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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)

2025 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- During the Reporting Period, the Group recorded a revenue of RMB171,485 million. The net loss attributable to equity shareholders of the Company was RMB1,788 million.
- As considered and approved by the 14th meeting of the seventh session of the Board of the Company, the Company proposed not to make profit distribution for the year of 2025.

 **2025 ANNUAL RESULTS**

The Board hereby announces the audited consolidated financial results of the Group for the year ended 31 December 2025, which have been prepared in accordance with IFRS Accounting Standards, together with the corresponding comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	NOTE	RMB'000	RMB'000
Revenue	3	171,484,646	166,698,880
Other income and gains	5	<u>5,269,298</u>	<u>7,319,912</u>
		<u>176,753,944</u>	<u>174,018,792</u>
Operating expenses			
Jet fuel costs		(50,041,444)	(53,720,436)
Employee compensation costs		(37,047,474)	(34,268,745)
Depreciation and amortisation		(30,717,739)	(29,102,968)
Take-off, landing and depot charges		(21,967,914)	(20,915,459)
Aircraft maintenance, repair and overhaul costs		(14,813,651)	(12,848,288)
Air catering charges		(4,505,386)	(4,165,874)
Aircraft and engine lease expense		(764,843)	(358,885)
Other lease expenses		(724,421)	(598,621)
Other flight operation expenses		(9,158,771)	(9,119,619)
Selling and marketing expenses		(4,918,115)	(4,695,760)
General and administrative expenses		(1,922,452)	(1,872,201)
Impairment loss recognised on non-current assets		(96,292)	(143,240)
Net impairment loss reversed			
under expected credit loss model		18,911	9,507
Impairment loss recognised on goodwill		<u>(483,552)</u>	<u>–</u>
		<u>(177,143,143)</u>	<u>(171,800,589)</u>
(Loss)/Profit from operations	6	(389,199)	2,218,203
Finance income		568,911	521,356
Finance costs	7	(5,553,051)	(6,398,748)
Share of results of associates		3,135,745	2,610,723
Share of results of joint ventures		289,927	209,121
Exchange differences		<u>327,561</u>	<u>(759,523)</u>
Loss before taxation		(1,620,106)	(1,598,868)
Income tax expense	8	<u>(1,922,270)</u>	<u>(846,474)</u>
Loss for the year		<u>(3,542,376)</u>	<u>(2,445,342)</u>
Attributable to:			
– Equity shareholders of the Company		(1,787,943)	(232,557)
– Non-controlling interests		<u>(1,754,433)</u>	<u>(2,212,785)</u>
		<u>(3,542,376)</u>	<u>(2,445,342)</u>
Loss per share			
– Basic and diluted (RMB)	9	<u>RMB(0.11)</u>	<u>RMB(0.01)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year	<u>(3,542,376)</u>	<u>(2,445,342)</u>
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
– Change in fair value of investments in equity instruments at fair value through other comprehensive income	(50,780)	(79,126)
– Remeasurement of net defined benefit liability	954	(15,130)
– Share of other comprehensive income of an associate	34,324	(31,632)
– Related tax	12,695	19,782
Items that are or may be reclassified subsequently to profit or loss:		
– Change in fair value of investments in debt instruments at fair value through other comprehensive income	(18,160)	27,772
– Impairment loss reversed on investments in debt instruments at fair value through other comprehensive income	1,114	394
– Share of other comprehensive income of associates and joint ventures	(250,132)	(28,272)
– Exchange differences on translation of foreign operations	(567,236)	434,021
– Related tax	<u>4,261</u>	<u>(7,042)</u>
Other comprehensive income for the year (net of tax)	<u>(832,960)</u>	<u>320,767</u>
Total comprehensive income for the year	<u><u>(4,375,336)</u></u>	<u><u>(2,124,575)</u></u>
Attributable to:		
– Equity shareholders of the Company	(2,576,314)	114,293
– Non-controlling interests	<u>(1,799,022)</u>	<u>(2,238,868)</u>
	<u><u>(4,375,336)</u></u>	<u><u>(2,124,575)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

		31 December 2025	31 December 2024
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		127,360,692	122,180,871
Right-of-use assets		121,670,850	118,832,142
Investment properties		659,519	693,059
Intangible assets		105,612	106,563
Goodwill		3,612,180	4,095,732
Interests in associates		15,787,587	14,632,923
Interests in joint ventures		2,644,892	2,423,853
Advance payments for aircraft and flight equipment		20,185,779	24,689,737
Deposits for aircraft under leases		488,745	526,004
Equity instruments at fair value through other comprehensive income		1,924,573	1,791,273
Debt instruments at fair value through other comprehensive income		1,093,435	1,426,851
Deferred tax assets		11,367,646	12,959,766
Other non-current assets		1,305,636	704,196
		<u>308,207,146</u>	<u>305,062,970</u>
Current assets			
Inventories		4,809,698	4,224,992
Accounts receivable	<i>11</i>	3,480,157	3,670,252
Bills receivable		12,516	7,785
Prepayments, deposits and other receivables		4,866,352	5,223,257
Financial assets at fair value through profit or loss		151,633	37,559
Time deposits and restricted deposits		1,564,056	1,428,429
Cash and cash equivalents		14,295,268	21,039,472
Assets held for sale		–	94,829
Other current assets		5,623,629	4,960,628
		<u>34,803,309</u>	<u>40,687,203</u>
Total assets		<u><u>343,010,455</u></u>	<u><u>345,750,173</u></u>

		31 December 2025	31 December 2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Air traffic liabilities		(11,221,885)	(11,098,740)
Accounts payable	12	(18,716,316)	(18,869,784)
Bills payable		(1,500,000)	–
Contract liabilities		(1,720,744)	(1,171,172)
Dividends payable		(103,367)	(98,000)
Other payables and accruals		(16,671,365)	(13,437,502)
Advance		(73,656)	(36,270)
Current taxation		(109,089)	(130,653)
Lease liabilities		(17,548,753)	(17,464,654)
Interest-bearing borrowings		(47,210,707)	(74,544,705)
Provision for return condition checks		(2,416,213)	(758,575)
		<u>(117,292,095)</u>	<u>(137,610,055)</u>
Net current liabilities		<u>(82,488,786)</u>	<u>(96,922,852)</u>
Total assets less current liabilities		<u>225,718,360</u>	<u>208,140,118</u>
Non-current liabilities			
Lease liabilities		(61,452,171)	(59,134,187)
Interest-bearing borrowings		(100,607,906)	(84,836,960)
Provision for return condition checks		(20,149,949)	(19,228,054)
Provision for early retirement benefit obligations		(262)	(359)
Contract liabilities		(2,873,684)	(2,565,188)
Defined benefit obligations		(168,765)	(186,700)
Deferred income		(401,549)	(406,943)
Deferred tax liabilities		(137,992)	(128,016)
Other non-current liabilities		(731,358)	(727,741)
		<u>(186,523,636)</u>	<u>(167,214,148)</u>
NET ASSETS		<u>39,194,724</u>	<u>40,925,970</u>
CAPITAL AND RESERVES			
Issued capital		17,448,421	17,448,421
Reserves		25,066,365	27,679,751
Total equity attributable to equity shareholders of the Company		<u>42,514,786</u>	<u>45,128,172</u>
Non-controlling interests		<u>(3,320,062)</u>	<u>(4,202,202)</u>
TOTAL EQUITY		<u>39,194,724</u>	<u>40,925,970</u>

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2025

1. BASIS OF PREPARATION

As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB82,489 million. Considering the Group's expected operating cash flows and the Company's unutilised bank facilities as at 31 December 2025, the Directors believe that the Group has sufficient financial resources to finance its operation and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The Group's financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

3. REVENUE

Disaggregation of revenue

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers		
Airline operations		
Passenger	154,855,779	151,788,672
Cargo and mail	7,778,380	7,413,855
Others	<u>2,290,763</u>	<u>1,876,406</u>
	<u>164,924,922</u>	<u>161,078,933</u>
Other operations		
Aircraft engineering income	6,012,036	5,179,776
Others	<u>152,360</u>	<u>132,016</u>
	<u>6,164,396</u>	<u>5,311,792</u>
Sub-total	<u>171,089,318</u>	<u>166,390,725</u>
Rental income (included in revenue of airline operations segment)	<u>395,328</u>	<u>308,155</u>
Total revenue	<u><u>171,484,646</u></u>	<u><u>166,698,880</u></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 RMB1,166 million (2024: RMB1,351 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 businesses are structured and managed, according to the nature of its operations and the services it provides. 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 then prevailing market prices.

The Company's chief operating decision maker monitors the results, assets and liabilities of the Group based on the financial results prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC ("CASs"). As such, the segment information is presented in accordance with CAS with reconciliation to financial information presented in IFRS Accounting Standards.

Year ended 31 December 2025

	Airline operations	Other operations	Elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue				
Sales to external customers	165,320,250	6,164,396	–	171,484,646
Inter-segment sales	<u>273,944</u>	<u>9,582,483</u>	<u>(9,856,427)</u>	<u>–</u>
Segment revenue under CASs and IFRS Accounting Standards	<u>165,594,194</u>	<u>15,746,879</u>	<u>(9,856,427)</u>	<u>171,484,646</u>
Segment results before taxation				
(Loss)/profit before taxation for reportable segments under CASs	<u>(2,484,013)</u>	<u>926,783</u>	<u>(39,477)</u>	<u>(1,596,707)</u>
Effect of differences between IFRS Accounting Standards and CASs				<u>(23,399)</u>
Loss before taxation for the year under IFRS Accounting Standards				<u>(1,620,106)</u>

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>
Segment revenue 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 results 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>

As at 31 December 2025 and 2024

	Airline operations <i>RMB'000</i>	Other operations <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets				
Segment assets as at 31 December 2025 under CASs	<u>331,428,979</u>	<u>34,473,118</u>	<u>(22,854,853)</u>	343,047,244
Effect of differences between IFRS Accounting Standards and CASs				<u>(36,789)</u>
Total assets as at 31 December 2025 under IFRS Accounting Standards				<u>343,010,455</u>
Segment assets as at 31 December 2024 under CASs	<u>335,387,462</u>	<u>35,068,041</u>	<u>(24,686,091)</u>	345,769,412
Effect of differences between IFRS Accounting Standards and CASs				<u>(19,239)</u>
Total assets as at 31 December 2024 under IFRS Accounting Standards				<u>345,750,173</u>

	Airline operations RMB'000	Other operations RMB'000	Elimination RMB'000	Total RMB'000
Segment liabilities				
Segment liabilities under CASs and IFRS Accounting Standards				
As at 31 December 2025	300,925,989	25,209,071	(22,319,329)	303,815,731
As at 31 December 2024	<u>301,829,477</u>	<u>27,135,795</u>	<u>(24,141,069)</u>	<u>304,824,203</u>

Year ended 31 December 2025

	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	3,038,666	387,006	–	3,425,672	–	3,425,672
Net impairment losses (recognised)/reversed on financial assets	2,458	(38,972)	55,425	18,911	–	18,911
Net impairment losses (recognised)/reversed on non-financial assets	(591,487)	5,407	–	(586,080)	–	(586,080)
Depreciation and amortisation	(30,455,837)	(437,594)	170,703	(30,722,728)	4,989	(30,717,739)
Income tax expense	(1,702,387)	(227,097)	1,365	(1,928,119)	5,849	(1,922,270)
Interests in associates and joint ventures	15,393,010	2,995,984	(96,434)	18,292,560	139,919	18,432,479
Additions to non-current assets	<u>38,170,770</u>	<u>1,002,365</u>	<u>(216,742)</u>	<u>38,956,393</u>	<u>–</u>	<u>38,956,393</u>

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>	Effect of Differences between IFRS Accounting Standards and CASs <i>RMB'000</i>	Amounts under IFRS Accounting Standards <i>RMB'000</i>
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 (recognised)/ reversed 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>

Geographical information

The following table presents the Group's consolidated revenue to external customers by geographical location for the years ended 31 December 2025 and 2024, respectively:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland	117,457,528	118,491,369
Hong Kong SAR, Macau SAR and Taiwan, China	5,373,638	5,118,889
International	<u>48,653,480</u>	<u>43,088,622</u>
	<u>171,484,646</u>	<u>166,698,880</u>

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

There was no individual customer that contributed 10% or more of the Group's revenue during the year ended 31 December 2025 (2024: Nil).

5. OTHER INCOME AND GAINS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Co-operation routes income and subsidy income	4,518,005	4,295,552
Dividend income	16,578	36,740
Gains/(losses) on disposal of:		
– Property, plant and equipment and right-of-use assets	131,431	1,029,912
– Asset held for sale	4,325	(17,527)
Change in fair value of financial assets at FVTPL	2,413	54
Others	596,546	1,975,181
	<u>5,269,298</u>	<u>7,319,912</u>

6. (LOSS)/PROFIT FROM OPERATIONS

The Group's (loss)/profit from operations is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Depreciation of property, plant and equipment	14,910,278	13,439,898
Depreciation of right-of-use assets	15,773,927	15,629,518
Depreciation of investment properties	33,531	33,535
Amortisation of intangible assets	3	17
Total depreciation and amortisation	<u>30,717,739</u>	<u>29,102,968</u>
Impairment losses recognised on property, plant and equipment	96,292	143,240
Impairment losses recognised on goodwill	483,552	–
Inventories provision	6,236	12,760
Auditors' remuneration:		
– Audit related services	18,333	21,847
– Other services	75	1,540
	<u>75</u>	<u>1,540</u>

7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on interest-bearing borrowings	3,711,041	4,025,619
Interest on lease liabilities	2,144,357	2,683,519
Imputed interest expenses on defined benefit obligations	<u>3,241</u>	<u>5,147</u>
	5,858,639	6,714,285
Less: Interest capitalised (<i>Note</i>)	<u>(305,588)</u>	<u>(315,537)</u>
	<u><u>5,553,051</u></u>	<u><u>6,398,748</u></u>

Note: The interest capitalisation rates ranged from 1.95% to 2.80% per annum (2024: 2.40% to 4.00% per annum) relating to the costs of related borrowings during the year.

8. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax		
– Provision for the year	293,042	247,162
– Under provision in respect of prior years	1,496	879
Deferred tax	<u>1,627,732</u>	<u>598,433</u>
	<u><u>1,922,270</u></u>	<u><u>846,474</u></u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, except for certain branches and subsidiaries of the Group which are taxed at a preferential rate of 15% (2024: 15%), all group companies located in Chinese Mainland are subject to an income tax rate of 25% during the year (2024: 25%). Subsidiaries in Hong Kong SAR, China and Macau SAR are taxed at profits tax rate of 16.5% (2024: 16.5%) and 12% (2024: 12%), respectively.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss before taxation	<u>(1,620,106)</u>	<u>(1,598,868)</u>
Tax at the applicable tax rate of 25%	(405,026)	(399,717)
Preferential tax rates on income of group entities	76,543	111,747
Tax effect of share of results of associates and joint ventures	(856,418)	(713,367)
Tax effect of non-deductible expenses	277,265	190,830
Tax effect of non-taxable income	(18,696)	(16,259)
Tax effect of deductible temporary differences and tax losses not recognised	2,847,106	1,948,635
Under provision in respect of prior years	1,496	879
Others	<u>–</u>	<u>(276,274)</u>
Income tax expense	<u>1,922,270</u>	<u>846,474</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(1,787,943)</u>	<u>(232,557)</u>

	2025 <i>'000</i>	2024 <i>'000</i>
Number of shares		
Issued ordinary shares at 1 January	17,448,421	16,200,793
Effect of reciprocal shareholding	(779,089)	(789,854)
Effect of share issued in 2024	–	453,621
Weighted-average number of ordinary shares for the purpose of basic and diluted loss per share	<u>16,669,332</u>	<u>15,864,560</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 reciprocal shareholding with Cathay Pacific.

As at 31 December 2025, the potential ordinary shares (convertible bonds) of the Group's associate, Cathay Pacific, assuming their conversion into ordinary shares, would reduce the loss per share and have an anti-dilutive effect. As potential ordinary shares that are anti-dilutive are excluded from the calculation of diluted loss per share, the basic and diluted loss per share of the Company are the same in both years.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2024 and 2025, nor has any dividend been proposed since the end of both reporting periods.

11. ACCOUNTS RECEIVABLE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Accounts receivable	3,646,894	3,834,983
Less: Allowance for expected credit losses	<u>(166,737)</u>	<u>(164,731)</u>
	<u>3,480,157</u>	<u>3,670,252</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	2,877,838	2,963,962
31 to 60 days	101,849	147,934
61 to 90 days	245,924	139,120
Over 90 days	<u>254,546</u>	<u>419,236</u>
	<u>3,480,157</u>	<u>3,670,252</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	7,839,031	8,354,764
31 to 60 days	1,968,175	2,009,755
61 to 90 days	4,171,265	4,806,725
Over 90 days	<u>4,737,845</u>	<u>3,698,540</u>
	<u>18,716,316</u>	<u>18,869,784</u>

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

CONSOLIDATED BALANCE SHEET

At 31 DECEMBER 2025

(Prepared under the CASs)

	31 December 2025 RMB'000	31 December 2024 RMB'000
ASSETS		
Current Assets		
Cash and bank	15,859,324	22,467,901
Financial assets at fair value through profit or loss	151,633	37,559
Bills receivable	12,516	7,785
Accounts receivable	3,480,157	3,670,252
Prepayments	590,827	462,245
Other receivables	4,275,525	4,761,012
Inventories	4,809,698	4,224,992
Assets held for sale	–	94,829
Other current assets	5,623,629	4,960,628
Total current assets	34,803,309	40,687,203
Non-current assets		
Debt instruments at fair value through other comprehensive income	1,093,435	1,426,851
Long-term receivables	735,200	910,872
Long-term equity investments	18,292,560	16,916,857
Equity instruments at fair value through other comprehensive income	1,926,616	1,793,316
Investment properties	291,001	305,917
Fixed assets	112,844,370	109,655,401
Right-of-use assets	116,551,531	114,042,465
Construction in progress	34,331,014	36,767,279
Intangible assets	6,194,476	5,937,851
Goodwill	3,614,390	4,097,942
Long-term deferred expenses	325,628	314,274
Deferred tax assets	11,310,161	12,908,130
Other non-current assets	733,553	5,054
Total Non-current assets	308,243,935	305,082,209
Total assets	343,047,244	345,769,412

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2025 RMB'000	31 December 2024 RMB'000
Current liabilities		
Short-term loans	6,560,932	16,876,294
Short-term bonds payable	11,051,420	3,010,847
Bills payable	1,500,000	–
Accounts payable	20,856,695	19,538,712
Air traffic liabilities	11,221,885	11,098,740
Advance	73,656	36,270
Contract liabilities	1,720,744	1,171,172
Employee compensations payable	4,178,271	3,441,130
Taxes payable	683,576	655,407
Other payables	13,420,424	11,075,198
Non-current liabilities repayable within one year	<u>46,024,492</u>	<u>70,706,285</u>
Total Current Liabilities	<u>117,292,095</u>	<u>137,610,055</u>
Non-current liabilities		
Long-term loans	60,858,057	77,836,960
Corporate bonds	32,000,000	6,000,000
Long-term payables	24,293,835	16,785,219
Lease liabilities	61,452,171	59,134,187
Defined benefit obligations	168,765	186,700
Accrued liabilities	4,337,583	4,170,935
Deferred income	401,549	406,943
Deferred tax liabilities	137,992	128,016
Other non-current liabilities	<u>2,873,684</u>	<u>2,565,188</u>
Total non-current liabilities	<u>186,523,636</u>	<u>167,214,148</u>
Total liabilities	<u>303,815,731</u>	<u>304,824,203</u>
Shareholders' equity		
Issued capital	17,448,421	17,448,421
Capital reserve	46,113,911	46,150,983
Other comprehensive income	(265,919)	550,334
Reserve funds	11,564,287	11,564,287
Accumulated losses	(32,486,631)	(30,744,120)
General reserve	<u>177,506</u>	<u>177,506</u>
Equity attributable to shareholders of the Company	<u>42,551,575</u>	45,147,411
Non-controlling interests	<u>(3,320,062)</u>	<u>(4,202,202)</u>
Total shareholders' equity	<u>39,231,513</u>	<u>40,945,209</u>
Total liabilities and shareholders' equity	<u>343,047,244</u>	<u>345,769,412</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net loss attributable to shareholders of the Company under CASs	(1,770,393)	(237,305)
Deferred taxation	5,849	(1,582)
Differences in value of fixed assets and certain non-current assets	(23,399)	10,628
Net loss attributable to shareholders of the Company under IFRS Accounting Standards	<u>(1,787,943)</u>	<u>(232,557)</u>
	31 December 2025 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Equity attributable to shareholders of the Company under CASs	42,551,575	45,147,411
Deferred taxation	57,485	51,636
Differences in value of fixed assets and certain non-current assets	(234,193)	(210,794)
Unrealised profit on share transactions with an associate	139,919	139,919
Equity attributable to shareholders of the Company under IFRS Accounting Standards	<u>42,514,786</u>	<u>45,128,172</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)	367,641.22	356,103.62	3.24%
International	107,065.14	95,626.32	11.96%
Chinese Mainland	250,315.08	250,051.04	0.11%
Hong Kong SAR, Macau SAR and Taiwan, China	10,261.00	10,426.25	(1.58%)
AFTK (million)	12,934.82	12,629.76	2.42%
International	6,275.77	5,593.32	12.20%
Chinese Mainland	6,415.24	6,764.65	(5.17%)
Hong Kong SAR, Macau SAR and Taiwan, China	243.81	271.79	(10.29%)
ATK (million)	46,060.88	44,726.10	2.98%
Traffic			
RPK (million)	301,015.56	284,349.95	5.86%
International	83,742.89	72,918.97	14.84%
Chinese Mainland	209,605.32	203,880.63	2.81%
Hong Kong SAR, Macau SAR and Taiwan, China	7,667.35	7,550.35	1.55%
RFTK (million)	5,051.12	4,732.69	6.73%
International	3,302.01	3,001.96	10.00%
Chinese Mainland	1,684.85	1,663.75	1.27%
Hong Kong SAR, Macau SAR and Taiwan, China	64.26	66.98	(4.06%)
Passengers carried (thousand)	160,596.53	155,315.51	3.40%
International	18,817.99	16,317.71	15.31%
Chinese Mainland	136,880.24	134,256.06	1.95%
Hong Kong SAR, Macau SAR and Taiwan, China	4,898.30	4,741.74	3.30%
Cargo and mail carried (tonnes)	1,537,855.39	1,480,085.34	3.90%
Kilometres flown (million)	1,909.34	1,856.98	2.82%
Block hours (thousand)	3,013.26	2,950.89	2.11%

	Current year	Previous year	Increase/ (decrease)
Number of flights	1,037,949	1,024,492	1.31%
International	116,299	102,399	13.57%
Chinese Mainland	885,006	886,944	(0.22%)
Hong Kong SAR, Macau SAR and Taiwan, China	36,644	35,149	4.25%
RTK (million)	31,568.50	29,743.08	6.14%
Load factor			
Passenger load factor (RPK/ASK)	81.88%	79.85%	2.03 ppt
International	78.22%	76.25%	1.96 ppt
Chinese Mainland	83.74%	81.54%	2.20 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	74.72%	72.42%	2.31 ppt
Cargo and mail load factor (RFTK/AFTK)	39.05%	37.47%	1.58 ppt
International	52.62%	53.67%	(1.06 ppt)
Chinese Mainland	26.26%	24.59%	1.67 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	26.36%	24.64%	1.71 ppt
Overall load factor (RTK/ATK)	68.54%	66.50%	2.04 ppt
Utilisation			
Daily utilisation of aircraft (block hours per day per aircraft)	8.89	8.90	(0.02 hours)
Yield			
Yield per RPK (RMB)	0.5144	0.5338	(3.63%)
International	0.5095	0.5127	(0.62%)
Chinese Mainland	0.5107	0.5371	(4.92%)
Hong Kong SAR, Macau SAR and Taiwan, China	0.6718	0.6488	3.54%
Yield per RFTK (RMB)	1.5399	1.5665	(1.70%)
International	1.8124	1.8999	(4.60%)
Chinese Mainland	0.9324	0.8959	4.08%
Hong Kong SAR, Macau SAR and Taiwan, China	3.4680	3.2855	5.56%
Unit cost			
Operating expenses per ASK (RMB)	0.4818	0.4824	(0.12%)
Operating expenses per ATK (RMB)	3.8458	3.8412	0.12%

DEVELOPMENT OF FLEET

During the year of 2025, the Group introduced a total of 45 aircraft, including 25 A320 series aircraft, 12 B737 series aircraft, six C919 aircraft and two C909 aircraft, and phased out a total of 11 aircraft, including four A330 series aircraft, one B747 series aircraft, five A320 series aircraft and one business jet.

As at the end of the Reporting Period, the Group had a total of 964 aircraft with an average age of 10.36 years, of which the Company operated a fleet of 533 aircraft in total, with an average age of 9.85 years. The Company introduced 37 aircraft and phased out 8 aircraft.

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

	31 December 2025					
	Sub-total	Self-owned	Finance leases	Operating leases	Average age (year)	
Airbus	449	195	136	118	10.07	
A320	369	165	112	92	10.18	
A330	50	20	4	26	12.50	
A350	30	10	20	–	4.63	
Boeing	468	193	101	174	11.40	
B737	417	157	94	166	11.39	
B747	9	7	2	–	14.75	
B777	28	19	3	6	11.71	
B787	14	10	2	2	8.86	
COMAC	44	29	15	–	2.25	
C909	35	23	12	–	2.70	
C919	9	6	3	–	0.53	
Business jets	3	1	–	2	9.81	
Total	964	418	252	294	10.36	

	Introduction Plan			Phase-out Plan		
	2026	2027	2028	2026	2027	2028
Airbus	18	30	20	15	7	8
A320	18	30	20	14	7	8
A330	–	–	–	1	–	–
Boeing	12	21	35	5	5	3
B737	10	12	31	5	5	3
B787	2	9	4	–	–	–
COMAC	10	10	15	–	–	–
C919	10	10	15	–	–	–
Total	<u>40</u>	<u>61</u>	<u>70</u>	<u>20</u>	<u>12</u>	<u>11</u>

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

2025 REVIEW

The year 2025 marked the conclusion of the 14th Five-Year Plan and also served as a year of planning and laying the groundwork for the 15th Five-Year Plan. Throughout the year, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Group thoroughly implemented the guiding principles of the 20th National Congress of the Communist Party of China (CPC) and the plenary sessions of the 20th CPC Central Committee, as well as the work deployments of the CPC Central Committee and the State Council. Steadfastly fulfilling the responsibilities and mission of a national flag carrier, the Group has taken a coordinated approach to its core tasks of ensuring operational safety, enhancing operating performance and passenger services, and strengthening Party building. Positive outcomes have been secured in all aspects, bringing the 14th Five-Year Plan to a successful conclusion.

Ensuring safety first for stable and secure operations. The Group has always prioritized safety as its primary political mission and top priority, taking concrete actions to ensure “Two Absolute Safeties (兩個絕對安全)”. The Group advanced the three-year action plan for fundamental improvements, deepened the development of its safety operation system, and steadily improved the quality and efficiency of its safety management. By closely monitoring the complex operational environment and key links in production organization, the Group focused on strengthening its risk identification and control capabilities, with its risk prevention and control system continuously upgraded. Work safety responsibilities were enforced for all employees, a long-term mechanism for improving work practices was established, and the safety foundation was continuously strengthened. In 2025, the Group achieved 3.01 million safe flight hours, while successfully accomplishing critical missions such as the Shanghai Cooperation Organization Summit, the Asian Winter Games, the World Games and earthquake relief and rescue in Myanmar, staying committed to fulfilling its responsibilities as a central enterprise.

Seeking progress while maintaining stability, with operating quality continuing to improve. The Group further advanced initiatives to improve quality and enhance efficiency, and its principal business operations continued to improve. The Group steadfastly advanced its hub network strategy and made dedicated efforts to increase the scale of effective capacity deployment, achieving 367,600 million available seat kilometres for the year, representing a year-on-year increase of 3.24%. Actively responding to “involution-style” competition, the Group dynamically monitored market trends and balanced capacity and pricing in a scientific manner, thereby consistently consolidating its strengths in core markets and on main routes. The Group upgraded its value-added aviation products to continuously increase the value of such products, achieving a year-on-year increase of over 40% in sales revenue. The integration of passenger and cargo operations was further deepened, with capacity dynamically aligned with cargo transportation demand, resulting in a year-on-year increase of 4.92% in bellyhold operating revenue. The Group comprehensively upgraded its cost control system, focusing on key areas such as jet fuel, take-off and landing and aircraft, striving to enhance the precision of cost management.

Adhering to a people-oriented approach, with service quality and efficiency continuing to improve. With a focus on its goal of serving passengers with credibility, convenience, comfort and choice, the Group expanded the supply of high-quality aviation services to enhance passengers’ sense of fulfillment and satisfaction. The Group promoted a comprehensive transformation towards a “customer-centric” service model, established a database of comprehensive evaluation indicators covering the entire passenger service process and continuously improved the service system. An “aviation+” ecosystem was developed, with vigorous promotion of through-check-in services and air-rail intermodal products, continuously expanding the value of aviation services. Flight regularity was enhanced and post-irregular flight handling services was optimized to improve the seamlessness of the entire service process. In 2025, the number of members of the “PhoenixMiles” frequent flyer programme exceeded 100 million with passenger satisfaction reaching 88.1 points.

Fulfilling the responsibilities of a central enterprise and serving the Nation's Priorities. The Group has been fulfilling its mission and responsibilities of serving national development, and stimulating endogenous momentum through comprehensively deepening reform. The Group fully supported high-standard opening-up with 12 international routes opened or resumed in 2025, expanding the coverage of the Group's route network to six continents. Actively contributing to the Belt and Road initiative, the Company is operating 74 routes covering 32 countries under the Belt and Road Initiative. The Group fully supported the development of China's domestically produced civil aircraft. A total of 35 C909 and nine C919 aircraft were introduced and commenced safe operation while engaging in the research and development of the C929 aircraft. The Group actively fulfilled its social responsibilities and integrated targeted assistance work into its entire industrial chain, receiving the highest grade of "Good" in the Evaluation of Targeted Poverty Alleviation Performance Among Centrally-administered State-owned Units for eight consecutive years. The Group actively expanded its international influence, participating deeply in the governance of international organizations such as Star Alliance and IATA, expanding in-depth cooperation with the international aviation industry and promoting the inclusion of Renminbi as a settlement currency in IATA clearing.

Strengthening Party building and leadership to enhance corporate governance effectiveness. The Group adheres to the principle of "Two Consistencies (兩個一以貫之)", continuously improving the integration of Party leadership into its corporate governance. The Group promoted the deep integration of Party building with production and operation, and hosted a series of themed publicity events titled "Air China C919 Retraces the Glorious Northward Flight of the 'Two Airlines Uprising'" (重飛'兩航起義'北飛光輝航程), effectively enhancing the power of ideological guidance. The Group strictly implemented the "First Agenda (第一議題)" system, consolidated and deepened the achievements of rectification following the central inspections, thoroughly implemented the spirit of the central Party leadership's eight-point decision on improving conduct, advanced the normalization and long-term effectiveness of work style development, and took coordinated steps to ensure that officials do not have the audacity, opportunity, or desire to become corrupt. The Group continuously fostered a clean and upright political ecosystem, safeguarding the building of a world-class enterprise.

The year 2026 marks the opening year of the 15th Five-Year Plan and a critical juncture for building on the past and paving the way for the future. The Group will thoroughly pursue initiatives to "improve quality, enhance efficiency and optimize structure", accelerating the transformation from a quantitative expansion model to a quality- and efficiency-oriented model, to achieve effective improvement in quality and reasonable growth in quantity, and effectively strengthen its core functions and core competitiveness. By upholding fundamental principles and breaking new ground, working diligently and delivering solid results, the Group will stride forward in its journey of building a world-class enterprise with courage and determination, making new and greater contributions to Chinese modernization.

BUSINESS OVERVIEW

Safe Operation

In 2025, the Group firmly upheld the base line of safe development and maintained stable and secure operations. The Group refined the four major systems of “safety management, flight training, aircraft maintenance, and production and operations” as well as the accountability system for work safety for all employees, leveraging technology to enhance its safe transportation capacity. The Group strengthened process control and risk prevention, ensured solid flight operation support during critical periods such as the thunderstorm season and winter operations, intensified hidden hazard identification, supervision and inspection, and paid close attention to the health of personnel in key positions. The Group made solid progress in the three-year action plan for fundamental improvements in operation safety, improved emergency response capabilities for lithium battery incidents in the fleet, and developed emergency measures to address contingencies such as overseas terrorist attacks and riots. The Group provided high-quality support for C919 aircraft operations, ensuring dynamic alignment between flight operations and support capabilities. The Group optimized resource allocation and improved safety efficiency to steadily implement the integrated operation of Air China Inner Mongolia.

During the Reporting Period, the Group recorded 3.01 million safe flight hours, and successfully completed the themed event of “Air China C919 Retraces the Glorious Northward Flight of the ‘Two Airlines Uprising’” and fulfilled major transportation support missions of special charter flights, including the Shanghai Cooperation Organization Summit and evacuation and rescue missions for overseas Chinese, thereby consistently maintaining an overall stable and safe operational environment.

Enhancing Operating Performance

In 2025, the Group seized market opportunities and pursued the overarching goal of enhancing operating performance while ensuring safe operations. The Group improved fleet efficiency through meticulous production organization, stabilized yield quality by strengthening capacity and pricing management, and advanced cost reduction and expenditure control through rigorous cost controls. As a result, the Group's operational performance continued to improve, achieving a year-on-year increase in revenue by RMB 4.786 billion.

Focusing on the annual strategic production and operational targets, the Group optimized production organization to ensure effective capacity deployment. Guided by the principle of revenue maximization, the Group refined yield management while simultaneously enhancing marketing organization capabilities. The Group strengthened product innovation, expanded ancillary revenue streams and achieved significant results in enhancing overall operating performance. The Group improved aircraft utilization, actively exploring the international market and continuously refining the Group's capacity deployment structure. The Group deepened capacity synergy among Air China family carriers to strengthen competitiveness of its main routes. In response to market changes, the Group continuously enriched its premium cabin products, explored incremental passenger traffic from connecting flights, upgraded the yield management of Air China family carriers, and implemented refined management and control to balance capacity and pricing. The Group refined marketing products to actively generate revenue and increase profit. The Group deepened platform partnerships to proactively innovate products tailored to characteristics of its customer groups. The Group advanced the transformation of the "PhoenixMiles" frequent flyer program, continuously optimizing the benefits of frequent flyers. The Group comprehensively optimized mobile service systems to enhance sales and service capabilities of direct sales channels. The Group expanded ancillary revenue streams by optimizing flagship products, strengthening development of new products, and continuously promoting the synergistic development of ancillary businesses among Air China family carriers.

The Group strictly controlled costs in line with the requirements of "intensification, coordination and refinement". The Group optimised the matching of aircraft types with routes and market demand to manage operating costs, improved resource utilization efficiency and refined support cost management. The Group strengthened fund coordination, optimised the debt structure and reduced financial expenses. The Group increased labor productivity at all levels while appropriately managing labor cost, thereby effectively expanding profitability potential.

Products and Services

In 2025, focusing on passenger needs, the Group continuously improved its service standards and quality, cultivated high-quality service and product brands and accelerated service digitalization and upgrading, thereby providing passengers with a better aviation service experience and contributing to the high-quality development of civil aviation services.

The Group focused on addressing passengers' concerns by optimizing key service standards, particularly for services for passengers requiring special assistance and service compensation and reimbursement, thereby enhancing the overall passenger experience. To strengthen its service and product brand, the Group newly launched the "Zichen (紫宸)" premium lounge, with a series of "Smart Enjoyment (智享)" services introduced in the "Zixuan (紫軒)" and "Zichen (紫宸)" branded lounges. Brand awareness was further strengthened through themed activities during holidays such as the Mid-Autumn Festival and the National Day, as well as "Phoenix Pavilion (鳳庭薈)" cultural exhibitions. The integration and upgrade of express route products were completed, which now covered 13 routes. The "Air China Express Routes" service brand was selected among the second batch of creative achievements under the SASAC's Central Enterprise Brand Leadership Action. Cross-sector integration was strengthened, creating the in-flight customized coffee product "Coffee On-the-Go (隨行咖啡棒)", launching a new version of the safety instruction video, and producing and launching a new boarding/disembarkation music titled "Beyond the Horizon (遠方的遠方)". Through partnerships with well-known automobile companies, the Group achieved reciprocal cross-sector benefits. Collaboration was also undertaken with renowned cultural tourism, sports and art IPs to create themed products, catering to the diverse needs of passengers. Service system platforms, such as the end-to-end passenger service information notification system and the global ground flight support platform, were fully deployed. The in-flight catering reservation service was made available to passengers on all domestic routes with catering services. The iterative upgrading of basic service management systems such as the passenger service compensation system and the service knowledge database system continued. These initiatives continued to enhance the Group's digital service capabilities.

Digital Transformation and Technological Innovation

In 2025, the Group accelerated its digital transformation, which is value-oriented and customer-centric, thereby injecting strong and new digital and intelligent momentum into high-quality development. In terms of safe operation, the Group accelerated the global deployment of the ground operations support platform, achieving full coverage across all branches and 114 global staffed stations. Through the rollout of this advanced platform, the Group rapidly enhanced the overall standard of its ground support services. The smart flight-digital task sheet system was launched, creating an integrated digital application for flight crews. This “people-first, empowered by digitalization and intelligence” approach improved the operational efficiency and duty experience of frontline flight crews. The Group advanced the development of a digital aviation safety platform, strengthening safety risk prevention and control, and continuously reinforcing the dual foundation of safety and efficiency. In terms of marketing services, the Group continued to empower the transformation of marketing models and enhancement of service quality. The second phase of the business model innovation system established Air China’s new retail system. The promotion of the passenger in-flight catering reservation management system was accelerated, enhancing passenger experience and promoting refined management for cost reduction. In terms of management and synergy, the Group intensified group-wide coordination and digital empowerment, pushing forward with development of platforms in respect of human resources, finance and internal control. This enabled refined management, cost reduction and efficiency enhancement, while meeting regulatory and compliance requirements.

In 2025, the Group drove development through innovation, promoting in-depth integration of technology with the industry. The Group deepened industry-academia-research-application collaboration, partnering with universities to develop a joint laboratory for intelligent aircraft operation, maintenance and support. Innovative achievements accumulated rapidly. The global ground flight support platform was awarded the First Prize for Science and Technology by the China Communications and Transportation Association; the passenger service unit project for A320 series aircraft received the “Technology Breakthrough Award” at the 8th China Aviation Maintenance Red Crown Awards. The Group fostered a culture of innovation and hosted an AI Innovation Application Competition that attracted 239 teams from 63 universities, research institutes and internal units nationwide.

Risk Prevention and Control

In 2025, the Group continued to deepen its integrated collaboration mechanism of “upholding the rule of law, reinforcing internal controls, preventing risks and promoting compliance”. The Group accelerated the implementation of whole-process, full-chain and full-coverage risk prevention and control efforts, comprehensively strengthening risk management and control for safe operations and business risk prevention. The Board assumes overall responsibility for risk management. The Audit and Risk Management Committee (the Supervision Committee) is responsible for guiding, supervising and evaluating risk management-related work. The management is responsible for organizing, developing and implementing various requirements. The Company specifically adopted a prudent risk appetite. Centered on the principle of “zero tolerance for potential safety hazards, uninterrupted fund flows and reasonable risk exposure”, the Company established the “three lines of defense” for risk management. All business departments, serving as the first line of defense, are responsible for effectively identifying and controlling risks, bearing primary responsibility for risks arising from their businesses and operational processes. Functions such as legal, compliance, finance, quality, safety and human resources act as the second line of defense, providing risk management and control policies, methodologies and tools, and organizing risk monitoring as well as internal control and compliance management. The internal audit function acts as the third line of defense, conducting independent evaluation of risk management and control outcomes, and bearing responsibilities for risk assessment and supervision.

According to the “Implementation Rules for Risk Assessment and Reporting”, the Group refined its risk management framework and ensured effective execution of the Company’s responsibilities for risk identification and control. The Group persistently strengthened the forward-looking research on various risks, including those related to the economic environment, market conditions, industrial policies and industry development trends. An annual forecast and assessment of major business risks was conducted. The Company identified key risk areas, achieving effective monitoring and closed-loop management of risks. According to the “Risk Grading Standards and Risk Incident Reporting Mechanism”, the Group standardized the reporting of daily operational risks. During the Reporting Period, the Company further deepened risk management for significant matters by formulating the “Risk Management Measures for Significant Matters”, strengthening risk control at source, process monitoring and outcome control, thereby enhancing the effectiveness of risk management for significant matters.

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 RMB171,485 million, representing an increase of RMB4,786 million or 2.87% as compared with last year. Among these, air traffic revenue was RMB162,634 million, representing an increase of RMB3,431 million or 2.16% as compared with last year; other operating revenue was RMB8,851 million, representing a year-on-year increase of RMB1,355 million or 18.08%.

REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

<i>(in RMB'000)</i>	2025		2024		Change
	Amount	Percentage	Amount	Percentage	
Chinese Mainland	117,457,528	68.50%	118,491,369	71.08%	(0.87%)
International	48,653,480	28.37%	43,088,622	25.85%	12.91%
Hong Kong SAR, Macau SAR and Taiwan, China	<u>5,373,638</u>	<u>3.13%</u>	<u>5,118,889</u>	<u>3.07%</u>	<u>4.98%</u>
Total	<u><u>171,484,646</u></u>	<u><u>100.00%</u></u>	<u><u>166,698,880</u></u>	<u><u>100.00%</u></u>	<u><u>2.87%</u></u>

AIR PASSENGER REVENUE

During the Reporting Period, the Group recorded an air passenger revenue of RMB154,856 million, representing an increase of RMB3,067 million over the previous year. Among the air passenger revenue, the increase of capacity contributed an increase of RMB4,918 million in the revenue, and the increase of passenger load factor led to an increase of RMB3,978 million in the revenue, while the decrease of passenger yield resulted in a decrease in revenue of RMB5,829 million. The Group's capacity, passenger load factor and yield per RPK in 2025 are as follows:

	2025	2024	Change
ASK (<i>million</i>)	367,641.22	356,103.62	3.24%
Passenger load factor	81.88%	79.85%	2.03 ppt
Yield per RPK (<i>RMB</i>)	0.5144	0.5338	(3.63%)

AIR PASSENGER REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

<i>(in RMB'000)</i>	2025		2024		Change
	Amount	Percentage	Amount	Percentage	
Chinese Mainland	107,036,024	69.12%	109,504,532	72.14%	(2.25%)
International	42,668,978	27.55%	37,385,320	24.63%	14.13%
Hong Kong SAR, Macau SAR and Taiwan, China	<u>5,150,777</u>	<u>3.33%</u>	<u>4,898,820</u>	<u>3.23%</u>	<u>5.14%</u>
Total	<u>154,855,779</u>	<u>100.00%</u>	<u>151,788,672</u>	<u>100.00%</u>	<u>2.02%</u>

AIR CARGO AND MAIL REVENUE

During the Reporting Period, the Group's air cargo and mail revenue was RMB7,778 million, representing an increase of RMB364 million as compared with last year. Among them, the increase of capacity contributed an increase of RMB179 million in the revenue, while the increase of cargo and mail load factor resulted in an increase in revenue of RMB319 million, and the decrease of yield of cargo and mail resulted in a decrease of RMB134 million in the revenue. The capacity, cargo and mail load factor and yield per RFTK in 2025 are as follows:

	2025	2024	Change
Available freight tonne kilometres (<i>million</i>)	12,934.82	12,629.76	2.42%
Cargo and mail load factor	39.05%	37.47%	1.58 ppt
Yield per RFTK (<i>RMB</i>)	1.5399	1.5665	(1.70%)

AIR CARGO AND MAIL REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

<i>(in RMB'000)</i>	2025		2024		Change
	Amount	Percentage	Amount	Percentage	
Chinese Mainland	1,571,017	20.20%	1,490,484	20.10%	5.40%
International	5,984,503	76.94%	5,703,302	76.93%	4.93%
Hong Kong SAR, Macau SAR and Taiwan, China	<u>222,860</u>	<u>2.86%</u>	<u>220,069</u>	<u>2.97%</u>	<u>1.27%</u>
Total	<u>7,778,380</u>	<u>100.00%</u>	<u>7,413,855</u>	<u>100.00%</u>	<u>4.92%</u>

OPERATING EXPENSES

During the Reporting Period, the Group's operating expenses were RMB177,143 million, representing an increase of 3.11% from RMB171,801 million of last year. The breakdown of the operating expenses is set out below:

<i>(in RMB'000)</i>	2025		2024		Change
	Amount	Percentage	Amount	Percentage	
Jet fuel costs	50,041,444	28.25%	53,720,436	31.27%	(6.85%)
Take-off, landing and depot charges	21,967,914	12.40%	20,915,459	12.18%	5.03%
Depreciation and amortisation	30,717,739	17.34%	29,102,968	16.94%	5.55%
Aircraft maintenance, repair and overhaul costs	14,813,651	8.36%	12,848,288	7.48%	15.30%
Employee compensation costs	37,047,474	20.91%	34,268,745	19.95%	8.11%
Air catering charges	4,505,386	2.54%	4,165,874	2.42%	8.15%
Selling and marketing expenses	4,918,115	2.78%	4,695,760	2.73%	4.74%
General and administrative expenses	1,922,452	1.09%	1,872,201	1.09%	2.68%
Others	11,208,968	6.33%	10,210,858	5.94%	9.77%
Total	<u>177,143,143</u>	<u>100.00%</u>	<u>171,800,589</u>	<u>100.00%</u>	<u>3.11%</u>

- Jet fuel costs decreased by RMB3,679 million on a year-on-year basis, mainly due to the combined effect of the decrease in the prices of jet fuel and increase in the consumption of jet fuel.
- Take-off, landing and depot charges increased by RMB1,052 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 RMB1,615 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 RMB1,965 million on a year-on-year basis, mainly due to the year-on-year increase in flying hours and the increase in business volume of the subsidiaries engaged in repair business.
- Employee compensation costs increased by RMB2,779 million on a year-on-year basis, mainly due to the year-on-year increase in flight hour fees.
- Air catering charges increased by RMB340 million on a year-on-year basis, mainly due to the increase in the number of passengers.

- Selling and marketing expenses increased by RMB222 million on a year-on-year basis, mainly due to the increase in booking fees resulting from the increase in the number of passengers.
- 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 RMB998 million on a year-on-year basis, mainly due to 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 RMB569 million, representing a year-on-year increase of RMB48 million or 9.12%; and incurred finance costs (excluding the capitalised portion) of RMB5,553 million, representing a year-on-year decrease of RMB846 million or 13.22%. During the Reporting Period, the Group recorded net exchange gains of RMB328 million contrasting with net exchange losses of RMB760 million for last year.

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 RMB3,426 million, representing an increase of RMB606 million from the previous year. Among which, during the Reporting Period, the Group recognised a gain on investment of Cathay Pacific of RMB2,998 million, representing a year-on-year increase of RMB499 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 were RMB343,010 million, representing a decrease of 0.79% from that of 31 December 2024, among which current assets accounted for RMB34,803 million or 10.15% of the total assets, while non-current assets accounted for RMB308,207 million or 89.85% of the total assets.

Among the current assets, cash and cash equivalents were RMB14,295 million, accounting for 41.07% of the current assets and representing a decrease of 32.05% from that as at 31 December 2024, which was mainly due to flexible adjustment of funds according to the 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 RMB249,032 million, accounting for 80.80% of the non-current assets and representing an increase of 3.33% from that as at 31 December 2024.

ASSET MORTGAGE/PLEDGE

As of 31 December 2025, the Group, pursuant to certain bank loans and finance leasing agreements, had secured aircraft and buildings with an aggregated book value of approximately RMB4,539 million (RMB3,826 million as at 31 December 2024) and land use rights with book value of approximately RMB23 million (RMB23 million as at 31 December 2024). Meanwhile, the Group had monetary capital with restricted ownership of approximately RMB1,564 million (approximately RMB1,428 million as at 31 December 2024), 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 2025, the Group's capital expenditure totalled RMB23,754 million, of which the total investment in aircraft was RMB16,310 million, mainly including procurement of aircraft and engines, aircraft modifications, flight simulators, etc. The cash component for the long-term investments amounted to RMB4,830 million, including capital injection projects for Shenzhen Airlines, Air Macau, Air China Inner Mongolia and Sichuan Airlines. Other capital expenditure investment amounted to RMB2,614 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 RMB15,788 million, representing an increase of 7.89% from that of 31 December 2024, 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 RMB15,353 million.

As at the end of the Reporting Period, the Group's equity investment in its joint ventures was RMB2,645 million, representing an increase of 9.12% from that as at 31 December 2024, mainly due to new investments made and recognition of the share of investment gains of joint ventures during the Reporting Period.

DEBT STRUCTURE ANALYSIS

At the end of the Reporting Period, the Group's total liabilities were RMB303,816 million, representing a decrease of 0.33% from that as at 31 December 2024. Among them, current liabilities amounted to RMB117,292 million, accounting for 38.61% of the total liabilities; and non-current liabilities amounted to RMB186,524 million, accounting for 61.39% of the total liabilities.

Among the current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB66,260 million, representing a decrease of 27.99% from that as at 31 December 2024. Among the non-current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB162,060 million, representing an increase of 12.56% from that as at 31 December 2024.

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

<i>(in RMB'000)</i>	31 December 2025		31 December 2024		Change
	Amount	Percentage	Amount	Percentage	
RMB	204,117,822	89.40%	205,662,318	87.15%	(0.75%)
US dollars	23,835,123	10.44%	29,874,295	12.66%	(20.22%)
Others	366,592	0.16%	443,893	0.19%	(17.41%)
Total	<u>228,319,537</u>	<u>100.00%</u>	<u>235,980,506</u>	<u>100.00%</u>	<u>(3.25%)</u>

CAPITAL COMMITMENTS

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 14.44% from RMB95,175 million as at 31 December 2024 to RMB108,917 million as at 31 December 2025. The investment commitments mainly represented the investment agreements entered into, amounted to RMB237 million as at 31 December 2025, as compared to RMB313 million as at 31 December 2024. The Company plans to finance the above payments by internal and external resources.

GEARING RATIO

As at the end of the Reporting Period, the Group's gearing ratio (total liabilities divided by total assets) was 88.57%, representing an increase of 0.41 percentage points from that of 31 December 2024.

WORKING CAPITAL AND ITS SOURCES

At the end of the Reporting Period, the Group's net current liabilities (current liabilities minus current assets) were RMB82,489 million, representing a decrease of RMB14,434 million from that as at 31 December 2024. Based on the structure of current assets and current liabilities, the Group's current ratio (current assets divided by current liabilities) was 0.30, remaining unchanged as compared to that as at 31 December 2024.

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 RMB36,374 million, representing an increase of RMB8,390 million from that in 2024, mainly due to the impact of the year-on-year increase in sales revenue. Net cash outflow from investing activities was RMB15,082 million, representing a decrease of RMB2,781 million from that of 2024, mainly due to the year-on-year decrease in advance payments for aircraft and flight equipment. Net cash outflow arising from financing activities amounted to RMB27,980 million, representing an increase of RMB23,984 million from that of 2024, mainly due to the year-on-year increase in repayment of borrowings and bonds.

The Group has obtained bank facilities granted by several banks in China, which are sufficient to meet the demands on working capital and future capital commitments.

OPERATIONAL PLAN

The Company has identified the following key priorities for 2026: (1) to firmly secure the base line of safe development, ensuring high-quality development with a high level of safety; (2) to enhance its value creation capability and continue the campaign to enhance operating performance through quality and efficiency enhancement; (3) to continue advancing deepened reform and stimulate vitality and momentum through innovation-driven development; (4) to continuously optimize the service system, creating a leading brand with credibility, convenience, comfort and choice; and (5) to comprehensively strengthen the Party's leadership and lead high-quality development with high-quality Party building.

OUTLOOK FOR FUTURE

Company Development Strategy

The Group adheres to the development goal of “accelerating the development into a world-class aviation transportation group with global competitiveness”. Upholding the four strategic directions of “hub network, balanced passenger-cargo development, cost leadership, and brand strategy”, the Group will focus on key areas such as enhancing safety management, optimizing market layout, adjusting resource structure, upgrading products and services, driving digital innovation development, and promoting green and low-carbon development to advance its operations.

Safety management will reach a new level. With the refinement of the safety management system, flight training system, aircraft maintenance system, and operational management system, the safety control mechanism will be further improved, the efficiency of safety management continuously enhanced, and the implementation of responsibilities more clearly defined, maintaining a high-level safety operation.

Optimized market layout will create new advantages. By persistently serving national strategies and major decisions and deployments, and under the new development pattern of domestic and international dual circulation, the Group will optimize the layout of its base markets, highlight strengths and priorities, and consolidate new advantages for development. The core network structure of the “four-corner rhombus and four-pole clusters” will be further refined, and network synergy within the Air China family carriers will be continuously deepened.

Resource structure adjustment will present a new outlook. The alignment of core resources with market characteristics will be enhanced, establishing long-term advantages in fleet development. The efficiency of flight crew and human resources allocation will be optimized, and the alignment of maintenance and investment layouts with the development layout of the principal business will be continuously strengthened.

Product and service upgrades will achieve a new level. Product and service quality will see significant improvement, with service features becoming more distinctive. An efficient and well-connected standards system will be established, enabling smoother full-process service support and more efficient service synergy across all business segments.

Digital innovation and development will enter a new stage. A sound technological innovation management system and mechanism will be in place, with the core role of innovation in the Group's development gradually strengthening. The effectiveness of innovation-driven development will become more prominent, digital transformation will achieve new breakthroughs, and the development of digital platform will make key progress.

Green and low-carbon development will demonstrate new accomplishments. The energy conservation and environmental protection management system will operate more efficiently. Pollution and carbon reduction measures will be more effective, pollution prevention achievements more substantial, carbon emissions and carbon asset management more professionalized, and participation in social welfare activities more extensive.

POTENTIAL RISKS

1. Risks of External Environment

Market Fluctuation

As China's economy maintained steady growth and residents' income increased steadily, the likelihood of fluctuations in the domestic market was relatively low. With the accelerated changes in the international landscape, external risks, challenges and uncertainties increased significantly, and certain international markets were exposed to some degree of volatility risk. 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 actively expand into emerging international markets, 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 RMB2.502 billion. The collection of fuel surcharges has relieved the Company's jet fuel cost pressure to a certain extent.

Exchange Rate Fluctuation

Certain assets and liabilities of the Group are denominated in US dollar. Certain international income and expenses of the Group are also 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 2025 by RMB140 million.

2. Risks of Competition

Industry competition

During the Reporting Period, the Company still faced considerable competitive pressure within the industry. In respect of the domestic market, as there was no significant reduction in the number of market participants, against the backdrop of intensified competition from high-speed railway and changes in passenger structure, homogeneous competition 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 hub network strategy, 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 experiences.

Alternative competition

With the increasing density of China's high-speed railway network, passengers on existing short- and medium-haul routes have gradually shifted to high-speed rail, which posed challenges to the civil aviation industry. At the same time, the extensive transport network of high-speed rail has also provided civil aviation with more punctual and efficient feeder traffic for medium- and long-haul routes, while more and more passengers chose the air-rail intermodal transport. 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 intermodal transport 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>17,448,421,000</u>	<u>100.00%</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 has complied with the required standards of the Model Code and the Company’s code of conduct throughout the Reporting Period; and each Supervisor has complied with the required standards of the Model Code and the Company’s code of conduct from the beginning of the Reporting Period until 24 June 2025, the date on which the Supervisory Committee was abolished by the Company.

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 2025. As considered and approved by the 14th meeting of the seventh session of the Board of the Company, the Company proposed not to make profit distribution for the year of 2025.

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

The Company proposed to hold the AGM on Thursday, 28 May 2026. The register of members of H Shares will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026 (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 Thursday, 21 May 2026. The holders of H Shares whose names appear on the register of members of the Company at the close of business on Thursday, 21 May 2026 are entitled to attend and vote at the AGM.

ANNUAL REPORT

The annual report for the year ended 31 December 2025 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 readers of this announcement that the operations of the air transport industry are largely influenced by global political and economic developments. Unexpected and unforeseeable events may have a material impact on the Company's business or the industry as a whole. The Company's 2025 annual results announcement contains, inter alia, certain forward-looking statements, such as those regarding the global and Chinese economies and aviation markets. These forward-looking statements are subject to certain uncertainties and risks.

THE AUDIT AND RISK MANAGEMENT COMMITTEE (THE SUPERVISION COMMITTEE)

The 2025 annual results of the Company have been reviewed by the Audit and Risk Management Committee (the 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 2025 to 31 December 2025
“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
“Shenzhen Airlines”	Shenzhen Airlines Company Limited, a non-wholly owned subsidiary of the Company

“Supervisor(s)” the supervisor(s) of the Company, and the Company has abolished the supervisory committee on 24 June 2025

“US dollars” United States dollars, the lawful currency of the United States

By Order of the Board
Air China Limited
Xiao Feng
Company Secretary

Beijing, the PRC, 26 March 2026

As at the date of this announcement, the directors of the Company are Mr. Liu Tiexiang, Mr. Qu Guangji, 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 director of the Company*