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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)

SETTLEMENT AGREEMENT IN RESPECT OF UNITED STATES CARGO ANTITRUST LITIGATION

Air China Limited (the “**Company**”) and Air China Cargo Co., Ltd (“**Air China Cargo**”), a subsidiary of the Company, have been named as defendants, together with a number of other airlines, in a civil antitrust lawsuit in respect of their cargo operations in the United States (the “**Lawsuit**”). On 5 February 2016, the Company and Air China Cargo entered into a settlement agreement (the “**Settlement Agreement**”) in respect of the Lawsuit. Under the Settlement Agreement, which is subject to approval by the United States District Court for the Eastern District of New York (the “**Court**”), the Company and Air China Cargo have agreed to make a payment of US\$50 million in aggregate to settle the Lawsuit. Neither the Company nor Air China Cargo acknowledges any wrongdoing or liability on the part of the Company or Air China Cargo in the Settlement Agreement and there is no admission of any wrongdoing or liability in the Settlement Agreement. An amount for the settlement was provided in the accounts of the Company in 2015. The settlement will not have a material effect on the results of the Company to be reported in the future.

The Company and Air China Cargo have been named as defendants in the Lawsuit.

On 26 February 2007, the Court issued a subpoena against the Company and Air China Cargo (as of the date of this announcement, the Company holds 51% of the registered capital of Air China Cargo) in relation to the Lawsuit which alleged that the Company and Air China Cargo, together with other airlines, had violated certain antitrust regulations in the United States by concertedly levying inflated surcharges, jointly agreeing to prevent discounting of airfreight shipping services prices, agreeing on yields and allocating customers so as to fix, raise, maintain, or stabilize prices of airfreight shipping services.

The Company and Air China Cargo entered into the Settlement Agreement with the plaintiffs on 5 February 2016 in respect of the Lawsuit. Under the Settlement Agreement, which is subject to approval by the Court, the Company and Air China Cargo have agreed to make a payment of US\$50 million in aggregate to settle the Lawsuit. Neither the Company nor Air China Cargo acknowledges any wrongdoing or liability on the part of the Company or Air China Cargo in the Settlement Agreement and there is no admission of any wrongdoing or liability in the Settlement Agreement. An amount for the settlement was provided in the accounts of the Company in 2015. The settlement will not have a material effect on the results of the Company to be reported in the future.

Putative class members may opt out of the settlement. If they do, entering into settlements with these plaintiffs, or judgments entered by a United States court, could increase the cost of resolving the litigation. The Company has made provision in the accounts of the Company in 2015 for such increased costs.

The Company and Air China Cargo remain committed to their long standing policy of full compliance with all applicable laws and regulations and is satisfied that they have taken the best possible applicable actions to remain consistent with this policy.

This announcement is issued by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Investors are advised to exercise caution in dealing shares of the Company.

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

Beijing, the PRC, 5 February 2016

As at the date of this notice, 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 Xiaojian, Mr. Simon To Chi Keung*, Mr. Stanley Hui Honchung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*