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中國國際航空股份有限公司  
AIR CHINA LIMITED

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

## FIRST QUARTERLY REPORT OF 2023

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 26 April 2023 and passed the resolution approving the first quarterly report of 2023 of the Company for the period ended 31 March 2023 (the “**Reporting Period**” or “**Period**”) prepared in accordance with the PRC Accounting Standards for Business Enterprises.

### IMPORTANT NOTICE

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.

The person in charge of the Company, person in charge of accounting function and person in charge of accounting department (accounting superintendent) hereby guarantee that the financial information set out in this quarterly report are true, accurate and complete.

Whether the first quarterly report of the Company is audited

Yes  No

## I. MAJOR FINANCIAL DATA

### (1) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

*Unit: RMB'000*

<b>Items</b>	<b>During the Reporting Period</b>	<b>Increase/decrease as compared to the same period of the previous year (%)</b>
Revenue	25,067,711	94.06
Net profit attributable to shareholders of the listed company	-2,926,407	N/A
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	-3,017,904	N/A
Net cash flow from operating activities	6,796,158	N/A
Basic earnings per share (RMB per share)	-0.19	N/A
Diluted earnings per share (RMB per share)	N/A	N/A
Weighted average return on net assets (%)	-8.03	Increased by 7.61 percentage points

  

	<b>At the end of the Reporting Period</b>	<b>At the end of the previous year</b>	<b>Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)</b>
Total assets	345,152,642	295,011,335	17.00
Owners' equity attributable to shareholders of the listed company	35,325,730	23,609,134	49.63

(2) **Items and amount of non-recurring profits and losses**

*Unit: RMB'000*

<b>Items</b>	<b>Amount for the Period</b>
Gains or losses on disposal of non-current assets	18,082
Government subsidies recorded in profit or loss for the current period (excluding those closely related to the Company's normal business operations and continuously entitled to in fixed amounts or quotas in accordance with the requirements of the state policy)	84,517
Gain or loss from change in fair value by holding tradable financial assets, derivative financial assets, tradable financial liabilities and derivative financial liabilities, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liabilities and derivative financial liabilities as well as other debt investments, excluding the effective hedging businesses related with the normal operations of the Company	-271
Reversal of provision for impairment of receivable and contract assets that have undergone impairment test alone	2,425
Other non-operating income and expenses besides the above items	19,792
Less: Effect of income tax	6,644
Effect of non-controlling interests (after tax)	<u>26,404</u>
<b>Total</b>	<b><u><u>91,497</u></u></b>

Explanation of non-recurring profits and losses items listed in the “Interpretative Announcement for Information Disclosure of Companies That Issue Securities to the Public No.1 – Non-recurring Profits and Losses” (《公開發行證券的公司信息披露解釋性公告第1號－非經常性損益》) which are defined as recurring profits and losses items

Applicable  Not applicable

**(3) Particulars of, and reasons for, changes in major accounting data and financial indicators**

Applicable     Not applicable

<b>Items</b>	<b>Percentage of Change (%)</b>	<b>Major Reasons</b>
Revenue	94.06	With the increase in deployment of transportation capacity by the Company, and driven by the increase in both passenger load factor and price, the revenue increased significantly.
Net profit attributable to shareholders of the listed company	N/A	With the increase in deployment of transportation capacity by the Company, and driven by the increase in both passenger load factor and price, the loss decreased significantly.
Net profit attributable to shareholders of the listed company after deducting nonrecurring profits and losses	N/A	With the increase in deployment of transportation capacity by the Company, and driven by the increase in both passenger load factor and price, the loss decreased significantly.
Net cash flow from operating activities	N/A	With the increase in deployment of transportation capacity by the Company, and driven by the increase in both passenger load factor and price, the revenue increased significantly.
Basic earnings per share (RMB per share)	N/A	With the increase in deployment of transportation capacity by the Company, and driven by the increase in both passenger load factor and price, the loss decreased significantly.
Owners' equity attributable to shareholders of the listed company	49.63	The non-public issuance of A shares by the Company during the Reporting Period.

## II. INFORMATION OF SHAREHOLDERS

### (1) Total number of holders of ordinary shares, the number of holders of preference shares with restored voting rights and the particulars of the top 10 shareholders

*Unit: share*

Total number of holders of ordinary shares as at the end of the Reporting Period	126,705	Total number of holders of preference shares with restored voting rights as at the end of the Reporting Period (if any)	/
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#### Particulars of the top 10 shareholders

Name of shareholder	Nature of shareholder	Number of shares held	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Shares pledged, marked or frozen Status	Number
China National Aviation Holding Corporation Limited	State-owned legal person	6,566,761,847	40.53	614,525,150	Frozen	127,445,536
Cathay Pacific Airways Limited	Foreign legal person	2,633,725,455	16.26	0	Nil	0
HKSCC NOMINEES LIMITED	Foreign legal person	1,688,739,345	10.42	0	Nil	0
China National Aviation Corporation (Group) Limited	Foreign legal person	1,556,334,920	9.61	0	Frozen	36,454,464
China Securities Finance Corporation Limited	Other	311,302,365	1.92	0	Nil	0
China National Aviation Fuel Group Corporation	State-owned legal person	241,079,458	1.49	167,597,765	Nil	0
UBS AG	Other	218,305,765	1.35	218,212,290	Nil	0
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	125,260,731	0.77	0	Nil	0
China Structural Reform Fund Co., Ltd.	State-owned legal person	67,039,106	0.41	67,039,106	Nil	0
Basic Pension Fund 15022 Portfolio	Other	58,092,370	0.36	22,346,368	Nil	0

**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	1,688,739,345	Overseas listed foreign shares	1,688,739,345
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 Securities Finance Corporation Limited	311,302,365	RMB ordinary shares	311,302,365
Hong Kong Securities Clearing Company Ltd.	125,260,731	RMB ordinary shares	125,260,731
China National Aviation Fuel Group Corporation	73,481,693	RMB ordinary shares	73,481,693
Industrial Bank Co., Ltd. – GF Ruiyi Leading Hybrid Securities Investment Fund (興業銀行股份有限公司–廣發睿毅領先混合型證券投資基金)	50,751,766	RMB ordinary shares	50,751,766
Basic Pension Fund 15022 Portfolio	35,746,002	RMB ordinary shares	35,746,002
Agricultural Bank of China Limited – GF Balanced Preferred Hybrid Securities Investment Fund (中國農業銀行股份有限公司–廣發均衡優選混合型證券投資基金)	35,012,099	RMB ordinary shares	35,012,099
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 50.14% of the shares of the Company.		
Explanation on the participation of the top 10 shareholders and the top 10 shareholders not subject to selling restrictions in margin financing and securities lending as well as margin and securities refinancing business (if any)	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 1,688,739,345 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 SASAC, China Securities Regulatory Commission and the National Council for Social Security Fund, 127,445,536 and 36,454,464 shares held by CNAHC, the controlling shareholder of the Company, and CNACG respectively are frozen at present.

### III. OTHER ALERTS

Other important information that needs to be brought to the attention of investors regarding the Company’s operations during the Reporting Period

Applicable     Not applicable

- (1) During the Reporting Period, the Company completed the non-public issuance of 1,675,977,653 A shares at a price of RMB8.95/share for a total proceeds of RMB14,999,999,994.35. For details, please refer to the Announcement on Results of Non-Public Issuance of A Shares and Changes in Share Capital of Air China Limited, which was published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>), China Securities Journal, Shanghai Securities News and Securities Daily on 18 January 2023.
- (2) As of 21 March 2023, the Company acquired the control of Shandong Aviation Group Company Limited (“Shandong Aviation Group Corporation”). Shandong Aviation Group Corporation and its subsidiaries within the scope of consolidation, including Shandong Airlines Co., Ltd., will be consolidated into the financial statements of the Company. For details, please refer to the Announcement of Progress in relation to the Planning of Material Matters of Air China Limited, which was published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn/>), China Securities Journal, Shanghai Securities News and Securities Daily on 22 March 2023. As of the date of publication of this report, the audit of the consolidation date of the Shandong Aviation Group Corporation has not yet been completed and the actual amount of goodwill will be disclosed in the 2023 interim report of the Company.

#### IV. QUARTERLY FINANCIAL STATEMENTS

(1) Type of audit opinion

Applicable  Not applicable

(2) Financial statements

#### CONSOLIDATED BALANCE SHEET

31 March 2023

Prepared by Air China Limited

*Unit: RMB'000 (Unaudited)*

Items	31 March 2023	31 December 2022
<b>CURRENT ASSETS:</b>		
Cash and bank balance	32,638,728	11,435,877
Provisions on payables		
Contributions made		
Financial assets held-for-trading	3,127	3,398
Derivative financial assets		
Bills receivable	66,864	7,483
Accounts receivable	2,754,064	1,649,356
Receivables financing		
Prepayments	534,029	368,692
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Other receivables	3,278,291	2,807,726
Including: Interest receivable		
Dividend receivable		
Purchase of financial assets resold		
Inventories	3,291,223	2,557,823
Contract assets		
Held-for-sale assets		1,302
Non-current assets due within a year		
Other current assets	2,872,895	3,413,474
Total current assets	45,439,221	22,245,131

Items	31 March 2023	31 December 2022
<b>NON-CURRENT ASSETS:</b>		
Loans and advances		
Debt investments		
Other debt investments	1,362,741	1,360,982
Long-term receivables	554,211	539,624
Long-term equity investments	16,657,070	12,574,373
Investments in other equity instruments	682,537	243,760
Other non-current financial assets		
Investment properties	360,522	106,118
Fixed assets	91,209,224	86,369,754
Construction in progress	38,344,929	32,908,551
Biological assets for production		
Oil and gas assets		
Right-of-use assets	130,599,187	122,591,793
Intangible assets	4,851,646	4,300,216
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	263,409	249,268
Deferred tax assets	13,718,562	10,417,452
Other non-current assets	7,198	2,128
Total non-current assets	299,713,421	272,766,204
Total assets	345,152,642	295,011,335
<b>CURRENT LIABILITIES:</b>		
Short-term loans	32,133,910	19,946,147
Short-term financing bonds payable	2,015,075	2,006,149
Borrowings from central bank		
Contributions received		
Financial liabilities held-for-trading		
Derivative financial liabilities		
Bills payable	514,038	
Accounts payable	18,652,262	11,628,611
Air traffic liabilities	4,233,344	2,757,601
Receipts in advance	58,970	58,970
Contract liabilities	1,429,008	1,095,185
Sale of financial assets repurchased		
Deposits from clients and placements from other banks		
Brokerage payable		
Underwriting fees payable		
Employee compensations payable	4,597,600	4,317,738
Taxes payable	309,667	275,930
Other payables	11,364,466	13,131,744
Including: Interest payable		
Dividend payable		
Fees and commissions payable		

<b>Items</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Amounts payable on reinsurance		
Held-for-sale liabilities		
Non-current liabilities due within a year	38,636,942	37,264,533
Other current liabilities		
Total current liabilities	113,945,282	92,482,608
<b>NON-CURRENT LIABILITIES:</b>		
Reserves on insurance contracts		
Long-term loans	76,414,970	66,868,774
Debentures payable	11,194,159	11,193,342
Including: Preference shares		
Perpetual bonds		
Lease liabilities	79,997,283	76,897,347
Long-term payables	27,288,413	20,551,757
Long-term employee compensation payables	203,659	202,016
Accrued liabilities	4,259,841	3,090,965
Deferred income	495,686	418,200
Deferred tax liabilities	589,095	323,297
Other non-current liabilities	1,422,288	1,422,843
Total non-current liabilities	201,865,394	180,968,541
Total liabilities	315,810,676	273,451,149
<b>OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY):</b>		
Paid-up capital (or share capital)	16,200,793	14,524,815
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	39,587,880	26,270,841
Less: Treasury shares		
Other comprehensive income	-75,101	421,075
Special reserves		
Surplus reserves	11,564,287	11,564,287
General risk provisions	137,138	137,138
Retained earnings	-32,089,267	-29,309,022
Total owners' equity (or shareholders' equity)		
attributable to the parent company	35,325,730	23,609,134
Non-controlling interests	-5,983,764	-2,048,948
Total owners' equity (or shareholders' equity)	29,341,966	21,560,186
Total liabilities and owners' equity (or shareholders' equity)	345,152,642	295,011,335

Person in charge of the Company: Mr. Ma Chongxian

Person in charge of accounting function: Mr. Sun Yuquan

Person in charge of accounting department: Mr. Lyu Lingfei

## CONSOLIDATED INCOME STATEMENT

January to March 2023

Prepared by Air China Limited

*Unit: RMB'000 (Unaudited)*

Items	First quarter of 2023	First quarter of 2022
<b>I. Total revenue from operations</b>	25,067,711	12,917,577
Including: Operating income	25,067,711	12,917,577
Interest income		
Premium earned		
Fees and commission income		
 <b>II. Total operating cost</b>	 29,749,323	 23,144,688
Including: Operating costs	26,319,512	19,688,533
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	69,991	52,195
Selling expenses	1,120,191	1,048,349
General and administrative expenses	1,110,720	1,066,408
R&D expenses	69,676	38,099
Finance expenses	1,059,233	1,251,104
Including: Interest expenses	1,684,838	1,500,782
Interest income	109,982	29,366
Add: Other income	628,577	613,591
Investment income		
(loss is represented by “-” sign)	737,421	-842,440
Including: Share of profits of associates and joint ventures	725,728	-853,876
Gains on derecognition of 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)	-271	-657
Impairment loss of credit (loss is represented by “-” sign)	-4,422	4,948
Impairment loss of assets (loss is represented by “-” sign)		
Gains from disposal of assets (loss is represented by “-” sign)	25,361	1,193

Items	First quarter of 2023	First quarter of 2022
<b>III. Profit from operations (loss is represented by “-” sign)</b>	-3,294,946	-10,450,476
Add: Non-operating income	23,216	27,255
Less: Non-operating expenses	10,703	17,989
<b>IV. Total profit (total loss is represented by “-” sign)</b>	-3,282,433	-10,441,210
Less: Income tax expenses	-8,785	-569,551
<b>V. Net profit (net loss is represented by “-” sign)</b>	-3,273,648	-9,871,659
(I) Classified by continuity of operations		
1. Net profit from continuing operations (net loss is represented by “-” sign)	-3,273,648	-9,871,659
2. Net profit from discontinued operation (net loss is represented by “-” sign)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of the parent company (net loss is represented by “-” sign)	-2,926,407	-8,899,923
2. Profit or loss attributable to non-controlling interests (net loss is represented by “-” sign)	-347,241	-971,736
<b>VI. Other comprehensive income after tax, net</b>	-362,071	-138,086
(I) Other comprehensive income after tax attributable to owners of the parent company, net	-350,014	-126,834
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss	-19,768	-8,021
(1) Changes arising on remeasurement of defined benefit plans		
(2) Other comprehensive income accounted for using the equity method that cannot be reclassified to profit or loss		
(3) Change in fair value of investments in other equity instruments	-19,768	-8,021
(4) Change in fair value of own credit risk of the Company		

Items	First quarter of 2023	First quarter of 2022
2. Other comprehensive income that will be reclassified to profit or loss	-330,246	-118,813
(1) Other comprehensive income accounted for using the equity method that may be reclassified to profit or loss		
(2) Change in fair value of other debt investments	-748	
(3) Amount of financial assets reclassified into other comprehensive income		
(4) Provisions for credit impairment of other debt investments	-405	
(5) Reserve for cash flow hedging		
(6) Exchange difference on translation of financial statements in foreign currency	-329,093	-118,813
(7) Others		
(II) Other comprehensive income after tax attributable to non-controlling interests, net	-12,057	-11,252
<b>VII. Total comprehensive income</b>	<b>-3,635,719</b>	<b>-10,009,745</b>
(I) Total comprehensive income attributable to owners of the parent company	-3,276,421	-9,026,757
(II) Total comprehensive income attributable to non-controlling interests	-359,298	-982,988
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share (RMB per share)	-0.19	-0.65
(II) Diluted earnings per share (RMB per share)	N/A	N/A

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

Person in charge of the Company: Mr. Ma Chongxian  
Person in charge of accounting function: Mr. Sun Yuquan  
Person in charge of accounting department: Mr. Lyu Lingfei

## CONSOLIDATED CASH FLOW STATEMENT

January to March 2023

Prepared by Air China Limited

*Unit: RMB'000 (Unaudited)*

Items	First quarter of 2023	First quarter of 2022
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and provision of services	28,280,057	14,657,731
Net increase in deposits from clients and placements from banks		
Net increase in borrowings from central bank		
Net increase in contributions received 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	583,713	9,761
Other cash received relating to operating activities	1,340,351	1,204,029
Subtotal of cash inflows of operating activities	30,204,121	15,871,521
Cash paid for goods purchased and services received	12,538,632	9,480,709
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	7,184,047	6,550,937
Taxes and levies paid	353,582	236,815
Other cash paid relating to operating activities	3,331,702	7,261,889
Subtotal of cash outflows from operating activities	23,407,963	23,530,350
Net cash flows from operating activities	6,796,158	-7,658,829

Items	First quarter of 2023	First quarter of 2022
<b>II. Cash flows from investing activities:</b>		
Cash received from sale and redemption of investments	231,633	30,061
Cash received from investment income	24,479	22,064
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	22,930	233,921
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investing activities	5,513,783	76,675
Subtotal of cash inflows from investing activities	5,792,825	362,721
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	2,266,548	1,466,844
Cash paid for investments	94,801	794,343
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investing activities	3,397	1,554
Subtotal of cash outflows from investing activities	2,364,746	2,262,741
Net cash flows from investing activities	3,428,079	-1,900,020
<b>III. Cash flows from financing activities:</b>		
Cash received from issuance of debentures		5,750,000
Cash received from capital injection	14,993,017	
Including: Cash received from capital injection of non-controlling shareholders in subsidiaries		
Cash received from borrowings	13,814,652	15,029,966
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	28,807,669	20,779,966
Cash paid for repayment of borrowings	4,505,775	7,581,824
Cash paid for repayment of debentures	6,000,000	3,250,000
Cash paid for distribution of dividends, profits or payment of interest expenses	1,936,187	1,588,383
Including: Dividends and profits paid to non-controlling shareholders by subsidiaries		
Other cash paid relating to financing activities	5,120,329	3,516,104
Subtotal of cash outflows from financing activities	17,562,291	15,936,311
Net cash flows from financing activities	11,245,378	4,843,655

Items	First quarter of 2023	First quarter of 2022
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	-25,125	-7,693
<b>V. Net increase in cash and cash equivalents</b>	21,444,490	-4,722,887
Add: Balance of cash and cash equivalents as at the beginning of the Period	10,607,711	15,934,713
<b>VI. Balance of cash and cash equivalents as at the end of the Period</b>	32,052,201	11,211,826

Person in charge of the Company: Mr. Ma Chongxian

Person in charge of accounting function: Mr. Sun Yuquan

Person in charge of accounting department: Mr. Lyu Lingfei

**(3) Adjustments made to the financial statements as at the beginning of the year for the initial implementation of New Accounting Standards or interpretation of standards since 2023**

Applicable  Not applicable

By Order of the Board  
**Air China Limited**  
**Huang Bin      Huen Ho Yin**  
*Joint Company Secretaries*

Beijing, the PRC, 26 April 2023

*As at the date of this announcement, the directors of the Company are Mr. Ma Chongxian, Mr. Wang Mingyuan, Mr. Feng Gang, Mr. Patrick Healy, Mr. Xiao Peng, Mr. Li Fushen\*, Mr. He Yun\*, Mr. Xu Junxin\* and Ms. Winnie Tam Wan-chi\*.*

\* *Independent non-executive director of the Company*