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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 2019

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 2019 and passed the resolution approving the third quarterly report 2019 of the Company for the nine months ended 30 September 2019 (the “**Reporting Period**” or “**Period**”) prepared in accordance with the PRC Accounting Standards.

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	Song Zhiyong
Cao Jianxiong	Director	Business engagement	Song Zhiyong
John Robert Slosar	Director	Business engagement	Stanley Hui Hon-chung

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	289,007,619	243,716,006	18.58
Net assets attributable to shareholders of the listed company	93,849,422	93,216,239	0.68
	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	30,103,490	24,614,813	22.30

	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	103,077,172	102,880,095	0.19
Net profit attributable to shareholders of the listed company	6,762,090	6,937,408	-2.53
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	6,556,791	6,526,228	0.47
Weighted average return on net assets (%)	7.45	7.68	Decreased by 0.23 ppt
Basic earnings per share (RMB per share)	0.49	0.51	-3.92
Diluted earnings per share (RMB per share)	N/A	N/A	N/A

Non-recurring profits and losses

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	26,933	22,936
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)	127,234	219,477
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 hedging activities related to the Company's normal operating business)	237	2,263
Reversal of provision for impairment of receivables and contract asset which are individually tested for impairment	28	12,832
Gains or losses arising from disposal of long-term equity investments	-415	-415
Other non-operating income and expenses not covered above	-7,994	112,723
Effect of non-controlling shareholders' interests (after taxation)	-19,252	-74,073
Effect of income tax	-35,497	-90,444
Total	<u>91,274</u>	<u>205,299</u>

2.2 Total number of shareholders, 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)						170,901
China National Aviation Holding Corporation Limited	5,952,236,697	40.98	513,478,818	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	1,687,942,428	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
Zhongyuan Equity Investment Management Co., Ltd.	118,455,985	0.82	0	Unknown	118,100,185	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	47,135,304	0.32	0	Nil	0	Foreign legal person
China Merchants Bank Co., Ltd. – Bosera CSI Central-SOEs’ Structural Reform ETF	32,733,505	0.23	0	Nil	0	Others
The Industrial and Commercial Bank of China –Dong Fang Hong China Strengthen Balanced Mix Securities Investment Fund	31,220,730	0.21	0	Nil	0	Others

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	5,438,757,879	RMB ordinary shares	5,438,757,879
Cathay Pacific Airways Limited	2,633,725,455	Overseas listed foreign shares	2,633,725,455
HKSCC NOMINEES LIMITED	1,687,942,428	Overseas listed foreign shares	1,687,942,428
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
Zhongyuan Equity Investment Management Co., Ltd.	118,455,985	RMB ordinary shares	118,455,985
Hong Kong Securities Clearing Company Ltd.	47,135,304	RMB ordinary shares	47,135,304
China Merchants Bank Co., Ltd. – Boser CSI Central-SOEs’ Structural Reform ETF	32,733,505	RMB ordinary shares	32,733,505
The Industrial and Commercial Bank of China –Dong Fang Hong China Strengthen Balanced Mix Securities Investment Fund	31,220,730	RMB ordinary shares	31,220,730
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 1,687,942,428 H shares held by it in the Company do not include the 166,852,000 shares held by it as nominee of CNACG.
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, 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 has implemented the Accounting Standards for Business Enterprises No. 21 – Lease (the “**New Lease Standard**”) amended by the Ministry of Finance in 2018 since 1 January 2019 (the “**Initial Implementation Date**”), and adjusted the retained earnings as at the Initial Implementation Date and other related items in the financial statements based on the cumulative impact of the implementation of the New Lease Standard, while data related to comparable period were not adjusted. For details of the impact of the adoption of the New Lease Standard by the Group on 1 January 2019, please see Appendix 4.2.

Other than the impact of implementing the New Lease Standard described in Appendix 4.2, the changes in other accounting statement items and the reasons therefor are as follows:

Unit: RMB’000

Items in consolidated balance sheet	30 September 2019	31 December 2018	Percentage of Change (%)	Reasons for Change
Accounts receivable	7,210,743	5,373,972	34.18	Mainly due to the increase in revenue and the impact of differences in settlement periods.
Inventories	2,510,288	1,877,494	33.70	Mainly due to the increase in aircraft expendables and work-in-progress.
Other current assets	3,000,032	4,446,630	-32.53	Mainly due to the decrease in other financial assets held by subsidiaries of the Company.
Short-term bonds payable	8,097,564	3,467,482	133.53	Mainly due to the issuance of ultra-short-term commercial papers by the Group.
Long-term loans	1,467,852	3,185,481	-53.92	Mainly because the new borrowings were less than the repaid borrowings during the Period.
Other comprehensive income	-24,836	-962,968	97.42	Mainly due to the increase in exchange difference on translation of financial statements in foreign currency during the Period.

Items in consolidated income statement	From the beginning of the year to the end of the Reporting Period (January to September)	From the beginning of the previous year to the end of the previous reporting period (January to September)	Percentage of Change (%)	Reasons for Change
Impairment losses in respect of credit	-9,598	-285,129	96.63	Mainly due to the decrease in the reversal of impairment loss of credit during the Period as compared with the same period of the previous year.
Items in consolidated cash flow statement	The first three quarters of 2019 (January to September)	The first three quarters of 2018 (January to September)	Percentage of Change (%)	Reasons for Change
Other cash received relating to operating activities	7,687,329	5,017,851	53.20	Mainly due to the year-on-year increase in deposits received by a subsidiary of the Group during the Period.
Cash received from investment income	388,877	250,081	55.50	Mainly due to the year-on-year increase in dividends received from joint ventures and associates during the Period.
Net cash proceeds from disposal of fixed assets and intangible assets	608,842	367,240	65.79	Mainly due to the year-on-year increase in disposal of assets during the Period.
Cash received from issue of debentures	13,004,875	6,100,000	113.19	Due to the year-on-year increase in issuance of debentures during the Period.
Cash received from borrowings	12,900,489	27,706,042	-53.44	Due to the year-on-year decrease in new borrowings during the Period.
Cash paid for repayment of borrowings	20,436,792	30,496,786	-32.99	Due to the year-on-year decrease in repayment of borrowings during the Period.
Cash paid for repayment of debentures	9,405,725	5,500,000	71.01	Due to the year-on-year increase in repayment of debentures during the Period.
Cash paid for leases	10,954,543	5,791,932	89.13	Mainly due to the impact of adopting the New Lease Standard 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

Company name **Air China Limited**
Legal representative **Mr. Cai Jianjiang**
Date 30 October 2019

IV. APPENDICES

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

30 September 2019

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Balance at the end of the Period	Balance at the end of the previous year
CURRENT ASSETS:		
Cash and bank	8,253,213	7,807,572
Provisions on payables		
Contributions made		
Financial assets held-for-trading		
Financial assets at FVTPL		
Derivative financial assets		
Bills receivable	586	403
Accounts receivable	7,210,743	5,373,972
Receivables financing		
Prepayments	884,996	1,188,879
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Other receivables	2,769,387	3,031,157
Including: Interest receivable		
Dividend receivable		
Purchase of financial assets resold		
Inventories	2,510,288	1,877,494
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	3,000,032	4,446,630
Total current assets	24,629,245	23,726,107

Items	Balance at the end of the Period	Balance at the end of the previous year
NON-CURRENT ASSETS:		
Loans and advances		
Debt investments		
Available-for-sale financial assets		
Other debt investments	1,255,492	1,040,419
Held-to-maturity investments		
Long-term receivables	1,163,439	1,142,235
Long-term equity investments	16,704,978	16,540,888
Investments in other equity instruments	216,194	270,114
Other non-current financial assets		
Investment properties	165,442	170,942
Fixed assets	88,390,543	160,402,819
Construction in progress	36,690,972	32,179,581
Biological assets for production		
Oil and gas assets		
Right-of-use assets	110,174,679	
Intangible assets	3,744,113	3,759,144
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	491,899	606,105
Deferred tax assets	4,278,438	2,775,467
Other non-current assets		
Total non-current assets	264,378,374	219,989,899
Total assets	289,007,619	243,716,006
CURRENT LIABILITIES:		
Short-term loans	13,025,394	17,561,546
Short-term financing bonds payable	8,097,564	3,467,482
Borrowings from central bank		
Contributions received		
Financial liabilities held-for-trading		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Accounts payables	17,228,493	16,174,121
Domestic air traffic liabilities	2,565,289	3,238,429
International air traffic liabilities	5,696,925	5,647,845

Items	Balance at the end of the Period	Balance at the end of the previous year
Receipts in advance		
Contract liabilities	1,598,631	1,301,518
Sale of financial assets repurchased		
Deposits from clients and placements from other banks		
Brokerage payable		
Underwriting fees payable		
Employee compensations payable	2,710,013	2,806,901
Taxes payable	1,181,370	1,428,926
Other payables	8,818,557	7,162,819
Including: Interest payable		
Dividend payable		
Fees and commissions payable		
Amounts payable on reinsurance		
Held-for-sale liabilities		
Non-current liabilities due within a year	14,458,349	13,441,489
Other current liabilities		
Total current liabilities	75,380,585	72,231,076
NON-CURRENT LIABILITIES:		
Reserves on insurance contracts		
Long-term loans	1,467,852	3,185,481
Debentures payable	15,398,383	12,400,000
Including: Preference shares		
Perpetual bonds		
Lease liabilities	83,061,964	
Long-term payables	4,655,925	4,208,771
Defined benefit obligations	257,136	263,862
Accrued liabilities	2,896,585	431,705
Deferred income	480,940	647,973
Deferred tax liabilities	661,123	879,372
Obligations under finance leases		45,848,095
Other non-current liabilities	3,037,580	3,062,739
Total non-current liabilities	111,917,488	70,927,998
Total liabilities	187,298,073	143,159,074

Items	Balance at the end of the Period	Balance at the end of the previous year
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	-24,836	-962,968
Special reserves		
Surplus reserves	10,488,923	10,409,470
General risk provisions	93,188	93,188
Retained earnings	42,496,491	42,880,893
Total owners' equity (or shareholders' equity)		
attributable to equity shareholders of the		
Company	93,849,422	93,216,239
Non-controlling interests	7,860,124	7,340,693
Total owners' equity (or shareholders' equity)	101,709,546	100,556,932
Total liabilities and owners' equity		
(or shareholders' equity)	289,007,619	243,716,006

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 COMPANY

30 September 2019

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Balance at the end of the Period	Balance at the end of the previous year
CURRENT ASSETS:		
Cash and bank	2,457,352	7,179,671
Financial assets held-for-trading		
Financial assets at FVTPL		
Derivative financial assets		
Bills receivable		
Accounts receivable	6,213,330	4,399,059
Receivables financing		
Prepayments	536,770	787,964
Other receivables	2,144,333	1,612,383
Including: Interest receivable		
Dividend receivable		
Inventories	97,152	90,329
Contract assets		
Held-for-sale assets		
Non-current assets due within a year		
Other current assets	1,925,917	1,986,693
Total current assets	13,374,854	16,056,099
NON-CURRENT ASSETS:		
Debt investments		
Available-for-sale financial assets		
Other debt investments		
Held-to-maturity investments		
Long-term receivables	1,023,205	477,016
Long-term equity investments	25,912,008	24,707,500
Investments in other equity instruments	22,783	22,783
Other non-current financial assets		
Investment properties		
Fixed assets	63,685,101	114,433,435
Construction in progress	24,377,865	21,300,211
Biological assets for production		
Oil and gas assets		
Right-of-use assets	77,642,496	

Items	Balance at the end of the Period	Balance at the end of the previous year
Intangible assets	2,632,199	2,687,038
Development expenses		
Goodwill		
Long-term deferred expenses	283,114	294,316
Deferred tax assets	3,682,478	2,340,262
Other non-current assets		
Total non-current assets	199,261,249	166,262,561
Total assets	212,636,103	182,318,660
 CURRENT LIABILITIES:		
Short-term loans	9,789,130	7,988,814
Financial liabilities held-for-trading		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Accounts payable	13,767,720	12,793,179
Domestic air traffic liabilities	1,945,937	2,297,562
International air traffic liabilities	5,221,319	5,111,873
Receipts in advance		
Contract liabilities	793,067	767,900
Employee compensations payable	815,298	1,166,450
Taxes payable	949,162	1,112,465
Other payables	8,378,880	8,310,250
Including: Interest payable		
Dividend payable		
Held-for-sale liabilities		
Non-current liabilities due within a year	9,893,417	10,432,216
Other current liabilities		
Total current liabilities	51,553,930	49,980,709

Items	Balance at the end of the Period	Balance at the end of the previous year
NON-CURRENT LIABILITIES:		
Long-term loans	705,065	1,523,388
Debentures payable	10,500,000	10,500,000
Including: Preference shares		
Perpetual bonds		
Lease liabilities	58,884,447	
Long-term payables	2,254,822	2,175,079
Obligations under finance leases		30,729,202
Defined benefit obligations		
Accrued liabilities	1,931,360	88,705
Deferred income	350,876	371,494
Deferred tax liabilities		
Other non-current liabilities	2,752,966	2,654,793
Total non-current liabilities	77,379,536	48,042,661
Total liabilities	128,933,466	98,023,370
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	345,642	206,238
Special reserves		
Surplus reserves	10,451,817	10,372,364
Retained earnings	27,761,683	28,573,193
Total owners' equity (or shareholders' equity)	83,702,637	84,295,290
Total liabilities and owners' equity (or shareholders' equity)	212,636,103	182,318,660

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 2019

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for	Amounts for
			beginning of the year to the end of the Reporting Period (January to September)	the period from the beginning of the previous year to the end of the previous reporting period (January to September)
I. Total revenue from operations	37,764,085	38,637,773	103,077,172	102,880,095
Including: Operating income	37,764,085	38,637,773	103,077,172	102,880,095
Interest income				
Premium earned				
Fees and commission income				
II. Total operating cost	34,488,027	35,341,996	97,469,922	96,918,153
Including: Operating costs	28,451,454	29,817,131	83,228,254	84,069,227
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	53,760	53,054	186,750	163,086
Selling expenses	1,578,760	1,687,850	4,901,152	4,750,436
General and administrative expenses	1,114,125	1,141,159	3,189,412	3,351,877
R&D expenses	48,676	20,743	135,956	61,250
Finance expenses	3,241,252	2,622,059	5,828,398	4,522,277
Including: Interest expenses	1,265,606	762,271	3,705,188	2,132,416
Interest income	40,324	52,408	103,786	112,090
Add: Other income	854,438	607,764	2,603,680	2,287,680
Investment income (loss is represented by “-” sign)	688,711	596,386	980,874	974,517

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January to September)
Including: Share of profits or losses of associates and joint ventures	676,159	579,678	933,921	772,454
Derecognition 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)		-1,735		323
Impairment loss of credit (loss is represented by “-” sign)	115	101,792	9,598	285,129
Impairment loss of assets (loss is represented by “-” sign)				-440
Gains from disposal of assets (loss is represented by “-” sign)	39,656	12,074	39,703	84,258
III. Profit from operations (loss is represented by “-” sign)	4,858,978	4,612,058	9,241,105	9,593,409
Add: Non-operating income	34,142	25,776	181,899	59,023
Less: Non-operating expenses	54,859	60,736	85,943	79,467
IV. Total profit (total loss is represented by “-” sign)	4,838,261	4,577,098	9,337,061	9,572,965
Less: Income tax expenses	731,050	848,305	1,734,258	1,947,312

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for	Amounts for
			the period beginning of the year to the end of the Reporting Period (January to September)	the period from the beginning of the previous year to the end of the previous reporting period (January to September)
V. Net profit (net loss is represented by “-” sign)	4,107,211	3,728,793	7,602,803	7,625,653
(I) Classified by continuity of operations				
1. Net profit from continuing operations (net loss is represented by “-” sign)	4,107,211	3,728,793	7,602,803	7,625,653
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)	3,622,633	3,468,889	6,762,090	6,937,408
2. Net profits attributable to non-controlling interests (net loss is represented by “-” sign)	484,578	259,904	840,713	688,245
VI. Other comprehensive income after taxation	581,548	972,599	943,205	2,066,810
Other comprehensive income after taxation attributable to shareholders of the Company	563,434	949,055	939,971	2,042,501
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	4,195	-6,634	122,723	-18,377
1. Changes arising on remeasurement of defined benefit plans			169	-6,022
2. Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss			135,529	-1,436
3. Change in fair value of investments in other equity instruments	4,195	-6,634	-12,975	-10,919
4. Change in fair value of own credit risk				
(II) Other comprehensive income that will be reclassified to profit or loss	559,239	955,689	817,248	2,060,878
1. Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss	2,263	20,544	183,668	956,874

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January to September)
2. Change in fair value of other debt investments	1,228	2,784	357	4,791
3. Fair value gain or loss of available-for-sale financial assets				
4. Amount of financial assets reclassified into other comprehensive income				
5. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
6. Credit impairment reserve for other debt investment				
7. Reserve for cash flow hedging (Effective portion of profit or loss on cash flow hedge)				
8. Exchange difference on translation of financial statements in foreign currency	555,748	932,361	633,223	1,099,213
9. Others				
Other comprehensive income after taxation attributable to non-controlling interests	18,114	23,544	3,234	24,309
VII. Total comprehensive income	4,688,759	4,701,392	8,546,008	9,692,463
Total comprehensive income attributable to shareholders of the Company	4,186,067	4,417,944	7,702,061	8,979,909
Total comprehensive income attributable to non-controlling interests	502,692	283,448	843,947	712,554
VIII. Earnings per share:				
(I) Basic earnings per share (RMB per share)	0.26	0.26	0.49	0.51
(II) Diluted earnings per share (RMB per share)	N/A	N/A	N/A	N/A

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 COMPANY

January to September 2019

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period beginning of the year to the end of the Reporting Period (January to September)	Amounts for
				the period from the beginning of the previous year to the end of the previous reporting period (January to September)
I. Revenue from operations	26,223,098	26,603,234	71,391,493	70,085,373
Less: Operating costs	19,874,736	20,425,043	57,958,834	57,259,408
Taxes and other levies	19,747	18,324	89,738	56,669
Selling expenses	1,040,901	1,263,580	3,428,987	3,577,571
General and administrative expenses	433,902	440,221	1,265,920	1,282,913
R&D expenses	36,454	11,881	100,349	36,964
Finance expenses	2,342,017	1,529,253	4,234,529	2,743,035
Including: Interest expenses	894,531	492,692	2,643,770	1,406,457
Interest income	33,626	44,282	111,339	87,474
Add: Other income	507,739	337,060	1,703,472	1,548,136
Investment income (loss is represented by “-” sign)	432,829	409,883	726,064	894,755
Including: Share of profits or losses of associates and joint ventures	431,000	373,456	462,437	707,040
Derecognition gains on financial assets measured at mortised 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)			-1,469	-3,616
Impairment loss of assets (loss is represented by “-” sign)				

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for	Amounts for
			beginning of the year to the end of the Reporting Period (January to September)	the period from the beginning of the previous year to the end of the previous reporting period (January to September)
Gains from disposal of assets (loss is represented by “-” sign)	39,580	2,928	53,024	74,962
II. Profit from operations (loss is represented by “-” sign)	3,455,489	3,664,803	6,794,227	7,643,050
Add: Non-operating income	7,765	6,852	16,948	11,210
Less: Non-operating expenses	33,541	8,691	58,488	15,691
III. Total profit (total loss is represented by “-” sign)	3,429,713	3,662,964	6,752,687	7,638,569
Less: Income tax expenses	707,928	769,552	1,421,550	1,591,806
IV. Net profit (net loss is represented by “-” sign)	2,721,785	2,893,412	5,331,137	6,046,763
(I) Net profit from continuing operations (net loss is represented by “-” sign)	2,721,785	2,893,412	5,331,137	6,046,763
(II) Net profit from discontinued operations (net loss is represented by “-” sign)				
V. Other comprehensive income after taxation, net			139,404	-1,436
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss			135,529	-1,436
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			135,529	-1,436
3. Change in fair value of investments in other equity instruments				

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for	Amounts for
			beginning of the year to the end of the Reporting Period (January to September)	the period from the beginning of the previous year to the end of the previous reporting period (January to September)
4. Change in fair value of own credit risk				
(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. Gains or losses from changes in fair value of available-for-sale financial assets				
4. Amount of financial assets reclassified into other comprehensive income				
5. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
6. Credit impairment reserve for other debt investment				
7. Reserve for cash flow hedging (Effective portion of profit or loss on cash flow hedge)				
8. Exchange difference on translation of financial statements in foreign currency				
9. Others				
VI. Total comprehensive income	2,721,785	2,893,412	5,470,541	6,045,327

Items	Amounts for the Period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amounts for
				the period from the beginning of the previous year to the end of the previous reporting period (January to September)

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 2019

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January- September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	105,359,920	107,714,571
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	55,456	90,838
Other cash received relating to operating activities	7,687,329	5,017,851
Subtotal of cash inflows of operating activities	113,102,705	112,823,260
Cash paid for goods purchased and services received	55,037,672	59,752,837
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		

Items	Amounts for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January- September)
Cash paid to or on behalf of employees	18,176,175	17,185,580
Taxes and levies paid	4,628,178	5,636,907
Other cash paid relating to operating activities	5,157,190	5,633,123
Subtotal of cash outflows from operating activities	82,999,215	88,208,447
Net cash flows from operating activities	30,103,490	24,614,813
II. Cash flows from investing activities:		
Cash received from sale and redemption of investments		275,897
Recovery of the secured bank deposits	188,681	7,477
Cash received from investment income	388,877	250,081
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	608,842	367,240
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	162,544	150,454
Subtotal of cash inflows from investing activities	1,348,944	1,051,149
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	10,696,300	10,020,140
Cash paid for investments	204,325	178,904
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities	1,201	177,632
Subtotal of cash outflows from investing activities	10,901,826	10,376,676
Net cash flows from investing activities	-9,552,882	-9,325,527

Items	Amounts for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January- 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 borrowings	12,900,489	27,706,042
Cash received from issue of debentures	13,004,875	6,100,000
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	26,305,364	33,806,042
Cash paid for repayment of borrowings	20,436,792	30,496,786
Cash paid for repayment of debentures	9,405,725	5,500,000
Cash paid for distribution of dividends, profits or payment of interest expenses	5,307,924	4,403,925
Including: Dividends and profits paid to minority shareholders by subsidiaries	193,058	185,043
Cash paid for leases	10,954,543	5,791,932
Other cash paid relating to financing activities		
Subtotal of cash outflows from financing activities	46,104,984	46,192,643
Net cash flows from financing activities	-19,799,620	-12,386,601
IV. Effect of exchange rate changes on cash and cash equivalents	85,696	107,569
V. Net increase in cash and cash equivalents	836,684	3,010,254
Add: Balance of cash and cash equivalents as at the beginning of the period	6,763,183	5,562,907
VI. Balance of cash and cash equivalents as at the end of the period	7,599,867	8,573,161

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 COMPANY

January to September 2019

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January- September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	71,128,721	71,119,564
Refund of taxes and levies		
Other cash received relating to operating activities	3,316,144	3,422,622
Subtotal of cash inflows of operating activities	74,444,865	74,542,186
Cash paid for goods purchased and services received	40,405,604	41,569,413
Cash paid to or on behalf of employees	8,661,340	8,036,437
Taxes and levies paid	2,940,642	3,187,847
Other cash paid relating to operating activities	3,722,022	4,593,937
Subtotal of cash outflows from operating activities	55,729,608	57,387,634
Net cash flows from operating activities	18,715,257	17,154,552
II. Cash flows from investing activities:		
Cash received from sale and redemption of investments		1,020,000
Cash received from investment income	413,148	328,820
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	1,159,052	1,041,554
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	111,339	91,128
Subtotal of cash inflows from investing activities	1,683,539	2,481,502

Items	Amounts for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January- September)
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	7,557,741	7,951,473
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	9,157,741	7,951,473
Net cash flows from investing activities	-7,474,202	-5,469,971
III. Cash flows from financing activities:		
Cash received from capital injection		
Cash received from borrowings	11,153,800	21,088,936
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	11,153,800	21,088,936
Cash paid for repayment of borrowings	11,439,989	18,558,918
Cash paid for repayment of debentures	4,000,000	3,500,000
Cash paid for distribution of dividends, profits or payment of interest expenses	4,109,951	3,330,452
Cash paid for leases	7,585,752	4,268,662
Other cash paid relating to financing activities		
Subtotal of cash outflows from financing activities	27,135,692	29,658,032
Net cash flows from financing activities	-15,981,892	-8,569,096
IV. Effect of exchange rate changes on cash and cash equivalents	18,518	27,685

Items	Amounts for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January- September)
V. Net increase in cash and cash equivalents	-4,722,319	3,143,170
Add: Balance of cash and cash equivalents as at the beginning of the period	7,149,360	3,172,520
VI. Balance of cash and cash equivalents as at the end of the period	2,427,041	6,315,690

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 relevant items of the financial statements as at the beginning of the year of the initial adoption of New Financial Instruments Standard, New Revenue Standard and New Lease Standard

Applicable Not applicable

CONSOLIDATED BALANCE SHEET

Unit: RMB'000

Items	31 December 2018	1 January 2019	Adjustment
CURRENT ASSETS:			
Cash and bank	7,807,572	7,807,572	
Provisions on payables			
Contributions made			
Financial assets held-for-trading			
Financial assets at FVTPL			
Derivative financial assets			
Bills receivable	403	403	
Accounts receivable	5,373,972	5,373,972	
Receivables financing			
Prepayments	1,188,879	629,299	-559,580
Premium receivable			
Receivables on reinsurance			
Provisions for reinsurance contracts			
Other receivables	3,031,157	3,031,157	
Including: Interest receivable			
Dividend receivable			
Purchase of financial assets resold			
Inventories	1,877,494	1,877,494	
Contract assets			
Held-for-sale assets			
Non-current assets due within a year			
Other current assets	4,446,630	4,446,630	
Total current assets	23,726,107	23,166,527	-559,580

Items	31 December 2018	1 January 2019	Adjustment
NON-CURRENT ASSETS:			
Loans and advances			
Debt investments			
Available-for-sale financial assets			
Other debt investments	1,040,419	1,040,419	
Held-to-maturity investments			
Long-term receivables	1,142,235	1,142,235	
Long-term equity investments	16,540,888	15,365,265	-1,175,623
Investments in other equity instruments	270,114	270,114	
Other non-current financial assets			
Investment properties	170,942	170,942	
Fixed assets	160,402,819	91,114,106	-69,288,713
Construction in progress	32,179,581	32,179,581	
Biological assets for production			
Oil and gas assets			
Right-of-use assets		106,281,400	106,281,400
Intangible assets	3,759,144	3,759,144	
Development expenses			
Goodwill	1,102,185	1,102,185	
Long-term deferred expenses	606,105	512,111	-93,994
Deferred tax assets	2,775,467	4,328,860	1,553,393
Other non-current assets			
Total non-current assets	219,989,899	257,266,362	37,276,463
Total assets	243,716,006	280,432,889	36,716,883

Items	31 December 2018	1 January 2019	Adjustment
CURRENT LIABILITIES:			
Short-term loans	17,561,546	17,561,546	
Short-term bonds payable	3,467,482	3,467,482	
Borrowings from central bank			
Contributions received			
Financial liabilities held-for-trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payable	16,174,121	16,174,121	
Domestic air traffic liabilities	3,238,429	3,238,429	
International air traffic liabilities	5,647,845	5,647,845	
Receipts in advance			
Contract liabilities	1,301,518	1,301,518	
Sale of financial assets repurchased			
Deposits from clients and placements from other banks			
Brokerage payable			
Underwriting fees payable			
Employee compensations payable	2,806,901	2,806,901	
Taxes payable	1,428,926	1,428,926	
Other payables	7,162,819	7,162,819	
Including: Interest payable			
Dividend payable			
Fees and commissions payable			
Amounts payable on reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within a year	13,441,489	18,540,816	5,099,327
Other current liabilities			
Total current liabilities	72,231,076	77,330,403	5,099,327

Items	31 December 2018	1 January 2019	Adjustment
NON-CURRENT LIABILITIES:			
Reserves on insurance contracts			
Long-term loans	3,185,481	3,185,481	
Debentures payable	12,400,000	12,400,000	
Including: Preference shares			
Perpetual bonds			
Lease liabilities		81,324,048	81,324,048
Long-term payables	4,208,771	4,208,771	
Obligations under finance leases	45,848,095		-45,848,095
Defined benefit obligations	263,862	263,862	
Accrued liabilities	431,705	2,809,503	2,377,798
Deferred income	647,973	501,457	-146,516
Deferred tax liabilities	879,372	879,372	
Other non-current liabilities	3,062,739	3,062,739	
Total non-current liabilities	70,927,998	108,635,233	37,707,235
Total liabilities	143,159,074	185,965,636	42,806,562
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	-962,968	-962,968	
Special reserves			
Surplus reserves	10,409,470	9,953,163	-456,307
General risk provisions	93,188	93,188	
Retained earnings	42,880,893	37,776,347	-5,104,546
Total owners' equity (or shareholders' equity) attributable to equity shareholders of the Company	93,216,239	87,655,386	-5,560,853
Non-controlling interests	7,340,693	6,811,867	-528,826
Total owners' equity (or shareholders' equity)	100,556,932	94,467,253	-6,089,679
Total liabilities and owners' equity (or shareholders' equity)	243,716,006	280,432,889	36,716,883

Description of the adjustment of each item:

Applicable Not applicable

The above adjustments represent the impact of adopting the New Lease Standard.

BALANCE SHEET OF THE COMPANY

Unit: RMB'000

Items	31 December 2018	1 January 2019	Adjustment
CURRENT ASSETS:			
Cash and bank	7,179,671	7,179,671	
Financial assets held-for-trading			
Financial assets at FVTPL			
Derivative financial assets			
Bills receivable			
Accounts receivable	4,399,059	4,399,059	
Receivables financing			
Prepayments	787,964	405,974	-381,990
Other receivables	1,612,383	1,612,383	
Including: Interest receivable			
Dividend receivable			
Inventories	90,329	90,329	
Contract assets			
Held-for-sale assets			
Non-current assets due within a year			
Other current assets	1,986,693	1,986,693	
Total current assets	16,056,099	15,674,109	-381,990
NON-CURRENT ASSETS:			
Debt investments			
Available-for-sale financial assets			
Other debt investments			
Held-to-maturity investments			
Long-term receivables	477,016	1,056,981	579,965
Long-term equity investments	24,707,500	23,859,687	-847,813
Investments in other equity			
instruments	22,783	22,783	
Other non-current financial assets			
Investment properties			
Fixed assets	114,433,435	65,907,417	-48,526,018

Items	31 December 2018	1 January 2019	Adjustment
Construction in progress	21,300,211	21,300,211	
Biological assets for production			
Oil and gas assets			
Right-of-use assets		74,105,033	74,105,033
Intangible assets	2,687,038	2,687,038	
Development expenses			
Goodwill			
Long-term deferred expenses	294,316	294,316	
Deferred tax assets	2,340,262	3,578,681	1,238,419
Other non-current assets			
Total non-current assets	166,262,561	192,812,147	26,549,586
Total assets	182,318,660	208,486,256	26,167,596
CURRENT LIABILITIES:			
Short-term loans	7,988,814	7,988,814	
Financial liabilities held-for-trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payable	12,793,179	12,793,179	
Domestic air traffic liabilities	2,297,562	2,297,562	
International air traffic liabilities	5,111,873	5,111,873	
Receipts in advance			
Contract liabilities	767,900	767,900	
Employee compensations payable	1,166,450	1,166,450	
Taxes payable	1,112,465	1,112,465	
Other payables	8,310,250	8,310,250	
Including: Interest payable			
Dividend payable			
Held-for-sale liabilities			
Non-current liabilities due within a year	10,432,216	14,022,349	3,590,133
Other current liabilities			
Total current liabilities	49,980,709	53,570,842	3,590,133

Items	31 December 2018	1 January 2019	Adjustment
NON-CURRENT LIABILITIES:			
Long-term loans	1,523,388	1,523,388	
Debentures payable	10,500,000	10,500,000	
Including: Preference shares			
Perpetual bonds			
Lease liabilities		56,136,927	56,136,927
Long-term payables	2,175,079	2,175,079	
Obligations under finance leases	30,729,202		-30,729,202
Defined benefit obligations			
Accrued liabilities	88,705	1,821,514	1,732,809
Deferred income	371,494	371,494	
Deferred tax liabilities			
Other non-current liabilities	2,654,793	2,654,793	
Total non-current liabilities	48,042,661	75,183,195	27,140,534
Total liabilities	98,023,370	128,754,037	30,730,667
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	206,238	206,238	
Special reserves			
Surplus reserves	10,372,364	9,916,057	-456,307
Retained earnings	28,573,193	24,466,429	-4,106,764
Total owners' equity (or shareholders' equity)	84,295,290	79,732,219	-4,563,071
Total liabilities and owners' equity (or shareholders' equity)	182,318,660	208,486,256	26,167,596

Description of the adjustment of each item:

Applicable Not applicable

The above adjustments represent the impact of adopting the New Lease Standard.

4.3 Description of the retrospective adjustment to the comparable figures for the previous period due to the initial adoption of the New Financial Instruments Standard and the New Lease Standard

Applicable Not applicable

4.4 Auditor's Report

Applicable Not applicable

By Order of the Board
Air China Limited
Joint Company Secretaries
Zhou Feng Tam Shuit Mui

Beijing, the PRC, 30 October 2019

As at the date of this announcement, the directors of the Company are Mr. Cai Jianjiang, Mr. Song Zhiyong, Mr. Cao Jianxiong, Mr. Xue Yasong, Mr. John Robert Slosar, Mr. Wang Xiaokang, Mr. Liu Deheng*, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*