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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: 753)

THIRD QUARTERLY REPORT 2008
CHANGE OF SUPERVISOR

1. THIRD QUARTERLY REPORT 2008

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 “Hong Kong Listing Rules”).

§1 IMPORTANT NOTICE

1.1 The board of directors (the “Board”), the Supervisory Committee, as well as the directors, supervisors and senior management of Air China Limited (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 Director Ms. Wang Yinxiang was unable to attend the Board meeting due to a business engagement and appointed Chairman Mr. Kong Dong to attend and vote on her behalf.

Director Mr. Wang Shixiang was unable to attend the Board meeting due to a business engagement and appointed Director Mr. Cai Jianjiang to attend and vote on his behalf.

Director Mr. Ma Xulun was unable to attend the Board meeting due to a business engagement and appointed Director Mr. Fan Cheng to attend and vote on his behalf.

Director Christopher Dale Pratt was unable to attend the Board meeting due to a business engagement and appointed Director Mr. Chen Nan Lok, Philip to attend and vote on his behalf.

Independent Director Mr. Wu Zhipan was unable to attend the Board meeting due to a business engagement and appointed Independent Director Mr. Hu Hung Lick, Henry to attend and vote on his behalf.

Independent Director Mr. Jia Kang was unable to attend the Board meeting due to a business engagement and appointed Independent Director Mr. Zhang Ke to attend and vote on his behalf.

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

1.4 The Third Quarterly Report has been approved by the Board.

1.5 The Chairman of the Company Mr. Kong Dong, Chief Financial Officer Mr. Fan Cheng (person in charge of accounting function), and the General Manager of the Finance Department Mr. Li Youqiang 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 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>)	97,554,239	88,295,239	10.49
Owner's equity (or shareholders' equity (<i>RMB'000</i>))	29,157,896	31,288,095	-6.81
Net asset per share attributable to shareholders of the listed company (<i>RMB</i>)	2.46	2.64	-6.82
	From the beginning of the year to the end of the reporting period		Increase/ (decrease) over the corresponding period of pervious year (%)
Net cash flows from operating activities (<i>RMB'000</i>)		4,322,428	-31.59
Net cash flows from operating activities per share (<i>RMB</i>)		0.36	-31.55

	Reporting period <i>(July to September)</i>	From the beginning of the year to the end of the reporting period <i>(January to September)</i>	Increase/ (decrease) of this reporting period as compared to the corresponding period of previous year <i>(%)</i>
Net profit attributable to shareholders of the listed company <i>(RMB'000)</i>	-1,939,570	-657,253	-188.67
Basic earnings per share <i>(RMB)</i>	-0.163	-0.055	-188.59
Basic earnings per share after exceptional gains and losses <i>(RMB)</i>	-0.167	-0.092	-192.52
Diluted earnings per share <i>(RMB)</i>	n/a	n/a	n/a
Fully diluted return on net assets (%)	-6.65	-2.25	Decrease by 13.65 percentage points
Fully diluted return on net assets after exceptional gains and losses (%)	-6.81	-3.75	Decrease by 13.69 percentage points

Exceptional gain and loss items	From the beginning of the year to the end of the reporting period <i>(January to September) (RMB'000)</i>
	Excluding method: Consolidated exclusion
Gains and losses from disposal of non-current assets	517,403
Government grants (except for the grants which are closely related to the Company's business and have the standard amount and quantities in accordance with the national standard) attributable to gains and losses for the period	165,760
Other non-operating net income and expenses apart from those stated above	-126,062
Effect of deduction of minority interest and income tax	-120,694
Total	436,407

2.2 Total number of shareholders and 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 583,957

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
CATHAY PACIFIC AIRWAYS LIMITED	2,217,617,455	Overseas listed foreign shares
HKSCC NOMINEES LIMITED	2,157,644,752	Overseas listed foreign shares
China National Aviation Holding Company	122,870,578	RMB ordinary shares
Sinotrans Air Transportation Development Co., Ltd.	80,000,000	RMB ordinary shares
China General Technology (Group) Holding Limited	30,000,000	RMB ordinary shares
China Yangtze Power Co., Ltd.	24,300,000	RMB ordinary shares
Industrial and Commercial Bank of China Limited – SSE 50ETF (上證50交易型開放式指數證券投資基金)	22,872,770	RMB ordinary shares
Three Gorges Finance Co., Ltd. (三峽財務有限責任公司)	17,500,000	RMB ordinary shares
China Power Finance Co., Ltd. (中國電力財務有限公司)	14,120,000	RMB ordinary shares
Tongde Securities Investment Fund	12,320,667	RMB ordinary shares
Bank of China – Jiashi Shanghai Shenzhen 300 Index Securities Investment Fund	11,414,113	RMB ordinary shares

§3 SIGNIFICANT EVENTS

3.1 Significant changes of the principal accounting statements and financial indicators and reasons thereof

applicable not applicable

The Company recorded a loss of RMB 1,940 million (excluding minority interest) for the reporting period (July to September) as compared to the profit of RMB 2,187 million for the corresponding period in the previous year. This is primarily due to the decrease in demand in the aviation market and the fluctuations in crude oil prices. The rise in crude oil prices resulted in an increase of RMB 2,663 million, or 64%, in the jet fuel costs of the Company compared to the corresponding period in the previous year. The investment income of associate companies dropped by RMB 852 million compared to the corresponding period of previous year. Concurrently, due to the recent dramatic decline of international crude oil prices, the fair value of the fuel derivatives held by the Company was RMB -961 million as on 30 September 2008.

The aforementioned fair value of the fuel derivatives is subject to further changes in crude oil prices, the development of the financial market and the adjustment of positions in the financial market. In the event that crude oil prices remain at a relatively low level, the spot purchasing cost of aircraft fuel of the Company will drop correspondingly. In the event the oil prices rise, the negative valuation of the fair value of the fuel derivatives will turn around correspondingly. For the period of January to September 2008, the settled portion of the fuel derivatives of the Company generated accumulated realised revenue of RMB 378 million.

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

applicable not applicable

On 26 February 2007, the Eastern District Court of New York of the Federal Judiciary of the United States filed a civil summon against the Company and Air China Cargo, claiming that they, together with a number of other airlines, have violated certain antitrust regulations in respect of their air cargo operations in the United States by acting in concert in imposing excessive surcharges to impede the offering of discounts and allocating revenue and customers so as to achieve increasing, maintaining or stabilizing air cargo prices. As the status of the proceedings is still in its preliminary stage, the Directors of the Company are of the view that it is not possible to reasonably estimate the eventual outcome of the claim at this point and therefore no provision for this claim has been made at this stage.

On 9 October 2008, the 2008 first extraordinary general meeting of the Company approved the purchase of 20 Airbus 330 aircraft, 15 Boeing 777 aircraft and 30 Boeing 737 aircraft.

3.3 Performance of undertakings given by the Company, the shareholders and the effective controlling person

applicable not applicable

China National Aviation Holding Company and China National Aviation Corporation (Group) Limited gave an undertaking that it would not transfer, or nominate other persons to manage, the shares of the Company held by it, and none of these shares would be acquired by the Company, during the period of 36 months from the listing date of the A shares of the Company.

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 reasons therefore

applicable not applicable

3.5 Particulars of the Securities Investment

applicable not applicable

Air China Limited
Legal representative: Kong Dong

28 October 2008

§4 APPENDIX

4.1 Consolidated Balance Sheet 30 September 2008

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	4,049,800	3,787,152
Provisions on payables		
Contributions received		
Trading financial assets	0	6,493
Bills receivable	2,658	1,599
Accounts receivable	3,083,810	2,812,327
Prepayments	366,946	311,784
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Interests receivable		
Dividend receivable		
Other receivables	994,757	997,205
Purchase of financial assets resold		
Inventories	962,454	755,340
Non-current assets due within a year		
Other current assets		
Total current assets	<u>9,460,425</u>	<u>8,671,900</u>
NON-CURRENT ASSETS:		
Loans and advances		
Available-for-sale financial assets		
Held-to-maturity investment	100,000	
Long-term receivables	268,145	255,340
Long-term equity investment	8,738,358	11,404,643
Investment property		
Fixed assets	63,675,510	55,000,376
Construction in progress	11,860,668	10,967,888
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	1,745,472	1,396,620
Development expenses		
Goodwill	511,309	131,945
Long-term deferred expenses	133,267	80,684
Deferred income tax assets	1,061,085	385,843
Other non-current assets		
Total non-current assets	88,093,814	79,623,339
Total assets	<u>97,554,239</u>	<u>88,295,239</u>

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT LIABILITIES:		
Short-term borrowings	7,947,930	6,546,088
Borrowings from central bank		
Deposits from clients and placements from other banks		
Contributions made		
Trading financial liabilities	1,003,772	14,826
Bills payable		
Accounts payable	8,283,000	6,338,341
Domestic air traffic liabilities	797,556	666,208
International air traffic liabilities	1,642,151	1,888,548
Receipts in advance	69,963	53,778
Financial assets sold under agreements to repurchase		
Fees and commission payable		
Salaries and wages payable	368,048	254,073
Taxes payable	456,215	1,677,332
Interests payable	301,760	273,824
Dividend payable		
Other payables	2,008,598	2,035,038
Amounts payable on reinsurance		
Provisions on insurance contracts		
Brokerage payable		
Underwriting fees payable		
Non-current liabilities due within a year	7,822,435	6,344,212
Other current liabilities		
Total current liabilities	<u>30,702,228</u>	<u>26,092,268</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	15,932,450	12,938,092
Debentures payable	3,000,000	3,000,000
Long-term payables	1,342,848	1,301,844
Finance leases payables	15,599,558	13,328,193
Estimated liabilities	217,197	191,533
Deferred income tax liabilities	1,119,510	5,000
Other non-current liabilities		
Total non-current liabilities	37,211,563	30,764,662
Total liabilities	67,913,791	56,856,930

Items	Balance at the end of the period	Balance at the beginning of the year
OWNER'S EQUITY (OR SHAREHOLDERS' EQUITY):		
Paid-up capital (or equity)	12,251,362	12,251,362
Capital surplus	13,273,626	13,135,900
Less: Treasury shares	1,353,714	1,283,492
Surplus reserves	1,563,915	1,299,214
General risk provisions		
Profit available for appropriation	5,128,903	6,888,843
Currency translation differences	-1,706,196	-1,003,732
Total equities attributable to owners of Company	29,157,896	31,288,095
Minority interests	482,552	150,214
Total owners' equity	29,640,448	31,438,309
Total liabilities and owners' equity	<u>97,554,239</u>	<u>88,295,239</u>

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

Balance Sheet of the Company
30 September 2008

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	1,162,104	1,351,373
Trading financial assets	0	6,493
Bills receivable	965	1,599
Accounts receivable	2,641,618	2,446,047
Prepayments	309,368	264,840
Interests receivable		
Dividend receivable		
Other receivables	1,174,657	984,279
Inventories	889,408	689,871
Non-current liabilities due within a year		
Other current assets		
Total current assets	<u>6,178,120</u>	<u>5,744,502</u>
NON-CURRENT ASSETS:		
Available-for-sale financial assets		
Held-to-maturity investment	100,000	
Long-term receivables	194,088	192,848
Long-term equity investment	14,030,646	13,804,257
Investment property		
Fixed assets	60,506,589	54,672,583
Construction in progress	11,316,229	10,967,675
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	1,549,851	1,396,527
Development expenses		
Goodwill		
Long-term deferred expenses	125,651	79,307
Deferred income tax assets	1,037,117	372,000
Other non-current assets		
Total non-current assets	88,860,171	81,485,197
Total assets	<u>95,038,291</u>	<u>87,229,699</u>

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT LIABILITIES:		
Short-term borrowings	7,772,862	6,533,088
Trading financial liabilities	1,003,772	6,819
Bills payable		
Accounts payable	7,038,540	5,750,093
Domestic air traffic liabilities	796,534	666,208
International air traffic liabilities	1,549,132	1,761,626
Receipts in advance	60,620	27,235
Salaries and wages payable	314,026	248,977
Taxes payable	435,360	1,667,134
Interests payable	289,284	273,824
Dividend payable		
Other payables	1,741,267	1,881,640
Non-current liabilities due within a year	7,726,297	6,344,212
Other current liabilities		
Total current liabilities	<u>28,727,694</u>	<u>25,160,856</u>
NON-CURRENT LIABILITIES:		
Long-term borrowings	15,017,639	12,938,092
Debentures payable	3,000,000	3,000,000
Long-term payables	1,174,275	1,098,856
Finance leases payables	15,599,561	13,328,193
Estimated liabilities	214,802	191,533
Deferred income tax liabilities	1,119,510	5,000
Other non-current liabilities		
Total non-current liabilities	36,125,787	30,561,674
Total liabilities	<u>64,853,481</u>	<u>55,722,530</u>
OWNER'S EQUITY (OR SHAREHOLDERS' EQUITY):		
Paid-up capital (or equity)	12,251,362	12,251,362
Capital surplus	14,309,947	14,280,532
Less: Treasury shares		
Surplus reserves	1,554,324	1,289,624
Profit available for appropriation	2,069,177	3,685,651
Total owner's equity (or shareholders' equity)	30,184,810	31,507,169
Total liabilities and owner's equity (or shareholders' equity)	95,038,291	87,229,699

Legal representative: Kong Dong

Person in charge of accounting function: Fan Cheng

Person in charge of accounting department: Li Youqiang

4.2 Consolidated Income Statement

Unit: RMB'000 (Unaudited)

Prepared by Air China Limited

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. Total revenue from operations	13,915,589	14,471,739	39,675,827	37,215,758
Including: Operating income	13,915,589	14,471,739	39,675,827	37,215,758
Interest income				
Premium earned				
Fees and commission income				
II. Total operating cost	15,093,752	12,134,144	40,138,231	33,790,778
Including: Operating costs	13,323,677	10,349,626	36,457,808	29,461,244
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 surcharges	338,713	359,483	962,509	905,573
Selling expenses	762,151	920,313	2,372,612	2,290,993
Administrative expenses	356,632	259,323	1,029,935	760,775
Finance expenses	302,789	245,399	-693,543	372,193
Impairment loss of assets	9,790		8,910	
Add: Gains from changes in fair value (loss is represented by "-" sign)	-1,063,964	-58,468	-979,078	195,390
Investment income (loss is represented by "-" sign)	-96,704	552,592	517,066	906,866
Including: Gains arising from investments in associated companies and joint ventures	-261,390	552,368	-327,848	904,392
Exchange gains (loss is represented by "-" sign)				
III. Profit from operations (loss is represented by "-" sign)	-2,338,831	2,831,719	-924,416	4,527,236
Add: Non-operating income	75,803	87,447	222,202	163,775
Less: Non-operating expenses	7,016	31,610	142,124	103,452
Including: Net loss arising from disposal of non-current assets	1,683	324	20,643	44,572

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)
IV. Total profit (loss is represented by “-” sign)	-2,270,044	2,887,556	-844,338	4,587,559
Less: Income tax expenses	-282,047	700,677	-65,098	1,177,619
V. Net profit (loss is represented by “-” sign)	-1,987,997	2,186,879	-779,240	3,409,940
Net profits attributable to owners of Company	-1,939,570	2,187,417	-657,253	3,487,714
Gains or losses from minority interests	-48,427	-538	-121,987	-77,774
VI. Earnings per share:				
(I) Basic	-0.163	0.184	-0.055	0.287
(II) Diluted	n/a	n/a	n/a	n/a

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

Income Statement of the Company

Unit: RMB'000 (Unaudited)

Prepared by Air China Limited

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	12,223,040	13,710,267	34,747,989	35,134,830
Less: Operating cost	11,715,439	9,598,349	31,760,140	27,369,864
Business taxes and other surcharges	313,917	357,987	885,730	901,070
Selling expenses	728,606	926,598	2,247,632	2,303,958
Administrative expenses	263,116	285,190	742,813	707,745
Finance expenses	305,309	259,070	-606,507	428,059
Impairment loss of assets				
Add: Gains from changes in fair value (loss is represented by "-" sign)	-1,076,775	-52,325	-979,078	187,721
Investment income (loss is represented by "-" sign)	156,255	135,833	395,388	-10,201
Including: Gains arising from investments in associated companies and joint ventures	-16,486	135,610	18,246	-13,695
II. Profit from operations (loss is represented by "-" sign)	-2,023,867	2,366,581	-865,509	3,601,654
Add: Non-operating income	62,254	89,833	205,493	163,558
Less: Non-operating expenses	6,851	31,610	141,522	103,448
Including: Net loss arising from disposal of non-current assets	1,559	331	20,510	44,572
III. Total profit (loss is represented by "-" sign)	-1,968,464	2,424,804	-801,538	3,661,764
Less: Income tax expenses	-299,608	686,940	-92,473	1,163,907
IV. Net profit (loss is represented by "-" sign)	-1,668,856	1,737,864	-709,065	2,497,857

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

4.3 Consolidated Cash Flow Statement

January to September 2008

Unit: RMB'000 (Unaudited)

Prepared by Air China Limited

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	39,023,445	36,917,540
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 trading financial assets		
Cash received from interests, fees and commission		
Net increase in contributions		
Net increase in cash from repurchase operations		
Refund of tax and levy	36,747	51,108
Other cash received relating to operating activities	1,005,724	687,986
Subtotal of cash inflows of operating activities	40,065,916	37,656,634
Cash paid for goods purchased, services rendered	26,439,750	22,905,509
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	3,365,686	3,108,960

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)
Tax paid	2,678,664	2,311,634
Other cash paid in relation to operating activities	3,259,388	3,011,894
Subtotal of cash outflows of operating activities	35,743,488	31,337,997
Net cash flows from operating activities	4,322,428	6,318,637
II. Cash flows from investing activities:		
Cash received from investments		
Cash from investment income	418,832	414,773
Net cash from disposal of fixed assets, intangible assets and other long-term assets	928,165	97,145
Net cash from disposal of subsidiaries and other business units		21,939
Other cash received from investing activities	722,983	2,750,874
Subtotal of cash inflows of investment activities	2,069,980	3,284,731
Cash paid to purchase of fixed assets, intangible assets and other long-term assets	5,753,416	6,454,489
Cash paid to investments	978,502	3,032,955
Net increase in pledged loans		
Net cash from subsidiaries and other business units		
Cash payments relating to other investments		2,515,457
Subtotal of cash outflows of investment activities	6,731,918	12,002,901
Net cash flows from investing activities	-4,661,938	-8,718,170
III. Cash flows from financing activities:		
Cash received from investments		
Including: Cash received from investments of minority shareholders through subsidiaries		
Cash received from borrowings	14,375,233	15,898,309
Cash received from issue of debentures		
Other cash relating to financing activities		
Subtotal of cash inflows of financing activities	14,375,233	15,898,309
Cash repaid to amounts borrowed	9,303,104	10,608,798
Cash payments for distribution of dividends, profits or interest expenses	2,147,033	2,023,325
Including: Dividends and profit paid to minority shareholders by subsidiaries		

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)
Other cash payments relating to financing activities	2,232,407	2,699,711
Subtotal of cash outflows of financing activities	13,682,544	15,331,834
Net cash flows from financing activities	692,689	566,475
IV. Effect of exchange rate changes on cash and cash equivalents	-81,241	-23,976
V. Net increase in cash and cash equivalents	271,938	-1,857,034
Add: Balance of cash and cash equivalents at the beginning of the period	3,668,528	3,200,563
VI. Balance of cash and cash equivalents at the end of the period	3,940,466	1,343,529

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

Cash Flow Statement of the Company
January to September 2008

Unit: RMB'000 (Unaudited)

Prepared by Air China Limited

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	34,326,429	34,408,263
Refund of tax and levy	36,747	51,108
Other cash received relating to operating activities	739,139	520,643
Subtotal of cash inflows of operating activities	35,102,315	34,980,014
Cash paid for goods purchased, services rendered	22,927,025	20,830,843
Cash paid to or on behalf of employees	2,934,260	2,780,008
Tax paid	2,552,144	2,201,988
Other cash paid in relation to operating activities	2,569,851	2,734,361
Subtotal of cash outflows of operating activities	30,983,280	28,547,200
Net cash flows from operating activities	4,119,035	6,432,814
II. Cash flows from investing activities:		
Cash received from investments		
Cash from investment income	1,053	21,572
Net cash from disposal of fixed assets, intangible assets and other long-term assets	51,388	97,108
Net cash from disposal of subsidiaries and other business units		21,939
Other cash received from investing activities	395,759	2,612,845
Subtotal of cash inflows of investment activities	448,200	2,753,464
Cash paid to purchase of fixed assets, intangible assets and other long-term assets	5,156,863	6,446,911
Cash paid to investments	121,498	3,032,955
Net cash from subsidiaries and other business units		
Cash payments relating to other investments		2,127,687
Subtotal of cash outflows of investment activities	5,278,361	11,607,553
Net cash flows from investing activities	-4,830,161	-8,854,089

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	14,200,165	15,773,310
Other cash relating to financing activities		
Subtotal of cash inflows of financing activities	14,200,165	15,773,310
Cash repaid to amounts borrowed	9,268,735	10,558,798
Cash payments for distribution of dividends, profits or interest expenses	2,121,079	2,021,817
Other cash payments relating to financing activities	2,232,406	2,621,444
Subtotal of cash outflows of financing activities	13,622,220	15,202,059
Net cash flows from financing activities	577,945	571,251
IV. Effect of exchange rate changes on cash and cash equivalents	-56,086	27,034
V. Net increase in cash and cash equivalents	-189,267	-1,822,990
Add: Balance of cash and cash equivalents at the beginning of the period	1,348,887	2,500,402
VI. Balance of cash and cash equivalents at the end of the period	1,159,620	677,412

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

2. CHANGE OF SUPERVISOR

The Board of the Company announces that Mr. He Chaofan has been nominated by China National Aviation Holding Company as a shareholder representative supervisor for the second session of the Supervisory Committee of the Company subject to the approval of the shareholders of the Company. Accordingly, Mr. Liao Wei shall cease to be the shareholder representative supervisor with effect from the date of approval by the shareholders of the Company of Mr. He's appointment.

Mr. He Chaofan, aged 46, a senior accountant, graduated from the Civil Aviation University of China majoring in civil aviation planning and finance. Mr. He served as an accountant at the Beijing Administrative Bureau of Civil Aviation Administration of China, and served in various positions in Air China Limited including that of an accountant, section chief, deputy head and head of the Finance Department and director and general manager of the Revenue Accounting Department of Air China Limited. From March 2003 to October 2008, he served as the general manager and deputy party secretary of China National Aviation Finance Co., Ltd.. He was appointed the general manager of the Finance Department of China National Aviation Holding Company in October 2008.

Save as disclosed above, Mr. He Chaofan has not held any directorship in any other listed companies or taken up a post in any affiliated companies of the Company in the past three years, and does not have any relationship with any other director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. He Chaofan does not have any equity interest in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). There is no information to be disclosed on items from (h) to (v) in Rule 13.51(2) of the Listing Rules. No other matter needs to be brought to the attention of the Shareholders in respect of the Company and its directors and supervisors of the Company.

Mr. He Chaofan will not receive any emolument for serving as a supervisor of the Company. The term of his office is no more than three years, which shall commence upon the shareholders' approval to the appointment and shall end upon the third session of the Supervisory Committee being elected.

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

Beijing, 28 October 2008

As at the date of this announcement, the Directors of the Company are Messrs Kong Dong, Wang Yinxiang, Wang Shixiang, Ma Xulun, Christopher Dale Pratt, Chen Nan Lok, Philip, Cai Jianjiang, Fan Cheng, Hu Hung Lick, Henry, Wu Zhipan*, Zhang Ke* and Jia Kang*.*

* *Independent non-executive Director of the Company*