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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)**

**CONNECTED TRANSACTION**  
**IN RELATION TO THE TRANSFER OF AIRCRAFT**

On 26 April 2023, the Company (as the seller) entered into the Aircraft Sale and Purchase Agreement with Air China Cargo (as the purchaser), pursuant to which the Company shall transfer to Air China Cargo eight A330-200 aircraft.

Air China Cargo is a subsidiary of CNAHC, the controlling shareholder of the Company, and is therefore a connected person of the Company. The transaction contemplated under the Aircraft Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable Percentage Ratios for the transaction contemplated under the Aircraft Sale and Purchase Agreement are higher than 0.1% but all applicable Percentage Ratios are lower than 5%, the above transaction is subject to the requirements for reporting and announcement, but is exempted from the requirement for independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

**I. INTRODUCTION**

On 26 April 2023, the Company (as the seller) entered into the Aircraft Sale and Purchase Agreement with Air China Cargo (as the purchaser), pursuant to which the Company shall transfer to Air China Cargo eight A330-200 aircraft which were introduced by the Company during the period from 2006 to 2008.

## II. THE AIRCRAFT SALE AND PURCHASE AGREEMENT

Principal terms of the Aircraft Sale and Purchase Agreement are as follows:

- Date: 26 April 2023
- Parties: (i) The Company (as the seller)
- (ii) Air China Cargo (as the purchaser)
- Aircraft to be transferred: eight A330-200 aircraft introduced by the Company during the period from 2006 to 2008
- Consideration: The base price of the aircraft to be transferred shall be US\$14.70 million per aircraft (the “**Base Price**”), corresponding to a life benchmark of 50% of the life of the aircraft, subject to the price adjustment mechanism for the difference between the actual delivery condition and the half-life condition of the aircraft. The actual consideration of the aircraft shall be determined based on the Base Price and adjusted according to the actual delivery condition of the aircraft. It is expected that the average final consideration shall not exceed the Base Price.

The above pricing policy is agreed upon arm's length negotiation by both parties with reference to the market quotations from independent third parties and ensuring the benefits of the Shareholders.

Since the actual consideration of the aircraft shall be determined upon the adjustment of the actual delivery condition, the Directors expect that there will not be any significant gain or loss accrued to the Company as a result of the above transactions. If there is a significant difference between the actual consideration of the aircraft and the Base Price, the Company will re-comply with the announcement and/or other requirements under the Hong Kong Listing Rules as soon as practicable.

Payment and Delivery: The purchaser shall pay for the total consideration in installments before the actual acceptance of the aircraft. The consideration (excluding tax) of each aircraft shall be converted into Renminbi at the exchange rate of the first business day of the month in which the relevant aircraft is delivered.

The disposals of the eight A330-200 aircraft are scheduled to be completed in tranches during the period from 2023 to 2025.

Conditions Precedent: The aircraft sale transaction shall be subject to the satisfaction or waiver by the relevant parties of the following conditions, amongst others, set out in the Aircraft Sale and Purchase Agreement.

- (1) all flight activities of the aircraft to be transferred shall stop and both parties shall carry on various activities required for the delivery of the aircraft;
- (2) the Company has title ownership of the aircraft to be transferred and the aircraft to be transferred are free and clear of any security interest;
- (3) the aircraft to be transferred have complete and effective standard airworthiness certificates for civil aircraft, nationality registration certificates of civil aircraft and licenses for civil aircraft radio stations issued by the Civil Aviation Administration of China; and
- (4) the Company shall receive a certificate of insurance purchased by Air China Cargo for the aircraft to be transferred and such insurance is in compliance with the Aircraft Sale and Purchase Agreement, unless otherwise agreed by both parties.

### **III. REASONS FOR ENTERING INTO THE AIRCRAFT SALE AND PURCHASE AGREEMENT AND THE EFFECTS ON THE COMPANY**

By entering into the Aircraft Sale and Purchase Agreement, the Company will dispose of the aircraft with relatively longer average age to optimise the structure of the Group's aircraft fleet, and effectively control delivery costs through a reasonable pricing mechanism and optimised delivery terms, and improve the economic benefits of aircraft disposal. For the above reasons,

the Directors (including independent non-executive Directors) believe that although the Aircraft Sale and Purchase Agreement was not entered into in the usual and ordinary course of business of the Company, it was entered into on normal commercial terms and the terms and conditions contained therein are fair and reasonable and the transaction is in the interests of the Company and the shareholders as a whole.

According to the 2022 annual audit, the aggregate book value of the eight aircraft to be transferred by the Company under the Aircraft Sale and Purchase Agreement was RMB1,182.8568 million as of 31 December 2022. The actual consideration of the aircraft shall be determined based on the Base Price and adjusted according to actual delivery condition of the aircraft. Therefore, as at the date of this announcement, the actual consideration of the aircraft cannot be ascertained. However, it is expected that the average final consideration shall not exceed the Base Price, i.e. US\$14.70 million per aircraft. The actual gain (or loss) ultimately recognized in the Company's financial statements will depend on, amongst others, the actual costs and expenses in relation to the transfer of the aircraft, the net book value of the relevant aircraft as at the date of actual transfer and the Company's comprehensive financial statements as audited by the Company's auditors. Since the actual consideration of the aircraft shall be determined upon the adjustment of the actual delivery condition, the Directors expect that there will not be any significant gain or loss accrued to the Company as a result of the above transactions. Any proceeds will be used as working capital of the Company.

Mr. Ma Chongxian, Mr. Wang Mingyuan, Mr. Feng Gang, Mr. Patrick Healy and Mr. Xiao Peng are considered to have material interests in the transactions under the Aircraft Sale and Purchase Agreement, and have therefore abstained from voting on the relevant Board resolution. Save as mentioned above, no other Directors have material interests in the Aircraft Sale and Purchase Agreement and the transactions contemplated thereunder, and therefore no other Directors are required to abstain from voting on the relevant Board resolution.

#### **IV. GENERAL INFORMATION**

##### **The Company**

The Company is mainly engaged in providing air passenger transport, air cargo and airline-related services.

##### **Air China Cargo and CNAHC**

Air China Cargo is owned as to approximately 45% by CNAHC, the controlling shareholder of the Company, and is therefore a connected person of the Company as defined under the Hong Kong Listing Rules. Air China Cargo is a limited liability company established under the laws of the PRC and is principally engaged in air cargo and mail transportation business.

CNAHC directly holds 40.53% of the Company’s shares and holds 9.61% of the Company’s shares through its wholly-owned subsidiary CNACG, and is the controlling shareholder of the Company as at the date of this announcement. As at the date of this announcement, the State-owned Assets Supervision and Administration Commission of the State Council is a controlling shareholder and de facto controller of CNAHC. CNAHC primarily operates all the state-owned assets and state-owned equity interests invested by the State in CNAHC and its invested entities, aircraft leasing and aviation equipment and facilities maintenance businesses.

**V. HONG KONG LISTING RULES IMPLICATIONS**

Air China Cargo is a subsidiary of CNAHC, the controlling shareholder of the Company, and is therefore a connected person of the Company. The transaction contemplated under the Aircraft Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable Percentage Ratios for the transaction contemplated under the Aircraft Sale and Purchase Agreement are higher than 0.1% but all applicable Percentage Ratios are lower than 5%, the above transaction is subject to the requirement for reporting and announcement, but is exempted from the requirement for independent shareholders’ approval under Chapter 14A of the Hong Kong Listing Rules.

**VI. DEFINITION**

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

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| “Air China Cargo”                      | Air China Cargo Co., Ltd., a company incorporated under the laws of the PRC with limited liability and is owned as to approximately 45% by CNAHC as at the date of this announcement, being a subsidiary of CNAHC. Air China Cargo is principally engaged in air cargo and mail transportation business |
| “Aircraft Sale and Purchase Agreement” | the agreement entered into between the Company and Air China Cargo on 26 April 2023 in relation to the aircraft proposed to be transferred by the Company   |
| “Board”                                | the board of Directors of the Company   |

“Company”	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. The Company is principally engaged in providing air passenger, air cargo and airline-related services
“CNAHC”	China National Aviation Holding Corporation Limited, a PRC state-owned enterprise and the controlling shareholder of the Company, directly and indirectly holding approximately 50.14% of the issued share capital of the Company in aggregate as at the date of this announcement
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (as defined in the Hong Kong Listing Rules)
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratio(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“US\$”	the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**Air China Limited**  
**Huang Bin Huen Ho Yin**  
*Joint Company Secretaries*

Beijing, the PRC, 26 April 2023

*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*