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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)

FIRST QUARTERLY REPORT OF 2021

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Air China Limited (the “**Company**”) held a meeting of the Board on 29 April 2021 and passed the resolution approving the first quarterly report of 2021 of the Company for the period ended 31 March 2021 (the “**Reporting Period**” or “**Period**”) prepared in accordance with the PRC Accounting Standards for Business Enterprises.

I. IMPORTANT NOTICE

- 1.1 The Board and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company guarantee that the contents of the quarterly report are true, accurate and complete and do not contain any false representation, misleading statement or material omission, and shall jointly and severally accept legal liability.
- 1.2 All directors of the Company attended the Board meeting to review the quarterly report.
- 1.3 Mr. Song Zhiyong (person in charge and the Chairman of the Board of the Company), Mr. Xiao Feng (person in charge of accounting function and the Chief Accountant), and Mr. Zhan Zhong (person in charge of accounting department (accounting superintendent) and the general manager of finance department) hereby guarantee that the financial statements set out in this quarterly report are true, accurate and complete.
- 1.4 The first quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: RMB'000

	At the end of the Reporting Period	At the end of the previous year	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets	288,384,073	284,070,710	1.52
Net assets attributable to shareholders of the listed company	71,464,006	77,582,421	-7.89
	For the period from the beginning of the year to the end of the Reporting Period	For the corresponding period of the previous year	Increase/decrease as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities	-1,254,296	-8,716,790	85.61
	For the period from the beginning of the year to the end of the Reporting Period	For the corresponding period of the previous year	Increase/decrease as compared to the corresponding period of the previous year (%)
Revenue	14,580,678	17,255,757	-15.50
Net profit attributable to shareholders of the listed company	-6,207,790	-4,805,210	-29.19
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	-6,301,309	-4,883,411	-29.03
Weighted average return on net assets (%)	-8.33	-5.26	Decreased by 3.07 percentage points
Basic earnings per share (<i>RMB per share</i>)	-0.45	-0.35	-28.57
Diluted earnings per share (<i>RMB per share</i>)	N/A	N/A	N/A

Non-recurring profits and losses items and amounts

Applicable Not applicable

Unit: RMB'000

Items	Amounts for the Period
Gains or losses on disposal of non-current assets	-1,991
Government subsidies recorded in the income statement for the current period (excluding those closely related to the Company's normal business and continuously entitled to in fixed amounts or quotas in accordance with the requirements of the state policy)	124,528
Other non-operating income and expenses not covered above	21,162
Effect of non-controlling shareholders' interests (after taxation)	-15,847
Effect of income tax	-34,333
Total	93,519

2.2 Total number of shareholders, particulars of the top 10 shareholders and the top 10 holders of tradable shares (or shares not subject to selling restrictions) as at the end of the Reporting Period

Unit: share

Name of shareholder (full name)	Particulars of the top 10 shareholders			Shares pledged or frozen Status	Number	Nature of shareholder
	Number of shares held as at the end of the Period	Shareholding percentage (%)	Number of shares held subject to selling restrictions			
Total number of shareholders (account)					152,624	
China National Aviation Holding Corporation Limited	5,952,236,697	40.98	0	Frozen	127,445,536	State-owned legal person
Cathay Pacific Airways Limited	2,633,725,455	18.13	0	Nil	0	Foreign legal person
HKSCC NOMINEES LIMITED	1,687,906,388	11.62	0	Nil	0	Foreign legal person
China National Aviation Corporation (Group) Limited	1,556,334,920	10.72	0	Frozen	36,454,464	Foreign legal person
China National Aviation Fuel Group Corporation	463,083,102	3.19	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	311,302,365	2.14	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	168,838,788	1.16	0	Nil	0	Foreign legal person
Agricultural Bank of China Limited – GF Balanced Preferred Hybrid Securities Investment Fund	44,657,648	0.31	0	Nil	0	Others
Bank of China Limited – Business Solicitation Industry Selective Stock Securities Investment Fund (招商行業精選股票型證券投資基金)	30,624,884	0.21	0	Nil	0	Others
Ke Miaorong (柯妙容)	26,822,811	0.18	0	Nil	0	Domestic natural person

Particulars of the top 10 shareholders not subject to selling restrictions

Name of shareholder	Number of tradable shares held not subject to selling restrictions		Class	Class and number of shares	Number
China National Aviation Holding Corporation Limited	5,952,236,697		RMB ordinary shares		5,952,236,697
Cathay Pacific Airways Limited	2,633,725,455		Overseas listed foreign shares		2,633,725,455
HKSCC NOMINEES LIMITED	1,687,906,388		Overseas listed foreign shares		1,687,906,388
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 National Aviation Fuel Group Corporation	463,083,102		RMB ordinary shares		463,083,102
China Securities Finance Corporation Limited	311,302,365		RMB ordinary shares		311,302,365
Hong Kong Securities Clearing Company Ltd.	168,838,788		RMB ordinary shares		168,838,788
Agricultural Bank of China Limited – GF Balanced Preferred Hybrid Securities Investment Fund	44,657,648		RMB ordinary shares		44,657,648
Bank of China Limited – Business Solicitation Industry Selective Stock Securities Investment Fund (招商行業精選股票型證券投資基金)	30,624,884		RMB ordinary shares		30,624,884
Ke Miaorong (柯妙容)	26,822,811		RMB ordinary shares		26,822,811
Explanation on connected relationship or action in concert among the above shareholders	China National Aviation Corporation (Group) Limited is a wholly-owned subsidiary of China National Aviation Holding Corporation Limited. Accordingly, China National Aviation Holding Corporation Limited is directly and indirectly interested in 51.70% of the shares of the Company.				
Explanation on holders of preference shares with restored voting rights and 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 1,687,906,388 H shares held by it in the Company do not include the 166,852,000 shares held by it as nominee of China National Aviation Corporation (Group) Limited.
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 shares and 36,454,464 shares held by China National Aviation Holding Corporation Limited, the controlling shareholder of the Company, and China National Aviation Corporation (Group) Limited respectively are frozen at present.

2.3 Total number of holders of preference shares, particulars of the top 10 holders of preference shares and the shareholdings of the top 10 holders of preference shares not subject to selling restrictions as at the end of the Reporting Period

Applicable Not applicable

III. SIGNIFICANT EVENTS

3.1 Particulars of, and reasons for, significant changes in major items in the accounting statements and key financial indicators of the Company

Applicable Not applicable

The Group's revenue amounted to RMB14.581 billion and the net loss attributable to equity shareholders of the Company amounted to RMB6.208 billion in the first quarter of 2021.

Unit: RMB'000

Items in consolidated balance sheet	31 March 2021	31 December 2020	Percentage of Change (%)	Reasons for Change
Cash and bank balance	9,912,976	6,575,243	50.76	Mainly due to the increase in cash and bank balance pursuant to the capital use plan.
Accounts receivable	3,898,888	2,942,799	32.49	Mainly due to the increase in passenger ticket receivables.
Inventories	2,452,987	1,853,990	32.31	Mainly due to the increase in the number of goods in process and spare parts of flight equipment.
Short-term financing bonds payable	702,052	510,810	37.44	Mainly due to the impact of the addition of short-term financing bonds.
Bills payable	282,111	62,570	350.87	Impact of the addition of bank acceptance notes during the Reporting Period.

Unit: RMB'000

Items in consolidated income statement	First quarter of 2021	First quarter of 2020	Percentage of Change (%)	Reasons for Change
Finance expenses	1,615,728	2,329,605	-30.64	Due to the year-on-year decrease in the exchange loss during the Reporting Period.
Income tax expenses	-1,690,959	-1,172,789	-44.18	Due to deferred income tax expenses incurred in recognizing the deductible tax losses during the Reporting Period.

Items in consolidated statement of cash flows	First quarter of 2021	First quarter of 2020	Percentage of Change (%)	Reasons for Change
Other cash received relating to operating activities	1,624,412	2,374,432	-31.59	Mainly due to the year-on-year increase in the net lending made by a subsidiary of the Group during the Period.
Cash paid for goods purchased and services received	8,587,763	12,857,493	-33.21	Mainly due to the year-on-year decrease in payments for, among others, aviation fuel paid during the Period.
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	562,481	2,811,387	-79.99	Mainly due to the year-on-year decrease in advance payments for aircraft during the Period.
Cash received from issuance of debentures	700,000	9,000,000	-92.22	Due to the year-on-year decrease in the issuance of debentures during the Period
Cash received from capital injection	490,148	–	N/A	Due to the capital contribution received from minority shareholders of a subsidiary of the Group during the Period.
Cash paid for repayment of borrowings	4,219,254	1,971,740	113.99	Due to the year-on-year increase in repayment of borrowings during the Period.
Cash paid for repayment of debentures	1,000,000	5,300,000	-81.13	Due to the year-on-year decrease in repayment of debentures during the Period.
Other cash paid relating to financing activities	3,616,317	2,749,273	31.54	Due to the year-on-year increase in lease payment paid during the Period.

3.2 Analysis and explanation on the progress of significant events and their impact and resolutions

Applicable Not applicable

3.3 Undertakings that were failed to fulfill as scheduled during the Reporting Period

Applicable Not applicable

3.4 Warnings and explanations with regard to forecast of a probable loss in respect of the accumulative net profits from the beginning of the year to the end of the next reporting period or any significant changes as compared with that of the corresponding period of previous year

Applicable Not applicable

In the event that the impact of the COVID-19 pandemic extends into the next reporting period, it is estimated that the results of the Group during the period from the beginning of the year to the end of the next reporting period will be affected. With the domestic pandemic brought under control and the coverage of vaccination continuing to expand, the demand for civil aviation transportation will gradually recover. The Group will capitalize on the opportunity of market recovery by optimizing transport capacity investment in a timely manner, and take various initiatives, all with an active effort to achieve better performances.

Company name	Air China Limited
Legal representative	Mr. Song Zhiyong
Date	29 April 2021

IV. APPENDICES

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

31 March 2021

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	31 March 2021	31 December 2020
CURRENT ASSETS:		
Cash and bank balance	9,912,976	6,575,243
Provisions on payables		
Contributions made		
Financial assets held-for-trading	50,014	
Derivative financial assets		
Bills receivable	2,143	6,593
Accounts receivable	3,898,888	2,942,799
Receivables financing		
Prepayments	502,387	421,237
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Other receivables	3,307,743	3,491,233
Including: Interest receivable		
Dividend receivable		

Items	31 March 2021	31 December 2020
Purchase of financial assets resold		
Inventories	2,452,987	1,853,990
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	4,591,796	4,444,806
Total current assets	24,718,934	19,735,901
NON-CURRENT ASSETS:		
Loans and advances		
Debt investments		
Other debt investments	1,279,422	1,344,829
Long-term receivables	604,241	621,398
Long-term equity investments	11,403,923	12,379,614
Investments in other equity instruments	230,373	235,223
Other non-current financial assets		
Investment properties	137,225	138,688
Fixed assets	86,199,984	87,717,717
Construction in progress	35,776,305	38,138,866
Biological assets for production		
Oil and gas assets		
Right-of-use assets	114,680,176	112,074,148
Intangible assets	3,582,001	3,597,206
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	275,706	292,972
Deferred tax assets	8,393,598	6,691,963
Other non-current assets		
Total non-current assets	263,665,139	264,334,809
Total assets	288,384,073	284,070,710
CURRENT LIABILITIES:		
Short-term loans	34,550,530	29,327,087
Short-term financing bonds payable	702,052	510,810
Borrowings from central bank		
Contributions received		

Items	31 March 2021	31 December 2020
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable	282,111	62,570
Accounts payables	14,192,448	12,740,096
Air traffic liabilities	2,185,697	2,002,649
Receipts in advance		
Contract liabilities	1,509,446	1,280,102
Sale of financial assets repurchased		
Deposits from clients and placements from other banks		
Brokerage payable		
Underwriting fees payable		
Employee compensations payable	1,880,087	2,608,944
Taxes payable	212,693	206,547
Other payables	8,724,309	9,600,645
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Amounts payable on reinsurance		
Held-for-sale liabilities		
Non-current liabilities due within a year	23,023,916	22,054,735
Other current liabilities		
Total current liabilities	87,263,289	80,394,185

Items	31 March 2021	31 December 2020
NON-CURRENT LIABILITIES:		
Reserves on insurance contracts		
Long-term loans	25,101,140	21,140,699
Debentures payable	9,498,639	10,498,398
Including: Preference shares		
Perpetual bonds		
Lease liabilities	76,707,769	76,098,678
Long-term payables	6,105,917	5,783,825
Long-term employee compensation payables	231,732	229,332
Accrued liabilities	3,099,970	3,023,109
Deferred income	482,447	488,791
Deferred tax liabilities	332,965	334,720
Other non-current liabilities	2,120,272	2,264,843
Total non-current liabilities	123,680,851	119,862,395
Total liabilities	210,944,140	200,256,580
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY):		
Paid-up capital (or share capital)	14,524,815	14,524,815
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	26,270,841	26,270,841
Less: Treasury shares		
Other comprehensive income	-782,212	-871,587
Special reserves		
Surplus reserves	11,564,287	11,564,287
General risk provisions	110,628	110,628
Retained earnings	19,775,647	25,983,437
Total owners' equity (or shareholders' equity)		
attributable to equity shareholders of the parent company	71,464,006	77,582,421
Non-controlling interests	5,975,927	6,231,709
Total owners' equity (or shareholders' equity)	77,439,933	83,814,130
Total liabilities and owners' equity (or shareholders' equity)	288,384,073	284,070,710

Person in charge of the Company: Mr. Song Zhiyong
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

BALANCE SHEET OF THE PARENT COMPANY*31 March 2021*

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	31 March 2021	31 December 2020
CURRENT ASSETS:		
Cash and bank balance	5,093,766	4,651,356
Financial assets held-for-trading		
Derivative financial assets		
Bills receivable		
Accounts receivable	3,124,558	2,259,952
Receivables financing		
Prepayments	257,416	261,522
Other receivables	2,823,166	2,999,425
Including: Interest receivable		
Dividend receivable		
Inventories	88,787	88,664
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	2,584,440	2,327,891
Total current assets	13,972,133	12,588,810

Items	31 March 2021	31 December 2020
NON-CURRENT ASSETS:		
Debt investments		
Other debt investments		
Long-term receivables	908,209	934,946
Long-term equity investments	24,247,219	24,719,781
Investments in other equity instruments	22,783	22,783
Other non-current financial assets		
Investment properties		
Fixed assets	62,694,698	64,110,458
Construction in progress	25,240,481	26,891,441
Biological assets for production		
Oil and gas assets		
Right-of-use assets	78,395,914	76,579,042
Intangible assets	2,483,490	2,479,040
Development expenses		
Goodwill		
Long-term deferred expenses	196,099	217,999
Deferred tax assets	6,929,567	5,620,570
Other non-current assets		
Total non-current assets	201,118,460	201,576,060
Total assets	215,090,593	214,164,870
CURRENT LIABILITIES:		
Short-term loans	24,620,295	20,431,852
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable		
Accounts payable	10,664,119	10,376,360
Air traffic liabilities	1,707,653	1,652,124
Receipts in advance		
Contract liabilities	1,201,576	1,006,813
Employee compensations payable	553,174	882,311
Taxes payable	136,897	96,157
Other payables	4,767,099	6,254,523
Including: Interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within a year	15,471,543	15,306,089
Other current liabilities		
Total current liabilities	59,122,356	56,006,229

Items	31 March 2021	31 December 2020
NON-CURRENT LIABILITIES:		
Long-term loans	18,704,714	16,467,910
Debentures payable	6,500,000	6,500,000
Including: Preference shares		
Perpetual bonds		
Lease liabilities	52,265,887	51,955,400
Long-term payables	2,936,246	2,876,964
Long-term employee compensation payables		
Accrued liabilities	2,217,316	2,155,105
Deferred income	348,093	355,457
Deferred tax liabilities		
Other non-current liabilities	1,822,853	1,981,139
Total non-current liabilities	84,795,109	82,291,975
Total liabilities	143,917,465	138,298,204
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY):		
Paid-up capital (or share capital)	14,524,815	14,524,815
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	30,618,680	30,618,680
Less: Treasury shares		
Other comprehensive income	283,195	283,195
Special reserves		
Surplus reserves	11,527,181	11,527,181
Retained earnings	14,219,257	18,912,795
Total owners' equity (or shareholders' equity)	71,173,128	75,866,666
Total liabilities and owners' equity (or shareholders' equity)	215,090,593	214,164,870

Person in charge of the Company: Mr. Song Zhiyong
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

CONSOLIDATED INCOME STATEMENT

January to March 2021

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	First quarter of 2021	First quarter of 2020
I. Total revenue from operations	14,580,678	17,255,757
Including: Operating income	14,580,678	17,255,757
Interest income		
Premium earned		
Fees and commission income		
II. Total operating cost	23,098,558	23,823,243
Including: Operating costs	19,241,297	19,365,536
Interest expenses		
Fees and commission expenses		
Returned premium		
Net reimbursement paid		
Net amounts of provisions on insurance obligations drawn		
Bonus paid on insurance policy		
Reinsurance premium		
Taxes and other levies	58,856	42,039
Selling expenses	1,095,861	1,064,170
General and administrative expenses	1,056,567	902,659
R&D expenses	30,249	119,234
Finance expenses	1,615,728	2,329,605
Including: Interest expenses	1,313,417	1,277,782
Interest income	8,188	15,041
Add: Other income	913,601	999,269
Investment income (loss is represented by “-” sign)	-1,047,673	-1,238,000
Including: Share of profits of associates and joint ventures	-1,062,546	-1,252,951
Derecognition of gains on financial assets measured at amortised cost		
Exchange gains (loss is represented by “-” sign)		
Gains from net exposure to hedging (loss is represented by “-” sign)		
Gains from changes in fair value (loss is represented by “-” sign)		
Impairment loss of credit (loss is represented by “-” sign)	-5,228	16,994
Impairment loss of assets (loss is represented by “-” sign)		
Gains from disposal of assets (loss is represented by “-” sign)	-914	387

Items	First quarter of 2021	First quarter of 2020
III. Profit from operations (loss is represented by “-” sign)	-8,658,094	-6,788,836
Add: Non-operating income	27,204	17,633
Less: Non-operating expenses	7,119	17,998
IV. Total profit (total loss is represented by “-” sign)	-8,638,009	-6,789,201
Less: Income tax expenses	-1,690,959	-1,172,789
V. Net profit (net loss is represented by “-” sign)	-6,947,050	-5,616,412
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net loss is represented by “-” sign)	-6,947,050	-5,616,412
2. Net profit from discontinued operation (net loss is represented by “-” sign)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of the parent company (net loss is represented by “-” sign)	-6,207,790	-4,805,210
2. Net profits attributable to non-controlling interests (net loss is represented by “-” sign)	-739,260	-811,202
VI. Other comprehensive income after taxation, net	82,705	408,388
(I) Other comprehensive income after taxation attributable to shareholders of the parent company, net	89,375	417,470
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss	-1,854	-22,641
(1) Changes arising on remeasurement of defined benefit plans		
(2) Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		
(3) Change in fair value of investments in other equity instruments	-1,854	-22,641
(4) Change in fair value of own credit risk of the Company		
2. Other comprehensive income that will be reclassified to profit or loss	91,229	440,111
(1) Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss		
(2) Change in fair value of other debt investments	-1,945	5,591
(3) Amount of financial assets reclassified into other comprehensive income		
(4) Provisions for credit impairment of other debt investments	-2,387	-2,101
(5) Reserve for cash flow hedging		
(6) Exchange difference on translation of financial statements in foreign currency	95,561	436,621
(7) Others		

Items	First quarter of 2021	First quarter of 2020
(II) Other comprehensive income after taxation attributable to non-controlling interests, net	-6,670	-9,082
VII. Total comprehensive income	-6,864,345	-5,208,024
(I) Total comprehensive income attributable to shareholders of the Company	-6,118,415	-4,387,740
(II) Total comprehensive income attributable to non-controlling interests	-745,930	-820,284
VIII. Earnings per share:		
(I) Basic earnings per share (<i>RMB per share</i>)	-0.45	-0.35
(II) Diluted earnings per share (<i>RMB per share</i>)	N/A	N/A

For business combination under common control during the Period, the net profit of merged party before the business combination is Nil, and the net profit of the merged party for the last period is Nil.

Person in charge of the Company: Mr. Song Zhiyong
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

INCOME STATEMENT OF THE PARENT COMPANY

January to March 2021

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	First quarter of 2021	First quarter of 2020
I. Revenue from operations	9,503,315	12,074,346
Less: Operating costs	13,081,239	13,176,995
Taxes and other levies	32,236	17,135
Selling expenses	787,775	733,625
General and administrative expenses	508,679	367,534
R&D expenses	12,708	36,263
Finance expenses	1,122,009	1,674,339
Including: Interest expenses	962,317	920,183
Interest income	21,290	22,643
Add: Other income	511,239	559,303
Investment income (loss is represented by “-” sign)	-472,271	-315,809
Including: Share of profits of associates and joint ventures	-472,562	-315,809
Derecognition of gains on financial assets measured at amortised cost		
Gains from net exposure to hedging (loss is represented by “-” sign)		
Gains from changes in fair value (loss is represented by “-” sign)		
Impairment loss of credit (loss is represented by “-” sign)		
Impairment loss of assets (loss is represented by “-” sign)		
Gains from disposal of assets (loss is represented by “-” sign)	-949	93
II. Profit from operations (loss is represented by “-” sign)	-6,003,312	-3,687,958
Add: Non-operating income	2,352	3,134
Less: Non-operating expenses	289	15,428
III. Total profit (total loss is represented by “-” sign)	-6,001,249	-3,700,252
Less: Income tax expenses	-1,307,711	-779,658
IV. Net profit (net loss is represented by “-” sign)	-4,693,538	-2,920,594
(I) Net profit from continuing operations (net loss is represented by “-” sign)	-4,693,538	-2,920,594
(II) Net profit from discontinued operations (net loss is represented by “-” sign)		

Items	First quarter of 2021	First quarter of 2020
V. Other comprehensive income after taxation, net		
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		
1. Changes arising on remeasurement of defined benefit plans		
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of own credit risks of the Company		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss		
2. Change in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investments		
5. Reserve for cash flow hedging		
6. Exchange difference on translation of financial statements in foreign currency		
7. Others		
VI. Total comprehensive income	-4,693,538	-2,920,594

VII. Earnings per share:

- (I) Basic earnings per share (*RMB per share*)
- (II) Diluted earnings per share (*RMB per share*)

Person in charge of the Company: Mr. Song Zhiyong
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

CONSOLIDATED CASH FLOW STATEMENT

January to March 2021

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	First quarter of 2021	First quarter of 2020
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	14,380,541	11,619,620
Net increase in deposits from clients and placements from banks		
Net increase in borrowings from central bank		
Net increase in borrowings from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash receipt from reinsurance operations		
Net increase in reserve of the insured and investment		
Cash received from interest, fees and commission		
Net increase in contributions received		
Net increase in cash from repurchase operations		
Net cash receipt from securities trading as agent		
Refund of taxes and levies	4,636	4,297
Other cash received relating to operating activities	1,624,412	2,374,432
Subtotal of cash inflows of operating activities	16,009,589	13,998,349
Cash paid for goods purchased and services received	8,587,763	12,857,493
Net increase in loans and advances to clients		
Net increase in deposits in central bank and other banks		
Cash paid in respect of claims under original insurance contracts		
Net increase in contributions made		
Cash paid for interest, fees and commissions		
Cash paid for bonus paid on insurance policy		
Cash paid to or on behalf of employees	6,584,075	7,044,573
Taxes and levies paid	266,475	618,697
Other cash paid relating to operating activities	1,825,572	2,194,376
Subtotal of cash outflows from operating activities	17,263,885	22,715,139
Net cash flows from operating activities	-1,254,296	-8,716,790
II. Cash flows from investing activities:		
Cash received from sale and redemption of investments	722,905	394,656
Cash received from investment income	291	11,570
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	8,251	8,022

Items	First quarter of 2021	First quarter of 2020
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	31,118	15,901
Subtotal of cash inflows from investing activities	762,565	430,149
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	562,481	2,811,387
Cash paid for investments	50,000	
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities	6,758	1,631
Subtotal of cash outflows from investing activities	619,239	2,813,018
Net cash flows from investing activities	143,326	-2,382,869
III. Cash flows from financing activities:		
Cash received from issuance of debentures	700,000	9,000,000
Cash received from capital injection	490,148	
Including: Cash received from capital injection of minority shareholders in subsidiaries	490,148	
Cash received from borrowings	13,650,876	15,321,878
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	14,841,024	24,321,878
Cash paid for repayment of borrowings	4,219,254	1,971,740
Cash paid for repayment of debentures	1,000,000	5,300,000
Cash paid for distribution of dividends, profits or payment of interest expenses	1,564,579	1,462,255
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities	3,616,317	2,749,273
Subtotal of cash outflows from financing activities	10,400,150	11,483,268
Net cash flows from financing activities	4,440,874	12,838,610
IV. Effect of exchange rate changes on cash and cash equivalents	23,666	24,514
V. Net increase in cash and cash equivalents	3,353,570	1,763,465
Add: Balance of cash and cash equivalents as at the beginning of the Period	5,837,998	8,935,282
VI. Balance of cash and cash equivalents as at the end of the Period	9,191,568	10,698,747

Person in charge of the Company: Mr. Song Zhiyong
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

CASH FLOW STATEMENT OF THE PARENT COMPANY

January to March 2021

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	First quarter of 2021	First quarter of 2020
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	8,896,718	6,952,959
Refund of taxes and levies		
Other cash received relating to operating activities	1,189,980	968,627
Subtotal of cash inflows of operating activities	10,086,698	7,921,586
Cash paid for goods purchased and services received	6,670,049	9,349,929
Cash paid to or on behalf of employees	3,665,393	3,916,282
Taxes and levies paid	68,839	527,452
Other cash paid relating to operating activities	831,692	630,850
Subtotal of cash outflows from operating activities	11,235,973	14,424,513
Net cash flows from operating activities	-1,149,275	-6,502,927
II. Cash flows from investing activities:		
Cash received from sale and redemption of investments		
Cash received from investment income	291	
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,204	2,271
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	21,290	22,643
Subtotal of cash inflows from investing activities	22,785	24,914
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	462,723	2,328,567
Cash paid for investments		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	462,723	2,328,567
Net cash flows from investing activities	-439,938	-2,303,653

Items	First quarter of 2021	First quarter of 2020
III. Cash flows from financing activities:		
Cash received from capital injection		
Cash received from issuance of debentures		3,000,000
Cash received from borrowings	9,050,000	10,566,500
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	9,050,000	13,566,500
Cash paid for repayment of borrowings	3,615,542	1,558,821
Cash paid for distribution of dividends, profits or payment of interest expenses	1,058,650	996,478
Other cash paid relating to financing activities	2,366,299	2,060,798
Subtotal of cash outflows from financing activities	7,040,491	4,616,097
Net cash flows from financing activities	2,009,509	8,950,403
IV. Effect of exchange rate changes on cash and cash equivalents	22,114	-5,466
V. Net increase in cash and cash equivalents	442,410	138,357
Add: Balance of cash and cash equivalents as at the beginning of the Period	4,609,130	6,751,816
VI. Balance of cash and cash equivalents as at the end of the Period	5,051,540	6,890,173

Person in charge of the Company: Mr. Song Zhiyong
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

4.2 Particulars in relation to adjustments made to the financial statements as at the beginning of the year for the initial implementation of New Lease Standard since 2021

Applicable Not Applicable

4.3 Description of the retrospective adjustment to the comparable figures for the previous period due to the initial implementation of the New Lease Standard since 2021

Applicable Not Applicable

4.4 Auditor's Report

Applicable Not Applicable

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

Beijing, the PRC, 29 April 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. Duan Hongyi, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*