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If you have sold or transferred all your shares of Air China Limited, you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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 IN RELATION TO THE PURCHASE OF DOMESTIC
AIRCRAFT**

A letter from the Board is set out on pages 3 to 8 of this circular.

A notice convening the EGM will be dispatched by the Company in due course. The Company will announce details of the EGM, including the date and venue as and when available in compliance with the articles of association of the Company and the Listing Rules.

20 June 2024

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DEFINITIONS

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

“A Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Renminbi and listed on the Shanghai Stock Exchange
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Cathay Pacific”	Cathay Pacific Airways Limited
“CNACG”	China National Aviation Corporation (Group) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of CNAHC and a substantial shareholder of the Company, which directly holds approximately 11.75% of the Company’s issued share capital as at the Latest Practicable Date
“CNAHC”	China National Aviation Holding Corporation Limited, a PRC state-owned enterprise and the controlling shareholder of the Company, directly and through its wholly-owned subsidiary CNACG, holding approximately 51.32% of the issued share capital of the Company in aggregate as at the Latest Practicable Date
“COMAC”	The Commercial Aircraft Corporation of China, Ltd., a company incorporated in the PRC with limited liability
“COMAC Aircraft”	100 C919 aircraft (Extended-range 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” or “Air China”	Air China Limited, a company incorporated in the PRC, whose H Shares are listed on the 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(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve, among other things, the Transaction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange as primary listing venue and have been admitted into the Official List of the UK Listing Authority as secondary listing venue
“Latest Practicable Date”	17 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	The State-owned Assets Supervision and Administration Commission
“Shareholder(s)”	holder(s) of the shares of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

LETTER FROM THE BOARD



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)

Directors:

Executive Directors:

Mr. Ma Chongxian (*Chairman*)

Mr. Wang Mingyuan

Non-executive Directors:

Mr. Feng Gang

Mr. Patrick Healy

Employee Representative Director:

Mr. Xiao Peng

Independent Non-executive Directors:

Mr. Li Fushen

Mr. He Yun

Mr. Xu Junxin

Ms. Winnie Tam Wan-chi

Registered Address:

1st Floor-9th Floor 101,

Building 1

30 Tianzhu Road

Shunyi District

Beijing, the PRC

Principal Place of Business in Hong Kong:

5th Floor, CNAC House

12 Tung Fai Road

Hong Kong International Airport

Hong Kong

20 June 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE PURCHASE OF DOMESTIC AIRCRAFT

I. INTRODUCTION

Reference is made to the announcement of the Company dated 26 April 2024 in relation to, among other things, the COMAC Aircraft Purchase.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information on the COMAC Aircraft Purchase and all the information reasonably necessary to enable you to make an informed decision on voting in respect of the relevant resolution at the EGM.

A notice convening the EGM will be dispatched by the Company in due course. The Company will announce details of the EGM, including the date and venue as and when available in compliance with the articles of association of the Company and the Listing Rules.

II. MAJOR TRANSACTION

1. 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 details of the Transaction are summarized as follows.

2. The COMAC Aircraft Purchase Agreement

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 Latest Practicable Date, 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-range Version)

LETTER FROM THE BOARD

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 Rules 14.58(4) and 14.66(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.

The COMAC Aircraft Purchase is subject to the approval of the Shareholders. Such condition is not waivable.

As at the Latest Practicable Date, the abovementioned condition is yet fulfilled. The Company will convene the EGM for Shareholders to consider and approve the COMAC Aircraft Purchase.

LETTER FROM THE BOARD

3. 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.

4. 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.

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.

None of the Directors had material interests in the Transaction and thus no Directors were required to abstain from voting on the board resolution(s) to approve the COMAC Aircraft Purchase Agreement and the COMAC Aircraft Purchase at the Board meeting.

III. FINANCIAL AND TRADING PROSPECTS

There is no change in the fundamentals of the Chinese economy with the basic trend of economic stability and long-term improvement still intact. China continues to be in a period of strategic opportunities. Leveraging the super large-scale domestic demand market formed by a population of 1.4 billion, including a middle income group of over 400 million people, China is striving to build a new development paradigm centred around domestic circulation, with the international and domestic circulations mutually reinforcing each other. The demand for civil aviation in China will continue to maintain a positive growth momentum.

It is expected that the competitive pressures in the domestic aviation market will alleviate. On the demand side, with the continued rebound and improvement of the national economy, the foundation for industrial recovery and development will become more solid. This will lead to steady growth in the domestic passenger transportation market, and the international passenger transportation market will sooner recover, effectively alleviating the situation of oversupply in the domestic aviation market. In terms of policy, the Civil Aviation Administration of China has been advancing a series of reform measures to strengthen the

LETTER FROM THE BOARD

foundation for the industry building and development, enhance the international competitiveness of aviation hubs, leading to diversified operations among various types of airlines in the market and reducing disorderly market competition.

In the “14th Five-Year Plan” period, Air China will adhere to the development goal of “accelerating the construction of a world-class aviation transportation group with global competitiveness”, adhere to the four strategic directions of “hub network, passenger and cargo balance, cost leadership, brand strategy”, focus on key areas such as safety management improvement, market layout optimization, resource structure adjustment, product service upgrade, digital innovation development, green and low-carbon development, and promote work implementation.

The Company has established its operational focuses for 2024, which included (1) to unwaveringly uphold the principle of safety first and firmly secure the bottom line of safety; (2) to vigorously enhance efficiency and quality, and significantly boosting the level of profitability; (3) to intensify efforts in reform and innovation, and accelerating the development into a world-class enterprise; (4) to focus on creating “four excellence” and promoting comprehensive improvement in service quality; (5) to strengthen the leading and supporting roles, further enhancing the Party’s leadership and Party building.

In addition, the Directors are of the view that the Transaction is not expected to have any material impact on earnings, assets and liabilities of the Group.

IV. WORKING CAPITAL

Taking into account the financial resources available to the Group and the effect of the Transaction, the Directors are of the opinion that the Group will have sufficient working capital for the Group’s present requirements for the next 12 months following the date of this circular.

V. EGM

The Company will convene the EGM to consider and, if thought fit, to pass the resolution in respect of the COMAC Aircraft Purchase Agreement and the COMAC Aircraft Purchase.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of their respective associates have a material interest in the COMAC Aircraft Purchase. As such, no Shareholders is required to abstain from voting at the EGM in respect of the resolution to approve the COMAC Aircraft Purchase Agreement and the COMAC Aircraft Purchase.

A notice convening the EGM will be dispatched by the Company in due course. The Company will announce details of the EGM, including the date and venue as and when available in compliance with the articles of association of the Company and the Listing Rules.

VI. RECOMMENDATION

The Board recommends the Shareholders to vote in favour of the resolution regarding the COMAC Aircraft Purchase Agreement and the COMAC Aircraft Purchase contemplated thereunder.

LETTER FROM THE BOARD

VII. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in appendices to this circular.

By order of the Board
Air China Limited
Ma Chongxian
Chairman

Beijing, the PRC

1. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out in this circular information for the last three financial years with respect to the profits and losses, financial record and position and the latest published balance sheet together with the notes to the consolidated financial statements of the Group for the last financial year.

The audited consolidated financial statements of the Group for the years ended 31 December 2021, 2022 and 2023, together with the accompanying notes to the financial statements, can be found on pages 84 to 188 of the annual report of the Company for the year ended 31 December 2021, pages 85 to 188 of the annual report of the Company for the year ended 31 December 2022 and pages 92 to 200 of the annual report of the Company for the year ended 31 December 2023, respectively. Please see below the hyperlinks to the said annual reports:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042502186.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401849.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042502352.pdf>

2. INDEBTEDNESS

As at 30 April 2024, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, except for the authorised or created but unissued debt securities and contingent liabilities, the Group had total outstanding indebtedness of RMB236,943 million, details of which are as follows:

	<i>Note</i>	RMB <i>(in million)</i>
Bank loans		
– unsecured and unguaranteed		125,482
– secured and unguaranteed	(i)	708
		126,190
Loans from the ultimate holding company		
– unsecured and unguaranteed		16,829
Loans from a fellow subsidiary		
– unsecured and unguaranteed		301
Corporate bonds		
– unsecured and unguaranteed		11,313
Short-term commercial papers payable		
– unsecured and unguaranteed		2,004

	<i>Note</i>	RMB <i>(in million)</i>
Lease liabilities		
– leases of aircraft containing a purchase option		
– unsecured and unguaranteed		<u>46,186</u>
– leases of aircraft not containing a purchase option		
– secured and unguaranteed	(ii)	17,156
– unsecured and guaranteed	(iii)	15,107
– unsecured and unguaranteed		<u>816</u>
		<u>33,079</u>
– leases of buildings and others		
– unsecured and unguaranteed		<u>1,041</u>
		<u>34,120</u>
Total		<u>236,943</u>

Notes:

- (i) The Group's bank loans with an aggregate amount of approximately RMB708 million as at 30 April 2024 were secured by charges over certain of the Group's assets, including aircraft, engines and flight equipment, buildings and land use rights, and other intangible assets.
- (ii) The Group's secured and unguaranteed lease liabilities with an aggregate amount of approximately RMB17,156 million as at 30 April 2024 were related to leases of aircraft not containing a purchase option and secured by rental deposits.
- (iii) The Group's unsecured and guaranteed lease liabilities with an aggregate amount of approximately RMB15,107 million as at 30 April 2024 were related to leases of aircraft not containing a purchase option and guaranteed by letters of guarantee.

As at 30 April 2024, the Group had a total amount of authorised or created but unissued debt securities of RMB19,000 million, which was unsecured and unguaranteed, including RMB18,000 million with a validity period ended 9 June 2024, and RMB1,000 million with a validity period ended 21 December 2024.

Contingent liabilities

As at 30 April 2024, the Group had the following significant contingent liabilities:

Pursuant to the restructuring of China National Aviation Holding Corporation Limited (the “CNAHC”) in preparation for the listing of the Company’s H shares on The Stock Exchange of Hong Kong Limited and the London Stock Exchange, the Company entered into a restructuring agreement (the “**Restructuring Agreement**”) with CNAHC and China National Aviation Corporation (Group) Limited (“CNACG”, a wholly-owned subsidiary of CNAHC) on 20 November 2004. According to the Restructuring Agreement, except for liabilities constituting or arising out of or relating to business undertaken by the Company after the restructuring, no liabilities would be assumed by the Company and the Company would not be liable, whether severally, or jointly and severally, for debts and obligations incurred prior to the restructuring by CNAHC and CNACG. The Company has also undertaken to indemnify CNAHC and CNACG against any damage suffered or incurred by CNAHC and CNACG as a result of any breach by the Company of any provision of the Restructuring Agreement.

Except as disclosed above and apart from intra-group liabilities and normal trade payables, as at 30 April 2024, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, debentures, any other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, recognised lease obligations or hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to the SFO, or were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notifiable to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company was materially interested in any contract or arrangement which is significant in relation to the business of the Group and subsisting as at the Latest Practicable Date.

Mr. Patrick Healy, a non-executive Director, is concurrently the chairman and an executive director of Cathay Pacific. Cathay Pacific is a substantial shareholder of the Company, holding 2,633,725,455 H Shares of the Company (representing approximately 15.87% of the total issued shares of the Company) as at the Latest Practicable Date. Mr. Ma Chongxian and Mr. Wang Mingyuan, both are executive Directors, are concurrently non-executive directors of Cathay Pacific. Cathay Pacific competes or is likely to compete either directly or indirectly with some aspects of the business of the Company as it operates airline services to certain destinations, which are also served by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Supervisors of the Company and their respective close associates (as defined in the Listing Rules) had any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors were aware, the following persons (not being a Director or Supervisor or chief executive of the Company or their associate) had an interest or short position (if any) in the Shares or the underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Type of interests	Type and number of shares held	Approximate percentage of the total number of Shares in issue	Percentage of the total issued A Shares of the Company	Percentage of the total issued H Shares of the Company
CNAHC	Beneficial owner	6,566,761,847 (L) A Shares	39.57%	56.42%	–
CNAHC ⁽¹⁾	Equity attributable	1,332,482,920 (L) A Shares	8.03%	11.45%	–
CNAHC ⁽¹⁾	Equity attributable	616,779,308 (L) H Shares	3.72%	–	12.45%
CNACG	Beneficial owner	1,332,482,920 (L) A Shares	8.03%	11.45%	–
CNACG	Beneficial owner	616,779,308 (L) H Shares	3.72%	–	12.45%
Cathay Pacific	Beneficial owner	2,633,725,455 (L) H Shares	15.87%	–	53.15%
Swire Pacific Limited ⁽²⁾	Equity attributable	2,633,725,455 (L) H Shares	15.87%	–	53.15%
John Swire & Sons (H.K.) Limited ⁽²⁾	Equity attributable	2,633,725,455 (L) H Shares	15.87%	–	53.15%
John Swire & Sons Limited ⁽²⁾	Equity attributable	2,633,725,455 (L) H Shares	15.87%	–	53.15%

Notes:

- (1) By virtue of CNAHC's 100% interest in CNACG, CNAHC was deemed to be interested in the 1,332,482,920 A Shares and 616,779,308 H Shares directly held by CNACG.
- (2) By virtue of John Swire & Sons Limited's 100% interest in John Swire & Sons (H.K.) Limited and their approximately 60.31% equity interest and 68.13% voting rights in Swire Pacific Limited, and Swire Pacific Limited's approximately 45.00% interest in Cathay Pacific as at the Latest Practicable Date, John Swire & Sons Limited, John Swire & Sons (H.K.) Limited and Swire Pacific Limited were deemed to be interested in the 2,633,725,455 H Shares of the Company directly held by Cathay Pacific.
- (3) The letter "L" denotes a long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, no other persons (not being a Director or Supervisor or chief executive of the Company or their associate) had any interest or short position (if any) in the Shares or the underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

4. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

The followings are the particulars of Directors' and Supervisors' employment with substantial Shareholders (holding interests or short positions in the shares and underlying shares of the Company required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO) as at the Latest Practicable Date:

Directors

Mr. Ma Chongxian, an executive Director, the chairman of the Board and the secretary of the Party Committee of the Company, serves as a director, the chairman and the secretary of the Party Leadership Group of CNAHC. He is also a non-executive director of Cathay Pacific.

Mr. Wang Mingyuan, an executive Director, the vice chairman of the Board, the president and the deputy secretary of the Party Committee of the Company, serves as a director, the general manager and the deputy secretary of the Party Leadership Group of CNAHC. He is also a non-executive director of Cathay Pacific.

Mr. Feng Gang, a non-executive Director and the deputy secretary of the Party Committee of the Company, serves as a director and the deputy secretary of the Party Leadership Group of CNAHC.

Mr. Patrick Healy, a non-executive Director of the Company, is the chairman of the board of directors and an executive director of Cathay Pacific, a director of Swire Pacific Limited, and a director of John Swire & Sons (H.K.) Limited.

Mr. Xiao Peng, the employee representative Director of the Company, serves as the chairman of the labour union and the employee representative director of CNAHC.

Supervisor

Ms. Lyu Yanfang, a Supervisor of the Company, serves as the general manager of the law department of CNAHC.

6. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there has been no material adverse change in the Group's financial or trading position since 31 December 2023, being the date to which the latest published audited financial statements of the Group have been made up.

7. LITIGATION

As at the Latest Practical Date, the Company was not involved in any significant litigation or arbitration and to the knowledge of the Company, there were no litigation or claims of material importance pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The Group has entered into the following material contracts within the two years immediately preceding the date of this circular.

- (a) the COMAC Aircraft Purchase Agreement;
- (b) the conditional subscription agreement dated 30 January 2024 entered into between the Company and CNACG in respect of the issuance of H Shares to specific investor, pursuant to which, the Company has agreed to issue, and CNACG has agreed to subscribe for new H Shares in the amount of not more than HK\$2.00 billion at HK\$5.09 per share;
- (c) the conditional subscription agreement dated 22 December 2023 entered into between the Company and CNAHC in respect of the issuance of A Shares to specific investor, pursuant to which, the Company has agreed to issue, and CNAHC has agreed to subscribe for new A Shares in the amount of not more than RMB6.00 billion at RMB7.02 per share;
- (d) the conditional subscription agreement dated 2 August 2022 in respect of the 2022 non-public issuance of A Shares entered into between the Company and CNAHC, pursuant to which, the Company has agreed to issue, and CNAHC has agreed to subscribe for A Shares in the amount of not less than RMB5.5 billion;
- (e) the agreement dated 1 July 2022 entered into between Shenzhen Airlines Company Limited (“**Shenzhen Airlines**”) and Airbus S.A.S. (“**Airbus Company**”), pursuant to which Shenzhen Airlines has agreed to purchase and Airbus Company has agreed to sell 32 Airbus A320NEO series aircraft. The basic price of the 32 Airbus aircraft, in aggregate, is approximately US\$3.923 billion (price quoted as at January 2020); and
- (f) the agreement dated 1 July 2022 entered into among the Company, Air China Import and Export Co., Ltd. (國航進出口有限公司) and Airbus Company, pursuant to which the Company has agreed to purchase and Airbus Company has agreed to sell 64 Airbus A320NEO series aircraft. The basic price of the 64 Airbus aircraft, in aggregate, is approximately US\$8.290 billion (price quoted as at January 2020).

9. MISCELLANEOUS

- a. The joint company secretaries of the Company are Mr. Xiao Feng and Mr. Huen Ho Yin. Mr. Huen Ho Yin is a practicing solicitor of the High Court of Hong Kong.
- b. The registered address of the Company is at 1st Floor – 9th Floor 101, Building 1, 30 Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC. The head office of the Company is at No. 30 Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC.
- c. The H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, the address of which is Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.airchina.com.cn) for a period of 14 days from the date of this circular:

- a. the COMAC Aircraft Purchase Agreement; and
- b. this circular.

In respect of the Transaction, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.66(10) and paragraph 43(2)(c) of Appendix D1B to the Listing Rules so that information in relation to the Consideration, price calculation mechanism, payment arrangement, specific information in relation to aircraft models, the aircraft delivery plan, exchange rate and notice, all of which are core trade secrets for contracting parties and have comparable commercial sensitivity, will be redacted pursuant to a request for confidential treatment by COMAC. The above redacted information is commercial sensitive information strictly personal and exclusive to each party to the COMAC Aircraft Purchase Agreement and generally recognized as customized and confidential information in the aviation industry, the disclosure of which will be competitively harmful to the Company. In addition, information in relation to the bank accounts and contact information will also be redacted. Such information are solely for the purpose of the performance of the COMAC Aircraft Purchase Agreement and are not material to the decision of the Shareholders in respect of the COMAC Aircraft Purchase, the disclosure of which may create unnecessary contact between the public and contracting parties. The material terms stipulated under the COMAC Aircraft Purchase Agreement have been summarised and disclosed in this circular, from which the Shareholders and the investing public will be able to have sufficient information and knowledge about the COMAC Aircraft Purchase and assess the impact of the COMAC Aircraft Purchase so that the Shareholders and the investing public would make an informed voting decision on the Transaction. In addition, the Shareholders and the investing public are provided with sufficient information regarding the reasons for and benefits of the COMAC Aircraft Purchase. Therefore, the redacted version of the COMAC Aircraft Purchase Agreement is unlikely to mislead the Shareholders regarding to the facts and

circumstances, knowledge of which is essential for the informed assessment of the Transaction. Accordingly, only the redacted version of the COMAC Aircraft Purchase Agreement will be available for display to the public.