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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)

**ANNOUNCEMENT ON ADJUSTMENT TO ISSUE PRICE AND
NUMBER OF SHARES TO BE ISSUED OF THE NON-PUBLIC A SHARE
ISSUE FOLLOWING IMPLEMENTATION OF THE PROFIT
DISTRIBUTION PROPOSAL FOR 2011**

Reference is made to the announcement of Air China Limited (the “**Company**”) dated 27 April 2012 and the circular of the Company dated 8 May 2012 (the “**Circular**”) in relation to the Non-public A Share Issue. Unless otherwise indicated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

The Non-public A Share Issue was considered and approved by the Board at the board meeting of the Company held on 26 April 2012 and by the Shareholders at the EGM of the Company held on 26 June 2012 respectively. As disclosed in the Circular, if any ex-right or ex-dividend event, such as entitlement distribution or capitalization issue, occurs during the period from the Pricing Base Day to the date of issuance of the new A Shares, the issue price and the number of A Shares to be issued will be adjusted accordingly.

The profit distribution proposal of the Company for the year 2011 was considered and approved by the Shareholders at the annual general meeting of the Company for the year 2011 on 24 May 2012, pursuant to which the Company would distribute a cash dividend of RMB1.521 billion, or RMB0.1180 per share (including tax) based on the total number of 12,891,954,673 shares of the Company (the “**2011 Final Dividend**”). The 2011 Final Dividend has been distributed on 23 July 2012. As a result of the distribution of the 2011 Final Dividend, the issue price and the number of A Shares to be issued under the Non-public A Share Issue will be adjusted as follows:

I. ADJUSTMENT TO THE ISSUE PRICE

As stated in the Circular, the issue price of the new A Shares is RMB5.57 per share which represents 90% of the average trading price of the A Shares in the 20 trading days preceding the Pricing Basis Date (the average trading price of the A Shares in the 20 trading days preceding the Pricing Base Day equals to the total trading amount of A Shares traded in the 20 trading days preceding the Pricing Base Day divided by the total volume of A Shares traded in the 20 trading days preceding the Pricing Base Day). If any ex-right or ex-dividend event, such as entitlement distribution (including cash dividends and bonus issue) or capitalization issue, occurs during the period from the Pricing Base Day to the date of

issuance of the new A Shares, the issue price will be adjusted by reference to the relevant rules of the Rules Governing the Trading of Stocks on the Shanghai Stock Exchange (the “SSE Rules”).

Pursuant to the SSE Rules, upon completion of the distribution of the 2011 Final Dividend, the issue price will be adjusted based on the following formula: issue price after adjustment = (issue price before adjustment – dividend per share). Therefore, the adjusted issue price will be RMB5.45 per share (i.e. RMB5.57 per share – RMB0.118 per share).

II. ADJUSTMENT TO THE NUMBER OF A SHARES TO BE ISSUED

As stated in the Circular, 188,642,729 A Shares will be issued under the Non-public A Share Issue, which may be adjusted as a result of any adjustment to the issue price if there is any ex-right or ex-dividend arrangement from the Pricing Base Day to the date of issuance.

Accordingly, upon completion of the distribution of the 2011 Final Dividend, the number of A Shares to be issued under the Non-public A Share Issue will be adjusted to 192,796,331 A Shares, which equals to the total proceeds raised from the Non-public A Share Issue divided by the issue price after adjustment (i.e. RMB1,050.74 million/RMB5.45 per share).

Save for the above adjustments, there are no other changes to the Non-public A Share Issue. Should there be any other ex-right or ex-dividend events during the period from the Pricing Base Day to the date of issuance, the issue price and the number of A Shares to be issued will be further adjusted in accordance with the applicable rules.

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

Beijing, the PRC, 24 July 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*