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)

2015 ANNUAL RESULTS AND PROPOSED PUBLIC ISSUANCE OF CORPORATE BONDS

The Board of the Company has passed, among others, the following resolutions at a meeting of the Board held on 30 March 2016:

(I) the audited consolidated financial results of the Group for the year ended 31 December 2015; and

(II) the proposed public issuance of corporate bonds.

(I) 2015 ANNUAL RESULTS

The Board hereby announces the audited consolidated financial results of the Group for the year ended 31 December 2015 together with the corresponding comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

(Prepared under International Financial Reporting Standards)

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Revenue			
Air traffic revenue	4	**104,368,230**	101,385,199
Other operating revenue	5	**5,688,804**	4,579,698
		110,057,034	105,964,897
Operating expense			
Jet fuel costs		**(24,042,614)**	(34,542,440)
Take-off, landing and depot charges		**(11,643,166)**	(10,566,490)
Depreciation and amortisation		**(13,010,761)**	(11,393,429)
Aircraft maintenance, repair and overhaul costs		**(4,015,468)**	(3,587,507)
Employee compensation costs		**(18,230,841)**	(15,550,853)
Air catering charges		**(3,031,717)**	(2,755,640)
Aircraft and engine operating lease expenses		**(5,145,664)**	(4,536,641)
Other operating lease expenses		**(1,017,535)**	(944,024)
Other flight operation expenses		**(8,393,972)**	(8,348,155)
Selling and marketing expenses		**(4,558,933)**	(5,896,812)
General and administrative expenses		**(1,414,741)**	(585,859)
		(94,505,412)	(98,707,850)
Profit from operations	6	**15,551,622**	7,257,047
Finance income	7	**152,257**	233,265
Finance costs	7	**(7,968,825)**	(3,214,264)
Share of profits less losses of associates		**1,319,300**	738,627
Share of profits less losses of joint ventures		**300,897**	120,191
Profit before taxation		**9,355,251**	5,134,866
Taxation	8	**(1,845,764)**	(800,764)
Profit for the year		**7,509,487**	4,334,102
Attributable to:			
– Equity shareholders of the Company		**7,063,347**	3,852,492
– Non-controlling interests		**446,140**	481,610
Profit for the year		**7,509,487**	4,334,102
Earnings per share	10		
– Basic and diluted		**RMB57.45 cents**	RMB31.33 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

(Prepared under International Financial Reporting Standards)

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**7,509,487**	4,334,102
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
– Remeasurement of net defined benefit liability	**(21,054)**	–
– Share of other comprehensive income of associates and joint ventures	**(55,062)**	(75,943)
Items that may be reclassified subsequently to profit or loss:		
– Share of other comprehensive income of associates and joint ventures	**(1,639,957)**	(3,027,098)
– Available-for-sale securities: net change in fair value	**22,014**	36,399
– Exchange realignment	**1,095,705**	82,107
Other comprehensive income for the year	**(598,354)**	(2,984,535)
Total comprehensive income for the year	**6,911,133**	1,349,567
Attributable to:		
– Equity shareholders of the Company	**6,415,240**	850,909
– Non-controlling interests	**495,893**	498,658
Total comprehensive income for the year	**6,911,133**	1,349,567

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

(Prepared under International Financial Reporting Standards)

	Note	**31 December 2015**	31 December 2014	1 January 2014
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment		**155,990,977**	148,192,583	132,819,852
Lease prepayments		**3,034,209**	2,633,658	2,203,377
Investment property		**722,663**	683,655	246,291
Intangible asset		**35,902**	36,859	54,524
Goodwill		**1,099,975**	1,099,975	1,099,975
Interests in associates		**11,552,825**	11,709,767	14,347,091
Interests in joint ventures		**1,038,118**	1,392,728	1,284,232
Advance payments for aircraft and flight equipment		**14,476,913**	18,148,989	23,261,879
Deposits for aircraft under operating leases		**597,920**	523,338	426,375
Held-to-maturity securities		**10,000**	30,000	70,011
Available-for-sale securities		**1,106,588**	713,668	385,755
Deferred tax assets		**3,753,729**	3,581,841	3,269,063
		193,419,819	188,747,061	179,468,425
Current assets				
Aircraft and flight equipment held for sale		**582,074**	460,028	997,666
Inventories		**1,730,742**	1,100,179	1,044,617
Accounts receivable	*11*	**3,252,205**	2,834,130	2,861,167
Accounts receivable due from the ultimate holding company		**409,149**	150,079	239,417
Bills receivable		**224**	155	131
Prepayments, deposits and other receivables		**3,635,925**	4,215,385	3,918,240
Financial assets		**995**	12,534	11,350
Restricted bank deposits		**654,946**	704,863	1,554,454
Cash and cash equivalents		**7,138,098**	8,639,687	13,541,814
Other current assets		**2,806,973**	4,805,593	2,557,423
		20,211,331	22,922,633	26,726,279
Total assets		**213,631,150**	211,669,694	206,194,704

	Note	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
Current liabilities				
Air traffic liabilities		**(5,759,233)**	(4,830,806)	(4,461,448)
Accounts payable	*12*	**(9,252,750)**	(9,788,921)	(10,349,535)
Bills payable		**(11,646)**	(150,000)	–
Other payables and accruals		**(11,290,303)**	(11,821,087)	(11,986,597)
Financial liabilities		**–**	(7,712)	(24,070)
Amounts due to the ultimate holding company		**(4,857,426)**	(1,843,997)	(1,701,871)
Current taxation		**(819,880)**	(607,354)	(355,617)
Obligations under finance leases		**(5,963,977)**	(4,751,714)	(3,859,317)
Interest-bearing bank loans and other borrowings		**(11,290,310)**	(27,767,425)	(37,094,216)
Provision for major overhauls		**(1,301,821)**	(856,789)	(699,378)
		(50,547,346)	(62,425,805)	(70,532,049)
Net current liabilities		**(30,336,015)**	(39,503,172)	(43,805,770)
Total assets less current liabilities		**163,083,804**	149,243,889	135,662,655
Non-current liabilities				
Obligations under finance leases		**(37,803,279)**	(31,240,298)	(25,972,715)
Interest-bearing bank loans and other borrowings		**(48,987,522)**	(49,023,196)	(42,176,406)
Provision for major overhauls		**(3,112,201)**	(3,363,176)	(3,283,480)
Provision for early retirement benefit obligations		**(13,465)**	(19,210)	(35,331)
Long-term payables		**(10,180)**	(45,855)	(97,072)
Defined benefit obligations		**(276,968)**	–	–
Deferred income		**(3,489,698)**	(3,336,106)	(3,797,501)
Deferred tax liabilities		**(2,867,738)**	(2,337,958)	(2,014,407)
		(96,561,051)	(89,365,799)	(77,376,912)
NET ASSETS		**66,522,753**	59,878,090	58,285,743
CAPITAL AND RESERVES				
Issued capital		**13,084,751**	13,084,751	13,084,751
Treasury shares		**(3,047,564)**	(3,047,564)	(3,047,564)
Reserves		**49,710,824**	44,236,578	43,979,906
Total equity attributable to equity shareholders of the Company		**59,748,011**	54,273,765	54,017,093
Non-controlling interests		**6,774,742**	5,604,325	4,268,650
TOTAL EQUITY		**66,522,753**	59,878,090	58,285,743

NOTES:

1 BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). The financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The financial statements have been approved and authorised for issue by the board of directors on 30 March 2016.

As at 31 December 2015, the Group's current liabilities exceeded its current assets by approximately RMB30,336 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. Considering the Company's sources of liquidity and the unutilised bank facilities of RMB118,925 million as at 31 December 2015, the directors of the Company believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements when preparing the financial statements for the year ended 31 December 2015. Accordingly, the financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as available-for-sale or as trading securities, which are measured at fair value, and non-current assets held for sale, which are stated at the lower of their carrying amounts and fair value less costs of disposal. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

China National Aviation Finance Co., Ltd ("**CNAF**") was acquired by the Company in 2015. As CNAF and the Company had been under the common control of China National Aviation Holding Company before and after the acquisition, the acquisition was reflected in the consolidated financial statements of the Group using the principles of merger accounting under Accounting Guideline 5, *Merger accounting for common control combinations*. Accordingly, the assets and liabilities of CNAF had been accounted for at historical amounts and the consolidated financial statements of the Group prior to the acquisition had been restated to include the result of operations and assets and liabilities of CNAF on a combined basis. Respective notes to the consolidated financial statements have also been restated. All significant intra-group transactions, balances, income and expenses are eliminated on combination.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- Annual Improvements to *IFRSs 2010-2012 Cycle*
- Annual Improvements to *IFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 19, ***Employee benefits: Defined benefit plans: Employee contributions***

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have significant impact on the financial statements as the defined benefit plans operated by the Group are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3 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 mainly 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 the assets of the Group by geographical distribution has therefore not been included.

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 taxation regarding the Group's operating segments in accordance with the Accounting Standards for Business Enterprises of the PRC ("**CASs**") for the years ended 31 December 2015 and 2014 and the reconciliations of reportable segment revenue and profit before taxation to the Group's consolidated amounts under IFRSs:

Year ended 31 December 2015

	Airline operations *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
Sales to external customers	**107,554,126**	**1,374,988**	**–**	**108,929,114**
Intersegment sales	**–**	**4,949,724**	**(4,949,724)**	**–**
Revenue for reportable segments under CASs	**107,554,126**	**6,324,712**	**(4,949,724)**	**108,929,114**
Business tax not included in segment revenue				**(274,190)**
Other income not included in segment revenue				**1,372,558**
Effects of other differences between IFRSs and CASs				**29,552**
Revenue for the year under IFRSs				**110,057,034**
Segment profit before taxation				
Profit before taxation for reportable segments under CASs	**8,567,974**	**530,895**	**(55,624)**	**9,043,245**
Effects of differences between IFRSs and CASs				**312,006**
Profit before taxation for the year under IFRSs				**9,355,251**

Year ended 31 December 2014 (restated)

	Airline operations *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
Sales to external customers	104,651,713	236,544	–	104,888,257
Intersegment sales	–	2,305,767	(2,305,767)	–
Revenue for reportable segments under CASs	104,651,713	2,542,311	(2,305,767)	104,888,257
Business tax not included in segment revenue				(198,297)
Other income not included in segment revenue				1,186,280
Effects of other differences between IFRSs and CASs				88,657
Revenue for the year under IFRSs				105,964,897
Segment profit before taxation				
Profit before taxation for reportable segments under CASs	4,940,011	148,080	–	5,088,091
Effects of differences between IFRSs and CASs				46,775
Profit before taxation for the year under IFRSs				5,134,866

The following table presents the segment assets of the Group's operating segments under CASs as at 31 December 2015 and 2014 and the reconciliations of reportable segment assets to the Group's consolidated amounts under IFRSs:

	Airline operations *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment assets				
Total assets for reportable segments as at 31 December 2015 under CASs	**206,654,516**	**15,615,623**	**(8,566,604)**	**213,703,535**
Effects of differences between IFRSs and CASs				**(72,385)**
Total assets under IFRSs				**213,631,150**
Total assets for reportable segments as at 31 December 2014 under CASs (restated)	206,322,496	10,331,222	(4,651,852)	212,001,866
Effects of differences between IFRSs and CASs				(332,172)
Total assets under IFRSs (restated)				211,669,694

Geographical information

The following table presents the Group's consolidated revenue under IFRSs by geographical location for the years ended 31 December 2015 and 2014, respectively:

Year ended 31 December 2015

	Mainland China *RMB'000*	Hong Kong, Macau and Taiwan *RMB'000*	Europe *RMB'000*	North America *RMB'000*	Japan and Korea *RMB'000*	Asia Pacific and others *RMB'000*	Total *RMB'000*
Sales to external customers and total revenue	70,578,761	5,666,889	10,882,067	10,196,925	6,029,137	6,703,255	110,057,034

Year ended 31 December 2014 (restated)

	Mainland China *RMB'000*	Hong Kong, Macau and Taiwan *RMB'000*	Europe *RMB'000*	North America *RMB'000*	Japan and Korea *RMB'000*	Asia Pacific and others *RMB'000*	Total *RMB'000*
Sales to external customers and total revenue	68,083,855	6,186,245	11,304,062	9,339,397	5,452,765	5,598,573	105,964,897

4 AIR TRAFFIC REVENUE

Air traffic revenue represents revenue from the Group's airline operation business. An analysis of the Group's air traffic revenue during the year is as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Passenger	**95,920,745**	92,599,317
Cargo and mail	**8,447,485**	8,785,882
	104,368,230	101,385,199

5 OTHER OPERATING REVENUE

	2015 ***RMB'000***	2014 *RMB'000* (Restated)
Aircraft engineering income	**747,651**	113,863
Ground service income	**810,176**	930,733
Government grants:		
– Recognition of deferred income	**79,658**	149,601
– Others	**889,166**	999,052
Service charges on return of unused flight tickets	**1,147,055**	871,254
Cargo handling service income	**138,677**	124,399
Training service income	**43,168**	40,429
Rental income	**194,356**	133,936
Sale of materials	**27,050**	11,780
Import and export service income	**35,521**	36,828
Others	**1,576,326**	1,167,823
	5,688,804	4,579,698

6 PROFIT FROM OPERATIONS

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

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Depreciation of property, plant and equipment	**12,911,350**	11,327,044
Depreciation of investment property	**27,559**	12,310
Amortisation of lease prepayments	**71,852**	54,075
Impairment/(reversal of impairment):		
– Property, plant and equipment	**–**	35,105
– Aircraft and flight equipment held for sale	**112,791**	361,892
– Accounts receivable	**49,167**	2,675
– Prepayments, deposits and other receivables	**268**	(490,958)
Provision for inventories	**12,831**	1,740
Losses on disposal of property, plant and equipment	**91,235**	38,409
Minimum lease payments under operating leases:		
– Aircraft and flight equipment	**5,145,664**	4,536,641
– Land and buildings	**924,430**	866,533
Auditors' remuneration		
– Audit related services	**22,051**	18,801
– Other services	**29**	527

7 FINANCE INCOME AND FINANCE COSTS

An analysis of the Group's finance income and finance costs during the year is as follows:

Finance income

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Interest income	**152,257**	222,387
Others	**–**	10,878
	152,257	233,265

Finance costs

	2015 *RMB'000*	2014 *RMB'000* (Restated)
Interest on interest-bearing bank loans and other borrowings	**2,502,785**	2,816,186
Interest on finance leases	**677,976**	503,376
Losses on interest rate derivative contracts, net	**–**	371
Exchange losses, net	**5,156,039**	360,154
	8,336,800	3,680,087
Less: Interest capitalised	**(367,975)**	(465,823)
	7,968,825	3,214,264

The interest capitalisation rates during the year ranged from 0.77% to 6.55% (2014: 0.77% to 6.55%) per annum.

8 TAXATION

	2015 *RMB'000*	2014 *RMB'000* (Restated)
Current income tax:		
– Mainland China	**1,555,160**	795,823
– Hong Kong and Macau	**8,224**	13,339
Under/(over)-provision in respect of prior years	**1,199**	(7,038)
Deferred income tax	**281,181**	(1,360)
	1,845,764	800,764

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% (2014: 15%) and a subsidiary which is exempted from the local income tax of the Inner Mongolia Autonomous Region from year 2013 to 2015, all group companies located in Mainland China are subject to a corporate income tax rate of 25% (2014: 25%) during the year. Subsidiaries in Hong Kong and Macau are taxed at corporate income tax rates of 16.5% and 12% (2014: 16.5% and 12%), respectively.

In respect of majority of the Group's overseas airline activities, the Group has either obtained exemptions from overseas taxation pursuant to the bilateral aviation agreements between the overseas governments and the PRC government, or has sustained tax losses in these overseas jurisdictions. Accordingly, no provision for overseas tax has been made for overseas airlines activities in the current and prior years.

9 DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period	**1,400,068**	683,417
Final dividend in respect of the previous financial year, declared and paid during the year	**683,417**	592,870

In accordance with the Company's articles of association, the profit after taxation 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.

Pursuant to the shareholders' approval at the Annual General Meeting on 22 May 2015, a final dividend of RMB0.5223 (including tax) per ten shares totalling RMB683 million in respect of the year ended 31 December 2014 was paid out in 2015.

Pursuant to a resolution passed at the Directors' meeting on 30 March 2016, a final dividend in respect of the year ended 31 December 2015 of RMB1.0700 (including tax) per ten shares totalling RMB1,400 million was proposed for shareholders' approval at the Annual General Meeting. As the final dividend is declared after the balance sheet date, such dividend is not recognised as a liability as at 31 December 2015.

10 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share for the year ended 31 December 2015 was based on the profit attributable to ordinary equity shareholders of the Company of RMB7,063 million (2014: RMB3,852 million) and the weighted average of 12,294,896,740 ordinary shares (2014: 12,294,896,740 ordinary shares) in issue during the year, as adjusted to reflect the weighted average number of treasury shares held by Cathay Pacific Airways Limited through reciprocal shareholding.

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

11 ACCOUNTS RECEIVABLE

	2015	2014
	RMB'000	*RMB'000*
Accounts receivable	**3,407,367**	2,903,464
Impairment	**(155,162)**	(69,334)
	3,252,205	2,834,130

The Group normally allows a credit period of 30 to 90 days to its sales agents and other customers while some major customers are granted a credit period of up to six months or above. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

The ageing analysis of the accounts receivable as at the end of the reporting period, net of provision for impairment, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 30 days	**2,419,604**	2,262,237
31 to 60 days	**328,902**	263,514
61 to 90 days	**166,916**	110,406
Over 90 days	**336,783**	197,973
	3,252,205	2,834,130

12 ACCOUNTS PAYABLE

The ageing analysis of the accounts payable as at the end of the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 30 days	**4,548,654**	5,507,172
31 to 60 days	**1,373,626**	789,788
61 to 90 days	**1,086,846**	1,366,348
Over 90 days	**2,243,624**	2,125,613
	9,252,750	9,788,921

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

(Prepared under the Accounting Standards for Business Enterprises of the PRC)

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Revenue from operations	**108,929,114**	104,888,257
Less: Cost of operations	**83,694,898**	87,877,826
Business taxes and surcharges	**274,190**	198,297
Selling expenses	**6,147,913**	7,428,499
General and administrative expenses	**4,023,522**	3,273,131
Finance costs	**7,948,531**	3,151,650
Impairment losses recognised/(reversed)	**181,885**	(129,739)
Add: Gains from movements in fair value	**5,634**	7,200
Investment income	**1,675,988**	889,412
Including: Share of profits less losses of associates and joint ventures	**1,620,197**	858,818
Profit from operations	**8,339,797**	3,985,205
Add: Non-operating income	**1,159,756**	1,267,611
Including: Gains on disposal of non-current assets	**69,960**	108,620
Less: Non-operating expenses	**456,308**	164,725
Including: Losses on disposal of non-current assets	**172,920**	129,980
Profit before taxation	**9,043,245**	5,088,091
Less: Taxation	**1,823,097**	789,070
Net profit	**7,220,148**	4,299,021
Net profit attributable to equity shareholders of the Company	**6,774,008**	3,817,411
Non-controlling interests	**446,140**	481,610
Earnings per share (RMB)		
Basic and diluted	**0.55**	0.31

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Other comprehensive income for the year		
Other comprehensive income attributed to equity shareholders of the Company after taxation		
Items that will not be reclassified to profit or loss:		
– Remeasurement of net defined benefit liability	**(15,790)**	–
– Share of other comprehensive income of the investees accounted by the equity method	**(55,062)**	(75,943)
Items that may be reclassified to profit or loss:		
– Share of other comprehensive income of the investees accounted by the equity method	**(1,640,609)**	(3,026,667)
– Exchange realignment	**1,052,127**	82,495
– Gains or losses arising from changes in fair value of available-for-sale financial assets	**11,227**	18,532
Other comprehensive income after taxation attributed to non-controlling interests	**49,753**	17,048
Total comprehensive income	**6,621,794**	1,314,486
Attributable to:		
Equity shareholders of the Company	**6,125,901**	815,828
Non-controlling interests	**495,893**	498,658

CONSOLIDATED BALANCE SHEET

At 31 December 2015

(Prepared under the Accounting Standards for Business Enterprises of the PRC)

	31 December 2015	31 December 2014	1 January 2014
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
ASSETS			
Current assets			
Cash and bank balances	**7,793,044**	9,344,550	15,096,268
Financial assets at fair value through profit or loss	**995**	12,534	11,350
Bills receivable	**224**	155	131
Accounts receivable	**3,661,354**	2,984,209	3,100,584
Other receivables	**1,882,945**	2,801,012	2,849,712
Prepayments	**1,069,263**	843,801	679,962
Inventories	**1,730,742**	1,100,179	1,044,617
Held-for-sale assets	**582,074**	457,623	994,413
Other current assets	**2,806,973**	4,805,593	2,557,423
Total current assets	**19,527,614**	22,349,656	26,334,460
Non-current assets			
Available-for-sale financial assets	**1,108,631**	715,711	387,798
Held-to-maturity investments	**10,000**	30,000	70,011
Long-term receivables	**598,312**	535,184	451,404
Long-term equity investments	**12,451,024**	13,183,913	15,712,742
Investment property	**353,511**	347,992	246,291
Fixed assets	**149,267,398**	139,619,667	124,000,811
Construction in progress	**20,747,815**	26,448,536	31,772,611
Intangible assets	**4,169,341**	3,620,472	2,866,099
Goodwill	**1,102,185**	1,102,185	1,102,185
Long-term deferred expenses	**683,325**	558,726	363,536
Deferred tax assets	**3,684,379**	3,489,824	3,165,352
Total non-current assets	**194,175,921**	189,652,210	180,138,840
Total assets	**213,703,535**	212,001,866	206,473,300

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans	**3,055,641**	19,146,494	20,413,013
Short-term bonds	**2,598,843**	640,000	700,000
Financial liabilities at fair value through profit or loss	**–**	7,712	24,070
Bills payable	**11,646**	150,000	–
Accounts payable	**11,747,465**	11,757,797	11,828,973
Domestic air traffic liabilities	**2,619,395**	2,103,215	1,785,306
International air traffic liabilities	**3,139,838**	2,727,591	2,676,142
Receipts in advance	**148,505**	141,037	133,112
Employee compensations payable	**1,933,927**	1,663,888	2,240,124
Taxes payable	**1,304,379**	977,764	715,455
Interest payable	**679,394**	669,108	720,390
Other payables	**10,574,693**	8,344,959	8,358,303
Non-current liabilities repayable within one year	**12,399,620**	13,725,417	20,507,235
Total current liabilities	**50,213,346**	62,054,982	70,102,123
Non-current liabilities			
Long-term loans	**30,794,484**	31,829,076	23,176,406
Corporate bonds	**18,193,038**	17,194,120	19,000,000
Long-term payables	**3,122,381**	3,409,031	3,380,552
Obligations under finance leases	**37,803,279**	31,240,298	25,972,715
Defined benefit obligations	**276,968**	–	–
Accrued liabilities	**347,465**	360,481	376,601
Deferred income	**3,489,698**	3,336,106	3,767,948
Deferred tax liabilities	**2,867,738**	2,337,958	2,014,407
Total non-current liabilities	**96,895,051**	89,707,070	77,688,629
Total liabilities	**147,108,397**	151,762,052	147,790,752

	31 December 2015	31 December 2014	1 January 2014
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Shareholders' equity			
Issued capital	**13,084,751**	13,084,751	13,084,751
Capital reserve	**16,509,531**	16,767,627	16,767,627
Other comprehensive income	**(5,707,061)**	(5,058,975)	(2,057,392)
Reserve funds	**6,633,105**	5,802,819	5,267,775
Retained earnings	**29,245,119**	24,000,903	21,312,773
General reserve	**54,951**	38,364	38,364
Equity attributable to shareholders of the Company	**59,820,396**	54,635,489	54,413,898
Non-controlling interests	**6,774,742**	5,604,325	4,268,650
Total shareholders' equity	**66,595,138**	60,239,814	58,682,548
Total liabilities and shareholders' equity	**213,703,535**	212,001,866	206,473,300

EFFECTS OF DIFFERENCES BETWEEN IFRSS AND CASs

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

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Net profit attributable to shareholders of the Company under CASs	**6,774,008**	3,817,411
Deferred taxation	**(22,667)**	(11,694)
Differences in value of fixed assets and other non-current assets	**282,454**	(41,882)
Government grants	**29,552**	88,657
Net profit attributable to shareholders of the Company under IFRSs	**7,063,347**	3,852,492

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Equity attributable to shareholders of the Company under CASs	**59,820,396**	54,635,489
Deferred taxation	**69,350**	92,017
Differences in value of fixed assets and other non-current assets	**(281,654)**	(564,108)
Government grants	**–**	(29,552)
Unrealised profit of the disposal of Hong Kong Dragon Airlines	**139,919**	139,919
Equity attributable to shareholders of the Company under IFRSs	**59,748,011**	54,273,765

2015 REVIEW

In 2015, recovery of global economy remained weak while the Chinese economy went through a period of transformation and upgrading. The global aviation passenger market was strong and China's civil aviation industry maintained double-digit growth, while the global cargo market remained slack. Although low fuel prices have helped to ease the pressure on operating cost, intensified industrial competition and substantial exchange rate fluctuations have posed severe challenges. By following the strategy of prudent operation and sustainable development, we have responded to market changes, improved the configuration of global network, enhanced marketing and service capability, strengthened cost management, brand positioning and profitability, and maintained our position as the market leader.

During the reporting period, our capacity measured in ATK reached 31,364 million and RTK reached 21,807 million, representing an increase of 13.57% and 12.19% respectively, over the previous year. We carried 89.82 million passengers, up by 8.20% year-on-year. Our cargo and mail volume reached 1.66 million tonnes, 7.18% more than the previous year. Our revenue reached RMB 110,057 million, representing a year-on-year increase of 3.86%, while our operating expenses reached RMB94,505 million, down by 4.26% over the previous year, among which, fuel cost dropped by RMB10,500 million compared with that of last year. Although exchange rate fluctuations caused a loss of RMB5,156 million, due to profitability in the main business, we still registered RMB7,063 million of profit attributable to equity shareholders, representing a year-on-year increase of 83.34%.

We continued to optimise our fleet structure and enhanced efficiency in operation. During the year, we introduced 66 aircraft and phased out 16 aircraft. The total fleet size numbered 590 aircraft with the average age of 6.2 years, which enabled our fleet to sustain its competitive advantages. With continued fleet expansion as well as improved overall planning and allocation of crew resources, our crew readiness has steadily enhanced. In keeping with market changes, we have been flexible in adjusting the structure and pace of deployment of capacity. Given the fast-growing demand in the international market, we have devoted more capacities to international routes and significantly increased the utilisation of wide-body aircraft. In domestic services, we focused on increasing capacities for high-yield routes, and took appropriate steps to control deployment in short-haul routes and increase operation in long-haul routes. At the same time, we capitalised on key opportunities like the Spring Festival holiday season and the summer peak-season to boost revenue, and properly handled unexpected incidents like the South Korean MERS outbreak and the Paris terrorist attack. We have improved efficiency in the utilisation of key resources and enhanced the ability to grasp market opportunities. All these have ensured maximum returns for the Group.

The layout of our global network continued to improve and the commercial value of our aviation hub resources continued to increase. To implement the country's "One Belt, One Road" and "Go Global" strategies, we focused our efforts on global network expansion and launched 65 new routes (including reopening of old routes) during the year, e.g. from Beijing to Havana, Johannesburg and other overseas destinations, which made Air China the only Chinese airline company with operations covering all six continents. The development of the Beijing hub made further progress. We added international and domestic routes and optimised flight bank structure, resulting in a further increase in the number of connecting flights and connecting passengers. The network of Chengdu regional hub has been expanded to meet the changes in the Western China market. Apart from opening new routes and increasing the frequency of existing international and domestic flights, some of the international services have been extended to the main cities in Northwest China, thereby consolidating Chengdu's regional hub status. The Shanghai international gateway focused on developing a better-structured flight network by way of increasing frequency on trunk routes, strengthening support for connecting flights, advancing regional connectivity and enhancing transit capability.

Various measures have been taken to enhance marketing capabilities. We continued to optimise channel structure, and made vigorous efforts to support the expansion of direct sales channels, such as official website and mobile application platform (mobile phone App). The new online mobile application platform (new App) has attracted 2 million additional subscribers. At the same time, we have expanded marketing at our flagship stores on leading third-party online platforms, and established standard management procedures to improve the overall quality of distribution channels. We have strengthened international marketing capabilities, conducted comprehensive marketing campaigns for new routes, and enhanced the international sales capabilities of second- and third-tier domestic cities. We have diversified our product portfolio and built a new product system that focuses on ancillary revenue and value-added services, achieving initial breakthroughs in incremental revenue and diversified sources of revenue on the industrial chain.

The foundation of service management has been strengthened, resulting in the improvement in the management of the service system. We have enhanced the alignment of services with operation, and strengthened our ability for emergency response and risk control. We have focused on passenger needs, improved the quality of food and beverages, provided a wider choice of in-flight entertainment programs, and introduced easy travel and mobile internet technologies to deliver better travel experience for our passengers. We have completed WiFi modification on 24 wide-body aircraft and started to broadcast live TV programs using satellite broadband technology.

Cost control and risk prevention have been given greater emphasis. Through continuous optimization of flight network and better alignment of aircraft capacity with flight routes, cost efficiency has notably enhanced. We have exerted greater efforts to broaden the direct sales channels, leading to an increase in direct sales proportion to 30% and reduced agency fees. We have strengthened centralised management of capital under the Air China family, which improved the efficiency of capital circulation and utilisation. At the same time, we have taken the initiative to optimise our debt structure, reduced the amount of US dollar loans to offset a rise in US dollar exchange rate, and increased the proportion of aircraft leasing to minimise the risk in exchange rate and foreign exchange losses. As such, we have maintained the Company's cost advantage.

Cargo business made steady advances. In 2015, the global cargo market experienced another downturn. Against such a backdrop, Air China Cargo took active efforts to improve freighter operations, adapted to market developments, optimised route structure and improved the efficiency of capacity allocation. We have capitalised on the new routes to expand international cargo network, actively promoted new businesses and products, and strengthened mail, express delivery and special cargo services. We have accelerated the development of the Shanghai transit hub and improved the cargo load factor. In 2015, the volume of cargo transited through Shanghai rose by 76% over the previous year. We have strengthened combined passenger and cargo services and refined the management of belly capacity, thus maintaining our competitive advantage in belly space services. We have promoted professional operation of cargo terminals, expanded collaboration with third-party courier and launched the business of cross-border logistic centers for online merchants. Through business transformation and optimised cost control, Air China Cargo continued to make progress in business performance and recorded profits despite the unfavorable conditions in supply and demand and exchange rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

The following discussion and analysis are based on the Group's consolidated financial statements and the notes prepared in accordance with the IFRSs and are designed to assist readers in further understanding the information in this announcement and better understanding the financial position and results of operation of the Group as a whole.

PROFIT ANALYSIS

In 2015, we proactively responded to changes in the competitive landscape and market demand by adopting various measures such as optimising operational arrangement, enhancing marketing capabilities and strengthening cost management. We recorded an operating profit of RMB15,552 million, representing an increase of RMB8,295 million or 114.30% as compared with that of the previous year. However, due to the offset by unfavorable factors including the depreciation of RMB against US dollars, profit attributable to equity shareholders of the Company and earnings per share amounted to RMB7,063 million and RMB0.57 respectively, representing a year-on-year increase of 83.34% and 83.34%, respectively.

REVENUE

In 2015, the Group's total revenue was RMB110,057 million, representing an increase of RMB4,092 million or 3.86% as compared with last year. Revenue from air traffic operations contributed RMB104,368 million to the total revenue, representing an increase of RMB2,983 million or 2.94% over last year. Other operating revenue was RMB5,689 million, representing a year-on-year increase of RMB1,109 million or 24.22%, mainly due to the contribution by a new subsidiary, AMECO, during the reporting period.

REVENUE CONTRIBUTION BY GEOGRAPHICAL SEGMENTS

	2015		2014		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
Mainland China	**70,578,761**	**64.13%**	68,083,855	64.25%	3.66%
Hong Kong, Macau and Taiwan	**5,666,889**	**5.15%**	6,186,245	5.84%	(8.40%)
Europe	**10,882,067**	**9.89%**	11,304,062	10.67%	(3.73%)
North America	**10,196,925**	**9.27%**	9,339,397	8.81%	9.18%
Japan and Korea	**6,029,137**	**5.48%**	5,452,765	5.15%	10.57%
Asia Pacific and others	**6,703,255**	**6.08%**	5,598,573	5.28%	19.73%
Total	**110,057,034**	**100.00%**	105,964,897	100.00%	3.86%

AIR PASSENGER REVENUE

In 2015, the Group recorded air passenger revenue of RMB95,921 million, representing an increase of RMB3,321 million over that of 2014. Among the air passenger revenue, the increase of capacity contributed an increase of RMB10,137 million to the revenue, while the decrease of passenger yield resulted in a decrease in revenue of RMB6,869 million. The increase of passenger load factor also brought an increase of RMB53 million to the revenue. The Group's capacity, load factor of passenger and yield per RPK in 2015 are as follows:

	2015	2014	Change
Available seat kilometres (million)	**214,828.73**	193,631.46	10.95%
Passenger load factor (%)	**79.93**	79.89	0.04 ppts
Yield per RPK (RMB)	**0.5583**	0.5984	(6.70%)

AIR PASSENGER REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

	2015		2014		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
Mainland China	**63,145,755**	**65.82%**	61,672,170	66.60%	2.39%
Hong Kong, Macau and Taiwan	**5,376,649**	**5.61%**	5,828,565	6.29%	(7.75%)
Europe	**8,025,820**	**8.37%**	7,640,985	8.25%	5.04%
North America	**7,662,868**	**7.99%**	7,490,522	8.09%	2.30%
Japan and Korea	**5,541,750**	**5.78%**	4,876,735	5.27%	13.64%
Asia Pacific and others	**6,167,903**	**6.43%**	5,090,340	5.50%	21.17%
Total	**95,920,745**	**100.00%**	92,599,317	100.00%	3.59%

AIR CARGO REVENUE

In 2015, the Group's air cargo and mail revenue was RMB8,447 million, representing a decrease of RMB338 million as compared with last year. Among the air cargo and mail revenue, the increase of capacity contributed an increase of RMB1,588 million to the revenue, while the decreases of cargo and mail load factor and yield of cargo and mail resulted in decreases in revenue of RMB249 million and RMB1,677 million, respectively. The capacity, cargo and mail load factor and yield per RFTK in 2015 are as follows:

	2015	2014	Change
Available freight tonne kilometres (million)	**11,982.31**	10,147.93	18.08%
Cargo and mail load factor (%)	**54.73**	56.08	(1.35 ppts)
Yield per RFTK (RMB)	**1.2880**	1.5438	(16.57%)

AIR CARGO REVENUE CONTRIBUTED BY GEOGRAPHICAL SEGMENTS

	2015		2014		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
Mainland China	**1,980,773**	**23.44%**	2,032,015	23.13%	(2.52%)
Hong Kong, Macau and Taiwan	**290,240**	**3.44%**	353,618	4.02%	(17.92%)
Europe	**2,785,922**	**32.98%**	3,602,942	41.01%	(22.68%)
North America	**2,466,913**	**29.20%**	1,789,924	20.37%	37.82%
Japan and Korea	**460,065**	**5.45%**	541,965	6.17%	(15.11%)
Asia Pacific and others	**463,572**	**5.49%**	465,418	5.30%	(0.40%)
Total	**8,447,485**	**100.00%**	8,785,882	100.00%	(3.85%)

OPERATING EXPENSES

In 2015, the Group's operating expenses were RMB94,505 million, representing a decrease of 4.26% from RMB98,708 million in 2014. The breakdown of the operating expenses is set out below:

	2015		2014 (restated)		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
Jet fuel costs	**24,042,614**	**25.44%**	34,542,440	34.99%	(30.40%)
Take-off, landing and depot charges	**11,643,166**	**12.32%**	10,566,490	10.70%	10.19%
Depreciation and amortisation	**13,010,761**	**13.77%**	11,393,429	11.55%	14.20%
Aircraft maintenance, repair and overhaul costs	**4,015,468**	**4.25%**	3,587,507	3.63%	11.93%
Employee compensation costs	**18,230,841**	**19.29%**	15,550,853	15.76%	17.23%
Air catering charges	**3,031,717**	**3.21%**	2,755,640	2.79%	10.02%
Selling and marketing expenses	**4,558,933**	**4.82%**	5,896,812	5.97%	(22.69%)
General and administrative expenses	**1,414,741**	**1.50%**	585,859	0.60%	141.48%
Others	**14,557,171**	**15.40%**	13,828,820	14.01%	5.27%
Total	**94,505,412**	**100.00%**	98,707,850	100.00%	(4.26%)

In particular:

- Jet fuel costs decreased by RMB10,500 million or 30.40% as compared to 2014, mainly due to the effect of the decrease in the price of jet fuel.
- Take-off, landing and depot charges increased by RMB1,077 million as compared to 2014, primarily due to an increase in the number of take-offs and landings.
- Depreciation expenses increased due to an increase in the number of self-owned and finance leased aircraft during 2015.
- Aircraft maintenance, repair and overhaul costs recorded an increase of RMB428 million or 11.93% as compared to 2014 due to fleet expansion.
- Employee compensation costs increased by RMB2,680 million, mainly due to the acquisition of a new subsidiary, AMECO, as well as the increase in number of employees and the adjustment of employee compensation level.
- Air catering charges increased by RMB276 million, mainly due to the effect of the increase in number of passengers.

- Selling and marketing expenses decreased by RMB1,338 million as compared to 2014, mainly due to the increase in the proportion of direct sales and the consequent significant decrease in agency fee expenses.

- General and administrative expenses increased by RMB829 million, mainly due to the effect of a new subsidiary, AMECO, and the reversal of impairment on receivables for 2014.

- Other operating expenses mainly included aircraft and engines operating lease expenses, contributions to the civil aviation development fund and ordinary expenses arising from our core air traffic business not included in the aforesaid items. Other operating expenses increased by 5.27% from the previous year, mainly due to the increases in the operating lease expenses of aircraft engines and buildings and contributions to the civil aviation development fund for 2015.

FINANCE INCOME AND FINANCE COSTS

In 2015, the Group recorded an interest income of RMB152 million, representing a decrease of 31.54% or RMB70 million as compared to 2014; and incurred an interest expense (excluding the capitalised portion) of RMB2,813 million, representing a decrease of RMB41 million.

In 2015, the Group recorded a net exchange loss of RMB5,156 million, representing an increase of 1,331.62% or RMB4,796 million as compared to 2014. The increase was primarily due to the impact of the appreciation of US dollars against the RMB during the reporting period.

SHARE OF PROFITS LESS LOSSES OF ASSOCIATES AND JOINT VENTURES

In 2015, the Group's share in the profits of its associates and joint ventures was RMB1,620 million, representing an increase of RMB761 million from that of 2014, mainly due to the increase in profits of Cathay Pacific, an associate of the Group, during the year, among which the Group's recognition of gains on investment in Cathay Pacific amounted to RMB1,009 million, representing an increase of RMB419 million.

ANALYSIS OF ASSETS STRUCTURE

As at 31 December 2015, the total assets of the Group amounted to RMB213,631 million, representing an increase of 0.93% from the previous year, among which current assets accounted for RMB20,211 million or 9.46% of the total assets, while non-current assets accounted for RMB193,420 million or 90.54% of the total assets.

Among the current assets, cash and cash equivalents were RMB7,138 million, accounting for 35.32% of the current assets and representing a decrease of 17.38% from the beginning of 2015. It was mainly due to the improvement of the utilisation efficiency of financial funds.

Among the non-current assets, the net book value of property, plant and equipment amounted to RMB155,991 million, accounting for 80.65% of the non-current assets and representing an increase of 5.26% from the previous year, which was primarily due to the increase in the number of self-owned and financing leased aircraft.

ASSET MORTGAGE

As at 31 December 2015, the Group, pursuant to certain bank loans and finance leasing agreements, had mortgaged certain aircraft and premises with an aggregated net book value of approximately RMB106,171 million (approximately RMB98,674 million as at 31 December 2014) and land use rights with net book value of approximately RMB36 million (approximately RMB37 million as at 31 December 2014). At the same time, the Group had restricted bank deposits of approximately RMB655 million (approximately RMB705 million as at 31 December 2014), which were mainly reserves deposited in the People's Bank of China and the pledges for aircraft operating leases.

CAPITAL EXPENDITURE

In 2015, the Company's capital expenditure amounted to a total of RMB11,311 million, of which the total investment in aircraft and engines was RMB9,923 million.

Other capital expenditure amounted to RMB1,388 million which was mainly spent on high-cost rotables, aircraft modifications, flight simulators, infrastructure construction, IT system construction, ground equipment procurement and cash component of the long-term investments.

EQUITY INVESTMENT

As at 31 December 2015, the Group's equity investment in its associates amounted to RMB11,553 million, representing a decrease of 1.34% from the beginning of 2015. The balance of the equity investment of the Group in Cathay Pacific, Shandong Aviation Group Company Limited and Shandong Airlines Company Limited amounted to RMB9,491 million, RMB1,104 million and RMB716 million, respectively, with such companies recording profits of RMB5,130 million, RMB610 million and RMB532 million, respectively.

As at 31 December 2015, the Group's equity investment in its joint ventures was RMB1,038 million, representing a decrease of 25.46% from the beginning of 2015, mainly due to the completion of consolidation of AMECO, upon which AMECO turned from a joint venture to a subsidiary of the Company.

DEBT STRUCTURE ANALYSIS

As at 31 December 2015, the Group's total liabilities were RMB147,108 million, representing a decrease of 3.09% from the previous year. Current liabilities amounted to RMB50,547 million, accounting for 34.36% of the total liabilities; and non-current liabilities amounted to RMB96,561 million, accounting for 65.64% of the total liabilities.

Among the current liabilities, interest-bearing debts (including bank and other loans, obligations under finance leases and bills payable) amounted to RMB17,266 million, representing a decrease of 47.15% from the beginning of 2015, mainly due to the increased repayment of short-term borrowings of the Group; other advances and payables amounted to RMB33,281 million, representing an increase of 11.85% from the previous year.

Among the non-current liabilities, interest-bearing debts (including bank and other loans, corporate bonds and obligations under finance leases) amounted to RMB86,791 million, representing an increase of 8.13% from the beginning of 2015.

Details of interest-bearing debts of the Group by currency are set out below:

	2015		2014		
(in RMB'000)	**Amount**	**Percentage**	Amount	Percentage	Change
US dollars	**76,468,517**	**73.48%**	83,334,291	73.79%	(8.24%)
RMB	**24,471,165**	**23.52%**	28,638,637	25.36%	(14.55%)
Others	**3,117,052**	**3.00%**	959,705	0.85%	224.79%
Total	**104,056,734**	**100.00%**	112,932,633	100.00%	(7.86%)

COMMITMENTS AND CONTINGENT LIABILITIES

The Group's capital commitments, which mainly consisted of the payables in the next few years for purchasing certain aircraft and related equipment, decreased by 8.33% from RMB104,516 million as at 31 December 2014 to RMB95,808 million as at 31 December 2015. The Group's commitments under operating leases, which mainly consisted of the payment in the next few years for leasing certain aircraft, offices and related equipment, amounted to RMB40,139 million as at 31 December 2015, representing an increase of 13.59% as compared to the previous year. The Group's investment commitments, which was mainly used in the investment agreements entered into, amounted to RMB58 million as at 31 December 2015, representing a decrease of RMB867 million from RMB925 million as at 31 December 2014.

GEARING RATIO

As at 31 December 2015, the Group's gearing ratio (total liabilities divided by total assets) was 68.86%, representing a decrease of 2.85 percentage points from 71.71% as at 31 December 2014. It was mainly due to the increase in total equity resulted from sustainable profitability for the period as compared to that at the beginning of the year. As high gearing ratio is common among aviation enterprises, the Group continued to maintain a relatively reasonable gearing ratio. Taking into account of the Group's profitability and the market environment where it operates, its long-term insolvency risk is within control.

WORKING CAPITAL AND ITS SOURCES

As at 31 December 2015, the Group's net current liabilities (current liabilities minus current assets) were RMB30,336 million, representing a decrease of RMB9,167 million as compared to the previous year. The decrease in net current liabilities was mainly due to the decrease in short-term interest-bearing bank loans and other loans. Based on the structure of current assets and current liabilities, the current ratio (current assets divided by current liabilities) was 0.40, representing a slight increase from 0.37 as at 31 December 2014.

The Group meets its working capital needs mainly through its operating activities and external financing activities. In 2015, the Group's net cash inflow from operating activities was RMB28,572 million, representing an increase of 110.67% from RMB13,562 million in 2014, mainly due to the combined impact of the increase in operating revenue for the year and the decrease in operating expenses resulting from the decrease in fuel costs. Net cash outflow from investment activities was RMB6,788 million, representing a decrease of 35.57% from RMB10,535 million in 2014, mainly due to the decrease in cash advances and final payments for aircraft during the reporting period. Net cash outflow from financing activities amounted to RMB23,381 million, representing an increase of approximately RMB15,445 million from RMB7,936 million in 2014, mainly due to the sufficient cash flow from operating activities and the significant decrease of financing needs as compared to the previous year. The Company has obtained certain bank facilities of up to RMB144,433 million granted by a number of banks in the PRC, among which approximately RMB25,508 million has been utilised, sufficient to meet our demand on working capital and future capital commitments.

OUTLOOK FOR 2016

In 2016, the global economy will continue to face uncertainties, and the Chinese economy will stay in the "new normal". With the adjustment of economic structure and the upgrade of household consumption, China's civil aviation business is expected to maintain a high growth rate. On the other hand, intensified industrial competition and exchange rate fluctuations will also bring major challenges. We will continue to pursue our goal of "building a large network airline with international competitiveness", follow a prudent approach to business operation, stay committed to reform and innovation, and continue to consolidate our competitive advantages and international competitiveness, thereby reciprocating the trust of our shareholders and the society with better business performance.

SHARE CAPITAL

As at 31 December 2015, the total share capital of the Company was RMB13,084,751,004 divided into 13,084,751,004 shares with a par value of RMB1.00 each. The following table sets out the share capital structure of the Company as at 31 December 2015:

Category of Shares	Number of shares	Percentage of the total share capital
A Shares	8,522,067,640	65.13%
H Shares	4,562,683,364	34.87%
Total	13,084,751,004	100.00%

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, without taking into account any issuance of new securities. For this purpose, the term "securities" has the meaning ascribed thereto under paragraph 1 of Appendix 16 to the Listing Rules.

CORPORATE GOVERNANCE

1. Compliance with the Corporate Governance Code

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the year 2015.

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

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 of the directors and supervisors of the Company has complied with the required standards of the Model Code and the Company's code of conduct throughout the year 2015.

DIVIDENDS

Based on the 2015 profit distribution plan of the Company, the Board recommends the appropriation of 10% of the discretionary surplus reserve and the payment of a cash dividend of RMB1.0700 (including tax) for every ten shares for the year ended 31 December 2015, totalling approximately RMB1,400 million based on the current total issued shares of 13,084,751,004 shares of the Company.

The proposed payment of the final dividends is subject to shareholders' approval at the forthcoming annual general meeting. Dividends payable to the Company's shareholders shall be denominated and declared in RMB. Dividends payable to the holders of A shares shall be paid in RMB while dividends payable to the holders of H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average of the middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the calendar week prior to the declaration of the final dividends (if approved) at the annual general meeting.

The Company proposes to pay the aforesaid final dividends on 30 June 2016. For the shares of the Company listed on the Hong Kong Stock Exchange (H shares), the dividends will be paid to shareholders whose names appear on the register of members of the Company at the close of business on 31 May 2016, and the register of H share members of the Company will be closed from 1 June 2016 to 6 June 2016. For the shares of the Company listed on the Shanghai Stock Exchange (A shares), the dividends will be paid to shareholders whose names appear on the register of members of the Company at the close of business on 29 June 2016, and the ex-dividend date of A shares will be on 30 June 2016.

SERVICE CONTRACTS OF THE DIRECTORS

The Company has entered into service contracts with each of the directors. Each of the directors was appointed for a term of three years.

None of the directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

ANNUAL REPORT

The annual report for the year ended 31 December 2015 containing all information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders and will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.airchina.com.cn) in due course.

FORWARD-LOOKING STATEMENT

We would like to caution readers of this announcement that the airline operations are substantially influenced by global political and economic developments. Accidental and unexpected incidents may have a material impact on our operations or the industry as a whole. This 2015 annual results announcement of the Group contains, inter alia, certain forward-looking statements, such as forward-looking statements on the global and Chinese economies and aviation markets. Such forward-looking statements are subject to some uncertainties and risks.

AUDIT AND RISK CONTROL COMMITTEE

The 2015 annual results of the Company have been reviewed by the Audit and Risk Control Committee of the Board.

(II) PROPOSED PUBLIC ISSUANCE OF CORPORATE BONDS

Pursuant to the mandate to the Board (including its delegated persons) on issuance of debt financing instruments approved at the 2014 annual general meeting of the Company, the Board, on 30 March 2016, considered and passed the resolution of a proposed public issuance of the corporate bonds of not more than RMB12 billion (the "**Issuance**").

The details of Issuance are set out as follows:

1. Size of Issuance

The Issuance of the corporate bonds will be in an amount of not more than (and including) RMB12 billion.

2. Interest rate

The coupon rate of the corporate bonds to be issued under the Issuance and the payment term shall be determined by the Company and the lead underwriter based on market conditions.

3. Arrangement for placement to Shareholders

There is no arrangement for preferential placement to the Shareholders of the Company under the Issuance of corporate bonds.

4. Category and maturity

The corporate bonds to be issued under the Issuance, with a maturity of not more than 5 years (including 5 years), may be issued through one single-term instrument or a portfolio of instruments with various terms.

5. Use of proceeds

The proceeds from the Issuance will be used to meet the needs of the business operation of the Company, repay debts and replenish working capital.

6. **Issuance method**

The corporate bonds to be issued under the Issuance shall be issued through public issuance to qualified investors in one or more tranches, with number and size of the tranches determined by the Company's capital needs and market conditions.

7. **Underwriting method**

The corporate bonds to be issued under the Issuance will be underwritten by a syndicate led by the lead underwriter on a basis of standby commitment.

8. **Guarantee**

The corporate bonds to be issued will be unsecured.

9. **Listing place**

Subject to satisfaction of listing requirements, the Company will submit an application for listing of the corporate bonds with the Shanghai Stock Exchange as soon as possible upon completion of the Issuance. Subject to approval of regulatory authorities, the corporate bonds may be traded on other exchanges as permitted by applicable laws.

10. **Terms of redemption or put-back**

The terms of redemption or put-back of the corporate bonds to be issued under the Issuance will be determined based on market conditions and the Company's capital needs.

11. **Guarantee measures for debt service**

At least the following guarantee measures for debt service will be adopted in case of expected or actual failure to pay interests or repay the principal of the corporate bonds to be issued under the Issuance as scheduled or upon maturity:

(1) suspension of dividend distribution to the Shareholders;

(2) suspension of major foreign investment, mergers and acquisitions and other capital expenditure projects;

(3) adjustment, reduction or suspension of the directors' and senior managements' salaries and bonuses;

(4) no transfer of the persons who are in charge of or directly responsible for the Issuance.

12. Term of validity of the resolution

This resolution shall remain effective from the date of the passing at the Board meeting to the date of the 2015 annual general meeting of the Company. If the term of the mandate to the Board (including its delegated persons) on the Issuance is approved to be extended at the 2015 annual general meeting of the Company, the term of validity of this resolution will be extended accordingly. If the Company has obtained the approval, permission or registration for the Issuance from the relevant regulatory authorities within the term of the mandate, the Company may complete the Issuance within the validity period of such approval, permission or registration.

The president and/or chief accountant of the Company are authorised to determine the implementation plans for items numbered 1, 4, 5, 6, 9, 10 and 11 above based on the market conditions and the Company's capital needs.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Air China Cargo"	Air China Cargo Co., Ltd., a company incorporated in the People's Republic of China and a subsidiary of the Company in which the Company holds a 51% shareholding
"AMECO"	Aircraft Maintenance and Engineering Corporation
"ATK(s)"	available tonne kilometres, the number of tonnes of capacity available multiplied by the kilometres flown
"Board"	the board of directors of the Company
"Cathay Pacific"	Cathay Pacific Airways Limited
"Company" or "Air China"	Air China Limited, a company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A shares are listed on the Shanghai Stock Exchange
"Group"	the Company and its subsidiaries
"HKSAR"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	The Model Code for Securities Transaction by Directors of Listed Issuers
"RFTK(s)"	revenue freight tonne kilometres, the revenue cargo and mail load in tonnes multiplied by the kilometres flown
"RMB"	Renminbi, the lawful currency of the PRC
"RPK(s)"	revenue passenger kilometres, the number of revenue passengers carried multiplied by the kilometres flown
"RTK(s)"	revenue tonne kilometres, the revenue load (passenger and cargo) in tonnes multiplied by the kilometres flown
"Shareholders"	the shareholders of the Company
"US dollars"	United States dollars, the lawful currency of the United States

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

Beijing, the PRC, 30 March 2015

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

* *Independent non-executive Director of the Company*