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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)**

## **PAYMENT OF THE FINAL DIVIDENDS**

Reference is made to the announcement of Air China Limited (the “**Company**”) dated 22 May 2015 in relation to the poll results of the 2014 annual general meeting of the Company (the “**AGM**”). The Company’s shareholders approved the profit distribution proposal for the year 2014 at the AGM.

The Company will pay a final dividend of RMB0.5223 per ten shares (equivalent to HK\$0.6626 per ten shares) (including tax) for the year ended 31 December 2014 (the “**2014 Final Dividends**”). As set out in the notice of the AGM dated 2 April 2015, the 2014 Final Dividends will be paid to holders of H shares of the Company whose names appear on the register of members of the Company at the close of business on Friday, 29 May 2015. Dividends payable to the Company’s shareholders shall be denominated and declared in Renminbi.

### **PAYMENT OF THE FINAL DIVIDENDS**

The board of directors of the Company (the “**Board**”) wishes to inform shareholders that details of the payment of the 2014 Final Dividends are as follows:

- 1. Holders of H shares of the Company (excluding mainland individual investors or corporate investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect)**

Dividends payable to the holders of H shares of the Company (excluding mainland individual investors or corporate investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect) 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 Renminbi to Hong Kong dollars as announced by the People’s Bank of China for the calendar week prior to the declaration of the 2014 Final Dividends at the AGM (RMB0.78829 equivalent to HK\$1.00).

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the “**Receiving Agent**”) and will pay to such Receiving Agent the 2014 Final Dividends declared for payment to holders of H shares (excluding mainland individual investors or corporate investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect). The Receiving Agent will pay the 2014 Final Dividends on 8 July 2015. Relevant cheques will be dispatched to holders of H shares entitled to receive such dividends by ordinary post and at their own risk on or around 8 July 2015.

**2. Holders of H shares of the Company who are mainland individual investors or corporate investors investing in the H shares of the Company via the Shanghai-Hong Kong Stock Connect**

Dividends payable to mainland individual investors and corporate investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect will be paid in Renminbi by China Securities Depository and Clearing Corporation Limited (“**CSDC**”) as entrusted by the Company. The Company will pay the 2014 Final Dividends to CSDC on 8 July 2015 for distribution thereafter.

**3. Holders of A shares of the Company**

Dividends payable to the holders of A shares of the Company shall be paid in Renminbi. The 2014 Final Dividends will be paid on 8 July 2015 to holders of A shares of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 7 July 2015.

## **TAXATION ON THE FINAL DIVIDENDS**

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法》) and the “Rules for the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法實施條例》), both implemented on 1 January 2008 and the “Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Offshore Non-resident Enterprise Holders of H Shares” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on 6 November 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise shareholders at a tax rate of 10% from 2008 onwards when the Company distributes any dividends to non-resident enterprise shareholders whose names appear on the register of members of H shares of the Company. As such, any H shares of the Company which are not registered in the name(s) of individual(s) (which, for this purpose, includes shares registered in the name of HKSCC Nominees Limited, other nominees, trustees, or other organisations or groups) shall be deemed to be H shares held by non-resident enterprise shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

In accordance with the “Circular on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No.020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual shareholders when the Company distributes the 2014 Final Dividends to individual shareholders whose names appear on the register of members of H shares of the Company.

Pursuant to the “Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (Cai Shui [2014] No. 81)(《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) promulgated on 17 November 2014:

- For mainland individual investors who invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of the 2014 Final Dividends. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of CSDC for tax credit relating to the withholding tax already paid abroad. For mainland securities investment funds that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of the 2014 Final Dividends pursuant to the foregoing provisions; and
- For mainland corporate investors that invest in the H shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of the 2014 Final Dividends and the mainland corporate investors shall file the tax returns on their own.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H shares of the Company in the PRC and in Hong Kong and other tax effects.

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

Beijing, the PRC, 23 June 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. Fu Yang\*, Mr. Pan Xiaojiang\*, Mr. Simon To Chi Keung\* and Mr. Stanley Hui Hon-chung\*.*

\* *Independent non-executive director of the Company*