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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)

(I) INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012
(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors (the “**Board**”) of Air China Limited (the “**Company**”) hereby announces that the Board has passed, among others, the following resolutions at a meeting of the Board held on 28 August 2012:

- I. interim results for the six months ended 30 June 2012; and
- II. proposed amendments to the articles of association of the Company (the “**Articles of Association**”).

(I) INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The Board of the Company announced the unaudited interim results of the Company, its subsidiaries and joint ventures (collectively, the “**Group**”) for the six months ended 30 June 2012, with comparative figures for the corresponding period of last year, as follows:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

(Prepared under International Financial Reporting Standards)

		For the six months ended 30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
	Notes		
TURNOVER			
Air traffic revenue	3	45,273,640	43,501,561
Other operating revenue	4	2,052,994	2,082,424
		<u>47,326,634</u>	<u>45,583,985</u>
OPERATING EXPENSES			
Jet fuel costs		(17,812,755)	(16,251,151)
Movements in fair value of fuel derivative contracts		–	80,386
Take-off, landing and depot charges		(4,329,750)	(4,274,858)
Depreciation		(5,062,437)	(4,578,365)
Aircraft maintenance, repair and overhaul costs		(1,315,971)	(1,466,398)
Employee compensation costs		(6,398,492)	(5,528,179)
Air catering charges		(1,368,905)	(1,185,540)
Aircraft and engine operating lease expenses		(1,748,358)	(1,929,207)
Other operating lease expenses		(357,662)	(371,237)
Other flight operation expenses		(3,196,942)	(2,901,652)
Selling and marketing expenses		(2,688,364)	(2,558,298)
General and administrative expenses		(467,021)	(605,031)
		<u>(44,746,657)</u>	<u>(41,569,530)</u>
PROFIT FROM OPERATIONS	5	2,579,977	4,014,455
Finance revenue	6	146,235	1,595,898
Finance costs	6	(1,359,585)	(771,100)
Share of profits and losses of associates		<u>(75,487)</u>	<u>646,358</u>
PROFIT BEFORE TAX		1,291,140	5,485,611
Tax	7	<u>(323,492)</u>	<u>(1,214,015)</u>
PROFIT FOR THE PERIOD		<u>967,648</u>	<u>4,271,596</u>
Attributable to:			
Owners of the parent		944,515	4,055,547
Non-controlling interests		<u>23,133</u>	<u>216,049</u>
		<u>967,648</u>	<u>4,271,596</u>
Earnings per share attributable to equity holders of the parent:			
Basic and diluted	9	<u>7.79 cents</u>	<u>33.30 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2012**(Prepared under International Financial Reporting Standards)*

	For the six months ended	
	30 June 2012	30 June 2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	967,648	4,271,596
OTHER COMPREHENSIVE INCOME/(LOSSES)		
Share of other comprehensive income/(loss) of associates	(48,999)	199,389
Exchange realignment	104,314	(419,227)
OTHER COMPREHENSIVE INCOME/(LOSSES) FOR THE PERIOD, NET OF TAX	55,315	(219,838)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,022,963	4,051,758
Attributable to:		
Owners of the parent	997,304	3,836,828
Non-controlling interests	25,659	214,930
	1,022,963	4,051,758

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

(Prepared under International Financial Reporting Standards)

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	118,534,087	112,399,431
Lease prepayments	2,165,783	2,142,684
Investment properties	235,352	240,879
Intangible asset	35,679	37,221
Goodwill	1,310,830	1,310,830
Interests in associates	13,242,540	13,397,031
Advance payments for aircraft and flight equipment	19,792,366	19,443,291
Deposits for aircraft under operating leases	427,954	420,854
Available-for-sale investments	27,182	27,182
Deferred tax assets	3,193,588	3,077,502
	158,965,361	152,496,905
CURRENT ASSETS		
Aircraft and flight equipment held for sale	–	92,487
Inventories	1,827,303	1,810,320
Accounts receivable	3,173,120	2,700,731
Bills receivable	418	1,601
Prepayments, deposits and other receivables	3,263,646	2,697,192
Held for trading financial instruments	14,392	12,144
Due from the ultimate holding company	637,173	428,561
Due from other related companies	18,862	20,194
Pledged deposits	788,116	132,565
Cash and cash equivalents	11,652,680	15,457,372
Other current assets	108,000	–
	21,483,710	23,353,167
TOTAL ASSETS	180,449,071	175,850,072

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
CURRENT LIABILITIES		
Air traffic liabilities	(4,287,178)	(4,562,773)
Accounts payable	(11,131,480)	(10,417,186)
Bills payable	(332,557)	–
Other payables and accruals	(12,105,211)	(12,815,775)
Held for trading financial instruments	(168,713)	(223,137)
Dividends payable	(1,521,251)	–
Due to other related companies	(218,788)	(190,775)
Tax payable	(205,526)	(1,707,553)
Obligations under finance leases	(3,117,392)	(2,687,925)
Interest-bearing bank loans and other borrowings	(31,113,281)	(28,137,313)
Provision for major overhauls	(410,975)	(589,123)
	<u>(64,612,352)</u>	<u>(61,331,560)</u>
NET CURRENT LIABILITIES	<u>(43,128,642)</u>	<u>(37,978,393)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>115,836,719</u>	<u>114,518,512</u>
NON-CURRENT LIABILITIES		
Obligations under finance leases	(22,679,638)	(19,191,860)
Interest-bearing bank loans and other borrowings	(36,766,019)	(39,398,481)
Provision for major overhauls	(2,775,896)	(2,496,294)
Provision for early retirement benefit obligations	(268,303)	(203,213)
Long term payables	(206,903)	(231,061)
Deferred income	(3,788,491)	(3,459,138)
Deferred tax liabilities	(1,404,322)	(1,213,030)
	<u>(67,889,572)</u>	<u>(66,193,077)</u>
NET ASSETS	<u><u>47,947,147</u></u>	<u><u>48,325,435</u></u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Issued capital	12,891,955	12,891,955
Treasury shares	(2,889,399)	(2,889,399)
Reserves	35,589,296	36,113,243
	<u>45,591,852</u>	<u>46,115,799</u>
NON-CONTROLLING INTERESTS	<u>2,355,295</u>	<u>2,209,636</u>
TOTAL EQUITY	<u><u>47,947,147</u></u>	<u><u>48,325,435</u></u>

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2012 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 30 June 2012, the Group’s net current liabilities amounted to approximately RMB43,129 million, which comprised current assets of approximately RMB21,484 million and current liabilities of approximately RMB64,612 million. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the interim condensed consolidated financial statements for the six months ended 30 June 2012, the Directors of the Company have considered the Group’s sources of liquidity and believe that adequate funding is available to fulfil the Group’s debt obligations and capital expenditure requirements. Accordingly, the interim condensed consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and therefore should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2011.

Impact of new and revised IFRSs

The principal accounting policies adopted in the preparation of the interim condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the audited annual financial statements of the Group for the year ended 31 December 2011, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRS”):

IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
IAS 12 Amendments	Amendments to IAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

The adoption of these new and revised IFRSs has had no significant financial impact on these financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective in these interim condensed consolidated financial statements.

2. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. The Group has the following reportable operating segments:

- (a) the "airline operations" segment which comprises the provision of air passenger and air cargo services; and
- (b) the "other operations" segment which comprises the provision of aircraft engineering, ground services and other airline-related services.

In determining the Group's geographical information, revenue is attributed to the segments based on the origin and destination of each flight. Assets, which consist principally of aircraft and ground equipment supporting the Group's worldwide transportation network, are mainly located in Mainland China. An analysis of assets of the Group by geographical distribution has therefore not been included in the interim condensed consolidated financial statements.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Operating segments

The following tables present the Group's consolidated revenue and profit before tax regarding the Group's operating segments in accordance with China Accounting Standards for Business Enterprises ("CASs") for the six months ended 30 June 2012 and 2011 and the reconciliations of reportable segment revenue and profit before tax to the Group's consolidated amounts under IFRSs:

For the six months ended 30 June 2012

(Unaudited)	Airline operations RMB'000	Other operations RMB'000	Eliminations RMB'000	Total RMB'000
REVENUE				
Sales to external customers	47,519,450	40,903	–	47,560,353
Intersegment sales	–	969,187	(969,187)	–
	<u>47,519,450</u>	<u>1,010,090</u>	<u>(969,187)</u>	<u>47,560,353</u>
Total revenue for reportable segments under CASs				
	<u>47,519,450</u>	<u>1,010,090</u>	<u>(969,187)</u>	<u>47,560,353</u>
Business tax set off against segment revenue				(1,101,843)
Other income not included in segment revenue				641,373
Effects of differences between IFRSs and CASs				<u>226,751</u>
Revenue for the period under IFRSs				<u>47,326,634</u>
SEGMENT PROFIT BEFORE TAX				
Profit before tax for reportable segments under CASs	<u>1,515,492</u>	<u>(12,207)</u>	<u>–</u>	<u>1,503,285</u>
Effects of differences between IFRSs and CASs				<u>(212,145)</u>
Profit before tax for the period under IFRSs				<u>1,291,140</u>

For the six months ended 30 June 2011

(Unaudited)	Airline operations RMB'000	Other operations RMB'000	Eliminations RMB'000	Total RMB'000
REVENUE				
Sales to external customers	45,093,508	36,850	–	45,130,358
Intersegment sales	–	531,284	(531,284)	–
Total revenue for reportable segments under CASs	<u>45,093,508</u>	<u>568,134</u>	<u>(531,284)</u>	<u>45,130,358</u>
Business tax set off against segment revenue				(1,039,955)
Other income not included in segment revenue				384,292
Effects of differences between IFRSs and CASs				<u>1,109,290</u>
Revenue for the period under IFRSs				<u>45,583,985</u>
SEGMENT PROFIT BEFORE TAX				
Profit before tax for reportable segments under CASs	<u>5,421,315</u>	<u>105,567</u>	<u>–</u>	<u>5,526,882</u>
Effects of differences between IFRSs and CASs				<u>(41,271)</u>
Profit before tax for the period under IFRSs				<u>5,485,611</u>

The following tables present the segment assets of the Group's operating segments under CASs as at 30 June 2012 and 31 December 2011 and the reconciliations of reportable segment assets to the Group's consolidated amounts under IFRSs:

	Airline operations RMB'000	Other operations RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT ASSETS				
Total assets for reportable segments as at 30 June 2012 under CASs (Unaudited)	<u>177,526,384</u>	<u>4,074,065</u>	<u>(3,537,945)</u>	<u>178,062,504</u>
Effects of differences between IFRSs and CASs				<u>2,386,567</u>
Total assets under IFRSs (Unaudited)				<u>180,449,071</u>
Total assets for reportable segments as at 31 December 2011 under CASs (Audited)	<u>172,951,576</u>	<u>4,961,357</u>	<u>(4,589,365)</u>	<u>173,323,568</u>
Effects of differences between IFRSs and CASs				<u>2,526,504</u>
Total assets under IFRSs (Audited)				<u>175,850,072</u>

Geographical information

The following tables present the geographical information of the Group's consolidated revenue under IFRSs for the six months ended 30 June 2012 and 2011:

For the six months ended 30 June 2012

(Unaudited)	Mainland China <i>RMB'000</i>	Hong Kong, Macau and Taiwan <i>RMB'000</i>	Europe <i>RMB'000</i>	North America <i>RMB'000</i>	Japan and Korea <i>RMB'000</i>	Asia Pacific and others <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers and total revenue	<u>32,101,294</u>	<u>2,519,649</u>	<u>4,229,728</u>	<u>3,334,303</u>	<u>3,050,557</u>	<u>2,091,103</u>	<u>47,326,634</u>

For the six months ended 30 June 2011

(Unaudited)	Mainland China <i>RMB'000</i>	Hong Kong, Macau and Taiwan <i>RMB'000</i>	Europe <i>RMB'000</i>	North America <i>RMB'000</i>	Japan and Korea <i>RMB'000</i>	Asia Pacific and others <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers and total revenue	<u>30,150,208</u>	<u>2,377,307</u>	<u>4,848,947</u>	<u>3,194,551</u>	<u>2,819,117</u>	<u>2,193,855</u>	<u>45,583,985</u>

3. AIR TRAFFIC REVENUE

Air traffic revenue represents revenue from the Group's airline operation business and is stated net of business tax. An analysis of the Group's air traffic revenue during the period is as follows:

	For the six months ended	
	30 June 2012	30 June 2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Passenger	41,431,591	38,530,247
Cargo and mail	3,842,049	4,971,314
	<u>45,273,640</u>	<u>43,501,561</u>

Air traffic revenue for all domestic flights were subject to a business tax rate of 3%. Pursuant to the relevant business tax rules and regulations in Mainland China, all international, Hong Kong, Macau and Taiwan regional flights are exempted from business tax with effect from 1 January 2010. Business tax incurred and set off against air traffic revenue for the period ended 30 June 2012 amounted to approximately RMB1,055 million (six months ended 30 June 2011: RMB968 million).

4. OTHER OPERATING REVENUE

	For the six months ended	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Aircraft engineering income	304,499	376,506
Ground service income	351,582	353,799
Government grants and subsidies:		
Recognition of deferred income	112,816	120,559
Others	358,767	233,506
Service charges on return of unused flight tickets	299,363	283,136
Cargo handling service income	38,393	71,652
Training service income	31,591	36,839
Sale of materials	7,160	7,142
Import and export service income	15,495	8,713
Others	533,328	590,572
	2,052,994	2,082,424

5. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging/(crediting):

	For the six months ended	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment, net	(76,257)	(780)
Loss on derecognition of property, plant and equipment	7,799	19,989
Minimum lease payments under operating leases:		
Aircraft and related equipment	1,748,358	1,929,207
Land and buildings	313,518	296,239
Amortisation of lease prepayments	37,903	27,498
Depreciation	5,062,437	4,578,365
Accrual/(reversal) of bad debt provision, net	(257,907)	2,442

6. FINANCE REVENUE AND FINANCE COSTS

An analysis of the Group's finance revenue and finance costs during the period is as follows:

Finance revenue

	For the six months ended	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange gains, net	–	1,508,288
Gain on interest rate derivative contracts and forward foreign exchange contracts, net	2,025	–
Interest income	144,210	87,610
	146,235	1,595,898

Finance costs

	For the six months ended	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank loans and other borrowings	1,115,186	866,193
Interest on finance leases	256,383	167,710
Loss on interest rate derivative contracts and forward foreign exchange contracts, net	–	37,499
Exchange loss, net	339,259	–
	1,710,828	1,071,402
Less: Interest capitalized	(351,243)	(300,302)
	1,359,585	771,100

The interest capitalisation rates during the period ranges from 1.19% to 7.92% (six months ended 30 June 2011: 0.8% to 5.9%) per annum relating to the costs of related borrowings during the period.

7. TAX

Under the relevant Corporate Income Tax Law and regulations in the PRC, except for two branches which are taxed at a preferential rate of 15% (six months ended 30 June 2011: 25%) and two joint ventures which are taxed at the preferential rates from 12.5% to 15% (six months ended 30 June 2011: a subsidiary and certain joint ventures were taxed at the rate of 24%), all group companies located in Mainland China are subject to a corporate income tax rate of 25% (six months ended 30 June 2011: 25%) during the period. Subsidiaries in Hong Kong and Macau are taxed at corporate income tax rates of 16.5% (six months ended 30 June 2011: 16.5%) and 12% (six months ended 30 June 2011: 12%), respectively.

The determination of current and deferred income taxes was based on the enacted tax rates. Major components of income tax charge are as follows:

	For the six months ended	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
Mainland China	247,908	1,362,049
Hong Kong and Macau	378	542
Deferred income tax	75,206	(148,576)
Income tax charge for the period	323,492	1,214,015

The Group's share of tax charge attributable to associates amounting to RMB36,985,000 (six months ended 30 June 2011: RMB112,273,000) is included in the "share of profits and losses of associates" on the face of the interim condensed consolidated income statement for the six months ended 30 June 2012.

8. DIVIDEND

In accordance with the Company's articles of association, the profit after tax of the Company for the purpose of dividend distribution is based on the lesser of (i) the profit determined in accordance with CASs; and (ii) the profit determined in accordance with IFRSs.

The Board of Directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the six months ended 30 June 2012 was based on the profit attributable to equity holders of the Company for the six months ended 30 June 2012 of approximately RMB945 million and the weighted average of 12,136,990,775 ordinary shares in issue during the period, as adjusted to reflect the weighted average number of treasury shares held by Cathay Pacific through reciprocal shareholding.

The calculation of basic earnings per share for the six months ended 30 June 2011 was based on the profit attributable to equity holders of the Company for the six months ended 30 June 2011 of approximately RMB4,056 million and the weighted average of 12,177,025,905 ordinary shares in issue during that period, as adjusted to reflect the weighted average number of treasury shares held by Cathay Pacific through reciprocal shareholding.

The Group had no potentially dilutive ordinary shares in issue during both periods.

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT*For the six months ended 30 June 2012**(Prepared under China Accounting Standards for Business Enterprises)*

	For the six months ended	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from operations	47,560,353	45,130,358
Less: Cost of operations	39,385,193	35,803,960
Business taxes and surcharges	1,092,045	1,028,098
Selling expenses	3,280,207	3,080,587
General and administrative expenses	1,414,931	1,286,222
Finance cost/(revenue)	1,307,906	(730,494)
Impairment losses/(reversals) in assets	(230,199)	20,043
Add: Gains from movements in fair value	3,544	39,326
Investment income/(loss)	(192,177)	640,101
Including: Share of profits/(losses) of associates and joint ventures	(148,193)	638,599
Profit from operations	1,121,637	5,321,369
Add: Non-operating income	471,123	255,555
Less: Non-operating expenses	89,475	50,042
Including: Loss on disposal of non-current assets	11,382	4,955
Profit before tax	1,503,285	5,526,882
Less: Tax	304,760	1,174,769
Net profit	1,198,525	4,352,113
Net profit attributable to owners of the parent	1,061,885	4,063,214
Non-controlling interests	136,640	288,899
Earnings per share (RMB)		
Basic and diluted	0.09	0.33
Other comprehensive income/(loss)	57,094	(219,808)
Total comprehensive income	1,255,619	4,132,305
Attributable to:		
Owners of the parent	1,116,364	3,844,546
Non-controlling interests	139,255	287,759

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET*30 June 2012**(Prepared under China Accounting Standards for Business Enterprises)*

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
ASSETS		
Current assets:		
Cash and bank balances	12,207,835	15,420,242
Financial assets held for trading	14,392	12,144
Bills receivable	418	1,601
Accounts receivable	3,441,216	2,652,439
Other receivables	2,574,027	1,662,087
Prepayments	606,548	584,983
Inventories	1,079,389	1,128,164
Other current assets	108,000	—
Total current assets	<u>20,031,825</u>	<u>21,461,660</u>
Non-current assets:		
Long term receivables	430,401	424,618
Long term equity investments	14,251,673	14,804,420
Investment property	235,352	240,879
Fixed assets	108,102,228	101,737,456
Construction in progress	27,787,327	27,566,439
Intangible assets	2,802,582	2,805,249
Goodwill	1,102,185	1,102,185
Long term deferred expenses	199,286	187,893
Deferred tax assets	3,119,645	2,992,769
Total non-current assets	<u>158,030,679</u>	<u>151,861,908</u>
Total assets	<u><u>178,062,504</u></u>	<u><u>173,323,568</u></u>

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

30 June 2012

(Prepared under China Accounting Standards for Business Enterprises)

30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Short term loans	13,972,278	11,507,317
Financial liabilities held for trading	168,713	223,137
Bills payable	332,557	—
Accounts payable	12,903,597	12,081,912
Domestic air traffic liabilities	1,356,280	2,052,297
International air traffic liabilities	2,930,900	2,510,478
Receipts in advance	96,653	121,503
Employee compensations payable	2,004,210	2,703,428
Taxes payable	810,823	2,756,215
Interest payable	337,320	360,578
Other payables	6,392,965	6,309,825
Dividends payable	1,521,251	—
Non-current liabilities repayable within one year	18,166,041	17,240,694

Total current liabilities	60,993,588	57,867,384
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Non-current liabilities:

Long term loans	30,766,019	33,398,481
Corporate bonds	6,000,000	6,000,000
Long term payables	2,898,901	2,643,472
Obligations under finance leases	22,679,638	19,191,860
Accrued liabilities	407,282	346,284
Deferred income	3,556,865	3,161,536
Deferred tax liabilities	1,404,322	1,213,030

Total non-current liabilities	67,713,027	65,954,663
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Total liabilities	128,706,615	123,822,047
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Shareholders' equity:

Issued capital	12,891,955	12,891,955
Capital reserve	16,239,910	16,288,523
Reserve funds	4,150,938	3,471,812
Retained earnings	15,996,490	17,134,982
Foreign exchange translation reserve	(2,946,162)	(3,049,254)

Equity attributable to owners of the parent	46,333,131	46,738,018
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Non-controlling interests	3,022,758	2,763,503
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Total shareholders' equity	49,355,889	49,501,521
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Total liabilities and shareholders' equity	178,062,504	173,323,568
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Effects of Significant Differences Between IFRSs and CASs

The effects of the significant differences between the consolidated financial statements of the Group prepared under CASs and IFRSs are as follows:

	For the six months ended	
	30 June 2012	30 June 2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net profit attributable to owners of the parent under CASs	1,061,885	4,063,214
Deferred tax	(3,905)	(25,995)
Differences in value of fixed assets	(66,848)	31,979
Government grants	79,895	71,595
Others	(126,512)	(85,246)
Net profit attributable to owners of the parent under IFRSs	944,515	4,055,547
	30 June 2012	31 December 2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Equity attributable to owners of the parent under CASs	46,333,131	46,738,018
Deferred tax	93,585	97,490
Differences in value of fixed assets	(300,474)	(233,626)
Government grants	(203,523)	(283,418)
Unrecognition profit of the disposal of Hong Kong Dragon Airlines	139,919	139,919
Others	(470,786)	(342,584)
Equity attributable to owners of the parent under IFRSs	45,591,852	46,115,799

CHAIRMAN'S STATEMENT

In the first half of 2012, global economic growth experienced a slowdown whilst fuel price remained high. At the same time, weakening market demand, escalating operating costs and intense competition all resulted in the aviation industry being placed under great pressure. Notwithstanding the complex operating environment, the Group meticulously assessed the situation and responded effectively to the market changes. We maintained stable developments in various areas including operational efficiency, products and services as well as strategic collaboration. During the reporting period, the Group recorded a turnover of RMB47,327 million, representing an increase of 3.82% over the same period last year, while profits attributable to shareholders amounted to RMB945 million, representing a decrease of 76.71% from the corresponding period last year. With such results, the Group has retained our leading position in the industry.

We recorded steady growth in our passenger services. In the first six months of 2012, the Group deployed 77,882 million available seat kilometres and realized 62,336 million revenue passenger kilometres, representing an increase of 5.72% and 4.80%, respectively, over the same period last year. During the period, we carried 34,747,200 passengers with a passenger load factor of 80.04%, representing an increase of 3.26% and a decrease of 0.71 percentage points, respectively, over the corresponding period last year. Our passenger yield was RMB0.66 which represented an increase of 1.54% from the same period last year.

In response to the changes in the international and domestic passenger markets, the Group optimized its capacity allocation structure and provided a dynamic response to market demands in the first half of 2012. We adjusted our international and domestic capacity allocation, slowed down our capacity increase on certain European, Japanese and Asia Pacific destinations and shifted the capacity from certain domestic routes to more dominant markets. At the same time, we deployed more flights on profitable international routes and maintained advantageous market share at our key markets, such as Beijing and Chengdu. We allocated more wide-body aircraft on domestic trunk routes, and optimized aircraft allocation for our long-haul international routes, by operating with B777-300ER aircraft for our European and American routes and A340 aircraft for our international flights from Shanghai. In doing so, we achieved a better alignment between our choice of aircraft model and routes they are put in service.

We continued to develop our hub and network strategy. We added 198 landing slots per week to our Beijing hub thereby increasing the frequency of our domestic and international routes as well as widening and deepening our network coverage. We also added 44 landing slots per week to our Chengdu hub. With the recent launch of our Chengdu-Kathmandu and Chengdu-Mumbai routes, our Chengdu hub now reaches 61 cities. In addition, we adjusted the international departing route structure at the Shanghai international gateway and increased the capacity on profitable routes.

In the first six months of 2012, we continued to improve our service quality with a view to enriching customer experience, which resulted in enhanced service categories and service system and a broader range of services and products. We upgraded our aircraft facility, refurbished our business class cabins on B777-200 and certain narrow-body aircraft and optimized our on-board entertainment system and programs. Interactive services, such as SMS ticketing and seat reservation, were formally launched. We were also the first airline in China to introduce an iPad user platform which provided various online services, such as hotel reservation, thereby offering our travellers greater convenience.

The recession affecting the air cargo market continued in the first half of 2012. The cargo capacity (available Freight Tonne Kilometers) and actual output (Revenue Freight Tonne Kilometers) of Air China Cargo declined by 1.62% and 6.26%, respectively, compared to the same period last year whilst load factor also decreased by 2.8 percentage points from the corresponding period last year. Despite of the challenging operating environment, Air China Cargo managed to maintain a good rhythm in terms of capacity allocation and adjusted the route structure while tightening up on the supervision of sales in overseas markets, cargo under transfer and newly-opened cargo destinations. In the meanwhile, we also fortified the linkage between passenger and cargo by strengthening the sales of our bellyhold cargo spaces with the increased capacity deployment in the passenger market. We also introduced new sales channels and cargo sources thereby improving the dynamics between cargo carried and aircraft deployed. Having taken all of the above measures, we significantly reduced our operating losses from the cargo division.

We continued to strengthen our collaboration with our strategic partners. For example, we expanded our comprehensive cooperation with Cathay Pacific in the passenger and cargo business and entered into an agreement with Cathay Pacific and Shanghai International Airport to establish a ground-handling joint venture. We also deepened our cooperation with Shenzhen Airlines in various business aspects, including sales and marketing, frequent flyer program, maintenance, information technology and central procurement, with the business synergies gradually emerging. In addition, we took the initiative to expand bilateral and multilateral cooperation. We entered into code-sharing agreements with South African Airways and LOT Polish Airlines and we strengthened our cooperation with our Star Alliance partners with revenue attributable to the alliance member airlines continued to climb.

In the first half of the year, we added 23 new aircraft, namely five B777-300ER and A330 wide-body aircraft and 18 B737-800 and A320 narrow-body aircraft, and phased out 14 aging aircraft, mainly B737-300, from our fleet. As at 30 June 2012, the Group's fleet consisted of 441 aircraft with an average age of 6.58 years. With such a young average fleet age, we continue to optimize our fleet structure for both passenger and cargo aircraft.

In the second half of this year, we foresee that the operating environment for the global aviation industry will remain both challenging and complex. The future movement of jet fuel prices will continue to have a considerable impact on the aviation industry's performance. At the same time, interest rate and exchange rate fluctuations will cast uncertainties on our operations. In view of such challenges, our Group will aim at growing steadily while grasping market opportunities and pursuing strategic developments so as to achieve better performance and results.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis are based on the Group's interim condensed consolidated financial statements and its notes prepared in accordance with IFRSs and are designed to assist the readers in understanding the information provided in this announcement further so as to better understand the financial performance of the Group as a whole.

Profit analysis

For the six months ended 30 June 2012, the Group responded to market changes actively. Notwithstanding weak market demand, high international jet fuel prices and intense competition, we recorded profit before tax of RMB1,291 million, profit attributable to equity holders of RMB945 million and an earning-per-share of RMB0.078 by adopting various measures, such as optimizing production arrangement, adjusting sales and marketing strategy, strengthening cost control and deepening strategic collaboration.

Turnover

For the six months ended 30 June 2012, the Group's total turnover (net of business taxes and surcharges of RMB1,102 million) was RMB47,327 million, representing an increase of RMB1,743 million or 3.82% as compared with that of the same period of the previous year. Revenue from our air traffic operations contributed RMB45,274 million to the total turnover, representing an increase of RMB1,772 million or 4.07% over the corresponding period of last year, primarily due to the increases in market demand and capacity of the Company during the current reporting period compared with the corresponding period of last year. Our other operating revenue was RMB2,053 million, remaining largely unchanged as compared with that of the same period last year.

Revenue contribution by geographical segments

(in RMB'000)	For the six months ended 30 June				Change (%)
	2012		2011		
	Amount	Percentage	Amount	Percentage	
International	12,705,691	26.85%	13,056,470	28.64%	(2.69%)
Domestic	32,101,294	67.83%	30,150,208	66.14%	6.47%
Hong Kong, Macau and Taiwan	2,519,649	5.32%	2,377,307	5.22%	5.99%
Total	47,326,634	100.00%	45,583,985	100.00%	3.82%

Air passenger revenue

For the six months ended 30 June 2012, the Group recorded an air passenger revenue of RMB41,432 million, representing an increase of RMB2,901 million or 7.53% over the same period of 2011. Among the Group's air passenger revenue, the increase in capacity and passenger yield contributed to an increase of RMB2,282 million and RMB975 million in revenue, respectively, while the decrease in passenger load factor caused a RMB356 million decrease in revenue. The Group's capacity, passenger load factor and passenger yield of our passenger operations for the six months ended 30 June 2012 are as follows:

	For the six months ended 30 June		Change
	2012	2011	
Available seat kilometres (<i>million</i>)	77,881.59	73,667.90	5.72%
Passenger load factor (%)	80.04	80.75	(0.71 ppts)
Yield per RPK (<i>RMB</i>)	0.66	0.65	1.54%

Air passenger revenue contributed by geographical segment

	For the six months ended 30 June				Change (%)
	2012		2011		
(in RMB'000)	Amount	Percentage	Amount	Percentage	
International	9,943,992	24.00%	9,306,360	24.15%	6.85%
Domestic	29,161,090	70.38%	27,110,125	70.36%	7.57%
Hong Kong, Macau and Taiwan	2,326,509	5.62%	2,113,762	5.49%	10.06%
Total	41,431,591	100.00%	38,530,247	100.00%	7.53%

Air cargo revenue

For the six months ended 30 June 2012, the Group's air cargo and mail revenue was RMB3,842 million, representing a decrease of RMB1,129 million or 22.72% from the same period in 2011. Among the Group's air cargo and mail revenue, the decrease in capacity and cargo and mail load factor caused a decrease in revenue of RMB702 million and RMB594 million, respectively, while the decrease in cargo yield resulted in a decrease in revenue of RMB241 million. The capacity, cargo and mail load factor and yield of our cargo and mail operations for the six months ended 30 June 2012 are as follows:

	For the six months ended 30 June		Change
	2012	2011	
Available freight tonne kilometres (<i>million</i>)	3,974.99	4,026.92	(1.29%)
Cargo and mail load factor (%)	56.88	59.52	(2.64 ppts)
Yield per RFTK (<i>RMB</i>)	1.70	1.81	(6.08%)

Air cargo revenue contributed by geographical segment

(in RMB'000)	For the six months ended 30 June				Change (%)
	2012		2011		
	Amount	Percentage	Amount	Percentage	
International	2,761,698	71.88%	3,750,110	75.43%	(26.36%)
Domestic	887,211	23.09%	957,659	19.27%	(7.36%)
Hong Kong, Macau and Taiwan	193,140	5.03%	263,545	5.30%	(26.71%)
Total	3,842,049	100.00%	4,971,314	100.00%	(22.72%)

Operating expenses

For the six months ended 30 June 2012, the Group's operating expenses were RMB44,747 million, representing an increase of 7.64% as compared with RMB41,570 million recorded in the same period of 2011. The breakdown of the operating expenses is set out below:

(in RMB'000)	For the six months ended 30 June				Change (%)
	2012		2011		
	Amount	Percentage	Amount	Percentage	
Jet fuel costs	17,812,755	39.81%	16,251,151	39.09%	9.61%
Movements in fair value of fuel derivative contracts	—	—	(80,386)	(0.19%)	(100.00%)
Take-off, landing and depot charges	4,329,750	9.68%	4,274,858	10.28%	1.28%
Depreciation	5,062,437	11.31%	4,578,365	11.01%	10.57%
Aircraft maintenance, repair and overhaul costs	1,315,971	2.94%	1,466,398	3.53%	(10.26%)
Employee compensation costs	6,398,492	14.30%	5,528,179	13.30%	15.74%
Air catering charges	1,368,905	3.06%	1,185,540	2.85%	15.47%
Selling expenses	2,688,364	6.01%	2,558,298	6.16%	5.08%
General and administrative expenses	467,021	1.04%	605,031	1.46%	(22.81%)
Others	5,302,962	11.85%	5,202,096	12.51%	1.94%
Total	44,746,657	100.00%	41,569,530	100.00%	7.64%

In particular:

- Jet fuel costs increased RMB1,561 million or 9.61% from the corresponding period in the previous year, accounting for 39.81% of operating expenses, compared to 39.09% for the same period last year. The increase is mainly due to higher oil prices generally than the corresponding period in the previous year.
- All fuel-related derivatives expired during 2011 and no related profits or losses were recorded for the current reporting period.
- As the number of self-owned and leased aircraft has increased, depreciation expenses for the current reporting period were higher.

- During the current reporting period, the Group strengthened flight resource allocation. As a result of better scheduling of aircraft maintenance, repairs and overhaul, the Group's aircraft maintenance, repairs and overhaul expenses reduced by RMB150 million from the corresponding period last year.
- Employee compensation costs increased by RMB870 million from the corresponding period of the previous year, mainly due to adjustments in benchmark salaries and increase in the number of staff headcounts.
- Air catering expenses increased by RMB183 million or 15.47%, mainly due to an improved quality of in-flight meals and a higher passenger load.

Financial revenue and financial costs

For the six months ended 30 June 2012, the Group's net exchange loss was RMB339 million as compared with a net exchange gain of RMB1,508 million for the same period of 2011, which was mainly due to the rise of U.S. dollars exchange rate and the depreciation of Renminbi against U.S. dollars. For the current reporting period, the Group recorded interest expenses (including capitalized interest) of RMB1,372 million, representing an increase of RMB338 million from the same period of 2011, which was mainly due to the growth in interest-bearing liabilities and finance costs of the Group.

Share of profits and losses of associates

For the six months ended 30 June 2012, the Group's share in the losses of its associates was RMB75 million, representing a decrease of RMB722 million as compared with a share in the profits of associates of RMB647 million for the same period of 2011, mainly due to the recognition of losses on investment in Cathay Pacific of RMB177 million in the current reporting period, representing a decrease in gain on investment of RMB660 million recognized under the equity method for the same period in 2011.

Analysis of assets structure

As at 30 June 2012, the total assets of the Group amounted to RMB180,449 million, representing an increase of 2.62% as compared with 31 December 2011, among which current assets accounted for RMB21,484 million or 11.91% of the total assets, while non-current assets accounted for RMB158,965 million, or 88.09% of the total assets.

Among the current assets, cash and cash equivalents were RMB11,653 million, representing a decrease of 24.61% from 31 December 2011. Accounts receivable amounted to RMB3,173 million, representing an increase of 17.49% as compared with 31 December 2011. Among the non-current assets, the net book value of property, plant and equipment as at 30 June 2012 was RMB118,534 million, representing an increase of 5.46% from 31 December 2011.

Assets mortgage

As at 30 June 2012, the Group, pursuant to certain bank loans and finance leasing agreements, mortgaged certain aircraft and premises with an aggregate net book value of approximately RMB74,629 million (approximately RMB72,244 million as at 31 December 2011), a number of shares in its associates with a market value of approximately RMB4,056 million (approximately RMB4,312 million as at 31 December 2011) and land use rights with a net book value of approximately RMB39 million (approximately RMB40 million as at 31 December 2011). At the same time, the Group had approximately RMB788 million (approximately RMB133 million as at 31 December 2011) in bank deposits pledged as security for certain bank loans, operating leases and financial derivatives of the Group.

Capital expenditure

For the six months ended 30 June 2012, the Company's capital expenditure amounted to RMB8,030 million, of which the total investment in aircraft and engine was RMB7,259 million.

Other capital expenditure amounted to RMB771 million, which was mainly spent on high-cost rotables, aircraft additions and modifications, flight simulators, infrastructure construction, information system building, equipment purchase and cash component of long-term investments.

Equity investment

As at 30 June 2012, the Group's equity investment in its associates was RMB12,971 million, representing a decrease of 3.36% as compared with 31 December 2011, of which the equity investment in Cathay Pacific, Shandong Aviation Group Co., Ltd. ("Shandong Aviation Group") and Shandong Airlines Co., Ltd. ("Shandong Airlines") was approximately RMB11,341 million, RMB788 million and RMB467 million, respectively. Cathay Pacific, Shandong Aviation Group and Shandong Airlines recorded a profit of RMB-760 million, RMB81 million and RMB177 million, respectively, for the six months ended 30 June 2012.

Debt structure analysis

As at 30 June 2012, the total liabilities of the Group amounted to RMB132,502 million, representing an increase of 3.9% as compared with 31 December 2011. Among the Group's total liabilities, total current liabilities were RMB64,612 million, which accounted for 48.76% of the total liabilities, and total non-current liabilities were RMB67,890 million, which accounted for 51.24% of the total liabilities.

Current liabilities on interest-bearing liabilities (including bank and other loans, obligations under finance leases and bills payable) amounted to RMB34,563 million, representing an increase of 12.13% as compared with 31 December 2011. Other payables and accruals amounted to RMB12,105 million, representing a decrease of 5.54% as compared with 31 December 2011.

Non-current liabilities on interest-bearing liabilities (including bank and other loans, corporate bonds and obligations under finance leases) amounted to RMB59,446 million, representing an increase of 1.46% as compared with 31 December 2011.

Commitments and contingent liabilities

As at 30 June 2012, capital commitments of the Group amounted to RMB87,219 million, representing a decrease of 9.33% from RMB96,199 million as at 31 December 2011, which was primarily used in purchasing certain aircraft and related equipment to be delivered in the coming years and constructing certain properties. The Group had operating lease commitments of RMB17,449 million, representing an increase of 3.21% as compared with RMB 16,906 million as at 31 December 2011, which was primarily used in leasing aircraft, office premises and related equipment. Investment commitments of the Group was RMB208 million, representing an increase of RMB173 million from RMB35 million as at 31 December 2011, which was primarily used on equity transfer agreements and joint venture agreements already entered into.

Gearing ratio

As at 30 June 2012, the Group's gearing ratio (total liabilities divided by total assets) was 73.43%, representing an increase of 0.91 percentage points as compared with that of 72.52% as at 31 December 2011. The change was mainly attributable the Group's profit decline during the current reporting period and the declaration of dividends which led to a decline of shareholders' equity as compared with the beginning of the year, while the Group's assets and liabilities both expanded in line with our fleet expansion. Considering that the prevailing gearing ratios of air carriers in the aviation industry were at a relatively high level, the current gearing ratio of the Group continues to be relatively better in the domestic aviation industry and long-term insolvency risks are within control.

Working capital and its sources

As at 30 June 2012, net current liabilities of the Group (current liabilities minus current assets) amounted to RMB43,129 million, representing an increase of RMB5,151 million as compared with 31 December 2011. The Group's current ratio (current assets divided by current liabilities) was 0.33, representing a decrease of 5 percentage points from 0.38 as at 31 December 2011. The increase in net current liabilities was primarily due to the significant increase in the Group's current liabilities.

The Group mainly met its working capital needs through proceeds from its operating activities and external financing activities. During the first half of 2012, the Group recorded a net cash inflow from operating activities of RMB3,979 million, representing a decrease of 57.26% from RMB9,310 million for the same period of 2011, primarily due to rising jet fuel prices compared with the same period last year, increase of labour cost and payment of annuity. Net cash outflow from investment activities was RMB4,052 million, representing a decrease of 56.07% from RMB9,224 million from the same period of 2011, primarily due to a decrease in cash paid for aircraft acquisition and prepayment during the reporting period as compared to the same period last year. The Group recorded a net cash outflow from financing activities of RMB926 million, representing a decrease of RMB1,219 million from a cash inflow of RMB293 million from the same period of 2011, primarily due to the repayment of debts with our own funds and a decrease in net borrowings during the reporting period. The Group's cash and cash equivalent decreased by RMB1,036 million in the first half of 2012 (as opposed to the increase of RMB287 million in the same period of 2011). The Company obtained bank facilities with an aggregate maximum amount of RMB126,300 million from a number of banks in the PRC, of which approximately RMB35,900 million was utilized, sufficient to meet our working capital demands and future capital commitments.

Financial risk management objectives and policies

The Group is exposed to fluctuations in jet fuel prices in our daily operation. International jet fuel prices are subject to market volatility and fluctuation in supply and demand. The Group's strategy in managing jet fuel price risk aims at controlling the risk arising from the rise in fuel price. The Group has engaged in fuel hedging transactions since March 2001. The hedging instruments used were mainly derivatives of Singapore kerosene together with Brent crude oil and New York crude oil, which are closely linked to the price of jet fuel. As at 30 November 2011, the fuel derivative contracts of the Company all expired, and no new position has been established so far. Considering the volatility of international prices and cost sensitivity, the Company will continue to develop its fuel hedging business in compliance with the regulatory requirements so as to cope with changes in the jet fuel market.

As at 30 June 2012, the total amount of interest-bearing debts of the Group was RMB94,009 million, which accounted for 70.95% of the Group's total liabilities. Most of such debts were foreign debts and mainly denominated in U.S. dollars, Hong Kong dollars and Euros. In addition, the Group also had sales revenues and expenses denominated in foreign currencies. The Group endeavoured to minimize any risks relating to the fluctuations in foreign exchange rates and interest rates by adjusting the structure of the interest rates and currency denomination of its debts and by making use of the financial derivatives.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

During the first half of 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company (the term "securities" has the meaning ascribed to it under paragraph 1 of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

INTERIM DIVIDEND

No interim dividend will be paid for the six months ended 30 June 2012.

CORPORATE GOVERNANCE

1. Compliance with the Corporate Governance Code

For the six months ended 30 June 2012, the Company complied with all Code Provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules) and the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, which is applicable to financial reports covering a period after 1 April 2012).

2. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code")

The Company has adopted and formulated a code of conduct on terms no less exacting than the required standards of the Model Code as set out in Appendix 10 to the Listing Rules. After making specific enquiries, the Company confirmed that each director and each supervisor of the Company have complied with the required standards of the Model Code and the Company's code of conduct throughout the six months ended 30 June 2012.

DISCLOSURE REQUIRED BY THE LISTING RULES

In compliance with paragraph 46 of Appendix 16 to the Listing Rules, the Company confirms that in relation to those matters set out in paragraph 46(3) of Appendix 16 to the Listing Rules, save as disclosed herein, there has been no material change in the Company's existing information from the relevant disclosure in the 2011 Annual Report of the Company.

REVIEW BY AUDIT AND RISK CONTROL COMMITTEE

The audit and risk control committee of the Company has reviewed the Company's interim report for the six months ended 30 June 2012, the Company's unaudited interim condensed consolidated financial statements and the accounting policies and practices adopted by the Group.

(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to the "Notice regarding Further Implementation of Cash Dividends Distribution of Listed Companies" issued by the China Securities Regulatory Commission and the "Notice regarding Further Completing the Policy of Cash Dividends Distribution of Listed Companies" issued by the Beijing Securities Regulatory Administration, and in view of the amendments to the laws, regulations and listing rules applicable to the Company and the actual situation of the Company, the Board has resolved to propose to the shareholders of the Company (the "**Shareholders**") certain amendments to the Articles of Association in connection with profit distribution and other relevant articles. The proposed amendments to the Articles of Association are subject to approval by the Shareholders by way of special resolution and will become effective upon approval by the relevant PRC government authorities. A circular setting out details of the proposed amendments will be provided to the Shareholders in due course.

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

Beijing, the PRC, 28 August 2012

As at the date of this announcement, the directors of the Company are Mr. Wang Changshun, Ms. Wang Yinxiang, Mr. Cao Jianxiong, Mr. Sun Yude, Mr. Christopher Dale Pratt, Mr. Ian Sai Cheung Shiu, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Fu Yang, Mr. Li Shuang*, Mr. Han Fangming* and Mr. Yang Yuzhong*.*

* *Independent non-executive director of the Company*