



A STAR ALLIANCE MEMBER 

Air China Limited

Stock code: 00753 Hong Kong 601111 Shanghai AIRC London

2024

INTERIM REPORT

中國國際航空股份有限公司 (short name: 中國國航) (English name: Air China Limited, short name: Air China) is the only national flag carrier of China.

As the old saying goes, “Phoenix, a bird symbolizing benevolence” and “The whole world will be at peace once a phoenix reveals itself”. The corporate logo of Air China is composed of an artistic phoenix figure, the Chinese characters of “中國國際航空公司” in calligraphy written by Deng Xiaoping, by whom the China’s reform and opening-up blueprint was designed, and the characters of “AIR CHINA” in English. Signifying good auspices in the ancient Chinese legends, phoenix is the king of all birds. It “flies from the eastern Happy Land and travels over mountains and seas and bestows luck and happiness upon all parts of the world”. Air China advocates the core spirit of phoenix which is to “serve the world, to lead and move forward to higher goals”. By virtue of the immense historical heritage, Air China strives to create perfect travel experience and keep passengers safe by upholding the spirit of phoenix of being a practitioner, promoter and leader for the development of the Chinese civil aviation industry. The Company is also committed to leading the industrial development by establishing itself as a national brand, at the same time pursuing outstanding performance through innovation and excelling efforts.

Air China was listed on The Stock Exchange of Hong Kong Limited (stock code: 00753) and the London Stock Exchange (stock code: AIRC) on 15 December 2004, and was listed on the Shanghai Stock Exchange (stock code: 601111) on 18 August 2006.

Headquartered in Beijing, Air China has set up branches in Southwest China, Zhejiang, Chongqing, Tianjin, Shanghai, Hubei, Xinjiang, Guangdong, Guizhou, Tibet and Wenzhou. As at the end of the Reporting Period, the major subsidiaries of Air China are Shenzhen Airlines Company Limited (including Kunming Airlines Company Limited), Shandong Aviation Group Company Limited (including Shandong Airlines Co., Ltd.), Air Macau Company Limited, Beijing Airlines Company Limited, Dalian Airlines Company Limited, Air China Inner Mongolia Co., Ltd., Aircraft Maintenance and Engineering Corporation, China National Aviation Finance Co., Ltd.; and its joint ventures mainly include Sichuan Services Aero-Engine Maintenance Co., Ltd, Beijing Aero-Engine Services Co., Ltd. and GA Innovation China Co., Ltd. Moreover, the associates of Air China include Cathay Pacific Airways Limited and Tibet Airlines Co., Ltd.

With the goal of becoming “the world’s leading airline”, Air China remains committed to the mission of “put safety first, serve passengers with credibility, convenience, comfort and choice, maintain stable development, help employees achieve success and fulfill corporate responsibilities”, advocates the values of “people-oriented, accountable, excelling efforts and enjoyable flights” and positions the brand as “professional and reliable with both international quality and Chinese temperament”. The “Air China Miles” programme of Air China is the oldest frequent flier programme in China, under which all members of the frequent flier programmes of Air China member airlines have been consolidated into the brand of “Phoenix Miles”.



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CORPORATE INFORMATION

REGISTERED CHINESE NAME:

中國國際航空股份有限公司

ENGLISH NAME:

Air China Limited

REGISTERED OFFICE:

1st Floor-9th Floor 101
Building 1
30 Tianzhu Road
Shunyi District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

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12 Tung Fai Road
Hong Kong International Airport
Hong Kong

WEBSITE:

www.airchina.com.cn

DIRECTORS:¹

Mr. Ma Chongxian
Mr. Wang Mingyuan
Mr. Cui Xiaofeng
Mr. Patrick Healy
Mr. Xiao Peng
Mr. He Yun*
Mr. Xu Junxin*
Ms. Winnie Tam Wan-chi*

SUPERVISORS:¹

Mr. Xiao Jian
Mr. Wang Mingzhu
Mr. Li Shuxing
Ms. Lyu Yanfang
Ms. Guo Lina

LEGAL REPRESENTATIVE OF THE COMPANY:

Mr. Ma Chongxian

JOINT COMPANY SECRETARIES:

Mr. Xiao Feng
Mr. Huen Ho Yin

AUTHORISED REPRESENTATIVES:

Mr. Ma Chongxian
Mr. Xiao Feng

LEGAL ADVISERS TO THE COMPANY:

DeHeng Law Offices
(as to domestic laws)
Jingtian & Gongcheng LLP
(as to overseas laws)

INTERNATIONAL AUDITOR:

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

H SHARE REGISTRAR AND TRANSFER OFFICE:

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183 Queen's Road East
Wanchai
Hong Kong

LISTING VENUES:

Hong Kong, London and Shanghai

* Independent Non-executive Director

¹ For details of changes in Directors and Supervisors of the Company during the Reporting Period, please refer to page 20 of this report.

SUMMARY OF FINANCIAL INFORMATION

(RMB'000)	Six months ended 30 June 2024	Six months ended 30 June 2023
Revenue	79,520,332	59,613,193
Loss from operations	(1,081,972)	(898,200)
Loss before taxation	(3,286,075)	(4,360,170)
Loss after taxation	(3,538,611)	(4,043,954)
Loss attributable to non-controlling interests	(759,658)	(597,140)
Loss attributable to equity shareholders of the Company	(2,778,953)	(3,446,814)
EBITDA ⁽¹⁾	12,943,313	11,806,583
EBITDAR ⁽²⁾	13,551,345	12,195,306
Loss per share attributable to equity shareholders of the Company (RMB)	(0.1767)	(0.2239)
Return on equity attributable to equity shareholders (%)	(7.60)	(9.87)

- (1) EBITDA represents earnings before finance income and finance costs, net exchange gains/losses, income tax, share of profits or losses of associates and joint ventures, depreciation and amortisation as computed under IFRSs.
- (2) EBITDAR represents EBITDA before deducting lease expenses on aircraft and engines as well as other lease expenses.

(RMB'000)	30 June 2024	31 December 2023
Total assets	345,400,348	335,278,694
Total liabilities	311,551,672	300,014,685
Non-controlling interests	(2,739,134)	(1,941,966)
Equity attributable to equity shareholders of the Company	36,587,810	37,205,975
Equity attributable to equity shareholders of the Company per share (RMB)	2.33	2.30

SUMMARY OF OPERATING DATA

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

	January to June 2024	January to June 2023	Increase/(decrease)
Capacity			
ASK (million)	171,790.89	128,799.56	33.38%
International	44,082.60	14,201.46	210.41%
Mainland China	122,675.40	111,479.91	10.04%
Hong Kong SAR, Macau SAR and Taiwan, China	5,032.90	3,118.19	61.40%
AFTK (million)	6,122.03	4,090.64	49.66%
International	2,577.25	925.60	178.44%
Mainland China	3,409.83	3,078.23	10.77%
Hong Kong SAR, Macau SAR and Taiwan, China	134.96	86.79	55.50%
ATK (million)	21,606.69	15,697.06	37.65%
Traffic			
RPK (million)	136,213.57	90,835.35	49.96%
International	33,625.02	8,652.06	288.64%
Mainland China	98,966.23	80,191.99	23.41%
Hong Kong SAR, Macau SAR and Taiwan, China	3,622.31	1,991.29	81.91%
RFTK (million)	2,237.13	1,088.96	105.44%
International	1,409.88	497.15	183.59%
Mainland China	795.51	575.51	38.23%
Hong Kong SAR, Macau SAR and Taiwan, China	31.74	16.31	94.63%
Passengers carried (thousand)	74,959.47	55,544.89	34.95%
International	7,535.97	1,740.62	332.95%
Mainland China	65,161.14	52,566.97	23.96%
Hong Kong SAR, Macau SAR and Taiwan, China	2,262.37	1,237.31	82.85%
Cargo and mail carried (tonnes)	701,598.29	429,444.60	63.37%
Kilometres flown (million)	896.88	705.70	27.09%
Block hours (thousand)	1,438.31	1,151.46	24.91%
Number of flights	498,613	417,396	19.46%
International	47,201	13,715	244.16%
Mainland China	434,608	393,420	10.47%
Hong Kong SAR, Macau SAR and Taiwan, China	16,804	10,261	63.77%
RTK (million)	14,229.30	9,128.30	55.88%
Load factor			
Passenger load factor (RPK/ASK)	79.29%	70.52%	8.77 ppt
International	76.28%	60.92%	15.35 ppt
Mainland China	80.67%	71.93%	8.74 ppt
Hong Kong SAR, Macau SAR and Taiwan, China	71.97%	63.86%	8.11 ppt

SUMMARY OF OPERATING DATA

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

DEVELOPMENT OF FLEET

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

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

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

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

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

BUSINESS OVERVIEW

SAFE OPERATION

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

MAXIMISING OPERATING PERFORMANCE

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

BUSINESS OVERVIEW

ENHANCING SERVICES

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

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

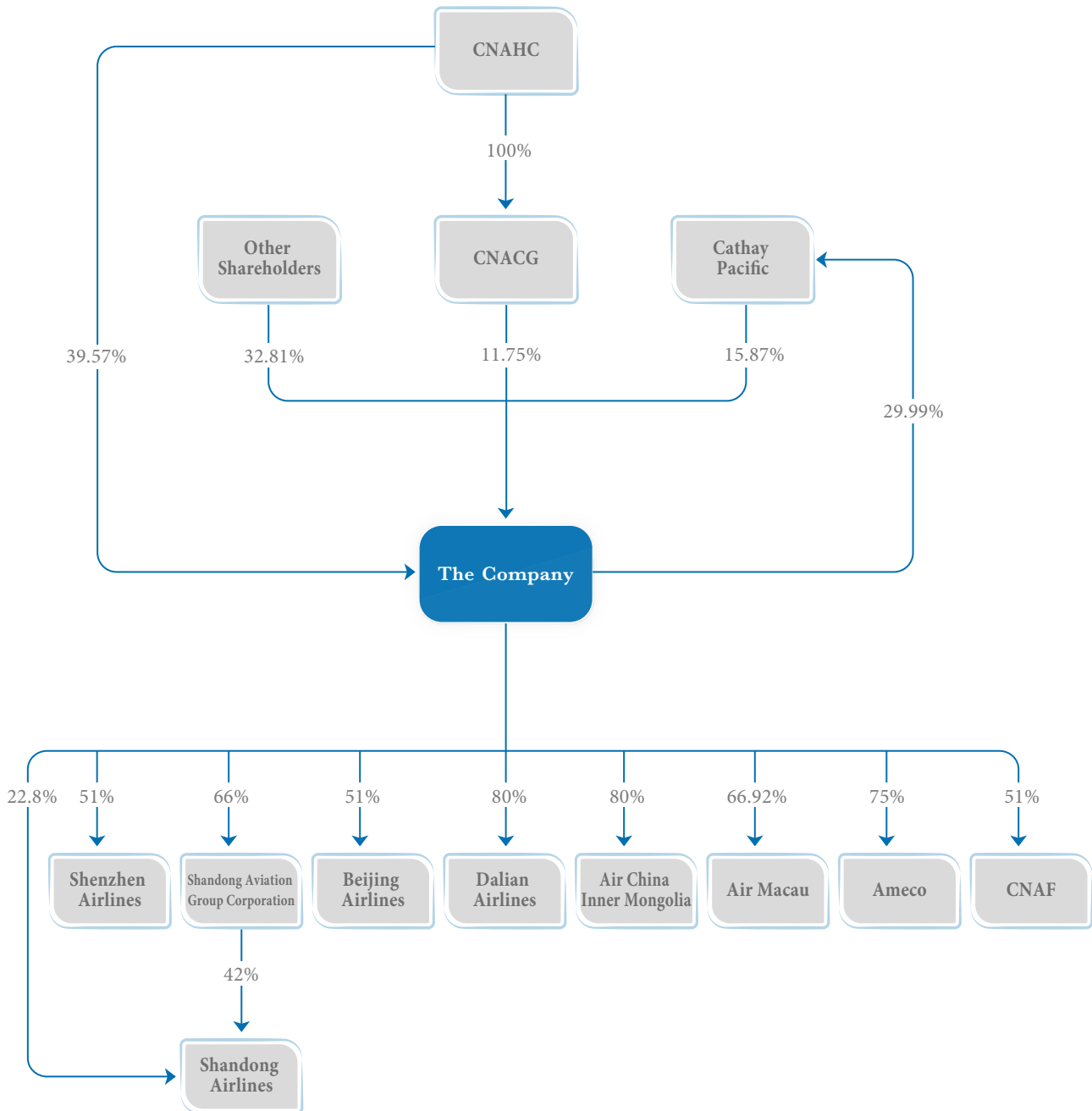
BRAND VALUE

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

SYNERGETIC DEVELOPMENT

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

MAJOR SUBSIDIARIES AND ASSOCIATES AND THEIR OPERATING RESULTS



Note: As at the end of the Reporting Period, CNACG is a wholly-owned subsidiary of CNAHC. Accordingly, CNAHC is directly and indirectly interested in 51.32% of the shares of the Company.

BUSINESS OVERVIEW

During the Reporting Period, the operating results of the major subsidiaries and associates of the Company were as follows:

	Shenzhen Airlines	Shandong Aviation Group Corporation	Beijing Airlines	Dalian Airlines	Air China Inner Mongolia	Air Macau	Ameco	CNAF	Cathay Pacific
Year of establishment	1992	1995	2011	2011	2013	1994	1989	1994	1946
Place of domicile	Shenzhen	Shandong	Beijing	Dalian	Inner Mongolia	Macau	Beijing	Beijing	Hong Kong
Principal business	Air passenger and air cargo services	Air passenger and air cargo services	Business charter and public air passenger and air cargo services	Air passenger and air cargo services	Air passenger and air cargo services	Air passenger and air cargo services	Repair and overhaul of aircraft, engines and components	Provision of financial services to CNAHC Group and the Group	Air passenger and air cargo services
Registered capital	RMB5,360,000,000	RMB10,454,489,846.24	RMB1,000,000,000	RMB3,000,000,000	RMB1,000,000,000	MOP842,042,000	USD300,052,800	RMB1,127,961,864	6,438,146,624 shares in issue
Percentage of shareholding by the Company	51%	66%	51%	80%	80%	66.92%	75%	51%	29.99%
Revenue (RMB100 million)	160.18 (on a consolidated basis)	97.81 (on a consolidated basis)	2.32	9.47	8.62	14.73	57.18	0.73	451.12 (on a consolidated basis)
Year-on-year changes (%)	14.23	88.97	24.73	11.02	12.53	20.64	20.73	(3.95)	14.02
Total assets (RMB100 million)	689.98	358.70	9.12	35.41	22.46	54.28	82.47	245.41	1,602.94
Profit/(loss) attributable to parent company (RMB100 million)	(13.74)	0.26	(0.40)	(1.21)	(0.59)	(3.78)	2.66	0.26	30.67
Profit/(loss) attributable to parent company in the corresponding period of last year (RMB100 million)	(14.20)	3.57	(0.64)	(0.70)	(0.04)	(1.73)	1.34	0.26	35.93

The fleet information and operating data of the major subsidiaries and associates of the Company were as follows:

As at the end of the Reporting Period/ During the Reporting Period	Shenzhen Airlines	Shandong Airlines	Beijing Airlines*	Dalian Airlines	Air China Inner Mongolia	Air Macau	Cathay Pacific
Fleet size (unit)	230 (on a consolidated basis)	135	3	13	11	23	231 (on a consolidated basis)
Average age (year)	9.68	10.43	14.58	10.73	11.17	8.04	11.2
ASK (100 million)	369.19	227.28	4.69	20.80	17.66	34.74	528.81
Year-on-year changes (%)	11.88	61.44	40.17	7.26	4.74	68.56	42.7
RPK (100 million)	302.48	188.06	3.11	16.05	13.61	25.56	435.83
Year-on-year changes (%)	23.99	71.22	50.44	16.35	15.22	85.22	34.9
Passengers carried (10 thousand)	1,902.91	1,283.97	22.54	113.97	102.97	147.91	1,066.0
Year-on-year changes (%)	20.37	72.03	44.68	19.00	15.51	78.14	36.4
Average passenger load factor (%)	81.93	82.7	66.21	77.16	77.03	73.59	82.4
Year-on-year changes (ppt)	8.01	4.72	4.52	6.03	7.00	6.62	(4.8)

*Note: As at the end of the Reporting Period, Beijing Airlines operated a fleet of three entrusted business jets and one self-owned business jet with an average age of 10.79 years. During the Reporting Period, in terms of business charter service, Beijing Airlines completed 123 flights, representing a year-on-year decrease of 32.04%; it completed 465.23 flying hours, representing a year-on-year decrease of 21.36%; it carried a total of 966 passengers, representing a year-on-year decrease of 14.36%.

EMPLOYEES

As at the end of the Reporting Period, the Company had a total of 46,656 employees, and the subsidiaries of the Company had a total of 56,503 employees.

REMUNERATION POLICY AND TRAINING

Upholding the concept of “paying salary with reference to the job value, personal ability as well as performance appraisal”, the Company prioritizes the promotion of differentiated salary distribution as its primary focus in order to stimulate the vitality and motivation of its employees. During the Reporting Period, the Company continued to deepen the reform of the salary distribution system and further optimized the value creation-oriented distribution mechanism of gross payroll to enhance the preciseness and effectiveness of the distribution. It has also strengthened the standardized management of salary distribution and exercised reasonable control over salaries of staff at all levels to optimize the internal distribution structure. In addition, the Company perfected the incentive and restraint mechanism to strengthen the orientation towards results contribution and promote the distribution of salary resources to key talents and front-line staff, so as to fully mobilize the enthusiasm, initiative and creativity of employees.

The training programs of the Company are the same as those disclosed in the 2023 annual report of the Company published on 25 April 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

REVENUE

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

REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

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

AIR PASSENGER REVENUE

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June

	2024	2023	Change
Available seat kilometres (million)	171,790.89	128,799.56	33.38%
Passenger load factor (%)	79.29	70.52	8.77 ppt
Yield per RPK (RMB)	0.5369	0.6107	(12.08%)

AIR PASSENGER REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

For the six months ended 30 June

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

AIR CARGO AND MAIL REVENUE

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

For the six months ended 30 June

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

MANAGEMENT DISCUSSION AND ANALYSIS

Air Cargo and Mail Revenue Contributed by Geographical Segments

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

Operating Expenses

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

- Jet fuel costs increased by RMB7,785 million on a year-on-year basis, mainly due to the effect of the increase in the consumption of jet fuel and increase in the prices of jet fuel.
- Take-off, landing and depot charges increased by RMB3,328 million on a year-on-year basis, mainly due to the year-on-year increase in the number of take-offs and landings.
- Depreciation and amortisation increased by RMB1,321 million on a year-on-year basis, mainly due to the expansion of fleet and the year-on-year increase in flying hours.
- Aircraft maintenance, repair and overhaul costs increased by RMB1,890 million on a year-on-year basis, mainly due to the year-on-year increase in flying hours.
- Employee compensation costs increased by RMB3,359 million on a year-on-year basis, mainly due to the inclusion of Shandong Aviation Group Corporation in the consolidation scope since 21 March 2023 and the year-on-year increase in flight hour fees.
- Air catering charges increased by RMB806 million on a year-on-year basis, mainly due to the increase in the number of passengers.
- Selling and marketing expenses increased by RMB734 million on a year-on-year basis, mainly due to the increase in handling fees for agency services and booking fees resulting from the increase in the sales volumes and the number of passengers.
- General and administrative expenses increased by RMB74 million on a year-on-year basis, mainly due to the effect of the inclusion of Shandong Aviation Group Corporation in the consolidation scope since 21 March 2023.
- Other operating expenses mainly included civil aviation development fund and ordinary expenses arising from the core air traffic business other than those mentioned above, which decreased by RMB25 million on a year-on-year basis, mainly due to the year-on-year decrease in impairment loss recognised on long-term assets.

NET EXCHANGE LOSS AND FINANCE COSTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

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

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

ASSETS STRUCTURE ANALYSIS

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

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

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

ASSET PLEDGED

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

CAPITAL EXPENDITURE

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

EQUITY INVESTMENT

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

DEBT STRUCTURE ANALYSIS

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

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

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

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

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

COMMITMENTS AND CONTINGENT LIABILITIES

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

Details of the Group's contingent liabilities are set out in note 20 to the condensed consolidated financial statements included in this interim report.

GEARING RATIO

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

WORKING CAPITAL AND ITS SOURCES

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

POTENTIAL RISKS

1. Risks of External Environment

Market Fluctuation

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

Oil Price Fluctuation

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

Exchange Rate Fluctuation

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

2. Risks of Competition

Industry competition

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

Alternative competition

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGES IN THE INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

1. On 5 March 2024, Mr. Yan Fei was appointed as the Vice President of the Company at the twenty-seventh meeting of the sixth session of the Board of the Company.
2. On 5 March 2024, Mr. Chen Zhiyong ceased to serve as the Vice President of the Company due to retirement.
3. On 28 March 2024, Mr. Huang Bin ceased to serve as the secretary to the Board, a joint company secretary and the assistant to the President of the Company due to retirement.
4. On 28 March 2024, Mr. Xiao Feng was appointed as the secretary to the Board of the Company and a joint company secretary at the 28th meeting of the sixth session of the Board of the Company.
5. On 15 July 2024, Mr. Feng Gang ceased to serve as a director of the Company due to retirement.
6. On 15 July 2024, at the 31st meeting of the sixth session of the Board of the Company, the Board considered and passed the "Proposal relating to the Nomination of Mr. Cui Xiaofeng as a Candidate for Director". Upon preliminary examination and approval of the Nomination Committee of the Board of the Company, the Board agreed to nominate Mr. Cui Xiaofeng as a candidate for non-executive Director for the sixth session of the Board of the Company. On 9 August 2024, Mr. Cui Xiaofeng was elected as a non-executive Director of the Company at the 2024 second extraordinary general meeting.
7. On 30 August 2024, Mr. Li Fushen, by reason of age, ceased to act as an independent non-executive Director, the chairman and a member of the Audit and Risk Management Committee (the Supervision Committee) of the Board, a member of the Nomination Committee of the Board, a member of the Remuneration and Appraisal Committee of the Board, a member of the Strategy and Investment Committee of the Board and a member of the Aviation Safety Committee of the Board. The Company will appoint a new independent non-executive Director and/or the chairman/member of special committees of the Board in due course, and fulfill its relevant disclosure obligation in a timely manner.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the end of the Reporting Period, none of the Directors, Supervisors or the chief executive of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which shall be recorded and maintained in the register kept by the Company pursuant to section 352 of the SFO, or which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Mr. Patrick Healy (non-executive Director of the Company) also served as the chairman and executive director of Cathay Pacific. Cathay Pacific is currently a substantial shareholder of the Company holding 2,633,725,455 H Shares of the Company as at the end of the Reporting Period. Such interests are required to be disclosed to the Company in accordance with Divisions 2 and 3 under Part XV of the SFO. During the Reporting Period, Mr. Ma Chongxian, Mr. Wang Mingyuan (executive Directors of the Company) and Mr. Patrick Healy (non-executive Director of the Company) also served as directors of Cathay Pacific. Cathay Pacific competes or is likely to compete either directly or indirectly with some aspects of the business of the Company as it operates airline services to certain destinations, which are also served by the Company.

Save as disclosed above, none of the Directors of the Company and their respective close associates (as defined in the Listing Rules) has any competing interests which shall be disclosed under Rule 8.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at the end of the Reporting Period, to the knowledge of the Directors, Supervisors and chief executive of the Company, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name	Type of interests	Type and number of shares held by the Company	Percentage of the total issued shares of the Company	Percentage of the total issued A Shares of the Company	Percentage of the total issued H Shares of the Company	Short positions
CNAHC	Beneficial owner	6,566,761,847 A Shares	39.57%	56.42%	-	-
CNAHC ⁽¹⁾	Equity attributable	1,332,482,920 A Shares	8.03%	11.45%	-	-
CNAHC ⁽¹⁾	Equity attributable	616,779,308 H Shares	3.72%	-	12.45%	-
CNACG	Beneficial owner	1,332,482,920 A Shares	8.03%	11.45%	-	-
CNACG	Beneficial owner	616,779,308 H Shares	3.72%	-	12.45%	-
Cathay Pacific	Beneficial owner	2,633,725,455 H Shares	15.87%	-	53.15%	-
Swire Pacific Limited ⁽²⁾	Equity attributable	2,633,725,455 H Shares	15.87%	-	53.15%	-
John Swire & Sons (H.K.) Limited ⁽²⁾	Equity attributable	2,633,725,455 H Shares	15.87%	-	53.15%	-
John Swire & Sons Limited ⁽²⁾	Equity attributable	2,633,725,455 H Shares	15.87%	-	53.15%	-

Notes:

Based on the information available to the Directors, Supervisors and chief executive (including such information as was available on the website of the Hong Kong Stock Exchange) and to the knowledge of the Directors, Supervisors and chief executive, as at the end of the Reporting Period:

- By virtue of CNAHC's 100% interest in CNACG, CNAHC was deemed to be interested in the 1,332,482,920 A Shares and 616,779,308 H Shares directly held by CNACG.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2. By virtue of John Swire & Sons Limited's 100% interest in John Swire & Sons (H.K.) Limited and their approximately 61.73% equity interest and 69.19% voting rights in Swire Pacific Limited, and Swire Pacific Limited's approximately 44.99% interest in Cathay Pacific as at the end of the Reporting Period, John Swire & Sons Limited, John Swire & Sons (H.K.) Limited and Swire Pacific Limited were deemed to be interested in the 2,633,725,455 H Shares of the Company directly held by Cathay Pacific.

Save as disclosed above, as at the end of the Reporting Period, to the knowledge of the Directors, Supervisors and chief executive of the Company, no other person had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

TOTAL NUMBER OF SHAREHOLDERS

Total number of holders of ordinary shares as at the end of the Reporting Period (account)	158,726 accounts, of which 2,879 accounts are registered holders of H Shares
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INFORMATION OF SHAREHOLDERS

Unit: Share

Name of shareholder (full name)	Change(s) during the Reporting Period	Number of shares held as at the end of the Reporting Period	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Shares pledged, marked or frozen		Nature of shareholder
					Status	Number	
Shareholdings of the top 10 shareholders (excluding shares lent through securities lending and refinancing)							
China National Aviation Holding Corporation Limited	0	6,566,761,847	39.57	614,525,150	Frozen	127,445,536	State-owned legal person
Cathay Pacific Airways Limited	0	2,633,725,455	15.87	0	Nil	0	Foreign legal person
China National Aviation Corporation (Group) Limited	392,927,308	1,949,262,228	11.75	392,927,308	Frozen	36,454,464	Foreign legal person
HKSCC NOMINEES LIMITED	346,000	1,689,381,335	10.18	0	Nil	0	Foreign legal person
China Securities Finance Corporation Limited	0	311,302,365	1.88	0	Nil	0	Other
China National Aviation Fuel Group Corporation	0	238,524,158	1.44	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-5,290,266	176,266,431	1.06	0	Nil	0	Foreign legal person
China Structural Reform Fund Co., Ltd. (中國國有企業結構調整基金股份有限公司)	0	67,039,106	0.40	0	Nil	0	State-owned legal person
Industrial and Commercial Bank of China – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 – 華泰柏瑞滬深300交易型開放式指數證券投資基金)	20,494,400	54,822,302	0.33	0	Nil	0	Other
Huatai Premium Commingled No. 5 Pension Product – Bank of China Limited (華泰優逸五號混合型養老金產品 – 中國銀行股份有限公司)	53,780,077	53,780,077	0.32	0	Nil	0	Other

CORPORATE GOVERNANCE AND OTHER INFORMATION

Unit: Share

Shareholdings of the top 10 shareholders
(excluding shares lent through securities lending and refinancing, and lock-up shares of senior management officers)

Name of shareholder	Number of tradable shares held not subject to selling restrictions	Type and number of shares	
		Type	Number
China National Aviation Holding Corporation Limited	5,952,236,697	RMB ordinary shares	5,952,236,697
Cathay Pacific Airways Limited	2,633,725,455	Overseas listed foreign shares	2,633,725,455
HKSCC NOMINEES LIMITED	1,689,381,335	Overseas listed foreign shares	1,689,381,335
China National Aviation Corporation (Group) Limited	1,556,334,920	RMB ordinary shares	1,332,482,920
		Overseas listed foreign shares	223,852,000
China Securities Finance Corporation Limited	311,302,365	RMB ordinary shares	311,302,365
China National Aviation Fuel Group Corporation	238,524,158	RMB ordinary shares	238,524,158
Hong Kong Securities Clearing Company Limited	176,266,431	RMB ordinary shares	176,266,431
China Structural Reform Fund Co., Ltd. (中國國有企業結構調整基金股份有限公司)	67,039,106	RMB ordinary shares	67,039,106
Industrial and Commercial Bank of China – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund (中國工商銀行股份有限公司 – 華泰柏瑞滬深300交易型開放式指數證券投資基金)	54,822,302	RMB ordinary shares	54,822,302
Huatai Premium Commingled No. 5 Pension Product – Bank of China Limited (華泰優逸五號混合型養老金產品 – 中國銀行股份有限公司)	53,780,077	RMB ordinary shares	53,780,077
Explanation on the repurchase special accounts among the top 10 shareholders	Nil		
Explanation on the right to vote by proxy, proxy and abstention from voting among the above shareholders	Nil		
Explanation on related relationship or action in concert among the above shareholders	CNACG is a wholly-owned subsidiary of CNAHC. Accordingly, CNAHC is directly and indirectly interested in 51.32% of the shares of the Company.		
Explanation on preference shareholders whose voting rights have been restored and the number of shares held	Nil		

- HKSCC NOMINEES LIMITED is a subsidiary of The Stock Exchange of Hong Kong Limited and its principal business is acting as nominee for and on behalf of other corporate shareholders or individual shareholders. The 1,689,381,335 H Shares held by it in the Company do not include the 166,852,000 shares held by it as nominee of CNACG.
- According to the “Implementation Measures on Partial Transfer of State-owned Shares to the National Social Security Fund in the Domestic Securities Market” (Cai Qi [2009] No. 94) (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企[2009]94號)) and the Notice ([2009] No. 63) jointly issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, China Securities Regulatory Commission and the National Council for Social Security Fund, 127,445,536 and 36,454,464 shares held by CNAHC, the controlling shareholder of the Company, and CNACG respectively are frozen at present.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Unit: Share

Shareholdings of the top 10 shareholders subject to selling restrictions and conditions of selling restrictions

No.	Name of shareholder subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading status of shares subject to selling restrictions		Selling restrictions
			Date of being permitted for listing and trading	Number of shares to be listed and traded	
1	China National Aviation Holding Corporation Limited	614,525,150	17 July 2024	614,525,150	Non-public issuance of shares subject to selling restrictions
2	China National Aviation Corporation (Group) Limited	392,927,308	8 February 2027	392,927,308	Non-public issuance of shares subject to selling restrictions

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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 throughout the Reporting Period.

Compliance with the Model Code

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

OTHER SIGNIFICANT MATTERS

The Company convened the 25th meeting of the sixth session of the Board on 22 December 2023 and convened the 2024 first extraordinary general meeting on 26 January 2024, at which relevant resolutions, including the proposal in relation to issuance of A Shares and H Shares to specific investors by the Company in 2023, were considered and passed. On 7 February 2024, the Company completed the issuance of H Shares to the specific investor, CNACG. 392,927,308 H Shares were issued at the issue price of HKD5.09 per H Share. Upon completion of the issue of new H Shares to CNACG, the total share capital of the Company increased to 16,593,720,146 shares, comprising 11,638,109,474 A Shares and 4,955,610,672 H Shares. Please refer to the announcements of the Company dated 7 February 2024, 26 January 2024 and 22 December 2023 for details. As the total number of issued shares and the registered capital of the Company are changed to 16,593,720,146 shares and RMB16,593,720,146 respectively following the completion of the issuance of H Shares to specific investor by the Company, the Company made amendments to relevant articles in the Articles of Association. Please refer to the announcement of the Company dated 7 February 2024 for details.

On 26 April 2024, as approved by the 29th meeting of the sixth session of the Board of the Company, the Company entered into an agreement with COMAC to purchase 100 C919 aircraft from COMAC at a basic price (comprising the prices of airframe, add-on features and engine) of approximately USD10,800 million in aggregate. The transaction was approved by the shareholders at the 2024 second extraordinary general meeting of the Company held on 9 August 2024. Please refer to the announcements of the Company dated 26 April 2024 and 9 August 2024 for details.

USE OF PROCEEDS RAISED FROM THE ISSUANCE OF H SHARES TO SPECIFIC INVESTOR

The Company convened the 25th meeting of the sixth session of the Board on 22 December 2023 and convened the 2024 first extraordinary general meeting on 26 January 2024, at which relevant resolutions, including the proposal in relation to issuance of A Shares and H Shares to specific investors by the Company in 2023, were considered and passed. On 30 January 2024, the Company entered into the H share subscription agreement with CNACG, pursuant to which the Company issued 392,927,308 H Shares (with an aggregate nominal value of RMB392,927,308) to specific investor, CNACG, by way of non-public issuance at an issue price of HKD5.09 per share (the “**Issuance of H Shares to Specific Investor**”) for net proceeds of HKD1,998,769,803.79 or net proceeds of approximately HKD5.087 per H Share issued to the specific investor. On 7 February 2024, the Company completed the issuance of H Shares to specific investor. Please refer to the announcements of the Company dated 22 December 2023 and 7 February 2024 for details. On 22 December 2023, the closing price of the Company’s H shares was HKD4.70 per share. During the Reporting Period, the net proceeds from the Issuance of H Shares to Specific Investor have been utilized according to the plan disclosed by the Company. The following table shows the use of net proceeds from the Issuance of H Shares to Specific Investor:

	Unit: HKD			
Committed investment project	Total committed investment of proceeds raised	Investment during the Reporting Period	Outstanding amount as at the end of the Reporting Period	Expected timeline for the completion of utilisation of proceeds raised
Replenishing working capital	1,998,769,803.79	1,997,999,997.72	769,806.07	Before 30 June 2025

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE BONDS

The Group's corporate bonds as at the end of the Reporting Period are summarised as the followings:

Unit: RMB billion, Currency: RMB

Name of Bond	Abbreviation	Code	Issue Date	Value Date	Expiry Date	Balance of the Bond	Interest Rate (%)	Payment of principal and interest	Investor suitability arrangement	Trading mechanism
Shenzhen Airlines Company Limited 2022 Non-public Issuance of Corporate Bond for Professional Investors (First Tranche)	22SA01	133201	23 February 2022	25 February 2022	25 February 2025	1.516	3.18	Interest on annual basis Repayment of principal on maturity	For not more than 200 institutional investors among professional investors only	Listed and Transferred on the Integrated Agreement Trading Platform of SZSE
Shenzhen Airlines Company Limited 2022 Non-public Issuance of Corporate Bond for Professional Investors (Second Tranche)	22SA02	133215	17 March 2022	21 March 2022	21 March 2025	1.009	3.43	Interest on annual basis Repayment of principal on maturity	For not more than 200 institutional investors among professional investors only	Listed and Transferred on the Integrated Agreement Trading Platform of SZSE
Shenzhen Airlines Company Limited 2022 Non-public Issuance of Corporate Bond for Professional Investors (Third Tranche)	22SA03	133229	1 April 2022	7 April 2022	7 April 2025	1.512	3.4	Interest on annual basis Repayment of principal on maturity	For not more than 200 institutional investors among professional investors only	Listed and Transferred on the Integrated Agreement Trading Platform of SZSE
Shenzhen Airlines Company Limited 2022 Non-public Issuance of Corporate Bond for Professional Investors (Fourth Tranche)	22SA04	133240	25 April 2022	26 April 2022	26 April 2025	0.704	3.4	Interest on annual basis Repayment of principal on maturity	For not more than 200 institutional investors among professional investors only	Listed and Transferred on the Integrated Agreement Trading Platform of SZSE

“22SA01”, “22SA02”, “22SA03” and “22SA04” are traded on the Shenzhen Stock Exchange (SZSE). The principal underwriter is Guotai Junan Securities Co., Ltd. and the trustee is CSC Financial Co., Ltd. No bond set out in the table is subject to the risk of termination of listing and trading.

CORPORATE GOVERNANCE AND OTHER INFORMATION

BASIC INFORMATION OF NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

The following is the basic information of the Group's non-financial corporate debt financing instruments as at the end of the Reporting Period:

Unit: RMB billion, Currency: RMB								
Name of Bond	Abbreviation	Code	Issue Date	Value Date	Expiry Date	Balance of the Bond	Interest Rate (%)	Payment of principal and interest
Air China Limited 2024 Super Short-term Commercial Paper (First Tranche)	24ACSCP001	012481115	27 March 2024	27 March 2024	23 October 2024	1.005	2.03	One-off payment of principal and interest on maturity
Air China Limited 2024 Super Short-term Commercial Paper (Second Tranche)	24ACSCP002	012481123	27 March 2024	28 March 2024	24 October 2024	1.005	2.04	One-off payment of principal and interest on maturity
Air China Limited 2022 Medium Term Note (First Tranche)	22ACMTN001	102282150	22 September 2022	23 September 2022	23 September 2025	3.059	2.54	Interest on annual basis Repayment of principal on maturity
Air China Limited 2024 Medium Term Note (First Tranche)	24ACMTN001	102482159	4 June 2024	5 June 2024	5 June 2027	1.002	2.25	Interest on annual basis Repayment of principal on maturity
Shenzhen Airlines Company Limited 2021 Medium Term Note (First Tranche)	21SAMTN001	102101631	19 August 2021	23 August 2021	23 August 2024	2.055	3.20	Interest on annual basis Repayment of principal on maturity
Shenzhen Airlines Company Limited 2022 Medium Term Note (First Tranche)	22SAMTN001	102280281	16 February 2022	18 February 2022	18 February 2025	1.516	2.99	Interest on annual basis Repayment of principal on maturity

The bonds set out in the table, namely “24ACSCP001”, “24ACSCP002”, “22ACMTN001”, “24ACMTN001”, “21SAMTN001” and “22SAMTN001” are all traded on the interbank bond market, issued to institutional investors in the national interbank bond market, performed in accordance with the trading rules of the National Interbank Funding Centre (全國銀行間同業拆借中心), and are not subject to the risk of termination of listing and trading.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any listed securities of the Company (including the sale of Treasury Shares) (the term “securities” has the meaning ascribed to it under paragraph 1 of Appendix D2 to the Listing Rules).

As at the end of the Reporting Period, the Company did not hold any Treasury Shares.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

OTHER INFORMATION

In order to comply with paragraph 40 of Appendix D2 to the Listing Rules, save as disclosed herein, the Company confirmed that there are no material changes in the current information of the Company in relation to matters as set out in paragraph 32 of Appendix D2 to the Listing Rules as compared with the relevant disclosures in the 2023 annual report of the Company.

SUBSEQUENT EVENTS

For subsequent events, please refer to the sections headed "Changes in the Information of Directors, Supervisors and Senior Management of the Company" and "Other Significant Matters" of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF AIR CHINA LIMITED

(中國國際航空股份有限公司)

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Air China Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 30 to 63 which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Six Months Ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4A	79,520,332	59,613,193
Other income and gains	5	3,250,850	4,069,876
		82,771,182	63,683,069
Operating expenses			
Jet fuel costs		(27,132,269)	(19,346,786)
Employee compensation costs		(16,953,921)	(13,594,872)
Depreciation and amortisation		(14,025,285)	(12,704,783)
Take-off, landing and depot charges		(9,963,482)	(6,635,703)
Aircraft maintenance, repair and overhaul costs		(6,862,447)	(4,972,590)
Air catering charges		(1,973,435)	(1,167,220)
Aircraft and engine lease expenses		(261,132)	(146,086)
Other lease expenses		(346,900)	(242,637)
Other flight operation expenses		(3,263,760)	(3,419,424)
Selling and marketing expenses		(2,275,875)	(1,542,326)
General and administrative expenses		(780,314)	(706,174)
Impairment loss recognised on non-current assets		-	(91,160)
Net impairment loss recognised under expected credit loss model		(14,334)	(11,508)
		(83,853,154)	(64,581,269)
Loss from operations	6	(1,081,972)	(898,200)
Finance income		245,615	291,375
Finance costs	7	(3,265,473)	(3,542,402)
Share of results of associates		1,084,817	1,265,560
Share of results of joint ventures		91,360	88,817
Exchange losses, net		(360,422)	(1,565,320)
Loss before taxation		(3,286,075)	(4,360,170)
Income tax (expense)/credit	8	(252,536)	316,216
Loss for the period		(3,538,611)	(4,043,954)
Attributable to:			
– Equity shareholders of the Company		(2,778,953)	(3,446,814)
– Non-controlling interests		(759,658)	(597,140)
		(3,538,611)	(4,043,954)
Loss per share			
– Basic and diluted	10	RMB(17.67) cents	RMB(22.39) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2024

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	NOTES	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	119,636,097	117,728,498
Right-of-use assets	11	118,740,307	120,971,059
Investment properties		709,827	726,594
Intangible assets		106,576	106,580
Goodwill		4,095,732	4,095,732
Interests in associates	12	13,520,651	12,863,023
Interests in joint ventures		2,566,091	2,413,799
Advance payments for aircraft and flight equipment		25,129,965	26,114,064
Deposits for aircraft under leases		535,239	525,463
Equity instruments at fair value through other comprehensive income		1,821,908	1,547,986
Debt instruments at fair value through other comprehensive income		1,311,348	1,397,310
Deferred tax assets		13,704,304	13,757,180
Other non-current assets		627,191	696,685
		302,505,236	302,943,973
Current assets			
Inventories		4,853,666	3,682,821
Accounts receivable	13	5,478,674	3,182,797
Bills receivable		6,203	3,601
Prepayments, deposits and other receivables	14	5,253,415	5,852,345
Financial assets at fair value through profit or loss		2,125	2,505
Restricted bank deposits		2,409,176	611,692
Cash and cash equivalents		19,963,866	15,016,804
Assets held for sale		107,359	108,527
Other current assets		4,820,628	3,873,629
		42,895,112	32,334,721
Total assets		345,400,348	335,278,694

CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION

At 30 June 2024

	NOTES	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current liabilities			
Air traffic liabilities		(10,648,694)	(8,366,222)
Accounts payable	15	(22,020,724)	(17,954,298)
Bills payable		(102,727)	(500,160)
Dividends payable		(99,856)	(98,000)
Other payables and accruals	16	(17,009,346)	(15,701,546)
Current taxation		(187,243)	(76,662)
Lease liabilities	17	(17,618,030)	(18,175,349)
Interest-bearing borrowings	18	(72,150,988)	(47,271,768)
Provision for return condition checks		(224,318)	(650,777)
Contract liabilities		(1,270,386)	(1,522,492)
		(141,332,312)	(110,317,274)
Net current liabilities		(98,437,200)	(77,982,553)
Total assets less current liabilities		204,068,036	224,961,420
Non-current liabilities			
Lease liabilities	17	(61,803,418)	(64,053,967)
Interest-bearing borrowings	18	(86,162,955)	(104,759,631)
Provision for return condition checks		(18,402,780)	(17,196,982)
Provision for early retirement benefit obligations		(546)	(720)
Long-term payables		(764,985)	(1,082,301)
Contract liabilities		(2,143,187)	(1,663,987)
Defined benefit obligations		(185,489)	(187,810)
Deferred income		(428,738)	(404,103)
Deferred tax liabilities		(327,262)	(347,910)
		(170,219,360)	(189,697,411)
NET ASSETS		33,848,676	35,264,009
CAPITAL AND RESERVES			
Issued capital	19	16,593,720	16,200,793
Treasury shares		(3,047,564)	(3,047,564)
Reserves		23,041,654	24,052,746
Total equity attributable to equity shareholders of the Company		36,587,810	37,205,975
Non-controlling interests		(2,739,134)	(1,941,966)
TOTAL EQUITY		33,848,676	35,264,009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2024

	Notes	Attributable to equity shareholders of the Company									
		Issued capital	Treasury shares	Capital reserve	Reserve funds	General reserve and safety fund	Foreign exchange translation reserve	(Accumulated losses) /retained earnings	Subtotal	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (Audited)		16,200,793	(3,047,564)	43,415,781	11,564,287	156,687	(1,176,240)	(29,907,769)	37,205,975	(1,941,966)	35,264,009
Changes in equity for the six months ended 30 June 2024											
Loss for the period		-	-	-	-	-	-	(2,778,953)	(2,778,953)	(759,658)	(3,538,611)
Other comprehensive income/(expense)		-	-	208,333	-	-	136,696	-	345,029	(34,907)	310,122
Total comprehensive income/(expense)		-	-	208,333	-	-	136,696	(2,778,953)	(2,433,924)	(794,565)	(3,228,489)
Issue of new shares	19	392,927	-	1,422,815	-	-	-	-	1,815,742	-	1,815,742
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(2,603)	(2,603)
Others		-	-	17	-	-	-	-	17	-	17
As at 30 June 2024 (Unaudited)		16,593,720	(3,047,564)	45,046,946	11,564,287	156,687	(1,039,544)	(32,686,722)	36,587,810	(2,739,134)	33,848,676
As at 1 January 2023 (Audited)		14,524,815	(3,047,564)	30,552,858	11,564,287	137,138	(1,424,734)	(28,729,624)	23,577,176	(2,048,948)	21,528,228
Changes in equity for the six months ended 30 June 2023											
Loss for the period		-	-	-	-	-	-	(3,446,814)	(3,446,814)	(597,140)	(4,043,954)
Other comprehensive (expense)/income		-	-	(499,338)	-	-	556,796	-	57,458	(18,782)	38,676
Total comprehensive (expense)/income		-	-	(499,338)	-	-	556,796	(3,446,814)	(3,389,356)	(615,922)	(4,005,278)
Issue of new shares		1,675,978	-	13,317,039	-	-	-	-	14,993,017	-	14,993,017
Acquisition of a subsidiary		-	-	(146,162)	-	3,047	-	146,162	3,047	405,039	408,086
Equity transaction with non-controlling shareholders		-	-	(133)	-	-	-	-	(133)	120	(13)
Dissolution of a subsidiary		-	-	-	-	-	-	-	-	(5,282)	(5,282)
Capital reduction by a non-controlling shareholder		-	-	-	-	-	-	(268,952)	(268,952)	252,952	(16,000)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	(8,449)	(8,449)
As at 30 June 2023 (Unaudited)		16,200,793	(3,047,564)	43,224,264	11,564,287	140,185	(867,938)	(32,299,228)	34,914,799	(2,020,490)	32,894,309

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from operations	17,747,919	20,056,651
Income tax paid	(91,754)	(25,127)
Interest paid	(3,403,093)	(3,889,763)
Net cash from operating activities	14,253,072	16,141,761
Investing activities		
Proceeds from disposal of property, plant and equipment, right-of-use assets and assets held for sale	775,072	738,118
Dividends received	807,696	20,782
Proceed from disposal of debt instruments at fair value through other comprehensive income	374,465	1,071,896
Net cash inflows arising on acquisition of a subsidiary	-	5,392,113
Purchase of debt instruments at amortised cost	(1,000,000)	-
Purchase of property, plant and equipment	(4,779,369)	(3,856,430)
Advance payments for aircraft and flight equipment	(2,702,445)	(5,086,944)
Placement of term deposits	(1,172,268)	-
Investment in a joint venture	(148,991)	(61,838)
Purchase of debt instruments and equity instruments at fair value through other comprehensive income	(229,639)	(470,676)
Net cash flows arising from other investing activities	(101,865)	221,446
Net cash used in investing activities	(8,177,344)	(2,031,533)
Financing activities		
Proceeds from new bank loans and other borrowings	18,984,932	30,333,986
Proceeds from issue of new shares	1,816,860	15,000,000
Proceeds from issuance of corporate bonds and short-term commercial papers	3,000,000	-
Capital contribution from a non-controlling shareholder of a subsidiary	-	3,400,000
Repayments of bank loans and other borrowing	(15,678,403)	(29,441,130)
Repayments of leases liabilities	(9,275,056)	(11,231,302)
Transaction costs attributable to issue of new shares	(1,118)	(6,983)
Dividends paid to non-controlling shareholders	(747)	(8,449)
Repayments of corporate bonds	-	(7,000,000)
Payments for acquisition of non-controlling interests	-	(13)
Net cash (used in)/from financing activities	(1,153,532)	1,046,109
Net increase in cash and cash equivalents	4,922,196	15,156,337
Cash and cash equivalents at 1 January	15,016,804	10,607,711
Effect of foreign exchanges rates changes	24,866	205,882
Cash and cash equivalents at 30 June	19,963,866	25,969,930

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

1. CORPORATE INFORMATION

Air China Limited (the “Company”) was established as a joint stock limited company in Beijing, the People’s Republic of China (the “PRC”), on 30 September 2004. The Company’s H shares are listed on The Stock Exchange of Hong Kong Limited (the “HKSE”) and the London Stock Exchange (the “LSE”) while the Company’s A shares are listed on the Shanghai Stock Exchange. In the opinion of the directors of the Company (the “Directors”), the Company’s parent and ultimate holding company is China National Aviation Holding Corporation Limited (“CNAHC”), a PRC state-owned enterprise under the supervision of the State Council.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are provision of airline and airline-related services, including aircraft engineering services and airport ground handling services.

The registered address of the Company is at 1st Floor – 9th Floor 101, Building 1, 30 Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

2. BASIS OF PREPARATION

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

3. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to IFRSs

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

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

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

4A. REVENUE

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

4A. REVENUE (continued)

Disaggregation of revenue from contracts with customers

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

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For the Six Months Ended 30 June 2024

4B. SEGMENT INFORMATION

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

- (a) the "airline operations" segment which mainly comprises the provision of air passenger and air cargo services; and
- (b) the "other operations" segment which comprises the provision of aircraft engineering and other airline-related services.

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

Operating segments

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

For the six months ended 30 June 2024 (Unaudited)

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

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For the Six Months Ended 30 June 2024

4B. SEGMENT INFORMATION (continued)

Operating segments (continued)

For the six months ended 30 June 2023 (Unaudited)

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

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4B. SEGMENT INFORMATION (continued)

Operating segments (continued)

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

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

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4B. SEGMENT INFORMATION (continued)

Geographical information

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

For the six months ended 30 June 2024 (Unaudited)

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

For the six months ended 30 June 2023 (Unaudited)

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

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

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

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For the Six Months Ended 30 June 2024

5. OTHER INCOME AND GAINS

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

6. LOSS FROM OPERATIONS

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

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

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7. FINANCE COSTS

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

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

8. INCOME TAX EXPENSE/(CREDIT)

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

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

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

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9. DIVIDENDS

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

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

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

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

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

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 RMB2,779 million (six months ended 30 June 2023: RMB3,447 million) and the weighted average number of 15,723,985,056 (six months ended 30 June 2023: 15,392,419,484) ordinary shares in issue during the period, as adjusted to reflect the number of treasury shares held by Cathay Pacific Airways Limited ("Cathay Pacific") through reciprocal shareholding (Note 12).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, additions to the cost of property, plant and equipment were RMB6,879 million (six months ended 30 June 2023: RMB15,932 million). Property, plant and equipment with carrying amount of RMB306 million were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB532 million).

As at 30 June 2024, the Group's aircraft and flight equipment, buildings and other equipment with an aggregate net book value of approximately RMB925 million (31 December 2023: RMB838 million) were pledged to secure certain bank loans of the Group (Note 18).

As at 30 June 2024, the Group was in the process of applying for the title certificates of certain buildings with an aggregate net book value of approximately RMB7,546 million (31 December 2023: RMB7,390 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings.

During the six months ended 30 June 2024, additions to the right-of-use assets were RMB4,970 million (six months ended 30 June 2023: RMB12,404 million).

As at 30 June 2024, the Group had future undiscounted lease payments under non-cancellable leases of RMB463 million (31 December 2023: RMB2 million), which was not recognised as lease liabilities since leases have yet to be commenced.

As at 30 June 2024, the Group's land use rights, which are recorded as part of right-of-use assets are located in Mainland China, with an aggregate net book value of approximately RMB24 million (31 December 2023: RMB24 million) were pledged to secure certain bank loans of the Group (Note 18).

As at 30 June 2024, the Group was in the process of applying for the title certificates of certain land use rights acquired by the Group with an aggregate net book value of approximately RMB457 million (31 December 2023: RMB595 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy and use the above-mentioned land.

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For the Six Months Ended 30 June 2024

12. INTERESTS IN ASSOCIATES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Share of net assets		
– Listed shares in Hong Kong SAR, China	10,673,115	10,024,259
– Unlisted investments	229,660	239,221
Goodwill	2,617,876	2,599,543
	13,520,651	12,863,023
Market value of listed shares	14,077,930	14,275,696

Summarised financial information in respect of Cathay Pacific, the only individually material associate of the Group, and a reconciliation to the carrying amount in the condensed consolidated financial statements, are set out below. The summarised financial information below represents amounts shown in the associate's condensed consolidated financial statements.

Cathay Pacific

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Gross amounts of the associate's		
Current assets	25,171,714	20,615,599
Non-current assets	135,122,274	137,170,897
Current liabilities	(43,638,881)	(41,226,666)
Non-current liabilities	(60,604,690)	(62,156,724)
Equity	56,050,417	54,403,106
– Equity attributable to equity shareholders of the associate	46,494,657	44,911,357
– Equity contributed to preferred shareholders of the associate	9,070,214	9,008,733
– Equity contributed to the non-controlling interests of the associate	6,389	6,344
– Equity attributable to convertible bond holders of the associate	479,157	476,672

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

12. INTERESTS IN ASSOCIATES (continued)

Cathay Pacific (continued)

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue	45,112,358	39,566,097
Profit for the period	3,285,843	3,873,744
Other comprehensive income/(expense)	706,643	(1,935,057)
Total comprehensive income	3,992,486	1,938,687
	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attributable to equity shareholders	46,494,657	44,911,357
Group's effective interest	29.99%	29.99%
Group's share of net assets of the associate	13,943,748	13,468,916
Elimination of reciprocal shareholding	(3,270,633)	(3,444,657)
Goodwill	2,590,158	2,571,825
Carrying amount in the condensed consolidated financial statements	13,263,273	12,596,084
Aggregate information of associates that are not individually material:		
	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Aggregate carrying amounts of individually immaterial associates in the condensed consolidated financial statements	257,378	266,939
	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Aggregate amounts of the Group's share of those associates'		
– Profit/(loss) for the period	17,448	(13,678)
– Other comprehensive income for the period	440	1,465
Total comprehensive income/(expense) for the period	17,888	(12,213)

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13. ACCOUNTS RECEIVABLE

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

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

An analysis of prepayments, deposits and other receivables as at the end of the reporting period, net of allowance for expected credit losses, was as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Manufacturers' credits	540,017	567,759
Prepayments of jet fuel	215,419	99,925
Other prepayments	283,459	314,506
	1,038,895	982,190
Deposits and other receivables	4,214,520	4,870,155
	5,253,415	5,852,345

As at 30 June 2024, the allowance at lifetime ECL recognised on credit-impaired debtor mainly consisted of the full provision for the amount due from Shenzhen Airlines Property Development Co., Ltd. of approximately RMB293,685,000 (31 December 2023: RMB293,685,000).

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15. ACCOUNTS PAYABLE

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

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

16. OTHER PAYABLES AND ACCRUALS

An analysis of other payables and accruals as at the end of the reporting period was as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Accrued salaries, wages and benefits	3,474,144	3,154,495
Payables for construction in progress	1,533,655	1,715,427
Other tax payable	377,987	495,176
Deposits received from sales agents	739,559	512,378
Current portion of long-term payables	3,618	4,233
Deposits received by China National Aviation Finance Co., Ltd. ("CNAF"), a subsidiary of the Company, from related parties	7,829,999	7,088,514
Others	3,050,384	2,731,323
	17,009,346	15,701,546

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17. LEASE LIABILITIES

The Group has obligations under lease agreements expiring from the second half of 2024 to 2034 (31 December 2023: 2024 to 2033). An analysis of the lease payments as at the end of the reporting period, together with the present values of the lease payments which are principally denominated in foreign currencies, is as follows:

	At 30 June 2024		At 31 December 2023	
	Lease payments RMB'000 (Unaudited)	Present values of lease payments RMB'000 (Unaudited)	Lease payments RMB'000 (Audited)	Present values of lease payments RMB'000 (Audited)
Amounts repayable				
– Within 1 year	19,910,140	17,618,030	20,663,819	18,175,349
– After 1 year but within 2 years	16,546,044	14,810,525	17,712,432	15,840,293
– After 2 years but within 5 years	32,139,526	29,499,422	35,082,619	32,158,689
– After 5 years	18,340,863	17,493,471	16,889,125	16,054,985
Total	86,936,573	79,421,448	90,347,995	82,229,316
Less: Amounts representing future finance costs	(7,515,125)		(8,118,679)	
Present values of lease payments	79,421,448		82,229,316	
Less: Portion classified as current liabilities	(17,618,030)		(18,175,349)	
Non-current portion	61,803,418		64,053,967	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

18. INTEREST-BEARING BORROWINGS

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Bank loans and other borrowings:		
– Secured	750,954	748,462
– Unsecured	143,179,903	139,882,030
	143,930,857	140,630,492
Corporate bonds and short-term commercial papers:		
– Unsecured	14,383,086	11,400,907
	158,313,943	152,031,399
	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Bank loans and other borrowings repayable:		
– Within 1 year	61,767,902	45,067,693
– After 1 year but within 2 years	48,586,584	57,883,821
– After 2 years but within 5 years	28,908,570	33,414,939
– After 5 years	4,667,801	4,264,039
	143,930,857	140,630,492
Corporate bonds and short-term commercial papers repayable:		
– Within 1 year	10,383,086	2,204,075
– After 1 year but within 2 years	3,000,000	9,196,832
– After 2 years but within 5 years	1,000,000	–
	14,383,086	11,400,907
Total interest-bearing borrowings	158,313,943	152,031,399
Less: portion classified as current liabilities	(72,150,988)	(47,271,768)
Non-current portion	86,162,955	104,759,631

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18. INTEREST-BEARING BORROWINGS (continued)

As at 30 June 2024, the interest rates of the Group's bank loans and other borrowings ranged from 2.00% to 4.45% (31 December 2023: 2.00% to 4.45%) per annum.

As at 30 June 2024, the interest rates of the Group's corporate bonds and short-term commercial papers ranged from 2.03% to 3.46% (31 December 2023: 2.54% to 3.46%) per annum.

As at 30 June 2024, the Group's bank loans of approximately RMB751 million (31 December 2023: RMB748 million) were secured by:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Aircraft and flight equipment, buildings and other equipment	924,776	837,673
Land use rights	23,827	24,221
Intangible assets	6,030	6,105
	954,633	867,999

As at 30 June 2024, corporate bonds with carrying amount of RMB8,312 million (31 December 2023: RMB8,380 million) were issued by Shenzhen Airlines Company Limited, a subsidiary of the Company.

19. ISSUED CAPITAL

The numbers of shares of the Company and their nominal values as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	Number of shares	Nominal value RMB'000 (Unaudited)	Number of shares	Nominal value RMB'000 (Audited)
Registered, issued and fully paid:				
– H shares of RMB1.00 each:				
Tradable	4,562,683,364	4,562,683	4,562,683,364	4,562,683
Tradable-restricted (Note 1)	392,927,308	392,927	–	–
– A shares of RMB1.00 each:				
Tradable	11,023,584,324	11,023,585	11,023,584,324	11,023,585
Tradable-restricted (Note 2)	614,525,150	614,525	614,525,150	614,525
	16,593,720,146	16,593,720	16,200,792,838	16,200,793

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19. ISSUED CAPITAL (continued)

Note 1: On 7 February 2024, the Company issued 392,927,308 new H shares to China National Aviation Corporation (Group) Limited (“CNACG”, a wholly-owned subsidiary of CNAHC) at the price of HKD5.09 per share with par value of RMB1. Total proceed of the issuance was HKD2,000 million and the net proceed was RMB1,816 million, after deducting issue cost of RMB1 million (excluding value-added tax), of which RMB393 million was recognised as issued capital and RMB1,423 million was recognised as capital reserve. Upon completion of the issuance, the new H shares are subject to a lock-up period of 36 months. The new H shares issued rank pari passu with the existing A shares and H shares in all respects.

Note 2: On 17 July 2024, 614,525,150 A share subscribed by CNAHC were released from restriction.

20. CONTINGENT LIABILITIES

As at 30 June 2024, the Group had the following contingent liabilities:

Pursuant to the restructuring of CNAHC in preparation for the listing of the Company’s H shares on the HKSE and the LSE, the Company entered to a restructuring agreement (the “Restructuring Agreement”) with CNAHC and CNAHC on 20 November 2004. According to the Restructuring Agreement, except for liabilities constituting or arising out of or relating to business undertaken by the Company after the restructuring, no liabilities would be assumed by the Company and the Company would not be liable, whether severally, or jointly and severally, for debts and obligations incurred prior to the restructuring by CNAHC and CNACG. The Company has also undertaken to indemnify CNAHC and CNACG against any damage suffered or incurred by CNAHC and CNACG as a result of any breach by the Company of any provision of the Restructuring Agreement.

21. FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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21. FINANCIAL INSTRUMENTS (continued)

(a) Financial assets measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value at 30 June 2024 RMB'000 (Unaudited)	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)
Equity instruments at fair value through other comprehensive income ("FVTOCI")	1,821,908	-	-	1,821,908
Debt instruments at FVTOCI (including debt instruments at FVTOCI included in other current assets)	1,360,682	-	1,360,682	-
Financial assets at fair value through profit or loss	2,125	2,125	-	-
Total financial assets at fair value	3,184,715	2,125	1,360,682	1,821,908

	Fair value at 31 December 2023 RMB'000 (Audited)	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)
Equity instruments at FVTOCI	1,547,986	-	-	1,547,986
Debt instruments at FVTOCI (including debt instruments at FVTOCI included in other current assets)	1,496,675	-	1,496,675	-
Financial assets at fair value through profit or loss	2,505	2,505	-	-
Total financial assets at fair value	3,047,166	2,505	1,496,675	1,547,986

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

All financial instruments classified within Level 2 of the fair value hierarchy are debt investments, the fair value of which were determined based upon the valuation conducted by the China Central Depository & Clearing Co., Ltd.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

21. FINANCIAL INSTRUMENTS (continued)

(a) Financial assets measured at fair value (continued)

(iii) Valuation techniques and inputs used in Level 3 fair value measurements

As at 30 June 2024, the fair value of the equity interest in unlisted securities of a listed company amounting to approximately RMB224,154,000 (as at 31 December 2023: RMB330,508,000) was estimated by reference to the quoted prices in an active market with an adjustment of discount for lack of marketability.

As at 30 June 2024, the fair value of private equity instruments at FVTOCI amounting to approximately RMB1,597,754,000 (as at 31 December 2023: RMB1,217,478,000) have been estimated using a market-based valuation technique, which is derived by reference to observable valuation measures for comparable companies, and with the main adjustment of discount for lack of marketability.

(b) Fair values of financial assets and liabilities carried at other than fair value

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and liabilities measured at amortised cost in these condensed consolidated financial statements approximate their fair values.

	Carrying amounts		Fair values	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Financial liabilities				
– Corporate bonds (fixed rate)	12,372,437	11,400,907	12,241,928	11,183,499

Fair value hierarchy as at 30 June 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
– Corporate bonds (fixed rate)	–	12,241,928	–	12,241,928

Fair value hierarchy as at 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial liabilities				
– Corporate bond (fixed rate)	–	11,183,499	–	11,183,499

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For the Six Months Ended 30 June 2024

22. COMMITMENTS

(a) Capital commitments

The Group had the following amounts of contractual commitments for the acquisition and construction of property, plant and equipment as at the end of the reporting period:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Contracted, but not provided in the consolidated financial statements	114,365,222	72,078,516

(b) Investment commitments

The Group had the following amounts of investment commitments as at the end of the reporting period:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Contracted, but not provided for: – investment commitment to joint ventures	310,016	456,834

In 2012, the Company entered into an agreement with a joint venture as its 50% shareholder. As at 30 June 2024, the Company has invested United State Dollar (“USD”) 1.5 million (31 December 2023: USD1.5 million) and committed to invest USD3.5 million (31 December 2023: USD3.5 million) in the future.

In 2023, the Company entered into an agreement with a joint venture as its 50% shareholder. As at 30 June 2024, the Company has invested USD55 million (31 December 2023: USD34 million) and committed to invest USD40 million (31 December 2023: USD61 million) in the future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

23. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group had the following significant transactions with (i) CNAHC, its subsidiaries (other than the Group), joint ventures and associates (collectively, the “CNAHC Group”); (ii) its joint ventures and its associates:

- (i) Transactions with related parties

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Service provided to the CNAHC Group:		
Transportation service fee on the passenger aircraft cargo business	3,009,102	1,091,066
Aircraft maintenance income	150,046	90,290
Land and buildings rental income	81,322	67,164
Ground services income	71,872	54,435
Pilot transfer income	49,220	–
Government charter flights services	36,906	60,659
Air catering income	30,060	20,230
Income from advertising media business	6,786	6,778
Sales commission income	5,972	3,103
Trademark licensing income	4,660	4,660
Aviation communication income	1,185	1,185
Others	55,025	142,369
	3,502,156	1,541,939

NOTES TO THE CONDENSED CONSOLIDATED
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For the Six Months Ended 30 June 2024

23. RELATED PARTY TRANSACTIONS (continued)

- (a) During the period, the Group had the following significant transactions with (i) CNAHC, its subsidiaries (other than the Group), joint ventures and associates (collectively, the “CNAHC Group”); (ii) its joint ventures and its associates: (continued)

- (i) Transactions with related parties (continued)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Service provided by the CNAHC Group:		
Airport ground services, take-off, landing and depot expenses	757,051	553,989
Air catering charges	739,499	523,400
Aviation communication expenses	407,196	306,505
Other procurement and maintenance	291,220	211,827
Interest expenses	196,418	185,811
Management fees	173,226	149,430
Media advertisement expenses	64,056	48,704
Repair and maintenance costs	25,093	24,745
Expense relating to short-term leases and leases of low-value assets	15,644	43,453
Sales commission expenses	193	616
Others	14,524	14,250
	2,684,120	2,062,730
Loans to the CNAHC Group by CNAF:		
Advances of loans	105,000	40,000
Interest income	4,413	2,406
Deposits from the CNAHC Group received by CNAF:		
Increase in deposits received	730,815	1,380,536
Interest expenses	30,327	27,477
As a lessee with CNAHC Group:		
Additions to right-of-use assets and lease liabilities on new leases	1,665,731	62,259
Lease payments paid	1,331,248	1,321,734
Interest on lease liabilities	292,543	225,966

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

23. RELATED PARTY TRANSACTIONS (continued)

- (a) During the period, the Group had the following significant transactions with (i) CNAHC, its subsidiaries (other than the Group), joint ventures and associates (collectively, the “CNAHC Group”); (ii) its joint ventures and its associates: (continued)

- (i) Transactions with related parties (continued)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Service provided to joint ventures and associates:		
Aircraft maintenance income	109,020	36,353
Ground services income	29,286	36,079
Air catering income	4,182	3,842
Frequent-flyer programme income	1,562	2,343
Land and buildings rental income	797	1,255
Sales commission income	157	283
Others	702	134
	145,706	80,289
Service provided by joint ventures and associates:		
Repair and maintenance costs	1,507,998	783,106
Airport ground services, take-off, landing and depot expenses	215,333	135,354
Other procurement and maintenance	17,319	3,874
Aviation communication expenses	2,153	2,310
Frequent-flyer programme expenses	1,958	310
Sales commission expenses	216	231
Air catering charges	8	920
Expenses relating to short-term leases and leases of low-value assets	5	211
	1,744,990	926,316
Deposits from joint ventures and associates received by CNAF:		
(Decrease)/increase in deposits received	(3,229)	2,270
Interest expenses	327	807

The Directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

Part of the related transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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For the Six Months Ended 30 June 2024

23. RELATED PARTY TRANSACTIONS (continued)

- (a) During the period, the Group had the following significant transactions with (i) CNAHC, its subsidiaries (other than the Group), joint ventures and associates (collectively, the “CNAHC Group”); (ii) its joint ventures and its associates: (continued)

- (ii) Balances with related parties

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Outstanding balances with related parties*		
Amount due from the ultimate holding company	390,660	353,478
Amounts due from associates	67,554	56,710
Amounts due from joint ventures	16,036	536
Amounts due from other related companies	1,249,070	1,193,322
Amount due to the ultimate holding company	25,025	22,240
Amounts due to associates	77,340	43,354
Amounts due to joint ventures	982,114	957,807
Amounts due to other related companies	17,844,972	17,140,447

* Outstanding balances with related parties exclude borrowing balances with related parties and outstanding balances between CNAF and related parties.

Except for lease liabilities, the above outstanding balances with related parties are unsecured, interest-free and repayable within one year or have no fixed terms of repayment.

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Outstanding borrowing balances with related parties		
Interest-bearing borrowings		
– Due to the ultimate holding company	14,794,456	17,297,166
– Due to other related companies	300,183	1,361,917
Outstanding balances between CNAF and related parties		
(1) Outstanding balances between CNAF and CNAHC Group		
Loans granted	370,000	265,000
Deposits received	7,768,879	7,038,063
Interest payable to related parties	25,397	8,487
Interest receivable from related parties	262	217
(2) Outstanding balances between CNAF and joint ventures and associates of the Group		
Deposits received	38,708	41,937
Interest payable to related parties	15	27

The outstanding balances between CNAF and related parties represent loans to related parties or deposits received by CNAF from related parties. The applicable interest rates are determined in accordance with the prevailing borrowing rates/deposit saving rates published by the People’s Bank of China.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

23. RELATED PARTY TRANSACTIONS (continued)

- (b) An analysis of the compensation of key management personnel of the Group is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short term employee benefits	4,292	4,749
Retirement scheme contributions	807	945
Total emoluments for key management personnel	5,099	5,694

The breakdown of emoluments for key management personal are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Directors and supervisors	1,840	1,720
Senior management	3,259	3,974
	5,099	5,694

- (c) Asset transfers with related parties:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of aircraft	66,481	108,434
Purchase of property, plant and equipment	-	332,104

- (d) Transactions with other government-related entities in the PRC

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities").

NOTES TO THE CONDENSED CONSOLIDATED
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For the Six Months Ended 30 June 2024

23. RELATED PARTY TRANSACTIONS (continued)

(d) Transactions with other government-related entities in the PRC (continued)

Apart from above transactions with CNAHC Group, the Group has collectively, but not individually significant transactions with other government-related entities, which include but are not limited to the following:

- Rendering and receiving services
- Sales and purchases of goods, properties and other assets
- Lease of assets
- Depositing and borrowing money
- Use of public utilities

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for providing of services, purchase of products, properties and services, purchase of lease service and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

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 hours”	each whole and/or partial hour elapsing from the moment the chocks are removed from the wheels of the aircraft for flights until the chocks are next again returned to the wheels of the aircraft

YIELD MEASUREMENTS

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

DEFINITIONS

In this interim report, 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
“CNACG”	China National Aviation Corporation (Group) Limited, a wholly-owned subsidiary of CNAHC
“CNAF”	China National Aviation Finance Co., Ltd, a non-wholly owned subsidiary of the Company
“CNAHC”	China National Aviation Holding Corporation Limited
“CNAHC Group”	CNAHC and its subsidiaries
“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 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)

DEFINITIONS

“International Financial Reporting Standards” or “IFRSs”	International Financial Reporting Standards
“Kunming Airlines”	Kunming Airlines Company Limited, a subsidiary of Shenzhen Airlines
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Reporting Period”	from 1 January 2024 to 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Airlines”	Shandong Airlines Co., Ltd., a non-wholly owned subsidiary of Shandong Aviation Group Corporation
“Shandong Aviation Group Corporation”	Shandong Aviation Group Company Limited, a non-wholly owned subsidiary of the Company
“Shenzhen Airlines”	Shenzhen Airlines Company Limited, a non-wholly owned subsidiary of the Company
“Supervisor(s)”	The supervisor(s) of the Company
“Supervisory Committee”	The supervisory committee of the Company
“Treasury Share(s)”	has the meaning ascribed thereto under the Listing Rules
“US dollars”	United States dollars, the lawful currency of the United States