

Air China Limited Announces 2015 Interim Results

Hong Kong – 27 August, 2015 – Air China Limited (“Air China” or “the Company,” together with its subsidiaries, collectively “the Group”) (HKEX: 00753; LSE: AIRC; SSE: 601111; ADR OTC: AIRYY), today announced its interim results for the six months ended 30 June, 2015 (“the Period”).

Business Highlights

- Turnover was RMB51.862 billion, a year-on-year increase of 3.86%
- Operating expenses were RMB45.233 billion, a year-on-year decreased of 4.95%
- Profit attributable to shareholders was RMB4.191 billion, a year-on-year increase of 721.15%
- Earnings per share were RMB0.34, a year-on-year increase of 721.45%

In the first half of 2015, the global economy as a whole was in recovery while the Chinese economy edged steadily forward. The global aviation industry was generally healthy with sustained growth in demand amid relatively low oil prices. During the first half, the Group pursued its strategic goals by advancing innovative management and proactively seizing market opportunities, achieving a relatively strong result in both of passenger and cargo services.

Financial Highlights

The Group recorded a turnover of RMB51.862 billion in the first half of 2015, an increase of 3.86% from the same period last year.

Air passenger revenue was up 3.28% year-on-year to RMB44.989 billion, while air cargo revenue also climbed by 9.32% year-on-year to RMB4.321 billion.

Operating expenses decreased by 4.95% to RMB45.233 billion, down from RMB47.589 billion reported in the first half of 2014. Jet fuel costs recorded a year-on-year decrease of RMB5.13 billion, representing a down of 29.84%, mainly affected by the decrease in jet fuel price.

Profit from operations increased by 182.84% to RMB6.629 billion. Profit attributable to shareholders rose by 721.15% from RMB510 million in the same period last year to RMB4.191 billion.

Business Review

In the first half of 2015, the capacity measured by Available Tonne Kilometers (ATK) was 15.1 billion, representing a year-on-year increase of 14.81%. Traffic measured by Revenue Tonne Kilometers (RTK) was 10.473 billion, representing a year-on-year increase of 13.32%.

Passengers

In the first half of 2015, the Group carried a total of 43.67 million passengers, a year-on-year increase of 8.79%. Passenger capacity, measured by Available Seat Kilometers (ASK), increased by 10.47% to 102.881 billion. Capacity for domestic, international and regional routes rose by 8.98%, 14.62% and 3.97% respectively. Overall passenger traffic, measured by Revenue Passenger Kilometers (RPK) increased by 9.49% to 82.174 billion. Traffic on domestic and international routes increased by 8.72% and 12.91% respectively while regional route declined by 2.10%. Passenger load factor fell by 0.72 percentage points to 79.87%. Yield per RPK (excluding fuel surcharge) reached RMB0.50, an increase of 1.56% year-on-year.

As the fleet continued to expand, Air China's first-mover advantage in fleet restructuring has become more prominent. During the first half, the Group took delivery of 28 new aircraft, including B747-8s, B777-200Fs and B737-800s, and retired 9 old aircraft. The average age of fleet was 6.11 years. As the share of wide-body jets (the ratio of wide-body jet seats to narrow-body jet seats was 1:2.65) increased, the fleet structure continued to be optimized, thus lending stronger support to the hub network strategy and contributing to a greater reduction in operating and maintenance costs.

The Company remained on course with its hub network strategy and further expanded international routes. The Company launched a direct service from Beijing to Melbourne, and increased the frequency of its long-haul flights from Beijing to Los Angeles, Paris and Milan. It also expanded its domestic route network coverage by adding 14 routes from its principal hub to second- and third-tier cities. In support of the country's "One Road, One Belt" strategy, the Company has launched new routes from Beijing to Minsk and Budapest, as well as from Chengdu to Colombo, and increased frequency from Beijing to Guiyang, Lanzhou, Yinchuan, Fuzhou and Zhanjiang. The domestic and international flight networks complement each other, achieving a greater balance in its network structure. As of June 30, 2015, the Company operated 341 passenger routes, including 239 domestic, 86 international and 16 regional routes. The Company's network covered 164 cities in 35 countries and regions, including 103 domestic, 57 international and 4 regional cities. Through the Star Alliance, the Company's route network extended to 1,321 destinations in 193 countries.

Driven by market demand, Air China has optimized its capacity deployment and prudently managed its operations. In the first half, demand in the domestic market grew at a relatively faster pace as domestic consumption moved up-market and out-bound leisure travel remained robust, creating strong demand in the international market. The Company

leveraged the growth in domestic and international markets by deploying capacity to ensure that the types of aircraft deployed aligned with the routes and market demand. The Company paid close attention to its operating performance in international long-haul, new routes and key domestic markets by focusing on price stability in its principal hubs. The Company also adopted a series of effective measures in marketing and sales strategies to improve its operating performance, thus markedly increasing yield level.

The Company continued to strengthen cost controls and maintained its cost leadership advantage. By constantly monitoring the pace of capacity deployment, tracking the changes in flight arrangements, and deepening overall interaction of the fleet, Air China enabled its operations to better complement market demand, thus improving its operating efficiency. By strengthening the construction of direct sales channels, Air China transformed its sales and marketing and increased the proportion of direct sales, lowering the agency expenses by 22.01% year-on-year. The Company further optimized its capital structure by increasing controls over the amount and frequency of borrowings. In the first half, the operating cost per ATK was RMB3.00, representing a decline of 17.21% from the corresponding period last year. Excluding the impact of fuel cost changes, operating cost per ATK fell 4.95% year-on-year.

Air China progressed with the transformation of its sales and marketing strategies and strengthened (enhanced) the management of its channels. In the first half, the Company focused on improving the operational performance of its e-commerce platform, launching an upgraded mobile customer service application and optimizing the direct-sales channels. By enhancing the control and service capabilities for end customers, the proportion of revenue from direct sales went up to 27%, representing an increase of 4.7% year over year while revenue from its e-commerce platform increased by 6% year over year, accounting for 16% of total sales.

We have promoted our specialized strategy, and deepened the strategic synergy among Group members and external cooperation. In the first half, we smoothly completed the capital injection into Ameco and increased the Company's stake in Ameco to 75%. This was a key step in building an aircraft MRO business and achieving profit diversification for the Group. We continued to promote strategic synergy among Group members in such areas as routes, fleet, sales and MRO. We have deepened our strategic cooperation with Cathay Pacific Airways and advanced the preparation of joint venture arrangements with Lufthansa, Air Canada and Air New Zealand. When these joint venture arrangements are formally launched, our passengers will enjoy more convenience in their travels and we will be able to increase our service quality and competitiveness in the relevant markets.

By focusing on both innovation and management, Air China has steadily improved its service quality. In the first half, the Company accelerated the installation of its in-flight Internet system and deployed 21 wifi-enabled aircraft on key domestic and international routes. The Company worked with the State Administration of Radio, Film and Television to become the first carrier to offer in-cabin satellite TV programs and advanced its "Quick and Easy Trip" project to accelerate the promotion of its full-process self-service products. To add to the

variety of in-flight entertainment, the Company has been actively developing its own entertainment programs. By strengthening the management of flight punctuality, flight delays has been reduced. The Company has also added a service support seat in the operation control center, thereby enhancing its capability and efficiency in handling emergencies.

Cargo Business

The cargo business recorded a steady growth in the first half of the year. During the period, the AFTK of Air China Cargo increased by 22.48% year-on-year to 5,818 million, while the RFTK increased by 23.54% year-on-year to 3,166 million. The cargo and mail load factor was 54.41%, a rise of 0.47 ppts as compared to the corresponding period last year. The cargo yield (excluding fuel surcharge) was RMB1.11, a year-on-year increase of 0.20%.

Air China Cargo was able to continue to optimize its route structure after completing the replacement of its fleet for US and European routes. The round-the-world route operated smoothly with a steady increase in cargo volume for the US to Europe sector. We have continued to upgrade our product range by adding very competitive high value-added and transit products. By enhancing our sales management, we have made use of passenger-cargo combination operation to achieve complementary advantages. In the first half, Air China Cargo achieved profit of RMB108 million, representing a turnaround of RMB239 million.

Outlook

Air China maintains its optimistic view on the aviation market. The Company expects domestic passenger service to maintain the growth trend seen in the first half of the year, international outbound travel to continue to grow rapidly, and oil prices to hold at relatively low levels. Furthermore, industry competition will further intensify while exchange fluctuations will increase. In light of these opportunities and challenges, the Group will adhere to its prudent management precepts, firmly implement its strategies, and solidify and expand its competitive advantages in order to provide shareholders and the community with even better returns.

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About Air China

Air China Limited (Air China) is the national flag carrier of China and a leading provider of passenger, air cargo and airline-related services and products in China. Its operational headquarters is in Beijing, a major domestic and international hub in China. It also provides airline-related services, including aircraft maintenance, ground handling services in Beijing, Chengdu, and other locations. As of June 30, 2015, the Group operated a fleet of 559 aircraft with an average age of 6.11 years. Passenger traffic routes have reached to 341 routes, including 86 international, 16 regional and 239 domestic routes. The Company's network covered 35 countries and regions globally and 164 cities, including 57 international, 4 regional and 103 domestic cities. Through the Star Alliance, the Company's route network extends to 1,321 destinations in 193 countries. Air China was listed on Hong Kong Stock Exchange and London Stock Exchange on December 15, 2004 under codes 00753 and AIRC respectively. On August 18, 2006, Air China was listed on Shanghai Stock Exchange under code 601111. For further details, please visit Air China's website: www.airchina.com.cn.

Safe Harbor Statement

This press release contains projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected.

Investor Relations and Media Enquiry:

Air China

Fan Heyun
Investor Relations, Senior Manager
Air China Limited
Tel : (8610) 6146-2799
Email : fanheyun@airchina.com

Joyce Zhang
Air China Limited
Tel : (8610) 6146-2560
Email : joycezhang@airchina.com

Investor Relations

Ruby Yim
FleishmanHillard
Tel : (852) 2530 0228
Email : ruby.yim@fleishman.com

Anderson Zhou
FleishmanHillard
Tel : (852) 2586 7827
Email : Anderson.zhou@fleishman.com