

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



中國東方航空股份有限公司
CHINA EASTERN AIRLINES CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 00670)

**REVISION OF THE EXISTING AIRCRAFT AND ENGINES
LEASE AGREEMENT; AND
CONTINUING CONNECTED TRANSACTIONS
AND
MAJOR TRANSACTIONS**

Reference is made to the announcements of the Company dated 26 September 2022, 12 October 2022 and 14 December 2022, and the circular of the Company dated 25 October 2022 regarding, among others, the Existing Continuing Connected Transactions.

On 4 July 2025, the Company (i) entered into the Supplemental Agreement with CES Leasing and proposed to set the relevant annual cap for the sale of aircraft and engines for the year ending 31 December 2025; (ii) renewed the following agreements and proposed to set the relevant annual caps for the three years ending 31 December 2028: (1) the Financial Services Agreement; (2) the Aircraft and Engines Lease and Related Services Agreement; (3) the Catering and Aircraft On-board Supplies Support Agreement; (4) the Aviation Complementary Services Agreement; (5) the Property Leasing and Construction and Management Agency Agreement; (6) the Freight Logistics Services Agreement; (7) the Aviation Airborne Communication Agreement; (iii) entered into the Commercial Factoring Services Agreement with Eastern Air Factoring and proposed to set the relevant annual caps for the three years ending 31 December 2028; and (iv) proposed to set the annual caps for the Exclusive Operation Agreement for the three years ending 31 December 2028.

Pursuant to the relevant provisions of the Hong Kong Listing Rules, the Renewed Non-exempt Continuing Connected Transactions which are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules comprise (i) the transactions as well as the proposed annual caps for the three years ending 31 December 2028 relating to the provision of deposit services under the Financial Services Agreement, the transactions of expenditure items in respect of the catering related services and aircraft on-board supplies support related services under the Catering and Aircraft On-board Supplies Support Agreement, and the transactions of expenditure items under the Aircraft and Engines Lease and Related Services Agreement; and (ii) the proposed annual caps for the transactions contemplated under the Exclusive Operation Agreement for the three years ending 31 December 2028. In particular, the transactions of expenditure items under the Aircraft and Engines Lease and Related Services Agreement are also subject to the requirements applicable to a major transaction under Chapter 14 of the Hong Kong Listing Rules.

Pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the Company proposes to put forward for the Independent Shareholders' approval at the general meeting the transactions relating to (i) Financial Services Agreement; (ii) Aircraft and Engines Lease and Related Services Agreement; (iii) Catering and Aircraft On-board Supplies Support Agreement; (iv) Exclusive Operation Agreement; (v) Aviation Complementary Services Agreement; (vi) Property Leasing and Construction and Management Agency Agreement; (vii) Freight Logistics Services Agreement; (viii) Aviation Airborne Communication Agreement; and (ix) Commercial Factoring Services Agreement.

A circular will be published and/or despatched to the Shareholders no later than 31 July 2025 as additional time is required to prepare and finalise the information to be included in the circular in accordance with the Hong Kong Listing Rules.

A. BACKGROUND

Reference is made to the announcements of the Company dated 26 September 2022, 12 October 2022 and 14 December 2022, and the circular of the Company dated 25 October 2022 regarding, among others, the Existing Continuing Connected Transactions.

On 4 July 2025, the Company (i) entered into the Supplemental Agreement with CES Leasing and proposed to set the relevant annual cap for the sale of aircraft and engines for the year ending 31 December 2025; (ii) renewed the following agreements and proposed to set the relevant annual caps for the three years ending 31 December 2028: (1) the Financial Services Agreement; (2) the Aircraft and Engines Lease and Related Services Agreement; (3) the Catering and Aircraft On-board Supplies Support Agreement; (4) the Aviation Complementary Services Agreement; (5) the Property Leasing and Construction and Management Agency Agreement; (6) the Freight Logistics Services Agreement; (7) the Aviation Airborne Communication Agreement; (iii) entered into the Commercial Factoring Services Agreement with Eastern Air Factoring and proposed to set the relevant annual caps for the three years ending 31 December 2028; and (iv) proposed to set the annual caps for the Exclusive Operation Agreement for the three years ending 31 December 2028.

Details of the background of the above-mentioned continuing connected transactions are set out as follows:

- (i) in view of the planned gradual retirement of certain aging aircraft in the Company's fleet, to facilitate the flexible disposal of aging aircraft and to coordinate the advancement of asset optimization and disposition, the Company entered into the Supplemental Agreement with CES Leasing, pursuant to which, the Company agreed to sell and CES Leasing agreed to acquire certain aircraft and engines for the year ending 31 December 2025 on the premise that the quotation offered by CES Leasing is more competitive than those of other parties. If the above approach is not applicable, the transfer price shall be determined by both parties after arm's length negotiation with reference to valuation provided by an independent professional appraisal agency. The annual cap for the sale of aircraft and engines for the year ending 2025 shall be RMB1,800 million;
- (ii) since the agreements for the Existing Continuing Connected Transactions (except for the Exclusive Operation Agreement) will expire on 31 December 2025, the Company entered into the respective agreements relating to the Existing Continuing Connected Transactions in order to better manage the Existing Continuing Connected Transactions and to regulate the continuing business relationships between the Group and the CEA Holding Entities;
- (iii) the Exclusive Operation Agreement with a term from 1 January 2020 to 31 December 2032 and the transactions contemplated thereunder were approved at the extraordinary general meeting of the Company convened on 18 November 2020, and the annual caps for the three years ending 31 December 2025 were approved at the extraordinary general meeting of the Company convened on 14 December 2022. Since the existing annual caps will expire on 31 December 2025, the Company proposed to set the annual caps for the transactions contemplated under the Exclusive Operation Agreement for the three years ending 31 December 2028;
- (iv) the Company and Eastern Air Factoring entered into the Commercial Factoring Services Agreement, pursuant to which Eastern Air Factoring provides commercial factoring services to the Company, and the Company and Eastern Air Factoring also provides advisory services related to commercial factoring to each other.

Details of the 2026-2028 Continuing Connected Transactions are set out as follows:

No. Agreements	Counterparties and connected person relationship
1. Financial Services Agreement	Eastern Air Finance Company, which is directly interested as to approximately 53.75% by CEA Holding, and is thus an associate of CEA Holding.
2. Aircraft and Engines Lease and Related Services Agreement	CES Leasing, which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.

No. Agreements	Counterparties and connected person relationship
3. Catering and Aircraft On-board Supplies Support Agreement	Eastern Air Catering Company, which is directly interested as to 55% by CEA Holding, and is thus an associate of CEA Holding.
4. Exclusive Operation Agreement	China Cargo Airlines, which is directly interested as to 83% by Eastern Logistics and in turn a non-wholly owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.
5. Aviation Complementary Services Agreement	Eastern Air Assets, which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.
6. Property Leasing and Construction and Management Agency Agreement	CEA Holding, which is a controlling shareholder of the Company, holding approximately 54.25% equity interests in the Company, and thus a connected person of the Company; and Eastern Air Assets, which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.
7. Freight Logistics Services Agreement	Eastern Logistics, which is directly interested as to 40.50% equity interests by CEA Holding, and is thus an associate of CEA Holding.
8. Aviation Airborne Communication Agreement	KDlink Technology, a company incorporated in the PRC with limited liability, which is directly held as to 42.50% by 東方航空產業投資有限公司 (Eastern Airlines Industry Investment Company Limited), a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.
9. Commercial Factoring Services Agreement	Eastern Air Factoring, which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.

B. REVISION OF THE EXISTING AIRCRAFT AND ENGINES LEASE AGREEMENT

Reference is made to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 in relation to, among others, the aircraft and/or engine finance lease and operating lease under the Existing Aircraft and Engines Lease Agreement entered into between the Company and CES Leasing on 26 September 2022.

In view of the planned gradual retirement of certain aging aircraft in the Company's fleet, to facilitate the flexible disposal of aging aircraft and to coordinate the advancement of asset optimization and disposition, on 4 July 2025, the Company entered into the Supplemental Agreement with CES Leasing, pursuant to which, the Company agreed to sell and CES Leasing agreed to acquire certain aircraft and engines (the "**sale of aircraft and engines**") for the year ending 31 December 2025 on the premise that the quotation offered by CES Leasing is more competitive than those of other parties. If the above approach is not applicable, the transfer price shall be determined by both parties after arm's length negotiation with regards to valuation provided by an independent professional appraisal agency. The annual cap for the sale of aircraft and engines for the year ending 2025 shall be RMB1,800 million.

Furthermore, given the continuous enhancement of CES Leasing's capital strength and the ongoing optimization of its business structure over the past decade, the Company proposes to fully leverage its professional advantages to further reduce the comprehensive cost of aircraft and engine leasing. Accordingly, the Company proposes, within the annual cap set for the transaction, not to limit the transaction amount of the aircraft and engine leasing transaction with CES Leasing anymore, namely, the limit that the maximum amount of the leasing transactions between the Company and CES Leasing shall not exceed half of the aggregate amount of the aircraft and engines scheduled to be introduced in each year (excluding aircraft/engines for which purchase and sale agreements were signed in prior years but the delivery was delayed).

Except for the above change, all existing terms and conditions under the Existing Aircraft and Engines Lease Agreement remain unchanged.

The principal terms of the Supplemental Agreement are set out as below:

Term

From 1 January 2025 to 31 December 2025.

Pricing

The purchase proposal(s) provided by CES Leasing should have competitive advantages over other parties (including but not limited to, the comprehensive return of the proposal(s) offered by CES Leasing shall not be lower than those offered by at least two other independent third parties). If such approach is not applicable, the rental fee and other terms shall be determined by both parties after arm's length negotiation with reference to valuation provided by an independent professional appraisal agency.

Historical amounts

There are no historical amounts in respect of the sale of aircraft and engines.

Annual cap

The annual cap for the sale of aircraft and engines under the Supplemental Agreement for the year ending 31 December 2025 is determined primarily based on the following factors: (i) the anticipated number of aircraft and engine disposals in light of the Company's fleet retirement plans; (ii) prevailing market prices for aircraft and engines of comparable condition and usage; and (iii) certain contingency buffer to accommodate potential increases in the volume of disposals due to uncertainties in transaction arrangements during 2025.

Taking into account the circumstances mentioned above, the annual cap for the sale of aircraft and engines under the Supplemental Agreement is RMB1,800 million.

Reasons for and benefits of the transactions

The Company plans to further optimize its fleet structure by not only introducing new aircraft but also gradually retiring certain aging aircraft. As a result, the demand for aircraft and engine leasing and sales is expected to increase.

CES Leasing has continuously enhanced its capital strength and improved its market-oriented operations in the aviation leasing sector. It has established partnerships with multiple domestic airlines and ranks among the top three domestic leasing companies in terms of fleet size according to the latest global lessor asset value ranking released by Cirium Ascend Consultancy. The Company has maintained a long-standing cooperative relationship with CES Leasing in aircraft and engine leasing. CES Leasing's quotations are more competitive than those of other independent third parties, which is beneficial for the Company's cost control. During 2024, the Company introduced aircraft through finance lease arrangements provided by CES Leasing. Compared with mortgage loan arrangements at equivalent interest rates, these finance leases resulted in financing cost savings of approximately USD6.25 million. Over the next three years, it is estimated that, as compared to mortgage loans at the same interest rate, finance lease arrangements with CES Leasing will generate financing cost savings of approximately USD60.50 million, USD105.28 million and USD61.67 million, respectively.

The Company intends to include aircraft and engine sales in the Existing Aircraft and Engines Lease Agreement and proposes, within the annual cap set for the transaction, not to limit the transaction amount of the aircraft and engine leasing transaction with CES Leasing anymore. This adjustment will help the Company further enhance the efficiency of aircraft asset allocation, improve the flexibility in retiring aging aircraft, and strengthen its cost control capabilities in aircraft and engine operations.

The Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Supplemental Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Hong Kong Listing Rules implications

CES Leasing is a wholly-owned subsidiary of CEA Holding, which in turn is the controlling shareholder of the Company, is thus a connected person of the Company. Therefore, the transactions contemplated thereunder the Supplemental Agreement constitutes connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the transactions contemplated under the Aircraft and Engines Lease and Related Services Agreement exceeds 0.1% but is less than 5% on an annual basis, the sale of aircraft and engines is only subject to the reporting, announcement and annual review requirements and are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

C. THE 2026-2028 CONTINUING CONNECTED TRANSACTIONS AND THE PROPOSED ANNUAL CAPS

1. Financial Services Agreement

Eastern Air Finance Company is a non-bank finance company approved and regulated by the relevant PRC regulatory authorities including the PBOC and the National Financial Regulatory Administration. Eastern Air Finance Company is principally engaged in providing financial services to the group companies of CEA Holding.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Financial Services Agreement.

On 4 July 2025, the Company entered into the Financial Services Agreement relating to the renewal of the Existing Financial Services Agreement with Eastern Air Finance Company, pursuant to which the Eastern Air Finance Entities agreed from time to time to provide the Group with a range of financial services including: (i) deposit services; (ii) comprehensive credit line services; and (iii) other financial services.

Term

The Financial Services Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

With effect from 1 January 2026, the Existing Financial Services Agreement will be terminated.

Pricing

Under the Financial Services Agreement:

- (i) ***provision of deposit services***: the Company will deposit a portion of temporarily idle working capital and a portion of funds generated in operation into the account opened in Eastern Air Finance Company under the principles of voluntary deposit and free withdrawal. A separate account, which shall not be the account opened in Eastern Air Finance Company, shall be opened for depositing the proceeds raised by the Company as required by the China Securities Regulatory Commission. The deposit interest rate shall be in line with the requirements by the PBOC with regard to that of similar deposits and be determined by the parties after arm's length negotiations by market principles with reference to the quotation by financial institutes that are independent third parties. The deposit interest rate offered by Eastern Air Finance Company to the Company shall not be lower than that available to the Company from major domestic commercial banks for deposits of same grade in same period.
- (ii) ***provision of comprehensive credit line services***: Eastern Air Finance Company shall give priority in satisfying the Company's need for comprehensive credit line service according to its own financial capacity. The aforementioned comprehensive credit line includes loans and other credit-related services that Eastern Air Finance Company can lawfully provide. Where the Company applies for loan from Eastern Air Finance Company, a loan agreement shall be signed between the parties, setting out, among others, the amount, usage and term of loan. The interest rate for the loan shall be determined based on the Loan Prime Rate (LPR) by the parties after arm's length negotiations by market principles with reference to the quotation by financial institutes that are independent third parties. The interest rate of the loan granted to the Company by Eastern Air Finance Company shall not be higher than that is available to the Company from other domestic financial institutes for the same amount of loan for the same period.

(iii) ***provision of other financial services***: according to the Company's need during its normal operation, Eastern Air Finance Company may accept the Company's engagement, to provide the Company with services on letters of guarantee, entrusted loans, foreign exchange settlement and sale, local and foreign currency settlement and other financial services within the business scope of Eastern Air Finance Company. Except for the provision of deposit and loan services, Eastern Air Finance Company will charge service fees for other financial services, in compliance with the regulations on charging standards, which are publicly available information, formulated by the PBOC or National Financial Regulatory Administration; in addition to the above-mentioned requirements, the amount of service fees charged by Eastern Air Finance Company to the Company for its provision of financial services shall not exceed the charging standard for the same services provided by major domestic commercial banks.

With regard to the deposit services, the Eastern Air Finance Entities will inform the Company's finance department the relevant rates set by the PBOC for similar services and provide the Company with the interest rates set by major domestic commercial banks for the same amount of loan for the same period when the Group's deposits are being placed in the Eastern Air Finance Entities, which rates shall be independently verified by the Company. In addition, the Company will consider the quality of services provided by the Eastern Air Finance Entities and other third-party banks or financial institutions in making its choice of service provider. With regard to the deposit services and comprehensive credit line services, the Company's finance department will check the relevant rates set by the PBOC or the relevant LPR for similar services and compare with the rates provided by at least two other independent third-party commercial banks or financial institutions when deposit services and comprehensive credit line services are needed by the Group.

To further safeguard the Group's fund security, the Company's finance department shall obtain and review the latest audited annual report of Eastern Air Finance Company to assess the risk before the deposits are actually made by the Company. During the period the deposits are placed with the Eastern Air Finance Entities, the Company's finance department shall have access to and review the financial reports of Eastern Air Finance Company regularly to assess the risk of the Group's deposits in the Eastern Air Finance Entities. In addition, Eastern Air Finance Company will inform the Company's finance department the daily balance of the Group's deposits in the Eastern Air Finance Entities and the daily balance of loans provided by the Eastern Air Finance Entities to the Group on a monthly basis. The finance department of the Company will monitor the relevant rates set by the PBOC for similar deposits services and the policy promulgated by the PBOC, and the relevant LPR for similar comprehensive credit line services to ensure that each transaction under the Financial Services Agreement is conducted in accordance with the pricing policy above.

In respect of other financial services, the Company's finance department will check the standard fees and charges as specified by PRC regulatory authorities and, if necessary, the fees and charges provided by independent third-party commercial banks or broker companies in the PRC and compare with the fees and charges provided by the Eastern Air Finance Entities in accordance with the implementation agreement(s) between the relevant member(s) of the Group and the respective Eastern Air Finance Entity to ensure the service fees and charges will be no less favourable to the Company than terms available from other commercial banks and broker companies. Moving forward, the Company expects to obtain at least two or more offers before deciding to choose the Eastern Air Finance Entity or other commercial bank or financial institution as service provider.

Reasons for and benefits of the transactions

Through the long-term cooperation between the Company and Eastern Air Finance Entities in respect of deposit services, comprehensive credit line services and other financial services, the transactions under the Financial Services Agreement will satisfy the operational needs of the Company and ensure effective development of the Company's business. The benefits of the transactions under the Financial Services Agreement are set out as follows:

- (i) the Company will receive interest on its money deposited with the respective Eastern Air Finance Entities at rates which are not less than the relevant rates set by the major domestic commercial banks, resulting in an increase in the Company's capital gain;
- (ii) the Company will be able to obtain the comprehensive credit from the respective Eastern Air Finance Entities with priority at interest rates of loans not higher than the relevant rates set by the major domestic commercial banks, allowing the Company to be able to obtain funds promptly and cost-effectively, and its financial expenses will be reduced;
- (iii) Eastern Air Finance Company, as the fund clearing platform to the Company, is familiar with the capital needs and business processes of the aviation industry and the Company, can help the Company strengthen the centralized management of funds and reduce in-transit time of funds; and
- (iv) the Company directly holds 25% of the shares of Eastern Air Finance Company, and CEA Holding holds in aggregate 75% of the shares of Eastern Air Finance Company. Eastern Air Finance Company undertakes higher initiatives to protect the interests of the Company than external entities.

Further, the Company may withdraw the whole or part of its deposits placed with Eastern Air Finance Company at any time to ascertain the safety and liquidity of such deposits. The ownership of such deposits remains with the Group and does not pass to the Eastern Air Finance Entities. In addition, the rules and regulations promulgated by National Financial Regulatory Administration to regulate the activities of non-bank finance companies, including Eastern Air Finance Company, and the internal policies of the Company further monitor and safeguard the Group's deposits in the Eastern Air Finance Entities. The Company is not restricted under the Financial Services Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be made on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use the Eastern Air Finance Entities' services if the service quality is competitive. Having such flexibility afforded under the Financial Services Agreement, the Group is able to better manage its current capital and cash flow position. In addition, it is also expected that the Eastern Air Finance Entities will provide more efficient settlement service to the Group, as compared to independent third-party financial institutions.

Accordingly,

- (a) with regard to the transactions relating to the provision of deposit services under the Financial Services Agreement, the Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular with reference to the advice of the Independent Financial Adviser in this regard) believe that the relevant transactions are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole. As such transactions will be subject to the Independent Shareholders' approval at the general meeting, the independent non-executive Directors will establish the Independent Board Committee to advise the Independent Shareholders in respect of such transactions in accordance with the Hong Kong Listing Rules; and
- (b) with regard to the transactions relating to the provision of comprehensive credit line services and other financial services under the Financial Services Agreement, the Directors (including the independent non-executive Directors) believe that the relevant transactions are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical amounts

The historical maximum daily outstanding balance of the deposit services provided by the Eastern Air Finance Entities to the Group in respect of the Existing Financial Services Agreement for each of the two years ended 31 December 2023 and 2024 and five months ended 31 May 2025 is approximately RMB13,703 million, RMB13,975 million and RMB7,537 million, respectively.

The historical maximum daily outstanding balance of the loan and financing services provided by the Eastern Air Finance Entities to the Group in respect of the Existing Financial Services Agreement for each of the two years ended 31 December 2023 and 2024 and five months ended 31 May 2025 is RMB2,800 million, RMB8,900 million and RMB1,600 million, respectively. It is reasonable for the Company to deposit idle cash to Eastern Air Finance Company in consideration for fund security and convenience of fund allocation, which is also in the interest of the Shareholders. With thousands of suppliers of the Company scattering around the world, the Company would engage depository financial institutions that are capable of offering convenience, timeliness and safety when meeting the global demand of cash flow. In addition, the Company directly holds 25% of shares of Eastern Air Finance Company, while the remaining 75% is held by CEA Holding. Eastern Air Finance Company could more proactively safeguard the interests of the Company. Therefore, such arrangement is in the interest of the Company and its shareholders as a whole.

In respect of the provision of other financial services under the Existing Financial Services Agreement, the fees and charges paid for such transactions for each of the two years ended 31 December 2023 and 2024 are minimal. Accordingly, pursuant to Rule 14A.76 of the Hong Kong Listing Rules, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

Proposed annual caps

The proposed annual caps for the provision of deposit services under the Financial Services Agreement for the three years ending 31 December 2028 are determined primarily based on the following factors:

- (i) With the continuous increase in the Company's passenger revenue, cash inflows from operating activities have increased year by year over the past two years;
- (ii) Considering the need for refinancing maturing debt and raising additional funds, the total financing scale of the Company is expected to continue expanding over the next three years. Funds raised may be temporarily deposited with Eastern Air Finance Company, for management which could lead to a short-term surge in deposit volume;
- (iii) The Company continues to strengthen the centralized collection and management of funds and operating income from its subsidiaries and business units, and the demand for deposits is expected to increase;

- (iv) China Eastern Airlines Import & Export Co., Ltd. and China Eastern Airlines Media Co., Ltd. have become the wholly-owned subsidiaries of the Company in 2023 and 2024, resulting in the further increase in the deposit needs of the Company; and
- (v) Eastern Air Finance Company has been providing the Company with a broad range of financial services. As the scope of such services continues to expand, the associated service fees are expected to increase accordingly. Maintaining parity between the daily maximum aggregate credit balance and the daily maximum deposit balance enables Eastern Air Finance Company to extend greater financial support to the Company.

Having considered the historical transaction amounts and taking into account the circumstances mentioned above, the proposed annual caps for the provision of deposit services under the Financial Services Agreement are set out as below:

(Unit: RMB million)

Transaction Item(s)	Proposed Annual Caps		
	For the years ending 31 December		
	2026	2027	2028
The maximum daily outstanding balance of deposits contemplated under the Financial Services Agreement	18,500	19,500	20,500

The Directors believe that these proposed annual caps will be able to provide the Group with sufficient flexibility for its expected financial arrangements with the Eastern Air Finance Entities in the future.

Financial impact of the transaction

The Company expects increase in earnings due to interest income from the funds deposited by Eastern Air Finance Company. The provision of deposit services under the Financial Services Agreement will not affect the assets or liabilities of the Company.

Hong Kong Listing Rules implications

Since CEA Holding is the controlling shareholder of the Company, each member of the CEA Holding Entities (including Eastern Air Finance Company) is therefore a connected person of the Company under the Hong Kong Listing Rules.

In respect of the provision of deposit services under the Financial Services Agreement, the highest applicable percentage ratio for the purpose of Chapter 14A of the Hong Kong Listing Rules exceeds 5% but is less than 25% on an annual basis in the on-going performance of the agreement. Such transactions together with the annual caps therefore are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

In respect of the provision of comprehensive credit line services under the Financial Services Agreement, the interest rate for the loan shall be determined based on the Loan Prime Rate (LPR) which is released by the National Interbank Funding Center as the designated issuer with the authorization from the PBOC by the parties after arm's length negotiations by market principles with reference to the quotation by financial institutes that are independent third parties. The interest rate of the loan granted to the Company by Eastern Air Finance Company shall not be higher than that is available to the Company from major domestic commercial banks for the same amount of loan for the same period. The transaction involves provision of financial assistance by the Eastern Air Finance Entities for the benefit of the Group on normal commercial terms (or better to the Group) where no security over the assets of the Group is granted in respect of the financial assistance. This part of the transaction is therefore exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements, by virtue of Rule 14A.90 of the Hong Kong Listing Rules.

However, with respect to the provision of comprehensive credit line services, pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, such transactions will be subject to the Independent Shareholders' approval at the general meeting.

In respect of the provision of other financial services under the Financial Services Agreement, the relevant services provided by the Eastern Air Finance Entities for each of the two years ended 31 December 2023 and 2024 are minimal and any future transactions that may take place between the Group and the Eastern Air Finance Entities in respect of such services is expected to be minimal. Accordingly, pursuant to Rule 14A.76 of the Hong Kong Listing Rules, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements. Should the actual transaction amount exceed the de minimis threshold in future, the Company will comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Hong Kong Listing Rules.

However, with respect to the provision of other financial services, pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, such transactions will be subject to the Independent Shareholders' approval at the general meeting.

2. Aircraft and Engines Lease and Related Services Agreement

CES Leasing is principally engaged in the provision of leasing and other leasing services, purchase of domestic and foreign finance lease assets, handling salvage value and maintenance of finance lease assets, and provision of advisory services and guarantee for lease transactions, and engaged in commercial factoring related to principal businesses etc.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Aircraft and Engines Lease Agreement.

On 4 July 2025, the Company entered into the Aircraft and Engines Lease and Related Services Agreement with CES Leasing to jointly renew the aircraft and engine finance lease and operating lease on substantially the same terms with reference to the transaction practices of the Previous Aircraft and Aircraft Engines Leasing Transactions between the parties over a number of years, and included the aircraft and engine sales based on the Company's future business need.

According to the Aircraft and Engines Lease and Related Services Agreement, if the finance lease or the operating lease plans proposed by CES Leasing should have competitive advantages over at least two other independent third parties on the same condition (including but not limited to, the comprehensive costs, business model, etc.), the Company agrees to select CES Leasing for relevant transactions. If such approach is not applicable, the rental fee and other terms shall be determined by both parties after arm's length negotiation and the comprehensive costs of such proposal shall not be higher than the comprehensive costs of the same finance leasing structure for the same category of equipment during the same period; if the sale of aircraft and engines plans proposed by CES Leasing should have competitive advantages over at least two other independent third parties on the same condition, the Company agrees to select CES Leasing for relevant transactions. If such approach is not applicable, the rental fee and other terms shall be determined by both parties after arm's length negotiation and the comprehensive costs of such proposal shall not be higher than the comprehensive costs of the same finance leasing structure for the same category of equipment during the same period.

The major terms of the aircraft and/or engine finance lease and operating lease and the sale of aircraft and engines under the Aircraft and Engines Lease and Related Services Agreement are set out below, respectively:

The major terms of the aircraft finance lease

Lessor(s): CES Leasing Entities

Lessee: the Company and its subsidiaries

Aircraft under the Proposed Finance Lease: The leased aircraft comprises part of the aircraft in the Company's aircraft introduction plan for the years 2026 to 2028 which will be disclosed annually and subject to adjustment from time to time.

The Company has signed or will sign aircraft purchase agreements in batches with the Aircraft Manufacturer(s) in relation to the leased aircraft, which agreements have been or will be negotiated and agreed independently and separately, and has obtained or will obtain approvals from the Board and the Shareholders and has complied or will comply with the disclosure requirements in accordance with relevant laws and regulations.

In the event that the Company introduces any of the leased aircraft before the Aircraft and Engines Lease and Related Services Agreement is approved by the Independent Shareholders at the general meeting, the Company shall pay to the Aircraft Manufacturer(s) the relevant purchase price of the Existing Aircraft according to the respective financing arrangement(s). After the Aircraft and Engines Lease and Related Services Agreement is approved by the Independent Shareholders at the general meeting, the Company will enter into the relevant aircraft purchase agreements in relation to each of the Existing Aircraft with the Lessor(s) to transfer the ownership of the Existing Aircraft to the Lessor(s) in accordance with the relevant lease amount (which shall not be more than 100% of the purchase price of the relevant Existing Aircraft).

Aggregate principal amount of the finance leases: not more than 100% of the consideration for the purchase of the leased aircraft

Rental fee/Interest: The rental fee is the repayment of the principal amount for the leased aircraft and the interest under the Proposed Finance Lease.

The finance leasing proposal(s) provided by CES Leasing in relation to the finance leasing services should have competitive advantages over other service provider, (including but not limited to, the comprehensive costs of the proposal(s) regarding the finance leasing services offered by CES Leasing shall not be higher than those offered by at least two other independent third parties). If such approach is not applicable, the rental fee and other terms shall be determined by both parties after arm's length negotiation and the comprehensive costs of such proposal shall not be higher than the comprehensive costs of the same finance leasing structure for the same category of equipment during the same period.

Bank Loans: Under the Proposed Finance Lease, if the Designated Financial Institutions provides Bank Loans to the Lessor(s), the principal amount of which will be not more than the principal amount of each individual Aircraft Finance Lease Agreement.

The material rights and obligations (including the right to obtain delivery of aircraft, the obligation to pay consideration, etc.) of the Company as a purchaser under the relevant aircraft sale and purchase agreement(s) will be transferred to the Lessor(s). If the Designated Financial Institutions provides the Bank Loans, the leased aircraft will be mortgaged to the Designated Financial Institutions as security for the Bank Loans according to the loan agreements to be entered into between the Lessor(s) and the Designated Financial Institutions in due course.

Arrangement fee: The respective arrangement fee for each of the leased aircraft shall be paid by the Company to the Lessor or CES Leasing pursuant to the terms of the specific leasing agreement (if any).

Buy-back: Upon the expiry of the lease term of each of the leased aircraft, the Company is entitled to purchase each relevant aircraft back from the Lessor(s) at a nominal purchase price of RMB/USD (depending on the financing currency) 1 per aircraft.

Implementation agreements:

To implement the Proposed Finance Lease, separate written agreements will be entered into between the Company, CES Leasing, the Lessor(s) and the Designated Financial Institutions etc. (as appropriate), including but not limited to:

- (i) the sale and purchase agreement(s) to be entered into between the Company and the Lessor(s) in respect of each of the Existing Aircraft or the aircraft to be introduced;
- (ii) the purchase agreement assignment(s) to be entered into between the Company, the Lessor(s) and/or the Designated Financial Institutions etc. in respect of each of the Additional Aircraft; and
- (iii) the Aircraft Finance Lease Agreement(s) to be entered into between the Company and the Lessor(s) in respect of each of the leased aircraft.

Payment terms:

The financing amount is agreed by the parties. In respect of the Existing Aircraft, the financing amount will be paid directly to the Company. In respect of the Additional Aircraft, the financing amount will be paid directly to manufacturers of the Additional Aircraft by the financier on the Delivery Date of the Additional Aircraft. The actual financing amount of each aircraft will be adjusted and determined based on the actual delivery price of the aircraft.

The rental fee, of which the principal portion is measured according to the equal-principal, average-capital-plus interests standard or other principles agreed by the parties, is payable quarterly or semi-annually in arrears, commencing from the Delivery Date. Lessor(s) will issue VAT special invoices to the lessee according to the relevant national laws and regulations.

The rental fee and other expenses will be paid by the Company to the designed bank account of Lessor(s) on the respective rent payment dates and the payment date of other expenses (if it is different from the rent payment date) under the lease agreements.

The major terms of the aircraft and aircraft engine operating lease

Parties:

- (1) CES Leasing Entities; and
- (2) the Company

Subjects to be leased:

Aircraft and aircraft engines

Term of lease:

During the period between 1 January 2026 and 31 December 2028 by CES Leasing Entities, the term of each of the lease agreements (the “**Operating Lease Agreements**”) shall be determined by both parties after arm’s length negotiation and shall commence from the Delivery Date for each leasing of the aircraft and aircraft engines by CES Leasing Entities (as the lessor(s)) to the Group (as the lessee(s)).

Rental fee and other lease-related payments: The operating leasing proposal(s) provided by CES Leasing in relation to the operating leasing services should have competitive advantages over other service provider, (including but not limited to, the comprehensive costs of the proposal(s) regarding the operating leasing services offered by CES Leasing shall not be higher than those offered by at least two other independent third parties). If such approach is not applicable, the rental fee and other terms shall be determined by both parties after arm's length negotiation and the comprehensive costs of such proposal shall not be higher than the comprehensive costs of the same finance leasing structure for the same category of equipment during the same period.

The rental is payable by the Group quarterly or monthly (or at another frequency mutually agreed upon by both parties) in arrears.

The major terms of the sale of aircraft engines

Parties:

- (1) CES Leasing Entities
- (2) the Company

Subject of sale: Aircraft and aircraft engines

The Company shall sell aircraft and aircraft engines through ownership transfer or other legal means (including sale and leaseback, etc.). CES Leasing Entities and the Company shall sign separate agreement(s) based on actual circumstances regarding the payment of consideration, rights and obligations of each party, and other specific matters.

Pricing principles: The purchase proposal(s) provided by CES Leasing should have competitive advantages over other service provider, (including but not limited to, the comprehensive return of the proposal(s) offered by CES Leasing shall not be lower than those offered by at least two other independent third parties). If such approach is not applicable, the rental fee and other terms shall be determined by both parties after arm's length negotiation with regards to valuation provided by an independent professional appraisal agency.

Scope of Transfer: The Company shall sell to the buyer one or more aircraft fuselages and associated engines, aircraft documentation, or one or more engines, in accordance with the terms of separately signed agreements.

Arrangement fee: The respective arrangement fee for each of sale shall be paid by the Company to the buyer pursuant to the terms of the specific leasing agreement (if any).

Term

The Aircraft and Engines Lease and Related Services Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

With effect from 1 January 2026, the Existing Aircraft and Aircraft Engines Operating Lease Framework Agreement and the Existing Aircraft Finance Lease Framework Agreement will be terminated. Individual operating lease agreements in relation to the operating lease of the leased aircraft and/or engines entered into by the Company pursuant to the Existing Aircraft and Aircraft Engines Operating Lease Framework Agreement and individual finance lease agreements in relation to the finance lease of the leased aircraft entered into by the Company pursuant to the Existing Aircraft Finance Lease Framework Agreement will remain effective after the termination of the Existing Aircraft and Aircraft Engines Operating Lease Framework Agreement and the Existing Aircraft Finance Lease Framework Agreement. As the lease periods of such aircraft and/or aircraft engines exceed three years, pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company had engaged an independent financial adviser to explain why a period exceeding three years for such agreements is required and the independent financial adviser had confirmed that it is in the normal business practice for contracts of these types to be of such duration. For details of the independent financial adviser's opinions, please refer to the circular of the Company dated 25 October 2022.

Historical amounts

The historical figures for the annual caps in respect of the Existing Aircraft and Engines Lease Agreement for each of the two years ended 31 December 2023, 2024 and five months ended 31 May 2025 are set out below:

(Unit: RMB million (Unless specified otherwise))

Transaction item(s)	For the year ended 31 December				2025 Existing Annual Caps	Actual Amount for the five months ended 31 May 2025
	2023	Actual Amount	2024	Actual Amount		
Total rental fee payable	USD1,500 million (or the equivalent amount in RMB)	–	USD3,200 million (or the equivalent amount in RMB)	6,634	USD4,600 million (or the equivalent amount in RMB)	5,612
Total value of right-of-use assets in relation to the finance and operating leases entered into by the Company as the lessee	USD1,250 million (or the equivalent amount in RMB)	–	USD2,600 million (or the equivalent amount in RMB)	6,681	USD3,650 million (or the equivalent amount in RMB)	4,922

Proposed annual caps

The total rental fee payable by the Company under the Aircraft and Engines Lease and Related Services Agreement mainly includes the total principal and interest of the aircraft and engines under finance leases for the entire lease period, the total rent of the aircraft and engines under operating leases for the entire lease period in the next three years. The total consideration payable by CES Leasing is the transfer price for the sale of aircraft and engines.

Combining the new aircraft and engines orders signed by the Company, the number of new aircraft and engines that may be introduced in the future and the number of old aircraft and engines planned for finance leases and operating leases, the Company has made planned arrangements for financing leases and operating leases of aircraft from 2026 to 2028. According to the number and type of aircraft, the Company plans to introduce a in the next three years, including Boeing B737-8, B787-9, B787-10, Airbus A320NEO, A321NEO, and COMAC C919, etc. Based on the planned introduction schedule and estimated unit purchase price for each aircraft type, the total lease principal, interest, and arrangement fees associated with the planned annual aircraft introduction are calculated using finance lease model during a certain period. Additionally, considering the possibility of other aircraft leasing services in the coming years, a certain percentage of the amount is reserved as a contingency buffer. As the actual method of aircraft introduction is currently uncertain, the proposed annual cap will apply to aircraft introduced via operating leases. In respect of the sale of aircraft and engines, according to the number and type of the aircraft that the Company preliminarily plans to sell, the estimated unit transaction amount, and considering the uncertainties in these transactions, a certain buffer is reserved and will serve as the annual cap for the sale of aircraft and engines. On the basis of the above, the Company estimated the total rental fee payable by the Company under the Aircraft and Engines Lease and Related Services Agreement for the three years ending 31 December 2028 are USD3,310 million (or the equivalent amount in RMB), USD5,760 million (or the equivalent amount in RMB) and USD3,370 million (or the equivalent amount in RMB), respectively, and the total amount receivable by the Company in relation to the sale of aircraft and engines under the Aircraft and Engines Lease and Related Services Agreement for the three years ending 31 December 2028 are RMB2,340 million, RMB2,340 million and RMB2,520 million, respectively.

Pursuant to IFRS 16, the Proposed Finance Lease and the aircraft and aircraft engines operating lease by the Company as lessee under the Aircraft and Engines Lease and Related Services Agreement will be recognised as right-of-use assets. The proposed annual caps are set on the total value of right-of-use assets relating to the Proposed Finance Lease and the aircraft and aircraft engines operating lease, which are calculated during the future years by discounting the estimated total rental for newly added aircraft in each year by a discount rate of 2.40% (as determined with reference to the Company's incremental borrowing rate and ChinaBond Corporate Bond Yield (AAA) of 10Y released on the website of ChinaBond.com.cn by China Central Depository & Clearing Co., Ltd.).

Having considered the historical transaction amounts and the Company's aircraft introduction and retirement plan for the years 2026 to 2028, the proposed annual caps under the Aircraft and Engines Lease and Related Services Agreement are set out as below:

(Unit: RMB million (Unless specified otherwise))

Item(s)	Proposed Annual Caps For the year ending 31 December		
	2026	2027	2028
Total amount payable by the Company in relation to the finance and operating leases entered into by the Company as lessee	USD3,310 million (or the equivalent amount in RMB)	USD5,760 million (or the equivalent amount in RMB)	USD3,370 million (or the equivalent amount in RMB)
Total value of right-of-use assets in relation to the finance and operating leases entered into by the Company as lessee	USD2,760 million (or the equivalent amount in RMB)	USD4,580 million (or the equivalent amount in RMB)	USD2,830 million (or the equivalent amount in RMB)
Total amount receivable by the Company in relation to the sale of aircraft and engines	2,340	2,340	2,520

Financial impact of the transaction

The Proposed Finance Lease and the aircraft and aircraft engines operating lease by the Company as lessee under the Aircraft and Engines Lease and Related Services Agreement will be recorded as right-of-use assets of the Company pursuant to IFRS 16, and the principal amount of such leases will be recorded as right-of-use liabilities of the Company.

The arrangement fee for the finance lease will be included in the initial measurement of the right-of-use assets under IFRS 16, and will be recorded into cost by the way of depreciation over the lease term. The interest for the finance lease will not be included in the initial measurement of the right-of-use assets under IFRS 16, and will be recognised as interest expenses over the lease term.

The consideration for the purchase of aircraft may be funded through the Company's working capital, bank loans from commercial banks and other sources of financing available to the Company. Using a finance lease structure under the Proposed Finance Lease may result in an increase in the Company's debt-to-equity ratio, but as the rental fee under the Proposed Finance Lease is payable monthly, quarterly or semi-annually in arrears, commencing on the Delivery Date of each of the leased aircraft and concluding on the date of the last payment for such leased aircraft, it is not expected to have a substantial impact on the Company's cash flow position or its business operations. The Proposed Finance Lease is not expected to result in a material impact on the earnings and net assets of the Group.

Reasons for and benefits of the transactions

The Company has long been cooperating well with CES Leasing in aircraft finance leasing and operating leasing businesses. This continuing connected transaction satisfies the Company's needs in operation. The details of the benefits are as follows:

- (i) the Company introduced 14 aircraft in 2024 by adopting the finance lease arrangement provided by CES Leasing. The Company saved financing costs of approximately USD6.25 million under such finance lease arrangement compared to adopting secured loans arrangements with equivalent interest rates;
- (ii) over the next three years, the Company is expected to save up to USD60.50 million, USD105.28 million and USD61.67 million, respectively, in financing costs by using the finance lease arrangement provided by CES Leasing compared to mortgage loans with the same interest rate; and
- (iii) CES Leasing is qualified to carry out aircraft leasing business and sale of aircraft and engines business and has relatively strong capital strength and stable operation. The continuing connected transaction in relation to aircraft leasing and sale of aircraft and engines is beneficial for optimizing the management of the Group's assets and fleet structure as well as reducing its capital pressure.

Due to the actual execution of this continuing connected transaction relies on financing proposals of CES Leasing, and whether the fee quotation provided by CES Leasing are more competitive than that provided by other parties, so that specific aircraft leasing transactions and sale of aircraft and engines could be entered into, the actual amounts of the continuing connected transaction may be significantly lower than expected amounts.

The Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser in this regard) believe that the transactions contemplated under the Aircraft and Engines Lease and Related Services Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Hong Kong Listing Rules implications

CES Leasing is a wholly-owned subsidiary of CEA Holding, which in turn is the controlling shareholder of the Company. Each of CES Leasing and the Lessor(s), which are wholly-owned subsidiaries of CES Leasing, is thus a connected person of the Company. Therefore, the transactions contemplated thereunder the Aircraft and Engines Lease and Related Services Agreement constitutes connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the transactions contemplated under the Aircraft and Engines Lease and Related Services Agreement exceeds 25% but is less than 100% on an annual basis, the Aircraft and Engines Lease and Related Services Agreement will constitute a continuing connected transaction and major transaction of the Company under the Hong Kong Listing Rules. Therefore, the Aircraft and Engines Lease and Related Services Agreement is subject to: (a) the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules; and (b) the requirements applicable to a major transaction under Chapter 14 of the Hong Kong Listing Rules.

The finance lease's lease period of the aircraft under the Aircraft and Engines Lease and Related Services Agreement will be agreed upon entering into the Aircraft Finance Lease Agreements. Based on previous similar transactions, as the finance lease's lease period of the aircraft may exceed three years, pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company has engaged the Independent Financial Adviser to review the Aircraft and Engines Lease and Related Services Agreement and confirmed that it is in the normal business practice for contracts of this type to be of such duration. Please refer to the section headed "The View of the Independent Financial Adviser" in this announcement for further details.

Furthermore, the operating lease's lease period of the aircraft and aircraft engines under the Aircraft and Engines Lease and Related Services Agreement will be agreed upon entering into the Operating Lease Agreements. Based on previous similar transactions, as the operating lease's lease period of the aircraft and aircraft engines may exceed three years pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company has engaged the Independent Financial Adviser to review the Aircraft and Engines Lease and Related Services Agreement and confirmed that it is in the normal business practice for contracts of this type to be of such duration. Please refer to the section headed "The View of the Independent Financial Adviser" in this announcement for further details.

As the lease periods of the finance lease and the operating lease of the aircraft and engines under the Aircraft and Engines Lease and Related Services Agreement may exceed three years, before the expiry of the term of the Aircraft and Engines Lease and Related Services Agreement, the Company will re-assess the terms and conditions of the Aircraft and Engines Lease and Related Services Agreement and re-comply with the relevant requirements (including setting annual caps, issuing announcements and/or obtaining Shareholders' approval) governing connected transactions under the Hong Kong Listing Rules and Shanghai Listing Rules.

3. Catering and Aircraft On-board Supplies Support Agreement

Eastern Air Catering Company is a holding company, and its subsidiaries are mainly engaged in the business of providing catering and related services for airline companies, and have established subsidiaries at various airports located in Yunnan, Shaanxi, Shandong, Jiangsu, Hubei, Zhejiang, Jiangxi, Anhui, Gansu, Hebei, Shanghai, Sichuan and Beijing.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Catering and Aircraft On-board Supplies Support Agreement.

On 4 July 2025, the Company and Eastern Air Catering Company entered into the Catering and Aircraft On-board Supplies Support Agreement relating to the renewal of the Existing Catering and Aircraft On-board Supplies Support Agreement with Eastern Air Catering Company and determined the proposed annual caps for the three years ending 31 December 2028.

The principal terms of the Catering and Aircraft On-board Supplies Support Agreement are set out as follows:

Term: The Catering and Aircraft On-board Supplies Support Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

With effect from 1 January 2026, the Existing Catering and Aircraft On-board Supplies Support Agreement will be terminated.

Service scope: Eastern Air Catering Company, as the supplier of all catering and aircraft on-board supplies of the Company, shall provide the Company with catering, aircraft on-board supplies support and related services, including:

- (1) being responsible for the procurement and management of the third-party catering, aircraft on-board supplies support and related services required for air transport of the Company. Eastern Air Catering Company will procure certain aircraft on-board supplies and information system maintenance services from the Company's subsidiaries for the purpose of carrying out such aircraft onboard supplies support and related services; and
- (2) providing the Company with property leasing services, mainly by way of offsetting rent with construction costs ("**Arrangement of Offsetting Rent with Construction Costs with the Company as the Lessee**"), that is, the Company (as the lessee) shall lease lands and buildings owned by Eastern Air Catering Entities (as the lessor), and shall construct buildings and structures on lands leased from Eastern Air Catering Entities.

At the same time, the Company shall provide Eastern Air Catering Entities with property leasing services, mainly by way of offsetting rent with construction costs ("**Arrangement of Offsetting Rent with Construction Costs with the Company as the Lessor**"), that is, Eastern Air Catering Entities (as the lessee) shall lease lands and buildings owned by the Company (as the lessor), and shall construct buildings and structures on lands leased from the Company.

Pricing principles:

The pricing and/or fee scale for the catering, aircraft onboard supplies support and related services under the Catering and Aircraft On-board Supplies Support Agreement shall be determined with reference to the market price and as agreed after arm's length negotiations between the parties. "Market price" refers to the price determined independently by the operators via market competition. Taking into account the factors such as cost of raw materials and labour cost (if any), market price is determined in the following order: (i) the price charged by independent third parties at such time in the ordinary and normal course of business for such catering, aircraft on-board supplies support and related services in the area where such services are provided or nearby area; or (ii) the price charged by independent third parties at such time in the ordinary and normal course of business for such catering, aircraft on-board supplies support and related services within the territory of the PRC.

The pricing and/or fee scale for the property leasing services under the Catering and Aircraft On-board Supplies Support Agreement shall be determined with reference to the market price and as agreed after arm's length negotiations between the parties. For the arrangement of offsetting rent with construction costs, the annual rent and fee of the Company payable to or receivable from Eastern Air Catering Entities shall be determined based on the current market price offered by independent third parties under comparable circumstances. The annual rent and fee shall be determined based on arm's length negotiations after considering factors such as the quality of service and the location of properties, and for the Group, it shall be no less favourable than those offered to or by independent third parties under comparable circumstances.

The parties will check the price and terms offered by independent third parties for the same type of catering, aircraft on-board supplies support and related services (in general, through emails, fax or telephone consultation with at least two independent third parties to obtain the price and terms offered for catering, aircraft on-board supplies support and related services).

The pricing and/or fee scale for the catering, aircraft on-board supplies support and related services provided by Eastern Air Catering Company to the Company shall not be higher than those offered by Eastern Air Catering Company to independent third parties at such time in the ordinary and normal course of business for the same type of catering, aircraft on-board supplies support and related services.

The Company shall assess the status of completion of the catering, aircraft on-board supplies support and related services provided by Eastern Air Catering Company during the year. According to the results of assessment, prior to 31 December of each year, the parties should enter into a specific business agreement regarding the method of settlement and evaluation plan for the next fiscal year. Where the parties fail to enter into a specific business agreement within the above-mentioned period, the method of settlement of the current year shall be applied to the next fiscal year.

Method of settlement:

The payment for the catering, aircraft on-board supplies support and related services shall be settled periodically according to the method agreed in the specific business contracts between the parties, including but not limited to the matters such as settlement cycle and means of settlement. The Company will settle the payment correspondingly upon assessment.

In respect of the Arrangement of Offsetting Rent with Construction Costs with the Company as the Lessee under the Catering and Aircraft On-board Supplies Support Agreement, the Company shall pay rentals directly to Eastern Air Catering Entities, and the payment of rentals by the Company to Eastern Air Catering Entities shall be deemed to have fulfilled the payment obligations. The Company shall pay leasing rentals in such manner and at such time as per the leasing agreement actually signed by both parties and/or as agreed in relevant service agreements on arrangement of offsetting rent with construction costs.

In respect of the Arrangement of Offsetting Rent with Construction Costs with the Company as the Lessor under the Catering and Aircraft On-board Supplies Support Agreement, Eastern Air Catering Entities shall pay rentals directly to the Company, and the payment of rentals by Eastern Air Catering Entities to the Company shall be deemed to have fulfilled the payment obligations. Eastern Air Catering Entities shall pay leasing rentals in such manner and at such time as per the leasing agreement actually signed by both parties and/or as agreed in relevant service agreements on arrangement of offsetting rent with construction costs.

Historical amounts

For the years ended 31 December 2023 and 2024 and the five months ended 31 May 2025, the aggregate historical amounts of each of the services under the Existing Catering and Aircraft On-board Supplies Support Agreement with Eastern Air Catering Entities are set out below:

(Unit: RMB million)

Transaction item(s)	For the year ended 31 December 2023		For the year ended 31 December 2024		2025	Actual Amount for the five months ended 31 May 2025
	Existing Annual Caps	Actual Amount	Existing Annual Caps	Actual Amount	Existing Annual Caps	
Expenditure item(s):						
Catering related services and aircraft on-board supplies support related services	4,000	2,393	4,400	3,161	4,840	882
Property leasing services						
– the Company as the lessee (annual rent) ⁽¹⁾	8	3	8	8	8	2
Property leasing services						
– the Company as the lessee (right-of-use assets) ⁽²⁾	160	4	155	33	150	33
Income item(s):						
Property leasing services						
– the Company as the lessor	220	88	290	106	360	13

Notes:

- (1) This refers to the total annual rent in relation to the property leasing services (with the Company as the lessee) payable by the Company under both short-term leases (with the lease term of less than one year) and the long-term leases (with the lease term of one year or above).
- (2) Pursuant to the IFRS, the total value of right-of-use assets in relation to the property leasing services (with the Company as the lessee) only includes the long-term leases (with the lease term of one year or above).

Proposed annual caps

The proposed annual caps for the transactions contemplated thereunder the Catering and Aircraft On-board Supplies Support Agreement for the three years ending 31 December 2028 are determined primarily based on the following factors:

- (i) There is a strong positive correlation between the Company's catering business volume and its core business metrics, including passenger traffic, number of flights, and catering pricing. Based on the current business development trend, it is expected that over the next three years, Eastern Air Catering Company's catering business will closely follow the Company's growth and achieve steady growth; and
- (ii) The annual growth rate of transactions contemplated under the Catering and Aircraft On-board Supplies Support Agreement from 2026 to 2028 after considering the Company's projected average annual growth rate.

Having considered the historical transaction amounts and taking into account the factors above, the annual caps for the transactions contemplated under the Catering and Aircraft On-board Supplies Support Agreement are set out as below:

(Unit: RMB million)

Transaction item(s)	Proposed annual caps For the year ended 31 December		
	2026	2027	2028
Expenditure item(s):			
Catering related services and aircraft on-board supplies support related services	4,200	4,800	5,500
Property leasing services			
– the Company as the lessee (annual rent) ⁽¹⁾	9	9	9
Property leasing services			
– the Company as the lessee (right-of-use assets) ⁽²⁾	68	62	60
Income item(s):			
Property leasing services			
– the Company as the lessor and provision of aircraft on-board supplies	200	200	200

Notes:

- (1) This refers to the total annual rent in relation to the property leasing services (with the Company as the lessee) payable by the Company under both short-term leases (with the lease term of less than one year) and the long-term leases (with the lease term of one year or above).
- (2) Pursuant to the IFRS, the total value of right-of-use assets in relation to the property leasing services (with the Company as the lessee) only includes the long-term leases (with the lease term of one year or above).

Reasons for and benefits of the transactions

The Company has a long history of good cooperation with Eastern Air Catering Company, and the continuing connected transaction is conducive to the displaying professional advantages, refining cost control, centralising procurement and operations, strengthening quality supervision of Eastern Air Catering Company, with the following specific benefits:

- (i) Eastern Air Catering Company, as a company long been engaged in catering and related business, is currently one of the largest and most professional aviation catering companies in the PRC. Eastern Air Catering Company is familiar with professional information such as aviation food production technique, cost composition and industry trends. The centralised procurement of catering and aircraft onboard supplies and the provision of end-to-end services including warehousing, allocation, provisioning, recycling, and cleaning by Eastern Air Catering Company can give full play to its professional advantages and its advantages of procurement scale, increasing economies of scale and reducing procurement costs, and are beneficial for the Company to implement scientific and refined management on the traceability and inventory management of catering and aircraft onboard supplies, especially those with high value and high turnover, so as to reduce consumption and waste; and
- (ii) Eastern Air Catering Company will centrally procure catering and aircraft on-board supplies, and centrally operate and control the whole process of storage, allocation, preparation, recycling and cleaning. The Company, as the entrusting party, will be directly in charge of budget management, standard formulation, quality supervision and customer satisfaction surveys for the business of catering and aircraft on-board supplies undertaken by Eastern Air Catering Company. The above arrangement is conducive to the Company's centralised supervision of the source and quality of catering and aircraft on-board supplies, ensuring compliance with the Company's technical standards and quality requirements for catering and aircraft on-board supplies to continuously optimise customer experience, and will also help the Company to quickly respond to market changes and passenger demand, meeting and guiding customer demand more efficiently and quickly to improve passenger satisfaction.

The transactions contemplated under the Catering and Aircraft On-board Supplies Support Agreement between the Company and Eastern Air Catering Company will be concluded on the basis that the cost of the Company's meals and aircraft supplies will not incur any additional increase and the quality and service standards of the meals and aircraft supplies will not be decreased.

Accordingly, the Directors (excluding the independent non-executive Directors, whose opinions will be set forth in a circular by reference to the advice of the Independent Financial Adviser in this regard) believe that the transactions contemplated under the Catering and Aircraft On-board Supplies Support Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Hong Kong Listing Rules implications

CEA Holding is the controlling shareholder of the Company and holds 55% of the equity interest in Eastern Air Catering Company. Therefore, Eastern Air Catering Company, being a subsidiary of CEA Holding, is a connected person of the Company.

For the transactions of expenditure items in respect of the catering related services and aircraft on-board supplies support related services under the Catering and Aircraft Onboard Supplies Support Agreement, as the highest applicable percentage ratio as defined under the Hong Kong Listing Rules calculated on an annual basis exceeds 5% but is less than 25%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For the transactions of expenditure items in respect of the property leasing services with the Company as the lessee under the Catering and Aircraft On-board Supplies Support Agreement, as the highest applicable percentage ratio set out in the Hong Kong Listing Rules is less than 0.1%, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules. Should the actual transaction amount exceed the de minimis threshold in future, the Company will comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Hong Kong Listing Rules.

For the transactions of income items under the Catering and Aircraft On-board Supplies Support Agreement (including the property leasing services with the Company as the Lessor and the provision of aircraft on-board supplies and information system maintenance services), as the highest applicable percentage ratio as defined under the Hong Kong Listing Rules calculated on an annual basis exceeds 0.1% but is less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements and are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the transactions contemplated under the Catering and Aircraft On-board Supplies Support Agreement are subject to the approval of the Independent Shareholders at the general meeting.

In order to execute the property leasing services under the Catering and Aircraft Onboard Supplies Support Agreement, the Company and Eastern Air Catering Company will enter into specific written lease agreements. The tenure of such specific written property lease agreements for property leasing services under the arrangement of offsetting rent with construction costs (including the Arrangement of Offsetting Rent with Construction Costs with the Company as the Lessee and the Arrangement of Offsetting Rent with Construction Costs with the Company as the Lessor) will be 30 years. As the tenure of such specific written property lease agreements for the related property leasing services exceeds three years, pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company has appointed the Independent Financial Adviser to review the related specific written property lease agreements and explain why the tenure of this type of agreements needs to exceed three years, and confirm that it is normal business practice for agreements of this type to be of such duration. For details, please refer to the section headed "The View of the Independent Financial Adviser" in this announcement.

4. Exclusive Operation Agreement

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Exclusive Operation Agreement.

On 29 September 2020, the Company entered into the Exclusive Operation Agreement with a term from 1 January 2020 to 31 December 2032 with China Cargo Airlines, and the annual caps for the period from 1 January 2023 to 31 December 2025 were approved at the extraordinary general meeting of the Company convened on 14 December 2022. Since the existing annual caps will expire on 31 December 2025, the Company proposed to set the annual caps for the transactions contemplated under the Exclusive Operation Agreement for the three years ending 31 December 2028.

The principal terms of the Exclusive Operation Agreement are set out as follows:

Date: 29 September 2020

Parties: (1) the Company (as owner); and
(2) China Cargo Airlines (as contractor)

Exclusive operation term: From 1 January 2020 to 31 December 2032

Once the exclusive operation term expires, both parties may negotiate continuing the transactions and enter into a new agreement. If both parties cannot reach a new agreement by such time, unless the Exclusive Operation Agreement is terminated by the consent of both parties, as long as the Company and Eastern Logistics are both listed companies on a stock exchange within or outside the PRC, and CEA Holding is the de facto controller of Eastern Logistics and China Cargo Airlines, subject to further applicable requirements under Chapter 14A of the Hong Kong Listing Rules, both parties shall continue to implement the terms set out in the Exclusive Operation Agreement. The Company will take all reasonable steps to comply with the requirements under Chapter 14A of the Hong Kong Listing Rules in this regard.

As the exclusive operation term is more than three years, according to Rule 14A.52 of the Hong Kong Listing Rules, the Company engaged an independent financial adviser to review the Exclusive Operation Agreement. For details of the independent financial adviser's opinions, please refer to the circulars of the Company to the Shareholders dated 30 October 2020 and 25 October 2022.

Scope and responsibilities relating to exclusive operation of cargo business:

During the exclusive operation term, China Cargo Airlines will exclusively operate the Company's Passenger Aircraft Cargo Business, including but not limited to the following:

- (i) China Cargo Airlines shall exclusively purchase the Company's passenger aircraft cargo services, and independently engage in the operation of Passenger Aircraft Cargo Business under its own name;
- (ii) China Cargo Airlines shall enter into cargo agreements with external parties as the contracting carrier, and the Company accepts China Cargo Airlines' entrustment to be responsible for completing air transportation service as the actual carrier;
- (iii) China Cargo Airlines shall exclusively enjoy the Company's Passenger Aircraft Cargo Business space-sale right, pricing right and engage in businesses such as settlement, and the Company shall not operate on its own, entrust or authorize any third party other than China Cargo Airlines to operate, or by any means enable any other third party to have any right to the Passenger Aircraft Cargo Business; and
- (iv) China Cargo Airlines shall undertake the overall responsibilities for transporting cargo as the carrier to the consignors with respect to the cargo which are transported by the Company's passenger aircraft. During the period of exclusive operation, China Cargo Airlines shall, with respect to the Company's Passenger Aircraft Cargo Business, conduct independent financial accounting, pay tax in compliance with applicable laws, and independently operate and bear the results of operations.

Both parties agree that while China Cargo Airlines exclusively operates the Company's Passenger Aircraft Cargo Business in accordance with the provisions of the preceding paragraph, the Company shall nonetheless undertake to provide air transportation from the departure port to the destination port and necessary airport ground support for the cargo delivered by China Cargo Airlines (for the avoidance of doubt, unless otherwise agreed by both parties, such support shall include but are not limited to security checks, loading and unloading machines, airport apron connection, airport cargo operations and other necessary airport ground support), and bear the corresponding safety responsibilities.

Basis of pricing:

The Company collects a transportation service fee from China Cargo Airlines for the exclusive operation of the Company's Passenger Aircraft Cargo Business. Such transportation service fee shall be determined based on China Cargo Airlines' actual operating revenue of exclusively operating the Company's Passenger Aircraft Cargo Business while deducting certain business fee rates. The specific formulas are as follows:

Transportation service fee = actual income from Passenger Aircraft Cargo Business × (1 – business fee rates)

Passenger Aircraft Cargo Business refers to the passenger aircraft cargo business of the Company and its principal operating subsidiaries, which is the provision of cargo services by utilization of passenger aircraft and a series of relevant business operation activities (including but not limited to sales, pricing and settlement of aircraft cargo space) comprising:

- (i) **conventional business**: the provision of cargo services in Bellyhold Space under conventional circumstances; and
- (ii) **unconventional business**: the provision of cargo services by passenger aircraft such as temporary Passenger-to-Cargo Conversion in general other than carrying cargoes in the Bellyhold Space under unconventional circumstances. Passenger-to-Cargo Conversion means the enhancement of the cargo capacity in passenger aircraft under unconventional circumstances, which means using the passenger traffic rights of passenger aircraft to provide cargo transportation services, including the temporary conversion of existing passenger aircraft to cargo aircraft and cargo-only passenger aircraft.

Different calculation basis for the transportation service fees to be received by the Company from China Cargo Airlines shall be applied to conventional business and unconventional business respectively.

Conventional Business

Under conventional circumstances, when China Cargo Airlines exclusively operates the Passenger Aircraft Bellyhold Space Cargo Business, the actual income from Passenger Aircraft Cargo Business in the abovementioned transportation service fee formula equals the actual cargo income generated by China Cargo Airlines' exclusive operation of the Company's passenger aircraft Bellyhold Space. The definitive formula for determining the transportation service fees and business fee rate and the valuation standard of each parameter are as follows:

Transportation service fee = actual income from Passenger Aircraft Bellyhold Space Cargo Business × (1 – conventional business fee rate)

Conventional business fee rate = operating cost rate + (revenue growth rate of Passenger Aircraft Bellyhold Space Cargo Business of the current year – average revenue growth rate of the Three Major Airlines' passenger aircraft Bellyhold Space cargo business of the current year) × 50%

Of which:

- a) Operating cost rate refers to the actual amount of operating cost incurred in the Passenger Aircraft Cargo Business for each of the recent three years agreed upon by the accountants engaged by both parties, divided by the arithmetic average amount of audited actual income from Passenger Aircraft Cargo Business in those years, and calculated and adjusted once a year during the exclusive operation term; the operating cost of which refers to the personnel, assets, marketing and other costs related to passenger aircraft cargo sales incurred by China Cargo Airlines for the exclusive operation of the Company's Passenger Aircraft Cargo Business in each of the past three years.
- b) Revenue growth rate of Passenger Aircraft Bellyhold Space Cargo Business of the current year refers to the percentage of increase (or decrease) in actual income from cargo generated by China Cargo Airlines' exclusive operation of the Company's passenger aircraft Bellyhold Space in the current year compared with the actual income generated by China Cargo Airlines in the previous year, and the actual income generated by China Cargo Airlines from the passenger aircraft Bellyhold Space cargo in the previous year.

- c) Average revenue growth rate of passenger aircraft Bellyhold Space cargo business of the Three Major Airlines refers to the arithmetic average of the growth rate of revenue from cargo generated by the passenger aircraft Bellyhold Space of the Three Major Airlines in the current year and the revenue from cargo generated by the passenger aircraft Bellyhold Space of the Three Major Airlines in the previous year.

The gross profit margin for the Passenger Aircraft Cargo Business under conventional circumstances to be retained by China Cargo Airlines is calculated using the following formula:

Gross profit margin for the Passenger Aircraft Cargo Business under conventional circumstances to be retained by China Cargo Airlines = (actual income from Passenger Aircraft Bellyhold Space Cargo Business – transportation service fee) ÷ actual income from Passenger Aircraft Bellyhold Space Cargo Business

In case the revenue growth rate of Passenger Aircraft Bellyhold Space Cargo Business of the current year is the same as the average revenue growth rate of the Three Major Airlines' passenger aircraft Bellyhold Space cargo business of the current year, the gross profit margin for the Passenger Aircraft Cargo Business under conventional circumstances to be retained by China Cargo Airlines equals to operating cost rate. The Company records revenue by collecting a transportation service fee from China Cargo Airlines for the exclusive operation of the Company's Passenger Aircraft Cargo Business. Such transportation service fee under conventional business shall be determined based on actual income from Passenger Aircraft Bellyhold Space Cargo Business while deducting certain conventional business fee rates.

The Board considers that the pricing basis for the transportation service fee under the conventional circumstances is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole on the following basis:

- (1) Under the conventional circumstances, China Cargo Airlines will pay to the Company the transportation service fee as the procurement cost which is determined based on actual income from Passenger Aircraft Bellyhold Space Cargo Business while deducting certain conventional business fee rate. The conventional business fee rate is determined based on the operating cost rate, in accordance with independent market principle, taking into account the average revenue growth rate of cargo business in the same industry, which provides a reasonable basis.
- (2) Pursuant to the above definitive formula, there is an implied incentive mechanism to provide motivation for China Cargo Airlines to enhance its Passenger Aircraft Bellyhold Space Cargo Business performance and cargo transport business operating efficiency by taking income growth rate as a performance indicator. Such pricing basis is able to encourage China Cargo Airlines to optimize resource allocation and boost up their business performance.

Unconventional Business

Under unconventional circumstances, upon agreement of both parties after negotiation, contingent measures other than Bellyhold Space such as “Passenger-to-Cargo Conversion” can be adopted to enhance cargo transport capacity of passenger aircraft. In such event, with respect to the formula for calculating the transportation service fee, the actual revenue of passenger aircraft cargo transport should be the actual incurred revenue of cargo transport in the Company’s unconventional Passenger Aircraft Cargo Business such as “Passenger-to-Cargo Conversion” exclusively operated by China Cargo Airlines, and the definitive formula for transportation service fee and business fee rate and the valuation standard of each parameter are as follows:

Transportation service fee = the actual revenue of unconventional cargo transport of passenger aircraft × (1 – unconventional business fee rate)

Unconventional business fee rate = operating cost rate × (1 + reasonable profit margin)

Of which:

- a) Operating cost rate is the same as the operating cost rate under the conventional circumstances, which refers to the actual amount of operating cost incurred in the Passenger Aircraft Cargo Business for each of the recent three years agreed upon by the accountants engaged by both parties, divided by the arithmetic average amount of audited actual income from passenger aircraft cargo business in those years, and calculated and adjusted once a year during the exclusive operation term; the operating cost of which refers to the personnel, assets, marketing and other costs related to passenger aircraft cargo sales incurred by China Cargo Airlines for the exclusive operation of the Company's Passenger Aircraft Cargo Business in each of the past three years.
- b) Reasonable profit margin is the arithmetic average of the averaged profit margin of the Three Major Airlines for the latest three prior accounting years.

Both parties shall jointly designate an accounting firm with business qualifications at the end of each accounting year to conduct specific auditing and issue an official audit report on the actual incurred revenue of the Company's Passenger Aircraft Cargo Business exclusively operated by China Cargo Airlines for the previous year, and implement agreed procedures for the operation fees of each of the previous three years, and to issue an agreed report (to determine next year's operating cost rate). Both parties shall sign a confirmation in writing for the operating cost rate and business fee rate arrived at by the agreed calculation according to this term.

The gross profit margin for the Passenger Aircraft Cargo Business under unconventional circumstances to be retained by China Cargo Airlines is calculated using the following formula:

Gross profit margin for the Passenger Aircraft Cargo Business under unconventional circumstances to be retained by China Cargo Airlines = (actual revenue of unconventional cargo transport of passenger aircraft – transportation service fee) ÷ actual revenue of unconventional cargo transport of passenger aircraft = operating cost rate × (1 + reasonable profit margin)

The Company records revenue by collecting a transportation service fee from China Cargo Airlines for the exclusive operation of the Company's Passenger Aircraft Cargo Business. Such transportation service fee under unconventional business shall be determined based on the actual revenue of unconventional cargo transport of passenger aircraft while deducting certain unconventional business fee rates.

The Board considers that the pricing basis for the transportation service fee under the unconventional circumstances is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole on the following basis:

- (1) Under the unconventional circumstances, China Cargo Airlines will pay to the Company the transportation service fee as the procurement cost which is determined based on actual revenue of unconventional cargo transport of passenger aircraft while deducting certain unconventional business fee rate. The unconventional business fee rate is determined based on the operating cost rate, taking into account the reasonable profit margin of cargo business in the same industry, which provides a reasonable basis.
- (2) Since the unconventional business represents a special economic slump environment, resulting in (i) a decrease in passenger and (ii) the Passenger-to-Cargo Conversion approach that helps utilize the empty spaces by converting passenger aircrafts into cargo aircrafts, the above-mentioned situation is a temporary measure due to force majeure clauses, and therefore, there is no relevant historical data available to be taken as a reference for calculation of revenue growth rate. In view of the fact that financial data such as revenue growth rate of China Cargo Airlines and the Three Major Airlines' actual income from Passenger-To-Cargo Conversion are unobtainable, basing average net profit ratio of the Three Major Airlines on the transportation service fee represents that the industry prospect, implied by net profit margin of the Three Major Airlines, would become a motivating factor for China Cargo Airlines to operate their Passenger Aircraft Cargo Business.

Payment arrangement: China Cargo Airlines shall pay the transportation service fee on a monthly basis, and the amount payable monthly shall be calculated with the actual revenue of cargo transport generated by China Cargo Airlines in the month minus operating costs, which shall be settled and paid by China Cargo Airlines in the following month.

Within three months after the end of each accounting year, both parties shall calculate the annual total transportation service fees of that year as agreed in the Exclusive Operation Agreement and conduct year-end settlement, which is to either refund the surplus or to pay the shortfall if there is any difference between the annual total of transportation service fees and the sum of transportation service fees actually paid on a monthly basis by China Cargo Airlines in that year.

Alignment with the original passenger aircraft Bellyhold Space contractual operation transactions: Both parties agreed that the original passenger aircraft Bellyhold Space contractual operation agreement shall be terminated immediately after the Exclusive Operation Agreement has taken effect. For the Passenger Aircraft Cargo Business already performed by both parties according to the original passenger aircraft Bellyhold Space contractual operation agreement in 2020, both parties agreed that corresponding adjustments shall be conducted according to agreed implementation principles in the Exclusive Operation Agreement, which was deemed to have become effective on 1 January 2020.

Conditions precedent: The Exclusive Operation Agreement will become effective after execution by the legal representative or authorized representative of each party, the affixing of official seal of each party as well as the approval in shareholders meetings of the Company and China Cargo Airlines.

**Non-competition
undertaking:**

As a condition of agreeing to the exclusive operation of all of the Company's Passenger Aircraft Cargo Business by China Cargo Airlines, the Company undertook that, effective from the date of the Exclusive Operation Agreement until the expiration of the exclusive operation term or the date of termination of the Exclusive Operation Agreement, except for performing the relevant obligations involved in the Exclusive Operation Agreement, the Company and its controlled enterprises shall not, in any place within or outside the PRC or in any way, carry out Business Competition, including but not limited to operating through sole proprietorship, directly or indirectly holding/controlling the enterprise(s) which carry(ies) out Business Competition or other circumstances which constitute Business Competition according to relevant laws and regulations. For the avoidance of doubt, the above restrictions do not apply if the Company and its controlled enterprise(s) have not become the controlling shareholder(s), de facto controller(s) or the single largest shareholder of such enterprise(s) which carry(ies) out Business Competition.

As part of the original passenger aircraft Bellyhold Space contractual operation agreement, the non-competition undertaking was negotiated and entered into on an arm's length basis and on normal commercial terms, which constituted a part of the transaction as a whole. Please refer to the circular of the Company to the Shareholders dated 13 March 2018. As part of the continuing connected transactions contemplated under the Exclusive Operation Agreement, the non-competition undertaking was negotiated and entered into on an arm's length basis, and no adjustment has been made.

Historical amounts

Existing annual caps and execution status of the exclusive operation transaction of the Passenger Aircraft Cargo Business are set out below. Such annual caps have been approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 14 December 2022.

(Unit: RMB million)

Transaction Event	For the year ended 31 December					Actual Amount for the five months ended 31 May 2025
	2023		2024		2025	
	Existing Annual Caps	Actual Amount	Existing Annual Caps	Actual Amount	Existing Annual Caps	
The exclusive operation transportation service fees in relation to the Passenger Aircraft Cargo Business payable by China Cargo Airlines to the Company under the Exclusive Operation Agreement	8,900	3,634	8,600	5,331	8,800	2,194

Proposed annual caps

Having considered the historical transaction amounts and taking into account the factors mentioned below, the proposed annual caps for the continuing connected transactions contemplated under the Exclusive Operation Agreement are set out as below:

(Unit: RMB million)

Transaction Event	Proposed Annual Caps For the year ending 31 December		
	2026	2027	2028
The exclusive operation transportation service fees in relation to the Passenger Aircraft Cargo Business payable by China Cargo Airlines to the Company under the Exclusive Operation Agreement	7,200	7,900	8,800

The proposed annual caps for the three years ending 31 December 2028 for the transportation service fees payable by China Cargo Airlines to the Company under the Exclusive Operation Agreement are determined with reference to the following primary factors:

- (i) the Company estimated the basis for the transportation service fees for the Passenger Aircraft Cargo Business for the three years ending 31 December 2028: (a) with reference to the historical amounts for the two years ended 31 December 2023 and 2024 and for the five months ended 31 May 2025 for the exclusive operation transportation service fees in relation to the Passenger Aircraft Cargo Business payable by China Cargo Airlines to the Company under the Exclusive Operation Agreement and (b) after taking into account the estimated continuous growth in demand for aviation cargo business; and
- (ii) based on the pricing formula under the Exclusive Operation Agreement entered into between the Company and China Cargo Airlines, the Company takes into account the conditions including prospects of the future cargo market, the operating scale of the Company's cargo operations such as Bellyhold Space as well as freight rate levels.

Reasons for and benefits of the transactions

The Company entrusted China Cargo Airlines to exclusively operate its Passenger Aircraft Cargo Business for long term, so as to avoid the competition between Passenger Aircraft Cargo Business of the Company and the all-cargo aircraft freight business operated by China Cargo Airlines and satisfy the Company's demand for professional operation in passenger aircraft cargo, and to motivate China Cargo Airlines through fair and reasonable pricing to facilitate the steady development and growth of the Passenger Aircraft Cargo Business of the Company, which helped the Company to focus the relevant resources on the operation and development of its air passenger transportation business as well as to enhance the business capacity and competitiveness of the principal air passenger transportation business of the Company.

The Directors (excluding the independent non-executive Directors, whose opinions will be set forth in a circular by reference to the advice of the Independent Financial Adviser in this regard) are of the view that the relevant proposed annual caps for the three years ending 31 December 2028 for the transactions contemplated under the Exclusive Operation Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Hong Kong Listing Rules implications

China Cargo Airlines is principally engaged in international (regional) and domestic air cargo and mail transport services.

China Cargo Airlines is the non-wholly owned subsidiary of Eastern Logistics, which in turn is a non-wholly owned subsidiary of CEA Holding (the controlling shareholder of the Company). China Cargo Airlines is therefore a connected person of the Company within the meanings of the Hong Kong Listing Rules. The proposed transactions contemplated under the Exclusive Operation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in relation to the proposed annual caps for the exclusive operation transportation service fees payable by China Cargo Airlines under the Exclusive Operation Agreement exceeds 5% but is less than 25%, the proposed annual caps for the three years ending 31 December 2025 are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under the Hong Kong Listing Rules.

5. Aviation Complementary Services Agreement

Eastern Air Assets is principally engaged in the business of consulting services related to industrial investment and its associated businesses, real estate investment, development, and operation, leasing of self-owned properties and property management.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Aviation Complementary Services Agreement.

On 4 July 2025, the Company entered into the Aviation Complementary Services Agreement relating to the renewal of the Existing Aviation Complementary Services Agreement with Eastern Air Assets, pursuant to which the Eastern Air Assets Entities will from time to time provide the Company with a range of services. According to the Aviation Complementary Services Agreement, Eastern Air Assets Entities will provide the Company with special vehicles and equipment leasing, supply and maintenance services, property management services, hotel management services, ground transportation services and other aviation supporting services.

The special vehicles and equipment leasing under the Aviation Complementary Services Agreement refers to the leasing of vehicles and/or equipment, some of which are tailor-made according to the Group's specific requirements for their on-site operation, such as customized passenger elevator vehicles, luggage transfer vehicles with canopy, sewage vehicles with lifting platform. The special vehicles and equipment leasing under the Aviation Complementary Services Agreement is different from the aircraft leasing in terms of nature and they are not related with each other. The main difference is that special vehicles and equipment leasing and repairing, the provision of operation personnel and the disposal of retired vehicles and equipment are closely related business segments as one integral whole. It is beneficial for ensuring the operation efficiency of the Company and controlling the overall cost to outsource the whole business to Eastern Air Assets. However, aircraft leasing is merely a way for purchasing aircraft, while the aircraft repairing, the training and provision of pilots and crew members are arranged by the Company itself.

Term

The Aviation Complementary Services Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

With effect from 1 January 2026, the Existing Aviation Complementary Services Agreement will be terminated.

To implement the lease of special vehicles and equipment under the Aviation Complementary Services Agreement, separate written agreements will be entered into between the Company and Eastern Air Assets. The lease period of special vehicles and equipment leasing under the Aviation Complementary Services Agreement will be agreed upon entering into the agreements. Based on previous similar transactions, the lease period of special vehicles and equipment leasing under the Aviation Complementary Services Agreement would be around five years. As the lease period exceeds three years, pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company has engaged the Independent Financial Adviser to review the Aviation Complementary Services Agreement and confirmed that it is in the normal business practice for contracts of this type to be of such duration. Please refer to the section headed “The View of the Independent Financial Adviser” in this announcement for further details.

Pricing

Under the Aviation Complementary Services Agreement, the fees in relation to the provision of the above services and the purchase price and fees payable in relation to supply and leasing of special vehicles, equipment and materials payable to the respective Eastern Air Assets Entities shall be based on prevailing market rates available from independent third-party service providers under comparable conditions. Such service fees and purchase price shall be determined based on arm’s length negotiations after considering factors such as costs of labour and maintenance of special vehicles and equipment, location of warehouses, the quality, scope and type of property management services, quality of accommodation, catering and hotel management services, location of hotels, cost of raw materials and the specific needs of the Company and the seasonal needs of the relevant industries (as relevant), and shall be no less favourable than those offered by the respective Eastern Air Assets Entities to independent third parties.

The Company will check the price and terms offered by independent third parties for the same type of the relevant services (in general, through emails, fax or telephone consultation with at least two independent third parties providing the relevant services).

Reasons for and benefits of the transactions

The Directors believe that it is in the best interest of the Group to procure the required services and the supply of equipment and materials from the Eastern Air Assets Entities considering that the Eastern Air Assets Entities have special strengths that independent third-party service or other providers generally do not possess. Such strengths include aviation industry expertise, knowledge and qualification of the Eastern Air Assets Entities to meet the demand of certain types of work, its track record of quality and timely service provided to the Group, its familiarity with the needs of the Group and its convenient location (in the vicinity of certain local sites of the Group) enabling it to offer quick services and convenient accommodation services. With respect to the aviation vehicle and equipment leasing business, aviation vehicle and equipment belong to special equipment, with a variety of types and relatively higher price. Besides special vehicles and equipment leasing, Eastern Air Assets can also provide various complementary services, including repairing, deployment and management of operating personnel, allocation of informative materials. Hence, the Company can save significant human and material resources, which can be utilized to focus on the development of its principal operation (i.e., aviation transportation).

Accordingly, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Aviation Complementary Services Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical amounts

The historical figures of the total amount of the service fees, commissions and expenses paid by the Group in respect of the Existing Aviation Complementary Services Agreement for each of the two years ended 31 December 2023 and 2024 and five months ended 31 May 2025 are RMB656 million, RMB762 million and RMB184 million, respectively. The total value of right-of-use assets relating to the lease of special vehicles and equipment under the Existing Aviation Complementary Services Agreement for each of the two years ended 31 December 2023 and 2024 and the five months ended 31 May 2025 are RMB952 million, RMB364 million and RMB254 million, respectively.

Proposed annual caps

The proposed annual caps for the transactions under the Aviation Complementary Services Agreement for the three years ending 31 December 2028 are determined primarily based on the following factors:

- (i) in terms of equipment leasing: (a) a series of services will be provided to the Company, including the continuation of existing leasing projects, the fulfillment of new annual leasing demands, and sale-and-leaseback arrangements for existing assets; (b) based on relevant business data, projections have been made regarding the provision of such services in newly expanded regions; and

- (ii) in terms of property management and hotel services: property management, crew apartment services, and catering services will be provided to the Company's subsidiaries across various locations, with the recovery of the aviation and tourism industries, the scope and scale of these services are expected to expand accordingly.

Having considered the historical transaction amounts and taking into account the factors above, the proposed annual caps for the transactions under the Aviation Complementary Services Agreement are set out as below:

(Unit: RMB million)

Transaction Item(s)	Proposed Annual Caps For the year ending 31 December		
	2026	2027	2028
The total amount of the service fees, commissions, and expenses payable by the Company to Eastern Air Assets Entities	1,368	1,469	1,572

Pursuant to IFRS 16, the lease of special vehicles and equipment by the Company as lessee under the Aviation Complementary Services Agreement will be recognised as right-of-use assets. The proposed annual caps are set on the total value of right-of-use assets relating to the leases, which are calculated by discounting the estimated total rental of the future years by a discount rate of 2.40% (as determined with reference to the Company's incremental borrowing rate and China Bond Corporate Bond Yield (AAA) of 10Y released on the website of ChinaBond.com.cn by China Central Depository & Clearing Co., Ltd.). The proposed annual caps in respect of the lease of special vehicles and equipment under the Aviation Complementary Services Agreement are set out as below:

(Unit: RMB million)

Transaction Item(s)	Proposed Annual Caps For the year ending 31 December		
	2026	2027	2028
The total value of right-of-use assets in respect of the special vehicles and equipment lease	1,801	1,593	1,191

Hong Kong Listing Rules implication

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the transactions with regard to the services fees, commissions and expenses payable by the Company to Eastern Air Assets under the Aviation Complementary Services Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the transactions with regard to the special vehicles and equipment lease under the Aviation Complementary Services Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

However, pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the transaction contemplated under the Aviation Complementary Services Agreement is also subject to the Independent Shareholders' approval at the general meeting.

6. Property Leasing and Construction and Management Agency Agreement

CEA Holding, the controlling shareholder of the Company, is a state-owned enterprise established in the PRC. It is principally engaged in managing all the state-owned assets and equity interest formed and invested by the state in CEA Holding and its invested enterprises.

Eastern Assets, a subsidiary of CEA Holding, is principally engaged in consulting services for industrial investment and related businesses, real estate investment development and operation, self-owned house leasing and property management.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Property Leasing and Construction and Management Agency Agreements.

On 4 July 2025, the Company entered into the Property Leasing and Construction and Management Agency Agreement relating to the renewal of the Existing Property Leasing and Construction and Management Agency Agreements with CEA Holding and Eastern Air Assets, pursuant to which, CEA Holding and its subsidiaries (including Eastern Air Assets) will lease relevant properties to the Company. Meanwhile, Eastern Air Assets will also provide construction and management agency services to the Company, including organising and implementing construction project management work and delivering the project in accordance with all specified performance indicators and terms. The scope of specific construction and management agency services will be determined based on the terms of the specific agreement signed by both parties.

Pursuant to the Property Leasing and Construction and Management Agency Agreement, the Company will lease the following properties from CEA Holding Entities (excluding Eastern Air Assets), for use by the Group in its daily airlines and other business operations:

- (i) a total of 3 building properties, construction, structures and other ancillary facilities owned by CEA Holding in Lanzhou, occupying an aggregate floor area of approximately 3,335 square metres;
- (ii) a total of 22 building properties, construction, structures and other ancillary facilities owned by CEA Holding in Taiyuan Wusu International Airport, occupying an aggregate floor area of approximately 21,978 square metres;
- (iii) one parcel of land located in Xi'an Xianyang with a total site area of approximately 1,942 square metres owned by a subsidiary of CEA Holding, and a total of 16 building properties, construction, structures and other ancillary facilities owned by CEA Holding in the same city, occupying an aggregate floor area of approximately 24,676 square metres; and
- (iv) other land and property facilities owned by CEA Holding that may be leased to the Company from time to time to meet the Company's business and operational needs.

Pursuant to the Property Leasing and Construction and Management Agency Agreement, the Company will lease from Eastern Air Assets the following properties, for use by the Group in its daily airlines and other business operations:

- (a) a total of 16 building properties, construction, structures and other ancillary facilities owned by Eastern Air Assets in Chengdu, occupying an aggregate floor area of approximately 24,303 square metres;
- (b) Six floors of a building owned by Eastern Air Assets in Beijing, occupying an aggregate floor area of approximately 5,675 square metres;
- (c) a total of 23 building properties, construction, structures and other ancillary facilities owned by Eastern Air Assets in Lanzhou, occupying an aggregate floor area of approximately 23,013 square metres;
- (d) a total of 59 building properties, construction, structures and other ancillary facilities owned by Eastern Air Assets in Shanghai Hongqiao East District, occupying an aggregate floor area of approximately 71,592 square metres;
- (e) a total of 17 building properties, construction, structures and other ancillary facilities owned by Eastern Air Assets in Hangzhou, occupying an aggregate floor area of approximately 17,028 square metres;

- (f) a total of 21 building properties, construction, structures and other ancillary facilities owned by Eastern Air Assets in Chengdu East New District, occupying an aggregate floor area of approximately 25,856 square metres;
- (g) a total of 21 building properties, construction, structures and other ancillary facilities owned by Eastern Air Assets in Shan'xi, occupying an aggregate floor area of approximately 51,939 square metres; and
- (h) other land and property facilities owned by Eastern Air Assets that may be leased to the Company from time to time to meet the Company's business and operational needs.

Pursuant to the Property Leasing and Construction and Management Agency Agreement, the Company will lease the following properties to CEA Holding:

- (a) 1 building property, construction, structures and other ancillary facilities owned by the Company in Shanghai Minhang District, occupying an aggregate floor area of approximately 5,350 square metres.

Term

The Property Leasing and Construction and Management Agency Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

With effect from 1 January 2026, the Existing Property Leasing and Construction and Management Agency Agreements will be terminated.

To implement the lease of properties from Eastern Air Assets under the Property Leasing and Construction and Management Agency Agreement, separate written agreements will be entered into between the Company and Eastern Air Assets. Based on previous similar transactions, the lease period of certain properties from Eastern Air Assets under the Property Leasing and Construction and Management Agency Agreement would be around six years. As the lease period exceeds three years, pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company has engaged the Independent Financial Adviser to review the Property Leasing and Construction and Management Agency Agreement and confirmed that it is in the normal business practice for contracts of this type to be of such duration. Please refer to the section headed "The View of the Independent Financial Adviser" in this announcement for further details.

Pricing

Under the Property Leasing and Construction and Management Agency Agreement, the annual rental and the fees for the construction and management agency services payable by the Company to CEA Holding and its subsidiaries shall be based on prevailing market rates available from independent third parties under comparable conditions. Such annual rental and fees shall be determined based on arm's length negotiations after considering factors such as quality of services and the region in which the properties are located, and shall be no less favourable than those offered by CEA Holding and/or its subsidiaries to independent third parties under comparable conditions.

The Company will check the price and terms offered by independent third parties for the same type of property leasing services and construction and management agency services (in general, through emails, fax or telephone consultation with at least two independent third parties providing the relevant services), to ensure that the terms of the Property Leasing and Construction and Management Agency Agreement are fair and reasonable and no less favourable than those offered by independent third parties.

Reasons for and benefits of the transactions

CEA Holding is qualified with the relevant qualifications for operating property leasing. Eastern Air Assets Entities comprised of professional companies in the field of aviation real estate focusing on operating property leasing and construction and management agency business, and has more than 20 years of experience in real estate development. CEA Holding and Eastern Air Assets Entities have provided leasing services in accordance with the Company's usage requirements for the leased sites in various production bases for many years; Eastern Air Assets Entities have provided quality and professional construction and management agency services for the Company's infrastructure projects. CEA Holding and Eastern Air Assets Entities had strictly performed the relevant contractual obligations at fair and reasonable prices in previous transactions, and they are familiar with the Company's business operations, capable of providing highly effective and quality services as well as ensuring that the production and business activities of the Company are in normal operation. To lease certain buildings in Shanghai Minghang District to CEA Holding will enhance the usage of the Company's buildings and bring in certain reasonable income.

Accordingly, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Property Leasing and Construction and Management Agency Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical amounts

The historical figures for the rentals and fees paid by the Company in respect of the Existing Property Leasing and Construction and Management Agency Agreements for each of the two years ended 31 December 2023 and 2024 and five months ended 31 May 2025 are approximately RMB156 million, RMB184 million and RMB74 million, respectively. The total value of right-of-use assets relating to the leases for each of the two years ended 31 December 2023 and 2024 and the five months ended 31 May 2025 are approximately RMB163 million, RMB119 million and RMB116 million, respectively.

Proposed annual caps

The maximum amounts of rentals and fees payable by the Company for the three years ending 31 December 2028 under the Property Leasing and Construction and Management Agency Agreement are determined primarily based on the following factors:

- (i) based on the actual amounts incurred by the Company and CEA Holding and Eastern Air Assets for the rental or the management fee for the construction and management agency project, taking into account that property rentals and the construction and management costs will continue to rise reasonably in line with various factors, such as the changes in price indices;
- (ii) the Company may lease other land and property facilities from CEA Holding and Eastern Air Assets in the future to carry out relevant construction and management agency projects due to production and operation needs.

Having considered the historical transaction amounts and taking into account the factors above, the total amount of rentals and fees payable by the Company for the three years ending 31 December 2028 under the Property Leasing and Construction and Management Agency Agreement are not expected to exceed RMB358 million, RMB362 million and RMB366 million, respectively.

Pursuant to IFRS 16, the lease of properties by the Company as lessee under the Property Leasing and Construction and Management Agency Agreement will be recognised as right-of-use assets. The proposed annual caps are set on the total value of right-of-use assets relating to the leases, which are calculated by discounting the estimated total rental of the future years by a discount rate of 2.40% (as determined with reference to the Company's incremental borrowing rate and ChinaBond Corporate Bond Yield (AAA) of 10Y released on the website of ChinaBond.com.cn by China Central Depository & Clearing Co., Ltd.). The proposed annual caps in respect of the lease of properties under the Property Leasing and Construction and Management Agency Agreement are set out as follows:

(Unit: RMB million)

Transaction Item(s)	Proposed Annual Caps For the year ending 31 December		
	2026	2027	2028
The total value of right-of-use assets in respect of the lease of properties	890	614	590

Hong Kong Listing Rules implications

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the lease of properties and the transactions regarding the construction and management agency services under the Property Leasing and Construction and Management Agency Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules for the property leases provided by the Company to CEA Holding under the Property Leasing and Construction and Management Agency Agreement is less than 0.1%, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules. Should the actual transaction amount exceed the de minimis threshold in future, the Company will comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Hong Kong Listing Rules.

However, pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the transactions contemplated under the Property Leasing and Construction and Management Agency Agreement are also subject to the Independent Shareholders' approval at the general meeting.

7. Freight Logistics Services Agreement

Eastern Logistics is a company principally engaged in warehouse, marine/air/land international cargo transport agency, cargo loading & unloading, property management, parking lot running, meeting service, labour dispatch for domestic enterprises, general merchandise, sale of office supplies, business consultation (excluding brokerage), ticket agency, import & export of cargo and technology, e-commerce (excluding telecom value-added service and financial services) and common cargo transport.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Freight Logistics Services Agreement.

On 4 July 2025, the Company entered into the Freight Logistics Services Agreement relating to the renewal of the Existing Freight Logistics Services Agreement with Eastern Logistics on substantially the same terms, pursuant to which the Group will provide the Freight Logistics Business Support Services (as defined below) to the Eastern Logistics Entities required for the daily operation of its freight logistics business, and the Eastern Logistics Entities will provide the Cargo Terminal Business Support Services (as defined below) to the Group required for its daily business operation.

Term

The Freight Logistics Services Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

With effect from 1 January 2026, the Existing Freight Logistics Services Agreement will be terminated.

Services

Pursuant to the Freight Logistics Services Agreement,

- (a) the Group will provide the following services (collectively, the “**Freight Logistics Business Support Services**”) to the Eastern Logistics Entities required for the daily operation of its freight logistics business:
 - (i) aircraft maintenance and its ancillary support services;
 - (ii) cargo transport maintenance and its ancillary support services;
 - (iii) information technology support services, cleaning services and training services;
 - (iv) customs declaration services, foreign trade import and export agency and international trade transportation services, procurement agency services for aircraft supplies, tendering agency and consulting services and bonded warehousing services; and
 - (v) other daily support services; and
- (b) the Eastern Logistics Entities will provide the following services (collectively, the “**Cargo Terminal Business Support Services**”) to the Group required for its daily business operation:
 - (i) apron transfer services, cargo terminal operation services, project supply chain services and security inspection services; and
 - (ii) other daily support services.

Pricing

- (a) the price and/or fee scale for the Freight Logistics Business Support Services which the Group offers to the Eastern Logistics Entities shall be determined with reference to the “Market Price” and as agreed after arm’s length negotiations between the parties. For the Freight Logistics Business Support Services, “Market Price” refers to the price determined independently by the operators via market competition. Market price is determined taking into account, among others, the cost of aircraft raw materials, the support areas for aircraft materials, the cost of information technology equipment, labour cost and the specific support requirements from the Eastern Logistics Entities (if any), in the following order: (i) the price charged by independent third parties at such time in the ordinary and normal course of business for such services in the area or nearby area; or (ii) the price charged by independent third parties at such time in the ordinary and normal course of business for such services at such time within the territory of the PRC;
- (b) the price and/or fee scale for the Cargo Terminal Business Support Services which the Eastern Logistics Entities offers to the Group shall be determined with reference to the “Market Price” and as agreed after arm’s length negotiations between the parties to the Freight Logistics Services Agreement. For the Cargo Terminal Business Support Services, “Market Price” refers to the price determined independently by the operators via market competition. Market price is determined taking into account, among others, the costs of raw materials, the support areas, the costs for the protection equipment, labour costs and the specific support requirements from the Company (if any), in the following order: (i) the price charged by independent third parties at such time in the ordinary and normal course of business for such services in the area or nearby area; or (ii) the price charged by independent third parties at such time in the ordinary and normal course of business for such services at such time in the PRC;
- (c) both the Group and the Eastern Logistics Entities shall check the prices and terms offered by independent third parties providing similar services (in general, through emails, facsimile or telephone conversation with at least two independent third parties providing the support services), to ensure that the terms of the Freight Logistics Services Agreement are fair and reasonable and no less favourable than those offered by two independent third parties; and
- (d) the fees in relation to the Freight Logistics Business Support Services offered by the Group to the Eastern Logistics Entities and the Cargo Terminal Business Support Services offered by the Eastern Logistics Entities to the Group shall be settled based on the actual provision of services and the unit price, which is determined by both parties pursuant to the aforementioned pricing principles. Upon the receipt and confirmation of the payment order and VAT special invoices from one party, the other party shall make the payment via bank transfer or via other legal means of payment within a reasonable period of time, as agreed by the parties.

Reasons for and benefits of the transactions

The Company procures Cargo Terminals Business Support Services from Eastern Logistics at market prices, which is conducive to addressing issues of intra-industry competition. Leveraging its professional operational advantages in cargo logistics, Eastern Logistics also provides the Company with supply chain services for related industry projects, thereby facilitating complementary strengths and the efficient allocation of resources. The Company believes that the provision of Freight Logistics Business Support Services will bring steady and reliable revenue to the Group as a whole; while the provision of the Cargo Terminals Business Support Services by the Eastern Logistics Entities to the Group will also satisfy the Group's increasing need of freight and mail business and is beneficial to the natural expansion of production and operation of the Group.

Accordingly, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Freight Logistics Services Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical amounts

For each of the two years ended 31 December 2023, 2024 and five months ended 31 May 2025, the historical figures for (i) the amount paid by the Eastern Logistics Entities to the Group for the Freight Logistics Business Support Services were approximately RMB435 million, RMB583 million and RMB70 million, respectively; and (ii) the amount paid by the Group to the Eastern Logistics Entities for the Cargo Terminal Business Support Services were RMB470 million, RMB577 million and RMB228 million, respectively.

Proposed annual caps

The proposed annual caps for the three years ending 31 December 2028 in respect of the Freight Logistics Business Support Services and the Cargo Terminal Business Support Services pursuant to the Freight Logistics Services Agreement are determined primarily based on the following factors:

- (i) Freight Logistics Business Support Services (the Company providing services): (i) considering that future cargo terminal leases will increase year by year at a reasonable level; (ii) Eastern Logistics will expand its fleet size of cargo aircraft, with an increase in total flight hours and a corresponding increase in aircraft maintenance costs.
- (ii) Cargo Terminal Business Support Services (the Company receiving services): the size of the Company's fleet will grow, and the demand for cargo terminal services will grow simultaneously.

Having considered the historical transaction amounts and taking into account the factors mentioned above, the proposed annual caps of amounts payable by the Group or the Eastern Logistics Entities are set out as below:

(Unit: RMB million)

Proposed Annual Caps
For the year ending 31 December

2026	2027	2028
------	------	------

Revenue

Amount payable by the Eastern Logistics Entities to the Group for the Freight Logistics Business Support Services	1,170	1,183	1,252
---	-------	-------	-------

Expense

Amount payable by the Group to the Eastern Logistics Entities for the Cargo Terminal Business Support Services	871	906	942
--	-----	-----	-----

Hong Kong Listing Rules implications

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the Freight Logistics Business Support Services under the Freight Logistics Services Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the Cargo Terminal Business Support Services under the Freight Logistics Services Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

However, pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the transaction contemplated under the Freight Logistics Services Agreement is also subject to the Independent Shareholders' approval at the general meeting.

8. Aviation Airborne Communication Agreement

KDlink Technology is a company principally engaged in technology development, technical consultation, technical service and technology transfer in the field of communication technology, network technology, information technology and computer software, and the sale of communication equipment, electronic products and value-added telecommunications business.

Please refer to the Company's announcement dated 26 September 2022 and the Company's circular dated 25 October 2022 for the background and history of the Existing Aviation Airborne Communication Agreement.

On 4 July 2025, the Company entered into the Aviation Airborne Communication Agreement relating to the renewal of the Existing Aviation Airborne Communication Agreement with KDlink Technology, pursuant to which the Company and KDlink Technology commit their unique or superior resources in their respective areas of operation to jointly develop, test, deploy, promote and maintain the aviation airborne communications business. Under the Aviation Airborne Communication Agreement, KDlink Technology provides project implementation, technical support and aftersales service for aviation airborne communication business to the Company, and the Company provides sales and partnership services related to in-flight internet products to KDlink Technology.

Term

The Aviation Airborne Communication Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

Pricing

Pursuant to the Aviation Airborne Communication Agreement, the fees involved under the agreement shall be based on prevailing market rates available from independent third-party service providers under comparable conditions. Such fees shall be determined based on arm's length negotiations after considering factors such as quality of service and specific needs of the Company, and KDlink Technology shall ensure that its fee terms will be no less favourable than those prevailing in the market for the Company under equal business terms.

The Company will check the price and terms offered by independent third parties for the same type of services (in general, through emails, fax or telephone consultation with at least two independent third parties providing the relevant services).

During the cooperation period, under equivalent commercial conditions, KDlink Technology shall provide the Company with the most favorable treatment.

Reasons for and benefits of the transactions

As the only domestic service provider currently capable of accessing the core networks of two major telecommunications operators, KDlink Technology leverages its proprietary technologies and system innovations to mitigate the risk of service interruptions caused by single-operator failures. By procuring KDlink Technology's products and related services at market prices, the Company can significantly enhance the reliability of its in-flight internet services.

Accordingly, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Aviation Airborne Communication Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical amounts

For each of the two years ended 31 December 2023, 2024 and five months ended 31 May 2025, the historical figures for the amount of the service fees payable by the Company to KDlink Technology were approximately RMB61 million, RMB74 million and RMB25 million, respectively.

Proposed annual caps

The proposed annual caps for the transactions under the Aviation Airborne Communication Agreement for the three years ending 31 December 2028 are determined primarily based on the following factors:

- (i) with the gradual maturity of satellite communication technology and the expansion of its coverage, market demand for in-flight internet services is expected to grow steadily;
- (ii) the Company is advancing the development of connectivity services for narrow-body aircraft in an orderly manner, and the scale of the connected fleet is anticipated to further expand; and
- (iii) with the continued growth in international flight volumes, passenger demand for in-flight internet services is expected to increase accordingly.

Having considered the historical transaction amounts and taking into account the factors above, the proposed annual caps for the transactions under the Aviation Airborne Communication Agreement are set out as below:

(Unit: RMB million)

Transaction Item(s)	Proposed Annual Caps		
	For the year ending 31 December		
	2026	2027	2028
The total amount of the service fees payable by the Company to KDlink Technology	138	170	197

Hong Kong Listing Rules implications

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the transactions under the Aviation Airborne Communication Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules for the sales and partnership services related to in-flight internet products provided by the Company to KDlink Technology under the Aviation Airborne Communication Agreement is less than 0.1%, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules. Should the actual transaction amount exceed the de minimis threshold in future, the Company will comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Hong Kong Listing Rules.

However, pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of the corporate governance, such transactions will be subject to the Independent Shareholder's approval at the general meeting.

9. Commercial Factoring Services Agreement

Eastern Air Factoring is a company principally engaged in factoring financing, sales sub-account (or categorized account) management, accounts receivable collection, non-commercial bad debt guarantees, and consulting services related to commercial factoring

On 4 July 2025, the Company entered into the Commercial Factoring Services Agreement with Eastern Air Factoring, pursuant to which Eastern Air Factoring provides commercial factoring services to the Company, including financing and accounts receivable management (the "**Commercial Factoring Services**"). The Company and Eastern Air Factoring also provides to each other advisory services related to commercial factoring (the "**Commercial Factoring Advisory Services**").

Services

Pursuant to the Commercial Factoring Services Agreement:

- (a) Subject to the compliance of applicable laws and regulations and based on Eastern Air Factoring's licenses and the Company's needs, Eastern Air Factoring will provide to the Group the following Commercial Factoring Services:
 - (i) after conducting the necessary due diligence, Eastern Air Factoring shall acquire the accounts receivable arising from genuine transactions of the Company, and provide financing to the Company at a certain percentage. The specific terms, such as the financing period, interest rate, repayment method, and obligations regarding notification of the assignment of receivables, shall be separately agreed upon by both parties based on the specific commercial factoring scenario and structure; and
 - (ii) with the Company's authorization, Eastern Air Factoring shall manage the assigned accounts receivable, including but not limited to bookkeeping, collection of receivables, and communication and coordination with debtors. Eastern Air Factoring shall also, as required by the Company, regularly provide reports on the status of accounts receivable management to assist the Company in monitoring the recovery of receivables in a timely manner; and

- (b) Subject to the compliance of applicable laws and regulations and within the scope of their respective business licenses, Eastern Air Factoring and the Company will provide to each other the following Commercial Factoring Advisory Services (as the case may be):
- (i) Eastern Air Factoring shall leverage its professional expertise and experience in the field of commercial factoring to provide the Company with advisory services related to accounts receivable management, supply chain finance, and other relevant areas, with an aim to assist the Company in optimizing financial management, promoting product sales, and improving the efficiency of fund utilization; and
 - (ii) the Company shall utilize its extensive experience across various business scenarios and, based on its diverse business platforms, provide Eastern Air Factoring with advisory services in areas such as developing factoring business models, promoting the implementation of factoring services, referring potential factoring clients, facilitating the confirmation of receivables, and supporting the collection of factoring payments.

Term

The Commercial Factoring Services Agreement will be effective for a term of three years commencing from 1 January 2026 to 31 December 2028.

Pricing

Under the Commercial Factoring Services Agreement, the service fees payable to Eastern Air Factoring for its services provided shall be based on prevailing market rates available from independent third-party service providers under comparable conditions. Such service fees shall be determined based on arm's length negotiations after considering factors such as quality of service and specific needs of the Company, and shall be no less favourable than those offered by Eastern Air Factoring to independent third parties.

The Company will check the price and terms offered by independent third parties for the same type of relevant services (in general, through emails, fax or telephone consultation with at least two independent third parties providing the relevant services).

Reasons for and benefits of the transactions

Eastern Air Factoring is the first institution in China to assume the dual roles of both issuing institution and financial service provider. The Company believes that entering into the Commercial Factoring Services Agreement with Eastern Air Factoring is conducive to leveraging its professional expertise, accelerating the recovery of accounts receivable for the Group, optimizing cash flow, and enhancing the efficiency and effectiveness of capital utilization. In addition, the UATP card issuance services provided by Eastern Air Factoring address the Company's needs in corporate travel management and centralized payment solutions, thereby improving service quality for corporate travel clients and further promoting the Company's air ticket sales.

Accordingly, the Directors (including the independent non-executive Directors) believe that the transactions contemplated under the Commercial Factoring Services Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Historical amounts

There is no historical amount in respect of the Commercial Factoring Services or Commercial Factoring Advisory Services.

Proposed annual caps

The proposed annual caps for the transactions under the Commercial Factoring Services Agreement for the three years ending 31 December 2028 are determined primarily based on the factor that Eastern Air Factoring is qualified to conduct UATP card issuance and accounts receivable factoring financing services. In order to attract corporate clients, optimize cash flow, and further expand its international business, the Company expects to engage in transactions with Eastern Air Factoring involving commercial factoring related to UATP, factoring financing of accounts receivable unrelated to UATP, accounts receivable management and related advisory services.

Taking into account the factors above, the proposed annual caps for the transactions under the Commercial Factoring Services Agreement are set out as below:

(Unit: RMB million)

Transaction Item(s)	Proposed Annual Caps For the year ending 31 December		
	2026	2027	2028
The maximum daily outstanding balance (including factoring handling and advisory service fees) contemplated under the Commercial Factoring Services Agreement	510	1,020	1,530

Hong Kong Listing Rules implications

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules in respect of the Commercial Factoring Services and the Commercial Factoring Advisory Services under provided by Eastern Air Factoring to the Company under the Commercial Factoring Services Agreement exceeds 0.1% but is less than 5% on an annual basis, such transactions are subject to the reporting, announcement and annual review requirements only and are exempt from Independent Shareholders' approval under the Hong Kong Listing Rules.

As the highest applicable percentage ratio set out in the Hong Kong Listing Rules for the Commercial Factoring Advisory Services provided by the Company to Eastern Air Factoring under the Commercial Factoring Services Agreement is less than 0.1%, such transactions are exempt from all reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Hong Kong Listing Rules. Should the actual transaction amount exceed the de minimis threshold in future, the Company will comply with the applicable connected transaction regulatory requirements under Chapter 14A of the Hong Kong Listing Rules.

D. SUMMARY OF THE 2026-2028 CONTINUING CONNECTED TRANSACTIONS AND THE PROPOSED ANNUAL CAPS

We set out below the proposed annual caps for the three financial years ending 31 December 2028 in respect of each of the 2026-2028 Continuing Connected Transactions:

No.	Agreement and transactions thereunder	Proposed Annual Caps for the year ending 31 December		
		2026	2027	2028
		<i>(Unit: RMB million (Unless specified otherwise))</i>		
1.	Financial Services Agreement – provision of deposit services	18,500	19,500	20,500
2.	Aircraft and Engines Lease and Related Services Agreement			
	Expenditure item(s):			
	– total rental fee payable by the Company	USD3,310 million (or the equivalent amount in RMB)	USD5,760 million (or the equivalent amount in RMB)	USD3,370 million (or the equivalent amount in RMB)
	– total value of right-of-use assets in relation to the finance and operating leases entered into by the Company as lessee	USD2,760 million (or the equivalent amount in RMB)	USD4,580 million (or the equivalent amount in RMB)	USD2,830 million (or the equivalent amount in RMB)
	Income item(s):			
	– Total amount receivable by the Company in relation to the sale of aircraft and engines	2,340	2,340	2,520
3.	Catering and Aircraft On-board Supplies Support Agreement			
	Expenditure item(s):			
	– catering related services and aircraft on-board supplies support related services	4,200	4,800	5,500
	Income item(s):			
	– property leasing services, the Company as the lessor and provision of aircraft on-board supplies	200	200	200

No.	Agreement and transactions thereunder	Proposed Annual Caps for the year ending 31 December		
		2026	2027	2028
		<i>(Unit: RMB million (Unless specified otherwise))</i>		
4.	Exclusive Operation Agreement – the exclusive operation transportation service fees in relation to the Passenger Aircraft Cargo Business payable by China Cargo Airlines to the Company under the Exclusive Operation Agreement	7,200	7,900	8,800
5.	Aviation Complementary Services Agreement – total amount payable by the Company	1,368	1,469	1,572
	– total value of right-of-use assets in respect of the special vehicles and equipment lease	1,801	1,593	1,191
6.	Property Leasing and Construction and Management Agency Agreement – total amount of rentals and fees payable by the Company	358	362	366
	– total value of right-of-use assets	890	614	590
7.	Freight Logistics Services Agreement – total amount payable by the Eastern Logistics Entities to the Group for the Freight Logistics Business Support Services	1,170	1,183	1,252
	– total amount payable by the Group to the Eastern Logistics Entities for the Cargo Terminal Business Support Services	871	906	942
8.	Aviation Airborne Communication Agreement – total amount of the service fees payable by the Company	138	170	197
9.	Commercial Factoring Services Agreement	510	1,020	1,530

E. IMPLICATIONS UNDER THE LISTING RULES

Since CEA Holding is the controlling shareholder of the Company, each member of the CEA Holding Entities is therefore a connected person of the Company.

Please refer to each of the sections headed “Hong Kong Listing Rules Implications” under the description of each 2026-2028 Continuing Connected Transaction above for an analysis of the implications under the Hong Kong Listing Rules for each 2026-2028 Continuing Connected Transaction.

Pursuant to the relevant provisions of the Hong Kong Listing Rules, the Renewed Non-exempt Continuing Connected Transactions which are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules comprise (i) the transactions as well as the proposed annual caps for the three years ending 31 December 2028 relating to the provision of deposit services under the Financial Services Agreement, the transactions of expenditure items in respect of the catering related services and aircraft on-board supplies support related services under the Catering and Aircraft On-board Supplies Support Agreement, and the transactions of expenditure items under the Aircraft and Engines Lease and Related Services Agreement; and (ii) the proposed annual caps for the transactions contemplated under the Exclusive Operation Agreement for the three years ending 31 December 2028. In particular, the transactions of expenditure items under the Aircraft and Engines Lease and Related Services Agreement are also subject to the requirements applicable to a major transaction under Chapter 14 of the Hong Kong Listing Rules.

Pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the Company proposes to put forward for the Independent Shareholders’ approval at the general meeting the transactions relating to (i) Financial Services Agreement; (ii) Aircraft and Engines Lease and Related Services Agreement; (iii) Catering and Aircraft On-board Supplies Support Agreement; (iv) Exclusive Operation Agreement; (v) Aviation Complementary Services Agreement; (vi) Property Leasing and Construction and Management Agency Agreement; (vii) Freight Logistics Services Agreement; (viii) Aviation Airborne Communication Agreement; and (ix) Commercial Factoring Services Agreement.

Certain Directors, namely Mr. Wang Zhiqing, Mr. Liu Tiexiang, Mr. Cheng Guowei and Mr. Jie Xiaoqing, are members of board of directors of CEA Holding, which may be regarded as having a material interest in the sale of aircraft and engines and the 2026-2028 Continuing Connected Transactions and therefore they have abstained from voting at the meeting of the Board convened for the purpose of approving the sale of aircraft and engines and the 2026-2028 Continuing Connected Transactions. Save as disclosed above, none of the Directors has a material interest in the sale of aircraft and engines or the 2026-2028 Continuing Connected Transactions.

F. INTERNAL CONTROL PROCEDURES

To ensure the Company's conformity with the terms of the continuing connected transactions agreements under the Hong Kong Listing Rules, the Company shall adopt a series of internal control policies during its daily operations. Such internal control policies shall be conducted and supervised by the finance department of the Company and the independent non-executive Directors:

- (1) The finance department of the Company monitors daily connected transactions of the Company and reports to the audit and risk management committee of the Company and independent non-executive Directors on a quarterly basis. The finance department of the Company shall supervise the implementation agreements to ensure they are entered into: (i) in accordance with the review and evaluation procedure set out in this circular and the terms of the continuing connected transactions agreements under the Hong Kong Listing Rules; (ii) in the ordinary and usual course of business of the Group; (iii) on normal commercial terms or better; (iv) no less favourable than terms offered by independent third parties to the Company; and (v) according to the continuing connected transactions agreements under the Hong Kong Listing Rules on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.
- (2) The independent non-executive Directors shall review and will continue to review the implementation agreements to ensure that they have been entered into on normal commercial terms or better, and according to the continuing connected transactions agreements under the Hong Kong Listing Rules on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and provide confirmation in the Company's annual report.

In addition, for the purpose of Rule 14A.56 of the Hong Kong Listing Rules, the Company's external auditors, will be engaged to issue a letter to report on the Group's continuing connected transactions under the Hong Kong Listing Rules in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The Directors are of the view that the above procedures can ensure that the transactions contemplated under the continuing connected transactions agreements under the Hong Kong Listing Rules will be conducted on normal commercial terms or better, and will not be prejudicial to the interests of the Company and the Shareholders.

G. THE VIEW OF THE INDEPENDENT FINANCIAL ADVISER

The lease period of the transactions under each of the following agreements exceeds three years:

- (i) the Aircraft Finance Lease Agreements and the operating lease agreements under the Aircraft and Engines Lease and Related Services Agreement;
- (ii) the property leasing under the Catering and Aircraft On-board Supplies Support Agreement;
- (iii) special vehicles and equipment leasing under the Aviation Complementary Services Agreement; and
- (iv) the property leasing under the Property Leasing and Construction and Management Agency Agreement.

Pursuant to the requirement under Rule 14A.52 of the Hong Kong Listing Rules, the Company has engaged Opus Capital as the Independent Financial Adviser to provide independent advice in respect of the provisions relating to the aforesaid agreements to explain why a period exceeding three years for such agreements is required and to confirm that it is normal business practice for agreements of this type to be of a duration longer than three years.

Pursuant to Rule 14A.52 of the Hong Kong Listing Rules, Opus Capital has formulated its opinion based on its research, analysis and its discussion with management of the Company as follows:

Aircraft and Engines Lease and Related Services Agreement

- (i) similar to other airline operators, the Group has to maintain a streamlined and efficient modernised fleet by introducing new aircrafts in order to satisfy its business and operation needs from time to time as well as to ensure delivery of quality services to its customers;
- (ii) the tenure of the aircraft lease agreements to be entered into by the Group with CES Leasing of more than 3 years is in line with the Company's accounting policy and also falls within the range of: (a) similar agreements entered into by the Group with independent third parties; and (b) similar agreements of other listed airline operators companies on the Hong Kong Stock Exchange. Accordingly, the tenure of the aircraft lease agreements of more than three years is in line with the market practice; and
- (iii) the tenure of more than 3 years of the Aircraft Finance Lease Agreements and the operating lease agreements to be entered into pursuant to the Aircraft and Engines Lease and Related Services Agreement is a normal commercial term for a transaction of this nature and it is normal business practice for an agreement of this type to be of such duration.

Catering and Aircraft On-board Supplies Support Agreement

- (i) in view of the fact that the Company is expected to incur substantial capital expenditure to construct the building and premises, which are purpose-built for their onsite operation, it would not be unreasonable for the Company, as the lessee, to request for a longer lease term to ensure its arrangement of offsetting rent with construction costs provides an uninterrupted continuity for it to use the buildings for its operations;
- (ii) as the Eastern Air Catering Entities are expected to incur substantial capital expenditure to construct the building and premises, which are purpose-built for their on-site operation, it would not be unreasonable for the Eastern Air Catering Entities, as the lessee, to request for a longer lease term to ensure its arrangement of offsetting rent with construction costs provides an uninterrupted continuity for them to use the buildings for their operations. From the perspective of the Company as the lessor, the longer lease tenure will ensure its return on investment since it would be difficult for the Company to lease such purpose-built buildings to other external parties which may not meet their requirements;
- (iii) the long tenure of the lease agreements with Eastern Air Catering Company under the Catering and Aircraft On-board Supplies Support Agreement aligns with the Group's long-term strategies and signifies the long-standing cooperation commitment between the Company and the Eastern Air Catering Entities;
- (iv) similar to other airline operators, the Group has to maintain smooth and stable operation by entering into property leases with longer terms in order to meet its daily airline operation needs as well as to ensure delivery of quality services to its customers;
- (v) in considering whether it is a normal business practice for the property lease agreements to have duration longer than three years, Opus Capital has conducted research, on a best effort basis, on property lease transactions undertaken by companies listed on the Hong Kong Stock Exchange with its connected persons. In the course of its review, it is noted that the terms of the property lease agreements of the comparable have in general a duration of longer than 10 years; and
- (vi) the 30-year tenure of the property lease agreements is a normal commercial term of a transaction of this nature and it is normal business practice for an agreement of this type to be of such duration.

Aviation Complementary Services Agreement

- (i) in view of the fact that the vehicles and/or equipment, which are tailor-made according to the Group's specific requirements for their on-site operation, would not be suitable for use by any other parties other than the Group, it would not be unreasonable for the Eastern Air Assets Entities (as lessors) to request for a longer lease term to ensure their return on investment and the Company (as lessee) to enjoy an uninterrupted continuity in using the special vehicles and equipment for its operation;

- (ii) given the expensive purchase costs and high maintenance costs, leasing of special vehicles and/or equipment offers a good alternative to reduce the Group's initial cash outlay and preserve its internal resources for other business purposes, instead of outright purchase;
- (iii) given the tenure of the special vehicles and equipment lease(s) to be entered into between the Group and Eastern Air Assets which is expected to be five years, is in line with the respective lease tenures relating to aviation-related equipment entered into by Cathay Pacific Airways Limited (stock code: 293) and China Southern Airlines Company Limited (stock code: 1055.HK), and such tenure also falls within and slightly above the range of vehicles and/or equipment leases entered into by other listed companies on the Hong Kong Stock Exchange, the tenure of the special vehicles and equipment lease which is more than three years is not uncommon in the market; and
- (iv) the five-year tenure of the special vehicles and equipment lease agreements to be entered into pursuant to the Aviation Complementary Services Agreements is a normal commercial term for a transaction of this nature and it is normal business practice for an agreement of this type to be of such duration.

Property Leasing and Construction and Management Agency Agreement

- (i) similar to other airline operators, the Group has to maintain smooth and stable operation by entering into property leases with longer tenures in order to meet its daily airline operation needs as well as to ensure delivery of quality services to its customers;
- (ii) given the tenure of certain property leases to be entered into between the Group and Eastern Air Assets is expected to be six years which falls within the range of property lease agreements entered into by other companies listed on the Hong Kong Stock Exchange, the tenure of the property leases of more than three years is in line with the market practice; and
- (iii) the six-year tenure of the property lease agreements to be implemented pursuant to the Property Leasing and Construction and Management Agency Agreements is a normal commercial term for a transaction of this nature and it is normal business practice for an agreement of this type to be of such duration.

Having considered the factors set out above, Opus Capital is of the view that the lease tenure of (i) the Aircraft Finance Lease Agreements and the operating lease agreements under the Aircraft and Engines Lease and Related Services Agreement; (ii) the property leasing under the Catering and Aircraft On-board Supplies Support Agreement; (iii) special vehicles and equipment leasing under the Aviation Complementary Services Agreement; and (iv) property leasing under the Property Leasing and Construction and Management Agency Agreement, which is longer than three years, are required and it is normal business practice for agreements of this type to be of such duration.

H. GENERAL INFORMATION AND EGM

The Company is principally engaged in the business of civil aviation.

As mentioned above, because CEA Holding is the controlling shareholder of the Company, each member of the CEA Holding Entities is therefore a connected person of the Company under the Hong Kong Listing Rules.

A general meeting will be convened to consider, and if thought fit, approve:

- (i) pursuant to the Hong Kong Listing Rules, the Renewed Non-exempt Continuing Connected Transactions which are subject to the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules comprise: (i) the transactions as well as the proposed annual caps for the three years ending 31 December 2028 relating to the provision of deposit services under the Financial Services Agreement, the transactions of expenditure items in respect of the catering related services and aircraft on-board supplies support related services under the Catering and Aircraft On-board Supplies Support Agreement, and the transactions of expenditure items under the Aircraft and Engines Lease and Related Services Agreement; and (ii) the proposed annual caps for the transactions contemplated under the Exclusive Operation Agreement for the three years ending 31 December 2028; and
- (ii) pursuant to the relevant provisions of the Shanghai Listing Rules and the best practice of corporate governance, the Company proposes to put forward for the Independent Shareholders' approval at the general meeting the transactions relating to (i) Financial Services Agreement; (ii) Aircraft and Engines Lease and Related Services Agreement; (iii) Catering and Aircraft On-board Supplies Support Agreement; (iv) Exclusive Operation Agreement; (v) Aviation Complementary Services Agreement; (vi) Property Leasing and Construction and Management Agency Agreement; (vii) Freight Logistics Services Agreement; (viii) Aviation Airborne Communication Agreement; and (ix) Commercial Factoring Services Agreement.

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Renewed Non-exempt Continuing Connected Transactions.

Opus Capital, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to: (i) advise the Board in respect of the period for (a) the special vehicles and equipment leasing under the Aviation Complementary Services Agreement, (b) the property lease agreements with Eastern Air Assets under the Property Leasing and Construction and Management Agency Agreement, (c) the property lease agreements with Eastern Air Catering Company under the Catering and Aircraft On-board Supplies Support Agreement and (d) the Aircraft Finance Lease Agreements and the operating lease agreements under the Aircraft and Engines Lease and Related Services Agreement pursuant to the requirements under Rule 14A.52 of the Hong Kong Listing Rules; and (ii) advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Non-exempt Continuing Connected Transactions.

A circular will be published and/or despatched to the Shareholders no later than 31 July 2025 as additional time is required to prepare and finalise the information to be included in the circular in accordance with the Hong Kong Listing Rules.

I. DEFINITIONS

“2026-2028 Continuing Connected Transactions”	means the Renewed Continuing Connected Transactions and the continuing connected transactions contemplated under the Commercial Factoring Services Agreement
“A Share(s)”	means the ordinary share(s) issued by the Company, with a RMB denominated par value of RMB1.00 each, which are subscribed for and paid up in RMB and are listed on the Shanghai Stock Exchange
“Additional Aircraft”	means the finance leased aircraft introduced after the Aircraft and Engines Lease and Related Services Agreement is approved by the Independent Shareholders
“Aircraft and Engines Lease and Related Services Agreement”	the 2026-2028 aircraft and engines lease framework agreement dated 4 July 2025 entered into between the Company and CES Leasing relating to the renewal of the Existing Aircraft and Engines Lease Agreements, details of which are set out under the section headed “Aircraft and Engines Lease and Related Services Agreement” in this announcement
“Aircraft Finance Lease Agreement(s)”	means the individual finance lease agreements in relation to the finance lease of the leased aircraft to be entered into by the Company pursuant to the Aircraft and Engines Lease and Related Services Agreement
“Aircraft Manufacturer(s)”	means manufacturer(s) of aircraft and/or engines
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Aviation Airborne Communication Agreement”	means the 2026-2028 aviation airborne communication continuing connected transactions framework agreement dated 4 July 2025 entered into between the Company and KDlink Technology in relation to the provision of project implementation, technical support and after-sales service for aviation airborne communication business to the Company, details of which are set out under the section headed “Aviation Airborne Communication Agreement” in this announcement

“Aviation Complementary Services Agreement”	means the 2026-2028 aviation complementary services framework agreement dated 4 July 2025 entered into between the Company and Eastern Air Assets relating to the renewal of the Existing Aviation Complementary Services Agreement which was entered into between the Company and 東航實業集團有限公司 (CEA Development Co., Ltd., a wholly-owned subsidiary of Eastern Air Assets), details of which are set out under the section headed “Aviation Complementary Services Agreement” in this announcement
“Bank Loans”	means the loans provided by the Designated Financial Institutions to the Lessor(s) or the Company under the Proposed Finance Lease contemplated under Aircraft and Engines Lease and Related Services Agreement
“Bellyhold Space”	means the vacant space in the bellyhold of passenger aircraft after priority has been given to load the passengers’ registered luggage
“Board”	means the board of directors of the Company
“Business Competition”	means the business including international and domestic air cargo and mail delivery and cargo forwarding, warehousing and logistics, cargo terminal operations of the Company and all its subsidiaries that compete with the current business operations of China Cargo Airlines and Eastern Logistics and their subsidiaries
“Cargo Terminal Business Support Services”	has the meaning set out under the section headed “Freight Logistics Services Agreement” in this announcement
“Catering and Aircraft On-board Supplies Support Agreement”	means the 2026-2028 catering and aircraft on-board supplies support framework agreement dated 4 July 2025 entered into between the Company and Eastern Air Catering Company relating to the renewal of the Existing Catering and Aircraft On-board Supplies Support Agreement, details of which are set out under the section headed “Catering and Aircraft On-board Supplies Support Agreement” in this announcement

“CEA Holding”	means 中國東方航空集團有限公司 (China Eastern Air Holding Company Limited), the controlling shareholder of the Company, CEA Holding is directly held as to: (i) 68.42% by the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”); (ii) 11.21% by China Life Investment Insurance Asset Management Company Limited (國壽投資保險資產管理有限公司), which is directly wholly-owned by China Life Insurance (Group) Company (中國人壽保險(集團)公司) which is in turn owned as to 90% by the Ministry of Finance of the PRC and 10% by the National Council for Social Security Fund; (iii) 10.19% by Shanghai Jiushi (Group) Co., Ltd. (上海久事(集團)有限公司), which is directly wholly-owned by SASAC of Shanghai Municipal Government; (iv) 5.09% by China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司), which is directly wholly-owned by China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) and is ultimately wholly-owned by the State Council; and (v) 5.09% by China Tourism Group Co., Ltd. (中國旅遊集團有限公司), which is directly and wholly-owned by SASAC, respectively
“CEA Holding Entities”	means CEA Holding and its subsidiaries (excluding the Company for the purpose of this announcement)
“CES Finance”	means 東航金控有限責任公司 (CES Finance Holding Co., Ltd.), which is a wholly-owned subsidiary of CEA Holding
“CES Leasing”	means 東航國際融資租賃有限公司 (CES International Financial Leasing Corporation Limited), a company incorporated in the China (Shanghai) Pilot Free Trade Zone of the PRC, and is directly held as to: (i) 65% by CES Finance; and (ii) 35% by 東航國際控股(香港)有限公司 (CES Global Holdings (Hong Kong) Limited), and is ultimately wholly-owned by CEA Holding
“CES Leasing Entities”	means CES Leasing or the wholly-owned subsidiary(ies) established or to be established for the purpose of the finance lease, operating lease arrangement and sale of aircraft and engines

“China Cargo Airlines”	means 中國貨運航空有限公司 (China Cargo Airlines Co., Limited), which is directly held as to (i) 83% by Eastern Logistics; and (ii) 17% by 中遠海運物流有限公司 (COSCO SHIPPING Logistics Co., Ltd.), which is directly wholly-owned by 中國遠洋海運集團有限公司 (China COSCO SHIPPING Corporation Limited) and ultimately wholly-owned by the State Council
“COMAC”	means 中國商用飛機有限責任公司 (Commercial Aircraft Corporation of China Limited), a company established under the laws of the PRC with limited liability
“Commercial Factoring Services Agreement”	means the 2026-2028 commercial factoring services framework agreement dated 4 July 2025 entered into between the Company and Eastern Air Factoring relating to the provision of commercial factoring services and related advisory services to the Company, details of which are set out under the section headed “Commercial Factoring Services Agreement” in this announcement
“Company”	means 中國東方航空股份有限公司 (China Eastern Airlines Corporation Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Delivery Date”	means: <ul style="list-style-type: none"> (i) in respect of the Existing Aircraft, the respective dates on which the Company delivers the Existing Aircraft to the Lessor(s), pursuant to the sale and purchase agreement entered into between the Company and the Lessor(s) in relation to the Existing Aircraft; and (ii) in respect of the Additional Aircraft, the respective dates on which the respective Aircraft Manufacturer delivers each of the Additional Aircraft to the Lessor(s), pursuant to (a) the respective sale and purchase agreements entered into between the Company and the respective Aircraft Manufacturer; and (b) the respective purchase agreement assignment entered into between the Company, the Aircraft Manufacturer and the Lessor(s) in relation to the Additional Aircraft

“Designated Financial Institutions”	means commercial banks or other designated financial institutions in the PRC, being independent third parties, as designated by the Company in relation to the provision of the Bank Loans in accordance with the terms and conditions of the Aircraft and Engines Lease and Related Services Agreement
“Director(s)”	means the director(s) of the Company
“Eastern Air Assets”	means 東航資產投資管理有限公司 (Eastern Air Assets Investment Management Co., Ltd.), formerly known as 上海東航投資有限公司 (Shanghai Eastern Airlines Investment Co., Ltd.), which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding
“Eastern Air Assets Entities”	means each of Eastern Air Assets and its subsidiaries
“Eastern Air Catering Company”	means 東方航空食品投資有限公司 (China Eastern Air Catering Investment Co., Ltd.), which is directly interested as to: (i) 55% by CEA Holding and (ii) 45% by the Company, respectively, and is thus an associate of CEA Holding
“Eastern Air Catering Entities”	means each of Eastern Air Catering Company and its subsidiaries
“Eastern Air Factoring”	means 東航商業保理有限公司 (Eastern Aviation Commercial Factoring Co., Ltd.), which is directly held as to: (i) 75% by CES Finance; and (ii) 25% by 東航國際控股(香港)有限公司 (CES Global Holdings (Hong Kong) Limited), and is ultimately wholly-owned by CEA Holding
“Eastern Air Finance Company”	means 東航集團財務有限責任公司 (Eastern Air Group Finance Co., Ltd.), which is directly interested as to: (i) 53.75% by CEA Holding; (ii) 25% by the Company; and (iii) 21.25% by CES Finance, respectively and is thus an associate of CEA Holding
“Eastern Air Finance Entities”	means each of Eastern Air Finance Company and its subsidiaries
“Eastern Logistics”	means 東方航空物流股份有限公司 (Eastern Airline Logistics Co., Limited), which is directly owned as to 40.50% equity interests by CEA Holding and its A shares are listed on the Shanghai Stock Exchange (stock code: 601156)

“Eastern Logistics Entities”	means Eastern Logistics and its subsidiaries
“Exclusive Operation Agreement”	means the agreement dated 29 September 2020 entered into between the Company and China Cargo Airlines in relation to the agreement for China Cargo Airlines to exclusively operate the Company’s Passenger Aircraft Cargo Business, pursuant to which the Company receives transportation service fees from China Cargo Airlines for exclusively operating the Company’s Passenger Aircraft Cargo Business, details of which are set out in the paragraph headed “Exclusive Operation Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022
“Existing Aircraft”	means the finance leased aircraft introduced before the Aircraft and Engines Lease and Related Services Agreement is approved by the Independent Shareholders
“Existing Aircraft and Aircraft Engines Operating Lease Framework Agreement”	means the 2023-2025 aircraft and aircraft engines operating lease framework agreement dated 26 September 2022 entered into between the Company and CES Leasing, details of which are set out in the paragraph headed “Aircraft and Engines Lease Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022
“Existing Aircraft and Engines Lease Agreement”	means the 2023-2025 aircraft and engines lease framework agreement dated 26 September 2022 entered into between the Company and CES Leasing, details of which are set out in the paragraph headed “Aircraft and Engines Lease and Related Services Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022
“Existing Aircraft Finance Lease Framework Agreement”	means the 2023-2025 aircraft finance lease framework agreement dated 26 September 2022 entered into between the Company and CES Leasing, details of which are set out in the paragraph headed “Aircraft Finance Lease Framework Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022
“Existing Aviation Airborne Communication Agreement”	means the 2023-2025 aviation airborne communication framework agreement dated 26 September 2022 entered into between the Company and KDlink Technology, details of which are set out in the paragraph headed “Aviation Airborne Communication Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022

<p>“Existing Aviation Complementary Services Agreement”</p>	<p>means the 2023-2025 aviation complementary services framework agreement dated 26 September 2022 entered into between Eastern Air Assets and the Company, details of which are set out in the paragraph headed “Aviation Complementary Services Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022</p>
<p>“Existing Catering and Aircraft On-board Supplies Support Agreement”</p>	<p>means the 2023-2025 catering and aircraft on-board supplies support framework agreement dated 26 September 2022 entered into between the Company and Eastern Air Catering Company, details of which are set out in the paragraph headed “Catering and Aircraft On-board Supplies Support Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022</p>
<p>“Existing Continuing Connected Transactions”</p>	<p>means the existing continuing connected transactions of the Company with the CEA Holding Entities, i.e., the transactions contemplated under the following agreements: (1) the Existing Financial Services Agreement; (2) the Existing Aircraft and Engines Lease Agreement; (3) the Existing Catering and Aircraft On-board Supplies Support Agreement; (4) the Existing Complementary Services Agreement; (5) the Existing Property Leasing and Construction and Management Agency Agreements; (6) the Existing Freight Logistics Services Agreement; (7) the Existing Aviation Airborne Communication Agreement; and (8) the Exclusive Operation Agreement, details of which are set out in the announcements of the Company dated 26 September 2022, 12 October 2022 and 14 December 2022 and the circular of the Company dated 25 October 2022</p>
<p>“Existing Financial Services Agreement”</p>	<p>means the 2023-2025 financial services framework agreement dated 26 September 2022 entered into between Eastern Air Finance Company and the Company, details of which are set out in the paragraph headed “Financial Services Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022</p>

“Existing Freight Logistics Services Agreement”	means the 2023-2025 freight logistics continuing connected transactions framework agreement dated 26 September 2022 entered into between the Company and Eastern Logistics, details of which are set out in the paragraph headed “Freight Logistics Services Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022
“Existing Property Leasing and Construction and Management Agency Agreements”	means the 2023-2025 property leasing and construction and management agency framework agreement and property leasing framework agreement each dated 26 September 2022 entered into between CEA Holding, Eastern Air Assets and the Company, details of which are set out in the paragraph headed “Property Leasing and Construction and Management Agency Agreement and the Property Leasing Agreement” in the Company’s announcement dated 26 September 2022 and the Company’s circular dated 25 October 2022
“Financial Services Agreement”	means the 2026-2028 financial services framework agreement dated 4 July 2025 entered into between the Company and Eastern Air Finance Company relating to the renewal of the Existing Financial Services Agreement, details of which are set out under the section headed “Financial Services Agreement” in this announcement
“Freight Logistics Business Support Services”	has the meaning set out under the section headed “Freight Logistics Services Agreement” in this announcement
“Freight Logistics Services Agreement”	means the 2026-2028 freight logistics continuing connected transactions framework agreement dated 4 July 2025 entered into between the Company and Eastern Logistics relating to the renewal of the Existing Freight Logistics Services Agreement, details of which are set out under the section headed “Freight Logistics Services Agreement” in this announcement
“Group”	means the Company and its subsidiaries
“H Share(s)”	means the ordinary share(s) issued by the Company, with a RMB denominated par value of RMB1.00 each, which are subscribed for and paid up in a currency other than RMB and are listed on the Hong Kong Stock Exchange

“Hong Kong”	means Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“IFRS”	means the International Financial Reporting Standards issued by the International Accounting Standards Board
“IFRS 16”	means the International Financial Reporting Standard 16 issued by the International Accounting Standards Board, sets out the principles for the recognition, measurement, presentation and disclosure of leases
“Independent Board Committee”	means the board committee, comprising the independent non-executive Directors, to be established to advise the Independent Shareholders in respect of the Renewed Non-exempt Continuing Connected Transactions
“Independent Financial Adviser” or “Opus Capital”	means Opus Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to: (i) advise the Board in respect of the period for the special vehicles and equipment leasing under the Aviation Complementary Services Agreement, the property lease agreements with Eastern Air Assets under the Property Leasing and Construction and Management Agency Agreement, the property lease agreements with Eastern Air Catering Company under the Catering and Aircraft On-board Supplies Support Agreement and the Aircraft Finance Lease Agreements and the operating lease agreements under the Aircraft and Engines Lease and Related Services Agreement pursuant to the requirements under Rule 14A.52 of the Hong Kong Listing Rules; and (ii) advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Non-exempt Continuing Connected Transactions
“Independent Shareholders”	means the Shareholders, other than CEA Holding and its associates

“KDlink Technology”	means 空地互聯網路科技股份有限公司 (KDlink Technology Co., Ltd), a company incorporated in the PRC with limited liability, which is directly held as to: (i) 42.5% by CEA Holding; (ii) 42.5% by 中國電信集團投資有限公司 (China Telecom Group Investment Co., Ltd.) (which is directly wholly owned by 中國電信集團有限公司 (China Telecom Group Co., Ltd.) and is ultimately wholly-owned by the SASAC); and (iii) 15% by 上海華瑞金融科技有限公司 (Shanghai Huarui Financial Technology Co., Ltd.) and it is directly wholly-owned by 上海均瑤(集團)有限公司 (Shanghai Juneyao (Group) Co., Ltd.). To the best knowledge and belief of the Directors and having made all reasonable enquiries, Shanghai Huarui Financial Technology Co., Ltd. and its ultimate beneficial owner(s) are the third parties independent of the Company and the connected person(s) of the Company
“Lessor(s)”	means CES Leasing or its project company for the purpose of the Aircraft and Engines Lease and Related Services Agreement
“Passenger Aircraft Bellyhold Space Cargo Business”	means the passenger aircraft Bellyhold Space cargo business of the Company and all its principal operating subsidiaries
“Passenger Aircraft Cargo Business”	means the passenger aircraft cargo business of the Company and its principal operating subsidiaries, which is the provision of cargo services by utilization of passenger aircraft and a series of relevant business operation activities (under the conventional and unconventional circumstances), including but not limited to sales, pricing and settlement of aircraft cargo space; the provision of cargo services in Bellyhold Space under conventional circumstances and the provision of cargo services by passenger aircraft such as temporary Passenger-to-Cargo Conversion in general other than carrying cargoes in the Bellyhold Space under unconventional circumstances
“Passenger-to-Cargo Conversion”	means the enhancement of the cargo capacity in passenger aircraft under unconventional circumstances, which means using the passenger traffic rights of passenger aircraft to provide cargo transportation services, including the temporary conversion of existing passenger aircraft to cargo aircraft and cargo-only passenger aircraft
“PBOC”	means the People’s Bank of China

“PRC”	means the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, China
“Previous Aircraft and Aircraft Engines Leasing Transactions”	means the transactions under the Existing Aircraft and Engines Lease Agreements
“Property Leasing and Construction and Management Agency Agreement”	means the 2026-2028 property leasing and construction and management agency framework agreement dated 4 July 2025 entered into among the Company, CEA Holding and Eastern Air Assets relating to the renewal of the Existing Property Leasing and Construction and Management Agency Agreements, details of which are set out under the section headed “Property Leasing and Construction and Management Agency Agreement” in this announcement
“Proposed Finance Lease”	means the finance lease of the leased aircraft pursuant to the Aircraft and Engines Lease and Related Services Agreement
“Renewed Continuing Connected Transactions”	means (i) the transactions contemplated under the following agreements as well as the annual caps for the three years ending 31 December 2028: (1) the Financial Services Agreement; (2) the Aircraft and Engines Lease and Related Services Agreement; (3) the Catering and Aircraft On-board Supplies Support Agreement; (4) the Aviation Complementary Services Agreement; (5) the Property Leasing and Construction and Management Agency Agreement; (6) the Freight Logistics Services Agreement; (7) the Aviation Airborne Communication Agreement; and (ii) the annual caps for the Exclusive Operation Agreement for the three years ending 31 December 2028

“Renewed Non-exempt Continuing Connected Transactions”	means the renewed non-exempt continuing connected transactions which are subject to the Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules, which comprise: (a) the transactions as well as the proposed annual caps for the three years ending 31 December 2028 relating to, the provision of deposit services under the Financial Services Agreement, the transactions of expenditure items in respect of the catering related services and aircraft on-board supplies support related services under the Catering and Aircraft On-board Supplies Support Agreement, and the transactions of expenditure items under the Aircraft and Engines Lease and Related Services Agreement; and (b) the proposed annual caps for the transactions contemplated under the Exclusive Operation Agreement for the three years ending 31 December 2028
“RMB”	means Renminbi yuan, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Listing Rules”	means 上海證券交易所股票上市規則 (the Rules Governing Listing of Stocks on the Shanghai Stock Exchange)
“Shareholders”	means the shareholders of the Company
“Supplemental Agreement”	means the supplemental to the Existing Aircraft and Engines Lease Agreement dated 4 July 2025 entered into between the Company and CES Leasing, pursuant to which, the Company agreed to sell and CES Leasing agreed to acquire certain aircraft and engines for the year ending 31 December 2025, details of which are set out in the paragraph headed “Revision of the Existing Aircraft and Engines Lease Agreement” in this announcement
“Three Major Airlines”	means the three major state-owned airlines, namely the Company, Air China Corporation Limited and China Southern Airlines Co., Ltd.

“UATP”	means Universal Air Travel Plan. The UATP card issuance business is a global corporate travel payment solution led by airlines, the core function of which involves the issuance of virtual credit card accounts by the issuing institution to corporate clients, providing credit limits and billing cycle management for the centralized payment of air tickets and related services offered by partner airlines worldwide. Corporate clients may use UATP accounts to purchase tickets via travel management companies or direct channels. The issuing institution or financial service provider advances the payment to the airline, and the corporate client settles the account on a monthly basis
“USD”	means United States dollar, the lawful currency of the United States of America
“VAT”	means value added tax
“%”	means per cent

By order of the Board
CHINA EASTERN AIRLINES CORPORATION LIMITED
Li Ganbin
Joint Company Secretary
Shanghai, the People’s Republic of China
4 July 2025

As at the date of this announcement, the directors of the Company include Wang Zhiqing (Chairman), Liu Tiexiang (Vice Chairman, President), Cheng Guowei (Director), Sun Zheng (Independent non-executive Director), Lu Xiongwen (Independent non-executive Director), Luo Qun (Independent non-executive Director), Fung Wing Yee Sabrina (Independent non-executive Director), Zheng Hongfeng (Independent non-executive Director) and Jie Xiaoqing (Employee Representative Director).