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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)

THIRD QUARTERLY REPORT 2017

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Air China Limited (the “**Company**”) held a meeting of the Board on 27 October 2017 and passed the resolution approving the third quarterly report 2017 of the Company for the nine months ended 30 September 2017 prepared in accordance with the PRC Accounting Standards.

1. IMPORTANT NOTICE

- 1.1 The Board and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company guarantee that the contents of the quarterly report are true, accurate and complete and do not contain any false representation, misleading statement or material omission, and shall jointly and severally accept legal liability.
- 1.2 All directors of the Company attended the board meeting to consider the quarterly report.

1.3 Mr. Cai Jianjiang (legal representative and the Chairman of the Board of the Company), Mr. Xiao Feng (person in charge of accounting function and the Chief Financial Officer), and Mr. Zhan Zhong (person in charge of accounting department (accounting superintendent) and the general manager of finance department) hereby guarantee that the financial statements set out in this quarterly report are true, accurate and complete.

1.4 The third quarterly report of the Company is unaudited.

2. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: RMB'000

	At the end of the reporting period	At the end of the previous year	Increase/decrease at the end of the reporting period as compared to the end of the previous year (%)
Total assets	239,073,681	224,128,192	6.67
Net asset attributable to shareholders of the listed company	85,618,153	68,876,496	24.31
	For the period from the beginning of the year to the end of the reporting period (January to September)	For the corresponding period of the previous year (January to September)	Increase/ decrease as compared to the corresponding period of the previous year (%)
Net cash flows from operating activities	18,860,654	24,008,238	(21.44)

	For the period from the beginning of the year to the end of the reporting period (January to September)	For the corresponding period of the previous year (January to September)	Increase/ decrease as compared to the corresponding period of the previous year (%)
Revenue	92,995,787	85,447,650	8.83
Net profit attributable to shareholders of the listed company	8,278,508	7,226,708	14.55
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses	8,150,110	6,691,893	21.79
Weighted average return on net assets (%)	10.34	11.39	Decreased by 1.05 ppts
Basic earnings per share (RMB per share)	0.62	0.59	5.08
Diluted earnings per share (RMB per share)	N/A	N/A	N/A

Non-recurring profits and losses

Applicable Not applicable

Unit: RMB'000

Items	Amounts for the period (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)
Gains or losses on disposal of non-current assets	47,464	45,485
Government subsidies recorded in the income statement for the current period (exclusive of government subsidies which are closely related to the normal operating business of the Company and consistently entitled pursuant to prescribed standard quota or amount under the government policy)	40,604	129,575
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)	338	370
Reversal of provision for impairment of receivables which are individually tested for impairment	–	3,572
Other non-operating income and expenses not covered above	6,506	40,044
Effect of minority shareholders' interests (after taxation)	(8,337)	(31,342)
Effect of income tax	<u>(25,481)</u>	<u>(59,306)</u>
Total	<u><u>61,094</u></u>	<u><u>128,398</u></u>

2.2 Total number of shareholders, the top 10 shareholders and the top 10 holders of tradable shares (or shares not subject to selling restrictions) as at the end of the reporting period

Unit: share

Total number of shareholders 179,431

Name of shareholder (full name)	Particulars of the top 10 shareholders					
	Number of shares held as at the end of the period	Shareholding percentage (%)	Number of shares held subject to selling restrictions	Shares pledged or frozen Status	Number	Nature of shareholder
China National Aviation Holding Company	5,952,236,697	40.98	513,478,818	Frozen	127,445,536	State Foreign legal person
Cathay Pacific Airways Limited	2,633,725,455	18.13	0	Nil	/	Foreign legal person
HKSCC NOMINEES LIMITED	1,684,098,519	11.60	0	Nil	/	person
China National Aviation Corporation (Group) Limited	1,556,334,920	10.72	0	Frozen	36,454,464	Foreign legal person
China National Aviation Fuel Group Corporation	469,145,502	3.23	385,109,114	Nil	/	State-owned legal person
China Securities Finance Corporation Limited	384,806,469	2.65	0	Nil	/	State-owned legal person
Zhongyuan Equity Investment Management Co., Ltd.	262,569,509	1.81	256,739,409	Unknown	262,569,405	State-owned legal person
China Structural Reform Fund Co., Ltd.	231,065,468	1.59	231,065,468	Nil	/	State-owned legal person
National Social Security Fund 118	71,034,895	0.49	0	Nil	/	Unknown
China Merchants Securities Co., Ltd.	34,419,032	0.24	0	Nil	/	State-owned legal person

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	1,684,098,519	Overseas listed foreign shares	1,684,098,519
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	384,806,469	RMB ordinary shares	384,806,469
China National Aviation Fuel Group Corporation	84,036,388	RMB ordinary shares	84,036,388
National Social Security Fund 118	71,034,895	RMB ordinary shares	71,034,895
China Merchants Securities Co., Ltd.	34,419,032	RMB ordinary shares	34,419,032
Sinotrans Air Transportation Development Co., Ltd.	23,120,000	RMB ordinary shares	23,120,000
Jiang Hongye	23,000,000	RMB ordinary shares	23,000,000
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 51.70% of the shares of the Company.		
Explanation of holders of preference shares with restored voting rights and number of shares held	Nil		

1. HKSCC NOMINEES LIMITED is a subsidiary of The Stock Exchange of Hong Kong Limited and its principal business is acting as nominee for and on behalf of other corporate shareholders or individual shareholders. The 1,684,098,519 H shares held by it in the Company do not include the 166,852,000 shares held by it as nominee of China National Aviation Corporation (Group) Limited.
2. According to the “Implementation Measures on Partial Transfer of State-owned Shares to the National Social Security Fund in the Domestic Securities Market” (Cai Qi [2009] No. 94) (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企[2009]94號)) and the Notice ([2009] No. 63) jointly issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, China Securities Regulatory Commission and the National Council for Social Security Fund, 127,445,536 shares and 36,454,464 shares held by China National Aviation Holding Company, the controlling shareholder of the Company, and China National Aviation Corporation (Group) Limited respectively are frozen at present.

2.3 Total number of holders of preference shares, the top 10 holders of preference shares and the top 10 holders of preference shares not subject to selling restrictions as at the end of the reporting period

Applicable Not applicable

3. SIGNIFICANT EVENTS

3.1 Particulars of, and reasons for, significant changes in major items in the accounting statements and key financial indicators of the Company

Applicable Not applicable

Unit: RMB'000

Items in consolidated balance sheet	Balance at the end of the reporting period	Balance at the beginning of the year	Amount of Change	Percentage (%)	Reasons for Change
Cash and bank	12,520,406	7,322,356	5,198,050	70.99	Mainly due to the sale back of medium-term notes planned by the Group with its own funds.
Prepayments	3,151,458	1,136,826	2,014,632	177.22	Mainly due to the increase in prepayments for aviation oil during the reporting period.
Held-for-sale assets	1,451	918,587	(917,136)	(99.84)	The impact of disposal of certain aircraft held for sale during the reporting period.
Other current assets	5,186,800	3,053,370	2,133,430	69.87	Mainly due to the increase in outstanding VAT credit and other financial assets held by China National Aviation Finance Co., Ltd., a subsidiary of the Company, during the reporting period.
Short-term bonds payable	599,366	5,147,083	(4,547,717)	(88.36)	Repayment of short-term bonds due during the reporting period.
Taxes payable	2,425,669	1,361,742	1,063,927	78.13	Mainly due to the increase in enterprise income taxes payable by the Group.
Long-term loans	8,755,600	12,835,222	(4,079,622)	(31.78)	The impact of the amount of new loans raised being less than the amount of loans repaid during the reporting period.
Capital reserve	26,270,841	16,509,531	9,761,310	59.13	The non-public A share issue during the reporting period.
Other comprehensive income	(3,236,355)	(2,062,598)	(1,173,757)	(56.91)	The decrease in exchange difference on translation of financial statements in foreign currency during the reporting period.

Items in consolidated income statement	For the period	For the	Amount of Change	Percentage (%)	Reasons for Change
	from the beginning of the year to the end of the reporting period (January to September)	corresponding period of the previous year (January to September)			
Finance expenses	66,338	4,636,962	(4,570,624)	(98.57)	Mainly due to the increase in the net exchange gain during the reporting period as compared to the corresponding period of the previous year.
Investment income	(252,959)	518,792	(771,751)	(148.76)	Mainly due to the decrease in investment income from joint ventures and associates recognized during the reporting period as compared to the corresponding period of the previous year.

Items in consolidated cash flow statement	For the period	For the	Amount of Change	Percentage (%)	Reasons for Change
	from the beginning of the year to the end of the reporting period (January to September)	corresponding period of the previous year (January to September)			
Other cash paid relating to operating activities	7,809,511	5,832,000	1,977,511	33.91	Mainly due to the increase in contributions made and the net amounts of financial assets held under resale agreements by China National Aviation Finance Co., Ltd., a subsidiary of the Company, during the reporting period as compared to the corresponding period of the previous year.
Net cash proceeds from disposal of fixed assets and intangible assets	2,536,996	530,778	2,006,218	377.98	Mainly due to the increase in cash inflows from disposal of aircraft during the reporting period as compared to the corresponding period of the previous year.
Cash paid for purchase of fixed assets and other long-term assets	10,143,733	21,208,750	(11,065,017)	(52.17)	Mainly due to the decrease in prepayments and balance payments for the purchase of aircraft during the reporting period.

Items in consolidated cash flow statement	For the period from the beginning of the year to the end of the reporting period (January to September)	For the corresponding period of the previous year (January to September)	Amount of Change	Percentage (%)	Reasons for Change
Cash received from issue of debentures	600,000	15,853,964	(15,253,964)	(96.22)	Due to the decrease in bonds issued during the reporting period as compared to the corresponding period of the previous year.
Cash received from borrowings	21,516,462	13,099,369	8,417,093	64.26	Due to the increase in new borrowings during the reporting period as compared to the corresponding period of the previous year.
Cash received from capital injection	11,201,374	-	11,201,374	100.00	Due to raising capital by non-public issue of shares during the reporting period.
Cash paid for repayment of borrowings	25,994,065	16,634,786	9,359,279	56.26	Due to the increase in repayment of borrowings during the reporting period as compared to the corresponding period of the previous year.

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

Applicable Not applicable

3.3 Undertakings that were failed to fulfill as scheduled during the reporting period

Applicable Not applicable

3.4 Warnings and explanations with regard to forecast of a probable loss in respect of the accumulative net profits from the beginning of the year to the end of the next reporting period or any significant changes as compared with that of the corresponding period of previous year

Applicable Not applicable

Company name Air China Limited
Legal representative Mr. Cai Jianjiang
Date 27 October 2017

4. APPENDIX

4.1 Financial Statements

CONSOLIDATED BALANCE SHEET

30 September 2017

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	12,520,406	7,322,356
Provisions on payables		
Contributions made		
Financial assets at fair value through profit or loss	40,351	222
Derivative financial assets		
Bills receivable	507	837
Accounts receivable	4,105,726	3,286,091
Prepayments	3,151,458	1,136,826
Premium receivable		
Receivables on reinsurance		
Provisions for reinsurance contracts		
Interest receivable		
Dividend receivable		
Other receivables	1,841,173	1,923,459
Purchase of financial assets resold		
Inventories	2,137,871	1,680,633
Held-for-sale assets	1,451	918,587
Non-current assets due within a year	10,000	–
Other current assets	5,186,800	3,053,370
Total current assets	28,995,743	19,322,381

Items	Balance at the end of the period	Balance at the beginning of the year
NON-CURRENT ASSETS:		
Loans and advances		
Available-for-sale financial assets	1,291,315	1,152,704
Held-to-maturity investments	–	10,000
Long-term receivables	869,981	898,845
Long-term equity investments	13,794,007	15,168,760
Investment properties	324,961	337,551
Fixed assets	154,550,365	148,910,057
Construction in progress	30,422,705	29,320,914
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	4,429,450	4,252,314
Development expenses		
Goodwill	1,102,185	1,102,185
Long-term deferred expenses	1,092,035	669,414
Deferred tax assets	2,200,934	2,983,067
Other non-current assets		
Total non-current assets	210,077,938	204,805,811
Total assets	239,073,681	224,128,192
CURRENT LIABILITIES:		
Short-term loans	15,524,160	14,488,948
Borrowings from central bank		
Deposits from clients and placements from other banks		
Contributions received		
Short-term bonds payable	599,366	5,147,083
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Accounts payable	14,854,289	11,775,901
Domestic air traffic liabilities	2,645,353	2,933,845
International air traffic liabilities	3,586,453	3,380,091
Receipts in advance	301,142	181,050
Sale of financial assets repurchased		
Fees and commissions payable		
Employee compensations payable	2,612,703	2,191,248
Taxes payable	2,425,669	1,361,742
Interest payable	864,252	761,913

Items	Balance at the end of the period	Balance at the beginning of the year
Dividend payable		
Other payables	8,705,464	8,480,453
Amounts payable on reinsurance		
Reserves on insurance contracts		
Brokerage payable		
Underwriting fees payable		
Held-for-sale liabilities		
Non-current liabilities due within a year	15,162,109	13,144,160
Other current liabilities		
Total current liabilities	67,280,960	63,846,434
NON-CURRENT LIABILITIES:		
Long-term loans	8,755,600	12,835,222
Debentures payable	21,498,774	24,998,024
Including: Preference shares		
Perpetual bonds		
Long-term payables	3,786,824	3,546,586
Obligations under finance leases	38,283,774	36,295,471
Defined benefit obligations	277,881	269,742
Specific payables		
Accrued liabilities	340,200	341,919
Deferred income	3,563,064	3,092,841
Deferred tax liabilities	940,644	2,428,313
Other non-current liabilities		
Total non-current liabilities	77,446,761	83,808,118
Total liabilities	144,727,721	147,654,552

Items	Balance at the end of the period	Balance at the beginning of the year
OWNER'S EQUITY		
Share capital	14,524,815	13,084,751
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	26,270,841	16,509,531
Less: Treasury shares		
Other comprehensive income	-3,236,355	-2,062,598
Specific reserves		
Surplus reserves	8,482,100	7,829,643
General risk provisions	66,709	66,709
Retained earnings	39,510,043	33,448,460
Total owner's equity attributable to equity shareholders of the Company	85,618,153	68,876,496
Non-controlling interests	8,727,807	7,597,144
Total owner's equity	94,345,960	76,473,640
Total liabilities and owner's equity	239,073,681	224,128,192

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

BALANCE SHEET OF THE COMPANY

30 September 2017

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	8,588,632	2,221,952
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivable		
Accounts receivable	4,546,069	3,028,488
Prepayments	2,685,865	683,229
Interest receivable		
Dividend receivable		
Other receivables	2,074,987	2,449,640
Inventories	139,312	130,941
Held-for-sale assets	–	917,136
Non-current assets due within a year		
Other current assets	1,233,958	829,828
Total current assets	19,268,823	10,261,214
NON-CURRENT ASSETS:		
Available-for-sale financial assets	22,783	22,784
Held-to-maturity investments		
Entrusted loans	1,020,000	1,020,000
Long-term receivables	453,420	470,648
Long-term equity investments	27,426,337	26,909,004
Investment properties		
Fixed assets	103,565,919	97,170,211
Construction in progress	21,670,613	22,939,247
Construction materials		
Disposal of fixed assets		
Biological assets for production		
Oil and gas assets		
Intangible assets	2,786,113	2,555,719
Development expenses		
Goodwill		
Long-term deferred expenses	746,283	338,712
Deferred tax assets	1,912,083	1,865,409
Other non-current assets		
Total non-current assets	159,603,551	153,291,734
Total assets	178,872,374	163,552,948

Items	Balance at the end of the period	Balance at the beginning of the year
CURRENT LIABILITIES:		
Short-term loans	9,463,000	13,637,422
Short-term bonds payable		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable		
Accounts payable	12,985,803	10,286,723
Domestic air traffic liabilities	1,846,882	1,904,317
International air traffic liabilities	3,192,917	3,005,001
Receipts in advance	71,500	87,372
Employee compensations payable	1,086,277	644,294
Taxes payable	1,334,945	857,313
Interest payable	725,423	644,030
Dividend payable		
Other payables	6,725,014	6,975,454
Held-for-sale liabilities		
Non-current liabilities due within a year	8,932,249	7,769,333
Other current liabilities		
Total current liabilities	46,364,010	45,811,259
NON-CURRENT LIABILITIES:		
Long-term loans	1,945,124	3,025,373
Debentures payable	20,500,000	24,000,000
Including: Preference shares		
Perpetual bonds		
Long-term payables	1,742,293	1,821,218
Obligations under finance leases	24,192,403	22,519,793
Defined benefit obligations		
Specific payables		
Accrued liabilities	6,041	7,760
Deferred income	2,992,205	2,614,384
Deferred tax liabilities	-	102,654
Other non-current liabilities		
Total non-current liabilities	51,378,066	54,091,182
Total liabilities	97,742,076	99,902,441

Items	Balance at the end of the period	Balance at the beginning of the year
OWNER'S EQUITY:		
Issued capital	14,524,815	13,084,751
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserve	30,618,680	20,857,370
Less: Treasury shares		
Other comprehensive income	221,657	198,728
Specific reserves		
Surplus reserves	8,444,994	7,792,537
Retained earnings	27,320,152	21,717,121
Total owner's equity	81,130,298	63,650,507
Total liabilities and owner's equity	178,872,374	163,552,948

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

CONSOLIDATED INCOME STATEMENT

January to September 2017

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for
				the period from the beginning of the previous year to the end of the last reporting period (January to September)
I. Revenue from operations	34,840,798	31,923,192	92,995,787	85,447,650
Including: Revenue	34,840,798	31,923,192	92,995,787	85,447,650
Interest income				
Premium earned				
Fees and commission income				
II. Total operating costs	27,682,152	27,004,261	80,858,571	76,332,038
Including: Operating costs	25,225,103	23,109,253	72,889,066	64,269,665
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				
Taxes and other levies	61,408	71,544	220,290	208,970
Selling expenses	1,602,751	1,388,155	4,674,386	4,239,408
General and Administrative expenses	1,028,744	1,086,437	2,984,453	2,982,468
Finance expenses	-247,213	1,346,147	66,338	4,636,962
Impairment loss of assets	11,359	2,725	24,038	-5,435
Add: Gains from changes in fair value (loss is represented by “-” sign)	215	63	304	-47

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
Investment income (loss is represented by “-” sign)	111,062	226,216	-252,959	518,792
Including: Share of profits less losses of associates and joint ventures	94,281	208,353	-306,567	467,816
Exchange gains (loss is represented by “-” sign)				
Other income	-	-	419,589	-
III. Profit from operations (loss is represented by “-” sign)	7,269,923	5,145,210	12,304,150	9,634,357
Add: Non-operating income	114,019	341,732	250,397	906,746
Including: Gains arising from disposal of non-current assets	50,060	39,561	51,461	40,569
Less: Non-operating expenses	19,445	32,790	35,293	62,025
Including: Loss arising from disposal of non-current assets	2,596	26,847	5,976	33,739
IV. Total profit (total loss is represented by “-” sign)	7,364,497	5,454,152	12,519,254	10,479,078
Less: Income Taxation	1,679,317	1,149,778	2,927,601	2,391,003
V. Net profit (net loss is represented by “-” sign)	5,685,180	4,304,374	9,591,653	8,088,075
Net profits attributable to shareholders of the Company	4,952,088	3,769,087	8,278,508	7,226,708
Net profits attributable to non-controlling interests	733,092	535,287	1,313,145	861,367

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
VI. Other comprehensive income after taxation	-472,893	160,320	-1,180,120	1,480,351
Other comprehensive income after taxation attributable to shareholders of the Company	-449,799	148,995	-1,173,758	1,456,924
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss	-	-	-13,441	214
1. Change arising from re-measurement of net liabilities or net assets in defined benefit plans	-	-	-13,441	214
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	-449,799	148,995	-1,160,317	1,456,710
1. Share of other comprehensive income of the investees accounted for using the equity method that will be subsequently reclassified to profit or loss	-	-	-133,787	928,326
2. Gains or losses arising from changes in fair value of available-for-sale financial assets	-11,087	6,628	30,118	9,548

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
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	-438,712	142,367	-1,056,648	518,836
6. Others				
Other comprehensive income after taxation attributable to non-controlling interests	-23,094	11,325	-6,362	23,427
VII. Total comprehensive income	5,212,287	4,464,694	8,411,533	9,568,426
Total comprehensive income attributable to shareholders of the Company	4,502,289	3,918,082	7,104,750	8,683,632
Total comprehensive income attributable to non-controlling interests	709,998	546,612	1,306,783	884,794
VIII. Earnings per share:				
(I) Basic earnings per share (<i>RMB per share</i>)	0.37	0.31	0.62	0.59
(II) Diluted earnings per share (<i>RMB per share</i>)	N/A	N/A	N/A	N/A

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

INCOME STATEMENT OF THE COMPANY

January to September 2017

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
I. Revenue from operations	24,076,193	21,968,535	64,060,120	58,714,178
Less: Operating costs	17,263,149	15,663,304	50,117,799	44,003,631
Taxes and other levies	18,742	10,448	84,836	54,753
Selling expenses	1,148,934	1,039,232	3,448,329	3,134,464
General and Administrative expenses	446,733	406,034	1,261,209	1,164,331
Finance expenses	-19,850	990,764	403,697	3,296,035
Impairment loss of assets	-	-	1,991	-5,283
Add: Gains from changes in fair value (loss is represented by “-” sign)				
Investment income (loss is represented by “-” sign)	390,299	344,519	809,808	791,169
Including: Share of profits less losses of associates and joint ventures	386,424	342,849	638,111	656,634
Other income				
II. Profit from operations (loss is represented by “-” sign)	5,608,784	4,203,272	9,552,067	7,857,416
Add: Non-operating income	71,965	21,223	518,651	541,096
Including: Gains arising from disposal of non-current assets	49,826	55	50,721	169
Less: Non-operating expenses	3,491	6,700	10,753	18,386
Including: Loss arising from disposal of non-current assets	695	3,447	1,422	7,684

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
III. Total profit (total loss is represented by “-” sign)	5,677,258	4,217,795	10,059,965	8,380,126
Less: Income Taxation	1,308,068	915,017	2,240,010	1,796,148
IV. Net profit (net loss is represented by “-” sign)	4,369,190	3,302,778	7,819,955	6,583,978
V. Other comprehensive income after taxation	-	-	22,929	8,713
(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	-	-	22,929	8,713
1. Share of other comprehensive income of the investees accounted for using the equity method that will be subsequently reclassified to profit or loss	-	-	22,929	8,713
2. Gains or losses arising from changes in fair value of available-for-sale financial assets				

Items	Amounts for the period (July to September)	Amounts for the corresponding period of the previous year (July to September)	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
3. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
4. Effective portion of profit or loss on cash flow hedge				
5. Exchange difference on translation of financial statements in foreign currency				
6. Others				
VI.Total comprehensive income	4,369,190	3,302,778	7,842,884	6,592,691

VII.Earnings per share:

(I) Basic earnings per share
(RMB per share)

(II) Diluted earnings per share
(RMB per share)

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

CONSOLIDATED CASH FLOW STATEMENT

January to September 2017

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	97,484,664	90,128,015
Net increase in deposits from clients and placements from other banks		
Net increase in borrowings from central bank		
Net increase in borrowings 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 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	22,972	15,127
Other cash received relating to operating activities	2,557,310	3,103,870
Subtotal of cash inflows of operating activities	100,064,946	93,247,012
Cash paid for goods purchased and services received	52,388,593	44,932,237
Net increase in loans and advances to clients		
Net increase in deposits in central bank and other banks		

Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
Cash paid 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	15,770,795	14,129,026
Tax and levies paid	5,235,393	4,345,511
Other cash paid relating to operating activities	7,809,511	5,832,000
Subtotal of cash outflows from operating activities	81,204,292	69,238,774
Net cash flows from operating activities	18,860,654	24,008,238
II. Cash flows from investment activities:		
Cash received from sales and redemption of investments		
Recovery of the secured bank deposits	4,902	183,769
Cash received from investment income	218,769	494,403
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	2,536,996	530,778
Net cash received for acquisition of subsidiaries	-	28,984
Net cash proceeds from disposal of subsidiaries and other business units		
Other cash received relating to investment activities	157,169	81,044
Subtotal of cash inflows from investment activities	2,917,836	1,318,978
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	10,143,733	21,208,750
Cash paid for investments	118,132	96,342
Net increase in secured loans		
Net cash payments for acquisition of subsidiaries and other business units		
Other cash paid relating to investment activities	8,382	7,717
Subtotal of cash outflows from investment activities	10,270,193	21,312,809
Net cash flows from investment activities	-7,352,357	-19,993,831

Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
III. Cash flows from financing activities:		
Cash received from capital injection	11,201,374	–
Including: Cash received from capital injection of minority shareholders in subsidiaries		
Cash received from borrowings	21,516,462	13,099,369
Cash received from issue of debentures	600,000	15,853,964
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	33,317,836	28,953,333
Cash paid for repayment of borrowings	25,994,065	16,634,786
Cash paid for repayment of debentures	5,147,717	6,304,325
Cash paid for distribution of dividends, profits or payment of interest expenses	4,184,214	3,772,622
Including: Dividends and profit paid to minority shareholders by subsidiaries	176,120	117,592
Other cash paid relating to financing activities	4,441,728	4,578,502
Subtotal of cash outflows from financing activities	39,767,724	31,290,235
Net cash flows from financing activities	-6,449,888	-2,336,902
IV. Effect of exchange rate changes on cash and cash equivalents	-134,197	87,729
V. Net increase in cash and cash equivalents	4,924,212	1,765,234
Add: Balance of cash and cash equivalents as at the beginning of the period	6,848,018	7,138,098
VI. Balance of cash and cash equivalents as at the end of the period	11,772,230	8,903,332

Legal representative: Mr. Cai Jianjiang

Person in charge of accounting function: Mr. Xiao Feng

Person in charge of accounting department: Mr. Zhan Zhong

CASH FLOW STATEMENT OF THE COMPANY

January to September 2017

Prepared by Air China Limited

Unit: RMB'000 (Unaudited)

Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	65,256,623	60,505,240
Refund of tax and levies	–	1,183
Other cash received relating to operating activities	1,975,711	1,723,740
Subtotal of cash inflows of operating activities	67,232,334	62,230,163
Cash paid for goods purchased and services received	38,521,178	32,440,751
Cash paid to or on behalf of employees	7,282,311	6,311,630
Tax and levies paid	3,211,344	2,948,135
Other cash paid relating to operating activities	4,565,204	4,184,803
Subtotal of cash outflows from operating activities	53,580,037	45,885,319
Net cash flows from operating activities	13,652,297	16,344,844
II. Cash flows from investment activities:		
Cash received from sales and redemption of investments		
Cash received from investment income	402,223	283,042
Net cash proceeds from disposal of fixed assets, intangible assets and other long-term assets	917,646	479,764
Net cash proceeds from disposal of subsidiaries and other business units		

Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
Other cash received relating to investment activities	82,256	51,339
Subtotal of cash inflows from investment activities	1,402,125	814,145
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	5,495,017	18,409,054
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	5,495,017	18,409,054
Net cash flows from investment activities	-4,092,892	-17,594,909
III. Cash flows from financing activities:		
Cash received from capital injection	11,201,374	-
Cash received from borrowings	11,767,567	12,547,842
Cash received from issue of debentures	-	11,200,000
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	22,968,941	23,747,842
Cash paid for repayment of borrowings	19,548,222	12,897,193
Cash paid for repayment of debentures	-	4,200,000
Cash paid for distribution of dividends, profits or payment of interest expenses	3,186,951	2,978,716
Other cash paid relating to financing activities	3,365,810	3,622,865
Subtotal of cash outflows from financing activities	26,100,983	23,698,774
Net cash flows from financing activities	-3,132,042	49,068

Items	Amounts for the period from the beginning of the year to the end of the reporting period (January to September)	Amounts for the period from the beginning of the previous year to the end of the last reporting period (January to September)
IV. Effect of exchange rate changes on cash and cash equivalents	-60,683	39,708
V. Net increase in cash and cash equivalents	6,366,680	-1,161,289
Add: Balance of cash and cash equivalents as at the beginning of the period	2,221,952	3,223,977
VI. Balance of cash and cash equivalents as at the end of the period	8,588,632	2,062,688

Legal representative: Mr. Cai Jianjiang
Person in charge of accounting function: Mr. Xiao Feng
Person in charge of accounting department: Mr. Zhan Zhong

4.2 Auditor's Report

Applicable Not applicable

By order of the Board
Air China Limited
Zhou Feng Tam Shuit Mui
Joint Company Secretaries

Beijing, the PRC, 27 October 2017

As at the date of this announcement, the directors of the Company are Mr. Cai Jianjiang, Mr. Song Zhiyong, Mr. John Robert Slosar, Mr. Wang Xiaokang, Mr. Liu Deheng*, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*