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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
10 AIRBUS 330-SERIES AIRCRAFT AND
10 AIRBUS 350-SERIES AIRCRAFT**

On 18 November 2010 the Company and AIE entered into the Airbus Aircraft Purchase Agreements with Airbus Company, pursuant to which the Company has agreed to purchase 10 Airbus 330-series aircraft and 10 Airbus 350-series aircraft from Airbus Company, respectively.

As the Previous 2010 Airbus Aircraft Purchases and the Transaction were entered into within a 12 month period with Airbus Company, pursuant to Rule 14.22 of the Listing Rules, their transaction amounts should be aggregated for the purpose of determining relevant percentage ratios under Rule 14.07 of the Listing Rules. As each of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Transaction with aggregated transaction amount with the Previous 2010 Airbus Aircraft Purchases is above 25% but less than 100%, the Transaction constitutes a major transaction of the Company.

The Company expects to dispatch a circular containing the information required under the Listing Rules in relation to the Transaction within 15 business days after the publication of this announcement.

AIRBUS AIRCRAFT PURCHASE AGREEMENTS

On 18 November 2010, the Company and AIE entered into the Airbus Aircraft Purchase Agreements with Airbus Company, pursuant to which the Company has agreed to purchase 10 Airbus 330-series aircraft and 10 Airbus 350-series aircraft from Airbus Company, respectively.

The details of the Transaction are summarised as follows:

Date of the Transaction:

18 November 2010

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) Airbus Company, as the vendor, one of whose principal business activity is aircraft manufacturing.

The Company confirms that, to the best of the Directors' knowledge, information and belief after all reasonable enquiry, Airbus Company and each of the ultimate beneficial owners of Airbus Company are third parties independent from the Company and its connected persons (as defined in the Listing Rules).

Aircraft to be acquired:

Airbus Aircraft, i.e. 10 Airbus 330-series aircraft and 10 Airbus 350-series aircraft

Consideration:

The aircraft basic price comprises the airframe price, optional features prices and engine price. The aircraft basic price of the Airbus Aircraft in aggregate is approximately US\$4,490 million (equivalent to approximately HK\$34,811 million) (price quoted from open market as at January 2007 for 10 Airbus 330-series aircraft and January 2008 for 10 Airbus 350-series aircraft). The aircraft price is subject to price escalation by applying a formula. Airbus Company has granted to the Company significant price concessions with regard to the Airbus Aircraft. These concessions will take the form of credit memoranda which may be used by the Company towards the final price payment of the Airbus Aircraft or may be used for the purpose of purchasing goods and services from Airbus Company. Such credit memoranda were determined after arm's length negotiations between the parties and as a result, the actual consideration for the Airbus 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 Shenzhen Airlines Limited (a subsidiary of the Company) and Airbus Company as set out in the announcement of the Company dated 30 July 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 Airbus Aircraft.

As the Previous 2010 Airbus Aircraft Purchases and the Transaction were entered into within a 12 month period with Airbus Company, pursuant to Rule 14.22 of the Listing Rules, their transaction amounts should be aggregated for the purpose of determining relevant percentage ratios under Rule 14.07 of the Listing Rules. The aggregated transaction amount is approximately US\$6,932 million (HK\$53,744 million).

As each of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Transaction with aggregated transaction amount with the Previous 2010 Airbus Aircraft Purchases is above 25% but less than 100%, the Transaction constitutes a major transaction and is therefore subject to approval by the Company's shareholders under the Listing Rules.

Payment and delivery terms:

The aggregate consideration for the acquisition of Airbus Aircraft is payable by cash in instalments. The Company is expecting to take delivery of 10 Airbus 330-series aircraft in stages from 2013 to 2015 and 10 Airbus 350-series aircraft in stages from 2018 to 2020.

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 capacity of the Company's fleet. 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 increase the fleet capacity of the Group by approximately 18.6% based on available tonne kilometers of the Group as at 31 December 2009. In particular, the Transaction would optimise the fleet structure of the Company and is in line with the market requirements for the Company. The Company expects the Airbus 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.

FURTHER INFORMATION

CNAHC currently directly and indirectly owns approximately 51.82% of the total issued share capital of the Company. Each of CNAHC and its associates (as defined in the Listing Rules) does not have any interest in the Transaction other than as a shareholder of the Company (where applicable). No shareholder of the Company is required to abstain from voting if the Company was to convene a general meeting to approve the Transaction. Pursuant to Rule 14.44 of the Listing Rules, a written approval of CNAHC may be accepted in lieu of holding a general meeting to approve the Transaction. The Company expects to dispatch a circular containing the information required under the Listing Rules in relation to the Transaction within 15 business days after the publication of this announcement.

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

“Airbus Aircraft”	10 Airbus 330-series aircraft and 10 Airbus 350-series aircraft to be purchased by the Company pursuant to the Airbus Aircraft Purchase Agreements
“Airbus Aircraft Purchase Agreements”	the aircraft purchase agreement dated 18 November 2010 pursuant to which the Company has agreed to purchase and Airbus Company has agreed to sell the Airbus Aircraft
“Airbus Company”	Airbus S.A.S., a company incorporated in Toulouse, France
“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
“CNAHC”	China National Aviation Holding Company, a company incorporated in the People’s Republic of China
“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
“Previous 2010 Airbus Aircraft Purchases”	the purchase of 20 Airbus 320-series aircraft pursuant to an aircraft purchase agreement entered into by the Company, AIE and Airbus Company on 10 February 2010 and the purchase of 10 Airbus 320-series aircraft pursuant to an aircraft purchase agreement entered into by Shenzhen Airlines Limited, AIE and Airbus Company on 30 July 2010
“Transaction”	the acquisition by the Company of the Airbus Aircraft pursuant to the Airbus Aircraft Purchase Agreements

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

Beijing, the PRC, 18 November 2010

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*