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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)

**DISCLOSEABLE TRANSACTION:
PURCHASE OF 5 BOEING 747-8 AIRCRAFT**

On 7 March 2011, the Company and AIE entered into the Boeing Aircraft Purchase Agreement with Boeing Company, pursuant to which the Company has agreed to purchase 5 Boeing 747-8 aircraft from Boeing Company.

The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

BOEING AIRCRAFT PURCHASE AGREEMENT

On 7 March 2011, the Company and AIE entered into the Boeing Aircraft Purchase Agreement with Boeing Company, pursuant to which the Company has agreed to purchase 5 Boeing 747-8 aircraft from Boeing Company.

The details of the Transaction are summarized as follows:

Date of the Transaction:

7 March 2011

Parties to the Transaction:

- (i) the Company, as the purchaser, the principal business activity of which is air passenger, air cargo and airline-related services;
- (ii) AIE, as the import agent for the Company; and
- (iii) Boeing Company, as the vendor, one of whose principal business activities is aircraft manufacturing.

The Company confirms that, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Boeing Company and each of the ultimate beneficial owner of Boeing Company are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Aircraft to be acquired:

Boeing Aircraft, i.e. 5 Boeing 747-8 aircraft

Consideration:

The aircraft basic price comprises the airframe price, optional features prices and engine price. The aircraft basic price of the Boeing Aircraft in aggregate is approximately US\$1,540 million (equivalent to approximately HK\$11,996 million) (price quoted from open market as at July 2008). The aircraft price is subject to price escalation by applying a formula. Boeing Company has granted to the Company significant price concessions with regard to the Boeing Aircraft. These will take the form of credit memoranda which may be used by the Company towards the final price payment of the Boeing Aircraft or may be used for the purpose of purchasing goods and services from Boeing Company. Such credit memoranda were determined after arm's length negotiations between the parties and as a result, the actual consideration for the Boeing Aircraft is lower than the aircraft basic price mentioned above.

The Transaction 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 Transaction is comparable with the price concessions that the Company had obtained in the previous aircraft purchase entered into between the Company and Boeing Company as set out in the circular of the Company dated 13 October 2010. The Company believes that there is no material impact of the price concessions obtained in the Transaction on the unit operating cost of the Company'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 significant price concessions and hence a significant negative impact on the Company's cost for the Transaction and will therefore not be in the interest of the Company and the Company's shareholders as a whole. The Company has applied to the Stock Exchange for a waiver from strict compliance of Rule 14.58(4) of the Listing Rules in respect of disclosure of the actual consideration of the Boeing Aircraft.

As the relevant percentage ratio under Rule 14.07 of the Listing Rules for the Transaction is above 5% but less than 25%, the Transaction constitutes a discloseable transaction and is therefore not subject to approval by the Company's shareholders under the Listing Rules.

Payment and delivery terms:

The aggregate consideration for the acquisition of Boeing Aircraft is payable by cash in instalments. The Company is expecting to take delivery of the Boeing Aircraft in stages from 2014 to 2015.

Source of funding:

The Transaction will be funded through cash generated from the Company's business operations, commercial bank loans and other financing instruments of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Transaction will expand the overall fleet capacity of the Group. If not taking into account the adjustments that may be made to the fleet based on marketing condition and the aging of the fleet, the Transaction will strengthen the fleet capacity of the Group with an increase of 1.3 billion available tonne kilometers, or approximately 6.59%, based on 19.741 billion available tonne kilometers of the Group as at 31 December 2010. In particular, the Transaction will reinforce the Company's market share in the international market, and will also increase frequency of flights for a number of international routes. The Company expects the Boeing Aircraft will deliver more cost-efficient performance and provide more comfortable services to passengers.

The Directors believe that the terms of the Transaction are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DEFINITION

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

“AIE”	Air China Import and Export Co., Ltd., a company incorporated in the People's Republic of China and a wholly-owned subsidiary of the Company
“Boeing Aircraft”	5 Boeing 747-8 aircraft to be purchased by the Company pursuant to the Boeing Aircraft Purchase Agreement
“Boeing Aircraft Purchase Agreement”	the aircraft purchase agreement dated 7 March 2011 pursuant to which the Company has agreed to purchase and Boeing Company has agreed to sell the Boeing Aircraft
“Boeing Company”	The Boeing Company, a company incorporated under the Laws of Delaware of the United States
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Transaction”

the acquisition by the Company of the Boeing Aircraft pursuant to the Boeing Aircraft Purchase Agreement

By order of the Board
Air China Limited
Huang Bin Tam Shuit Mui
Joint Company Secretaries

Beijing, the PRC, 7 March 2011

As at the date of this announcement, the directors of the Company are Mr. Kong Dong, Ms. Wang Yinxiang, Mr. Cao Jianxiong, Mr. Sun Yude, Mr. Christopher Dale Pratt, Mr. Ian Sai Cheung Shiu, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Jia Kang, Mr. Fu Yang*, Mr. Han Fangming* and Mr. Li Shuang*.*

* *Independent non-executive director of the Company*