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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 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 28 April 2016 and passed the resolution approving the first quarterly report 2016 of the Company for the first quarter ended 31 March 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 misrepresentation or misleading statements contained in or material omissions from this 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

<b>Name of absent director</b>	<b>Position of absent director</b>	<b>Reason(s) for absence</b>	<b>Name of proxy</b>
John Robert Slosar	Director	Business engagement	–
Feng Gang	Director	Business engagement	Cai Jianjiang

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) and general manager of the finance department) hereby confirm that the financial statements set out in this quarterly report are true, accurate and complete.

1.4 The first quarterly report of the Company is unaudited.

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

### 2.1 Major financial data

			<i>Unit: RMB'000</i>
	<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	219,221,265	213,703,535	2.58
Net asset attributable to shareholders of the listed company	62,140,930	59,820,396	3.88
	<b>For the period from the beginning of the year to the end of the Reporting Period (January to March)</b>	<b>For the corresponding period of the previous year (January to March) (restated)</b>	<b>Increase/decrease as compared to the corresponding period of the previous year (%)</b>
Net cash flows from operating activities	6,819,194	5,686,831	19.91

	For the period from the beginning of the year to the end of the Reporting Period (January to March)	For the corresponding period of the previous year (January to March) (restated)	Increase/decrease as compared to the corresponding period of the previous year (%)
Revenue	26,388,811	25,281,398	4.38
Net profit attributable to shareholders of the listed company	2,435,293	1,681,472	44.83
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	2,384,011	1,596,426	49.33
Weighted average return on net assets (%)	3.99	3.05	Increased by 0.94 pts
Basic earnings per share ( <i>RMB per share</i> )	0.20	0.14	44.83
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
Gains or losses on disposal of non-current assets	-1,469
Government subsidies recorded in the income statement for the current period (exclusive of government subsidies which are closely related to the business of the Company and entitled pursuant to unified standard quota or amount under the government policy)	94,281
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)	126
Other non-operating income and expenses not covered above	14,452
Effect of minority shareholders' interests (after tax)	-28,407
Effect of income tax	-27,701
<b>Total</b>	<b><u>51,282</u></b>

## 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 223,056

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		Frozen	127,445,536	State
Cathay Pacific Airways Limited	2,633,725,455	20.13		Nil		Foreign legal person
HKSCC NOMINEES LIMITED	1,682,314,520	12.86		Unknown		Foreign legal person
China National Aviation Corporation (Group) Limited	1,556,334,920	11.89		Frozen	36,454,464	Foreign legal person
China Securities Finance Corporation Limited	243,634,353	1.86		Unknown		State-owned legal person
China National Aviation Fuel Group Corporation	86,300,000	0.66		Unknown		State-owned legal person
Sinotrans Air Transportation Development Co., Ltd.	75,800,000	0.58		Unknown		State-owned legal person
China Merchants Securities Co., Ltd.	50,492,570	0.39		Unknown		Unknown
National Social Security Fund 108	25,999,948	0.20		Unknown		Unknown
Bank of China — E Fund Steady Return Debt Securities Investment Fund (易方達穩健收益債券型證券 投資基金)	25,009,658	0.19		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	1,682,314,520	Overseas listed foreign shares	1,682,314,520
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	243,634,353	RMB ordinary shares	243,634,353
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.	50,492,570	RMB ordinary shares	50,492,570
National Social Security Fund 108	25,999,948	RMB ordinary shares	25,999,948
Bank of China — E Fund Steady Return Debt Securities Investment Fund (易方達穩健收益債券型證券投資基金)	25,009,658	RMB ordinary shares	25,009,658
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		

*Note:*

- 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 1,682,314,520 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

Total profit of the Group for the first quarter of 2016 was RMB3,678 million, representing a year-on-year increase of RMB1,248 million; net profit attributable to the Company was RMB2,435 million, representing a year-on-year increase of RMB754 million. The increases in total profit of the Group and net profit attributable to the Company were mainly due to the year-on-year increase in revenue as a result of optimised operational arrangement and increased capacity deployment; the strengthened cost control through refining the management of business process and actively advancing the measures of “promoting direct sales and lowering agency fees”; and the year-on-year decrease in aviation fuel cost and the year-on-year increase in net exchange gain resulted from the low oil price and the change in exchange rate of US dollars against RMB.

*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
Short-term loans	6,741,255	3,055,641	3,685,614	120.62%	Mainly due to the new short-term loans based on the funding needs.
Short-term bonds payable	6,797,651	2,598,843	4,198,808	161.56%	The Group issued short-term bonds during the reporting period.
Domestic air traffic liabilities	1,614,614	2,619,395	-1,004,781	-38.36%	Decrease in outstanding air traffic tickets at the end of this Reporting Period.

<b>Items in consolidated income statement</b>	<b>For the period from the beginning of the year to the end of the Reporting Period (January to March)</b>	<b>For the corresponding period of the previous year (January to March) (restated)</b>	<b>Amount of Change</b>	<b>Percentage</b>	<b>Reasons for Change</b>
Finance expenses	616,743	1,109,056	-492,313	-44.39%	Mainly due to net foreign exchange gain recognized during the reporting period as a result of the appreciation of RMB against US\$, as compared to net foreign exchange loss of the corresponding period of the previous year.
Income tax expenses	795,430	518,121	277,309	53.52%	Increase in income tax expenses due to the increase in taxable income during the Reporting Period.

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 March)	For the corresponding period of the previous year (January to March) (restated)	Amount of Change	Percentage	Reasons for Change
Tax and levies paid	1,086,502	612,207	474,295	77.47%	Increase in corporate income taxes paid as compared to the corresponding period of the previous year.
Other cash paid relating to operating activities	1,868,151	3,088,159	-1,220,008	-39.51%	The decreased net amount in loans issued by a subsidiary of the Group to a related party during the Reporting Period as compared to the corresponding period of the previous year.
Cash received from other investment activities	283,413	47,564	235,849	495.86%	Greater decrease in the balance of secured deposits 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	6,995,326	3,408,344	3,586,982	105.24%	Increase in prepayments for the purchase of aircraft and payment of the balance of purchase prices upon the delivery of aircraft during the Reporting Period as compared to the corresponding period of the previous year.
Cash received from borrowings	7,485,382	4,995,568	2,489,814	49.84%	Increase in borrowings during the Reporting Period.
Cash received from issue of bonds	4,800,000	600,000	4,200,000	700.00%	Increase in short-term bonds issued during the Reporting Period as compared to the corresponding period of the previous year.
Cash paid for repayment of bonds	600,000	0	600,000	100.00%	Repayment of short-term bonds by a subsidiary of the Group during the Reporting Period.

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

Applicable     Not applicable



At the 21st meeting of the fourth session of the Board and the 25th meeting of the fourth session of the Board of the Company, the Board approved the Company's proposed non-public offering of A shares not exceeding RMB12.0 billion (inclusive) to not more than 10 (inclusive) specified targets (including China National Aviation Holding Company, the controlling shareholder of the Company), with the total number of shares to be issued under non-public offering not exceeding 1,520,912,547 shares (inclusive) and the issue price not less than RMB7.89 per share. China National Aviation Holding Company will commit no more than RMB4,000 million to subscribe for not more than 506,970,849 shares at the issue price. The matter was considered and approved at the first extraordinary general meeting in 2016, the first A shareholders' class meeting in 2016 and the first H shareholders' class meeting in 2016 held on 26 January 2016. Please refer to the announcement dated 26 January 2016 and published by the Company on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)), the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the China Securities Journal, Shanghai Securities News and Securities Daily.

On 5 February 2016, China Securities Regulatory Commission (hereinafter referred to as "CSRC") accepted the administrative permission application materials of the "Non-public Issuance for Listed Companies" submitted by the Company, and issued the "Notice regarding CSRC's Feedback on the Review of Administrative Permission Items" (《中國證監會行政許可項目審查反饋意見通知書》) on 8 March 2016. The Company will reply in writing to the CSRC within the prescribed time limit. Please refer to the announcements dated 5 February 2016 and 11 March 2016 and published by the Company on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)), the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the China Securities Journal, Shanghai Securities News and Securities Daily.

### 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

### 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 Cai Jianjiang  
 Date 28 April 2016

## 4. APPENDIX

### 4.1 Financial Statements

#### Consolidated Balance Sheet

31 March 2016

Prepared by Air China Limited

*Unit: RMB'000 (Unaudited)*

<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>CURRENT ASSETS:</b>		
Cash and bank balances	8,816,113	7,793,044
Provisions on payables		
Contributions made		
Financial assets	913	995
Derivative financial assets		
Bills receivable	627	224
Accounts receivable	3,424,541	3,661,354
Prepayments	1,098,694	1,069,263
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Interest receivable		
Dividend receivable		
Other receivables	1,981,766	1,882,945
Purchase of financial assets resold		
Inventories	1,887,489	1,730,742
Assets held for sale	517,784	582,074
Non-current assets due within a year		
Other current assets	3,371,614	2,806,973
Total current assets	21,099,541	19,527,614

<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>NON-CURRENT ASSETS:</b>		
Loans and advances		
Available-for-sale financial assets	1,192,975	1,108,631
Held-to-maturity investments	10,000	10,000
Long-term receivables	626,413	598,312
Long-term equity investments	12,650,954	12,451,024
Investment properties	349,562	353,511
Fixed assets	148,050,660	149,267,398
Construction in progress	25,667,453	20,747,815
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	4,243,249	4,169,341
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	677,187	683,325
Deferred tax assets	3,551,086	3,684,379
Other non-current assets		
Total non-current assets	198,121,724	194,175,921
Total assets	219,221,265	213,703,535

<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>CURRENT LIABILITIES:</b>		
Short-term loans	6,741,255	3,055,641
Short-term bonds payable	6,797,651	2,598,843
Borrowings from central bank		
Deposits from clients and placements from other banks		
Contributions received		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable	0	11,646
Accounts payable	13,117,954	11,747,465
Domestic air traffic liabilities	1,614,614	2,619,395
International air traffic liabilities	2,816,438	3,139,838
Receipts in advance	159,442	148,505
Sale of financial assets repurchased		
Fees and commissions payable		
Employee compensations payable	1,635,843	1,933,927
Taxes payable	1,379,728	1,304,379
Interest payable	723,254	679,394
Dividend payable		
Other payables	9,327,217	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	11,554,178	12,399,620
Other current liabilities		
Total current liabilities	55,867,574	50,213,346

Items	Balance at the end of the period	Balance at the beginning of the year
<b>NON-CURRENT LIABILITIES:</b>		
Long-term loans	28,062,449	30,794,484
Debentures payable	18,193,789	18,193,038
Including: Preference shares		
Perpetual bonds		
Long-term payables	3,235,212	3,122,381
Obligations under finance leases	37,150,243	37,803,279
Deferred benefit obligations	276,968	276,968
Specific payables		
Estimated liabilities	347,465	347,465
Deferred income	3,729,760	3,489,698
Deferred tax liabilities	2,986,300	2,867,738
Other non-current liabilities		
Total non-current liabilities	93,982,186	96,895,051
Total liabilities	149,849,760	147,108,397
<b>OWNER'S EQUITY</b>		
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	-5,821,820	-5,707,061
Specific reserves		
Surplus reserves	6,633,105	6,633,105
General risk provisions	54,951	54,951
Retained earnings	31,680,412	29,245,119
Total owner's equity attributable to equity shareholders of the Company	62,140,930	59,820,396
Non-controlling interests	7,230,575	6,774,742
Total owner's equity	69,371,505	66,595,138
Total liabilities and owner's equity	219,221,265	213,703,535

Legal representative: Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong (general manager of the finance department)

## Balance Sheet of the Company

31 March 2016

Prepared by Air China Limited

Items	<i>Unit: RMB'000 (Unaudited)</i>	
	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>CURRENT ASSETS:</b>		
Cash and bank balances	2,369,123	3,223,977
Financial assets		
Derivative financial assets		
Bills receivable		
Accounts receivable	2,592,101	2,556,398
Prepayments	637,865	523,523
Interest receivable		
Dividend receivable		
Other receivables	2,012,424	1,956,110
Inventories	229,517	243,332
Assets held for sale	517,784	582,074
Non-current assets due within a year		
Other current assets	1,930,737	1,341,946
Total current assets	10,289,551	10,427,360

<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>NON-CURRENT ASSETS:</b>		
Available-for-sale financial assets	22,784	22,784
Held-to-maturity investments		
Entrusted loans	1,020,000	1,020,000
Long-term receivables	420,933	412,808
Long-term equity investments	26,606,144	26,434,219
Investment properties		
Fixed assets	96,732,126	97,789,608
Construction in progress	20,883,842	16,078,952
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	2,538,586	2,550,926
Development expenses		
Goodwill		
Long-term deferred expenses	309,159	325,631
Deferred tax assets	1,913,496	1,913,496
Other non-current assets		
Total non-current assets	150,447,070	146,548,424
Total assets	160,736,621	156,975,784



<b>Items</b>	<b>Balance at the end of the period</b>	<b>Balance at the beginning of the year</b>
<b>CURRENT LIABILITIES:</b>		
Short-term loans	5,454,099	2,489,992
Short-term debenture payable	3,000,000	0
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Accounts payable	10,611,691	8,992,025
Domestic air traffic liabilities	1,166,933	1,760,537
International air traffic liabilities	2,526,959	2,826,463
Receipts in advance	80,041	84,063
Employee compensations payable	582,289	606,644
Taxes payable	996,419	1,023,839
Interest payable	560,514	553,479
Dividend payable		
Other payables	6,599,792	8,674,617
Held-for-sale liabilities		
Non-current liabilities due within a year	7,167,362	7,990,488
Other current liabilities		
Total current liabilities	38,746,099	35,002,147

Items	Balance at the end of the period	Balance at the beginning of the year
<b>NON-CURRENT LIABILITIES:</b>		
Long-term loans	15,721,559	17,156,055
Debentures payable	16,000,000	16,000,000
Including: Preference shares		
Perpetual bonds		
Long-term payables	1,768,166	1,768,166
Obligations under finance leases	24,893,717	25,446,576
Deferred benefit obligations		
Specific payables		
Estimated liabilities	13,206	13,206
Deferred income	3,149,709	2,963,675
Deferred tax liabilities	116,643	116,643
Other non-current liabilities		
Total non-current liabilities	61,663,000	63,464,321
Total liabilities	100,409,099	98,466,468
<b>OWNER'S EQUITY:</b>		
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	182,037	182,037
Specific reserves		
Surplus reserves	6,595,999	6,595,999
Retained earnings	19,607,365	17,789,159
Total owner's equity	60,327,522	58,509,316
Total liabilities and owner's equity	160,736,621	156,975,784

Legal representative: Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong (general manager of the finance department)

## Consolidated Income Statement

January to March 2016

Prepared by Air China Limited

Items	Unit: RMB'000 (Unaudited)	
	Amounts for the period	Amounts for the corresponding period of the previous year (restated)
<b>I. Revenue from operations</b>	26,388,811	25,281,398
Including: Revenue	26,388,811	25,281,398
Interest income		
Premium earned		
Fees and commission income		
<b>II. Total operating costs</b>	23,149,069	23,172,633
Including: Operating costs	20,031,270	19,562,003
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	77,502	48,941
Selling expenses	1,453,115	1,683,692
General and Administrative expenses	963,807	766,997
Finance expenses	616,743	1,109,056
Impairment loss of assets	6,632	1,944
Add: Gains from changes in fair value (loss is represented by “-” sign)	78	3,404
Investment income (loss is represented by “-” sign)	330,690	194,423
Including: Share of profits less losses of associates and joint ventures	315,674	184,807
Exchange gains (loss is represented by “-” sign)		

Items	Amounts for the period	Amounts for the corresponding period of the previous year (restated)
<b>III. Profit from operations (loss is represented by “-” sign)</b>	3,570,510	2,306,592
Add: Non-operating income	114,855	143,071
Including: Gains arising from disposal of non-current assets	196	13
Less: Non-operating expenses	7,590	19,715
Including: Loss arising from disposal of non-current assets	1,664	314
<b>IV. Total profit (total loss is represented by “-” sign)</b>	3,677,775	2,429,948
Less: Taxation	795,430	518,121
<b>V. Net profit (net loss is represented by “-” sign)</b>	2,882,345	1,911,827
Net profits attributable to shareholders of the Company	2,435,293	1,681,472
Net profits attributable to non-controlling interests	447,052	230,355
<b>VI. Other comprehensive income after taxation</b>	-115,201	60,375
Other comprehensive income after taxation attributable to shareholders of the Company	-114,759	56,647
(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		
(II) Other comprehensive income that will be subsequently reclassified to profit or loss	-114,759	56,647
1. Share of other comprehensive income of the investees accounted for using the equity method that will be subsequently reclassified to profit or loss		

Items	Amounts for the period	Amounts for the corresponding period of the previous year (restated)
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	1,661	2,790
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	-116,420	53,857
6. Others		
Other comprehensive income after taxation attributable to non-controlling interests	-442	3,728
<b>VII. Total comprehensive income</b>	<b>2,767,144</b>	<b>1,972,202</b>
Total comprehensive income attributable to shareholders of the Company	2,320,534	1,738,119
Total comprehensive income attributable to non-controlling interests	446,610	234,083
<b>VIII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>RMB</i> )	0.20	0.14
(II) Diluted earnings per share ( <i>RMB</i> )	N/A	N/A

Legal representative: Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong (general manager of the finance department)

## Income Statement of the Company

January to March 2016

Prepared by Air China Limited

Items	Unit: RMB'000 (Unaudited)	
	Amounts for the period	Amounts for the corresponding period of the previous year
<b>I. Revenue from operations</b>	17,873,234	17,575,841
Less: Operating costs	13,743,590	13,436,927
Business taxes and other levies	27,659	28,055
Selling expenses	1,075,197	1,269,511
General and Administrative expenses	366,783	400,412
Finance expenses	529,088	849,237
Impairment loss of assets		
Add: Gains from changes in fair value (loss is represented by “-” sign)		
Investment income (loss is represented by “-” sign)	172,900	37,822
Including: Share of profits less losses of associates and joint ventures	172,900	37,264
<b>II. Profit from operations (loss is represented by “-” sign)</b>	2,303,817	1,629,521
Add: Non-operating income	30,743	16,471
Including: Gains arising from disposal of non-current assets	52	8
Less: Non-operating expenses	4,195	6,324
Including: Loss arising from disposal of non-current assets	333	26
<b>III. Total profit (total loss is represented by “-” sign)</b>	2,330,365	1,639,668
Less: Income Taxation	512,159	380,478
<b>IV. Net profit (net loss is represented by “-” sign)</b>	1,818,206	1,259,190

Items	Amounts for the period	Amounts for the corresponding period of the previous year
<b>V. Other comprehensive income after taxation</b>		
(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		
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		
1. Share of other comprehensive income of the investees accounted for using the equity method that will be subsequently reclassified to profit or loss		
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		
<b>VI. Total comprehensive income</b>	1,818,206	1,259,190
<b>VII. Earnings per share:</b>		
(I) Basic earnings per share ( <i>RMB per share</i> )		
(II) Diluted earnings per share ( <i>RMB per share</i> )		

Legal representative: Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong (general manager of the finance department)

## Consolidated Cash Flow Statement

January to March 2016

Prepared by Air China Limited

Items	Unit: RMB'000 (Unaudited)	
	Amounts for the period	Amounts for the corresponding period of the previous year (restated)
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and provision of services	26,625,375	25,409,856
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 receipt 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	4,719	1,918
Other cash received relating to operating activities	1,449,552	1,821,030
Subtotal of cash inflows of operating activities	28,079,646	27,232,804
Cash paid for goods purchased and services received	13,413,663	13,649,637
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		
Cash paid for interests, fees and commission		
Cash paid for bonus paid on insurance policy		
Cash paid to or on behalf of employees	4,892,136	4,195,970
Tax and levies paid	1,086,502	612,207
Other cash paid relating to operating activities	1,868,151	3,088,159
Subtotal of cash outflows from operating activities	21,260,452	21,545,973
Net cash flows from operating activities	6,819,194	5,686,831



Items	Amounts for the period	Amounts for the corresponding period of the previous year (restated)
<b>II. Cash flows from investment activities:</b>		
Cash received from sales and redemption of investments		
Cash received from investment income	15,990	1,118
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	126,093	3,568
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to operating activities	283,413	47,564
Subtotal of cash inflows from investment activities	425,496	52,250
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	6,995,326	3,408,344
Cash paid for investments	81,296	0
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investment activities	149	181,695
Subtotal of cash outflows from investment activities	7,076,771	3,590,039
Net cash flows from investment activities	-6,651,275	-3,537,789
<b>III. Cash flows from financing activities:</b>		
Cash received from capital injection		
Including: Cash received from capital injection of minority shareholders in subsidiaries		
Cash received from borrowings	7,485,382	4,995,568
Cash received from issue of debentures	4,800,000	600,000
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	12,285,382	5,595,568
Cash paid for repayment of borrowings	8,328,734	6,598,736
Cash paid for repayment of debentures	600,000	0
Cash paid for distribution of dividends, profits or payment of interest expenses	710,529	669,094
Including: Dividends and profit paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities	1,554,426	1,532,612
Subtotal of cash outflows from financing activities	11,193,689	8,800,442
Net cash flows from financing activities	1,091,693	-3,204,874

<b>Items</b>	<b>Amounts for the period</b>	<b>Amounts for the corresponding period of the previous year (restated)</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	20,751	-5,162
<b>V. Net increase in cash and cash equivalents</b>	1,280,363	-1,060,994
Add: Balance of cash and cash equivalents as at the beginning of the period	7,138,098	8,639,687
<b>VI. Balance of cash and cash equivalents as at the end of the period</b>	8,418,461	7,578,693

Legal representative: Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong (general manager of the finance department)

## Cash Flow Statement of the Company

January to March 2016

Prepared by Air China Limited

Items	Unit: RMB'000 (Unaudited)	
	Amounts for the period	Amounts for the corresponding period of the previous year
<b>I. Cash flows from operating activities:</b>		
Cash received from sales of goods and provision of services	17,638,277	17,475,983
Refund of tax and levy		
Other cash received relating to operating activities	404,165	427,207
Subtotal of cash inflows of operating activities	18,042,442	17,903,190
Cash paid for goods purchased and services received	9,575,772	9,576,537
Cash paid to or on behalf of employees	2,140,424	2,097,235
Tax and levies paid	666,973	417,090
Other cash paid relating to operating activities	1,599,806	1,761,599
Subtotal of cash outflows from operating activities	13,982,975	13,852,461
Net cash flows from operating activities	4,059,467	4,050,729
<b>II. Cash flows from investment activities:</b>		
Cash received from sales and redemption of investments		
Cash received from investment income	975	559
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	7,523	2,344
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to operating activities	13,263	14,740
Subtotal of cash inflows from investment activities	21,761	17,643
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	5,896,293	2,105,561
Cash paid for investments		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investment activities		
Subtotal of cash outflows from investment activities	5,896,293	2,105,561
Net cash flows from investment activities	-5,874,532	-2,087,918

Items	Amounts for the period	Amounts for the corresponding period of the previous year
<b>III. Cash flows from financing activities:</b>		
Cash received from issue of debentures	3,000,000	0
Cash received from capital injection		
Cash received from borrowings	7,227,898	2,643,005
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	10,227,898	2,643,005
Cash paid for repayment of borrowings	7,521,736	3,603,608
Cash paid for distribution of dividends, profits or payment of interest expenses	488,412	536,131
Other cash paid relating to financing activities	1,263,049	1,057,680
Subtotal of cash outflows from financing activities	9,273,197	5,197,419
Net cash flows from financing activities	954,701	-2,554,414
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	5,510	-7,774
<b>V. Net increase in cash and cash equivalents</b>	-854,854	-599,377
Add: Balance of cash and cash equivalents as at the beginning of the period	3,223,977	3,258,265
<b>VI. Balance of cash and cash equivalents as at the end of the period</b>	2,369,123	2,658,888

Legal representative: Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong (general manager of the finance department)

## 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, 28 April 2016

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

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