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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 DISPOSAL OF EQUITY INTERESTS IN NEW SHANGHAI INTERNATIONAL**

### **DISPOSAL OF EQUITY INTERESTS IN NEW SHANGHAI INTERNATIONAL**

To further focus on the principal businesses of the Company and enhance operational efficiency, on 8 November 2024, the seventh ordinary meeting of the tenth session of the Board of the Company considered and approved the Resolution in relation to the Transfer of Equity Interests in New Shanghai International Tower, pursuant to which, the Company proposed to transfer 20% equity interests in New Shanghai International to CEA Asset. The consideration of the Equity Transfer shall be determined with reference to appraised net assets in assets valuation report of New Shanghai International filed with the superior state-owned assets administration authority. Upon the Equity Transfer, the Company will cease to hold equity interests in New Shanghai International.

On 18 June 2025, the Company entered into the Contract with CEA Asset, pursuant to which, the Company disposed of 20% equity interests in New Shanghai International to CEA Asset at a consideration of RMB286,437,800 for the Equity Transfer.

### **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, CEA Asset is a wholly-owned subsidiary of CEA Holding, which is the controlling Shareholder of the Company holding 54.25% equity interests in the Company. Therefore, CEA Asset is a connected person of the Company within the meanings of the Hong Kong Listing Rules. The transaction contemplated under the Contract 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 Contract exceeds 0.1% but is less than 5%, the transaction contemplated under the Contract 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

To further focus on the principal businesses of the Company and enhance operational efficiency, on 8 November 2024, the seventh ordinary meeting of the tenth session of the Board of the Company considered and approved the Resolution in relation to the Transfer of Equity Interests in New Shanghai International Tower, pursuant to which, the Company proposed to transfer 20% equity interests in New Shanghai International to CEA Asset. The consideration of the Equity Transfer shall be determined with reference to appraised net assets in assets valuation report of New Shanghai International filed with the superior state-owned assets administration authority. Upon the Equity Transfer, the Company will cease to hold equity interests in New Shanghai International.

On 18 June 2025, the Company entered into the Contract with CEA Asset, pursuant to which, the Company disposed of 20% equity interests in New Shanghai International to CEA Asset at a consideration of RMB286,437,800 for the Equity Transfer.

## B. THE CONTRACT

On 18 June 2025, the Company entered into the Contract with CEA Asset. The principal terms of the Contract are set out as follows:

**Date:** 18 June 2025

**Parties:** (1) CEA Asset, as the transferee; and  
(2) the Company, as the transferor

**Subject matter:** 20% equity interests in New Shanghai International

**Consideration and basis of determination:** The consideration of the Equity Transfer under the Contract is RMB286,437,800, which is determined by parties on an arm's length basis and with reference to the assets valuation report (the "**Assets Valuation Report**") prepared by Pan-China Assets Appraisal Co., Ltd., an independent and qualified valuer (the "**Valuer**") through the asset-based approach. As at 30 June 2024 (the "**Valuation Benchmark Date**"), the book value of net assets of New Shanghai International was RMB270,212,100 and the appraised value was RMB1,432,188,900. As negotiated by parties on an arm's length basis and with reference to (i) value of all shareholders' equity interests in New Shanghai International on the Valuation Benchmark Date as set out in the Assets Valuation Report; and (ii) percentage of equity interests in New Shanghai International to be disposed of by the Company, it is determined that 20% of the appraised value (i.e., RMB286,437,800) shall be the transaction consideration.

**Payment method and term:**

The parties agreed to complete the payment in two installments. The specific payment arrangements are as follows:

- (1) CEA Asset shall pay 30% of the total transaction price for the equity interest to the Company on or before 30 June 2025;
- (2) CEA Asset shall pay the remaining 70% of the transaction price for the equity interest to the Company on or before 30 November 2025.

**Delivery or transfer schedule:**

Within ten (10) working days after the completion date and upon full receipt of the transaction payment for the equity interest, the transferor shall facilitate the target company to complete the change of registration of ownership certificates for the subject equity interest. The transferee shall provide necessary cooperation.

**Conditions for effectiveness of the agreement:**

The Contract shall become effective upon the fulfillment of all the following conditions:

- (1) The Contract has been signed by the legal representatives or authorized representatives of both parties and affixed with the company seal or contract seal;
- (2) The Equity Transfer under the Contract has been approved by the competent state-owned assets supervision and administration authority and the asset valuation results have been duly filed;
- (3) Both parties have completed the relevant internal and external review and approval procedures for the signing and performance of the Contract in accordance with their currently effective articles of association and applicable laws;
- (4) The target company has completed the relevant internal review and approval procedures for the Equity Transfer in accordance with its currently effective articles of association and applicable laws;
- (5) Other necessary prior approvals and registration procedures for the Equity Transfer (if any) have been obtained.

- Liabilities of default:**
- (1) If CEA Asset fails to make any installment payment on time, it shall pay the Company a penalty of 0.5‰ per day of the overdue portion of the payment. If the delay exceeds 30 days, the Company shall have the right to terminate the Contract and claim damages from CEA Asset;
  - (2) If the Company fails to cooperate with CEA Asset in completing the transfer of rights of the equity-holding entity in a timely manner, it shall pay CEA Asset a penalty of 0.5‰ per day of the transaction amount. If the delay exceeds 30 days, CEA Asset shall have the right to terminate the Contract and claim damages from the Company.
  - (3) If either party breaches the obligations and commitments stipulated in the Contact and causes losses to the other party, the breaching party shall be liable for compensation. If the breach has a material and adverse effect on the subject equity interest or the target company, making the purpose of the Contact unachievable, the non-breaching party shall have the right to terminate the Contact and claim damages from the breaching party.

## C. VALUATION

### **Valuation methods adopted by the Valuer and its reasons**

The Valuer adopted the asset-based approach to evaluate the market value of the total equity interests of shareholders of New Shanghai International on the Valuation Benchmark Date. The asset-based approach refers to an valuation method that determines the value of the evaluated object by evaluating the value of various assets and liabilities both on and off the balance sheet based on the balance sheet of the evaluated unit on the Valuation Benchmark Date. Considering that during this valuation, the evaluated unit can provide and the the Valuer may also collect materials required for the asset-based approach externally and conduct comprehensive inspection and valuation of the assets and liabilities of the evaluated unit, the asset-based approach therefore applies to this valuation.

## **Valuation assumptions**

The valuation assumptions made by the the Valuer are as follows:

1. **Transaction assumption:** It is assumed that all the assets to be evaluated are already in the process of transaction. The Valuer evaluates based on a simulated market such as transaction conditions and other market factors of the assets to be evaluated.
2. **Open market assumption:** The open market assumption is an assumption about the conditions under which an asset is intended to enter the market and the impacts that the asset will receive under such market conditions. An open market refers to fully developed and complete market conditions. It is a competitive market with voluntary buyers and sellers, where buyers and sellers have equal status and both have the opportunity and time to obtain sufficient market information. Transactions between buyers and sellers are conducted under voluntary, rational, non-mandatory or unrestricted conditions.
3. **Continuous use assumption:** The continuous use assumption is an assumption about the conditions under which an asset is intended to enter the market and the asset's status under such market conditions. Firstly, it is assumed that the evaluated asset is in use. Secondly, it is assumed that the asset in use will continue to be used. The conversion of asset uses or the optimal utilization conditions are not taken into consideration under the continuous use assumption, therefore, the application scope of its evaluation results is subject to limitations.
4. **Going-concern assumption:** It is an evaluation assumption made by taking the overall assets of the enterprise as the evaluated object. That is to say, as a business entity, the enterprise continues to operate in accordance with its business goals under the external environment. Business operators are responsible and capable of taking responsibility; the enterprise operates legally and is capable of obtaining appropriate profits to maintain its sustainable operation ability.

## **Valuation conclusion**

Upon valuation with the asset-based valuation approach, as of the Valuation Benchmark Date, the book value of total assets of New Shanghai International was RMB286,847,200, and the appraised value was RMB1,448,824,000, with an increase of RMB1,161,976,800, representing a growth rate of 405.09%. The book value of liabilities was RMB16,635,100 and the appraised value was RMB16,635,100 without increase or decrease; the book value of net assets was RMB270,212,100, and the appraised value was RMB1,432,188,900, with an increase of RMB1,161,976,800, representing a growth rate of 430.02%. The appraised value of total assets and net assets of New Shanghai International recorded an increase as compared with the book value mainly due to the fact that New Shanghai International Tower is located in the financial center, Lujiazui, Shanghai. The location is mature, the real estate was self-built for commercial purpose and the construction was completed in 1997 when the construction costs were relatively low. As the real estate market in Shanghai develops for years, the market prices of real estates have increased significantly, thereby resulting in the appraised value of total assets and net assets of New Shanghai International being significantly higher than their book value.

## **D. FINANCIAL IMPACT AND USE OF PROCEEDS**

Upon the disposal of 20% equity interests of New Shanghai International, the expected gain of the Company is approximately RMB232,908,100 (tax exclusive) (calculated based on the difference between the appraised net book value and actual consideration as at 30 June 2024). The aforementioned financial impact is for illustrative purposes only, and the actual gain recognised in the financial statements of the Company shall be subject to, among other things, the actual costs and expenses related to the disposal, the net book value of the target assets as at the date of completion of the disposal and the consolidated financial statements of the Company audited by the auditors of the Company.

The Company intends to use the proceeds from the transfer of the target assets for its daily operations.

## **E. REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER**

The transaction will enable the Company to optimise its external equity investment structure, further focus on the main responsibilities and main businesses, and improve operating efficiency.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the transaction is carried out upon arm's length negotiations between both parties, conducted on normal commercial terms, 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 Asset is a wholly-owned subsidiary of CEA Holding, which is the controlling Shareholder of the Company holding 54.25% equity interests in the Company. Therefore, CEA Asset is a connected person of the Company within the meanings of the Hong Kong Listing Rules. The transaction contemplated under the Contract 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 Contract exceeds 0.1% but is less than 5%, the transaction contemplated under the Contract 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. Wang Zhiqing and Mr. Liu Tiexiang) are the directors of CEA Holding, which may be deemed to have material interests in the connected transaction. Therefore, they have abstained from voting at the Board meeting convened for approving the Equity Transfer. Save for those disclosed above, no Director has any material interests in the Equity Transfer.

## **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) 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) 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 Shanghai SASAC;

- (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; 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.

### **Information in relation to CEA Asset**

CEA Asset 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.

### **Information in relation to New Shanghai International**

New Shanghai International is principally engaged in the operating leasing of office and function rooms in New Shanghai International Tower.

As at the date of this announcement, New Shanghai International is owned by the following parties:

- (i) as to 60% by Shanghai International Group Asset Management Co., Ltd., which is directly wholly-owned by Shanghai International Group Co., Ltd. and is ultimately wholly-owned by Shanghai SASAC;
- (ii) as to 20% by Zhongrun Economic Development Co., Ltd., which is directly wholly-owned by Cinda Investment Co., Ltd., which in turn is wholly-owned by China Cinda Asset Management Co., Ltd., a company listed on the Stock Exchange (stock code: 1359); and
- (iii) as to 20% by the Company.

The table below sets out the audited financial data of New Shanghai International for the years ended 31 December 2023 and 31 December 2024 prepared in accordance with PRC Accounting Standards for Business Enterprises:

*Unit: RMB0'000*

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
<b>Net profit/(loss) before tax and extraordinary items</b>	1,582.99	2,178.52
<b>Net profit/(loss) after tax and extraordinary items</b>	1,144.88	1,629.96

According to the audited financial statements of New Shanghai International as at 31 December 2024, the total assets and net assets of New Shanghai International were RMB279,076,700 and RMB261,741,500, respectively.

## H. DEFINITIONS

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

“Equity Transfer”	means the disposal of the 20% equity interests in New Shanghai International by the Company to CEA Asset
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“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 Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Contract”	means the Equity Transfer Contract dated 18 June 2025 entered into between CEA Asset and the Company, pursuant to which the Company disposed of 20% equity interests in New Shanghai International to CEA Asset at a consideration of RMB286,437,800 for the Equity Transfer
“Director(s)”	means the director(s) of the Company
“New Shanghai International”	means New Shanghai International Tower Co., Ltd., which is held as to 60%, 20% and 20% by Shanghai International Group Asset Management Co., Ltd., Zhongrun Economic Development Co., Ltd. and the Company respectively as at the date of this announcement
“CEA Asset”	means 東航資產投資管理有限公司(China Eastern Airlines Assets Investment Management Co., Ltd.), a wholly-owned subsidiary of CEA Holding
“Group”	means the Company and its subsidiaries

“Hong Kong”	means the 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 the 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
“SASAC”	means the 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
“%”	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  
18 June 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).*