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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)

THIRD QUARTERLY REPORT 2020

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 30 October 2020 and passed the resolution approving the third quarterly report 2020 of the Company for the period ended 30 September 2020 (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 Particulars of absent directors

Name of absent director	Position of absent director	Reason(s) for absence	Name of proxy
Cai Jianjiang	Chairman	Business engagement	/
Li Dajin	Independent Director	Business engagement	Wang Xiaokang

1.3 Mr. Cai Jianjiang (legal representative 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 third 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	290,845,914	294,253,553	-1.16
Net assets attributable to shareholders of the listed company	81,350,516	93,505,857	-13.00
	For the period from the beginning of the year to the end of the Reporting Period (January to September)	For the corresponding period of the previous year (January to September)	Increase/decrease as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities	-1,784,564	30,103,490	-105.93

	For the period from the beginning of the year to the end of the Reporting Period (January to September)	For the corresponding period of the previous year (January to September)	Increase/decrease as compared to the corresponding period of the previous year (%)
Revenue	48,454,050	103,077,172	-52.99
Net profit attributable to shareholders of the listed company	-10,111,847	6,762,090	-249.54
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	-10,344,676	6,556,791	-257.77
Weighted average return on net assets (%)	-11.56	7.45	Decreased by 19.01 percentage points
Basic earnings per share (RMB per share)	-0.74	0.49	-251.02
Diluted earnings per share (RMB per share)	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 (July to September)	Amounts for the period from the beginning of the year to the end of the Reporting Period (January to September)
Gains or losses on disposal of non-current assets	-2,916	22,995
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)	90,664	340,636
Gains or losses from changes in fair value of financial assets/liabilities held for trading and derivative financial assets/liabilities and investment gains from disposal of financial assets/liabilities held for trading and derivative financial assets/liabilities and other debt investments (except for effective hedging activities related to the Company's normal operating business)	-	-124
Reversal of provision for impairment of receivables and contract asset which are individually tested for impairment	72	77,441
Other non-operating income and expenses not covered above	41,129	31,855
Effect of non-controlling shareholders' interests (after taxation)	-21,786	-124,085
Effect of income tax	-29,969	-115,889
Total	<u>77,194</u>	<u>232,829</u>

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		Nature of shareholder
	Number of shares held as at the end of the Period	Share holding percentage (%)	Number of shares held subject to selling restrictions	Status	Number	
Total number of shareholders (account)						189,677
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	1,687,580,388	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	466,583,102	3.21	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.	97,914,561	0.67	0	Nil	0	Foreign legal person
Zhongyuan Equity Investment Management Co., Ltd.	63,981,101	0.44	0	Nil	0	State-owned legal person
Bank of China Limited – Business Promotion Industry Selective Stock Securities Investment Fund (招商行業精選股票型證券投資基金)	21,142,501	0.15	0	Nil	0	Domestic non-state-owned legal person
Industrial and Commercial Bank of China Limited – Dong Fang Hong China Strengthen Balanced Mix Securities Investment Fund	17,432,430	0.12	0	Nil	0	Domestic non-state-owned legal 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 and number of shares	
		Class	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	1,687,580,388	Overseas listed foreign shares	1,687,580,388
China National Aviation Corporation (Group) Limited	1,556,334,920	RMB ordinary shares Overseas listed foreign shares	1,332,482,920 223,852,000
China National Aviation Fuel Group Corporation	466,583,102	RMB ordinary shares	466,583,102
China Securities Finance Corporation Limited	311,302,365	RMB ordinary shares	311,302,365
Hong Kong Securities Clearing Company Ltd.	97,914,561	RMB ordinary shares	97,914,561
Zhongyuan Equity Investment Management Co., Ltd.	63,981,101	RMB ordinary shares	63,981,101
Bank of China Limited – Business Promotion Industry Selective Stock Securities Investment Fund (招商行業精選股票型證券投資基金)	21,142,501	RMB ordinary shares	21,142,501
Industrial and Commercial Bank of China Limited – Dong Fang Hong China Strengthen Balanced Mix Securities Investment Fund	17,432,430	RMB ordinary shares	17,432,430
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 of 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 1,687,580,388 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

With the spread of the COVID-19 pandemic across the globe, the air transportation industry has been hit hard. In the third quarter, the domestic air passenger market resumption is accelerating but air passenger transportation for international routes remained low. The Group strengthened market research and judgement, kept abreast of the changes in demand, dynamically adjusted the deployment of transport capacity, grasped market opportunities, refined marketing control, optimized yield management, implemented strict cost control, actively reduced cost and increased efficiency and took various initiatives, all with an effort to minimize the impact of the pandemic. In view of the serious impact of the COVID-19 pandemic on the civil aviation transportation industry, from January to September 2020, the Group's revenue amounted to RMB48,454 million and the net loss attributable to shareholders of the parent company amounted to RMB10,112 million.

Unit: RMB'000

Items in consolidated balance sheet	30 September 2020	31 December 2019	Percentage of Change (%)	Reasons for Change
Other debt investments	2,799,829	1,688,451	65.82	Mainly due to the increase in the investment in debt instrument during the Reporting Period
Deferred income tax assets	6,168,439	4,291,504	43.74	Mainly due to the increase in the deferred income tax incurred in recognizing the deductible losses
Short-term loans	23,903,550	13,566,403	76.20	Mainly due to the impact of new borrowings
Short-term financing bonds payable	15,075,768	7,381,933	104.23	Mainly due to the impact of the issuance of short-term bonds
Air traffic liabilities	3,133,113	9,980,300	-68.61	Decrease in outstanding air traffic tickets as at the end of the Reporting Period as affected by the COVID-19 pandemic
Employee compensations payable	1,832,650	3,196,108	-42.66	Mainly due to the impact of payment of employee compensations and enterprise annuity
Taxes payable	214,726	1,255,056	-82.89	Mainly due to the enterprise income tax paid during the Reporting Period
Long-term loans	10,149,944	1,200,430	745.53	Mainly due to the impact of new borrowings
Other comprehensive income	-1,401,114	-14,562	-9,521.71	Mainly due to the impact of the non-profit/loss changes in invested enterprises

Items in consolidated income statement	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)	Percentage of Change (%)	Reasons for Change
Revenue	48,454,050	103,077,172	-52.99	Mainly due to the impact of the decrease in traffic during the Reporting Period as a result of the COVID-19 pandemic
Operating costs	52,945,632	83,228,254	-36.39	Mainly due to the impact of the decrease in traffic during the Reporting Period as a result of the COVID-19 pandemic
Selling expenses	2,967,568	4,901,152	-39.45	Mainly due to the corresponding decrease in handling fees from agency services and fees charged for reservation via computers during the Reporting Period as a result of the decrease in traffic volume
Finance expenses	2,444,623	5,828,398	-58.06	Mainly due to the net exchange gains during the Reporting Period and the net exchange loss in the corresponding period of last year
Investment income (loss)	-3,666,326	980,874	-473.78	Mainly due to the decline in performance of the associates of the Group during the Reporting Period as affected by the COVID-19 pandemic
Income tax expenses	-2,107,276	1,734,258	-221.51	Mainly due to deferred income tax expenses incurred in recognizing the deductible losses during the Reporting Period

Items in consolidated statement of cash flows	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)	Percentage of Change (%)	Reasons for Change
Cash received from sales of goods and provision of services	44,861,340	105,359,920	-57.42	Mainly due to the year-on-year decrease in sales revenue during the Period as affected by the COVID-19 pandemic
Other cash received relating to operating activities	4,873,350	7,687,329	-36.61	Mainly due to the year-on-year decrease in deposits of a subsidiary of the Group during the Period
Cash paid for goods purchased and services received	30,033,412	55,037,672	-45.43	Mainly due to the year-on-year decrease in cost expenditure during the Period as affected by the COVID-19 pandemic
Taxes and levies paid	1,495,050	4,628,178	-67.70	Due to the year-on-year decrease in tax paid during the Period
Other cash paid relating to operating activities	3,152,563	5,157,190	-38.87	Mainly due to the year-on-year decrease in other expenses during the Period as affected by the COVID-19 pandemic
Cash received from investment income	17,350	388,877	-95.54	Mainly due to the year-on-year decrease in dividend from joint ventures and associates during the Period
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	101,728	608,842	-83.29	Mainly due to the year-on-year decrease in asset disposal during the Period
Cash paid for investments	4,322,061	204,325	2,015.29	Mainly due to the Group's subscription of shares of Cathay Pacific during the Reporting Period
Cash received from issuance of debentures	29,300,000	13,004,875	125.30	Due to the year-on-year increase in the issuance of debentures during the Period
Cash received from capital injection	–	400,000	-100.00	Due to the receipt of capital injection from minority shareholders by a subsidiary of the Group in the corresponding period of last year
Cash received from borrowings	42,857,458	12,900,489	232.22	Due to the year-on-year increase in new borrowings during the Period

Items in consolidated statement of cash flows	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)	Percentage of Change (%)	Reasons for Change
Cash paid for repayment of debentures	19,100,000	9,405,725	103.07	Due to the year-on-year increase in repayment of debentures 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 view of the uncertainties of the evolvement of the pandemic and its serious impact on the civil aviation transportation industry, it is estimated that the result of the Group during the period from the beginning of the year to the end of the next reporting period will be significantly affected.

Company name Air China Limited
 Legal representative Mr. Cai Jianjiang
 Date 30 October 2020

IV. APPENDICES

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

30 September 2020

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	30 September 2020	31 December 2019
CURRENT ASSETS:		
Cash and bank	9,698,597	9,663,667
Provisions on payables		
Contributions made		
Financial assets held-for-trading		
Derivative financial assets		
Bills receivable	4,458	362
Accounts receivable	4,523,690	5,997,690
Receivables financing		
Prepayments	521,734	479,029
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Other receivables	3,943,327	3,245,439
Including: Interest receivable		
Dividend receivable		
Purchase of financial assets resold		
Inventories	2,677,975	2,098,673
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	3,525,798	3,331,996
Total current assets	24,895,579	24,816,856

Items	30 September 2020	31 December 2019
NON-CURRENT ASSETS:		
Loans and advances		
Debt investments		
Other debt investments	2,799,829	1,688,451
Long-term receivables	642,187	814,507
Long-term equity investments	14,148,963	16,051,151
Investments in other equity instruments	210,925	255,156
Other non-current financial assets		
Investment properties	143,040	151,443
Fixed assets	88,596,901	88,890,118
Construction in progress	36,431,035	35,276,017
Biological assets for production		
Oil and gas assets		
Right-of-use assets	111,819,242	116,827,217
Intangible assets	3,577,035	3,722,394
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	310,554	366,554
Deferred tax assets	6,168,439	4,291,504
Other non-current assets		
Total non-current assets	265,950,335	269,436,697
Total assets	290,845,914	294,253,553

Items	30 September 2020	31 December 2019
CURRENT LIABILITIES:		
Short-term loans	23,903,550	13,566,403
Short-term financing bonds payable	15,075,768	7,381,933
Borrowings from central bank		
Contributions received		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable		
Accounts payables	15,128,179	17,307,980
Air traffic liabilities	3,133,113	9,980,300
Receipts in advance		
Contract liabilities	1,236,431	1,037,031
Sale of financial assets repurchased		
Deposits from clients and placements from other banks		
Brokerage payable		
Underwriting fees payable		
Employee compensations payable	1,832,650	3,196,108
Taxes payable	214,726	1,255,056
Other payables	8,969,677	9,031,542
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Amounts payable on reinsurance		
Held-for-sale liabilities		
Non-current liabilities due within a year	18,055,554	14,873,364
Other current liabilities		
Total current liabilities	87,549,648	77,629,717

Items	30 September 2020	31 December 2019
NON-CURRENT LIABILITIES:		
Reserves on insurance contracts		
Long-term loans	10,149,944	1,200,430
Debentures payable	14,498,156	15,398,535
Including: Preference shares		
Perpetual bonds		
Lease liabilities	78,795,680	86,586,353
Long-term payables	5,701,289	4,971,572
Long-term employee compensation payables	248,043	249,933
Accrued liabilities	3,031,589	3,026,793
Deferred income	550,285	521,227
Deferred tax liabilities	335,915	621,440
Other non-current liabilities	2,302,686	2,670,910
Total non-current liabilities	115,613,587	115,247,193
Total liabilities	203,163,235	192,876,910
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	-1,401,114	-14,562
Special reserves		
Surplus reserves	11,564,287	11,026,605
General risk provisions	110,628	110,628
Retained earnings	30,281,059	41,587,530
Total owners' equity (or shareholders' equity)		
attributable to equity shareholders of the parent company	81,350,516	93,505,857
Non-controlling interests	6,332,163	7,870,786
Total owners' equity (or shareholders' equity)	87,682,679	101,376,643
Total liabilities and owners' equity (or shareholders' equity)	290,845,914	294,253,553

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

BALANCE SHEET OF THE PARENT COMPANY*30 September 2020*

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	30 September 2020	31 December 2019
CURRENT ASSETS:		
Cash and bank	4,888,067	6,782,234
Financial assets held-for-trading		
Derivative financial assets		
Bills receivable		
Accounts receivable	4,000,547	4,746,976
Receivables financing		
Prepayments	233,052	220,809
Other receivables	3,461,408	2,663,180
Including: Interest receivable		
Dividend receivable		
Inventories	185,182	79,558
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	2,102,751	1,773,630
Total current assets	14,871,007	16,266,387

Items	30 September 2020	31 December 2019
NON-CURRENT ASSETS:		
Debt investments		
Other debt investments		
Long-term receivables	992,979	906,547
Long-term equity investments	25,019,423	25,773,081
Investments in other equity instruments	22,783	22,783
Other non-current financial assets		
Investment properties		
Fixed assets	64,697,809	63,603,497
Construction in progress	25,079,396	24,207,431
Biological assets for production		
Oil and gas assets		
Right-of-use assets	75,720,195	80,217,465
Intangible assets	2,493,707	2,584,849
Development expenses		
Goodwill		
Long-term deferred expenses	236,328	292,361
Deferred tax assets	5,070,106	3,684,145
Other non-current assets		
Total non-current assets	199,332,726	201,292,159
Total assets	214,203,733	217,558,546

Items	30 September 2020	31 December 2019
CURRENT LIABILITIES:		
Short-term loans	13,418,647	10,743,223
Short-term financing bonds payable	12,060,114	
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable		
Accounts payable	11,412,415	13,825,527
Air traffic liabilities	2,456,973	8,200,724
Receipts in advance		
Contract liabilities	879,773	785,481
Employee compensations payable	231,969	1,339,255
Taxes payable	102,987	1,022,716
Other payables	6,676,593	9,948,496
Including: Interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within a year	11,336,262	10,212,519
Other current liabilities		
Total current liabilities	58,575,733	56,077,941
NON-CURRENT LIABILITIES:		
Long-term loans	6,485,008	651,779
Debentures payable	10,500,000	10,500,000
Including: Preference shares		
Perpetual bonds		
Lease liabilities	53,348,479	59,443,076
Long-term payables	2,753,156	2,374,899
Long-term employee compensation payables		
Accrued liabilities	2,164,006	2,016,618
Deferred income	363,137	385,246
Deferred tax liabilities		
Other non-current liabilities	2,016,341	2,345,017
Total non-current liabilities	77,630,127	77,716,635
Total liabilities	136,205,860	133,794,576

Items	30 September 2020	31 December 2019
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	257,867	361,290
Special reserves		
Surplus reserves	11,527,181	10,989,499
Retained earnings	21,069,330	27,269,686
Total owners' equity (or shareholders' equity)	77,997,873	83,763,970
Total liabilities and owners' equity (or shareholders' equity)	214,203,733	217,558,546

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

CONSOLIDATED INCOME STATEMENT

January to September 2020

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Total revenue from operations	18,808,284	37,764,085	48,454,050	103,077,172
Including: Operating income	18,808,284	37,764,085	48,454,050	103,077,172
Interest income				
Premium earned				
Fees and commission income				
II. Total operating cost	19,771,161	34,488,027	61,471,267	97,469,922
Including: Operating costs	18,784,033	28,451,454	52,945,632	83,228,254
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	59,408	53,760	153,033	186,750
Selling expenses	997,142	1,578,760	2,967,568	4,901,152
General and administrative expenses	939,357	1,114,125	2,737,019	3,189,412
R&D expenses	58,788	48,676	223,392	135,956
Finance expenses	-1,067,567	3,241,252	2,444,623	5,828,398
Including: Interest expenses	1,281,953	1,265,606	3,830,249	3,705,188
Interest income	51,658	40,324	107,760	103,786

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
Add: Other income	1,263,362	854,438	2,989,572	2,603,680
Investment income (loss is represented by “-” sign)	-795,103	688,711	-3,666,326	980,874
Including: Share of profits or losses of associates and joint ventures	-809,315	676,159	-3,713,229	933,921
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)	-13,990	115	70,165	9,598
Impairment loss of assets (loss is represented by “-” sign)			-137	
Gains from disposal of assets (loss is represented by “-” sign)	174	39,656	29,079	39,703
III. Profit from operations (loss is represented by “-” sign)	-508,434	4,858,978	-13,594,864	9,241,105
Add: Non-operating income	46,209	34,142	132,287	181,899
Less: Non-operating expenses	8,170	54,859	106,516	85,943
IV. Total profit (total loss is represented by “-” sign)	-470,395	4,838,261	-13,569,093	9,337,061
Less: Income tax expenses	129,687	731,050	-2,107,276	1,734,258

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
V. Net profit (net loss is represented by “-” sign)	-600,082	4,107,211	-11,461,817	7,602,803
(I) Classified by continuity of operations				
1. Net profit from continuing operations (net loss is represented by “-” sign)	-600,082	4,107,211	-11,461,817	7,602,803
2. Net profit from discontinued operation (net loss is represented by “-” sign)				
(II) Classified by ownership of equity				
1. Net profits attributable to shareholders of the Company (net loss is represented by “-” sign)	-670,719	3,622,633	-10,111,847	6,762,090
2. Net profits attributable to non-controlling interests (net loss is represented by “-” sign)	70,637	484,578	-1,349,970	840,713
VI. Other comprehensive income after taxation	-781,205	581,548	-1,403,285	943,205
(I) Other comprehensive income after taxation attributable to shareholders of the Company	-779,689	563,434	-1,386,552	939,971
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss	9,719	4,195	-123,665	122,723
(1) Changes arising on remeasurement of defined benefit plans			-3,324	169
(2) Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss			-103,423	135,529
(3) Change in fair value of investments in other equity instruments	9,719	4,195	-16,918	-12,975
(4) Change in fair value of own credit risk				

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
2. Other comprehensive income that will be reclassified to profit or loss	-789,408	559,239	-1,262,887	817,248
(1) Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss	17,326	2,263	-885,536	183,668
(2) Change in fair value of other debt investments	-5,748	1,228	-8,011	357
(3) Amount of financial assets reclassified into other comprehensive income				
(4) Provisions for credit impairment of other debt investments	13,272		17,511	
(5) Reserve for cash flow hedging				
(6) Exchange difference on translation of financial statements in foreign currency	-814,258	555,748	-386,851	633,223
(7) Others				
(II) Other comprehensive income after taxation attributable to non-controlling interests	-1,516	18,114	-16,733	3,234
VII. Total comprehensive income	-1,381,287	4,688,759	-12,865,102	8,546,008
(I) Total comprehensive income attributable to shareholders of the Company	-1,450,408	4,186,067	-11,498,399	7,702,061
(II) Total comprehensive income attributable to non-controlling interests	69,121	502,692	-1,366,703	843,947
VIII. Earnings per share:				
(I) Basic earnings per share (RMB per share)	-0.05	0.26	-0.74	0.49
(II) Diluted earnings per share (RMB per share)	N/A	N/A	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.

Legal representative: Mr. Cai Jianjiang
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 September 2020

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Revenue from operations	12,286,917	26,223,098	32,910,346	71,391,493
Less: Operating costs	12,423,781	19,874,736	35,388,293	57,958,834
Taxes and other levies	35,113	19,747	84,407	89,738
Selling expenses	725,140	1,040,901	2,108,083	3,428,987
General and administrative expenses	445,109	433,902	1,229,054	1,265,920
R&D expenses	22,193	36,454	76,133	100,349
Finance expenses	-753,955	2,342,017	1,764,367	4,234,529
Including: Interest expenses	904,226	894,531	2,731,267	2,643,770
Interest income	22,829	33,626	73,634	111,339
Add: Other income	810,387	507,739	1,699,838	1,703,472
Investment income (loss is represented by “-” sign)	20,998	432,829	-369,730	726,064
Including: Share of profits or losses of associates and joint ventures	-142,117	431,000	-650,234	462,437
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)			4,378	-1,469
Impairment loss of assets (loss is represented by “-” sign)				
Gains from disposal of assets (loss is represented by “-” sign)	12,680	39,580	25,885	53,024

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
II. Profit from operations (loss is represented by “-” sign)	233,601	3,455,489	-6,379,620	6,794,227
Add: Non-operating income	5,577	7,765	10,689	16,948
Less: Non-operating expenses	4,670	33,541	96,270	58,488
III. Total profit (total loss is represented by “-” sign)	234,508	3,429,713	-6,465,201	6,752,687
Less: Income tax expenses	49,831	707,928	-1,447,719	1,421,550
IV. Net profit (net loss is represented by “-” sign)				
(I) Net profit from continuing operations (net loss is represented by “-” sign)	184,677	2,721,785	-5,017,482	5,331,137
(II) Net profit from discontinued operations (net loss is represented by “-” sign)	184,677	2,721,785	-5,017,482	5,331,137
V. Other comprehensive income after taxation, net			-103,423	139,404
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss			-103,423	135,529
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			-103,423	135,529
3. Change in fair value of investments in other equity instruments				
4. Change in fair value of own credit risks of the Company				

Items	Third quarter of 2020 (July to September)	Third quarter of 2019 (July to September)	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
(II) Other comprehensive income that will be reclassified to profit or loss				3,875
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss				3,875
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	184,677	2,721,785	-5,120,905	5,470,541
VII. Earnings per share:				
(I) Basic earnings per share (RMB per share)				
(II) Diluted earnings per share (RMB per share)				

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

CONSOLIDATED CASH FLOW STATEMENT

January to September 2020

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	44,861,340	105,359,920
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	24,206	55,456
Other cash received relating to operating activities	4,873,350	7,687,329
Subtotal of cash inflows of operating activities	49,758,896	113,102,705
Cash paid for goods purchased and services received	30,033,412	55,037,672
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	16,862,435	18,176,175
Taxes and levies paid	1,495,050	4,628,178
Other cash paid relating to operating activities	3,152,563	5,157,190
Subtotal of cash outflows from operating activities	51,543,460	82,999,215
Net cash flows from operating activities	-1,784,564	30,103,490

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
II. Cash flows from investing activities:		
Cash received from sale and redemption of investments		
Recovery of the secured bank deposits	1,713	188,681
Cash received from investment income	17,350	388,877
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	101,728	608,842
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	107,760	162,544
Subtotal of cash inflows from investing activities	228,551	1,348,944
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	8,836,759	10,696,300
Cash paid for investments	4,322,061	204,325
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities	1,633	1,201
Subtotal of cash outflows from investing activities	13,160,453	10,901,826
Net cash flows from investing activities	-12,931,902	-9,552,882

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
III. Cash flows from financing activities:		
Cash received from capital injection		400,000
Including: Cash received from capital injection of minority shareholders in subsidiaries		400,000
Cash received from issuance of debentures	29,300,000	13,004,875
Cash received from borrowings	42,857,458	12,900,489
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	72,157,458	26,305,364
Cash paid for repayment of borrowings	23,350,268	20,436,792
Cash paid for repayment of debentures	19,100,000	9,405,725
Cash paid for distribution of dividends, profits or payment of interest expenses	4,447,319	5,307,924
Including: Dividends and profits paid to minority shareholders by subsidiaries	16,477	193,058
Cash paid for leases	10,454,908	10,954,543
Other cash paid relating to financing activities		
Subtotal of cash outflows from financing activities	57,352,495	46,104,984
Net cash flows from financing activities	14,804,963	-19,799,620
IV. Effect of exchange rate changes on cash and cash equivalents	-28,661	85,696
V. Net increase in cash and cash equivalents	59,836	836,684
Add: Balance of cash and cash equivalents as at the beginning of the Period	8,935,282	6,763,183
VI. Balance of cash and cash equivalents as at the end of the Period	8,995,118	7,599,867

Legal representative: Mr. Cai Jianjiang
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 September 2020

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	27,762,035	71,128,721
Refund of taxes and levies		
Other cash received relating to operating activities	2,917,327	3,316,144
Subtotal of cash inflows of operating activities	30,679,362	74,444,865
Cash paid for goods purchased and services received	20,992,357	40,405,604
Cash paid to or on behalf of employees	9,368,424	8,661,340
Taxes and levies paid	988,773	2,940,642
Other cash paid relating to operating activities	2,194,089	3,722,022
Subtotal of cash outflows from operating activities	33,543,643	55,729,608
Net cash flows from operating activities	-2,864,281	18,715,257
II. Cash flows from investing activities:		
Cash received from sale and redemption of investments		
Cash received from investment income	17,926	413,148
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	41,077	1,159,052
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	73,634	111,339
Subtotal of cash inflows from investing activities	132,637	1,683,539
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	7,590,082	7,557,741
Cash paid for investments		1,600,000
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	7,590,082	9,157,741
Net cash flows from investing activities	-7,457,445	-7,474,202

Items	First three quarters of 2020 (January to September)	First three quarters of 2019 (January to September)
III. Cash flows from financing activities:		
Cash received from capital injection		
Cash received from issuance of debentures	18,500,000	
Cash received from borrowings	27,066,500	11,153,800
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	45,566,500	11,153,800
Cash paid for repayment of borrowings	21,598,610	11,439,989
Cash paid for repayment of debentures	5,000,000	4,000,000
Cash paid for distribution of dividends, profits or payment of interest expenses	3,223,007	4,109,951
Cash paid for leases	7,297,486	7,585,752
Other cash paid relating to financing activities		
Subtotal of cash outflows from financing activities	37,119,103	27,135,692
Net cash flows from financing activities	8,447,397	-15,981,892
IV. Effect of exchange rate changes on cash and cash equivalents	-19,892	18,518
V. Net increase in cash and cash equivalents	-1,894,221	-4,722,319
Add: Balance of cash and cash equivalents as at the beginning of the Period	6,751,816	7,149,360
VI. Balance of cash and cash equivalents as at the end of the Period	4,857,595	2,427,041

Legal representative: Mr. Cai Jianjiang

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 Revenue Standard and New Lease Standard since 2020

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 Revenue Standard and the New Lease Standard since 2020

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, 30 October 2020

As at the date of this announcement, the directors of the Company are Mr. Cai Jianjiang, 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*