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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)

MAJOR TRANSACTION IN RELATION TO AIRCRAFT PURCHASE

AIRCRAFT PURCHASE AGREEMENT

On 28 September 2023, the Company entered into the Aircraft Purchase Agreement with COMAC in Shanghai, the PRC in order to purchase 100 C919 series aircraft from COMAC. The Aircraft are scheduled for delivery in batches to the Company from 2024 to 2031.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated by reference to Rule 14.07 of the Listing Rules in respect of the Aircraft Purchase is more than 25% but less than 100%, the Aircraft Purchase constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As additional time is required to prepare and finalise certain information to be included in the circular, a circular containing, among others, further details of the Aircraft Purchase and other particulars required under the Listing Rules is expected to be despatched to the Shareholders of the Company in due course in accordance with the Listing Rules.

On 28 September 2023, the Company entered into the Aircraft Purchase Agreement with COMAC in Shanghai, the PRC in order to purchase 100 C919 series aircraft from COMAC. The Aircraft are scheduled for delivery in batches to the Company from 2024 to 2031 as set out in the paragraph headed "Schedule of delivery and the impacts on the transportation capacity of the Company" under the section headed "AIRCRAFT PURCHASE AGREEMENT" of this announcement.

I. AIRCRAFT PURCHASE AGREEMENT

The principal terms of the Aircraft Purchase Agreement are set out as follows:

Date: 28 September 2023

Counterparties: (i) the Company (as the purchaser)
(ii) COMAC (as the seller)

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, COMAC and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and are not connected persons of the Company.

Subjects: The subjects of the Aircraft Purchase are 100 C919 series aircraft.

Consideration: The catalogue price of the 100 Aircraft in aggregate is approximately USD9,900 million. COMAC has granted to the Company substantive price concessions with regard to the Aircraft. Such price concessions were determined after arm's length negotiations between the Company and COMAC and as a result, the Consideration is significantly lower than the catalogue price of the Aircraft mentioned above.

The number of the Aircraft to be purchased is determined according to the actual needs of the Company in respect of fleet structure, development strategy and route network, as well as the supply capacity of COMAC based on its commercial and production limitations.

The Aircraft Purchase Agreement was negotiated and entered into in accordance with normal commercial and industrial practices. The Company confirms that the price concessions provided under the Aircraft Purchase are fair and reasonable and comparable to the price concessions provided under the previous similar transactions. The Company believes that the price concessions obtained by the Company under the Aircraft Purchase Agreement have no material impact on the Company's future operating costs taken as a whole.

According to the central exchange rate of RMB against the USD announced by People's Bank of China on the date of the Aircraft Purchase, the catalogue price of the 100 Aircraft in aggregate is equivalent to approximately RMB71,080 million, which comprises the airframe price, engine price, etc.

As the highest applicable percentage ratio calculated by reference to Rule 14.07 of the Listing Rules in respect of the Aircraft Purchase is more than 25% but less than 100%, the Aircraft Purchase constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

In respect of the Aircraft Purchase, the Company understands its disclosure obligations normally required under Chapter 14 of the Listing Rules. Nonetheless, the Company, as the purchaser, is subject to a strict confidentiality obligations under which no disclosure with respect to the actual Consideration shall be made. Any disclosure of the actual Consideration will result in a breach of the Company's confidentiality obligations and will expose the Company to material litigation risk and irreparable reputation damage, meanwhile it could result in a loss of the price concessions to be granted by COMAC and future purchases.

Terms of payment:

The Company intends to finance the Aircraft Purchase with its self-owned funds, loans from commercial banks, and proceeds from the issuance of bonds and other financing instruments. The payment of the Aircraft Purchase is paid in instalments, and is expected to have no material impacts on the cash flow and business operation of the Company.

The amount under the Aircraft Purchase shall be settled in USD and RMB. The specific method of payment is that the Company makes certain advance payment in instalments, and the Company then further settles the balance of each Aircraft on the delivery date.

Schedule of delivery and the impacts on the transportation capacity of the Company:

The 100 C919 series aircraft under the Aircraft Purchase are scheduled for delivery in batches to the Company from 2024 to 2031, of which 5 Aircraft being scheduled for delivery in 2024, 10 Aircraft being scheduled for delivery each year during 2025 to 2027, 15 Aircraft being scheduled for delivery each year 2028 to 2030 and 20 Aircraft being scheduled for delivery in 2031. The Company could adjust the specific time of introduction and aircraft model under the transaction based on the market condition and the transportation capacity planning of the Company in the future.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE AIRCRAFT PURCHASE AGREEMENT

Since 2023, the air passenger transportation market has shown a favourable trend of steady recovery. The Aircraft Purchase is conducive to maintaining reserve for the transportation capacity of the Company in advance to better respond to future aviation market demand and industry competition. During the delivery period of the Aircraft introduced, a large number of narrow-body passenger aircraft in the inventory of the Company will be phased out from the fleet due to their age and lease expiry, etc. The Aircraft Purchase will serve as an effective capacity supplement to the existing aircraft, which is in line with the development needs of the Company's medium- and long-term fleet planning. The Aircraft Purchase is beneficial for the Company to optimize the fleet structure of narrow-body aircraft and form a large-scale operation of domestic fleet. In conjunction with the Company's network planning objectives, the Aircraft introduced will be mainly deployed in the Company's base market, important commercial and tourism trunk routes, in an effort to enhance the Company's overall yield level.

The Directors consider that the Aircraft Purchase is undertaken in accordance with normal commercial and industrial practices, and is beneficial to maintaining reserve for transportation capacity of the Company in advance, the further optimization of fleet structure, the complementation of transportation capacity of narrow-body aircraft and the enhancement of overall competitive strength. The terms of transaction are fair and reasonable, and are in the interests of the Company's development strategies, fleet planning and all of the Shareholders as a whole.

III. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio calculated by reference to Rule 14.07 of the Listing Rules in respect of the Aircraft Purchase is more than 25% but less than 100%, the Aircraft Purchase constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

As additional time is required to prepare and finalise certain information to be included in the circular, a circular containing, among others, further details of the Aircraft Purchase and other particulars required under the Listing Rules is expected to be despatched to the Shareholders of the Company in due course in accordance with the Listing Rules.

IV. 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 of the State Council, and CEA Holding is owned by the following parties:

- (i) as to 68.42% by SASAC of the State Council;
- (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), China Life Insurance (Group) Company is owned as to 90% and 10% by the Ministry of Finance of the PRC and National Council for Social Security Fund, respectively;
- (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 State-owned Assets Supervision and Administration Commission of Shanghai;
- (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 SASAC of the State Council; 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 wholly-owned by SASAC of the State Council.

Information in relation to COMAC

COMAC is a company incorporated in the PRC with limited liability. The principal businesses of COMAC mainly include the design, research and development, production, modification, test, sales, maintenance, servicing, technology development and consulting services, etc. of civil aircraft and related products. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, COMAC and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and are not connected persons of the Company.

V. DEFINITIONS

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

“Aircraft”	means 100 C919 series aircraft
“Aircraft Purchase”	means the purchase of the Aircraft pursuant to the Aircraft Purchase Agreement
“Aircraft Purchase Agreement”	means the C919 aircraft purchase agreement dated 28 September 2023, which is entered into between the Company and COMAC regarding the Aircraft Purchase
“COMAC”	means Commercial Aircraft Corporation of China, Ltd., a company incorporated in the PRC with limited liability
“Board”	means the board of directors of the Company
“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
“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 Listing Rules
“Consideration”	the actual value of the consideration payable by the Company to COMAC for purchasing the Aircraft pursuant to Aircraft Purchase Agreement (taking into account the price concessions)
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“SASAC”	means State-owned Assets Supervision and Administration Commission
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“USD”	means the United States dollars, the lawful currency of the United States of America
“%”	means per cent.

For the purpose of illustration only, conversion of USD into RMB in this announcement is based on the exchange rate of USD1.00 to RMB7.1798. Such conversion should not be construed as a representation that any amount in RMB or USD has been, could have been, or may be, exchanged at this or any other rate.

By order of the Board
CHINA EASTERN AIRLINES CORPORATION LIMITED
Wang Jian
Company Secretary
Shanghai, the People’s Republic of China
28 September 2023

As at the date of this announcement, the directors of the Company include 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).