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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)

CONNECTED TRANSACTION **CAPITAL INCREASE TO EASTERN AIR CATERING**

CAPITAL INCREASE TO EASTERN AIR CATERING

On 23 June 2021, the 12th ordinary meeting of the ninth session of the Board of the Company considered and approved the resolution in relation to the capital increase to China Eastern Air Catering Investment Co., Ltd. by the Company. On 30 September 2021, the Company signed the Capital Increase Agreement with CEA Holding (the controlling Shareholder of the Company) and Eastern Air Catering (the subsidiary of CEA Holding) in Shanghai, and it was agreed that the Company and CEA Holding shall make a capital increase in cash, in proportion to their respective shareholdings, to Eastern Air Catering of an aggregate amount of RMB310 million, of which RMB139.5 million shall be contributed by the Company, and RMB170.5 million shall be contributed by CEA Holding. Prior to and after the Capital Increase, there is no change in the percentage of shareholdings held by the Company and CEA Holding in Eastern Air Catering, being the proportion as to 45% and 55%, respectively. Upon the completion of the Capital Increase, the registered capital of Eastern Air Catering will increase to RMB660 million.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CEA Holding is the controlling Shareholder of the Company, holding 49.80% equity interests in the Company. Eastern Air Catering is the non-wholly owned subsidiary of CEA Holding, being directly held by CEA Holding and the Company as to 55% and 45% equity interests, respectively. Therefore, CEA Holding and Eastern Air Catering are connected persons of the Company within the meanings of the Hong Kong Listing Rules. The transaction contemplated under the Capital Increase Agreement constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Capital Increase Agreement is subject to the reporting, announcement and annual review requirements but is exempted from the Independent Shareholders' approval requirement under the Hong Kong Listing Rules.

A. BACKGROUND

On 23 June 2021, the 12th ordinary meeting of the ninth session of the Board of the Company considered and approved the resolution in relation to the capital increase to China Eastern Air Catering Investment Co., Ltd. by the Company. On 30 September 2021, the Company signed the Capital Increase Agreement with CEA Holding (the controlling Shareholder of the Company) and Eastern Air Catering (the subsidiary of CEA Holding) in Shanghai, and it was agreed that the Company and CEA Holding shall make a capital increase in cash, in proportion to their respective shareholdings, to Eastern Air Catering of an aggregate amount of RMB310 million, of which RMB139.5 million shall be contributed by the Company, and RMB170.5 million shall be contributed by CEA Holding. Prior to and after the Capital Increase, there is no change in the percentage of shareholdings held by the Company and CEA Holding in Eastern Air Catering, being the proportion as to 45% and 55%, respectively. Upon the completion of the Capital Increase, the registered capital of Eastern Air Catering will increase to RMB660 million.

B. CAPITAL INCREASE AGREEMENT

On 30 September 2021, the Company entered into the Capital Increase Agreement with CEA Holding and Eastern Air Catering. The principal terms of the Capital Increase Agreement are set out as follows:

Subject of agreement and transaction arrangements:	The Company and CEA Holding shall make a capital increase in cash, in proportion to their respective shareholdings, to Eastern Air Catering of an aggregate amount of RMB310 million, of which RMB139.5 million shall be contributed by the Company, and RMB170.5 million shall be contributed by CEA Holding.
Payment method of the increased capital:	The Company and CEA Holding shall make the payment in one lump, which shall be remitted to the account designated by Eastern Air Catering via bank transfer within twenty working days from the effective date of the Capital Increase Agreement.
Taking effect of agreement:	The Capital Increase Agreement shall take effect upon the affixing of signatures and seals by the legal representatives of the parties or their authorised representatives.
Liabilities of default:	The defaulting party shall take remedial measures or be liable for the corresponding obligations of default for any acts of default incurred by such party.

C. NATURE OF TRANSACTION

The Company and CEA Holding shall make a capital increase in cash, in proportion to their respective shareholdings, to Eastern Air Catering of an aggregate amount of RMB310 million, of which RMB139.5 million shall be contributed by the Company, and RMB170.5 million shall be contributed by CEA Holding. Prior to and after the Capital Increase, there is no change in the percentage of shareholdings held by the Company and CEA Holding in Eastern Air Catering, being the proportion as to 45% and 55%, respectively. Upon the completion of the Capital Increase, the registered capital of Eastern Air Catering will increase to RMB660 million.

The structure of share capital in Eastern Air Catering prior to the Capital Increase

Shareholders	Contribution amounts (RMB in ten thousand)	Proportion of the registered capital (%)
CEA Holding	19,250	55
The Company	15,750	45
Total	35,000	100

The structure of share capital in Eastern Air Catering after the Capital Increase

Shareholders	Contribution amounts (RMB in ten thousand)	Proportion of the registered capital (%)
CEA Holding	36,300	55
The Company	29,700	45
Total	66,000	100

D. BASIS FOR DETERMINATION OF CONTRIBUTION AMOUNTS

The amount of the Capital Increase was determined with reference to: (1) the current capital status of Eastern Air Catering; (2) the capital requirements of Eastern Air Catering for the development of supporting infrastructure project construction and equity project investment in the future; (3) the respective shareholdings of the Company and CEA Holding. Prior to and after the Capital Increase, there is no change in the percentage of shareholdings held by the Company and CEA Holding in Eastern Air Catering. The Capital Increase is conducted by the parties following the market rules, and in compliance with the requirements of relevant laws and regulations.

E. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Capital Increase in cash made by CEA Holding and the Company to Eastern Air Catering on a pro rata basis will facilitate Eastern Air Catering to overcome the impact of the COVID-19 and capture the opportunities of development in industry, further increase its capital strength, improve the conditions and results of operation, as well as enhancing its sustainability and market competitiveness, so as to bring more expeditious and efficient catering services, as well as better returns for the Shareholders.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Connected Transaction is carried out upon arm's length negotiations between both parties, conducted on normal commercial terms or better, and entered into in the ordinary course of business of the Company, being fair and reasonable and in the interests of the Company and the Shareholders as a whole.

F. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, CEA Holding is the controlling Shareholder of the Company, holding 49.80% equity interests in the Company. Eastern Air Catering is the non-wholly owned subsidiary of CEA Holding, being directly held by CEA Holding and the Company as to 55% and 45% equity interests, respectively. Therefore, CEA Holding and Eastern Air Catering are connected persons of the Company within the meanings of the Hong Kong Listing Rules. The transaction contemplated under the Capital Increase Agreement constitutes a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Capital Increase Agreement is subject to the reporting, announcement and annual review requirements but is exempted from the Independent Shareholders' approval requirement under the Hong Kong Listing Rules.

Certain Directors (namely Mr. Liu Shaoyong, Mr. Li Yangmin, Mr. Tang Bing, Mr. Lin Wanli, Mr. Jiang Jiang) are the directors of CEA Holding, which is deemed to have material interests in the Connected Transaction. Therefore, they have abstained from voting at the Board meeting convened for approving the Connected Transaction. Save for those disclosed above, no Director has any material interests in the Connected Transaction.

G. GENERAL INFORMATION

Information in relation to the Group

The Group is principally engaged in the operation of civil aviation passenger transport and related businesses.

Information in relation to CEA Holding

CEA Holding is principally engaged in the operation of all the state-owned assets and equity interests, invested and formed by the state in CEA Holding and its invested entities.

As at the date of this announcement, the controlling shareholder and the actual controller of CEA Holding is SASAC, and CEA Holding is owned by the following parties:

- (i) as to 68.42% by SASAC;
- (ii) as to 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) and is ultimately wholly-owned by the State Council of the PRC;
- (iii) as to 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) as to 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 of the PRC; and
- (v) as to 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.

Information in relation to Eastern Air Catering

Eastern Air Catering is a subsidiary of CEA Holding. Eastern Air Catering and its subsidiaries are mainly engaged in the business of providing catering and related services to airline companies, and have established operation centres at various airports located in Shanghai, Beijing, Yunnan, Jiangsu, etc.

As at the date of this announcement, Eastern Air Catering is held as to 55% and 45% by CEA Holding and the Company, respectively.

The following table set forth the audited financial information of Eastern Air Catering for the years ended 31 December 2019 and 31 December 2020:

	For the year ended 31 December	
	2019	2020
	<i>(RMB in hundred million)</i>	
Profits before tax	2.30	-6.67
Profits after tax	1.65	-5.51

According to the audited financial accounts of Eastern Air Catering as of 31 December 2020, the total assets and net assets of Eastern Air Catering are RMB2,273 million and RMB618 million, respectively.

H. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	means the board of Directors of the Company
“Capital Increase” or “Connected Transaction”	means the capital increase to Eastern Air Catering by the Company and CEA Holding of an aggregate amount of RMB310 million by way of cash in proportion to their respective shareholdings, of which the Company contributed RMB139.5 million and CEA Holding contributed RMB170.5 million
“Capital Increase Agreement”	means the China Eastern Air Catering Investment Co., Ltd. Capital Increase Agreement entered into by the Company with CEA Holding and Eastern Air Catering dated 30 September 2021, pursuant to which, the Company and CEA Holding agreed to increase the capital contribution to Eastern Air Catering by an aggregate amount of RMB310 million by way of cash in proportion to their respective shareholdings, of which the Company contributed RMB139.5 million and CEA Holding contributed RMB170.5 million

“CEA Holding”	means 中國東方航空集團有限公司 (China Eastern Air Holding Company), the controlling Shareholder of the Company
“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, A shares and American depositary shares are listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, Inc., respectively
“connected persons”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Directors”	means the directors of the Company
“Eastern Air Catering”	means 東方航空食品投資有限公司 (China Eastern Air Catering Investment Co., Ltd.), which is directly owned as to 55% by CEA Holding and is an associate of CEA Holding
“Group”	means the Company and its subsidiaries
“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 Stock Exchange
“Independent Shareholders”	means Shareholders, excluding CEA Holding and its associate(s)
“PRC”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“Shareholder(s)”	means the shareholder(s) of the Company

“Stock Exchange”

means The Stock Exchange of Hong Kong Limited

“%”

means per cent

By order of the Board

CHINA EASTERN AIRLINES CORPORATION LIMITED

Wang Jian

Company Secretary

Shanghai, the People’s Republic of China

30 September 2021

As at the date of this announcement, the directors of the Company include Liu Shaoyong (Chairman), Li Yangmin (Vice Chairman, President), Tang Bing (Director), Lin Wanli (Director), Cai Hongping (Independent non-executive Director), Dong Xuebo (Independent non-executive Director), Sun Zheng (Independent non-executive Director), Lu Xiongwen (Independent non-executive Director) and Jiang Jiang (Employee Representative Director).