
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We plan to strengthen our leading position among Chinese airlines and become an airline of choice for domestic and foreign business passengers. We intend to achieve these objectives through the following strategies the details of which are set out in the section headed “Business — Strategy” in this Prospectus:

- strengthen our Beijing hub and expand our route network;
- control cost and improve efficiency;
- enhance the effectiveness of our sales and marketing efforts;
- improve service quality;
- strengthen our leadership in China’s air cargo market; and
- improve our employee evaluation system.

USE OF PROCEEDS

We estimate that the net proceeds to the Company from the Global Offering, after deducting underwriting discounts, commissions and estimated offering expenses payable by us, will be approximately HK\$6,522 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$2.725 per H Share, being the midpoint of the price range set forth on the cover of this Prospectus.

If the Over-allotment Option is exercised in full, we estimate that the net proceeds to the Company from the offering of these additional Shares, after giving effect to the expected reallocation of H Shares to the Hong Kong Public Offering, will be approximately HK\$7,512 million, after deducting the underwriting discount, commissions and our estimated offering expenses.

We intend to use the net proceeds from the Global Offering in the following manner:

- approximately RMB4.8 billion to acquire ten Airbus 319 aircraft and four Boeing 737-700 aircraft; and
- any remaining proceeds to repay debts that will mature in one year and to supplement our cash flow.

In accordance with PRC regulations, both CNAHC and CNACG are required to contribute a portion of their Shares to be sold in the Global Offering to the Chinese National Social Security Fund. Pursuant to an approval from SASAC, CNAHC will, on behalf of the Chinese National Social Security Fund, sell such shares in the Global Offering and transfer the net proceeds to the Chinese National Social Security Fund. CNACG will also sell such shares in the Global Offering

The net proceeds to CNAHC and CNACG from the Global Offering, after deducting the underwriting discount and estimated offering expenses payable by CNAHC and CNACG and giving effect to the expected reallocation of H Shares to the Hong Kong Public Offering, will be approximately HK\$651 million before any exercise of the Over-allotment Option, or HK\$751 million, if the Underwriters exercise in full the Over-allotment Option. We will not receive any of the proceeds from the sale of Sale Shares by CNAHC and CNACG.