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中國國際航空股份有限公司
AIR CHINA LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00753)

Profit Warning

This announcement is made by Air China Limited (the “**Company**”) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

I. ESTIMATED RESULTS FOR THE PERIOD

(I) Results Estimation Period

1 January 2020 to 31 December 2020.

(II) Estimated Results

1. According to the preliminary estimation of the finance department of the Company, the Company recorded losses in the year 2020. It is expected that the net loss attributable to equity holders of the Company would be approximately RMB13.5 billion to RMB15.5 billion, and the net loss attributable to equity holders of the Company after deducting non-recurring profit or loss would be approximately RMB13.8 billion to RMB15.9 billion.
2. The estimated results have not been audited by certified accountants.

II. RESULTS FOR THE CORRESPONDING PERIOD IN 2019

1. Net profit attributable to equity holders of the Company: RMB6,409 million.

Net profit attributable to equity holders of the Company after deducting non-recurring profit or loss: RMB6,174 million.

2. Earnings per share: RMB0.47.

III. MAJOR REASONS FOR THE ESTIMATED LOSS FOR THE PERIOD

In 2020, the COVID-19 pandemic (the “**Pandemic**”) caused a huge impact on the global civil aviation industry. The market demand for civil aviation passenger flights in China shrank with inverted input-output structure, and the passenger capacity on international airlines decreased to an extremely low level. The operation of the Company experienced unprecedented difficulties and challenges with a substantial decrease in overall revenue. Since the outbreak of the Pandemic, substantial, extensive and frequent flight adjustments as well as quarantine and pandemic prevention of the flight crew members have led to an increase in cost of the Company to a certain extent. Air transportation enterprises invested by the Company also recorded significant losses.

Amidst the Pandemic, the Company took a holistic approach in battling for pandemic prevention and control, safety production and operation performance, striving to minimize the impacts of the Pandemic. The Company despatched the pandemic control materials and medical teams promptly as well as facilitated the resumption of work and production to demonstrate the responsibility of an aviation enterprise. The Company insisted on the safety operation and vigorously strengthened safety risk management and control so as to ensure safe and stable operation. The Company also improved situation analysis as well as stepping up efforts in quality and efficiency improvement. By strictly implementing cost control measures, the Company strived to achieve operational performance target.

In the first half of the year, net loss attributable to equity holders of the Company amounted to RMB9,441 million. In the second half of the year, the Company closely seized market opportunities and continued to strengthen yield management and cost control and therefore the loss gradually narrowed down. It is expected that net loss for the year attributable to equity holders of the Company would be approximately RMB13.5 billion to RMB15.5 billion.

IV. RISK ALERT

There are no uncertainties which will affect the accuracy of these estimated results of the Company.

V. OTHER INFORMATION

The above estimated results are only a preliminary estimation, and the specific and accurate financial figures will be disclosed in the audited annual report of 2020 to be formally published by the Company. Investors are reminded to pay attention to the investment risks.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Air China Limited
Zhou Feng
Company Secretary

Beijing, the PRC, 29 January 2021

As at the date of this announcement, the directors of the Company are Mr. Song Zhiyong, Mr. Feng Gang, Mr. Patrick Healy, Mr. Xue Yasong, Mr. Wang Xiaokang, Mr. Duan Hongyi*, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*