

INTERIM
REPORT

2025



A STAR ALLIANCE MEMBER 

Air China Limited

Stock code: 00753 Hong Kong 601111 Shanghai AIRC London

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, Air China Import and Export Co., Ltd., Chengdu Falcon Aircraft Engineering Service Co., Ltd., Air China Shantou Industrial Development Company; its joint ventures mainly include Sichuan Services Aero-Engine Maintenance Co., Ltd, Beijing Aero-Engine Services Co., Ltd. and GA Innovation China Co., Ltd; and its associates mainly 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”.



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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:

5th Floor
CNAC House
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. Xu Niansha*
Mr. He Yun*
Ms. Winnie Tam Wan-chi*
Mr. Gao Chunlei*

LEGAL REPRESENTATIVE OF THE COMPANY:

Mr. Ma Chongxian

COMPANY SECRETARY:

Mr. Xiao Feng

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:

KPMG
Public Interest Entity Auditors registered
in accordance with the Accounting and
Financial Reporting Council Ordinance

H SHARE REGISTRAR AND TRANSFER OFFICE:

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor, Hopewell
Centre
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 of the Company during the Reporting Period, please refer to page 22 of this report. This page sets out the list of Directors of the Company as of the date of this interim report (i.e. 28 August 2025).

SUMMARY OF FINANCIAL INFORMATION

(RMB'000)	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Revenue	80,757,434	79,520,332
Loss from operations	(1,696,430)	(1,081,972)
Loss before taxation	(2,787,902)	(3,286,075)
Loss for the period	(2,710,105)	(3,538,611)
Loss attributable to non-controlling interests	(905,285)	(759,658)
Loss attributable to equity shareholders of the Company	(1,804,820)	(2,778,953)
EBITDA ⁽¹⁾	13,141,208	12,943,313
EBITDAR ⁽²⁾	13,849,545	13,551,345
Loss per share attributable to equity shareholders of the Company (RMB)	(0.11)	(0.18)
Return on equity attributable to equity shareholders (%)	(4.23)	(7.60)

- (1) EBITDA represents earnings before finance income and finance costs, net exchange gains/losses, income tax, share of results of associates and joint ventures, depreciation and amortisation as computed under IFRS Accounting Standards.
- (2) EBITDAR represents EBITDA before deducting aircraft and engine lease expenses as well as other lease expenses.

(RMB'000)	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Total assets	347,539,122	345,750,173
Total liabilities	309,309,125	304,824,203
Non-controlling interests	(4,393,572)	(4,202,202)
Equity attributable to equity shareholders of the Company	42,623,569	45,128,172
Equity attributable to equity shareholders of the Company per share (RMB)	2.44	2.71

SUMMARY OF OPERATING DATA

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

	January to June 2025	January to June 2024	Increase/(decrease)
Capacity			
ASK (million)	177,576.14	171,790.89	3.37%
International	51,445.77	44,082.60	16.70%
Mainland China	121,132.50	122,675.40	(1.26%)
Hong Kong SAR, Macau SAR and Taiwan, China	4,997.87	5,032.90	(0.70%)
AFTK (million)	6,425.74	6,122.03	4.96%
International	3,055.74	2,577.25	18.57%
Mainland China	3,246.51	3,409.83	(4.79%)
Hong Kong SAR, Macau SAR and Taiwan, China	123.50	134.96	(8.49%)
ATK (million)	22,428.25	21,606.69	3.80%
Traffic			
RPK (million)	143,336.58	136,213.57	5.23%
International	39,337.74	33,625.02	16.99%
Mainland China	100,349.17	98,966.23	1.40%
Hong Kong SAR, Macau SAR and Taiwan, China	3,649.66	3,622.31	0.75%
RFTK (million)	2,408.59	2,237.13	7.66%
International	1,560.66	1,409.88	10.69%
Mainland China	817.46	795.51	2.76%
Hong Kong SAR, Macau SAR and Taiwan, China	30.47	31.74	(4.01%)
Passengers carried (thousand)	77,114.33	74,959.47	2.87%
International	8,939.31	7,535.97	18.62%
Mainland China	65,835.77	65,161.14	1.04%
Hong Kong SAR, Macau SAR and Taiwan, China	2,339.26	2,262.37	3.40%
Cargo and mail carried (tonnes)	735,334.14	701,598.29	4.81%
Kilometres flown (million)	922.72	896.88	2.88%
Block hours (thousand)	1,465.36	1,438.31	1.88%
Number of flights	504,285	498,613	1.14%
International	56,194	47,201	19.05%
Mainland China	430,131	434,608	(1.03%)
Hong Kong SAR, Macau SAR and Taiwan, China	17,960	16,804	6.88%
RTK (million)	15,050.36	14,229.30	5.77%
Load factor			
Passenger load factor (RPK/ASK)	80.72%	79.29%	1.43 pp
International	76.46%	76.28%	0.19 pp
Mainland China	82.84%	80.67%	2.17 pp
Hong Kong SAR, Macau SAR and Taiwan, China	73.02%	71.97%	1.05 pp

SUMMARY OF OPERATING DATA

	January to June 2025	January to June 2024	Increase/(decrease)
Cargo and mail load factor (RFTK/AFTK)	37.48%	36.54%	0.94 pp
International	51.07%	54.70%	(3.63 pp)
Mainland China	25.18%	23.33%	1.85 pp
Hong Kong SAR, Macau SAR and Taiwan, China	24.67%	23.52%	1.15 pp
Overall load factor (RTK/ATK)	67.10%	65.86%	1.25 pp
Utilisation			
Daily utilisation of aircraft (block hours per day per aircraft)	8.76	8.79	(0.03 hours)
Yield			
Yield per RPK (RMB)	0.5107	0.5369	(4.88%)
International	0.4889	0.4927	(0.77%)
Mainland China	0.5134	0.5475	(6.23%)
Hong Kong SAR, Macau SAR and Taiwan, China	0.6683	0.6578	1.60%
Yield per RFTK (RMB)	1.4853	1.4878	(0.17%)
International	1.7344	1.7792	(2.52%)
Mainland China	0.9419	0.9035	4.25%
Hong Kong SAR, Macau SAR and Taiwan, China	3.3024	3.1906	3.50%
Unit cost			
Operating expenses per ASK (RMB)	0.4791	0.4881	(1.84%)
Operating expenses per ATK (RMB)	3.7930	3.8809	(2.26%)

DEVELOPMENT OF FLEET

During the first half of 2025, the Group introduced a total of nine aircraft, including one A320 series aircraft, five B737 series aircraft, one C919 aircraft and two C909 aircraft, and phased out a total of five aircraft, including one A330 series aircraft, three A320 series aircraft and one business jet. As at the end of the Reporting Period, the Group had a total of 934 aircraft with an average age of 10.28 years, of which the Company operated a fleet of 510 aircraft in total, with an average age of 9.92 years. During the Reporting Period, the Company introduced eight aircraft and phased out two aircraft.

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

			30 June 2025		
	Sub-total	Self-owned	Finance leases	Operating leases	Average age (year)
Airbus	430	196	115	119	10.14
A320	347	165	90	92	10.35
A330	53	21	5	27	12.18
A350	30	10	20	–	4.13
Boeing	462	191	97	174	11.11
B737	410	156	88	166	11.08
B747	10	8	2	–	15.97
B777	28	17	5	6	11.21
B787	14	10	2	2	8.36
COMAC	39	27	12	–	2.02
C909	35	23	12	–	2.19
C919	4	4	–	–	0.52
Business jets	3	1	–	2	9.31
Total	934	415	224	295	10.28

	Introduction Plan			Phase-out Plan		
	2025	2026	2027	2025	2026	2027
Airbus	22	27	24	13	13	3
A320	22	27	24	9	13	3
A330	–	–	–	4	–	–
Boeing	13	2	21	5	1	1
B737	13	–	12	4	1	1
B747	–	–	–	1	–	–
B787	–	2	9	–	–	–
COMAC	12	10	10	–	–	–
C909	2	–	–	–	–	–
C919	10	10	10	–	–	–
Total	47	39	55	18	14	4

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

BUSINESS OVERVIEW

SAFE OPERATIONS

Comprehensively implementing the holistic approach to national security, the Group reinforced safety accountability with resolute political commitment, unwaveringly upholding the principle of “safety first”. The annual key safety tasks were rigorously advanced, with the Group’s leadership team conducting safety supervision and field research at seven subsidiaries and branches. Steady progress was made in the three-year action plan for fundamental improvement in workplace safety. This included formulating implementation plans for safety production, comprehensively strengthening process management, and continuously enhancing safety operation systems across key areas such as safety management, flight training, operational management, aircraft maintenance, risk identification and hidden hazard identification and mitigation, dangerous goods air transportation, aviation security as well as fire and construction safety. Focusing on complex operational environments and critical production processes, the Group applied to “human error, equipment failure, environmental factors and deficiencies management (人、機、環、管)” framework to rigorously enforce risk controls. During the Reporting Period, the Group achieved 1.465 million safe flight hours while successfully executing multiple charter flights and special missions including repatriation of overseas cultural relics, earthquake relief and rescue in Myanmar and Tibet and emergency evacuations from Iran, all demonstrating the Group’s strong political accountability and commitment to social responsibilities.

OPERATIONAL PERFORMANCE

The Group made solid strides in enhancing quality and efficiency, steadfastly anchoring its efforts to achieve the annual business objectives. The Group adhered to implementing the “Four Maximizations” production organization principle to increase the scale of effective input. The hub network strategy was further advanced, with continuous optimization of the flight route network and meticulous development of domestic express routes to strengthen competitive edges. The Group steadily pushed forward the launch of new international routes and resumption of suspended ones, prioritizing market expansion along the “Belt and Road” initiative. The Group continuously enhanced its product marketing and innovation capabilities. Product design was continually refined to cater to passengers’ differentiated needs, with innovative upgrades to distinctive tailored offerings such as the “Phoenix Junior Program (新生旅客計劃)”, the “Silver Age Plan (活力銀齡計劃)” and the “Student Zone (學生專區)”. The Group also deepened customer orientation by implementing a dedicated client manager system, elevating the experience of core customer groups and bolstering the Company’s reputation. The Group continued to reinforce synergistic development to extend the breadth and depth of the route network, and conducted joint thematic marketing initiatives to sharpen the core competitiveness. Cost control was advanced, with focused efforts on unlocking potential savings and enhancing overall profitability. The Group continuously strengthened the financial coordination, enhanced debt risk management, improved capital utilization efficiency while ensuring fund security to reduce financial costs.

BUSINESS OVERVIEW

QUALITY SERVICE

Guided by the “people-centered” development philosophy and anchored to the goal of building a world-class aviation transportation group, the Group made steady progress in its annual priority tasks of creating “Four First-class (四個一流)” services. By continuously advancing the development of the service quality management system, enhancing service standards, deepening product and service innovation and focusing on driving digital upgrades across the entire service process, the Group promoted its high-quality development through service excellence.

Adhering to a problem-oriented approach, the Group revised its key service standards such as service compensation policies, optimized satisfaction survey analysis and established coordinated ticketing policy and payment monitoring mechanisms to precisely improve passenger experiences. Branded service products were further developed, including the launch of the new “Zichen (紫宸)” premium lounge in Urumqi and the addition of “Hangzhou-Chengdu” express route and “Chongqing-Shenzhen” city express route, enriching the express route portfolio. To enhance passenger convenience, the Group enriched in-app payment methods and introduced multiple features such as passport chip scanning and cross-airline special service bookings, extended intercity air-rail intermodal service coverage to 73 cities and expanded domestic through-check-in flight services to 21 locations. The Group accelerated the development and rollout of service system platforms, with the officially full operation of an end-to-end passenger notification system. In-flight meal reservation service was extended to all domestic flights, providing superior service to passengers. Intelligent customer service provides passengers with inquiry and response services including flight status queries and pre-flight instructions. The passenger service compensation system, service knowledge database and other service production support systems have been upgraded, further enhancing digital capabilities in both service and management.

DIGITAL TRANSFORMATION

The Group accelerated the digital and intelligent transformation across all business domains. In terms of safety operations, the global ground flight support platform achieved full coverage across all branches, enabling flight monitoring visualization, intelligent shift scheduling and mobile operations for frontline staff, significantly enhancing ground support capabilities. Supported by the intelligent route engineer platform, engineers were empowered to formulate fault response plans, enhance maintenance efficiency, and boost safety management capabilities through technological innovation. In terms of marketing and services, all business model phase II projects were launched, delivering enhanced precision marketing and diversified product management, enabling rapid and flexible configuration of air tickets and products and expanded sales channels. The Group actively promoted artificial intelligence (AI) adoption, developing key applications including intelligent customer service and smart maintenance. In-flight meal reservation services achieved full coverage across all domestic flights, with intelligent customer service providing passengers with smart voice-enabled Q&A support. The centralized departure control business attained complete implementation at all Air China’s flight destinations. Service production support systems, including the passenger service compensation systems, service knowledge database and others, underwent upgrades and iterations. The Group also established a comprehensive AI+ platform to enable centralized and intensive sharing of AI resources across the organization, providing foundational support for the implementation of AI applications throughout all operational domains.

BRAND VALUE

Aligned with the goal of building a “world-renowned brand” as part of its world-class enterprise development strategy, the Group continuously strengthened its integrated online-offline and air-ground synergistic three-dimensional communication system, focusing on creating a globally leading brand. Participating in the 20th Western China International Fair, under the theme “Harnessing Western Momentum for Global Connections (乘西部之風 赴世界之約)”, the Group showcased its role as the national flag carrier in serving national strategies and empowering regional economies with solid results. The Group actively carried out its overseas brand promotion, accelerating the establishment of a brand management and international communication framework. At the 2025 Brand Global Communication Conference (2025品牌全球傳播力大會), Air China ranked 26th on the “2025 China Brands Global Influence Index (2025中國品牌全球傳播力總榜)”, as the only airline included in the ranking. According to the evaluation released by World Brand Lab, Air China ranked 25th in the “China’s Top 500 Most Valuable Brands” for 2025 with a brand value of RMB275.576 billion, maintaining its leading position in China’s aviation service industry.

REVIEW OF ENHANCING QUALITY AND EFFICIENCY TO BOOSTING RETURNS

During the Reporting Period, the Group expedited the improvement of the quality and efficiency of its core business operations, continued to enhance profitability, and implemented comprehensive and systematic measures to elevate quality and efficiency, resulting in a notable improvement in operating performance. During the Reporting Period, the Group’s cumulative available seat kilometers (ASK) reached 177.576 billion, representing a year-on-year increase of 3.37%. The Group transported 77.114 million passengers, representing a year-on-year increase of 2.87%. During the Reporting Period, the Group recorded revenue of RMB80,757 million, representing a year-on-year increase of RMB1,237 million; and recorded a net loss attributable to equity shareholders of the listed company amounted to RMB1,805 million, representing a reduction in loss of RMB974 million.

Continuously improving the efficiency of core resource utilization and accelerating the expansion of routes under the “Belt and Road” initiative, Air China has now reached 40 destinations in “Belt and Road” countries. The Group enhanced its precision control capabilities and adopted multiple measures to stabilize revenue. It further strengthened the top-level design for strategic synergy, enhanced coordination within the Air China family airlines in areas such as capacity allocation and yield management, as well as marketing products and services, thereby coordinating the regional resources to foster economies of scale. Through the implementation of “intensive, coordinated and refined” management, costs in major areas such as jet fuel, takeoffs and landings, in-flight catering and aircraft maintenance were reduced, while refined cost control were continuously deepened across the entire operational chain.

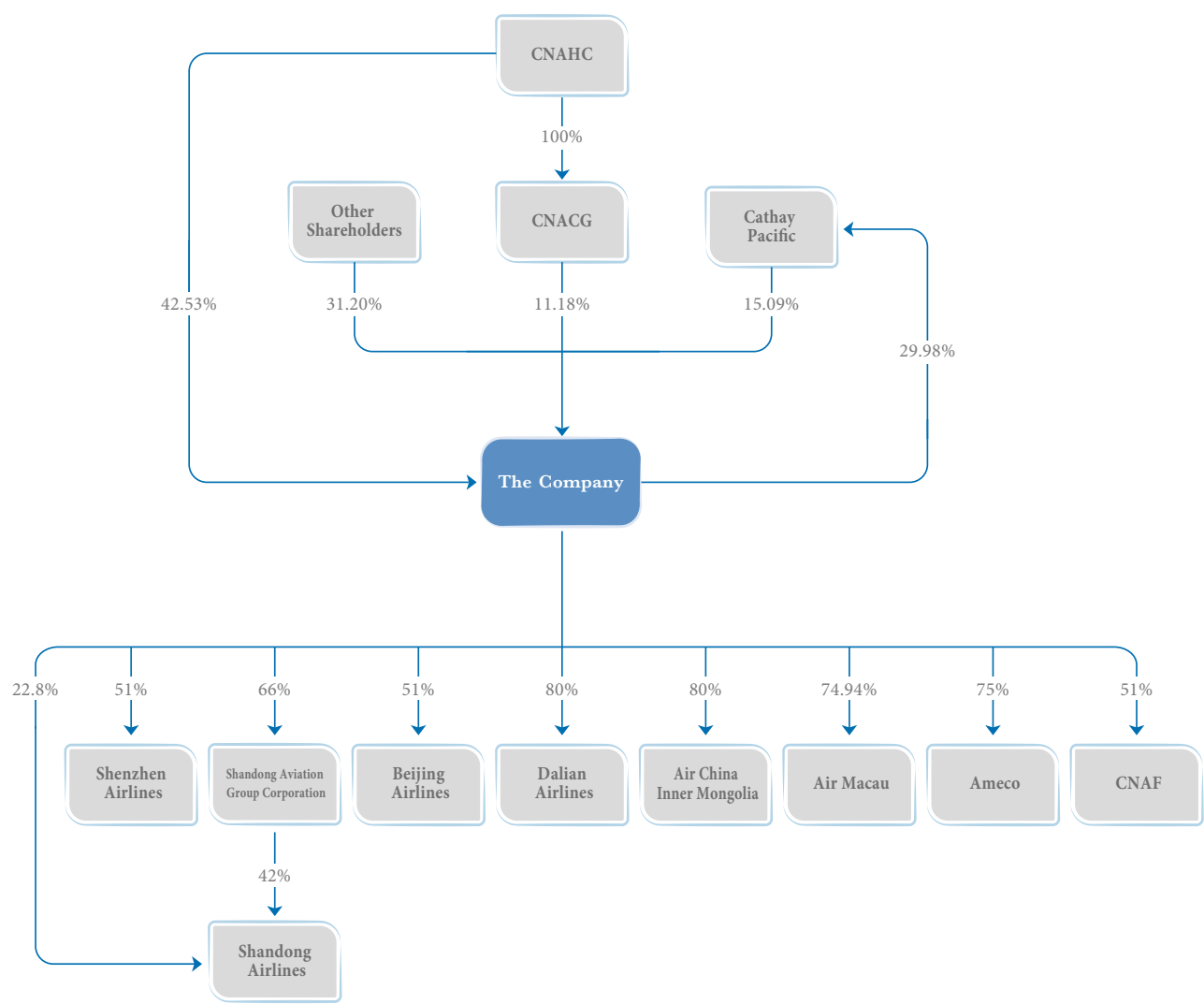
BUSINESS OVERVIEW

Adhering to standardized operation, the Group continuously improved the corporate governance mechanisms. By giving full play to the leadership role of the Party Committee, the Group strictly implemented the requirement that material operational and management matters must undergo preliminary research and discussion by the Party Committee. As of the end of the Reporting Period, the Board held six meetings, at which 34 resolutions were considered and approved. Among these, the Party Committee made pre-decisions on 2 proposals, and conducted preliminary research and discussion on 13 major resolutions; and the Board received 11 special reports. In February 2025, the Board re-election was completed, and the seventh session of the Board was established with adjustments made to the composition of its various special committees and joint working groups. The Company implemented measures to align with the provisions of newly amended Company Law and the latest regulatory requirements, systematically amended the Articles of Association, the Rules and Procedures of Shareholders' Meetings, the Rules and Procedures of Meetings of the Board and the Working Rules of the Nomination Committee, thereby supporting the establishment of a governance-compliant Board. All information related to the Company's production and operations that could have a material impact on share price was disclosed in a truthful, accurate, complete and timely manner, ensuring that all shareholders have equal access to the information of the Company and safeguarding the rights and interests of investors. During the Reporting Period, the Company completed the preparation and disclosure of periodic reports, ad hoc announcements and circulars of high quality. The Company's information disclosure work for the year 2023-2024 was rated as Grade A by the Shanghai Stock Exchange, indicating excellence in information disclosure.

Efforts in investor relations were actively promoted to establish bridges and communication channels with the capital market. The Company organized and held the 2024 online results briefings to fully address market concerns. By conducting the 2024 results roadshow in Hong Kong and Shanghai and visiting 12 major institutional investors, the Company provided thorough and in-depth responses to various questions of concern of investors to boost investor confidence. The Company actively participated in institutional strategy conferences and organized or took part in nearly 20 investment conferences or telephone research meetings during the Reporting Period. Using platforms such as the SSE E-Interactive and the investor relations section of the Company's official website, the Company promptly updated various types of corporate information and actively responded to investor inquiries, placing strong emphasis on the needs of small- and medium-sized investors. Additionally, the Company scientifically managed its market value and formulated the Work Plan on the Market Value Management of Air China Limited (《中國國際航空股份有限公司市值管理工作方案》) to promote high-quality development of the Company.

The Company strengthened responsibilities of the key minorities to promote the robust development of the Company. The Company's controlling shareholders, CNAHC and CNACG, maintain a long-term positive outlook on the China's aviation industry. Based on their confidence in the future prospects of the Company's development and recognition of its intrinsic investment value, they have committed not to reduce their holdings of the Company's tradable shares that are not subject to selling restrictions in any manner for a period of 18 months commencing from 8 April 2025.

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 53.71% of the shares of the Company.

BUSINESS OVERVIEW

During the Reporting Period, the operating results of the major subsidiaries and associates of the Company affecting more than 10% of the Company's net profit were as follows:

	Shenzhen Airlines	Shandong Aviation Group Corporation	Beijing Airlines	Dalian Airlines	Air China Inner Mongolia	Air Macau	Ameco	CNAF	Cathay Pacific
Company Type	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Associate
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	RMB2,000,000,000	MOP2,379,415,900	USD300,052,800	RMB1,127,961,864	6,439,409,250 shares in issue
Percentage of shareholding by the Company	51%	66%	51%	80%	80%	74.94%	75%	51%	29.98%
Total assets (RMB100 million)	671.76	350.70	10.17	31.57	28.24	68.95	76.42	175.06	1,553.07
Net assets (RMB100 million)	(142.09)	24.53	4.94	22.81	19.52	16.32	14.51	20.32	471.12
Revenue (RMB100 million)	164.02 (on a consolidated basis)	100.38 (on a consolidated basis)	2.32	9.83	7.89	15.02	64.98	0.79	499.10 (on a consolidated basis)
Year-on-year changes (%)	2.39	2.63	0.23	3.76	(8.50)	1.97	13.65	8.65	10.64
Profit/(loss) attributable to parent company (RMB100 million)	(8.33)	(3.08)	(0.48)	(0.83)	0.09	(3.86)	1.91	0.27	33.55
Profit/(loss) attributable to parent company in the corresponding period of last year (RMB100 million)	(13.74)	0.26	(0.40)	(1.21)	(0.59)	(3.78)	2.66	0.26	30.67

BUSINESS OVERVIEW

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)	234 (on a consolidated basis)	138	6	13	11	22	234 (on a consolidated basis)
Average age (year)	10.45	11.20	12.45	11.73	11.53	9.04	11.5
ASK (100 million)	386.40	236.63	4.06	21.56	16.96	34.56	667.92
Year-on-year changes (%)	4.66	4.12	(13.42)	3.63	(4.00)	(0.51)	26.3
RPK (100 million)	327.19	197.31	2.79	17.06	13.20	26.18	566.51
Year-on-year changes (%)	8.17	4.92	(10.27)	6.26	(2.98)	2.39	30.0
Passengers carried (10 thousand)	2,037.16	1,326.97	25.61	123.19	100.37	156.53	1,362.7
Year-on-year changes (%)	7.05	3.35	13.62	8.09	(2.52)	5.83	27.8
Average passenger load factor (%)	84.68	83.4	68.62	79.11	77.84	75.74	84.8
Year-on-year changes (pp)	2.74	0.64	2.41	1.96	0.81	2.14	2.4

*Note: As at the end of the Reporting Period, Beijing Airlines operated a fleet of two entrusted business jets and one self-owned business jet with an average age of 9.31 years. During the Reporting Period, in terms of business charter service, Beijing Airlines completed 117 flights, representing a year-on-year decrease of 4.88%; it completed 541.08 flying hours, representing a year-on-year increase of 16.30%; it transported a total of 1,292 passengers, representing a year-on-year increase of 33.75%.

EMPLOYEES

As at the end of the Reporting Period, the Company had a total of 47,073 employees, and the subsidiaries of the Company had a total of 58,475 employees.

REMUNERATION POLICY AND TRAINING

The Company upholds the concept of “compensation based on job value, individual competence as well as performance appraisal”. During the Reporting Period, the Company strengthened full-level management and supervision of total payroll, remuneration of heads of subsidiaries and employee remuneration. It further emphasized performance-driven compensation distribution, implemented differentiated salary reforms and promoted the distribution of salary resources to core and key talents in the field of scientific and technological innovation and those who have made outstanding contributions, as well as front-line positions involving arduous, dirty, hazardous and high-intensity work. With continuous efforts in deepening the reform of gross payroll management, the Company improved the compensation control mechanisms for enterprise heads at all levels to promote more rational and orderly income distribution.

The training programs of the Company are the same as those disclosed in the 2024 annual report of the Company published on 23 April 2025.

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 International Accounting Standard 34, Interim Financial Reporting, as well as the applicable disclosure requirements under Appendix D2 to the Listing Rules and are designed to assist the readers in further understanding the information provided in this 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 RMB80,757 million, representing a year-on-year increase of RMB1,237 million or 1.56%. Among them, air traffic revenue was RMB76,774 million, representing a year-on-year increase of RMB308 million or 0.40%; other operating revenue was RMB3,983 million, representing a year-on-year increase of RMB929 million or 30.41%.

REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

(in RMB'000)	For the six months ended 30 June				Change
	2025		2024		
	Amount	Percentage	Amount	Percentage	
International	21,940,162	27.17%	19,075,627	23.99%	15.02%
Mainland China	56,277,430	69.69%	57,960,673	72.89%	(2.90%)
Hong Kong SAR, Macau SAR and Taiwan, China	2,539,842	3.14%	2,484,032	3.12%	2.25%
Total	80,757,434	100.00%	79,520,332	100.00%	1.56%

AIR PASSENGER REVENUE

During the Reporting Period, the Group recorded an air passenger revenue of RMB73,196 million, representing a year-on-year increase of RMB59 million. Among the air passenger revenue, the increase of capacity resulted in an increase in revenue of RMB2,463 million, and the increase of passenger load factor resulted in an increase in revenue of RMB1,361 million, while the decrease of passenger yield resulted in a decrease in revenue of RMB3,765 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

	2025	2024	Change
Available seat kilometres (million)	177,576.14	171,790.89	3.37%
Passenger load factor (%)	80.72	79.29	1.43 pp
Yield per RPK (RMB)	0.5107	0.5369	(4.88%)

AIR PASSENGER REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

For the six months ended 30 June

(in RMB'000)	2025		2024		Change
	Amount	Percentage	Amount	Percentage	
International	19,233,312	26.28%	16,567,178	22.65%	16.09%
Mainland China	51,523,843	70.39%	54,187,183	74.09%	(4.92%)
Hong Kong SAR, Macau SAR and Taiwan, China	2,439,221	3.33%	2,382,755	3.26%	2.37%
Total	73,196,376	100.00%	73,137,116	100.00%	0.08%

AIR CARGO AND MAIL REVENUE

During the Reporting Period, the Group's air cargo and mail revenue was RMB3,577 million, representing a year-on-year increase of RMB249 million. Among which, the increase of capacity contributed to an increase in revenue of RMB165 million, and the increase of cargo and mail load factor resulted in an increase in revenue of RMB90 million, while the decrease of yield of cargo and mail business resulted in a decrease in revenue of RMB6 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

	2025	2024	Change
Available freight tonne kilometres (million)	6,425.74	6,122.03	4.96%
Cargo and mail load factor (%)	37.48	36.54	0.94 pp
Yield per RFTK (RMB)	1.4853	1.4878	(0.17%)

MANAGEMENT DISCUSSION AND ANALYSIS

Air Cargo and Mail Revenue Contributed by Geographical Segments

(in RMB'000)	For the six months ended 30 June 2025		2024		Change
	Amount	Percentage	Amount	Percentage	
International	2,706,850	75.67%	2,508,449	75.36%	7.91%
Mainland China	769,997	21.52%	718,726	21.59%	7.13%
Hong Kong SAR, Macau SAR and Taiwan, China	100,621	2.81%	101,277	3.05%	(0.65%)
Total	3,577,468	100.00%	3,328,452	100.00%	7.48%

Operating Expenses

During the Reporting Period, the Group's operating expenses increased by RMB1,217 million on a year-on-year basis to RMB85,070 million, representing an increase of 1.45%. The breakdown of the operating expenses is set out below:

(in RMB'000)	For the six months ended 30 June 2025		2024		Change
	Amount	Percentage	Amount	Percentage	
Jet fuel costs	24,327,485	28.60%	27,132,269	32.36%	(10.34%)
Take-off, landing and depot charges	10,613,810	12.48%	9,963,482	11.88%	6.53%
Depreciation and amortisation	14,837,638	17.44%	14,025,285	16.73%	5.79%
Aircraft maintenance, repair and overhaul costs	7,292,075	8.57%	6,862,447	8.18%	6.26%
Employee compensation costs	17,849,218	20.98%	16,953,921	20.22%	5.28%
Air catering charges	2,104,979	2.47%	1,973,435	2.35%	6.67%
Selling and marketing expenses	2,410,378	2.83%	2,275,875	2.71%	5.91%
General and administrative expenses	797,634	0.94%	780,314	0.93%	2.22%
Others	4,836,492	5.69%	3,886,126	4.64%	24.46%
Total	85,069,709	100.00%	83,853,154	100.00%	1.45%

MANAGEMENT DISCUSSION AND ANALYSIS

- Jet fuel costs decreased by RMB2,805 million on a year-on-year basis, mainly due to the combined effect of the decrease in the prices of jet fuel and increase in the consumption of jet fuel.
- Take-off, landing and depot charges increased by RMB650 million on a year-on-year basis, mainly due to the year-on-year increase in the number of take-offs and landings.
- Depreciation and amortisation expenses increased by RMB812 million on a year-on-year basis, mainly due to the expansion of fleet as well as the year-on-year increase in flying hours.
- Aircraft maintenance, repair and overhaul costs increased by RMB430 million on a year-on-year basis, mainly due to the year-on-year increase in flying hours.
- Employee compensation costs increased by RMB895 million on a year-on-year basis, mainly due to the year-on-year increase in flight hour fees.
- Air catering charges increased by RMB132 million on a year-on-year basis, mainly due to the increase in the number of passengers.
- Selling and marketing expenses increased by RMB135 million on a year-on-year basis, mainly due to the increase in booking fees resulting from the increase in the sales volumes and the number of passengers.
- Other operating expenses mainly included the Civil Aviation Development Fund and ordinary expenses arising from the core air traffic business that are not included in the aforementioned specific items, which increased by RMB950 million on a year-on-year basis, mainly due to the effect of the increase in the investment in production and operation and changes in contract performance costs of aircraft maintenance subsidiaries.

NET EXCHANGE GAIN AND FINANCE COSTS

During the Reporting Period, the Group recorded a net exchange gain of RMB176 million, as compared to the net exchange loss of RMB360 million for the same period last year. The Group incurred finance costs of RMB2,891 million (excluding those capitalised) during the Reporting Period, representing a year-on-year decrease of RMB375 million.

SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group's share of profits of its associates was RMB1,220 million, representing a year-on-year increase of RMB135 million. The Group recognised share of profit from Cathay Pacific of RMB1,174 million during the Reporting Period, representing a year-on-year increase of RMB106 million.

During the Reporting Period, the Group's share of profits of its joint ventures was RMB117 million, representing a year-on-year increase of RMB26 million.

MATERIAL ACQUISITIONS AND DISPOSALS

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

MANAGEMENT DISCUSSION AND ANALYSIS

ASSETS STRUCTURE ANALYSIS

At the end of the Reporting Period, the total assets of the Group were RMB347,539 million, representing an increase of 0.52% from that as at 31 December 2024. Among them, the current assets accounted for RMB47,750 million or 13.74% of the total assets, while the non-current assets accounted for RMB299,789 million or 86.26% of the total assets.

Among the current assets, cash and cash equivalents were RMB25,331 million, representing an increase of 20.40% from that as at 31 December 2024, which was mainly due to the Company's flexible adjustment of its funds according to its capital arrangements.

Among the non-current assets, the book values of property, plant and equipment and right-of-use assets as at the end of the Reporting Period amounted to RMB237,141 million, representing a decrease of 1.61% from that as at 31 December 2024.

ASSET MORTGAGE/PLEDGE

At the end of the Reporting Period, the Group, pursuant to certain bank loan agreements, had secured aircraft and buildings with an aggregate book value of approximately RMB4,669 million (RMB3,825 million as at 31 December 2024) and land use rights with book value of approximately RMB23 million (RMB23 million as at 31 December 2024). Meanwhile, the Group had restricted monetary funds of approximately RMB2,591 million (RMB1,428 million as at 31 December 2024), which were mainly statutory reserves deposited in the People's Bank of China, pledged bank deposits, security deposits and time deposits with a maturity of more than three months.

CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to a total of RMB5,859 million. Among this, aircraft-related investments totalled RMB2,362 million, primarily covering the acquisition of aircraft and engines, aircraft modifications and retrofitting, as well as flight simulators. Cash portion of long-term investment projects amounted to RMB2,726 million, including capital injection projects for Air Macau, Air China Inner Mongolia and Sichuan Airlines Co., Ltd. Other capital expenditure project investments amounted to RMB771 million, mainly covering infrastructure construction, information system development and ground equipment procurement.

EQUITY INVESTMENT

As at the end of the Reporting Period, the Group's equity investment in its associates amounted to RMB14,286 million, representing a decrease of 2.37% from that of 31 December 2024. Among this, the balance of the equity investment of the Group in Cathay Pacific amounted to RMB13,951 million.

As at the end of the Reporting Period, the Group's equity investment in its joint ventures was RMB2,486 million, representing an increase of 2.57% from that as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

DEBT STRUCTURE ANALYSIS

At the end of the Reporting Period, the Group's total liabilities were RMB309,309 million, representing an increase of 1.47% from that as at 31 December 2024. Among them, current liabilities amounted to RMB126,209 million, accounting for 40.80% of the total liabilities; and non-current liabilities amounted to RMB183,100 million, accounting for 59.20% of the total liabilities.

Among the current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB76,696 million, representing a decrease of 16.64% from that as at 31 December 2024.

Among the non-current liabilities, interest-bearing debts (including interest-bearing borrowings and lease liabilities) amounted to RMB159,483 million, representing an increase of 10.77% from that as at 31 December 2024.

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

(in RMB'000)	30 June 2025		31 December 2024		Change
	Amount	Percentage	Amount	Percentage	
RMB	209,851,014	88.85%	205,662,318	87.15%	2.04%
US dollars	25,877,883	10.96%	29,874,295	12.66%	(13.38%)
Others	449,659	0.19%	443,893	0.19%	1.30%
Total	236,178,556	100.00%	235,980,506	100.00%	0.08%

Details of the interest-bearing borrowings of the Group (including the range of interest rates) are set out in note 18 to the condensed consolidated financial statements of this interim report.

As at the end of the Reporting Period, the Group did not use financial instruments for hedging purposes.

COMMITMENTS

The Group's capital commitments, which mainly consisted of the expenditure in the next few years for purchasing certain aircraft and related equipment, decreased by 2.07% from RMB95,175 million as at 31 December 2024 to RMB93,200 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 RMB267 million as at the end of the Reporting Period, as compared with RMB313 million as at 31 December 2024.

CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

As at the end of the Reporting Period, the Group's gearing ratio (total liabilities divided by total assets) was 89.00%, representing an increase of 0.84 percentage points from that as at 31 December 2024.

WORKING CAPITAL AND ITS SOURCES

As at the end of the Reporting Period, the Group's net current liabilities (current liabilities less current assets) were RMB78,459 million, representing a decrease of RMB18,464 million from that as at 31 December 2024. The Group's current ratio (current assets divided by current liabilities) was 0.38, representing an increase of 0.08 as compared to that as at 31 December 2024.

The Group meets its working capital needs mainly through its operating activities and external financing activities. During the Reporting Period, the Group's net cash inflow from operating activities was RMB14,828 million, representing an increase of 4.03% from RMB14,253 million for the corresponding period in 2024. Net cash outflow from investing activities was RMB7,338 million, representing a decrease of 10.26% from RMB8,177 million for the corresponding period in 2024, mainly due to a year-on-year decrease in expenditures for the purchase of debt instruments measured at amortised cost. Net cash outflow from financing activities amounted to RMB3,218 million, representing an increase of 178.99% from RMB1,154 million for the corresponding period in 2024, mainly due to the repayment of bank loans and other borrowings during the current period.

At the end of the Reporting Period, the Company has obtained certain bank facilities of up to RMB278,622 million granted by several banks in the PRC, among which approximately RMB98,529 million has been utilised and approximately RMB180,093 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

Relying on the super-sized domestic demand market, the domestic aviation market is expected to achieve steady growth. Against the backdrop of rapidly evolving global political, economic and trade dynamics, uncertainties persist in the development of the Company's traditionally strong international markets, particularly in North America. The Group will fully, precisely and comprehensively implement the new development philosophy, proactively support and integrate into the new development paradigm, anchor efforts on the domestic circulation, better support high-standard opening up, increase the international fleet capacity deployment, optimize its structure, and actively explore and cultivate emerging markets relating to the "Belt and Road" initiative.

MANAGEMENT DISCUSSION AND ANALYSIS

Oil Price Fluctuation

Jet fuel is one of the major operating costs of the Group. The performance of the Group is affected to a certain extent by fluctuations in jet fuel prices. During the Reporting Period, with all other variables remaining unchanged, a 5% increase or decrease in the average jet fuel price would lead to a corresponding approximate increase or decrease of RMB1,216 million in the Group's jet fuel costs. The introduction of fuel surcharges has alleviated the Group's jet fuel cost pressure to some extent.

Exchange Rate Fluctuation

The Group's certain assets and liabilities are denominated in US dollar, while a portion of international revenue and expenses of the Group are settled in currencies other than RMB. Assuming all other risk variables remain unchanged, a 1% appreciation or depreciation of RMB against the US dollar would result in an increase or decrease of RMB133 million in the Group's net profit and shareholders' equity as of 30 June 2025. As of the end of the Reporting Period, the Group had no foreign exchange hedging instruments.

2. Risks of Competition

Industry competition

During the Reporting Period, as there was no significant reduction in the number of operating entities in the market, the Company continued to face relatively intense industry competition. The domestic market maintained a supply-demand imbalance characterized by increasing volume but declining prices. Influenced by market recovery, traffic right allocation and other factors, the resumption and launch of new international routes mainly concentrated in destinations such as Central Asia, West Asia and Europe, resulting in an intense competition in certain regions. Adhering to its strategy for hub network, the Company will devote efforts to building the Beijing-Chengdu dual-hub with a focus on developing strategic markets including the "Four-Pole Clusters" and Xinjiang, thereby achieving differentiated development from other market competitors. Consistent efforts will be made to optimize competitive domestic and international route networks centering around hubs as well as principal bases and markets, while introducing efficient and convenient domestic route and express route products to strengthen core market competitiveness through high-quality products and services.

Alternative competition

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

1. On 25 February 2025, Mr. Ma Chongxian, Mr. Wang Mingyuan, Mr. Cui Xiaofeng and Mr. Patrick Healy were elected as non-independent Directors of the seventh session of the Board of the Company at the 2025 first extraordinary general meeting of the Company. Mr. Xu Niansha, Mr. He Yun, Ms. Winnie Tam Wan-chi and Mr. Gao Chunlei were elected as the independent non-executive Directors of the seventh session of the Board of the Company. Mr. Xu Junxin ceased to be an independent non-executive Director of the Company due to expiry of term of office. The thirteenth meeting of the third session of the employee representatives congress of the Company elected Mr. Xiao Peng as the employee representative Director of the seventh session of the Board of the Company. For details, please refer to the announcements of the Company dated 27 January 2025 and 25 February 2025.

In addition, on 30 August 2024, Mr. Li Fushen resigned as an independent non-executive Director of the Company as well as from other duties. In subsequent months, the Company has been actively considering and processing the adjustment of the composition of the Audit and Risk Management Committee (the Supervision Committee) and the Nomination Committee, including but not limited to exploring the candidate who will fill the vacancy resulted from Mr. Li Fushen's resignation. As such, the Company has applied to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has agreed to grant a waiver from strict compliance with Rules 3.21 and 3.27A of the Listing Rules, and extend the deadline for filling the vacancy from 30 November 2024 to 28 February 2025. Immediately following the election of Directors of the seventh session of the Board and the change of the Board committee members, the Company has fully complied with the requirements as set out in Rules 3.21 and 3.27A of the Listing Rules. For details, please refer to the announcements of the Company dated 30 August 2024, 27 December 2024 and 25 February 2025.

2. On 24 June 2025, the resolution on the amendments to the Articles of Associations and the abolishment of the Supervisory Committee was approved at the 2024 annual general meeting of the Company. Since 24 June 2025, the Company no longer maintains the Supervisory Committee and Supervisor positions. For details, please refer to the announcement of the Company dated 24 June 2025.
3. On 31 July 2025, Mr. Huen Ho Yin ("**Mr. Huen**") resigned as the joint company secretary of the Company with effect from 1 August 2025. Mr. Xiao Feng continues to serve and act as the sole company secretary of the Company after the resignation of Mr. Huen. Mr. Xiao Feng has been admitted as a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Mr. Leung Yik Fung replaced Mr. Huen as the agent of the Company for accepting service of process and notices on behalf of the Company in Hong Kong under Rule 19A.13(2) of the Listing Rules with effect from 1 August 2025. For details, please refer to the announcement of the Company dated 31 July 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the end of the Reporting Period, none of the Directors 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.

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 and chief executive of the Company, the following persons (other than the Directors 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	7,421,462,701 A Shares	42.53%	59.41%	–	–
CNAHC ⁽¹⁾	Equity attributable	1,332,482,920 A Shares	7.64%	10.67%	–	–
CNAHC ⁽¹⁾	Equity attributable	616,779,308 H Shares	3.54%	–	12.45%	–
CNACG	Beneficial owner	1,332,482,920 A Shares	7.64%	10.67%	–	–
CNACG	Beneficial owner	616,779,308 H Shares	3.54%	–	12.45%	–
Cathay Pacific	Beneficial owner	2,633,725,455 H Shares	15.09%	–	53.15%	–
Swire Pacific Limited ⁽²⁾	Equity attributable	2,633,725,455 H Shares	15.09%	–	53.15%	–
John Swire & Sons (H.K.) Limited ⁽²⁾	Equity attributable	2,633,725,455 H Shares	15.09%	–	53.15%	–
John Swire & Sons Limited ⁽²⁾	Equity attributable	2,633,725,455 H Shares	15.09%	–	53.15%	–

Notes:

Based on the information available to the Directors 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 and chief executive, as at the end of the Reporting Period:

1. 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 64.45% equity interest and 70.97% voting rights in Swire Pacific Limited, and Swire Pacific Limited's approximately 44.98% equity 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 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)	129,205 accounts, of which 2,777 accounts are registered holders of H Shares
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INFORMATION OF SHAREHOLDERS

Unit: Share							
Shareholdings of the top 10 shareholders (excluding shares lent through securities lending and refinancing)							
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	
China National Aviation Holding Corporation Limited	0	7,421,462,701	42.53	854,700,854	Frozen	127,445,536	State-owned legal person
Cathay Pacific Airways Limited	0	2,633,725,455	15.09	0	Nil	0	Foreign legal person
China National Aviation Corporation (Group) Limited	0	1,949,262,228	11.18	392,927,308	Frozen	36,454,464	Foreign legal person
HKSCC NOMINEES LIMITED	275,350	1,689,880,685	9.69	0	Nil	0	Foreign legal person
China Securities Finance Corporation Limited	0	311,302,365	1.78	0	Nil	0	Other
Hong Kong Securities Clearing Company Limited	-21,281,787	279,073,653	1.60	0	Nil	0	Foreign legal person
China National Aviation Fuel Group Corporation	0	238,524,158	1.37	0	Nil	0	State-owned legal person
National Social Security Fund 114 Portfolio (全國社保基金一一四組合)	68,249,185	68,249,185	0.39	0	Nil	0	Other
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)	2,177,700	66,800,769	0.38	0	Nil	0	Other
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	52,833,706	0.30	0	Nil	0	State-owned legal person

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	6,566,761,847	RMB ordinary shares	6,566,761,847
Cathay Pacific Airways Limited	2,633,725,455	Overseas listed foreign shares	2,633,725,455
HKSCC NOMINEES LIMITED	1,689,880,685	Overseas listed foreign shares	1,689,880,685
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
Hong Kong Securities Clearing Company Limited	279,073,653	RMB ordinary shares	279,073,653
China National Aviation Fuel Group Limited	238,524,158	RMB ordinary shares	238,524,158
National Social Security Fund 114 Portfolio (全國社保基金一一四組合)	68,249,185	RMB ordinary shares	68,249,185
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)	66,800,769	RMB ordinary shares	66,800,769
China Structural Reform Fund Co., Ltd. (中國國有企業結構調整基金股份有限公司)	52,833,706	RMB ordinary shares	52,833,706
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 53.71% of the shares of the Company.		
Explanation on preference shareholders whose voting rights have been restored and the number of shares held	Nil		

1. 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 1,689,880,685 H Shares held by it in the Company do not include the 166,852,000 shares held by it as nominee of CNACG.
2. 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	854,700,854	10 December 2027	854,700,854	Lock-up period of 36 months
2	China National Aviation Corporation (Group) Limited	392,927,308	8 February 2027	392,927,308	Lock-up period of 36 months
Explanation on related relationship or action in concert among the above shareholders			CNACG is a wholly-owned subsidiary of CNAHC.		

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

OTHER SIGNIFICANT MATTERS

On 28 May 2025, at the 4th meeting of the seventh session of the Board of the Company, resolutions in relation to the amendments to the Articles of Association and the abolishment of the Supervisory Committee, the amendments to the Rules and Procedures of Shareholders' Meetings and the amendments to the Rules and Procedures of Meetings of the Board were considered and approved. On 24 June 2025, the above-mentioned resolutions were considered and approved at the 2024 annual general meeting of the Company. For details, please refer to the announcements of the Company dated 28 May 2025 and 24 June 2025.

As considered and approved at the 2nd meeting of the seventh session of the Board of the Company and approved at the 2024 annual general meeting, KPMG was appointed as the Company's international auditor for the year 2025 and KPMG Huazhen LLP was appointed as the Company's domestic auditor and internal control auditor for the year 2025. For details, please refer to the announcements of the Company dated 27 March 2025 and 24 June 2025.

On 29 July 2025, as considered and approved at the 5th meeting of the seventh session of the Board of the Company, the Company entered into an agreement with Air China Cargo, pursuant to which the Company sold two Trent700 spare engines and one GTCP331-350 spare APU to Air China Cargo at a selling price of RMB151.4405 million (exclusive of tax). For details, please refer to the announcement of the Company dated 29 July 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

On 28 August 2025, the Company announced that Shenzhen Airlines proposes to carry out an equity financing with a total financing amount of RMB16 billion (the “**Financing**”), among which, the Company intends to participate in the Financing by making capital contribution proportionate to its current 51% equity interests in Shenzhen Airlines. The total capital contribution to be made by the Company in the Financing will not exceed RMB8.16 billion. The Financing will be conducted in stages. For the initial tranche of the Financing (the “**Initial Financing**”), it is proposed that one investor (the “**Investor**”) will be solicited through the Shenzhen United Property and Equity Exchange to invest RMB2 billion in cash. Concurrently, the Company will make a cash capital contribution by way of a non-public agreement in the amount of RMB2.08163 billion. Upon completion of the Financing, the Company’s equity interests in Shenzhen Airlines will remain unchanged at 51%, and Shenzhen Airlines will remain a subsidiary of the Company. For details, please refer to the announcement of the Company dated 28 August 2025.

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

In order to enhance fleet strength, consolidate competitive advantages, accelerate the realization of the Company’s strategic planning, replenish working capital, implement safety production responsibilities, meet the Company’s capital requirement for business development, improve capital structure, strengthen financial soundness and enhance the Company’s comprehensive risk resistance capability, on 10 December 2024, the Company issued 854,700,854 A Shares to CNAHC (with a total nominal value of RMB854,700,854) at the issue price of RMB7.02 per share (the “**Issuance of A Shares to Specific Investor**”), raising net proceeds of RMB5,995,841,631.45 or net proceeds of RMB7.0151 per A Share issued to the specific investor. For details, please refer to the announcement of the Company dated 12 December 2024. On 22 December 2023 (being the date on which the terms of the issue were fixed), the closing price of the Company’s A Shares was RMB7.17 per share. During the Reporting Period, the net proceeds from the Issuance of A 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 A Shares to Specific Investor:

					Unit: RMB
Committed investment project	Total committed investment of proceeds raised	Outstanding amount as at the beginning of the Reporting Period	Amount utilised during the Reporting Period	Outstanding amount as at the end of the Reporting Period	Expected timeline for the completion of utilisation of proceeds raised
Introduction of 17 aircraft	4,195,841,631.45	3,396,240,456.16	2,941,840,127.91	454,400,328.25	By 31 December 2026 ^{Note}
Replenishing working capital	1,800,000,000.00	Nil	Nil	Nil	N/A

Note: The expected timeline for the utilization of the proceeds is estimated based on the Company’s current available information and may be subject to change depending on the actual delivery schedule of the aircraft.

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 2025 Super Short-term Commercial Paper (First Tranche)	25ACSCP001	012580391	17 February 2025	18 February 2025	15 November 2025	2.013	1.82	One-off payment of principal and interest on maturity
Air China Limited 2025 Super Short-term Commercial Paper (Second Tranche)	25ACSCP002	012580449	20 February 2025	21 February 2025	18 November 2025	2.517	1.90	One-off payment of principal and interest on maturity
Air China Limited 2025 Super Short-term Commercial Paper (Third Tranche)	25ACSCP003	012580860	10 April 2025	11 April 2025	8 October 2025	3.011	1.62	One-off payment of principal and interest on maturity
Air China Limited 2025 Super Short-term Commercial Paper (Fourth Tranche)	25ACSCP004	012581468	20 June 2025	23 June 2025	20 March 2026	2.001	1.51	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
Air China Limited 2024 Medium Term Note (Second Tranche)	24ACMTN002	102484189	19 September 2024	20 September 2024	20 September 2027	3.047	2.03	Interest on annual basis Repayment of principal on maturity
Air China Limited 2024 Medium Term Note (Third Tranche)	24ACMTN003	102484862	11 November 2024	12 November 2024	12 November 2027	2.027	2.15	Interest on annual basis Repayment of principal on maturity
Air China Limited 2025 Medium Term Note (First Tranche)	25ACMTN001	102581251	19 March 2025	20 March 2025	20 March 2028	2.514	2.03	Interest on annual basis Repayment of principal on maturity
Air China Limited 2025 Medium Term Note (Second Tranche)	25ACMTN002	102581322	21 March 2025	24 March 2025	24 March 2030	2.012	2.15	Interest on annual basis Repayment of principal on maturity
Air China Limited 2025 Medium Term Note (Third Tranche)	25ACMTN003	102581710	17 April 2025	18 April 2025	18 April 2028	2.007	1.82	Interest on annual basis Repayment of principal on maturity
Air China Limited 2025 Medium Term Note (Fourth Tranche)	25ACMTN004	102581862	24 April 2025	25 April 2025	25 April 2028	2.508	1.85	Interest on annual basis Repayment of principal on maturity
Air China Limited 2025 Medium Term Note (Fifth Tranche)	25ACMTN005	102582133	22 May 2025	23 May 2025	23 May 2028	3.006	1.77	Interest on annual basis Repayment of principal on maturity

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2025 Medium Term Note (Sixth Tranche)	25ACMTN006	102582162	26 May 2025	27 May 2025	27 May 2028	3.005	1.76	Interest on annual basis Repayment of principal on maturity
Air China Limited 2025 Medium Term Note (Seventh Tranche)	25ACMTN007	102582570	23 June 2025	24 June 2025	24 June 2028	2.001	1.74	Interest on annual basis Repayment of principal on maturity

The bonds set out in the table, namely “25ACSCP001”, “25ACSCP002”, “25ACSCP003”, “25ACSCP004”, “22ACMTN001”, “24ACMTN001”, “24ACMTN002”, “24ACMTN003”, “25ACMTN001”, “25ACMTN002”, “25ACMTN003”, “25ACMTN004”, “25ACMTN005”, “25ACMTN006” and “25ACMTN007” 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 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 2025.

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

The audit and risk control committee (the supervision committee) of the Company has reviewed the Company’s interim report for the six months ended 30 June 2025, 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 2024 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.

INDEPENDENT REVIEW REPORT

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 accompanying interim financial report, which comprises the consolidated statement of financial position of Air China Limited as of 30 June 2025, the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 interim financial report 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 interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Six Months Ended 30 June 2025 – unaudited

(Expressed in Renminbi (“RMB”))

	NOTES	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Revenue	3	80,757,434	79,520,332
Other income and gains	5	2,615,845	3,250,850
		83,373,279	82,771,182
Operating expenses			
Jet fuel costs		(24,327,485)	(27,132,269)
Employee compensation costs		(17,849,218)	(16,953,921)
Depreciation and amortisation		(14,837,638)	(14,025,285)
Take-off, landing and depot charges		(10,613,810)	(9,963,482)
Aircraft maintenance, repair and overhaul costs		(7,292,075)	(6,862,447)
Air catering charges		(2,104,979)	(1,973,435)
Aircraft and engine lease expenses		(342,162)	(261,132)
Other lease expenses		(366,175)	(346,900)
Other flight operation expenses		(4,040,914)	(3,263,760)
Selling and marketing expenses		(2,410,378)	(2,275,875)
General and administrative expenses		(797,634)	(780,314)
Impairment loss recognised on non-current assets		(85,154)	–
Net impairment loss recognised under expected credit loss model		(2,087)	(14,334)
		(85,069,709)	(83,853,154)
Loss from operations	6	(1,696,430)	(1,081,972)
Finance income		285,792	245,615
Finance costs	7	(2,890,954)	(3,265,473)
Share of results of associates		1,220,174	1,084,817
Share of results of joint ventures		117,208	91,360
Exchange gain/(losses), net		176,308	(360,422)
Loss before taxation		(2,787,902)	(3,286,075)
Income tax credit/(expense)	8	77,797	(252,536)
Loss for the period		(2,710,105)	(3,538,611)
Attributable to:			
– Equity shareholders of the Company		(1,804,820)	(2,778,953)
– Non-controlling interests		(905,285)	(759,658)
		(2,710,105)	(3,538,611)
Loss per share			
– Basic and diluted (RMB)	10	RMB(0.11)	RMB(0.18)

The notes on pages 38 to 61 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2025 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Loss for the period	(2,710,105)	(3,538,611)
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss:		
– Fair value gain/(losses) on investments in equity instruments at fair value through other comprehensive income	42,421	(86,078)
– Remeasurement of net defined benefit liability	9	(5,741)
– Share of other comprehensive income of an associate	(556)	(361)
– Income tax (expense)/credit relating to items that will not be reclassified to profit or loss	(10,291)	21,519
Items that may be reclassified subsequently to profit or loss:		
– Fair value (losses)/gains on investments in debt instruments at fair value through other comprehensive income	(10,644)	14,619
– Share of other comprehensive income of associates and joint ventures	(362,428)	232,792
– Exchange differences on translation of foreign operations	(362,807)	137,205
– Impairment loss recognised on investments in debt instruments at fair value through other comprehensive income	(235)	(236)
– Income tax credit/(expense) relating to items that may be reclassified subsequently to profit or loss	2,720	(3,597)
Other comprehensive income for the period, net of tax	(701,811)	310,122
Total comprehensive income for the period	(3,411,916)	(3,228,489)
Attributable to:		
– Equity shareholders of the Company	(2,504,603)	(2,433,924)
– Non-controlling interests	(907,313)	(794,565)
	(3,411,916)	(3,228,489)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited
(Expressed in RMB)

	NOTES	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	11	124,153,264	122,180,871
Right-of-use assets	11	112,987,896	118,832,142
Investment properties		676,264	693,059
Intangible assets		106,584	106,563
Goodwill		4,095,732	4,095,732
Interests in associates	12	14,285,989	14,632,923
Interests in joint ventures		2,486,232	2,423,853
Advance payments for aircraft and flight equipment		23,334,608	24,689,737
Deposits for aircraft under leases		532,947	526,004
Equity instruments at fair value through other comprehensive income		2,073,694	1,791,273
Debt instruments at fair value through other comprehensive income		1,290,262	1,426,851
Deferred tax assets		13,159,241	12,959,766
Other non-current assets		606,259	704,196
		299,788,972	305,062,970
Current assets			
Inventories		4,752,910	4,224,992
Accounts receivable	13	4,783,169	3,670,252
Bills receivable		6,402	7,785
Prepayments, deposits and other receivables	14	5,333,200	5,223,257
Financial assets at fair value through profit or loss		153,221	37,559
Time deposits and restricted deposits		2,591,176	1,428,429
Cash and cash equivalents		25,331,101	21,039,472
Assets held for sale		147,048	94,829
Other current assets		4,651,923	4,960,628
		47,750,150	40,687,203
Total assets		347,539,122	345,750,173

The notes on pages 38 to 61 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited
(Expressed in RMB)

	NOTES	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Current liabilities			
Air traffic liabilities		(11,388,539)	(11,098,740)
Accounts payable	15	(19,653,382)	(18,869,784)
Dividends payable		(98,000)	(98,000)
Other payables and accruals	16	(15,056,991)	(13,437,502)
Advance		(1,264)	(36,270)
Current taxation		(42,483)	(130,653)
Lease liabilities	17	(16,666,649)	(17,464,654)
Interest-bearing borrowings	18	(60,029,434)	(74,544,705)
Provision for return condition checks		(1,716,556)	(758,575)
Contract liabilities		(1,555,806)	(1,171,172)
		(126,209,104)	(137,610,055)
Net current liabilities		(78,458,954)	(96,922,852)
Total assets less current liabilities		221,330,018	208,140,118
Non-current liabilities			
Lease liabilities	17	(53,759,875)	(59,134,187)
Interest-bearing borrowings	18	(105,722,598)	(84,836,960)
Provision for return condition checks		(19,507,071)	(19,228,054)
Provision for early retirement benefit obligations		(354)	(359)
Long-term payables		(720,589)	(727,741)
Contract liabilities		(2,650,359)	(2,565,188)
Defined benefit obligations		(178,238)	(186,700)
Deferred income		(425,901)	(406,943)
Deferred tax liabilities		(135,036)	(128,016)
		(183,100,021)	(167,214,148)
NET ASSETS		38,229,997	40,925,970

The notes on pages 38 to 61 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 – unaudited
(Expressed in RMB)

	NOTES	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
CAPITAL AND RESERVES			
Issued capital	19	17,448,421	17,448,421
Reserves		25,175,148	27,679,751
Total equity attributable to equity shareholders of the Company		42,623,569	45,128,172
Non-controlling interests		(4,393,572)	(4,202,202)
TOTAL EQUITY		38,229,997	40,925,970

Approved and authorised for issue by the board of directors on 28 August 2025.

Ma Chongxian
Director

Wang Mingyuan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2025 – unaudited
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Issued capital	Capital reserve and revaluation reserve	Reserve funds	General reserve and safety fund	Foreign exchange translation reserve	Accumulated losses		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025		17,448,421	46,832,986	11,564,287	177,506	(743,025)	(30,152,003)	45,128,172	40,925,970
Changes in equity for the six months ended 30 June 2025									
Loss for the period		-	-	-	-	-	(1,804,820)	(905,285)	(2,710,105)
Other comprehensive income		-	(335,298)	-	-	(364,485)	-	(2,028)	(701,811)
Total comprehensive income		-	(335,298)	-	-	(364,485)	(1,804,820)	(907,313)	(3,411,916)
Capital increase by non-controlling shareholders		-	-	-	-	-	-	715,943	715,943
As at 30 June 2025		17,448,421	46,497,688	11,564,287	177,506	(1,107,510)	(31,956,823)	42,623,569	38,229,997
As at 1 January 2024		16,200,793	40,368,217	11,564,287	156,687	(1,176,240)	(29,907,769)	(1,941,966)	35,264,009
Changes in equity for the six months ended 30 June 2024									
Loss for the period		-	-	-	-	-	(2,778,953)	(759,658)	(3,538,611)
Other comprehensive income		-	208,333	-	-	136,696	-	(34,907)	310,122
Total comprehensive income		-	208,333	-	-	136,696	(2,778,953)	(794,565)	(3,228,489)
Issue of new shares	19	392,927	1,422,815	-	-	-	-	-	1,815,742
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	(2,603)	(2,603)
Others		-	17	-	-	-	-	-	17
As at 30 June 2024		16,593,720	41,999,382	11,564,287	156,687	(1,039,544)	(32,686,722)	(2,739,134)	33,848,676

The notes on pages 38 to 61 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2025 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Operating activities		
Cash generated from operations	17,919,320	17,747,919
Income tax paid	(88,170)	(91,754)
Interest paid	(3,003,178)	(3,403,093)
Net cash generated from operating activities	14,827,972	14,253,072
Investing activities		
Proceeds from disposal of property, plant and equipment, right-of-use assets and assets held for sale	716,817	775,072
Dividends received	937,323	807,696
Proceeds from disposal of debt instruments at fair value through other comprehensive income	500,419	374,465
Purchase of debt instruments at amortised cost	(141,899)	(1,000,000)
Purchase of property, plant and equipment	(6,435,935)	(4,779,369)
Advance payments for aircraft and flight equipment	(1,783,732)	(2,702,445)
Placement of term deposits	(1,135,398)	(1,172,268)
Investment in a joint venture	(44,850)	(148,991)
Purchase of debt instruments and equity instruments at fair value through other comprehensive income	(240,000)	(229,639)
Net cash flows arising from other investing activities	289,216	(101,865)
Net cash used in investing activities	(7,338,039)	(8,177,344)
Financing activities		
Proceeds from new bank loans and other borrowings	27,689,016	18,984,932
Proceeds from issue of new shares	–	1,816,860
Proceeds from issuance of corporate bonds and short-term commercial papers	26,500,000	3,000,000
Capital contribution from a non-controlling shareholder of a subsidiary	715,943	–
Repayment of bank loans and other borrowing	(39,738,040)	(15,678,403)
Repayment of leases liabilities	(9,185,178)	(9,275,056)
Transaction costs attributable to issue of new shares	–	(1,118)
Dividends paid to non-controlling shareholders	–	(747)
Repayment of corporate bonds and short-term commercial papers	(9,200,000)	–
Net cash used in financing activities	(3,218,259)	(1,153,532)
Net increase in cash and cash equivalents	4,271,674	4,922,196
Cash and cash equivalents at 1 January	21,039,472	15,016,804
Effect of foreign exchanges rates changes	19,955	24,866
Cash and cash equivalents at 30 June	25,331,101	19,963,866

The notes on pages 38 to 61 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the Six Months Ended 30 June 2025
(Expressed in RMB)

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 registered address of the Company is at 1st Floor – 9th Floor 101, Building 1, 30 Tianzhu Road, Shunyi District, Beijing, the PRC. 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 interim consolidated financial report is presented in Renminbi (“RMB”), the functional currency of the Company, and all values are rounded to the nearest thousand (’000) unless otherwise indicated.

2. BASIS OF PREPARATION

The interim financial report for the six months ended 30 June 2025 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. It was authorised for issue on 28 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements. The Group did not have any changes to its accounting policies from those applied in 2024.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard of 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. KPMG’s independent review report to the Board of Directors is included in page 30.

As at 30 June 2025, the Group’s current liabilities exceeded its current assets by approximately RMB78,459 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 RMB180,093 million as at 30 June 2025, the Directors believe that the Group has sufficient sources of financing to enable it to operate, as well as to meet its liabilities as and when they become due, and to support its capital expenditures in the foreseeable future of not less than twelve months from the end of the reporting period. Accordingly, this interim financial report has been prepared on a going concern basis.

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3. REVENUE

Disaggregation of revenue

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Airline operations		
Passenger	73,196,376	73,137,116
Cargo and mail	3,577,468	3,328,452
Others	921,734	859,569
	77,695,578	77,325,137
Other operations		
Aircraft engineering income	2,825,795	2,023,821
Others	61,703	57,751
	2,887,498	2,081,572
Sub-total	80,583,076	79,406,709
Rental income (included in revenue of airline operations segment)	174,358	113,623
Total revenue	80,757,434	79,520,332

4. SEGMENT INFORMATION

The Group's businesses are structured and managed, according to the nature of its operations and the services it provides. The Group has the following reportable operating segments:

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

Inter-segment sales and transfers are transacted with reference to the then prevailing market prices.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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4. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2025

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

For the six months ended 30 June 2024

	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)	–
Segment revenue under CASs and IFRS Accounting Standards	77,545,148	6,425,544	(4,450,360)	79,520,332
Segment results 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 IFRS Accounting Standards and CASs				4,716
Loss before taxation for the period under IFRS Accounting Standards				(3,286,075)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the Six Months Ended 30 June 2025
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4. SEGMENT INFORMATION (continued)

As at 30 June 2025/31 December 2024

	Airline operations RMB'000	Other operations RMB'000	Elimination RMB'000	Total RMB'000
Segment assets				
Segment assets as at 30 June 2025 under CASs	334,218,916	29,253,558	(15,914,966)	347,557,508
Effect of differences between IFRS Accounting Standards and CASs				(18,386)
Total assets as at 30 June 2025 under IFRS Accounting Standards				347,539,122
Segment assets as at 31 December 2024 under CASs	335,387,462	35,068,041	(24,686,091)	345,769,412
Effect of differences between IFRS Accounting Standards and CASs				(19,239)
Total assets as at 31 December 2024 under IFRS Accounting Standards				345,750,173
Segment liabilities				
Segment liabilities under CASs and IFRS Accounting Standards As at 30 June 2025	304,360,027	20,338,559	(15,389,461)	309,309,125
As at 31 December 2024	301,829,477	27,135,795	(24,141,069)	304,824,203

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For the Six Months Ended 30 June 2025
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4. SEGMENT INFORMATION (continued)

Geographical information

The following tables present the Group's consolidated revenue to external customers by geographical location for the six months ended 30 June 2025 and 2024:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Chinese Mainland	56,277,430	57,960,673
Hong Kong SAR, Macau SAR and Taiwan, China	2,539,842	2,484,032
International	21,940,162	19,075,627
	80,757,434	79,520,332

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

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

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Co-operation routes income and subsidy income	2,407,102	2,232,415
Gains on disposal of property, plant and equipment and right-of-use assets	22,327	775,226
Loss on disposal of assets held for sale	–	(7,907)
Dividend income	13,131	5,935
Others	173,285	245,181
	2,615,845	3,250,850

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the Six Months Ended 30 June 2025
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6. LOSS FROM OPERATIONS

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Depreciation of property, plant and equipment	7,072,151	6,505,225
Depreciation of right-of-use assets	7,748,718	7,503,289
Depreciation of investment properties	16,767	16,767
Amortisation of intangible assets	2	4

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Interest on interest-bearing borrowings	1,951,327	2,215,565
Interest on lease liabilities	1,114,236	1,192,838
Imputed interest expenses on defined benefit obligations	5,147	2,628
	3,070,710	3,411,031
Less: Interest capitalised	(179,756)	(145,558)
	2,890,954	3,265,473

The interest capitalisation rates during the period ranged from 1.95% to 2.80% (six months ended 30 June 2024: 2.40% to 4.45%) per annum relating to the costs of related borrowings during the period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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8. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current income tax:		
– Chinese Mainland	120,343	201,017
– Other tax jurisdictions	895	887
Under provision in respect of prior years	1,525	431
Deferred tax	(200,560)	50,201
	(77,797)	252,536

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, except for certain branches and subsidiaries of the Group which are taxed at a preferential rate of 15%, all group companies located in Chinese Mainland are subject to an income tax rate of 25% (six months ended 30 June 2024: 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.

9. DIVIDENDS

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.

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

No interim dividend has been declared by the Directors for the six months ended 30 June 2025 (six months ended 30 June 2024: 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 2024 during the six months ended 30 June 2025 (six months ended 30 June 2024: 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 RMB1,805 million (six months ended 30 June 2024: RMB2,779 million) and the weighted average number of 16,658,566,736 (six months ended 30 June 2024: 15,723,985,056) ordinary shares in issue during the period, as adjusted to reflect the effect of reciprocal shareholding with Cathay Pacific Airways Limited (“Cathay Pacific”) (Note 12).

The Group had no potential ordinary shares in issue during both periods. The basic loss per share is the same as the diluted loss per share.

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

(a) Property, plant and equipment

During the six months ended 30 June 2025, additions to the cost of property, plant and equipment were RMB7,581 million (six months ended 30 June 2024: RMB6,879 million). Property, plant and equipment with carrying amount of RMB738 million were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB306 million).

During the six months ended 30 June 2025, the Group recognised impairment loss amounting to approximately RMB85 million (six months ended 30 June 2024: Nil) for certain aircraft held for sale. The recoverable amount is estimated based on fair value less cost of disposal. The fair value is determined based on depreciated replacement cost method. The fair value measurement falls into level 3 of the fair value hierarchy.

As at 30 June 2025, the Group was in the process of applying for the title certificates of certain buildings with an aggregate net book value of approximately RMB6,126 million (31 December 2024: RMB6,906 million). The Directors are of the opinion that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings.

(b) Right-of-use assets

During the six months ended 30 June 2025, additions to the right-of-use assets were RMB5,531 million (six months ended 30 June 2024: RMB4,970 million).

As at 30 June 2025, the Group had future undiscounted lease payments under non-cancellable leases of RMB2 million (31 December 2024: RMB188 million), which was not recognised as lease liabilities since leases are yet to be commenced.

12. INTERESTS IN ASSOCIATES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Listed shares in Hong Kong SAR, China	13,950,934	14,310,718
Unlisted investments	335,055	322,205
	14,285,989	14,632,923
Market value of listed shares	18,837,718	17,054,995

Summarised financial information in respect of Cathay Pacific Airways Limited ("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 consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the Six Months Ended 30 June 2025
(Expressed in RMB)

12. INTERESTS IN ASSOCIATES (continued)

Cathay Pacific

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Gross amounts of the associate's		
Current assets	16,798,119	17,822,566
Non-current assets	138,508,790	140,756,228
Current liabilities	(48,196,558)	(46,523,324)
Non-current liabilities	(59,998,102)	(63,431,888)
Equity attributable to equity shareholders of the associate	46,951,745	48,130,929
	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Revenue	49,909,699	45,112,358
Profit for the period	3,355,251	3,285,843
Other comprehensive income	(1,233,291)	706,643
Total comprehensive income	2,121,960	3,992,486
	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate attributable to equity shareholders	46,951,745	48,130,929
Group's effective interest	29.98%	29.98%
Group's share of net assets of the associate	14,076,133	14,429,653
Elimination of reciprocal shareholding	(2,713,285)	(2,747,008)
Goodwill	2,588,086	2,628,073
Carrying amount in the condensed consolidated financial statements	13,950,934	14,310,718

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12. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Aggregate carrying amounts of individually immaterial associates in the condensed consolidated financial statements	335,055	322,205
	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Aggregate amounts of the Group's share of those associates'		
– Profit for the period	46,325	17,448
– Other comprehensive income for the period	(1,184)	440
Total comprehensive income for the period	45,141	17,888

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 2025 RMB'000	At 31 December 2024 RMB'000
Within 30 days	3,640,790	2,963,962
31 to 60 days	499,885	147,934
61 to 90 days	76,653	139,120
Over 90 days	565,841	419,236
	4,783,169	3,670,252

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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 2025 RMB'000	At 31 December 2024 RMB'000
Manufacturers' credits	1,049,963	1,311,700
Prepayments of jet fuel	161,119	116,961
Other prepayments	362,982	345,284
	1,574,064	1,773,945
Deposits and other receivables	3,759,136	3,449,312
	5,333,200	5,223,257

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 2025 RMB'000	At 31 December 2024 RMB'000
Within 30 days	8,148,551	8,354,764
31 to 60 days	2,286,119	2,009,755
61 to 90 days	4,623,235	4,806,725
Over 90 days	4,595,477	3,698,540
	19,653,382	18,869,784

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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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 2025 RMB'000	At 31 December 2024 RMB'000
Accrued salaries, wages and benefits	3,567,517	3,507,037
Payables for construction in progress	1,039,110	1,365,753
Other tax payable	407,432	524,754
Deposits received from sales agents	750,753	593,809
Current portion of long-term payables	2,252	2,377
Deposits received by China National Aviation Finance Co., Ltd. ("CNAF"), a subsidiary of the Company, from related parties	6,694,941	4,891,502
Others	2,594,986	2,552,270
	15,056,991	13,437,502

17. LEASE LIABILITIES

The Group has obligations under lease agreements expiring from the second half of 2025 to 2035 (31 December 2024: 2025 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 2025		At 31 December 2024	
	Lease payments RMB'000	Present values of lease payments RMB'000	Lease payments RMB'000	Present values of lease payments RMB'000
Amounts repayable				
– Within 1 year	18,454,576	16,666,649	19,536,185	17,464,654
– After 1 year but within 2 years	14,922,323	13,635,448	16,251,571	14,744,586
– After 2 years but within 5 years	27,925,821	26,012,476	31,277,456	28,948,310
– After 5 years	14,683,034	14,111,951	16,181,484	15,441,291
Total	75,985,754	70,426,524	83,246,696	76,598,841
Less: Amounts representing future finance costs	(5,559,230)		(6,647,855)	
Present values of lease payments	70,426,524		76,598,841	
Less: Portion classified as current liabilities	(16,666,649)		(17,464,654)	
Non-current portion	53,759,875		59,134,187	

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18. INTEREST-BEARING BORROWINGS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans and other borrowings:		
– Secured	4,326,546	3,583,562
– Unsecured	125,695,735	137,370,418
	130,022,281	140,953,980
Corporate bonds and short-term commercial papers:		
– Unsecured	35,729,751	18,427,685
	165,752,032	159,381,665
	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans and other borrowings repayable:		
– Within 1 year	47,299,683	62,117,020
– After 1 year but within 2 years	31,821,960	30,458,552
– After 2 years but within 5 years	50,220,569	43,561,628
– After 5 years	680,069	4,816,780
	130,022,281	140,953,980
Corporate bonds and short-term commercial papers repayable:		
– Within 1 year	12,729,751	12,427,685
– After 1 year but within 2 years	1,000,000	–
– After 2 years but within 5 year	20,000,000	6,000,000
– After 5 years	2,000,000	–
	35,729,751	18,427,685
Total interest-bearing borrowings	165,752,032	159,381,665
Less: portion classified as current liabilities	(60,029,434)	(74,544,705)
Non-current portion	105,722,598	84,836,960

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the Six Months Ended 30 June 2025
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18. INTEREST-BEARING BORROWINGS (continued)

As at 30 June 2025, the interest rates of the Group's bank loans and other borrowings ranged from 1.00% to 4.38% (31 December 2024: 1.60% to 4.38%) per annum.

As at 30 June 2025, the interest rates of the Group's corporate bonds and short-term commercial papers ranged from 1.76% to 2.54% (31 December 2024: 2.03% to 3.46%) per annum.

As at 30 June 2025, the Group's bank loans of approximately RMB4,327 million (31 December 2024: RMB3,584 million) were secured by:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Aircraft and flight equipment, buildings and other equipment	4,669,069	3,825,292
Land use rights	23,039	23,433
	4,692,108	3,848,725

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19. ISSUED CAPITAL

The numbers of shares of the Company and their nominal values as at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025		31 December 2024	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
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	392,927,308	392,927
– A shares of RMB1.00 each:				
Tradable	11,638,109,474	11,638,109	11,638,109,474	11,638,109
Tradable-restricted (Note 2)	854,700,854	854,701	854,700,854	854,701
	17,448,421,000	17,448,421	17,448,421,000	17,448,421

All shares rank equally with regard to the company's residual assets.

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 proceeds of the issuance were HKD2,000 million and the net proceeds were RMB1,816 million, after deducting issue cost of RMB1 million (excluding value-added tax), of which RMB393 million were recognised as issued capital and RMB1,423 million were recognised as capital reserve. Upon completion of the issuance, the new H shares are subject to a lock-up period of 36 months.

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

On 19 November 2024, the Company issued 854,700,854 new A shares to CNAHC at the price of RMB7.02 per share with par value of RMB1. Total proceeds of the issuance were RMB6,000 million and the net proceeds were 5,996 million, after deducting issuance cost of RMB4 million (excluding value-added tax), of which RMB855 million were recognised as issued capital and RMB5,141 million were recognised as capital reserve. Upon completion of the issuance, the new A shares are subject to a lock-up period of 36 months.

20. OTHER EVENTS

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 CNACG 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.

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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).

	Fair value at 30 June 2025 RMB'000	Fair value measurements as at 30 June 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Equity instruments at fair value through other comprehensive income ("FVTOCI")	2,073,694	–	–	2,073,694
Debt instruments at FVTOCI (including debt instruments at FVTOCI included in other current assets)	1,482,024	–	1,482,024	–
Financial assets at fair value through profit or loss	153,221	153,221	–	–
Total financial assets at fair value	3,708,939	153,221	1,482,024	2,073,694

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21. FINANCIAL INSTRUMENTS (continued)

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

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Equity instruments at FVTOCI	1,791,273	–	–	1,791,273
Debt instruments at FVTOCI (including debt instruments at FVTOCI included in other current assets)	1,476,713	–	1,476,713	–
Financial assets at fair value through profit or loss	37,559	37,559	–	–
Total financial assets at fair value	3,305,545	37,559	1,476,713	1,791,273

During the six months ended 30 June 2025, 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

The financial instruments classified within Level 2 of the fair value hierarchy are debt investments, the fair value is of which was estimated based on the publicly available indicative price.

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

As at 30 June 2025, the fair value of the equity interest in unlisted securities of a listed company amounting to approximately RMB254 million (as at 31 December 2024: RMB254 million) 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 2025, the fair value of private equity instruments at FVTOCI amounting to approximately RMB1,819 million (as at 31 December 2024: RMB1,537 million) have been estimated using a market-based valuation technique, which is derived by reference to observable valuation measures for comparable companies, and with the adjustment of discount for lack of marketability.

The changes in Level 3 financial assets are analysed below:

	2025 RMB'000	2024 RMB'000
As at 1 January	1,791,273	1,547,986
Purchase	240,000	360,000
Change in fair value recognised in other comprehensive income	42,421	(86,078)
As at 30 June	2,073,694	1,821,908

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21. FINANCIAL INSTRUMENTS (continued)

(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 2025 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Financial liabilities – Corporate bonds (fixed rate)	26,188,123	15,416,838	26,068,606	15,283,291

The fair value measurement of corporate bonds falls into level 2 of the fair value hierarchy.

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 2025 RMB'000	At 31 December 2024 RMB'000
Contracted, but not provided in the consolidated financial statements	93,200,377	95,175,219

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22. COMMITMENTS (continued)

(b) Investment commitments

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted, but not provided for:		
– investment commitment to joint ventures	266,658	312,695

In 2012, the Company entered into an agreement with a joint venture as its 50% shareholder, with a total investment commitment of USD5 million. As at 30 June 2025, the Company has invested United State Dollar (“USD”) 1.5 million (31 December 2024: USD1.5 million) and committed to invest USD3.5 million (31 December 2024: USD3.5 million) in the future.

In 2022, the Company entered into an agreement with a joint venture as its 50% shareholder, with a total investment commitment of USD95 million. As at 30 June 2025, the Company has invested USD61.25 million (31 December 2024: USD55 million) and committed to invest USD33.75 million (31 December 2024: USD40 million) in the future.

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 2025 RMB'000	2024 RMB'000
Service provided to the CNAHC Group:		
Transportation service fee on the passenger aircraft cargo business	3,326,422	3,009,102
Aircraft maintenance income	240,939	150,046
Land and buildings rental income	113,269	81,322
Ground services income	100,680	71,872
Pilot transfer income	–	49,220
Government charter flights services	17,831	36,906
Air catering, onboard supplies and aircraft parts income	28,776	30,060
Income from advertising media business	7,259	6,786
Sales commission income	4,552	5,972
Trademark licensing income	4,656	4,660
Aviation communication income	10,730	1,185
Others	70,082	55,025
	3,925,196	3,502,156

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For the Six Months Ended 30 June 2025
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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	
	2025 RMB'000	2024 RMB'000
Service provided by the CNAHC Group:		
Airport ground services, take-off, landing and depot expenses	598,007	757,051
Air catering and onboard supplies charges	828,068	739,499
Aviation communication expenses	399,950	407,196
Other procurement and maintenance	243,313	291,220
Interest expenses	126,325	196,418
Management fees	182,278	173,226
Media advertisement expenses	66,088	64,056
Repair and maintenance costs	34,673	25,093
Expense relating to short-term leases and leases of low-value assets	18,279	15,644
Sales commission expenses	–	193
Others	24,789	14,524
	2,521,770	2,684,120
Loans to the CNAHC Group by CNAF:		
(Repayments)/advances of loans	(80,084)	105,000
Interest income	3,374	4,413
Deposits from the CNAHC Group received by CNAF:		
Increase in deposits received	1,789,284	730,815
Interest expenses	39,546	30,327
As a lessee with CNAHC Group:		
Additions to right-of-use assets and lease liabilities on new leases	1,215,895	1,665,731
Lease payments paid	1,324,048	1,331,248
Interest on lease liabilities	201,424	292,543

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For the Six Months Ended 30 June 2025
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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	
	2025 RMB'000	2024 RMB'000
Asset transfers with CNAHC Group		
Sales of assets	89,801	66,481
Service provided to joint ventures and associates:		
Aircraft maintenance income	116,780	109,020
Ground services income	18,568	29,286
Air catering, onboard supplies and aircraft parts income	204	4,182
Frequent-flyer programme income	2,019	1,562
Land and buildings rental income	832	797
Sales commission income	220	157
Others	223	702
	138,846	145,706
Service provided by joint ventures and associates:		
Repair and maintenance costs	2,588,414	1,507,998
Airport ground services, take-off, landing and depot expenses	373,540	215,333
Other procurement and maintenance	15,323	17,319
Aviation communication expenses	2,210	2,153
Frequent-flyer programme expenses	2,504	1,958
Management fees	652	–
Sales commission expenses	204	216
Air catering and onboard supplies charges	23,734	8
Expenses relating to short-term leases and leases of low-value assets	26,046	5
	3,032,627	1,744,990

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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	
	2025	2024
	RMB'000	RMB'000
Deposits from joint ventures and associates received by CNAF:		
Increase/(decrease) in deposits received	11,155	(3,229)
Interest expenses	305	327

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

- (ii) Balances with related parties

	At 30 June 2025	At 31 December 2024
	RMB'000	RMB'000
Outstanding balances with related parties*		
Amount due from the ultimate holding company	170,572	152,422
Amounts due from associates	44,991	48,660
Amounts due from joint ventures	8,959	8,717
Amounts due from other related companies	1,460,926	1,295,098
Amount due to the ultimate holding company	10,205	6,515
Amounts due to associates	68,137	64,354
Amounts due to joint ventures	487,039	985,757
Amounts due to other related companies	15,358,707	16,040,882

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

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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 (continued)

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 2025 RMB'000	At 31 December 2024 RMB'000
Outstanding borrowing balances with related parties		
Interest-bearing borrowings		
– Due to the ultimate holding company	5,885,000	10,792,957
– Due to other related companies	300,000	–
Outstanding balances between CNAF and related parties		
(1) Outstanding balances between CNAF and CNAHC Group		
Loans granted	208,000	288,000
Deposits received	6,649,507	4,879,173
Interest payable to related parties	30,764	11,815
Interest receivable from related parties	139	223
(2) Outstanding balances between CNAF and joint ventures and associates of the Group		
Deposits received	14,644	3,487
Interest payable to related parties	26	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.

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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	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	5,382	4,292
Retirement scheme contributions	886	807
Total emoluments for key management personnel	6,268	5,099

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Directors and supervisors	2,482	1,840
Senior management	3,786	3,259
	6,268	5,099

- (c) 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").

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”	the total time from the removal of wheel chocks before the aircraft begins to move until the placement of wheel chocks after the aircraft has landed and come to a complete stop

YIELD MEASUREMENTS

“passenger yield”/“yield per RPK”	revenues from passenger transportation divided by RPKs
“cargo yield”/“yield per RFTK”	revenues from cargo and mail transportation divided by RFTKs

DEFINITIONS

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

“Air China Cargo”	Air China Cargo Co., Ltd., a non-wholly owned subsidiary of CNAHC
“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
“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 Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas-listed foreign invested share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange (as primary listing venue) and has/ have been admitted into the Official List of the UK Listing Authority (as secondary listing venue)

DEFINITIONS

“IFRS Accounting Standards” or “IFRSs”	International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board (IASB)
“Kunming Airlines”	Kunming Airlines Company Limited, a subsidiary of Shenzhen Airlines
“Listing Rules” or “Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Reporting Period”	the period from 1 January 2025 to 30 June 2025
“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