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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board of the Company has approved, among others, the unaudited interim results of the Group for the six months ended 30 June 2026 at a meeting of the Board held on 28 August 2026.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board presents the unaudited interim results of the Group for the six months ended 30 June 2026 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026-unaudited

(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	NOTES	**2026**	2025
		RMB'000	*RMB'000*
Revenue	*3*	**89,267,620**	80,757,434
Other income and gains	*5*	**3,270,273**	2,615,845
		92,537,893	83,373,279
Operating expenses			
Jet fuel costs		**(32,766,300)**	(24,327,485)
Employee compensation costs		**(18,110,952)**	(17,849,218)
Depreciation and amortisation		**(15,805,992)**	(14,837,638)
Take-off, landing and depot charges		**(10,522,014)**	(10,613,810)
Aircraft maintenance, repair and overhaul costs		**(7,907,645)**	(7,292,075)
Air catering charges		**(2,107,399)**	(2,104,979)
Aircraft and engine lease expenses		**(603,713)**	(342,162)
Other lease expenses		**(318,252)**	(366,175)
Other flight operation expenses		**(4,208,129)**	(4,040,914)
Selling and marketing expenses		**(2,287,036)**	(2,410,378)
General and administrative expenses		**(910,803)**	(797,634)
Impairment loss recognised on non-current assets		**(47,237)**	(85,154)
Net impairment loss recognised under expected credit loss model		**(7,616)**	(2,087)
		(95,603,088)	(85,069,709)
Loss from operations	*6*	**(3,065,195)**	(1,696,430)
Finance income		**159,478**	285,792
Finance costs	*7*	**(2,409,381)**	(2,890,954)
Share of results of associates		**1,291,322**	1,220,174
Share of results of joint ventures		**240,694**	117,208
Exchange differences		**651,669**	176,308
Loss before taxation		**(3,131,413)**	(2,787,902)
Income tax (expense)/credit	*8*	**(296,103)**	77,797
Loss for the period		**(3,427,516)**	(2,710,105)
Attributable to:			
– Equity shareholders of the Company		**(2,287,829)**	(1,804,820)
– Non-controlling interests		**(1,139,687)**	(905,285)
		(3,427,516)	(2,710,105)
Loss per share			
– Basic and diluted *(RMB)*	*10*	**RMB(0.13)**	RMB(0.11)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026-unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loss for the period	**(3,427,516)**	(2,710,105)
Other comprehensive income for the period		
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	**(16,095)**	42,421
– Remeasurement of net defined benefit liability	**(17,309)**	9
– Share of other comprehensive income of an associate	**184**	(556)
– Related tax	**4,024**	(10,291)
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	**(100)**	(10,644)
– Share of other comprehensive income of associates and joint ventures	**659,221**	(362,428)
– Exchange differences on translation of foreign operations	**(872,889)**	(362,807)
– Impairment loss recognised on investments in debt instruments at fair value through other comprehensive income	**(1,107)**	(235)
– Related tax	**302**	2,720
Other comprehensive income for the period, net of tax	**(243,769)**	(701,811)
Total comprehensive income for the period	**(3,671,285)**	(3,411,916)
Attributable to:		
– Equity shareholders of the Company	**(2,497,688)**	(2,504,603)
– Non-controlling interests	**(1,173,597)**	(907,313)
	(3,671,285)	(3,411,916)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026-unaudited

(Expressed in RMB)

	NOTES	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment		**132,858,284**	127,360,692
Right-of-use assets		**123,754,967**	121,670,850
Investment properties		**642,751**	659,519
Intangible assets		**102,123**	105,612
Goodwill		**3,612,180**	3,612,180
Interests in associates		**14,830,662**	15,787,587
Interests in joint ventures		**2,798,908**	2,644,892
Advance payments for aircraft and flight equipment		**19,831,560**	20,185,779
Deposits for aircraft under leases		**359,918**	488,745
Equity instruments at fair value through other comprehensive income		**1,908,478**	1,924,573
Debt instruments at fair value through other comprehensive income		**851,045**	1,093,435
Deferred tax assets		**11,208,569**	11,367,646
Other non-current assets		**1,385,330**	1,305,636
		314,144,775	308,207,146
Current assets			
Inventories		**5,615,028**	4,809,698
Accounts receivable	*11*	**4,854,777**	3,480,157
Bills receivable		**5,625**	12,516
Prepayments, deposits and other receivables		**5,484,495**	4,866,352
Financial assets at fair value through profit or loss		**131,892**	151,633
Time deposits and restricted deposits		**1,516,588**	1,564,056
Cash and cash equivalents		**14,139,927**	14,295,268
Other current assets		**6,320,611**	5,623,629
		38,068,943	34,803,309
Total assets		**352,213,718**	343,010,455

	NOTES	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current liabilities			
Air traffic liabilities		**(13,936,511)**	(11,221,885)
Accounts payable	*12*	**(22,637,653)**	(18,716,316)
Bills payable		**(698,662)**	(1,500,000)
Contract liabilities		**(1,802,074)**	(1,720,744)
Dividends payable		**(97,864)**	(103,367)
Other payables and accruals		**(15,148,667)**	(16,671,365)
Advance		**(152,071)**	(73,656)
Current taxation		**(48,038)**	(109,089)
Lease liabilities		**(16,854,454)**	(17,548,753)
Interest-bearing borrowings		**(43,289,508)**	(47,210,707)
Provision for return condition checks		**(2,429,059)**	(2,416,213)
		(117,094,561)	(117,292,095)
Net current liabilities		**(79,025,618)**	(82,488,786)
Total assets less current liabilities		**235,119,157**	225,718,360
Non-current liabilities			
Lease liabilities		**(61,429,844)**	(61,452,171)
Interest-bearing borrowings		**(93,127,786)**	(100,607,906)
Provision for return condition checks		**(19,587,446)**	(20,149,949)
Provision for early retirement benefit obligations		**(355)**	(262)
Contract liabilities		**(2,751,673)**	(2,873,684)
Defined benefit obligations		**(177,665)**	(168,765)
Deferred income		**(388,696)**	(401,549)
Deferred tax liabilities		**(139,851)**	(137,992)
Other non-current liabilities		**(738,355)**	(731,358)
		(178,341,671)	(186,523,636)
NET ASSETS		**56,777,486**	39,194,724
CAPITAL AND RESERVES			
Issued capital		**20,492,561**	17,448,421
Reserves		**39,336,135**	25,066,365
Total equity attributable to equity shareholders of the Company		**59,828,696**	42,514,786
Non-controlling interests		**(3,051,210)**	(3,320,062)
TOTAL EQUITY		**56,777,486**	39,194,724

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(Expressed in RMB)

1. BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2026 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

As at 30 June 2026, the Group's current liabilities exceeded its current assets by approximately RMB79,026 million. Considering the Group's expected operating cash flows and the Company's unutilised bank facilities as at 30 June 2026, 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, this interim financial information has been prepared on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES

Other than change in accounting policies resulting from application of amendments to IFRS Accounting Standards, the interim financial information has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements.

In the current interim period, the Group has applied the following 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 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*
Annual improvements to IFRS Accounting Standards – Volume 11

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

3. REVENUE

Disaggregation of revenue

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Airline operations		
Passenger	**80,329,932**	73,196,376
Cargo and mail	**4,345,263**	3,577,468
Others	**990,951**	921,734
	85,666,146	77,695,578
Other operations		
Aircraft engineering income	**3,322,791**	2,825,795
Others	**60,841**	61,703
	3,383,632	2,887,498
Sub-total	**89,049,778**	80,583,076
Rental income (included in revenue of airline operations segment)	**217,842**	174,358
Total revenue	**89,267,620**	80,757,434

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.

For the six months ended 30 June 2026

	Airline operations *RMB'000*	**Other operations** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Revenue				
Sales to external customers	**85,883,988**	**3,383,632**	**–**	**89,267,620**
Inter-segment sales	**139,948**	**4,836,252**	**(4,976,200)**	**–**
Segment revenue under CASs and IFRS Accounting Standards	**86,023,936**	**8,219,884**	**(4,976,200)**	**89,267,620**
Segment results before taxation				
(Loss)/profit before taxation for reportable segments under CASs	**(3,572,782)**	**394,855**	**46,493**	**(3,131,434)**
Effect of differences between IFRS Accounting Standards and CASs				**21**
Loss before taxation for the period under IFRS Accounting Standards				**(3,131,413)**

For the six months ended 30 June 2025

	Airline operations *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
Sales to external customers	77,869,936	2,887,498	–	80,757,434
Inter-segment sales	106,983	4,426,862	(4,533,845)	–
Segment revenue under CASs and IFRS Accounting Standards	77,976,919	7,314,360	(4,533,845)	80,757,434
Segment results before taxation				
(Loss)/profit before taxation for reportable segments under CASs	(3,185,233)	388,330	7,862	(2,789,041)
Effect of differences between IFRS Accounting Standards and CASs				1,139
Loss before taxation for the period under IFRS Accounting Standards				(2,787,902)

As at 30 June 2026/31 December 2025

	Airline operations *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets				
Segment assets as at 30 June 2026 under CASs	**341,085,679**	**29,347,335**	**(18,180,565)**	**352,252,449**
Effect of differences between IFRS Accounting Standards and CASs				**(38,731)**
Total assets as at 30 June 2026 under IFRS Accounting Standards				**352,213,718**
Segment assets as at 31 December 2025 under CASs	331,428,979	34,473,118	(22,854,853)	343,047,244
Effect of differences between IFRS Accounting Standards and CASs				(36,789)
Total assets as at 31 December 2025 under IFRS Accounting Standards				343,010,455
Segment liabilities				
Segment liabilities under CASs and IFRS Accounting Standards				
As at 30 June 2026	**295,801,456**	**17,312,855**	**(17,678,079)**	**295,436,232**
As at 31 December 2025	300,925,989	25,209,071	(22,319,329)	303,815,731

Geographical information

The following tables present the Group's consolidated revenue to external customers by geographical location for the six months ended 30 June 2026 and 2025:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Chinese Mainland	**60,261,001**	56,277,430
Hong Kong SAR, Macau SAR and Taiwan, China	**2,926,071**	2,539,842
International	**26,080,548**	21,940,162
	89,267,620	80,757,434

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 for both periods presented.

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Co-operation routes income and subsidy income	**2,777,023**	2,407,102
Gains on disposal of property, plant and equipment and right-of-use assets	**13,723**	22,327
Dividend income	**8,767**	13,131
Gains on partial disposal of interests in associates	**197,240**	–
Other	**273,520**	173,285
	3,270,273	2,615,845

6. LOSS FROM OPERATIONS

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**7,621,737**	7,072,151
Depreciation of right-of-use assets	**8,167,482**	7,748,718
Depreciation of investment properties	**16,768**	16,767
Amortisation of intangible assets	**5**	2

7. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**1,608,913**	1,951,327
Interest on lease liabilities	**902,029**	1,114,236
Imputed interest expenses on defined benefit obligations	**1,558**	5,147
	2,512,500	3,070,710
Less: Interest capitalised *(Note)*	**(103,119)**	(179,756)
	2,409,381	2,890,954

Note: The interest capitalisation rates ranged from 1.95% to 2.66% per annum (six months ended 30 June 2025: 1.95% to 2.80% per annum) relating to the costs of related borrowings during the period.

8. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current income tax:		
– Provision for the period	**128,751**	121,238
– Under provision in respect of prior years	**2,917**	1,525
Deferred tax	**164,435**	(200,560)
	296,103	(77,797)

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%, all group companies located in Chinese Mainland are subject to an income tax rate of 25% for both periods presented. Subsidiaries in Hong Kong SAR, China, and Macau SAR, China are taxed at profits tax rate of 16.5% and 12%, respectively, for both periods.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2026 and 2025, nor has any dividend been proposed since the end of both reporting periods.

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB2,288 million (six months ended 30 June 2025: RMB1,805 million) and the weighted average number of 17,143,887,154 (six months ended 30 June 2025: 16,658,566,736) ordinary shares in issue during the period, as adjusted to reflect the effect of reciprocal shareholding with Cathay Pacific Airways Limited ("Cathay Pacific").

As at 30 June 2026, the Company had no potential ordinary shares. The basic loss per share is the same as the diluted loss per share.

11. ACCOUNTS RECEIVABLE

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 30 days	**3,883,872**	2,877,838
31 to 60 days	**309,934**	101,849
61 to 90 days	**113,890**	245,924
Over 90 days	**547,081**	254,546
	4,854,777	3,480,157

12. ACCOUNTS PAYABLE

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 30 days	**10,823,126**	7,839,031
31 to 60 days	**2,006,152**	1,968,175
61 to 90 days	**4,734,453**	4,171,265
Over 90 days	**5,073,922**	4,737,845
	22,637,653	18,716,316

SUMMARY OF OPERATING DATA

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

	January to June 2026	January to June 2025	Increase/ (decrease)
Capacity			
ASK (million)	**180,676.14**	177,576.14	1.75%
International	**53,560.98**	51,445.77	4.11%
Chinese Mainland	**122,153.53**	121,132.50	0.84%
Hong Kong SAR, Macau SAR and Taiwan, China	**4,961.63**	4,997.87	(0.73%)
AFTK (million)	**6,391.97**	6,425.74	(0.53%)
International	**3,214.41**	3,055.74	5.19%
Chinese Mainland	**3,054.55**	3,246.51	(5.91%)
Hong Kong SAR, Macau SAR and Taiwan, China	**123.00**	123.50	(0.41%)
ATK (million)	**22,674.46**	22,428.25	1.10%
Traffic			
RPK (million)	**153,109.27**	143,336.58	6.82%
International	**44,838.51**	39,337.74	13.98%
Chinese Mainland	**104,372.59**	100,349.17	4.01%
Hong Kong SAR, Macau SAR and Taiwan, China	**3,898.17**	3,649.66	6.81%
RFTK (million)	**2,499.16**	2,408.59	3.76%
International	**1,674.86**	1,560.66	7.32%
Chinese Mainland	**790.28**	817.46	(3.33%)
Hong Kong SAR, Macau SAR and Taiwan, China	**34.02**	30.47	11.67%
Passengers carried (thousand)	**79,698.35**	77,114.33	3.35%
International	**9,581.64**	8,939.31	7.19%
Chinese Mainland	**67,599.78**	65,835.77	2.68%
Hong Kong SAR, Macau SAR and Taiwan, China	**2,516.93**	2,339.26	7.59%
Cargo and mail carried (tonnes)	**735,728.28**	735,334.14	0.05%
Kilometres flown (million)	**934.55**	922.72	1.28%
Block hours (thousand)	**1,469.66**	1,465.36	0.29%
Number of flights	**503,561**	504,285	(0.14%)
International	**54,346**	56,194	(3.29%)
Chinese Mainland	**431,631**	430,131	0.35%
Hong Kong SAR, Macau SAR and Taiwan, China	**17,584**	17,960	(2.09%)
RTK (million)	**16,007.19**	15,050.36	6.36%

	January to June 2026	January to June 2025	Increase/ (decrease)
Load factor			
Passenger load factor (RPK/ASK)	**84.74%**	80.72%	4.02 ppt
International	**83.71%**	76.46%	7.25 ppt
Chinese Mainland	**85.44%**	82.84%	2.60 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	**78.57%**	73.02%	5.54 ppt
Cargo and mail load factor (RFTK/AFTK)	**39.10%**	37.48%	1.62 ppt
International	**52.10%**	51.07%	1.03 ppt
Chinese Mainland	**25.87%**	25.18%	0.69 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	**27.66%**	24.67%	2.99 ppt
Overall load factor (RTK/ATK)	**70.60%**	67.10%	3.49 ppt
Utilisation			
Daily utilisation of aircraft (block hours per day per aircraft)	**8.59**	8.76	(0.17 hours)
Yield			
Yield per RPK (RMB)	**0.5247**	0.5107	2.74%
International	**0.5064**	0.4889	3.58%
Chinese Mainland	**0.5253**	0.5134	2.32%
Hong Kong SAR, Macau SAR and Taiwan, China	**0.7173**	0.6683	7.33%
Yield per RFTK (RMB)	**1.7387**	1.4853	17.06%
International	**2.0134**	1.7344	16.09%
Chinese Mainland	**1.0671**	0.9419	13.29%
Hong Kong SAR, Macau SAR and Taiwan, China	**3.8146**	3.3024	15.51%
Unit cost			
Operating expenses per ASK (RMB)	**0.5291**	0.4791	10.44%
Operating expenses per ATK (RMB)	**4.2163**	3.7930	11.16%

Note: Any discrepancies in the numerical figures shown in this announcement are due to rounding.

DEVELOPMENT OF FLEET

During the first half of 2026, the Group introduced a total of 17 aircraft, including 11 A320 series aircraft, four B737 series aircraft and two C919 aircraft; and phased out nine aircraft, including one A330 series aircraft, seven A320 series aircraft and one B737 series aircraft. As at the end of the Reporting Period, the Group had a total of 972 aircraft with an average age of 10.60 years, of which the Company operated a fleet of 536 aircraft in total with an average age of 10.16 years. During the Reporting Period, the Company introduced eight aircraft and phased out five aircraft.

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

	30 June 2026				
	Sub-total	Self-owned	Finance leases	Operating leases	Average age (year)
Airbus	**452**	**196**	**142**	**114**	**10.17**
A320	373	167	118	88	10.23
A330	49	19	4	26	12.84
A350	30	10	20	–	5.13
Boeing	**471**	**201**	**101**	**169**	**11.78**
B737	420	162	94	164	11.76
B747	9	7	2	–	15.25
B777	28	22	3	3	12.21
B787	14	10	2	2	9.36
COMAC	**46**	**29**	**17**	**–**	**2.64**
C909	35	23	12	–	3.19
C919	11	6	5	–	0.89
Business jets	**3**	**1**	**–**	**2**	**10.31**
Total	**972**	**427**	**260**	**285**	**10.60**

	Introduction Plan			Phase-out Plan		
	2026	**2027**	**2028**	**2026**	**2027**	**2028**
Airbus	**17**	**11**	**29**	**17**	**8**	**10**
A320	17	11	29	16	8	10
A330	–	–	–	1	–	–
Boeing	**12**	**23**	**36**	**5**	**5**	**3**
B737	10	13	33	5	5	3
B787	2	10	3	–	–	–
COMAC	**10**	**10**	**15**	**–**	**–**	**–**
C919	10	10	15	–	–	–
Total	**39**	**44**	**80**	**22**	**13**	**13**

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

BUSINESS OVERVIEW

Safe Operations

The Group fully implemented the holistic approach to national security, strengthened the fulfilment of safety responsibilities with resolute political commitment, and remained steadfast in upholding the principle of "safety first". It continued to improve its safety accountability system and ensured that political responsibilities for safety were fulfilled at every level. Adhering to the concept of "guidance by one overarching philosophy, consolidating the foundation through four major systems, strengthening the foundation through seven key teams, and forging a shield through comprehensive safety", the Group systematically advanced its critical operation-safety campaign. Focusing on enhancing safety management effectiveness, it rigorously implemented all tasks designated for the "Year of Efficiency Enhancement" under the three-year action plan to strengthen fundamental operation safety, further developed the four major systems, exercised rigorous operation safety management and control, reinforced the cultivation of sound work practices among safety personnel, made full use of modern information technology, and enhanced risk early-warning, prevention and control capabilities to drive a shift in work safety efforts towards "proactive root-cause management". During the Reporting Period, the Group achieved 1.470 million safe flight hours and successfully completed major transportation support missions, including those for the Milano Cortina Olympic Winter Games, "Two Sessions" and evacuation operations in the Middle East.

Operational Performance

Pursuing its full-year operating targets, the Group made every effort to enhance quality and efficiency. It steadfastly implemented the "Four Maximizations" principle of production organization, aligned its fleet capacity with market demand amid high oil prices, and increased the scale of effective investment in capacity. The Group deepened the development of its hub network, seized the opportunities arising from the development of the "3+7+N" international aviation hubs and various opportunities presented by changes in the international landscape, continuously optimized its route network, and increased its share of the Asia-Europe flight transit market. It actively supported high-standard opening-up and prioritized the development of markets in Belt and Road Initiative partner countries. The Group developed multi-dimensional customer segments to unlock the potential value of high-value customers; launched a new Gold and Silver Card Challenge, optimized products in its "Business Travel Prime Zone", and continuously innovate digital assets; deepened brand promotion for the Beijing hub, developed a hub promotion matrix and deployed overseas online advertising programs across six major regions; and diversified revenue boosting measures, further tapped the consumption potential of customer groups for branded fare products, launched new products such as paid meals and expanded sales channels. It focused on developing direct sales channels and conducted live-streaming activities on a regular basis; optimized mobile functions, upgraded its AI capabilities, and achieved notable performance in marketing effectiveness through digital and intelligent empowerment. The Group continued to deepen synergistic development and advanced the coordination and integration of resources among Air China family carriers. It continued to promote the regular cost management and control, implemented cost reduction and efficiency enhancement throughout the entire operational chain, focused on core costs such as jet fuel, maintenance, take-off and landing charges and labor to further enhance targeted initiatives, further unlocked cost-saving potential and increased contributions to performance. The Group continued to strengthen fund coordination and debt risk management and control, enhanced capital utilization efficiency while ensuring fund security, and reduced finance costs.

Quality Service

Adhering to a passenger-centric approach and guided by its 4C-based service philosophy, the Group further upgraded its service quality. It deepened coordination between service and marketing, established a full-process management mechanism for marketing and service products, thereby developing five major product portfolios, including "Smart Enjoyment". The Group launched the convenient "Stress-free Journey, Enjoyable Boarding" service. Automatic check-in services achieved full coverage across all principal bases and branches, and the number of transfer points offering interline through check-in services increased to 26. The Group enriched its in-flight meal offerings and promoted the catering reservation system, providing passengers with a wider range of choices. It accelerated large-scale retrofitting for air-ground connectivity, with eight aircraft retrofitted and put into operation. Smart services were applied more extensively. The Group iteratively optimized mobile functions to enhance user experience, expanded self-service scenarios, and fully deployed 15 AI agents. It introduced 11 convenient in-app services, including paid seat selection for multiple passengers and meal opt-out for multiple meal types, introduced a self-service refund and change calculator, and optimized both the booking process and the Air China Travel Assistant. The Group further deepened the development of its service quality management system, making multi-dimensional efforts in standards optimization, quality improvement and team building to steadily enhance the end-to-end travel experience for passengers. It continued to optimize service standards by systematically rationalizing the hierarchy of standards and completing the supporting framework, with a total of 45 service standards documents optimized. Two AI agents for service knowledge Q&A and compensation and reimbursement enquiries were launched, covering approximately 50,000 frontline employees and effectively improving frontline service response efficiency and execution accuracy. The Group strengthened proactive control of service risks and, through its internal platform, pushed 30-second quick-reference service tips to frontline staff, ensuring rapid reach across frontline operations; it conducted tiered and category-based training on service standards, skills and professionalism, and continuously strengthened the service capabilities of frontline staff, thereby reinforcing team foundation for steady improvements in service quality.

Digital Transformation

Focusing on "developing systems, governing data and deploying AI", the Group advanced the digital and intelligent transformation. In terms of system development, it focused on key areas such as safe operations and marketing services, strengthened business digitalization, and promoted online synergies across core business operations. In safe operations, the Group established unified flight data management and application capabilities, integrated QAR data, and enhanced flight quality analysis capabilities across Air China family carriers. It launched the "Smart Flight – Digital Task Sheet" system, enabling paperless task management for all personnel across four major occupational categories – flight crew, cabin crew, aviation security officers and aircraft maintenance personnel. In terms of marketing services, the meal selection and opt-out services under the passenger in-flight catering reservation management system covered 854 domestic and international routes with catering services. The Group launched 17 paid in-flight products in five categories, including "Yunxiang Light Beverages", and expanded new in-flight service scenarios to key domestic and international routes departing from Beijing Capital International Airport for destinations including Chengdu Shuangliu International Airport and John F. Kennedy International Airport, New York, driving the transformation of in-flight services from the traditional support model to one that meets passengers' personalized needs. In terms of data governance, the Group strengthened fundamental data capabilities and unlocked the value of data resources. It delivered a unified Group-level data base, accelerated data governance and application in the service areas, and supported precision marketing and precision services. In terms of AI deployment, the Group deepened the application of AI and accelerated the intelligent transformation of its business. In response to actual business needs, it advanced the exploration and incubation of AI application scenarios in an orderly manner, launched 15 scenario-based applications including intelligent contract review and the "Yiyutong" AI-powered announcement system, accelerated the development of Wing of Air China 5.0, and continued to enhance the level of digital and intelligent development across all areas.

Brand Building

Anchoring its efforts to the goal of building a "world-renowned brand" as part of the accelerated development into a world-class enterprise, the Group focused on building a world-class brand. It defined the overall approach, principal tasks and supporting measures for brand building during the 15th Five-Year Plan period, further improved brand management related systems and systematically developed an annual brand communication framework. Fully leveraging the core strengths of the Beijing international aviation hub and its portfolio of overseas social media platforms, the Group innovated the promotion of distinctive content featuring the culture and tourism of various cities, significantly increasing content exposure and user engagement rates and steadily enhancing its brand influence in overseas markets. The Group coordinated integrated online and offline communications. During the Spring Festival travel rush, it held special themed events at Beijing Capital International Airport, effectively converting strong passenger flows into momentum for brand communication. The Group also actively participated in leading domestic and international exhibitions, including IMEX Frankfurt, Germany, the 8th Western China International Fair for Investment and Trade, and the 9th China-Eurasia Expo. Through a coordinated communication network integrating internal and external efforts, the Group continued to enhance its brand image as the national flag carrier.

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

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

Revenue

During the Reporting Period, the Group's revenue was RMB89,268 million, representing a year-on-year increase of RMB8,510 million or 10.54%. Among them, air traffic revenue was RMB84,675 million, representing a year-on-year increase of RMB7,901 million or 10.29%; other operating revenue was RMB4,593 million, representing a year-on-year increase of RMB609 million or 15.28%.

Revenue Contributed by Geographical Segments

	For the six months ended 30 June				
	2026		2025		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
International	**26,080,548**	**29.22%**	21,940,162	27.17%	18.87%
Chinese Mainland	**60,261,001**	**67.50%**	56,277,430	69.69%	7.08%
Hong Kong SAR, Macau SAR and Taiwan, China	**2,926,071**	**3.28%**	2,539,842	3.14%	15.21%
Total	**89,267,620**	**100.00%**	80,757,434	100.00%	10.54%

Air Passenger Revenue

During the Reporting Period, the Group recorded an air passenger revenue of RMB80,330 million, representing a year-on-year increase of RMB7,134 million. Among the air passenger revenue, the increase of capacity resulted in an increase in revenue of RMB1,278 million, and the increase of passenger load factor resulted in an increase in revenue of RMB3,713 million, while the increase of passenger yield resulted in an increase in revenue of RMB2,143 million. The capacity, passenger load factor and yield per RPK of air passenger business during the Reporting Period are as follows:

	For the six months ended 30 June		
	2026	2025	Change
Available seat kilometres *(million)*	**180,676.14**	177,576.14	1.75%
Passenger load factor *(%)*	**84.74**	80.72	4.02 ppt
Yield per RPK *(RMB)*	**0.5247**	0.5107	2.74%

Air Passenger Revenue Contributed by Geographical Segments

	For the six months ended 30 June				
	2026		2025		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
International	**22,708,371**	**28.27%**	19,233,312	26.28%	18.07%
Chinese Mainland	**54,825,280**	**68.25%**	51,523,843	70.39%	6.41%
Hong Kong SAR, Macau SAR and Taiwan, China	**2,796,281**	**3.48%**	2,439,221	3.33%	14.64%
Total	**80,329,932**	**100.00%**	73,196,376	100.00%	9.75%

Air Cargo and Mail Revenue

During the Reporting Period, the Group's air cargo and mail revenue was RMB4,345 million, representing a year-on-year increase of RMB768 million. Among which, the decrease of capacity contributed to a decrease in revenue of RMB19 million, and the increase of cargo and mail load factor resulted in an increase in revenue of RMB154 million, while the increase of yield of cargo and mail business resulted in an increase in revenue of RMB633 million. The capacity, cargo and mail load factor and yield per RFTK of air cargo and mail business during the Reporting Period are as follows:

	For the six months ended 30 June		
	2026	2025	Change
Available freight tonne kilometres *(million)*	**6,391.97**	6,425.74	(0.53%)
Cargo and mail load factor *(%)*	**39.10**	37.48	1.62 ppt
Yield per RFTK *(RMB)*	**1.7387**	1.4853	17.06%

Air Cargo and Mail Revenue Contributed by Geographical Segments

	For the six months ended 30 June				
	2026		2025		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
International	**3,372,177**	**77.60%**	2,706,850	75.67%	24.58%
Chinese Mainland	**843,296**	**19.41%**	769,997	21.52%	9.52%
Hong Kong SAR, Macau SAR and Taiwan, China	**129,790**	**2.99%**	100,621	2.81%	28.99%
Total	**4,345,263**	**100.00%**	3,577,468	100.00%	21.46%

Operating Expenses

During the Reporting Period, the Group's operating expenses increased by RMB10,533 million on a year-on-year basis to RMB95,603 million, representing an increase of 12.38%. The breakdown of the operating expenses is set out below:

	For the six months ended 30 June				
	2026		2025		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
Jet fuel costs	**32,766,300**	**34.27%**	24,327,485	28.60%	34.69%
Take-off, landing and depot charges	**10,522,014**	**11.01%**	10,613,810	12.48%	(0.86%)
Depreciation and amortisation	**15,805,992**	**16.53%**	14,837,638	17.44%	6.53%
Aircraft maintenance, repair and overhaul costs	**7,907,645**	**8.27%**	7,292,075	8.57%	8.44%
Employee compensation costs	**18,110,952**	**18.95%**	17,849,218	20.98%	1.47%
Air catering charges	**2,107,399**	**2.20%**	2,104,979	2.47%	0.11%
Selling and marketing expenses	**2,287,036**	**2.39%**	2,410,378	2.83%	(5.12%)
General and administrative expenses	**910,803**	**0.95%**	797,634	0.94%	14.19%
Others	**5,184,947**	**5.43%**	4,836,492	5.69%	7.20%
Total	**95,603,088**	**100.00%**	85,069,709	100.00%	12.38%

- Jet fuel costs increased by RMB8,439 million on a year-on-year basis, mainly due to the effect of the increase in the prices of jet fuel.

- Depreciation and amortisation expenses increased by RMB968 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 RMB616 million on a year-on-year basis, mainly due to the year-on-year increase in flying hours.

- Employee compensation costs increased by RMB262 million on a year-on-year basis, mainly due to the year-on-year increase in flight hour fees.

- Selling and marketing expenses decreased by RMB123 million on a year-on-year basis, mainly due to the year-on-year decrease in handling fees for agency services.

- Other operating expenses mainly included civil aviation development fund and ordinary expenses arising from the core air traffic business that are not included in the aforementioned specific items, which increased by RMB348 million on a year-on-year basis, mainly due to the effect of the increase in the investment in production and operation.

Finance Costs and Net Exchange Gains

During the Reporting Period, the Group's finance costs (excluding those capitalized) were RMB2,409 million, representing a year-on-year decrease of RMB482 million. The net exchange gains were RMB652 million, representing a year-on-year increase of RMB475 million.

Share of Results of Associates and Joint Ventures

During the Reporting Period, the Group's share of profit of its associates was RMB1,291 million, representing a year-on-year increase of RMB71 million. Among them, the Group recognised a gain on investment of Cathay Pacific of RMB1,197 million, representing a year-on-year increase of RMB23 million.

During the Reporting Period, the Group's share of profit of its joint ventures was RMB241 million, representing a year-on-year increase of RMB123 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 RMB352,214 million, representing an increase of 2.68% from that as at 31 December 2025. Among them, the current assets accounted for RMB38,069 million or 10.81% of the total assets, while the non-current assets accounted for RMB314,145 million or 89.19% of the total assets.

Among the current assets, cash and cash equivalents were RMB14,140 million, representing a decrease of 1.08% from that as at 31 December 2025, which was mainly due to the Company's flexible adjustment of funds according to its capital arrangements.

Among the non-current assets, the book values of property, plant and equipment and right-of-use assets as at the end of the Reporting Period amounted to RMB256,613 million, representing an increase of 3.04% from that as at 31 December 2025, mainly due to the combined effect of the introduction of aircraft and the provision for depreciation during the current Period.

Asset Mortgage/Pledge

As of 30 June 2026, the Group, pursuant to certain bank loans and finance leasing agreements, had secured aircraft and buildings with an aggregated book value of approximately RMB5,191 million (approximately RMB4,539 million as at 31 December 2025) and land use rights with book value of approximately RMB22 million (approximately RMB23 million as at 31 December 2025). Meanwhile, the Group had monetary capital with restricted ownership of approximately RMB1,517 million (approximately RMB1,564 million as at 31 December 2025), which was 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

During January to June 2026, the Group's capital expenditure amounted to a total of RMB12,075 million. Among this, aircraft-related investments totalled RMB10,697 million, primarily covering the acquisition of aircraft and engines, aircraft modifications and retrofitting, as well as flight simulators. Cash portion of long-term equity investment projects amounted to RMB43 million. Other capital expenditure project investments amounted to RMB1,335 million, mainly covering infrastructure construction, information system development and ground equipment procurement.

Equity Investment

As at the end of the Reporting Period, the Group's equity investment in its associates amounted to RMB14,831 million, representing a decrease of 6.06% from that as at 31 December 2025. Among this, the balance of the equity investment of the Group in Cathay Pacific amounted to RMB14,331 million.

As at the end of the Reporting Period, the Group's equity investment in its joint ventures was RMB2,799 million, representing an increase of 5.82% from that as at 31 December 2025.

Debt Structure Analysis

At the end of the Reporting Period, the Group's total liabilities were RMB295,436 million, representing a decrease of 2.76% from that as at 31 December 2025. Among them, current liabilities amounted to RMB117,094 million, accounting for 39.63% of the total liabilities; and non-current liabilities amounted to RMB178,342 million, accounting for 60.37% of the total liabilities.

Among the current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB60,842 million, representing a decrease of 8.18% from that as at 31 December 2025.

Among the non-current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB154,558 million, representing a decrease of 4.63% from that as at 31 December 2025.

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

	30 June 2026		31 December 2025		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
RMB	**192,840,679**	**89.53%**	204,117,822	89.40%	(5.52%)
US dollars	**22,218,784**	**10.31%**	23,835,123	10.44%	(6.78%)
Others	**340,791**	**0.16%**	366,592	0.16%	(7.04%)
Total	**215,400,254**	**100.00%**	228,319,537	100.00%	(5.66%)

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, decreased by 6.92% from RMB108,917 million as at 31 December 2025 to RMB101,380 million as at 30 June 2026. The investment commitments mainly represented the investment agreements entered into, which amounted to RMB187 million as at 30 June 2026, as compared to RMB237 million as at 31 December 2025.

Contingent Liabilities

At the end of the Reporting Period, the Group had no material contingent liabilities.

Gearing Ratio

As at the end of the Reporting Period, the Group's gearing ratio (total liabilities divided by total assets) was 83.88%, representing a decrease of 4.69 percentage points from that of 31 December 2025.

Working Capital and Its Sources

As at the end of the Reporting Period, the Group's net current liabilities (current liabilities less current assets) were RMB79,026 million, representing a decrease of RMB3,463 million from that as at 31 December 2025. The Group's current ratio (current assets divided by current liabilities) was 0.33, representing an increase of 0.03 as compared to that as at 31 December 2025.

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 RMB11,228 million, representing a decrease of 24.28% from RMB14,828 million for the corresponding period in 2025, mainly due to the change in deposits received by the Finance Company, a subsidiary of the Group. Net cash outflow from investing activities was RMB12,253 million, representing an increase of 66.97% from RMB7,338 million for the corresponding period in 2025, mainly due to a year-on-year increase in expenditures for the purchase of property, plant and equipment. Net cash inflow from financing activities amounted to RMB961 million as compared to net outflow of RMB3,218 million for the corresponding period in 2025, mainly due to a year-on-year decrease in cash paid for repayment of borrowings during the current Period.

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.

POTENTIAL RISKS

1. Risks of External Environment

Market Fluctuation

Relying on the super-sized domestic demand market, the domestic aviation market is expected to achieve steady growth. Against a complex and challenging external environment, uncertainties still persist in the subsequent development of the Company's traditionally strong international markets, particularly the North America market. The Group will better coordinate the domestic and international markets to support high-standard opening up, increase the international fleet capacity deployment, optimize its structure, actively explore and cultivate emerging markets, and proactively reduce its reliance on any single market.

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 RMB1.638 billion. The collection of fuel surcharges has relieved the jet fuel cost pressure on the Group to a certain extent.

Exchange Rate Fluctuation

Certain assets and liabilities of the Group are denominated in US dollar. Certain expenses of the Group are also settled in currencies other than RMB. Assuming that the risk variables other than the exchange rates stay unchanged, the appreciation or depreciation of RMB against US dollar by 1% due to the changes in the exchange rate will result in the increase or decrease in the Group's net profit and shareholders' equity as at 30 June 2026 by RMB151 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 competition pressure remained strong among the industry. The domestic market maintained a pattern characterized by increasing volume but declining prices. Influenced by market recovery, traffic right allocation and other factors, the resumption and launch of new international routes mainly concentrated in destinations such as Central Asia, West Asia and Europe, resulting in intense competition in certain regions. Adhering to its strategy for hub network, the Company will devote efforts to building the Beijing-Chengdu dual-hub with a focus on developing strategic markets including the "Four-Pole Clusters", thereby achieving differentiated development from other market competitors. Consistent efforts will be made to optimize competitive domestic and international route networks centering around hubs as well as principal bases, while introducing efficient and convenient domestic route and express route products to strengthen core market competitiveness through high-quality products and services.

Alternative competition

As the world's largest high-speed railway network further expanded, there is an ongoing risk of diversion in short- and medium-distance transportation. In the long run, high-speed railway will reshape China's economic geography. The civil aviation sector shall give full play to its comparative advantages within the comprehensive transportation system by increasing fleet capacity on domestic long-haul and international routes, and expanding public travel services to remote regions. Meanwhile, the Group will leverage air-rail intermodal transport as a key support for the development of aviation hubs, advance the optimization and upgrade of transit products, and deliver high-quality integrated transportation services to the passengers.

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 sale of treasury shares (as defined in the Listing Rules)) (the term "securities" has the meaning ascribed to it under paragraph 1 of Appendix D2 to the Listing Rules).

INTERIM DIVIDEND

No interim dividend will be paid by the Company for the six months ended 30 June 2026.

SUBSEQUENT EVENTS

On 17 July 2026, the 19th meeting of the seventh session of the Board of the Company considered and approved the "Resolution on the Introduction of 15 A350-900 Aircraft of Air China" (《關於國航引進15架A350-900飛機的議案》) and the "Resolution on the Introduction of 40 A320NEO Series Aircraft of Shenzhen Airlines" (《關於深航引進40架A320NEO系列飛機的議案》). The Company and its wholly-owned subsidiary, Air China Import and Export Co., Ltd., and Shenzhen Airlines entered into the aircraft purchase agreements with Airbus Company to acquire 15 A350-900 aircraft and 40 Airbus A320NEO series aircraft from Airbus Company, respectively. The transaction is subject to the consideration and approval by the shareholders' meeting of the Company and approval by the relevant state authorities.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

Compliance with the Model Code

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

DISCLOSURE REQUIREMENTS UNDER THE LISTING RULES

In order to comply with the requirements under paragraph 46 of Appendix D2 to the Listing Rules, the Company confirmed that save as disclosed in this announcement, there are no material changes in the current information of the Company in relation to matters as set out in paragraph 46(3) of Appendix D2 to the Listing Rules as compared with relevant disclosures in the 2025 annual report of the Company.

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

The audit and risk management committee (the supervision committee) of the Company has reviewed the Company's interim results for the six months ended 30 June 2026, the Company's unaudited interim condensed consolidated financial statements, and the accounting policies and practices adopted by the Group.

The interim financial report for the six months ended 30 June 2026 is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report of the Company to be published in due course.

GLOSSARY OF TECHNICAL TERMS

Capacity Measurements

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

Traffic Measurements

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

Efficiency Measurements

"passenger load factor"	RPK expressed as a percentage of ASK
"cargo and mail load factor"	RFTK expressed as a percentage of AFTK
"overall load factor"	RTK expressed as a percentage of ATK
"block hour"	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 Inner Mongolia"	Air China Inner Mongolia Co., Ltd., a non-wholly owned subsidiary of the Company
"Air Macau"	Air Macau Company Limited, a non-wholly owned subsidiary of the Company
"Ameco"	Aircraft Maintenance and Engineering Corporation, a non-wholly owned subsidiary of the Company
"Articles of Association"	the articles of association of the Company, as amended from time to time
"A Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Renminbi and listed on Shanghai Stock Exchange
"Beijing Airlines"	Beijing Airlines Company Limited, a non-wholly owned subsidiary of the Company
"Board"	the board of directors of the Company

"Boeing"	The Boeing Company
"CASs"	China Accounting Standards for Business Enterprises
"Cathay Pacific"	Cathay Pacific Airways Limited, an associate of the Company
"COMAC"	Commercial Aircraft Corporation of China, Ltd.
"Company", "We", or "Air China"	Air China Limited, a company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A Shares are listed on the Shanghai Stock Exchange
"Dalian Airlines"	Dalian Airlines Company Limited, a non-wholly owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Finance Company"	China National Aviation Finance Co., Ltd., a non-wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Share(s)"	overseas-listed foreign invested share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange (as primary listing venue) and has/have been admitted into the Official List of the UK Listing Authority (as secondary listing venue)
"International Financial Reporting Standards" or "IFRSs"	IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB)
"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" or "Period"	the period from 1 January 2026 to 30 June 2026
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shandong Airlines"	Shandong Airlines Co., Ltd., a non-wholly owned subsidiary of Shandong Aviation Group Corporation
"Shandong Aviation Group Corporation"	Shandong Aviation Group Company Limited, a non-wholly owned subsidiary of the Company
"Shenzhen Airlines"	Shenzhen Airlines Company Limited, a non-wholly owned subsidiary of the Company
"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, 28 August 2026

As at the date of this announcement, the Directors of the Company are Mr. Liu Tiexiang, Mr. Qu Guangji, Mr. Cui Xiaofeng, Mr. Lam Siu Por Ronald, 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*