

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2016

This announcement is made pursuant to 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 27 October 2016 and passed the resolution approving the third quarterly report 2016 of the Company for the third quarter ended 30 September 2016 (the “**Reporting Period**”) prepared in accordance with the PRC accounting standards.

1. IMPORTANT NOTICE

1.1 The Board, the supervisory committee, as well as the directors, supervisors and senior management of the Company hereby confirm that there are no misrepresentations or misleading statements contained in or material omissions from this quarterly report, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this quarterly report.

1.2 Particulars of absent directors

Name of absent director	Position of absent director	Reason(s) for absence	Name of proxy
Song Zhiyong	Director	Business engagement	Cai Jianjiang
Li Dajin	Independent Director	Business engagement	Pan Xiaojiang

1.3 Mr. Cai Jianjiang (legal representative of the Company), Mr. Xiao Feng (person in charge of accounting function), and Mr. Zhan Zhong (person in charge of accounting department (accounting superintendent)) hereby confirm that the financial statements set out in this quarterly report are true, accurate and complete.

1.4 This third quarterly report of the Company is unaudited.

2. MAJOR FINANCIAL DATA OF THE COMPANY AND CHANGES IN SHAREHOLDERS

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	229,162,286	213,703,535	7.23
Net asset attributable to shareholders of the listed company	67,103,960	59,820,396	12.18
	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	24,008,238	27,865,106	-13.84

	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	85,447,650	82,381,027	3.72
Net profit attributable to shareholders of the listed company	7,226,708	6,280,498	15.07
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	6,691,893	5,855,992	14.27
Weighted average return on net assets (%)	11.39	10.82	Increased by 0.57 pts
Basic earnings per share (<i>RMB per share</i>)	0.59	0.51	15.07
Diluted earnings per share (<i>RMB per share</i>)	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)	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	12,713	6,829
Government subsidies recorded in the income statement for the current period (exclusive of government subsidies which are closely related to the normal operating business of the Company and entitled pursuant to unified standard quota or amount under the government policy)	270,871	801,813
Gains or losses from changes in fair value of financial assets/liabilities held for trading and investment gains from disposal of financial assets/liabilities held for trading and available-for-sale financial assets (except for hedging activities related to the Company's normal operating business)	62	0
Reversal of provision for impairment of receivables which are individually tested for impairment	0	2,532
Other non-operating income and expenses not covered above	25,357	36,078
Effect of income tax	-77,029	-212,987
Effect of minority shareholders' interests (after taxation)	-89,347	-99,450
Total	<u><u>142,627</u></u>	<u><u>534,815</u></u>

2.2 Total number of shareholders, the top 10 shareholders and the top 10 shareholders not subject to selling restrictions as at the end of the Reporting Period

Unit: share

Total number of shareholders 204,815

Name of shareholder (full name)	Particulars of the top 10 shareholders					
	Shares held at the end of the period	Shareholding percentage (%)	Shares held subject to selling restrictions	Shares pledged or frozen Status	Number	Nature of shareholder
China National Aviation Holding Company	5,438,757,879	41.57	0	Frozen	127,445,536	State
Cathay Pacific Airways Limited	2,633,725,455	20.13	0	Nil		Foreign legal person
HKSCC NOMINEES LIMITED	1,682,734,520	12.86	0	Unknown		Foreign legal person
China National Aviation Corporation (Group) Limited	1,556,334,920	11.89	0	Frozen	36,454,464	Foreign legal person
China Securities Finance Corporation Limited	235,623,800	1.80	0	Unknown		State-owned legal person
China National Aviation Fuel Group Corporation	86,300,000	0.66	0	Unknown		State-owned legal person
Sinotrans Air Transportation Development Co., Ltd.	75,800,000	0.58	0	Unknown		State-owned legal person
China Merchants Securities Co., Ltd.	50,492,270	0.39	0	Unknown		Unknown
China Construction Bank Corporation – Huashang Shuangzhai Fengli Debt Securities Investment Fund (華商雙債豐利債券型證券投資基金)	40,755,270	0.31	0	Unknown		Unknown
National Social Security Fund 118	38,205,778	0.29	0	Unknown		Unknown

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 Company	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	1,682,734,520	Overseas listed foreign shares	1,682,734,520
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	235,623,800	RMB ordinary shares	235,623,800
China National Aviation Fuel Group Corporation	86,300,000	RMB ordinary shares	86,300,000
Sinotrans Air Transportation Development Co., Ltd.	75,800,000	RMB ordinary shares	75,800,000
China Merchants Securities Co., Ltd.	50,492,270	RMB ordinary shares	50,492,270
China Construction Bank Corporation – Huashang Shuangzhai Fengli Debt Securities Investment Fund (華商雙債豐利債券型證券投資基金)	40,755,270	RMB ordinary shares	40,755,270
National Social Security Fund 118	38,205,778	RMB ordinary shares	38,205,778
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 Company. Accordingly, China National Aviation Holding Company is directly and indirectly interested in 53.46% 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 1,682,734,520 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 Company, 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 top 10 holders of preference shares not subject to selling restrictions as at the end of the reporting period

Applicable Not applicable

3. 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

Unit: RMB'000

Items in consolidated balance sheet	Balance at the end of the Reporting Period	Balance at the beginning of the year	Amount of Change	Percentage	Reasons for Change
Assets held for sale	-	582,074	-582,074	-100.00%	Disposal of the aircraft held for sale was completed during the Reporting Period.
Long-term receivables	898,001	598,312	299,689	50.09%	Mainly due to the loans provided by a subsidiary of the Group to an associated company of the Group.
Construction in progress	30,367,589	20,747,815	9,619,774	46.37%	Mainly due to the increase in prepayment for aircraft and engines during the Reporting Period.
Short-term loans	15,420,890	3,055,641	12,365,249	404.67%	Mainly due to the new short-term loans raised by the Group based on the funding needs.

Items in consolidated balance sheet	Balance at the end of the Reporting Period	Balance at the beginning of the year	Amount of Change	Percentage	Reasons for Change
Short-term bonds payable	8,148,482	2,598,843	5,549,639	213.54%	Mainly due to the issuance of short-term bonds by the Group during the Reporting Period.
Interest payable	950,548	679,394	271,154	39.91%	Mainly due to the provision of bond interest payable during the Reporting Period.
Long-term loans	17,351,765	30,794,484	-13,442,719	-43.65%	Mainly because the amount of new loans raised was less than the loans repaid by the Group during the Reporting Period.

Items in consolidated income statement	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)	Amount of Change	Percentage	Reasons for Change
Investment income	518,792	1,164,353	-645,561	-55.44%	Mainly due to the decrease in net profit of the associated companies of the Group as compared to the corresponding period of the previous year.

Items in consolidated statement of cash flows	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)	Amount of Change	Percentage	Reasons for Change
Other cash received relating to operating activities	3,103,870	5,355,733	-2,251,863	-42.05%	Mainly due to the decrease of loans and advances recovered by a subsidiary of the Group as compared to the corresponding period of the previous year.
Tax and levies paid	4,345,511	3,251,520	1,093,991	33.65%	Mainly due to the increase in corporate income taxes paid by the Group during the Reporting Period as compared to the corresponding period of the previous year.
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	530,778	200,619	330,159	164.57%	Mainly due to the increase in aircraft disposals completed by the Group during the Reporting Period as compared to the corresponding period of the previous year.
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	21,208,750	7,312,864	13,895,886	190.02%	Mainly due to the increase in prepayments of aircraft and engines of the Group during the Reporting Period.
Other cash paid relating to investment activities	7,717	500,241	-492,524	-98.46%	Mainly due to the decrease in the change of bank deposits pledged by the Group during the Reporting Period as compared to the corresponding period of the previous year.
Cash received from issue of debentures	15,853,964	600,000	15,253,964	2,542.33%	Mainly due to the increase in debentures issued by the Group during the Reporting Period as compared to the corresponding period of the previous year.
Cash paid for repayment of debentures	6,304,325	3,000,000	3,304,325	110.14%	Mainly due to the increase in the repayments of debentures by the Group during the Reporting Period as compared to the corresponding period of the previous year.

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

Applicable Not applicable

The non-public issue of A shares by the Company was approved by the Public Offering Review Committee of China Securities Regulatory Commission (the “CSRC”) during its work meeting held on 20 July 2016. For details, please refer to the Company’s announcement dated 22 July 2016 which was published on the website of Shanghai Stock Exchange (<http://www.sse.com.cn>) and the China Securities Journal, Shanghai Securities News and Securities Daily. As of the date of this report, the Company did not receive any reply regarding the aforesaid non-public issue of A shares from the CSRC.

3.3 Performance of undertakings given by the Company and the shareholders holding more than 5% of the shares of the Company

Applicable Not applicable

Background of undertakings	Type of undertakings	The party making the undertakings	Contents of undertakings	Date and duration of undertakings	Is there performance duration?	Are they timely and strictly performed?
Other undertakings	Shares sale restriction	CNAHC	On 3 August 2015, China National Aviation Holding Company (“CNAHC”) increased its shareholding in the Company by 8,691,786 A shares via the trading system of the Shanghai Stock Exchange, representing 0.0664% of the total issued share capital of the Company (the “First Share Acquisition”). CNAHC intends to continue to increase its shareholdings in the Company, either in its own name or through parties acting in concert with it, via the secondary market within 12 months from 3 August 2015 up to an aggregate amount not exceeding 2% of the total issued share capital of the Company (including the increased shareholdings in the First Share Acquisition). CNAHC undertakes that it will not sell any shares it holds in the Company during the period of the implementation of the acquisition plan and within the statutory period.	The undertakings were made on 3 August 2015 and shall be fulfilled on or before 2 August 2016.	Yes	Yes
Undertakings relating to refinancing	Other	CNAHC, China National Aviation Corporation (Group) Limited	CNAHC and the related parties including China National Aviation Corporation (Group) Limited will not sell any shares it holds in the Company during the period from the date on which the letter of undertakings was issued (i.e. 28 April 2016) to the expiry of six months after the completion of the aforesaid non-public issue of A shares.	The period commences from 28 April 2016 and ends on the expiry of six months after the completion of the aforesaid non-public issue of A shares.	Yes	Yes

3.4 Warning in respect of forecast of possible net loss from the beginning of the year to the end of the next reporting period or warning in respect of any significant changes in net profit as compared with that of the corresponding period of previous year and the underlying reasons

Applicable Not applicable

Company name Air China Limited
Legal representative Mr. Cai Jianjiang
Date 27 October 2016

4. APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet

30 September 2016

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT ASSETS:		
Cash and bank balances	9,419,791	7,793,044
Provisions on payables		
Contributions made		
Financial assets at fair value through profit or loss	551	995
Derivative financial assets		
Bills receivable	766	224
Accounts receivable	3,680,150	3,661,354
Prepayments	1,101,803	1,069,263
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Interest receivable		
Dividend receivable		
Other receivables	1,968,080	1,882,945
Purchase of financial assets resold		
Inventories	1,912,602	1,730,742
Assets held for sale		582,074
Non-current assets due within a year		
Other current assets	2,670,106	2,806,973
Total current assets	20,753,849	19,527,614

Items	Balance at the end of the period	Balance at the beginning of the year
NON-CURRENT ASSETS:		
Loans and advances		
Available-for-sale financial assets	1,214,564	1,108,631
Held-to-maturity investments	10,000	10,000
Long-term receivables	898,001	598,312
Long-term equity investments	13,705,622	12,451,024
Investment properties	341,665	353,511
Fixed assets	152,160,295	149,267,398
Construction in progress	30,367,589	20,747,815
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	4,232,213	4,169,341
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	635,822	683,325
Deferred tax assets	3,740,481	3,684,379
Other non-current assets		
Total non-current assets	208,408,437	194,175,921
Total assets	229,162,286	213,703,535

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT LIABILITIES:		
Short-term loans	15,420,890	3,055,641
Borrowings from central bank		
Short-term bonds payable	8,148,482	2,598,843
Deposits from clients and placements from other banks		
Contributions received		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		11,646
Accounts payable	12,193,570	11,747,465
Domestic air traffic liabilities	2,253,210	2,619,395
International air traffic liabilities	3,187,131	3,139,838
Receipts in advance	165,597	148,505
Sale of financial assets repurchased		
Fees and commissions payable		
Employee compensations payable	2,309,159	1,933,927
Taxes payable	1,407,233	1,304,379
Interest payable	950,548	679,394
Dividend payable		
Other payables	8,597,554	10,574,693
Amounts payable on reinsurance		
Reserves on insurance contracts		
Brokerage payable		
Underwriting fees payable		
Liabilities held for sale		
Non-current liabilities due within a year	12,199,395	12,399,620
Other current liabilities		
Total current liabilities	66,832,769	50,213,346

Items	Balance at the end of the period	Balance at the beginning of the year
NON-CURRENT LIABILITIES:		
Long-term loans	17,351,765	30,794,484
Debentures payable	22,195,291	18,193,038
Including: Preference shares		
Perpetual bonds		
Long-term payables	3,557,485	3,122,381
Obligations under finance leases	36,489,562	37,803,279
Defined benefit obligations	281,895	276,968
Specific payables		
Estimated liabilities	344,336	347,465
Deferred income	4,189,779	3,489,698
Deferred tax liabilities	3,264,512	2,867,738
Other non-current liabilities		
Total non-current liabilities	87,674,625	96,895,051
Total liabilities	154,507,394	147,108,397
OWNER'S EQUITY		
Issued capital	13,084,751	13,084,751
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	16,509,531	16,509,531
Less: Treasury shares		
Other comprehensive income	-4,250,137	-5,707,061
Specific reserves		
Surplus reserves	7,177,186	6,633,105
General risk provisions	54,951	54,951
Retained earnings	34,527,678	29,245,119
Total owner's equity attributable to equity shareholders of the Company	67,103,960	59,820,396
Non-controlling interests	7,550,932	6,774,742
Total owner's equity	74,654,892	66,595,138
Total liabilities and owner's equity	229,162,286	213,703,535

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 2016*

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT ASSETS:		
Cash and bank balances	2,062,688	3,223,977
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivable		
Accounts receivable	2,883,761	2,556,398
Prepayments	643,994	523,523
Interest receivable		
Dividend receivable		
Other receivables	2,442,982	1,956,110
Inventories	215,795	243,332
Assets held for sale		582,074
Non-current assets due within a year		
Other current assets	1,340,874	1,341,946
Total current assets	9,590,094	10,427,360

Items	Balance at the end of the period	Balance at the beginning of the year
NON-CURRENT ASSETS:		
Available-for-sale financial assets	22,784	22,784
Entrusted loans	1,020,000	1,020,000
Held-to-maturity investments		
Long-term receivables	435,409	412,808
Long-term equity investments	26,909,973	26,434,219
Investment properties		
Fixed assets	100,223,955	97,789,608
Construction in progress	24,767,360	16,078,952
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	2,569,541	2,550,926
Development expenses		
Goodwill		
Long-term deferred expenses	303,149	325,631
Deferred tax assets	1,980,380	1,913,496
Other non-current assets		
Total non-current assets	158,232,551	146,548,424
Total assets	167,822,645	156,975,784

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT LIABILITIES:		
Short-term loans	15,064,926	2,489,992
Short-term bonds payable	3,000,000	
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Accounts payable	9,929,232	8,992,025
Domestic air traffic liabilities	1,605,855	1,760,537
International air traffic liabilities	2,825,873	2,826,463
Receipts in advance	78,653	84,063
Employee compensations payable	790,033	606,644
Taxes payable	996,448	1,023,839
Interest payable	738,252	553,479
Dividend payable		
Other payables	5,943,668	8,674,617
Held-for-sale liabilities		
Non-current liabilities due within a year	7,952,649	7,990,488
Other current liabilities		
Total current liabilities	48,925,589	35,002,147

Items	Balance at the end of the period	Balance at the beginning of the year
NON-CURRENT LIABILITIES:		
Long-term loans	6,737,255	17,156,055
Debentures payable	20,000,000	16,000,000
Including: Preference shares		
Perpetual bonds		
Long-term payables	1,803,383	1,768,166
Obligations under finance leases	23,077,866	25,446,576
Defined benefit obligations		
Specific payables		
Estimated liabilities	10,077	13,206
Deferred income	3,490,663	2,963,675
Deferred tax liabilities	75,873	116,643
Other non-current liabilities		
Total non-current liabilities	55,195,117	63,464,321
Total liabilities	104,120,706	98,466,468
OWNER'S EQUITY:		
Issued capital	13,084,751	13,084,751
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	20,857,370	20,857,370
Less: Treasury shares		
Other comprehensive income	190,750	182,037
Specific reserves		
Surplus reserves	7,140,080	6,595,999
Retained earnings	22,428,988	17,789,159
Total owner's equity	63,701,939	58,509,316
Total liabilities and owner's equity	167,822,645	156,975,784

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 2016

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
			the period from the 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 last reporting period (January to September)
I. Revenue from operations	31,923,192	31,229,751	85,447,650	82,381,027
Including: Revenue	31,923,192	31,229,751	85,447,650	82,381,027
Interest income				
Premium earned				
Fees and commission income				

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 from the 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 last reporting period (January to September)
II. Total operating costs	27,004,261	28,754,512	76,332,038	75,599,700
Including: Operating costs	23,109,253	21,839,446	64,269,665	61,970,696
Interest expenses				
Fees and commission expenses				
Returned premium				
Net reimbursement paid				
Net amounts of provisions on insurance contracts drawn				
Bonus paid on insurance policy				
Reinsurance premium				
Business taxes and other levies	71,544	77,005	208,970	194,168
Selling expenses	1,388,155	1,607,310	4,239,408	4,932,502
General and Administrative expenses	1,086,437	1,102,786	2,982,468	2,823,319
Finance expenses	1,346,147	4,123,704	4,636,962	5,662,220
Impairment loss of assets	2,725	4,261	-5,435	16,795
Add: Gains from changes in fair value (loss is represented by “-” sign)	63	69	-47	6,682
Investment income (loss is represented by “-” sign)	226,216	504,369	518,792	1,164,353
Including: Share of profits less losses of associates and joint ventures	208,353	495,013	467,816	1,133,865
Exchange gains (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 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 last reporting period (January to September)
III. Profit from operations (loss is represented by “-” sign)	5,145,210	2,979,677	9,634,357	7,952,362
Add: Non-operating income	341,732	121,431	906,746	746,055
Including: Gains arising from disposal of non-current assets	39,561	28,490	40,569	48,126
Less: Non-operating expenses	32,790	70,646	62,025	135,262
Including: Loss arising from disposal of non-current assets	26,847	26,249	33,739	67,429
IV. Total profit (total loss is represented by “-” sign)	5,454,152	3,030,462	10,479,078	8,563,155
Less: Taxation	1,149,778	669,073	2,391,003	1,882,844
V. Net profit (net loss is represented by “-” sign)	4,304,374	2,361,389	8,088,075	6,680,311
Net profits attributable to shareholders of the Company	3,769,087	2,331,227	7,226,708	6,280,498
Net profits attributable to non-controlling interests	535,287	30,162	861,367	399,813

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 last reporting period (January to September)
VI. Other comprehensive income after taxation	160,320	788,152	1,480,351	1,498,998
Other comprehensive income after taxation attributable to shareholders of the Company	148,995	786,429	1,456,924	1,477,316
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss			214	-158
1. Change arising from re-measurement of net liabilities or net assets in defined benefit plans			214	-158
2. Share of other comprehensive income of the investees accounted for using the equity method that cannot be reclassified to profit or loss				

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 last reporting period (January to September)
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	148,995	786,429	1,456,710	1,477,474
1. Share of other comprehensive income of the investees accounted for using the equity method that will be subsequently reclassified to profit or loss		-12,075	928,326	664,204
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	6,628	-6,187	9,548	15,835
3. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
4. Effective portion of profit or loss on cash flow hedge				
5. Exchange difference on translation of financial statements in foreign currency	142,367	804,691	518,836	797,435
6. Others				
Other comprehensive income after taxation attributable to non-controlling interests	11,325	1,723	23,427	21,682
VII. Total comprehensive income	4,464,694	3,149,541	9,568,426	8,179,309
Total comprehensive income attributable to shareholders of the Company	3,918,082	3,117,656	8,683,632	7,757,814
Total comprehensive income attributable to non-controlling interests	546,612	31,885	884,794	421,495

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 last reporting period (January to September)
VIII. Earnings per share:				
(I) Basic earnings per share (RMB)	0.31	0.19	0.59	0.51
(II) Diluted earnings per share (RMB)	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 2016

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 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 last reporting period (January to September)
I. Revenue from operations	21,968,535	22,112,059	58,714,178	58,131,530
Less: Operating costs	15,663,304	15,221,410	44,003,631	43,192,772
Business taxes and other levies	10,448	30,533	54,753	95,123
Selling expenses	1,039,232	1,235,878	3,134,464	3,745,847
General and Administrative expenses	406,034	393,017	1,164,331	1,251,821
Finance expenses	990,764	2,868,235	3,296,035	4,074,951
Impairment loss of assets			-5,283	3,615
Add: Gains from changes in fair value (loss is represented by “-” sign)				
Investment income (loss is represented by “-” sign)	344,519	221,903	791,169	644,552
Including: Share of profits less losses of associates and joint ventures	342,849	220,373	656,634	551,106
II. Profit from operations (loss is represented by “-” sign)	4,203,272	2,584,889	7,857,416	6,411,953
Add: Non-operating income	21,223	28,948	541,096	586,919
Including: Gains arising from disposal of non-current assets	55	5,897	169	131,088
Less: Non-operating expenses	6,700	27,070	18,386	77,149
Including: Loss arising from disposal of non-current assets	3,447	23,650	7,684	63,929

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 from the 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 last reporting period (January to September)
III. Total profit (total loss is represented by “-” sign)	4,217,795	2,586,767	8,380,126	6,921,723
Less: Income Taxation	915,017	556,502	1,796,148	1,490,985
IV. Net profit (net loss is represented by “-” sign)	3,302,778	2,030,265	6,583,978	5,430,738
V. Other comprehensive income after taxation			8,713	11,001
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss				
1. Change arising from re-measurement of net liabilities or net assets in defined benefit plans				
2. Share of other comprehensive income of the investees accounted for using the equity method that cannot be reclassified to profit or loss				

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 last reporting period (January to September)
(II) Other comprehensive income that will be subsequently reclassified to profit or loss			8,713	11,001
1. Share of other comprehensive income of the investees accounted for using the equity method that will be subsequently reclassified to profit or loss			8,713	11,001
2. Gains or losses arising from changes in fair value of available-for- sale financial assets				
3. Gains or losses arising from reclassification of held-to-maturity investments to available- for-sale financial assets				
4. Effective portion of profit or loss on cash flow hedge				
5. Exchange difference on translation of financial statements in foreign currency				
6. Others				
VI. Total comprehensive income	3,302,778	2,030,265	6,592,691	5,441,739
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 2016

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 to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	90,128,015	87,479,093
Net increase in deposits from clients and placements from other banks		
Net increase in borrowings from central bank		
Net increase in contributions made to other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance operations		
Net increase in reserve of the insured and investment		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interests, fees and commission		
Net increase in contributions received		
Net increase in cash from repurchase operations		
Refund of tax and levy	15,127	10,193
Other cash received relating to operating activities	3,103,870	5,355,733
Subtotal of cash inflows of operating activities	93,247,012	92,845,019
Cash paid for goods purchased and services received	44,932,237	42,875,119
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		

Items	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 last reporting period (January to September)
Cash paid for interests, fees and commission		
Cash paid for bonus paid on insurance policy		
Cash paid to or on behalf of employees	14,129,026	11,729,923
Tax and levies paid	4,345,511	3,251,520
Other cash paid relating to operating activities	5,832,000	7,123,351
Subtotal of cash outflows from operating activities	69,238,774	64,979,913
Net cash flows from operating activities	24,008,238	27,865,106
II. Cash flows from investment activities:		
Cash received from sales and redemption of investments		
Cash received from investment income	494,403	443,096
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	530,778	200,619
Net cash received for acquisition of subsidiaries	28,984	145,380
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	264,813	434,660
Subtotal of cash inflows from investment activities	1,318,978	1,223,755
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	21,208,750	7,312,864
Cash paid for investments	96,342	59,085
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investment activities	7,717	500,241
Subtotal of cash outflows from investment activities	21,312,809	7,872,190
Net cash flows from investment activities	-19,993,831	-6,648,435

Items	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 last reporting period (January to September)
III. Cash flows from financing activities:		
Cash received from capital injection		
Including: Cash received from capital injection of minority shareholders in subsidiaries		
Cash received from borrowings	13,099,369	12,531,354
Cash received from issue of debentures	15,853,964	600,000
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	28,953,333	13,131,354
Cash paid for repayment of borrowings	16,634,786	23,669,446
Cash paid for repayment of debentures	6,304,325	3,000,000
Cash paid for distribution of dividends, profits or payment of interest expenses	3,772,622	2,910,743
Including: Dividends and profit paid to minority shareholders by subsidiaries	117,592	87,110
Other cash paid relating to financing activities	4,578,502	4,099,023
Subtotal of cash outflows from financing activities	31,290,235	33,679,212
Net cash flows from financing activities	-2,336,902	-20,547,858
IV. Effect of exchange rate changes on cash and cash equivalents	87,729	46,443
V. Net increase in cash and cash equivalents	1,765,234	715,256
Add: Balance of cash and cash equivalents as at the beginning of the period	7,138,098	9,269,979
VI. Balance of cash and cash equivalents as at the end of the period	8,903,332	9,985,235

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 2016

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 to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	60,505,240	60,616,657
Refund of tax and levy	1,183	4,807
Other cash received relating to operating activities	1,723,740	2,047,750
Subtotal of cash inflows of operating activities	62,230,163	62,669,214
Cash paid for goods purchased and services received	32,440,751	30,722,967
Cash paid to or on behalf of employees	6,311,630	6,175,991
Tax and levies paid	2,948,135	2,200,143
Other cash paid relating to operating activities	4,184,803	4,205,863
Subtotal of cash outflows from operating activities	45,885,319	43,304,964
Net cash flows from operating activities	16,344,844	19,364,250

Items	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 last reporting period (January to September)
II. Cash flows from investment activities:		
Cash received from sales and redemption of investments		
Cash received from investment income	283,042	266,782
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	479,764	408,392
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	51,339	54,485
Subtotal of cash inflows from investment activities	814,145	729,659
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	18,409,054	4,960,376
Cash paid for investments		59,085
Net cash payments for acquisition of subsidiaries and other business units		734,930
Other cash paid relating to investment activities		
Subtotal of cash outflows from investment activities	18,409,054	5,754,391
Net cash flows from investment activities	-17,594,909	-5,024,732

Items	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 last reporting period (January to September)
III. Cash flows from financing activities:		
Cash received from capital injection		
Cash received from issue of debentures	11,200,000	
Cash received from borrowings	12,547,842	9,679,060
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	23,747,842	9,679,060
Cash paid for repayment of borrowings	12,897,193	15,410,730
Cash paid for repayment of debentures	4,200,000	3,000,000
Cash paid for distribution of dividends, profits or payment of interest expenses	2,978,716	2,181,195
Other cash paid relating to financing activities	3,622,865	3,052,617
Subtotal of cash outflows from financing activities	23,698,774	23,644,542
Net cash flows from financing activities	49,068	-13,965,482
IV. Effect of exchange rate changes on cash and cash equivalents	39,708	657
V. Net increase in cash and cash equivalents	-1,161,289	374,693
Add: Balance of cash and cash equivalents as at the beginning of the period	3,223,977	3,258,265
VI. Balance of cash and cash equivalents as at the end of the period	2,062,688	3,632,958

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 Auditor's Report

Applicable Not applicable

By order of the Board
Air China Limited
Rao Xinyu Tam Shuit Mui
Joint Company Secretaries

Beijing, the PRC, 27 October 2016

As at the date of this announcement, the directors of the Company are Mr. Cai Jianjiang, Mr. Song Zhiyong, Mr. Cao Jianxiong, Mr. Feng Gang, Mr. John Robert Slosar, Mr. Ian Sai Cheung Shiu, Mr. Pan Xiaojiang, Mr. Simon To Chi Keung*, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive Director of the Company*