



中國國際航空股份有限公司

AIR CHINA LIMITED

(於中華人民共和國註冊成立的股份有限公司)

(股份代號：00753)

**Air China Announces 2020 Q1 Results
Fortify Confidence and Tackle Difficulties Head-on
Go All Out to Improve Quality and Efficiency**

(29 April 2020, Hong Kong) **Air China Limited** (“Air China” or the “Company”, with its subsidiaries, the “Group”) (Stock Code: Hong Kong: 00753; London: AIRC; Shanghai: 601111; America: ADR OTC: AIRYY) is pleased to announce the financial results for the first quarter of 2020 (the “Period”).

Financial Highlights

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| ➤ Operating revenue totaled RMB17,256 million |
| ➤ Operating cost recorded RMB19,366 million |
| ➤ Net loss attributable to parent company stood at RMB4,805 million |

Affected by the COVID-19 epidemic, aviation demand dropped sharply in the first quarter. Facing great difficulties, the Group firmly implement the spirit of the important instructions of General Secretary Xi Jinping, resolutely carried out the decisions and arrangements of the Central Committee of the Party and the State Council. The Group strengthens innovation management and efficient coordination. Benefit from effective grasping the market opportunity such as resuming work and resuming production, cargo demand, international passenger return, and strict cost control, the Group implemented a number of measures to minimize the impact of the epidemic effectively. As a result, the Group’s main business continues to stay ahead, and the core advantage is expanded.

Operations and Business Highlights

During the Period, the Group's passenger capacity, measured by Available Seat Kilometers (ASK), dropped by 42.17% year-on-year to 40,669 million. Overall passenger traffic, measured by Revenue Passenger Kilometers (RPK), dropped by 51.82% year-on-year to 27,593 million. Among them, traffic on domestic routes totaled 17,136 million, down by 49.75% year-on-year; traffic on international routes recorded 9,785 million, down by 53.25% year-on-year; and traffic on regional routes was 671 million, down by 69.99% year-on-year. Its passenger load factor (P L /F) was 67.85%, down by 13.59 percentage points year-on-year; specifically, the P L /F of the domestic, international and regional air routes was 68.38%, 67.44%, and 61.08%, respectively. In the first quarter of 2020, the Group recorded an operating revenue of RMB17,256 million, with RMB4,805 million of net loss attributable to shareholders of the parent company.

With respect to transport capacity, the Group has dynamically optimized its capacity input, refined marketing control, and optimized yield management; it actively sought potentials for profit increase, moved some passenger planes into cargo use by collaborating domestic and

international resources, passenger and cargo aircraft resources, as well as resource guarantee, and achieved sound economic benefits.

Regarding revenue, the Group has seized market opportunities while playing an active role in combating the epidemic. The Group has narrowed the extent of the revenue decrease by dynamically adjusting airlines and routes and collaborating passenger and cargo flights to quickly match its transport capacity with market demand.

Concerning cost, the Company has implemented strict and precise cost control. For variable costs, due to the decrease of input and oil costs, the expenditure has witnessed substantial reduction. For fixed costs, the Group improved the utilization rate by offering charter flight and moving passenger aircrafts for cargoes to dilute fixed costs. In this way, the cost advantage has been strengthened.

In terms of assets and liabilities, the Group has maintained its asset-liability ratio at a relatively low level among major global network airlines through its continuous, long-term efforts. Affected by the COVID-19 epidemic, the Group's operating revenue slumped. However, the Group has sufficient cash reserve and adequate credit line with banks and bond issuance quota. Its financing channel has been open, which can fully ensure the safety and abundant cash flow of the company.

In respect of fiscal policy, a series of preferential policies, including the reduction and exemption of taxes and the civil aviation development fund have been issued, and implemented a number of measures to minimize the impact of the epidemic.

Outlook

The global aviation industry has been severely impacted by the epidemic, and enterprises are facing great pressure and challenges for their development. However, as General Secretary Xi pointed out, "crises and challenges always coexist, and difficulties mastered become opportunities", crisis presents not only tests but also opportunities. In the next step, we will continue to fully implement the following tasks:

We will adhere to the principle of maximizing the contribution margin by controlling the scale of expenditure domestically to achieve the effective increase in investment, refine income control, and step up the organization of sales; from a global perspective, we will reinforce the collaboration of passenger and cargo aircraft, timely and dynamically adjust flights, further increase the conversion of passenger planes to cargo planes, thoroughly coordinate internal and external resources, cooperate with the temporary charter production organization of transport control, and actively carry out charter flights. Facing the fierce market competition, we will enhance the coordination among members of Air China, effectively deepen the resource sharing and management coordination between the member enterprises of Air China, and facilitate the multi-brand coordination of Air China from the aspects of coordinated production and organization, integrated operation of shared routes, and establishment of a coordination mechanism, so as to jointly cope with business challenges.

Adhering to the objective of focusing on high-quality development and establishing a world-class airline, the Group will actively perform its duty, adapt to the changes rationally, place emphasis on high-quality development, improve its operating capacity, consolidate and expand competitive advantages, and achieve sustainable development.

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About Air China Limited

Air China Limited 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 at the end of 2019, the Group had a total of 699 passenger aircraft including business jets, with an average age of 6.96 years. The Company operated a total of 770 passenger routes, including 137 international routes, 27 regional routes and 606 domestic routes. The Company's passenger routes reached 43 countries and regions and 187 cities, including 65 international cities, 3 international regions and 119 domestic cities. Through cooperation with members of Star Alliance, the Company has further expanded its service coverage to 1,317 destinations in 195 countries and regions. Air China was listed on Hong Kong Stock Exchange and London Stock Exchange on 15 December, 2004 under codes 00753 and AIRC respectively. On 30 June, 2006, Level I Sponsored ADR Program of Air China had been set up under the code of AIRYY. 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.

Forward-Looking 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.

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