operational mechanisms. Focusing on three key business areas, namely safety operations, marketing services and management collaboration, the Group continuously improved safety performance, precision marketing capabilities, the end-to-end travel experience for passengers and the efficiency of management collaboration. In addition, the Group promoted the integration of “technology, business and management”, leveraging the full potential of data to drive efficiency and enhance quality.

In terms of safety operations, the Group accelerated promotion and deepened the application of its global ground flight support platform, which enabled visualised flight monitoring and support, intelligent flight scheduling and mobile frontline operations, significantly enhancing flight ground support capabilities. The Group also expedited the development of the operation monitoring platform, optimising the process for end-to-end operational monitoring and special situation handling. In the realm of marketing services, the Group adopted a customer-centric approach, leveraging digital technology to drive innovation in marketing models, business models and service quality improvements. With the second phase of business model innovation, the Group comprehensively upgraded the user-friendliness, convenience and smoothness of its website sales and services, creating a one-stop digital air travel platform to strengthen precision marketing and diversified product management capabilities. The Group launched an in-flight meal reservation management system, offering new services to passengers. Starting in September 2024, the system undergoes trial operations on six routes, including Beijing-Sanya and Beijing-Chongqing, providing passengers with personalised services such as ordering, selecting or cancelling meals. The Group advanced the development of intelligent customer service systems to improve the efficiency of passenger services. In the area of management collaboration, the Group vigorously promoted digital transformation in human resources, financial management and internal controls, enhancing the effectiveness of internal management process.

Risk Prevention and Control

The Group continued to refine its integrated collaboration mechanism of “upholding the rule of law, reinforcing internal controls, preventing risks and promoting compliance”. The risk prevention and control system was further improved, enabling the Group to proactively and prudently address various risks through comprehensive measures, ensuring that risks in all aspects remain controllable and within manageable limits.

The Group solidified its risk assessment mechanism, enhancing the foresight and predictability of risk forecasting. The Group conducted in-depth analysis of major operating risks on an annual basis and implemented comprehensive measures to address them. The Group improved the precision of risk quantification, and actively built a monitoring and early-warning system for material operating risks, employing tiered and rolling monitoring with closed-loop management for key risk factors. The mechanism for evaluating risks in major decision-making has been strengthened, continuously improving the quality of evaluations and proactively preventing and mitigating risks. Risk assessment was deeply integrated into corporate reforms, core tasks and major project management. The Group refined its risk prevention and control collaboration mechanism, with the Audit and Risk Management Committee (the Supervision Committee) regularly reviewing reports on risk management, internal controls and compliance. Senior management actively supervised key risk control efforts, ensuring a prudent and sound response to various risks. The Group continued to establish and improve the three lines of defense in risk control and compliance management, reinforcing the responsibility mechanism for risk prevention and control. Strict tiered and layered risk management is enforced, with risk mitigation responsibilities clearly assigned to specific roles and individuals, enhancing the Group’s ability to manage risks throughout the entire process.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

The following discussion and analysis are based on the Group's consolidated financial statements and the notes thereto prepared in accordance with the IFRS Accounting Standards 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 RMB166,699 million, representing an increase of RMB25,599 million or 18.14% as compared with last year. Among which, air traffic revenue was RMB159,203 million, representing an increase of RMB24,521 million or 18.21% as compared with last year; other operating revenue was RMB7,496 million, representing a year-on-year increase of RMB1,077 million or 16.79%.

REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

<i>(in RMB'000)</i>	2024		2023		Change
	Amount	Percentage	Amount	Percentage	
Mainland China	118,491,369	71.08%	112,765,304	79.92%	5.08%
International	43,088,622	25.85%	24,207,933	17.16%	77.99%
Hong Kong SAR, Macau SAR and Taiwan, China	<u>5,118,889</u>	<u>3.07%</u>	<u>4,126,997</u>	<u>2.92%</u>	<u>24.03%</u>
Total	<u><u>166,698,880</u></u>	<u><u>100.00%</u></u>	<u><u>141,100,234</u></u>	<u><u>100.00%</u></u>	<u><u>18.14%</u></u>

AIR PASSENGER REVENUE

During the Reporting Period, the Group recorded an air passenger revenue of RMB151,789 million, representing an increase of RMB21,272 million over the previous year. Among the air passenger revenue, the increase of capacity contributed an increase of RMB28,373 million in the revenue, and the increase of passenger load factor led to an increase of RMB14,392 million in the revenue, while the decrease of passenger yield resulted in a decrease in revenue of RMB21,493 million. The Group's capacity, passenger load factor and yield per RPK in 2024 are as follows:

	2024	2023	Change
ASK (<i>million</i>)	356,103.62	292,513.16	21.74%
Passenger load factor (%)	79.85	73.22	6.63 ppt
Yield per RPK (<i>RMB</i>)	0.5338	0.6094	(12.41%)

AIR PASSENGER REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

<i>(in RMB'000)</i>	2024		2023		Change
	Amount	Percentage	Amount	Percentage	
Mainland China	109,504,532	72.14%	105,155,385	80.57%	4.14%
International	37,385,320	24.63%	21,408,328	16.40%	74.63%
Hong Kong SAR, Macau SAR and Taiwan, China	4,898,820	3.23%	3,952,845	3.03%	23.93%
Total	<u>151,788,672</u>	<u>100.00%</u>	<u>130,516,558</u>	<u>100.00%</u>	<u>16.30%</u>

AIR CARGO AND MAIL REVENUE

During the Reporting Period, the Group's air cargo and mail revenue was RMB7,414 million, representing an increase of RMB3,249 million as compared with last year. Among them, the increase of capacity contributed an increase of RMB1,287 million in the revenue, while the increase of cargo and mail load factor resulted in an increase in revenue of RMB1,085 million, and the increase of yield of cargo and mail resulted in an increase of RMB877 million in the revenue. The capacity, cargo and mail load factor and yield per RFTK in 2024 are as follows:

	2024	2023	Change
Available freight tonne kilometres (<i>million</i>)	12,629.76	9,648.19	30.90%
Cargo and mail load factor (%)	37.47%	31.26%	6.21 ppt
Yield per RFTK (<i>RMB</i>)	1.5665	1.3811	13.42%

AIR CARGO AND MAIL REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

<i>(in RMB'000)</i>	2024		2023		Change
	Amount	Percentage	Amount	Percentage	
Mainland China	1,490,484	20.10%	1,190,986	28.60%	25.15%
International	5,703,302	76.93%	2,799,606	67.22%	103.72%
Hong Kong SAR, Macau SAR and Taiwan, China	220,069	2.97%	174,151	4.18%	26.37%
Total	<u>7,413,855</u>	<u>100.00%</u>	<u>4,164,743</u>	<u>100.00%</u>	<u>78.01%</u>

OPERATING EXPENSES

During the Reporting Period, the Group's operating expenses were RMB171,801 million, representing an increase of 17.98% from RMB145,612 million of last year. The breakdown of the operating expenses is set out below:

<i>(in RMB'000)</i>	2024		2023		Change
	Amount	Percentage	Amount	Percentage	
Jet fuel costs	53,720,436	31.27%	46,725,219	32.09%	14.97%
Take-off, landing and depot charges	20,915,459	12.18%	15,554,795	10.68%	34.46%
Depreciation and amortisation	29,102,968	16.94%	27,110,507	18.62%	7.35%
Aircraft maintenance, repair and overhaul costs	12,848,288	7.48%	9,921,853	6.81%	29.49%
Employee compensation costs	34,268,745	19.95%	29,300,310	20.12%	16.96%
Air catering charges	4,165,874	2.42%	3,002,720	2.06%	38.74%
Selling and marketing expenses	4,695,760	2.73%	3,423,478	2.35%	37.16%
General and administrative expense	1,872,201	1.09%	1,683,284	1.16%	11.22%
Others	10,210,858	5.94%	8,890,301	6.11%	14.85%
Total	<u>171,800,589</u>	<u>100.00%</u>	<u>145,612,467</u>	<u>100.00%</u>	<u>17.98%</u>

- Jet fuel costs increased by RMB6,995 million on a year-on-year basis, mainly due to the combined effect of the increase in the consumption of jet fuel and decrease in the prices of jet fuel.
- Take-off, landing and depot charges increased by RMB5,361 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 expenses increased by RMB1,992 million on a year-on-year basis, mainly due to the expansion of fleet as well as the year-on-year increase in flying hours.
- Aircraft maintenance, repair and overhaul costs increased by RMB2,926 million on a year-on-year basis, mainly due to the year-on-year increase in flying hours.
- Employee compensation costs increased by RMB4,968 million on a year-on-year basis, mainly due to the inclusion of Shandong Aviation Group Corporation in the consolidated financial statements since 21 March 2023 and the year-on-year increase in flight hour fees.
- Air catering charges increased by RMB1,163 million on a year-on-year basis, mainly due to the increase in the number of passengers.
- Selling and marketing expenses increased by RMB1,272 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 RMB189 million on a year-on-year basis, mainly due to the effect of the inclusion of Shandong Aviation Group Corporation in the consolidated financial statements since 21 March 2023.
- Other operating expenses mainly included aircraft and engine operating lease expenses, civil aviation development fund and non-above-mentioned ordinary expenses arising from the core air traffic business, which increased by RMB1,321 million on a year-on-year basis, mainly due to the inclusion of Shandong Aviation Group Corporation in the consolidated financial statements since 21 March 2023 and the increase in the investment in production and operation.

FINANCE INCOME, FINANCE COSTS AND NET EXCHANGE LOSSES

During the Reporting Period, the Group recorded a finance income of RMB521 million, representing a year-on-year decrease of RMB84 million or 13.83%; and incurred finance costs (excluding the capitalised portion) of RMB6,399 million, representing a year-on-year decrease of RMB544 million or 7.84%. During the Reporting Period, the Group recorded net exchange losses of RMB760 million, which was decreased by RMB276 million on a year-on-year basis.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the net gain from the Group's share of results of its associates and joint ventures was RMB2,820 million, representing a decrease of RMB14 million from the previous year. Among which, during the Reporting Period, the Group recognised a gain on investment of Cathay Pacific of RMB2,499 million, representing a year-on-year increase of RMB67 million.

MATERIAL ACQUISITIONS AND DISPOSALS

The Company did not make any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

ASSETS STRUCTURE ANALYSIS

As at the end of the Reporting Period, the total assets of the Group was RMB345,750 million, representing an increase of 3.12% from that of 31 December 2023, among which current assets accounted for RMB40,687 million or 11.77% of the total assets, while non-current assets accounted for RMB305,063 million or 88.23% of the total assets.

Among the current assets, cash and cash equivalents were RMB21,039 million, accounting for 51.71% of the current assets and representing an increase of 40.11% from that as at 31 December 2023, which was mainly attributable to the non-public issuance of shares by the Company, and the flexible adjustment of its funds according to its capital arrangements.

Among the non-current assets, the aggregated book value of property, plant and equipment and right-of-use assets as at the end of the Reporting Period amounted to RMB241,013 million, accounting for 79.00% of the non-current assets and representing an increase of 0.97% from that as at 31 December 2023.

ASSET MORTGAGE/PLEDGE

As of 31 December 2024, the Group, pursuant to certain bank loans and finance leasing agreements, had secured aircraft and buildings with an aggregated book value of approximately RMB86,462 million (RMB84,599 million as at 31 December 2023) and land use rights with book value of approximately RMB23 million (RMB24 million as at 31 December 2023). Meanwhile, the Group had monetary capital with restricted ownership of approximately RMB1,428 million (approximately RMB612 million as at 31 December 2023), which were mainly statutory reserves deposited in the People's Bank of China, pledged bank deposits, security deposits and time deposits with a maturity of more than three months.

CAPITAL EXPENDITURE

In 2024, the Group's capital expenditure totalled RMB16,788 million, of which the total investment in aircraft was RMB13,403 million, mainly including procurement of aircraft and engines, aircraft modifications, flight simulators, etc. The cash component for the long-term investments amounted to RMB509 million, mainly including the Tianma Project and the capital increase in Sichuan Airlines. Other capital expenditure investment amounted to RMB2,876 million, mainly including infrastructure construction, IT system construction, ground equipment procurement, etc.

EQUITY INVESTMENT

As at the end of the Reporting Period, the Group's equity investment in its associates amounted to RMB14,633 million, representing an increase of 13.76% from that of 31 December 2023, mainly due to the effect of recognising the share of gains of associates and other comprehensive income during the year. Among this, the balance of the equity investment of the Group in Cathay Pacific amounted to RMB14,311 million.

As at the end of the Reporting Period, the Group's equity investment in its joint ventures was RMB2,424 million, representing an increase of 0.42% from that as at 31 December 2023, mainly due to new investments and recognising the share of gains of joint ventures during the Reporting Period.

DEBT STRUCTURE ANALYSIS

At the end of the Reporting Period, the Group's total liabilities were RMB304,824 million, representing an increase of 1.60% from that as at 31 December 2023. Among them, current liabilities amounted to RMB137,610 million, accounting for 45.14% of the total liabilities; and non-current liabilities amounted to RMB167,214 million, accounting for 54.86% of the total liabilities.

Among the current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB92,010 million, representing an increase of 40.59% from that as at 31 December 2023. Among the non-current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB143,971 million, representing a decrease of 14.72% from that as at 31 December 2023.

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

<i>(in RMB'000)</i>	31 December 2024		31 December 2023		Change
	Amount	Percentage	Amount	Percentage	
RMB	205,662,318	87.15%	197,161,354	84.16%	4.31%
US dollars	29,874,295	12.66%	36,018,880	15.38%	(17.06%)
Others	443,893	0.19%	1,080,481	0.46%	(58.92%)
Total	<u>235,980,506</u>	<u>100.00%</u>	<u>234,260,715</u>	<u>100.00%</u>	<u>0.73%</u>

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital commitments, which mainly consisted of the expenditure in the next few years for purchasing certain number of aircraft and related equipment, increased by 32.04% from RMB72,079 million as at 31 December 2023 to RMB95,175 million as at 31 December 2024. The Group's investment commitments mainly represented the investment agreements entered into, amounted to RMB313 million as at 31 December 2024, as compared to RMB457 million as at 31 December 2023.

GEARING RATIO

As at the end of the Reporting Period, the Group's gearing ratio (total liabilities divided by total assets) was 88.16%, representing a decrease of 1.32 percentage points from that of 31 December 2023.

WORKING CAPITAL AND ITS SOURCES

At the end of the Reporting Period, the Group's net current liabilities (current liabilities minus current assets) were RMB96,923 million, representing an increase of RMB18,940 million from that as at 31 December 2023. Based on the structure of current assets and current liabilities, 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 RMB27,984 million, representing an increase of RMB80 million from that in 2023. Net cash outflow from investing activities was RMB17,863 million, representing an increase of net outflow of RMB2,617 million, or 17.16% from that of 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 received from the acquisition of a subsidiary of RMB5,392 million. Net cash outflow arising from financing activities amounted to RMB3,996 million, representing a decrease of RMB4,337 million from that of 2023, mainly due to the fact that the financing scale has been increased in order to ensure security for liquidity.

The Company has obtained bank facilities of RMB232,246 million in aggregate granted by several banks in China, among which approximately RMB88,140 million has been utilised and approximately RMB144,106 million remained unutilised. The remaining amount is sufficient to meet the Group's demands on working capital and future capital commitments.

OPERATIONAL PLAN

The Company has identified the following key priorities for 2025: (1) to firmly establish the concept of safe development and shoulder the political responsibility for safety operations; (2) to accelerate the improvement of the quality and efficiency of core business operations, continuously enhancing profitability; (3) to continuously strengthen strategic support capabilities, uphold fundamental principles while breaking new ground, and comprehensively deepen reforms; (4) to fully enhance the passenger service experience, striving to build brand value advantage; (5) to comprehensively strengthen the Party's leadership and Party building, persistently enforce discipline, and combat corruption.

OUTLOOK FOR FUTURE

Company Development Strategy

During the 14th Five-Year Plan period, Air China will adhere to the development goal of “accelerating the development into a world-class aviation transportation group with global competitiveness”. The Company will focus on four strategic directions: hub network, passenger and cargo balance, cost leadership, and brand strategy. Efforts will be concentrated on key areas such as enhancing safety management, optimising market layout, adjusting resource structure, upgrading products and services, driving digital innovation, and promoting green and low-carbon development to advance its operations.

Safety Management Reaches New Heights. The safety management system, flight training system, aircraft maintenance system, and operational management system will be further improved. The safety control mechanism will be more robust, safety management efficiency will continue to rise, and responsibility implementation will be more clearly defined. During the 14th Five-Year Plan period, the Group will maintain a high level of safe operations.

Market Layout Optimization Gathers New Advantages. Adhering to serving national strategies and major policy decisions, the Group will optimise its base market layout under the new development paradigm of dual domestic and international circulation, highlighting strengths and key areas to gather new competitive advantages. The core network structure of the four-corner diamond and four-pole clusters will be further refined, and the network synergy within Air China family airlines will continue to deepen.

Resource Structure Adjustment Presents a New Outlook. Core resources will be better aligned with market characteristics, establishing long-term advantages in fleet development. The efficiency of flight and human resource allocation will be optimised, and the alignment of maintenance and investment layouts with core business development will be continuously strengthened.

Product and Service Upgrades Reach New Levels. The quality of products and services will be significantly improved, with service features becoming more prominent. An efficient and integrated standard system will be established, ensuring smoother full-process service support and more efficient for consistency only collaboration across business segments.

Digital Innovation Development Enters a New Stage. Scientific and technological innovation management system will be improved, with innovation gradually becoming a core pillar of the Group's development. The effectiveness of innovation-driven development will be more pronounced, breakthroughs in digital transformation will be achieved, and key progress will be made in digital platform construction.

Green and Low-Carbon Development Demonstrates New Achievements. The energy conservation and environmental protection management system will operate more efficiently. Pollution and carbon reduction measures will be more effective, pollution prevention achievements will be more significant, carbon emissions and carbon asset management will become more professional, and participation in social welfare activities will be more extensive.

POTENTIAL RISKS

1. Risks of External Environment

Market Fluctuation

As China's economy maintained steady growth with progress and major economic indicators rebounded, both consumer demand and residents' income increased steadily. In terms of the overall recovery of flights, the domestic market has shown better performance than the international market. During the Reporting Period, the progress of recovery in the international market was still lagging behind under the influence of a number of factors. Based on the characteristics of the new development stage, the Group will fully, precisely and comprehensively implement the new development philosophy, coordinate development and safety, and take the initiative to contribute to and integrate with the new development paradigm. Seizing the development opportunities in the industry, the Group will further develop its domestic route network and expand the market of international routes, in a bid to proactively adapt to the rapidly changing market environment.

Oil Price Fluctuation

Jet fuel is one of the main operating costs of the Group. The performance of the Group is affected to a certain extent by fluctuations in jet fuel prices. 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 RMB2.686 billion. The imposition of fuel surcharges has relieved the Company's jet fuel cost pressure to a certain extent.

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 31 December 2024 by RMB178 million.

2. Risks of Competition

Industry competition

During the Reporting Period, as there was no significant reduction in the number of operating entities in the market, the Company still faced relatively huge industry competition pressure. In respect of the domestic market, as the international market has not yet fully recovered, some wide-body aircraft were used in the domestic market, and the imbalance between supply and demand in the domestic market still existed. In respect of the international market, the new routes of domestic airlines were mainly concentrated in destinations such as Central Asia, Western Asia and Europe, resulting in intensified competition in certain regions within a short period of time. Adhering to its strategy for hub network, the Company will spare no efforts in building international aviation hubs in Beijing and Chengdu, realising differentiated development from other market competitors. Main routes and express routes will be launched centering on hubs as well as principal bases and markets with a view to strengthening core market competitiveness with high-quality products, services and travel experience.

Alternative competition

With the increasing station density of high-speed railway network in China, the existing passengers flow of short- and medium-haul flights were gradually diverted to high-speed railway, which posed challenges to the civil aviation industry. At the same time, the mass transportation network of high-speed railway also provided punctual and fast transportation services to more passengers from different regions for medium- and long-haul routes of civil aviation, while more and more passengers chose the air-rail interlink transportation mode. Looking forward, leveraging the enhanced cooperation and competition between civil aviation and high-speed railway with complementary advantages, the integrated development of the air-rail interlink operation will accelerate the construction of a modern comprehensive transportation system.

SHARE CAPITAL STRUCTURE

As at the end of the Reporting Period, the Company had a total share capital of RMB17,448,421,000, divided into 17,448,421,000 shares with par value of RMB1.00 each. The following table sets out the share capital structure of the Company as at the end of the Reporting Period:

Type of shares	Number of shares	Percentage of the total share capital
A Shares	12,492,810,328	71.60%
H Shares	<u>4,955,610,672</u>	<u>28.40%</u>
Total	<u><u>17,448,421,000</u></u>	<u><u>100.00%</u></u>

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).

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has always been committed to maintaining and enhancing the level of its corporate governance so as to ensure greater accountability and transparency of the Group and deliver long-term return to its shareholders. The Company has complied with the code provisions in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules throughout the Reporting Period.

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 have complied with the required standards of the Model Code and the Company’s code of conduct throughout the Reporting Period.

DIVIDENDS

According to the audited financial statements of the Company prepared in accordance with the CASs and the IFRS Accounting Standards, the Company recorded negative profits available for distribution to shareholders in 2024. As considered and approved by the 2nd meeting of the seventh session of the Board of the Company, the Company proposed not to make profit distribution for the year of 2024.

SUBSEQUENT EVENTS

The Company completed the election of the new session of the Board on 25 February 2025. For details, please refer to the announcement of the Company dated 25 February 2025.

ANNUAL GENERAL MEETING (“AGM”) AND CLOSURE OF REGISTER OF MEMBERS

The Company proposed to hold the AGM on Wednesday, 28 May 2025. The register of members of H Shares will be closed from Wednesday, 21 May 2025 to Wednesday, 28 May 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attendance and voting at the AGM, the holders of H Shares must return all the transfer documents to the Company’s H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong by 4:30 p.m. on Tuesday, 20 May 2025. The holders of H Shares whose names appear on the register of members of the Company at the close of business on Tuesday, 20 May 2025 are entitled to attend and vote at the AGM.

ANNUAL REPORT

The annual report for the year ended 31 December 2024 containing all information required by Appendix D2 to the Listing Rules will be published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.airchina.com.cn) in due course.

FORWARD-LOOKING STATEMENT

The Company would like to remind the readers of this announcement that the airline operations are substantially influenced by global political and economic developments. Accidental and unexpected incidents may have material impacts on our operations or the industry as a whole. This 2024 annual results announcement of the Company contains, inter alia, certain forward-looking statements, such as forward-looking statements on the global and Chinese economies and aviation markets. Such forward-looking statements are subject to some uncertainties and risks.

AUDIT AND RISK CONTROL COMMITTEE (SUPERVISION COMMITTEE)

The 2024 annual results of the Company have been reviewed by the audit and risk control committee (supervision committee) of the Board.

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

Load Factors

“overall load factor”	RTK expressed as a percentage of ATK
“passenger load factor”	RPK expressed as a percentage of ASK
“cargo and mail load factor”	RFTK expressed as a percentage of AFTK
“Block hours”	the total time from the removal of wheel chocks before the aircraft begins to move until the placement of wheel chocks after the aircraft has landed and come to a complete stop

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 Cargo”	Air China Cargo Co., Ltd., a non-wholly owned subsidiary of CNAHC
“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
“CAAC”	Civil Aviation Administration of China
“CASs”	China Accounting Standards for Business Enterprises
“Cathay Pacific”	Cathay Pacific Airways Limited, an associate of the Company
“CNACG”	China National Aviation Corporation (Group) Limited, a wholly-owned subsidiary of CNAHC
“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
“CSRC”	China Securities Regulatory Commission
“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)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange as primary listing venue and have been admitted into the Official List of the UK Listing Authority as secondary listing venue
“IFRS Accounting Standards”	IFRS Accounting Standards as issued by the International Accounting Standards Board
“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 31 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“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 Company
“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, 27 March 2025

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. Xu Niansha, Mr. He Yun*, Ms. Winnie Tam Wan-chi* and Mr. Gao Chunlei*.*

* *Independent non-executive directors of the Company*