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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)

MAJOR TRANSACTION
PURCHASE OF DOMESTIC AIRCRAFT

On 26 April 2024, the Company entered into the COMAC Aircraft Purchase Agreement with COMAC, pursuant to which the Company has agreed to purchase the COMAC Aircraft from COMAC.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the COMAC Aircraft Purchase is above 25% but less than 100%, the COMAC Aircraft Purchase contemplated under the COMAC Aircraft Purchase Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, (i) further information in relation to the COMAC Aircraft Purchase; and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 25 June 2024 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

BACKGROUND

On 26 April 2024, the Company entered into the COMAC Aircraft Purchase Agreement with COMAC, pursuant to which the Company has agreed to purchase the COMAC Aircraft from COMAC.

THE COMAC AIRCRAFT PURCHASE AGREEMENT

The principal terms of the COMAC Aircraft Purchase Agreement are set out as follows:

Date

26 April 2024

Parties

- (a) the Company, as the purchaser, the principal business activities of which are air passenger, air cargo and airline-related services; and
- (b) COMAC, as the vendor, one of the principal business activities of which is civil aircraft manufacturing.

As at the date of this announcement, COMAC is owned as to 49.80% by the SASAC of the State Council, 20.92% by Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司), which is directly wholly-owned by Shanghai SASAC, and the remaining 29.28% of the shareholdings are owned by multiple shareholders, each holding less than 10% in COMAC. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, COMAC and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Aircraft to be acquired

100 C919 aircraft (Extended-ranged Version)

Consideration

The aircraft basic price comprises the airframe price, add-on features price and engine price.

According to the latest price catalogue provided by COMAC, the basic price of the COMAC Aircraft to be acquired by the Company, in aggregate, is approximately US\$10,800 million (equivalent to approximately HK\$84,240 million at an exchange rate of US\$1 = HK\$7.80).

COMAC has granted to the Company considerable price concessions with regard to the COMAC Aircraft. Such price concessions were determined after arm's length negotiations between the parties and as a result, the actual consideration for the COMAC Aircraft Purchase is lower than the aircraft basic price mentioned above.

The COMAC Aircraft Purchase Agreement was negotiated and entered into in accordance with customary business practice. The Directors confirm that the extent of the price concessions granted to the Company in the COMAC Aircraft Purchase is fair and reasonable and comparable with the price

concessions provided under the previous similar transactions. The Company believes that there is no material impact of the price concessions obtained in the COMAC Aircraft Purchase on the unit operating cost of the Group's fleet. It is normal business practice of the global airline industry to disclose the aircraft basic price, instead of the actual price, for aircraft acquisitions. Disclosure of the actual consideration will result in the loss of the considerable price concessions and hence a significant negative impact on the Group's cost for the COMAC Aircraft Purchase and will therefore not be in the interests of the Company and the Shareholders as a whole.

Accordingly, the Company has applied to the Stock Exchange and the Stock Exchange has granted such waiver from strict compliance with Rule 14.58(4) of the Listing Rules in respect of disclosure of the actual consideration of the COMAC Aircraft Purchase.

Payment and delivery terms

The aggregate consideration for the COMAC Aircraft Purchase is payable by cash in instalments. The Company is expecting to take delivery of the COMAC Aircraft in stages from 2024 to 2031.

Source of funding

The COMAC Aircraft Purchase will be funded by self-owned cash, commercial bank loans and other financing methods. The COMAC Aircraft Purchase is expected to have no material impact on the cash flow and business operation of the Company.

REASONS FOR AND BENEFITS OF THE COMAC AIRCRAFT PURCHASE

The Transaction is in line with the development plan of the Company and the market demand, which is conducive to the Group's optimization of fleet structure and long-term supplement of fleet capacity. The Transaction will expand the fleet capacity of the Group, the Transaction is expected to increase the fleet capacity of the Group by approximately 7.5%, based on the number of available tonne kilometers of the Group as at 31 December 2023 without taking into account the potential adjustments to the fleet such as aircraft withdrawal due to market condition and aircraft aging. The new aircraft will be delivered in stages from 2024 to 2031, with some aimed at meeting the renewal needs due to the withdrawal of aging aircraft from the fleet. The actual net increase in fleet capacity will be maintained within a manageable range.

The Directors believe that the COMAC Aircraft Purchase is conducted in the ordinary and usual course of business of the Group on normal commercial terms and the terms of the COMAC Aircraft Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the COMAC Aircraft Purchase is above 25% but less than 100%, the COMAC Aircraft Purchase contemplated under the COMAC Aircraft Purchase Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, among other things, (i) further information in relation to the COMAC Aircraft Purchase; and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 25 June 2024 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

DEFINITION

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

“Board”	the board of directors of the Company
“COMAC”	The Commercial Aircraft Corporation of China, Ltd., a company incorporated in the PRC with limited liability
“COMAC Aircraft”	100 C919 aircraft (Extended-ranged Version) to be purchased by the Company pursuant to the COMAC Aircraft Purchase Agreement
“COMAC Aircraft Purchase” or “Transaction”	the purchase by the Company of the COMAC Aircraft pursuant to the COMAC Aircraft Purchase Agreement
“COMAC Aircraft Purchase Agreement”	the aircraft purchase agreement dated 26 April 2024 entered into between the Company and COMAC, pursuant to which the Company has agreed to purchase the COMAC Aircraft from COMAC
“Company”	Air China Limited, a company incorporated in the People's Republic of China, 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
“connected person”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SASAC”	State-owned Assets Supervision and Administration Commission
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States

By Order of the Board
Air China Limited
Xiao Feng Huen Ho Yin
Joint Company Secretaries

Beijing, the PRC, 26 April 2024

As at the date of this announcement, the directors of the Company are Mr. Ma Chongxian, Mr. Wang Mingyuan, Mr. Feng Gang, Mr. Patrick Healy, Mr. Xiao Peng, Mr. Li Fushen, Mr. He Yun*, Mr. Xu Junxin* and Ms. Winnie Tam Wan-chi*.*

* *Independent non-executive director of the Company*