
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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 AIRCRAFT

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
I. Introduction	3
II. Major Transaction	4
III. Financial and Trading Prospects	6
IV. Working Capital	6
V. Recommendation and Shareholders' Written Approval	6
VI. Additional Information	7
 APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	 8
 APPENDIX II – GENERAL INFORMATION	 11

DEFINITIONS

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

“AIE”	Air China Import and Export Co., Ltd. (國航進出口有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Aircraft Purchase Agreement”	the aircraft purchase agreement dated 3 June 2015 and entered into by Shenzhen Airlines and Boeing Company, pursuant to which Shenzhen Airlines has agreed to purchase the Boeing Aircraft from Boeing Company
“Board”	the board of directors of the Company
“Boeing Aircraft”	46 Boeing model 737 aircraft to be purchased by Shenzhen Airlines pursuant to the Aircraft Purchase Agreement
“Boeing Company”	The Boeing Company, a company incorporated under the Laws of Delaware of the United States
“Cathay Pacific”	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and whose shares are listed on the Hong Kong Stock Exchange, the principal activity of which is the operation of scheduled airline services
“CNACG”	China National Aviation Corporation (Group) Limited, a company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of CNAHC and a substantial shareholder of the Company as at the Latest Practicable Date
“CNAF”	China National Aviation Finance Co., Ltd., a company incorporated in the PRC with limited liability
“CNAHC”	China National Aviation Holding Company, a company with limited liability incorporated under the laws of the PRC, which is a substantial shareholder of the Company as at the Latest Practicable Date
“CNAHC Group”	CNAHC, its subsidiaries and its associates and, for the purpose of this circular, excluding the Group
“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

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	22 June 2015, 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 of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau and Taiwan
“Previous Boeing Transaction”	the purchase of 60 Boeing model 737 aircraft pursuant to the aircraft purchase agreements entered into by the Company, AIE and Boeing Company on 22 December 2014
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholders”	the shareholders of the Company
“Shenzhen Airlines”	Shenzhen Airlines Company Limited, a company incorporated in the PRC and a non-wholly owned subsidiary of the Company in which the Company holds 51% interest as at the Latest Practicable Date
“Transaction”	the purchase by Shenzhen Airlines of the Boeing Aircraft pursuant to the Aircraft Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States



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:

Non-executive Directors

Mr. Cai Jianjiang
Ms. Wang Yinxiang
Mr. Cao Jianxiong
Mr. Feng Gang
Mr. John Robert Slosar
Mr. Ian Sai Cheung Shiu

Executive Directors

Mr. Song Zhiyong
Mr. Fan Cheng

Independent non-executive Directors

Mr. Fu Yang
Mr. Pan Xiaojiang
Mr. Simon To Chi Keung
Mr. Stanley Hui Hon-chung

Registered office:

Blue Sky Mansion
28 Tianzhu Road
Airport Industrial Zone
Shunyi District
Beijing, PRC

Principal place of business in Hong Kong:

5th Floor, CNAC House
12 Tung Fai Road
Hong Kong International Airport
Hong Kong

26 June 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
PURCHASE OF AIRCRAFT

I. INTRODUCTION

On 3 June 2015, the Company announced that Shenzhen Airlines entered into the Aircraft Purchase Agreement with Boeing Company, pursuant to which Shenzhen Airlines has agreed to purchase the Boeing Aircraft from Boeing Company

LETTER FROM THE BOARD

As the Transaction and the Previous Boeing Transaction were entered into within a 12 month period and were both with Boeing Company, pursuant to Rule 14.22 of the Listing Rules, their transaction amounts are aggregated for the purpose of determining relevant percentage ratios under Rule 14.07 of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules for the Transaction, whether aggregated with the Previous Boeing Transaction or standalone, is above 25% but less than 100%, the Transaction constitutes a major transaction of the Company.

The purpose of this circular is to set out further details of the Transaction.

II. MAJOR TRANSACTION

The Aircraft Purchase Agreement

Date:

3 June 2015

Parties:

- (a) Shenzhen Airlines, a non-wholly owned subsidiary of the Company, as the purchaser, the principal business activity of which is air passenger, air cargo and airline-related services; and
- (b) 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 having made all reasonable enquiries, Boeing Company and each of its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Aircraft to be purchased:

The Boeing Aircraft, being 46 Boeing model 737 aircraft

Consideration:

The aircraft basic price comprises the airframe price, optional features price and engine price.

The aircraft basic price of the Boeing Aircraft to be acquired by Shenzhen Airlines in aggregate is approximately US\$4,300 million (equivalent to approximately HK\$33,325 million) (price quoted from open market as at July 2012). The aircraft price is subject to price escalation by applying a formula. Boeing Company has granted to Shenzhen Airlines significant price concessions with regard to the Boeing Aircraft. These concessions will take the form of credit memoranda which may be used by Shenzhen Airlines towards the final price payment of the Boeing Aircraft or may be used

LETTER FROM THE BOARD

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 Shenzhen Airlines in the Transaction is comparable with the price concessions that the Company had obtained in the Previous Boeing Transaction as set out in the announcement of the Company dated 22 December 2014. The Company believes that there is no material impact of the price concessions obtained in the Transaction 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 significant price concessions and hence a significant negative impact on the Group's cost for the Transaction and will therefore not be in the interest of the Company and the Shareholders as a whole. The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance of Rule 14.66(4) of the Listing Rules in respect of disclosure of the actual consideration of the Boeing Aircraft.

Payment and delivery terms:

The aggregate consideration for the Transaction is payable by cash in instalments. Shenzhen Airlines is expecting to take delivery of the Boeing Aircraft in stages from 2016 to 2020.

Source of funding:

The Transaction will be funded through cash generated from Shenzhen Airlines' business operations, commercial bank loans and other financing instruments of Shenzhen Airlines. The Transaction is expected to have no material impact on the cash flow and operation of the Group.

Reasons for and Benefits of the Transaction

The Transaction will expand the overall fleet capacity of the Group and optimize its fleet structure. If not taking into account the adjustments that may be made to the fleet (including the disposal of used aircraft) based on marketing condition and aging of the fleet, the Transaction will strengthen the fleet capacity of the Group with an increase of approximately 6%, based on the number of available tonne kilometers of the Group as at 31 December 2014. The Company expects the Boeing Aircraft will deliver more cost efficient performance and provide more comfortable services to its passengers.

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

LETTER FROM THE BOARD

III. FINANCIAL AND TRADING PROSPECTS

As disclosed in the 2014 annual report of the Company published on 22 April 2015, the Group's total turnover was RMB105,884 million, representing an increase of RMB7,704 million or 7.85% as compared with that of the previous year. Revenue from our air traffic operations contributed RMB101,385 million to the total turnover, representing an increase of RMB6,782 million or 7.17% over last year. Other operating revenue was RMB4,499 million, representing a year-on-year increase of RMB922 million or 25.76%, mainly due to the Group's increase of capacity and the year-on-year increase in ancillary revenue. The Directors expect that several factors including the slowing down of economic growth of the PRC, the continued development of the domestic high-speed rail network and the international large-scale airlines' penetration into the Chinese market with increasing speed will present challenges to the Group's operation in 2015. Nonetheless, the Directors believe that the Group's strategies would enable it to continue to develop its business. Such strategies include continuing to develop the Group's hub network, improving its cost structure and enhancing its cost control, optimising the allocation of its core resources to improve the efficiency of resource utilisation, enhancing service management and promoting product innovation to improve customer experience, etc. Thus, the Directors view the financial and trading prospects during the current financial year of the Group ending 31 December 2015 with confidence. 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 requirement for the next 12 months following the date of this circular.

V. RECOMMENDATION AND SHAREHOLDERS' WRITTEN APPROVAL

This circular is despatched to Shareholders for information purpose only. No general meeting will be convened for approving the Transaction. As at the Latest Practicable Date, CNAHC, the controlling Shareholder, directly and indirectly (through CNACG, a wholly-owned subsidiary of CNAHC), held approximately 53.37% of the total issued share capital of the Company. Each of CNAHC and CNACG and their respective associates (as defined in the Listing Rules) does not have any interest in the Transaction other than as a shareholder of the Company. In addition, none of the Shareholders has a material interest in the Transaction which is different from the other Shareholders and as such, none of the Shareholders would be required to abstain from voting on the Transaction if a general meeting were to be convened to approve the Transaction. Pursuant to Rule 14.44 of the Listing Rules, the Transaction has been approved in writing by CNAHC and CNACG.

Although no general meeting will be convened, the Board considers that the Transaction was entered into on normal commercial terms and the terms of the Transaction are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were convened for approving the Transaction, the Board would have recommended the Shareholders to vote in favour of the Transaction.

LETTER FROM THE BOARD

VI. ADDITIONAL INFORMATION

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

By order of the Board
Air China Limited
Cai Jianjiang
Chairman

Beijing, the PRC

I. 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 (i) for the year ended 31 December 2014 has been set out from page 77 of the 2014 annual report of the Company published on 22 April 2015; (ii) for the year ended 31 December 2013 has been set out from page 63 of the 2013 annual report of the Company published on 16 April 2014, and (iii) for the year ended 31 December 2012 has been set out from page 63 of the 2012 annual report of the Company published on 25 April 2013. The financial statements have been published on the Hong Kong Stock Exchange's website at <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0422/LTN201504221243.pdf>, <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0416/LTN201404161027.pdf> and <http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0425/LTN201304251378.pdf>, and the Company's website at <http://www.airchina.com>.

II. INDEBTEDNESS**Borrowings**

The table below sets forth the Group's total outstanding indebtedness as at 30 April 2015:

	<i>Notes</i>	Total RMB (in million)
Bank loans and other loans	(1)	50,872
Finance lease obligations	(2)	38,424
Corporate bonds	(1)	21,435
Bills payable		241
Total		110,971

Notes:

- (1) The Group's bank loans, other loans and corporate bonds with an aggregate amount of approximately RMB27,739 million were secured by mortgages over certain of the Group's assets and RMB40,782 million were secured by guarantors.
- (2) The Group's finance lease obligations with an aggregate amount of approximately RMB38,424 million were secured by mortgages over certain of the Group's aircrafts.

In addition to the above, as at 30 April 2015 certain of the Group's bank deposits with an aggregate amount of approximately RMB180 million were pledged against the Group's aircraft operating leases, aircraft overhaul and others.

Contingent liabilities

As at 30 April 2015, the Group had the following significant contingent liabilities:

- (i) Pursuant to the restructuring of China National Aviation Holding Company (“CNAHC”) in preparation for the listing of the Company’s H shares on the HKSE and the LSE, 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.
- (ii) On 26 February 2007, the Eastern District Court of New York of the Federal Judiciary of the United States filed a civil summon against the Company and Air China Cargo Co., Ltd. (“Air China Cargo”), claiming that they, together with a number of other airlines, have violated certain anti-trust regulations in respect of their air cargo operations in the United States by acting in concert in imposing excessive surcharges to impede the offering of discounts and allocating revenue and customers so as to increase, maintain and stabilise air cargo prices. The Court is currently considering whether the case should proceed as a class action. Because the litigation continues, the Directors of the Company are of the view that the ultimate outcome of this claim cannot be reliably estimated and consider that no provision for this claim is needed accordingly.
- (iii) In May 2011, Shenzhen Airlines received a summon issued by the Higher People’s Court of Guangdong Province in respect of a guarantee provided by Shenzhen Airlines on loans borrowed by Shenzhen Huirun Investment Co. Ltd (“**Huirun**”, a non-controlling shareholder of Shenzhen Airlines) from a third party amounting to RMB390,000,000. It was alleged that Shenzhen Airlines had entered into several guarantee agreements with Huirun and the third party, pursuant to which Shenzhen Airlines acted as a guarantor in favor of the third party for the loans borrowed by Huirun. The directors of the Company consider that the provision of RMB 130,000,000 which was provided in prior years in respect of this legal claim is adequate.
- (iv) Shenzhen Airlines provided guarantees to banks for certain employees in respect of their residential loans as well as for certain pilot trainees in respect of their tuition loans. As at 30 April 2015, Shenzhen Airlines had outstanding guarantees for employees’ residential loans amounting to RMB396,580,000 (31 December 2014: RMB 412,301,000) and for pilot trainees’ tuition loans amounting to RMB 209,476,000 (31 December 2014: RMB 225,988,000).

Except as disclosed above and apart from intra-group liabilities, as at 30 April 2015, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, term loans, 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 or hire purchase commitments, mortgages and charges, contingent liabilities or guarantee.

Save as disclosed above, the Directors have confirmed that there has been no material change in the indebtedness of the Group since 30 April 2015.

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

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, supervisors or chief executives 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 Hong Kong 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 notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Name of company Relevant shareholder	Personal interest	Number of Shares		Total	Shareholding percentage as at the Latest Practicable Date
		Interest of children under the age of 18 or spouse	Corporate Interest		
Cathay Pacific Airways Limited					
Ian Sai Cheung Shiu	1,000 (ordinary shares)	–	–	1,000 (ordinary shares)	0.00%
Air China Limited					
Zhou Feng	10,000 (A Shares)	–	–	10,000 (A Shares)	0.00%
Shen Zhen	33,200 (A Shares)	–	–	33,200 (A Shares)	0.00%

None of the Directors or supervisors of the Company has any direct or indirect interest in any assets which have been, since 31 December 2014 (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.

None of the Directors or supervisors of the Company is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

Mr. John Robert Slosar is a non-executive Director of the Company and is concurrently the chairman and an executive director of Cathay Pacific. Mr. Ian Sai Cheung Shiu is a non-executive Director of the Company and is concurrently a non-executive director of Cathay Pacific. Cathay Pacific is a substantial shareholder of the Company, holding 2,633,725,455 H shares in the Company as at Latest Practicable Date, and it wholly owns Hong Kong Dragon Airlines Limited (“**Dragonair**”). Mr. Cai Jianjiang, who is the chairman and a non-executive Director of the Company, and Mr. Song Zhiyong and Mr. Fan Cheng, who are both executive directors of the Company, are concurrently non-executive directors of Cathay Pacific. Cathay Pacific and Dragonair compete or are likely to compete either directly or indirectly with some aspects of the business of the Company as they operate airline services to certain destinations, which are also served by the Company.

Save as above, none of the Directors or supervisors of the Company and their respective associates (as defined in the Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder of the Company.

3. MATERIAL CONTRACTS

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

- (a) the capital increase agreement dated 26 June 2014 between the Company, Cathay Pacific China Cargo Holdings Limited, Fine Star Enterprises Corporation and Air China Cargo, pursuant to which (a) the Company has agreed to subscribe for an additional amount of registered capital of RMB1,020,000,000 in Air China Cargo and (b) Cathay Pacific China Cargo Holdings Limited and Fine Star Enterprises Corporation have agreed to subscribe for additional amounts of registered capital of RMB500,000,000 and RMB480,000,000 respectively in Air China Cargo, details of which are set out in the Company’s announcement dated 26 June 2014;
- (b) the trademark licensing framework agreement dated 28 October 2014 between the Company and CNAHC in respect of granting by the Company to CNAHC Group at nil consideration of a non-exclusive licence for the use of 83 registered trademarks of the Company for a term of three years from 1 January 2015 to 31 December 2017, details of which are set out in the Company’s circular dated 31 October 2014;
- (c) the two aircraft purchase agreements dated 22 December 2014 between the Company, AIE and Boeing Company, pursuant to which the Company has agreed to purchase and Boeing Company, has agreed to sell 60 Boeing model 737 aircraft with basic price amounting to approximately US\$5,888 million, details of which are set out in the Company’s circular dated 27 February 2015;

- (d) the equity transfer agreements dated 24 December 2014 between the Company and each of AIE, Air China Shantou Industrial Development Co. and Beijing Phoenix Aviation Industrial Co in respect of the acquisitions of their respective equity interests in the registered capital of CNAF by the Company at a consideration of RMB28,065,845.88, RMB4,726,113.94 and RMB2,326,702.25, respectively, details of which are set out in the Company's announcement dated 24 December 2014;
- (e) the capital injection agreement dated 24 December 2014 between the Company and CNAHC, pursuant to which the Company and CNAHC have agreed to (a) increase the registered capital of CNAF from RMB505,269,500 to RMB1,127,961,864 and (b) inject additional capital in CNAF in the amount of RMB571,819,449.68 and RMB171,020,919.65, respectively, details of which are set out in the Company's announcement dated 24 December 2014;
- (f) the financial services agreement dated 29 April 2015 between the Company and CNAF, pursuant to which CNAF has agreed to provide the Group with a range of financial services, among which, the annual caps for the daily balance of deposits (including accrued interest) placed or to be placed by the Group with CNAF for the years ending 31 December 2015, 2016 and 2017 are RMB12 billion, RMB14 billion and RMB15 billion, respectively, details of which are set out in the Company's circular dated 8 May 2015;
- (g) the financial services agreement dated 29 April 2015 between CNAF and CNAHC, pursuant to which CNAF has agreed to provide the CNAHC Group with a range of financial services, among which, the annual caps for the daily balance of loans and other credit services (including accrued interest) granted or to be granted by CNAF to the CNAHC Group for the years ending 31 December 2015, 2016 and 2017 are RMB8 billion, RMB9 billion and RMB10 billion, respectively, details of which are set out in the Company's circular dated 8 May 2015; and
- (h) the Aircraft Purchase Agreement.

Except as disclosed above, no other material contract has been entered into by the Group within the two years immediately preceding the date of this circular.

4. LITIGATION

As at the Latest Practical Date, the litigation or claims of material importance pending or threatened against members of the Group are disclosed in the section titled "Contingent Liabilities" under "II. Indebtedness" in Appendix I.

As at the Latest Practical Date, save as disclosed above, the Company was not involved in any significant litigation or arbitration. To the knowledge of the Company, there was no litigation or claim of material importance pending or threatened against the Company except as disclosed above, and there was no litigation or claims of material importance pending or threatened against any member of the Group except as disclosed above.

5. SERVICE CONTRACTS

None of the Directors has 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).

6. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the Group's financial or trading position since 31 December 2014, being the date to which the latest published audited financial statements of the Group have been made up.

7. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Rao Xinyu and Tam Shuit Mui. Ms. Tam is an associate member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a member of The American Institute of Certified Public Accountant (AICPA), USA.
- (b) The registered address of the Company is at Blue Sky Mansion, 28 Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, China. The head office of the Company is at No. 30, Tianzhu Road, Tian Zhu Airport Economic Development Zone, Shunyi District, Beijing, China.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 5th Floor, CNAC House, 12 Tung Fai Road, Hong Kong International Airport, Hong Kong during normal business hours on any business day from the date of this circular until 10 July 2015:

- (a) the articles of association of the Company;
- (b) the 2012, 2013 and 2014 annual reports of the Company;
- (c) a copy of each material contract referred to in the section headed "Material Contracts" of this Appendix; and
- (d) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A which has been issued since the date of the latest published audited accounts of the Company.

In respect of the Transaction, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver for the Transaction from strict compliance with Rule 14.58(4), Rule 14.66(4), Rule 14.66(10) and Appendix 1B paragraph 43(2)(b) to the Listing Rules, so that only the redacted version of the Aircraft Purchase Agreement will be available for inspection by the public. Information in relation to the actual consideration will not be disclosed in the aforesaid aircraft acquisition agreement.