

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 2010

This announcement is made pursuant to Rule 13.09 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**”) hereby announces that a meeting of the Board was held on 28 October 2010 and the Board passed, inter alia, the resolution approving the quarterly report for the third quarter of 2010 prepared in accordance with the PRC Accounting Rules and Regulations.

§1 IMPORTANT NOTICE

1.1 The Board, the Supervisory Committee, as well as the directors, supervisors and senior management of the Company hereby warrant that there are no false representations, misleading statements or material omissions in this report, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the contents of this quarterly report.

1.2 Directors absent from the board meetings are required to be disclosed separately

Name of absent directors	Position of absent directors	Reason(s) for absence	Name of proxy
Wang Yinxiang	Non-executive Director	business engagement	Cao Jianxiong
Wang Shixiang	Non-executive Director	business engagement	Kong Dong
Christopher Dale Pratt	Non-executive Director	business engagement	Kong Dong
Hu Hung Lick, Henry	Independent Non-executive Director	business engagement	Zhang Ke

1.3 This Third Quarterly Financial Report of the Company is unaudited.

1.4 Legal representative of the Company	Kong Dong
Person in charge of accounting function	Fan Cheng
Person in charge of accounting department (accounting superintendent)	Xiao Feng

The Legal representative of the Company Mr. Kong Dong, Person in charge of accounting function Mr. Fan Cheng, and Person in charge of accounting department (accounting superintendent)Mr. Xiao Feng hereby jointly declare that the financial statements set out in this quarterly report is true and complete.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial ratios

	<i>In RMB</i>		
	At the end of the reporting period	At the end of the pervious year	Increase/ decrease at the end of the reporting period as compared to the end of the pervious year (%)
Total assets (<i>RMB '000</i>)	145,746,713	106,163,207	37.29
Owner's equity (or shareholders' equity) (<i>RMB '000</i>)	33,156,735	23,922,872	38.60
Net asset per share attributable to shareholders of the listed company (<i>RMB per share</i>)	2.86	2.02	41.58
	From the beginning of the year to the end of the reporting period (January to September)		Increase/ decrease over the corresponding period of the previous year (%)
Net cash flow from operating activities (<i>RMB '000</i>)		15,570,887	227.57
Net cash flow from operating activities per share (<i>RMB per share</i>)		1.34	235.00

	Reporting period (July to September)	From the beginning of the year to the end of the reporting period (January to September)	Increase/ decrease of this reporting period as compared to the corresponding period of previous year (%)
Net profit attributable to shareholders of the listed company (<i>RMB '000</i>)	5,166,778	9,860,799	483.62
Basic earnings per share (<i>RMB per share</i>)	0.45	0.85	542.86
Basic earnings per share after deducting non-recurring profits and losses (<i>RMB per share</i>)	0.41	0.75	925.00
Diluted earnings per share (<i>RMB per share</i>)	N/A	N/A	N/A
Weighted average return on net assets (%)	18.10	34.55	Increased by 14.02 percentage points
Weighted average return on net assets after deducting non-recurring profits and losses (%)	16.60	30.22	Increased by 14.60 percentage points

After deducting non-recurring profits and losses:

	<i>RMB '000</i>
Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)
Gains/losses from disposal of non-current assets	-10,392
Government grants (except for those that are closely related to the Company's normal operating business and qualified under national policy to receive certain standard amount and quantities) included in the profits and losses for the current period	273,004
Gain/(loss) 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)	1,095,514
Reversal of provision for impairment of receivables which are individually tested for impairment	562
Other non-operating income and expenses not covered above	14,677
Effect of merger of businesses not under common control	150,628
Effect of income tax	-247,050
Effect on non-controlling interests (after tax)	-40,340
	<hr/>
Total	1,236,603
	<hr/> <hr/>

2.2 Total number of shareholders and shareholding of top 10 holders of listed shares not subject to trading moratorium as at the end of the reporting period

Unit: Share

Total number of shareholders at the end of the reporting period 307,815

Particulars of the top 10 holders of listed shares not subject to trading moratorium

Name of shareholder (full name)	Number of listed shares not subject to trading moratorium held as at period end	Class of Shares
China National Aviation Holding Company	4,949,066,567	RMB ordinary shares
Cathay Pacific Airways Limited	2,360,945,455	Overseas listed foreign shares
HKSCC NOMINEES LIMITED	1,949,518,684	Overseas listed foreign shares
China National Aviation Corporation (Group) Limited	1,332,482,920	RMB ordinary shares
	66,852,000	Overseas listed foreign shares
Sinotrans Air Transportation Development Co., Ltd.	78,000,000	RMB ordinary shares
Bank of China – Dacheng Blue-chip Steady Securities Investment Funds	29,000,000	RMB ordinary shares
Tongde Securities Investment Fund	28,162,954	RMB ordinary shares
Bank of Communications – Rongtong Industrial Prosperity Fund	18,699,806	RMB ordinary shares
Industrial and Commercial Bank of China – BOCIS Sustainable Growth Equity Securities Investment Fund	16,999,694	RMB ordinary shares
Industrial and Commercial Bank of China – Shanghai Stock Exchange 50 ETF	16,665,666	RMB ordinary shares

Note: HKSCC NOMINEES LIMITED is a subsidiary of the Hong Kong Stock Exchange, and its principle business is shareholding as nominee on behalf of other corporate or individual shareholders. It holds 1,949,518,684 H Shares of the Company (excluding 66,852,000 H Shares held on behalf of China National Aviation Corporation (Group) Limited).

§3 SIGNIFICANT EVENTS

3.1 Significant changes in the major items of the accounting statements and the key financial indicators of the Company and the underlying reasons

Applicable Not applicable

Benefiting from the continuous rebound of the global air transportation market and as a result of our effective operational management, marketing and cost control, the profit from operations of the Company recorded a substantial growth, with a considerable increase in gains from our investment in other airline companies. In addition, the Group's consolidation of Shenzhen Airlines since 20 April 2010 (resulting in changes in comparable figures) has led to an increase in the amount of relevant items in the financial statements. The accounting items which recorded an increase of more than 30% are set out below:

Items	Increase
Cash and bank balances	168.65%
Bills receivable	90.00%
Accounts receivable	53.63%
Other receivables	202.87%
Prepayments	98.71%
Construction in progress	85.07%
Goodwill	315.13%
Short term loans	43.57%
Accounts payable	39.50%
Domestic air traffic liabilities	122.26%
International air traffic liabilities	36.95%
Receipts in advance	137.15%
Employee compensations payable	98.67%
Tax payable	246.57%
Other payables	153.93%
Long term loans	75.08%
Long term payables	55.21%
Accrued liabilities	34.59%
Deferred income	93.54%
Deferred tax liabilities	544.09%
Non-controlling interests	403.27%
Retained earnings	1069.68%
Revenue from operations	62.19%
Cost of operations	45.75%
Business tax and surcharges	30.45%
Selling expenses	54.42%
General and administrative expenses	40.25%
Investment income	505.72%
Non-operating expenses	138.74%
Income Tax	602.04%

Apart from the abovementioned accounting items recording an increase, the key accounting items which recorded a decrease of more than 30% and the reasons thereof are set out below:

Items	Change in %	Reason for the change
Finance costs	-129.97%	Net exchange gains for the first nine months of 2010 recorded an increase of RMB1,006 million as compared with the same period last year due to changes in exchange rate.
Gains/(losses) from movement in fair value	-47.20%	Gains due to movement in fair value recorded a decrease as compared with the same period last year as a result of smaller increase in market value of fuel derivative contracts as compared with the same period last year.
Non-operating income	-69.54%	The Group benefited from the refund from CAAC Infrastructure Development Fund in the same period last year. Such policy was repealed in June 2009.
Financial liabilities held for trading	-50.30%	Decrease in the loss of fair value of outstanding financial derivatives contracts as at 30 September 2010.
Bills payable	-47.18%	Less settlement in the form of bills adopted by 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

The Public Offering Review Committee of China Securities Regulatory Commission (“CSRC”) has granted the application for placing of A shares by the Company on 11 October 2010 through an unconditional approval. The Company is now expecting to receive a formal approval from CSRC.

On 27 October 2010, the Company has received a formal approval from CSRC that the Company is approved to place no more than 157,000,000 H shares to China National Aviation Corporation (Group) Limited. All H shares are ordinary shares with par value of RMB1 per share.

3.3 Performance of undertakings given by the Company, the shareholders and actual controller

Applicable Not applicable

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

3.5 Implementation of the cash dividend policy during the reporting period

Nil

Air China Limited
Legal representative: Kong Dong
28 October 2010

§4 APPENDIX

4.1 Consolidated Balance Sheet

30 September 2010

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	8,601,033	3,201,568
Provisions on payables		
Contributions made		
Financial assets held for trading	25,968	
Bills receivable	4,729	2,489
Accounts receivable	3,381,687	2,201,172
Prepayments	696,005	350,257
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Interest receivable		
Dividend receivable		
Other receivables	1,490,122	492,007
Purchase of financial assets resold		
Inventories	1,080,817	931,271
Non-current assets due within a year		
Other current assets		
Total current assets	15,280,361	7,178,764

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		
Held-to-maturity investments		
Long term receivables	263,995	254,306
Long term equity investments	15,171,806	13,235,575
Investment property		
Fixed assets	87,243,321	69,147,527
Construction in progress	21,711,314	11,731,131
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	2,763,534	2,576,301
Development expenses		
Goodwill	1,449,030	349,055
Long term deferred expenses	157,888	138,105
Deferred tax assets	1,705,464	1,552,443
Other non-current assets		
Total non-current assets	130,466,352	98,984,443
Total assets	145,746,713	106,163,207
CURRENT LIABILITIES:		
Short term loans	12,735,412	8,870,400
Borrowings from central bank		
Deposits from clients and placements from other banks		
Contributions received		
Financial liabilities held for trading	1,130,478	2,274,627
Bills payable	403,144	763,255
Accounts payable	9,922,809	7,113,031
Domestic air traffic liabilities	1,890,104	850,394
International air traffic liabilities	2,169,273	1,583,959
Receipts in advance	90,418	38,127
Sale of financial assets repurchased		
Fees and commissions payable		
Employee compensations payable	692,358	348,492
Taxes payable	2,496,336	720,295
Interest payable	291,962	303,154
Dividend payable		
Other payables	5,647,586	2,224,083
Amounts payable on reinsurance		
Provisions on insurance contracts		
Brokerage payable		
Underwriting fees payable		
Non-current liabilities repayable within one year	12,393,589	11,304,489
Other current liabilities		
Total current liabilities	49,863,469	36,394,306

Items	Balance at the end of the period	Balance at the beginning of the year
NON-CURRENT LIABILITIES:		
Long term loans	32,075,823	18,321,078
Corporate bonds	9,000,000	9,000,000
Long term payables	2,326,768	1,499,128
Obligations under finance leases	15,404,313	15,366,476
Specific payables		
Accrued liabilities	127,105	94,438
Deferred income	2,677,342	1,383,338
Deferred tax liabilities	921,043	143,000
Other non-current liabilities		
Total non-current liabilities	62,532,394	45,807,458
Total liabilities	112,395,863	82,201,764
OWNERS' EQUITY (or SHAREHOLDERS' EQUITY):		
Issued capital	12,251,362	12,251,362
Capital reserve	10,550,932	10,823,906
Less: Treasury shares		
Specific reserves		
Reserve funds	1,563,914	1,563,914
General risk provisions		
Retained earnings	10,782,647	921,848
Foreign exchange translation reserve	-1,992,120	-1,638,158
Equity attributable to equity holders of the Company	33,156,735	23,922,872
Non-controlling interests	194,115	38,571
Total owners' equity	33,350,850	23,961,443
Total liabilities and owners' equity	145,746,713	106,163,207

Legal representative of the Company: Kong Dong
Person in charge of accounting function: Fan Cheng
Person in charge of accounting department: Xiao Feng

Balance Sheet of the Parent Company
30 September 2010

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	4,944,902	1,089,515
Financial assets held for trading		
Bills receivable	4,000	2,268
Accounts receivable	2,879,260	1,771,682
Prepayments	271,231	260,044
Interest receivable		
Dividend receivable		
Other receivables	1,020,000	678,174
Inventories	809,897	850,518
Non-current assets due within a year		
Other current assets		
Total current assets	9,929,290	4,652,201
NON-CURRENT ASSETS:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long term receivables	197,425	182,406
Long term equity investments	20,121,483	19,198,728
Investment property		
Fixed assets	66,235,140	65,186,091
Construction in progress	15,745,317	11,081,062
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	2,257,324	2,195,810
Development expenses		
Goodwill		
Long term deferred expenses	135,599	131,682
Deferred tax assets	1,182,773	1,503,000
Other non-current assets		
Total non-current assets	105,875,061	99,478,779
Total assets	115,804,351	104,130,980

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT LIABILITIES:		
Short term loans	10,528,799	8,565,294
Financial liabilities held for trading	1,032,704	2,274,627
Bills payable	0	160,000
Accounts payable	6,822,512	6,127,351
Domestic air traffic liabilities	1,289,578	841,565
International air traffic liabilities	2,053,312	1,502,957
Receipts in advance	20,796	34,300
Employee compensations payable	492,735	284,397
Taxes payable	2,148,579	644,591
Interest payable	259,583	301,950
Dividend payable		
Other payables	2,393,307	1,978,628
Non-current liabilities repayable within one year	9,786,443	11,002,982
Other current liabilities		
Total current liabilities	36,828,348	33,718,642
NON-CURRENT LIABILITIES:		
Long term loans	18,836,911	17,125,849
Corporate bonds	9,000,000	9,000,000
Long term payables	1,133,672	1,073,629
Obligations under finance leases	15,241,814	15,366,475
Specific payables		
Deferred income	2,028,114	1,377,482
Accrued liabilities	77,737	94,438
Deferred tax liabilities	143,000	143,000
Other non-current liabilities		
Total non-current liabilities	46,461,248	44,180,873
Total liabilities	83,289,596	77,899,515
OWNERS' EQUITY (or SHAREHOLDERS' EQUITY):		
Issued capital	12,251,362	12,251,362
Capital reserve	14,332,437	14,332,112
Less: Treasury shares		
Specific reserves		
Reserve funds	1,554,324	1,554,324
General risk provisions		
Retained earnings	4,376,632	-1,906,333
Total owners' equity (or shareholders' equity)	32,514,755	26,231,465
Total liabilities and owners' equity (or shareholders' equity)	115,804,351	104,130,980

Legal representative of the Company: Kong Dong
Person in charge of accounting function: Fan Cheng
Person in charge of accounting department: Xiao Feng

4.2 Consolidated Income Statement

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 previous reporting period (January to September)
I. Total revenue from operations	24,826,376	14,054,335	59,134,049	36,459,360
Including: Operating income	24,826,376	14,054,335	59,134,049	36,459,360
Interest income				
Premium earned				
Fees and commission income				
II. Total operating cost	19,416,141	13,489,300	50,825,245	35,940,774
Including: Cost of operations	17,149,479	11,282,767	44,100,892	30,258,540
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 surcharges	514,545	358,351	1,176,649	902,014
Selling expenses	1,710,459	1,035,453	4,132,214	2,675,877
General and administrative expenses	622,543	442,989	1,581,768	1,127,805
Finance costs	-580,885	369,740	-292,693	976,538
Impairment losses of assets			126,415	
Add: Gains from movements in fair value (loss is represented by “-” sign)	518,545	553,634	1,095,514	2,074,712
Investment income (loss is represented by “-” sign)	897,711	149,142	2,787,920	460,267
Including: Share of profits and losses of associates and joint ventures	889,500	149,156	2,628,954	460,281
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 previous reporting period (January to September)
III. Profit from operations (loss is represented by “-” sign)	6,826,491	1,267,811	12,192,238	3,053,565
Add: Non-operating income	92,469	50,901	305,780	1,003,745
Less: Non-operating expenses	8,690	3,511	28,491	11,934
Including: Loss on disposal of non-current assets	737	1,370	10,793	5,618
IV. Profit before tax (loss is represented by “-” sign)	6,910,270	1,315,201	12,469,527	4,045,376
Less: Tax	1,437,168	450,044	2,215,254	315,544
V. Net profit (loss is represented by “-” sign)	5,473,102	865,157	10,254,273	3,729,832
Net profit attributable to equity holders of the Company	5,166,778	885,298	9,860,799	3,810,947
Non-controlling interests	306,324	-20,141	393,474	-81,115
VI. Earnings per share:				
(I) Basic	0.45	0.07	0.85	0.32
(II) Diluted	N/A	N/A	N/A	N/A
VII. Other comprehensive income	-210,909	-1,321	-353,375	19,143
VIII. Total comprehensive income	5,262,193	863,836	9,900,898	3,748,975
Attributable to equity holders of the Company	4,955,883	883,977	9,507,401	3,831,128
Non-controlling interests	306,310	-20,141	393,497	-82,153

Legal representative of the Company: Kong Dong
Person in charge of accounting function: Fan Cheng
Person in charge of accounting department: Xiao Feng

Income Statement of the Parent Company

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period (July to September)	Amounts for the corresponding period of previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January to September)
I. Revenue from operations	18,196,086	12,882,230	46,087,475	33,877,373
Less: Cost of operations	12,229,044	10,253,905	34,282,264	27,479,107
Business taxes and surcharges	368,613	341,480	929,114	870,432
Selling expenses	1,293,219	980,165	3,375,367	2,570,606
General and administrative expenses	372,030	352,098	1,032,642	869,517
Finance costs	-550,418	371,080	-300,156	956,124
Impairment losses in assets			126,415	
Add: Gains from movements in fair value (loss is represented by "-" sign)	519,400	553,634	1,116,002	2,074,712
Investment income (loss is represented by "-" sign)	172,063	148,879	299,251	235,096
Including: Share of profits of associates and joint ventures	171,002	148,879	298,063	235,096
II. Profit from operations (loss is represented by "-" sign)	5,175,061	1,286,015	8,057,082	3,441,395
Add: Non-operating income	34,647	45,224	160,071	969,481
Less: Non-operating expenses	6,519	3,420	16,332	9,993
Including: Loss on disposal of non-current assets	792	1,289	4,510	3,712
III. Profit before tax (loss is represented by "-" sign)	5,203,189	1,327,819	8,200,821	4,400,883
Less: Tax	1,258,993	341,826	1,917,856	310,826
IV. Net profit (loss is represented by "-" sign)	3,944,196	985,993	6,282,965	4,090,057
V. Earnings per share:				
(I) Basic	0.32	0.08	0.51	0.33
(II) Diluted	N/A	N/A	N/A	N/A

Items	Amounts for the period (July to September)	Amounts for the corresponding period of previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the previous reporting period (January to September)
VI. Other comprehensive income	0	0	452	-3,000
VII. Total comprehensive income	3,944,196	985,993	6,283,417	4,087,057

Legal representative of the Company: Kong Dong
Person in charge of accounting function: Fan Cheng
Person in charge of accounting department: Xiao Feng

4.3 Consolidated Cash Flow Statement

January to September 2010

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 previous reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods, provision of services	59,086,031	35,634,387
Net increase in deposits from clients and placements from other 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		
Net increase in financial assets held for trading		
Cash received from interests, fees and commission		
Net increase in contributions		
Net increase in cash from repurchase operations		
Refund of tax and levy	0	41,314
Other cash received relating to operating activities	1,524,519	1,670,621
Subtotal of cash inflows of operating activities	60,610,550	37,346,322
Cash paid for goods purchased, services rendered	32,156,275	21,205,921
Net increase in loans and advances to clients		
Net increase in deposits to central bank and to other banks		
Cash payment of claims under original insurance contracts		
Cash payment of interests, fees and commission		
Cash payment of bonus paid to insurance policy		
Cash paid to or on behalf of employees	5,174,381	3,825,954
Tax paid	2,485,454	1,562,484
Other cash paid in relation to operating activities	5,223,553	5,998,450
Subtotal of cash outflows of operating activities	45,039,663	32,592,809
Net cash flows from operating activities	15,570,887	4,753,513

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 previous reporting period (January to September)
II. Cash flows from investing activities:		
Cash received from investments		
Cash from investment income	166,296	14,880
Net cash from disposal of fixed assets, intangible assets and other long term assets	227,261	213,377
Net cash from disposal of subsidiaries and other business units		
Other cash received from investing activities	3,091,431	2,383,381
Subtotal of cash inflows of investment activities	3,484,988	2,611,638
Cash paid to purchase of fixed assets, intangible assets and other long term assets	12,361,886	4,574,223
Cash paid to investments	225,569	265,200
Net increase in pledged loans		
Net cash from subsidiaries and other business units		
Cash payments relating to other investments		
Subtotal of cash outflows of investment activities	12,587,455	4,839,423
Net cash flows from investing activities	-9,102,467	-2,227,785
III. Cash flows from financing activities:		
Cash received from investments		
Including: Cash received from investments of minority shareholders through subsidiaries		
Cash received from borrowings	24,025,525	23,620,857
Cash received from issue of debentures		
Other cash relating to financing activities		
Subtotal of cash inflows of financing activities	24,025,525	23,620,857
Cash repaid to amounts borrowed	21,772,449	19,392,411
Cash payments for distribution of dividends, profits or interest expenses	1,110,549	1,142,801
Including: Dividends and profit paid to minority shareholders by subsidiaries		
Other cash payments relating to financing activities	2,328,048	3,935,761
Subtotal of cash outflows of financing activities	25,211,046	24,470,973
Net cash flows from financing activities	-1,185,521	-850,116

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 previous reporting period (January to September)
IV. Effect of exchange rate changes on cash and cash equivalents	-47,157	-14,816
V. Net increase in cash and cash equivalents	5,235,742	1,660,796
Add: Balance of cash and cash equivalents at the beginning of the period	2,636,821	2,913,332
VI. Balance of cash and cash equivalents at the end of the period	7,872,563	4,574,128

Legal representative of the Company: Kong Dong
Person in charge of accounting function: Fan Cheng
Person in charge of accounting department: Xiao Feng

Cash Flow Statement of the Parent Company
January to September 2010

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 previous reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods, provision of services	45,647,580	33,506,746
Refund of tax and levy	0	41,314
Other cash received relating to operating activities	918,841	1,557,009
Subtotal of cash inflows of operating activities	46,566,421	35,105,069
Cash paid for goods purchased, services rendered	24,308,504	20,703,724
Cash paid to and on behalf of employees	3,715,999	2,989,528
Taxes paid	1,755,795	1,522,522
Other cash paid in relation to operating activities	3,945,359	5,279,007
Subtotal of cash outflows of operating activities	33,725,657	30,494,781
Net cash flows from operating activities	12,840,764	4,610,288
II. Cash flows from investing activities:		
Cash received from investments		
Cash from investment income	58,965	6,632
Net cash from disposal of fixed assets, intangible assets and other long term assets	202,840	415,945
Net cash from disposal of subsidiaries and other business units		
Other cash received from investing activities	150,310	655,967
Subtotal of cash inflows of investment activities	412,115	1,078,544
Cash paid to purchase of fixed assets, intangible assets and other long term assets	9,472,950	4,354,376
Cash paid for investments	183,869	273,405
Net cash from subsidiaries and other business units	682,144	0
Cash payments relating to other investments		
Subtotal of cash outflows of investment activities	10,338,963	4,627,781
Net cash flows from investing activities	-9,926,848	-3,549,237

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 previous reporting period (January to September)
III. Cash flows from financing activities:		
Cash received from investments		
Cash received from borrowings	21,118,193	23,120,884
Other cash relating to financing activities		
Subtotal of cash inflows of financing activities	21,118,193	23,120,884
Cash repaid to amounts borrowed	17,071,106	19,127,756
Cash payments for distribution of dividends, profits or interest expenses	802,070	1,006,587
Other cash payments relating to financing activities	2,267,802	3,935,761
Subtotal of cash outflows of financing activities	20,140,978	24,070,104
Net cash flows from financing activities	977,215	-949,220
IV. Effect of exchange rate changes on cash and cash equivalents	-35,742	-4,063
V. Net increase in cash and cash equivalents	3,855,389	107,768
Add: Balance of cash and cash equivalents at the beginning of the period	1,089,515	1,508,947
VI. Balance of cash and cash equivalents at the end of the period	4,944,904	1,616,715

Legal representative of the Company: Kong Dong
Person in charge of accounting function: Fan Cheng
Person in charge of accounting department: Xiao Feng

By order of the Board
Air China Limited
Huang Bin Tam Shuit Mui
Joint Company Secretaries

Beijing, PRC, 29 October 2010

As at the date of this announcement, the Directors of the Company are Mr. Kong Dong, Ms. Wang Yinxiang, Mr. Cao Jianxiong, Mr. Christopher Dale Pratt, Mr. Ian Sai Cheung Shiu, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Jia Kang, Mr. Fu Yang*, Mr. Han Fangming* and Mr. Li Shuang*.*

* *Independent non-executive Director of the Company*