中國國際航空股份有限公司
AIR CHINA LIMITED

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

(Stock Code: 00753)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2018 Circular in relation to the continuing connected transactions of the Company. At the 2018 EGM, the Independent Shareholders approved certain continuing connected transactions of the Company and their relevant annual caps for the three years ending 31 December 2021 which are required to be approved by the Independent Shareholders under the Shanghai Listing Rules. The Company expected certain continuing connected transactions set out in the 2018 Circular will continue to be conducted after 31 December 2021, therefore the Company will continue to comply with Chapter 14A of the Hong Kong Listing Rules for such continuing connected transactions to be conducted in the next three years (i.e. from 1 January 2022 to 31 December 2024) in accordance with the Hong Kong Listing Rules.

On 29 October 2021, the Board approved the continuing connected transactions set out in this announcement and the annual caps for each of them for the three years ending 31 December 2022, 2023 and 2024.

As each of the applicable Percentage Ratios (other than the profits ratio) of the continuing connected transactions (excluding the de minimis continuing connected transactions) set out in this announcement, on an annual basis, is higher than 0.1% and less than 5.0%, they therefore fall under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. Accordingly, these continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the Independent Shareholders' approval requirement.

However, pursuant to the Shanghai Listing Rules, the Company will seek the Independent Shareholders' approval for the continuing connected transactions under the Government Charter Flight Service Framework Agreement, the Comprehensive Services Framework Agreement, the Properties Leasing Framework Agreement, the Construction Project Commissioned Management Framework Agreement and the Media Services Framework Agreement.

A circular containing, among other things, details of the continuing connected transactions set out in this announcement will be despatched to the Shareholders on or before 12 November 2021.

1. INTRODUCTION

Reference is made to the 2018 Circular in relation to, among other things, the continuing connected transactions of the Company. At the 2018 EGM, the Independent Shareholders approved certain continuing connected transactions of the Company and their relevant annual caps for the three years ending 31 December 2021 which are required to be approved by the Independent Shareholders under the Shanghai Listing Rules. The Company expected certain continuing connected transactions set out in the 2018 Circular will continue to be conducted after 31 December 2021, therefore the Company will continue to comply with Chapter 14A of the Hong Kong Listing Rules for such continuing connected transactions to be conducted in the next three years (i.e. from 1 January 2022 to 31 December 2024) in accordance with the Hong Kong Listing Rules.

On 29 October 2021, the Board approved the continuing connected transactions set out in this announcement and the annual caps for each of them for the three years ending 31 December 2022, 2023 and 2024.

2. PARTIES AND CONNECTED RELATIONSHIP BETWEEN THE PARTIES

The Company, whose principal business activity is air passenger, air cargo and related services, conducts continuing connected transactions with the following parties:

- **CNAHC**

  CNAHC directly holds 40.98% of the Company's shares and holds 10.72% of the Company's shares through its wholly-owned subsidiary CNACG, and is a controlling shareholder of the Company. Therefore, CNAHC is a connected person of the Company as defined under the Hong Kong Listing Rules. As at the date of this announcement, The State-owned Assets Supervision and Administration Commission of the State Council is a controlling shareholder and de facto controller of CNAHC. CNAHC primarily operates all the state-owned assets and state-owned equity interests invested by the State in CNAHC and its invested entities, aircraft leasing and aviation equipment and facilities maintenance businesses.

- **CNAMC**

  CNAMC is a wholly-owned subsidiary of CNAHC and is therefore a connected person of the Company as defined under the Hong Kong Listing Rules. CNAMC is primarily engaged in media and advertising business.

- **CNACD**

  CNACD is a wholly-owned subsidiary of CNAHC and is therefore a connected person of the Company as defined under the Hong Kong Listing Rules. CNACD is primarily engaged in businesses such as entrusted asset management, real estate development and construction project implementation and supervision.

3. CONTINUING CONNECTED TRANSACTIONS

3.1. Government Charter Flight Services

The Company (as the carrier) and CNAHC (as the charterer) entered into the Government Charter Flight Service Framework Agreement on 29 October 2021.

Description of the transaction:

Pursuant to the Government Charter Flight Service Framework Agreement, CNAHC shall use the charter flight services of the Company (the "**Government Charter Flight Services**") for fulfilling its government charter flight assignments.

The parties agreed that the parties will determine the price for the Government Charter Flight Services through arm's length negotiations between the parties based on the cost incurred by the carrier in providing the Government Charter Flight Services adding a reasonable profit (the reasonable profit margin generally ranges from 5% to 10%). The costs include direct costs and indirect costs. The initial term of the Government Charter Flight Service Framework Agreement is from 1 January 2022 to 31 December 2024. Upon expiration of the initial term, the Government Charter Flight Service Framework Agreement may be renewed automatically for successive terms of three years each, subject to the compliance with the requirements of the Hong Kong Listing Rules/the Shanghai Listing Rules and the approval procedures required under the Hong Kong Listing Rules/the Shanghai Listing Rules. During the term of the Government Charter Flight Service Framework Agreement, either party may terminate the Government Charter Flight Service Framework Agreement on any 31 December by giving the other party at least three months' written notice.

Reasons for the transaction:

As the national flag carrier in China, the Company has historically provided government related charter flight services to State leaders, government delegates, national sports teams and cultural envoys. As the designated government charter flight carrier, the Company has gained significant brand recognition. Pursuant to the Government Charter Flight Service Framework Agreement, the Company may generate revenue from such transactions based upon the cost-plus charging method.

Historical amounts and proposed caps:

Set forth below is a summary of the historical annual caps, the actual amounts and the proposed annual caps for the amount payable by CNAHC for the Company's provision of the Government Charter Flight Services:

	Historical Annual Caps			Historical Actual Amounts				Proposed Annual Caps		
Transaction	**Annual cap for the year ended 31 December 2019**	**Annual cap for the year ended 31 December 2020**	**Annual cap for the year ending 31 December 2021**	**Actual annual amount for the year ended 31 December 2019**	**Actual annual amount for the year ended 31 December 2020**	**Unaudited historical amount for the period from 1 January to 30 June 2021**	**Estimated annual amount for the year ending 31 December 2021**	**Annual cap for the year ending 31 December 2022**	**Annual cap for the year ending 31 December 2023**	**Annual cap for the year ending 31 December 2024**
Amount payable by CNAHC for the Company's provision of the Government Charter Flight Services	RMB900 million	RMB900 million	RMB900 million	RMB487 million	RMB425 million	RMB0 million	RMB450 million	RMB900 million	RMB900 million	RMB900 million

Due to the irregular and unpredictable demand for government charter flights and the sudden outbreak of the pandemic in 2020, there had been a decrease in the international charter flight business after the implementation of the "Five-One" policy for international flights by the Civil Aviation Administration, resulting in lower-than-expected revenue from the charter flight business of the Company from 2019 to 2021.

Basis for the annual caps for the next three years:

In arriving at the above annual caps, the Directors have considered the historical and expected transaction amount for the same type of transactions as set out in the table above. As China further enhances its influence in the world, and the global impact of the Covid-19 pandemic will gradually diminish in the future, it is expected that government's overseas visits will gradually resume and continuously increase from 2022 to 2024, and the annual caps for the revenue generated from government charter flights are expected to be maintained at RMB900 million for each year from 2022 to 2024.

3.2. Comprehensive Services

The Company and CNAHC entered into the Comprehensive Services Framework Agreement on 29 October 2021.

Description of the transaction:

Pursuant to the Comprehensive Services Framework Agreement:

- The Group accepts CNAHC Group's appointment to provide CNAHC Group with products or services including but not limited to retiree management services, human resources services (including general, servicing and consulting services in respect of personnel employment, archival information, salaries and benefits, social insurance and employee services), information technology services, procurement services, training services, air passenger transportation agency services and in-flight supplies.

  For the relevant products or services provided by the Group to CNAHC Group, the price to be charged by the Group will be determined after arm's length negotiations between the parties on the basis of the costs of the Group adding a reasonable service fee (generally ranging from 3% to 10% of the costs) and/or with reference to the price for the same type of products or services provided by the Group to other parties under non-related (non-connected) transactions.

- CNAHC Group was appointed by the Group as the provider of ancillary production services or the administrator of supply services of the Group for which CNAHC Group shall provide the following products or services to the Group including but not limited to (provided that the provider has obtained the relevant qualifications and certifications):

  (1) on-board catering and food supply management services on global flights;

  (2) operation and management services of office buildings;

  (3) property management services in office buildings and the regions at which the office buildings are located including but not limited to Beijing, Chengdu, Chongqing, Shanghai, Hangzhou, Guangzhou, Wuhan and Hohhot; and the services of which include but not limited to cleaning services, plantation services, laundry services, parking management services, procurement and repair services, energy management and other services;

  (4) support services for resident group, support services for delayed flights passengers and scenario mileage payment products;

(5) catering support and cleaning services for check-in area and lounge for high-end passengers at terminals;

(6) other commissioned services.

For the above mentioned products or services to be provided by CNAHC Group to the Group, the parties shall, according to the service items and specific needs, determine the relevant service fees through arm's length negotiations in accordance with the following principles: (i) the final transaction price shall be determined after arm's length negotiations between the parties based on the quotations provided by CNAHC Group, with reference to the market price (if any) for the same type of services available from at least two independent third parties in the market and take into account factors including the service standard, service scope, business volume and specific needs of the parties; and/or (ii) the service fee shall be determined after arm's length negotiations between the parties based on the costs of CNAHC Group adding a reasonable service fee, and offering rewards or imposing penalties depending on the management of CNAHC Group, the final settlement of which shall be made on the basis of the actual transaction amount. In the case of item (ii), CNAHC Group shall provide information including but not limited to its own costs, external procurement and actual settlement conditions. The service fee received by CNAHC Group shall not exceed 10% of the costs, and shall be determined mainly by reference to the historical average prices released in relevant industry for similar products or services (where possible), and/or the profit margin of the comparable products or services disclosed by other listed companies.

- CNAHC Group was engaged by the Group as one of the providers of ancillary production or supply services of the Group, which CNAHC Group shall provide the Group with the following products or services including but not limited to (provided that the provider has obtained the relevant qualifications and certifications):

(1) hotel accommodation and staff recuperation services;

(2) air ticket printing services and other printed materials;

(3) air passenger transportation agency services;

(4) other services such as airline catering services and provision of all kinds of on-board services supplies.

For the above mentioned products or services to be provided by CNAHC Group to the Group, the Group will determine the relevant service fees through arm's length negotiations with CNAHC Group in accordance with the following principles:

(1) if government-set or guided price is available, government-set or guided price shall be adopted;

(2) in the absence of government-set or guided price, the final transaction price shall be determined after arm's length negotiations between the parties with reference to the market price (if any) for the same type of products or services available from at least two independent third parties in the market, by taking into account certain factors including the service standard, service scope, business volume and specific needs of the parties. If the service demand of the service recipient changes, the transaction price shall be adjusted appropriately through negotiations between the parties based on the extent of changes in relevant costs, service quality or other factors;

(3) if open market price is not available or there are no identical or similar business activities in the market, the parties shall settle the actual transaction amount based on the costs of CNAHC Group adding a reasonable service fee, and offering rewards or imposing penalties depending on the management of CNAHC Group. CNAHC Group shall provide information including but not limited to its own cost, external procurement and actual settlement conditions. The service fee received by CNAHC Group shall not exceed 10% of the costs, and shall be determined mainly by reference to the historical average prices released in relevant industry for similar products or services (where possible) and/or the profit margin of the comparable products or services disclosed by other listed companies.

- The Group and CNAHC Group commission each other for the human resources sharing business within the two groups. In principle, the transaction price shall be determined through arm's length negotiations between the parties based on the labor costs incurred, and the transaction price shall be fully borne by the worksite employer.

In the process of renewing the continuing connected transaction agreements, for the purpose of better managing the related business, the Company and CNAHC would no longer renew the sales agency services framework agreement dated 30 October 2018 (the "**Sales Agency Services Framework Agreement**"). The passenger transportation agency services provided by CNAHC Group to the Group pursuant to the Sales Agency Services Framework Agreement shall be included in and governed by the Comprehensive Services Framework Agreement, and the cargo sales agency service provided by CNAHC Group to the Group pursuant to the Sales Agency Services Framework Agreement has been included in and governed by the continuing connected transaction framework agreement ("**ACC Framework Agreement**") entered into between the Company and Air China Cargo on 30 October 2019.

The initial term of the Comprehensive Services Framework Agreement is from 1 January 2022 to 31 December 2024. Upon expiration of the initial term, the Comprehensive Services Framework Agreement may be renewed automatically for successive terms of three years each, subject to the compliance with the requirements of the Hong Kong Listing Rules/the Shanghai Listing Rules and the approval procedures required under the Hong Kong Listing Rules/the Shanghai Listing Rules. During the term of the Comprehensive Services Framework Agreement, either party may terminate the agreement on any 31 December by giving the other party at least three months' written notice.

Reasons for the transaction:

As the Group possesses service qualification and excellent professional capabilities in professional fields such as retiree management and human resources services, CNAHC Group is willing to continue to cooperate with the Company in relevant businesses.

For the aforementioned services to be provided by CNAHC Group, the Directors believe that CNAHC Group has strengths that independent third parties in the market do not possess, including (1) knowledge of the aviation industry; (2) a proven track record of quality and timely service provided in the past; (3) the sites at which services are provided by CNAHC Group are generally in close proximity to the Company, and therefore CNAHC Group is in a position to offer highly efficient services. In light of the aforementioned factors, the Directors believe that it is in the best interest of the Group to enter into the above transactions with CNAHC.

Historical Amounts and Proposed Caps:

Set forth below is a summary of the historical annual caps for and the actual total amounts paid and received by the Group to and from CNAHC Group in accordance with the comprehensive services framework agreement dated 30 October 2018, and the proposed annual caps for the total amount payable and receivable by the Group to and from CNAHC Group in accordance with the Comprehensive Services Framework Agreement:

	Historical Annual Caps			Historical Actual Amounts				Proposed Annual Caps		
Transactions	Annual cap for the year ended 31 December 2019	Annual cap for the year ended 31 December 2020	Annual cap for the year ended 31 December 2021	Actual annual amount for the year ended 31 December 2019	Actual annual amount for the year ended 31 December 2020	Unaudited historical amount for the period from 1 January to 30 June 2021	Estimated annual amount for the year ending 31 December 2021	Annual cap for the year ending 31 December 2022	Annual cap for the year ending 31 December 2023	Annual cap for the year ending 31 December 2024
Amount payable by the Group	RMB2,100 million	RMB2,500 million	RMB3,000 million	RMB1,483 million	RMB967 million	RMB577 million	RMB1,935 million	RMB2,650 million	RMB2,750 million	RMB2,780 million
Amount receivable by the Group	Below the de minimis threshold as stipulated under Rule 14A.76(1)(a) of the Hong Kong Listing Rules			RMB5 million	RMB15 million	RMB14 million	RMB30 million	RMB100 million	RMB110 million	RMB121 million

As affected by the pandemic in 2020, both international and domestic transport capacity declined significantly, and hence the supply of in-flight meals and amenities correspondingly decreased by a large extent. Furthermore, facing the impact of the pandemic, the Company enhanced refined management on rigid costs and controllable expenses. The interplay of the above factors has caused the actual amounts paid by the Group to CNAHC Group decrease substantially as compared with the annual caps.

Basis for the annual caps for the next three years:

In arriving at the annual caps for the amount payable by the Group to CNAHC Group in accordance with the Comprehensive Services Framework Agreement, the Directors have considered the historical transaction amount for the same type of transactions and the expected growth of the Group's air passenger services in the next few years. Considering that (i) it is expected that the Group's transport capacity will gradually return to the pre-pandemic level in the next three years, so that the Group's demand for ancillary production and supply services such as on-board service supplies, airline catering services and aviation ground services will also gradually return to the pre-pandemic level and continue to increase, and the transaction amount payable to CNAHC Group under the Comprehensive Services Framework Agreement is expected to increase accordingly; (ii) the expected increase in labour cost in the next three years will also result in the increase in transaction amount; (iii) the inclusion of catering support and cleaning services at terminals into the Comprehensive Services Framework Agreement is expected to increase the transaction amount by approximately RMB150 million to RMB200 million each year; (iv) the increase in related costs resulting from the Group's new businesses in the next three years. Taking into account the above mentioned factors, it is expected that the amount payable by the Group to CNAHC Group in 2022 under the Comprehensive Services Framework Agreement shall not exceed RMB2,650 million and shall not exceed RMB2,750 million and RMB2,780 million in 2023 and 2024, respectively.

In arriving at the annual caps for the amount payable by CNAHC Group to the Group in accordance with the Comprehensive Services Framework Agreement, the Directors have considered (i) the addition of services such as human resources management provided by the Group which is expected to result in an increase in the expenditure of transaction amount of CNAHC Group under the Comprehensive Services Framework Agreement accordingly; (ii) the expected increase in labour cost in the next three years will also result in an increase in the transaction amount. Taking into account the abovementioned factors, it is expected that the amount receivable by the Group from CNAHC Group in 2022 under the Comprehensive Services Framework Agreement shall not exceed RMB100 million, and shall not exceed RMB110 million and RMB121 million in 2023 and 2024, respectively.

3.3. Property Leasing

The Company and CNAHC entered into the Properties Leasing Framework Agreement on 29 October 2021.

Description of the transaction:

Pursuant to the Properties Leasing Framework Agreement, the Group and CNAHC Group agreed to lease from each other certain properties (including ancillary facilities) and land use rights owned by each other for their respective production and operation, office and storage use.

- The Group (as lessor) may rent out its own properties (including properties constructed by the Group or customized upon the request of CNAHC Group) or land with legal use rights to CNAHC Group for its production and operation, office and storage use. The pricing principles and conducting of the transaction shall be as follows:

  First, the Group shall provide quotation for the leased properties or land to CNAHC Group after taking into account the factors including the relevant costs, tax and reasonable profit margin relating to the properties or land. The related costs include, among others, construction costs, depreciation costs, funding costs and maintenance costs. The reasonable profit margin is usually around 10%, mainly with reference to the historical average price for similar services (where possible) released in the property leasing industry and/or the profit margin of comparable services disclosed by other listed companies.

  Then, the rent payable for the leased properties or land shall be determined through arm's length negotiations between the Group and CNAHC Group after CNAHC Group takes into account the factors such as the location of the leased properties or land and the service quality. Such rent shall not be lower than the rent offered by the Group to an independent third party (if any) in comparable circumstances.

- The Group (as lessee) may lease properties owned by CNAHC Group and land with legal use right from CNAHC Group based on its production and operation, office and storage needs. The pricing principles and conducting of the transaction shall be as follows:

  First, the Group shall conduct market research and collect, consolidate and analyze information in respect of provision of leasing services by independent third parties for the same type of properties or land (if any) in close proximity to the properties or land. Generally, the Group shall assign a department or an officer to verify the price and terms available from at least two independent third parties (if any) by email, fax or telephone.

Then, (i) if there is comparable market of the same type found through market research, the parties shall determine the rental prices for the leased properties or land through arm's length negotiations with reference to the market price for the same type of services available from at least two independent third parties and take into account certain factors. The relevant factors include, among others, the location, function and layout, furnishing, ancillary facilities and property management of the property or land as well as the specific needs of the lessee; (ii) if there is no comparable market of the same type found in the neighboring areas through market research, the price shall be determined by adopting the cost-plus approach: the rental price of the leased properties or land shall be determined through arm's length negotiations between the parties based on the relevant costs, tax and reasonable profit margin of the properties or land offered by CNAHC Group. The relevant costs include, among others, construction costs, depreciation costs, funding costs and maintenance costs. The reasonable profit margin shall be determined mainly with reference to the historical average price of similar services (where possible) released in the property leasing industry and/or the profit margin of comparable services disclosed by other listed companies, and the reasonable profit margin of CNAHC Group shall not exceed 10%. The abovementioned rental prices shall not be higher than those offered by CNAHC Group to the independent third parties (if any) in comparable circumstances.

When leasing each other's properties or land, the parties may determine the price for leasing their respective properties or land based on the above pricing principles, and then exchange the properties or land use right in accordance with the principle of equivalent exchange.

Pursuant to the Properties Leasing Framework Agreement, the leasing term of properties or land for both parties shall not exceed three years. However, (i) if there are specific government and/or industry requirements, the leasing term of properties or land shall comply with such requirements; or (ii) if the property(ies) is/are custom built by the Group according to the requirements of CNAHC Group, the leasing term of the property(ies), in principle, shall not exceed the useful life of the leased property(ies).

The initial term of the Properties Leasing Framework Agreement is from 1 January 2022 to 31 December 2024. Upon expiration of the initial term, the Properties Leasing Framework Agreement may be renewed automatically for successive terms of three years each, subject to the compliance with the requirements of the Hong Kong Listing Rules/the Shanghai Listing Rules and the approval procedures required under the Hong Kong Listing Rules/the Shanghai Listing Rules. During the term of the Properties Leasing Framework Agreement, either party may terminate the Properties Leasing Framework Agreement on any 31 December by giving the other party at least three months' written notice.

Reasons for the transaction:

In the ordinary course of business, the Group has entered into similar property leasing transactions with various parties including both connected persons and independent third parties.

Historical amounts and proposed caps:

Set forth below is a summary of the historical annual caps for and actual rent paid and received by the Group to and from CNAHC Group under the properties leasing framework agreement dated 30 October 2018, and the proposed annual caps for the rent payable and receivable by the Group to and from CNAHC Group under the Properties Leasing Framework Agreement:

Transactions	Historical Annual Caps			Historical Actual Amounts				Proposed Annual Caps		
	Annual cap for the year ended 31 December 2019	Annual cap for the year ended 31 December 2020	Annual cap for the year ending 31 December 2021	Actual annual amount for the year ended 31 December 2019	Actual annual amount for the year ended 31 December 2020	Unaudited historical amount for the period from 1 January to 30 June 2021	Estimated annual amount for the year ending 31 December 2021	Annual cap for the year ending 31 December 2022	Annual cap for the year ending 31 December 2023	Annual cap for the year ending 31 December 2024
Total value of right-of- use assets relating to the leases entered into by the Group as the lessee in accordance with the Properties Leasing Framework Agreement Note	RMB500 million	RMB550 million	RMB620 million	RMB137 million	RMB34 million	RMB17 million	RMB300 million	RMB350 million	RMB370 million	RMB390 million
Total annual rent receivable by the Group as the lessor (excluding the belowmentioned Single Rent)	Below the de minimis threshold as stipulated under Rule 14A.76(1)(a) of the Hong Kong Listing Rules			RMB3 million	RMB3 million	RMB1 million	RMB29 million	RMB150 million	RMB166 million	RMB176 million
Single Rent recorded by the Group in relation to the leasing of Customized Properties under the Properties Leasing Framework Agreement	N/A							0	RMB230 million	RMB330 million

Note: As International Financial Reporting Standard 16 "Lease" took effect from 1 January 2019 and became applicable to financial years starting on or after 1 January 2019, pursuant to the requirements of the Hong Kong Stock Exchange, the annual caps for the continuing connected transactions of property leasing with the Group as the lessee for 2022, 2023 and 2024 are set based on the total value of right-of-use assets relating to the leases entered into by the Group.

Basis for the annual caps for the next three years:

In arriving at the above annual caps for the total value of right-of-use assets relating to the leases to be entered into by the Group acting as lessee in accordance with the Properties Leasing Framework Agreement, the Directors have considered (i) the historical transaction amount for the same type of transactions; (ii) the future growth of rent payable by the

Group to CNAHC Group (estimated to be approximately 5% per year) and the increase in demand for leasing arising from the business development of the Group. Therefore, it is expected that the total future annual rent to be paid by the Group to CNAHC Group from 2022 to 2024 will not exceed RMB120 million, RMB132 million and RMB145 million, respectively. On such basis, the value of right-of-use assets calculated by discounting the estimated total annual rent of the future years using the incremental borrowing rate of the Group as the discount rate from 2022 to 2024 are expected to be not exceeding RMB350 million, RMB370 million and RMB390 million, respectively.

In arriving at the above annual caps for the annual total rent payable by CNAHC Group to the Group in accordance with the Properties Leasing Framework Agreement, considering the Company intends to include the lease of property(ies) which is/are subject to the supervision and administration of the General Administration of Customs of the PRC (the "**GAC Regulated Property(ies)**") by Air China Cargo (as lessee) from the Company (as lessor) under the ACC Framework Agreement into the Properties Leasing Framework Agreement for the purpose of centralized management starting from 2022, the relevant rental income is therefore expected to increase in the next three years. As such, it is expected that the annual rent payable by CNAHC Group to the Group from 2022 to 2024 under the Properties Leasing Framework Agreement will not exceed RMB150 million, RMB166 million and RMB176 million, respectively.

In addition, the Group expects to enter into customized leasing transactions with CNAHC Group in accordance with the Properties Leasing Framework Agreement in the next three years. That is, the Group will build property(ies) ("**Customized Property(ies)**") on the land to which the Group has the use right according to CNAHC Group's request, and lease out the Customized Property(ies) to CNAHC Group and commence the leasing terms thereof following the completion of the construction. The rent of such leasing transactions comprises of the single rent to be charged prior to the commencement of the leasing term and accounted for as a finance lease from the inception of the leasing term (which generally equals to the construction costs of the property(ies)) (the "**Single Rent**") and the annual rent to be paid upon the commencement of the leasing term (the "**Annual Rent**"). The Annual Rent has been included in the annual caps for the total rent payable by CNAHC Group to the Group under the Properties Leasing Framework Agreement. In respect of the Single Rent, since the Single Rent will be accounted for as a finance lease at the inception of the leasing term, the Company will therefore set the annual transaction cap for the Single Rent with reference to the mechanism of setting a cap for finance lease transactions. Based on the current estimation, the potential Customized Property(ies) transactions to be entered into between the Group and CNAHC Group in the next three years include the new catering building at Hangzhou Xiaoshan International Airport proposed by CNAHC Group (the "**Hangzhou Catering Building Project**") and the new catering buildings at Beijing Capital International Airport and Tianjin Binhai International Airport proposed by CNAHC Group (the "**Beijing and Tianjin Catering Building Project**"). Having considered the estimated construction cost and the timing of inception of leases of the above projects (in particular, it is expected that the leases under the

Hangzhou Catering Building Project and Beijing and Tianjin Catering Building Project will commence in 2023 or 2024 and 2024, respectively), as well as taking into account a buffer, it is expected that the Single Rent to be recorded by the Group for leasing the Customized Property(ies) in relation to the Properties Leasing Framework Agreement for 2023 and 2024 will not exceed RMB230 million and RMB330 million, respectively.

Independent Financial Adviser's opinion on the terms of the agreement:

As mentioned above, under the Properties Leasing Framework Agreement, the leasing term of the properties or land should not exceed three years with the exception that (i) there are special government and/or industry requirements so the leasing term of the property(ies) or land shall comply with such requirements ("**Regulated Property(ies)**"); or (ii) the leased property(ies) is/are Customized Property(ies), the leasing term of the property(ies), in principle, shall not exceed the useful life of the leased property(ies).

As mentioned above, the Company intends to include the lease of GAC Regulated Property(ies) by Air China Cargo (as lessee) from the Company (as lessor) from the ACC Framework Agreement into the Properties Leasing Framework Agreement for the purpose of centralized management. The initial leasing term of the GAC Regulated Property(ies) shall exceed three years which is mainly due to the compulsory administrative regulations of the General Administration of Customs of the PRC. Therefore, the GAC Regulated Property(ies) is/are the Regulated Properties.

According to Rule 14A.52 of the Hong Kong Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years except in special circumstances where the nature of the transaction requires a longer period. In this case, the listed issuer must appoint an independent financial adviser to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration. Accordingly, the Company has engaged BaoQiao Partners as the Independent Financial Adviser. BaoQiao Partners has formulated its opinion based on its researches and analysis and its discussion with the management of the Company in respect of the lease terms of both Regulated Property(ies) and Customized Property(ies) as follows:

Leases of Regulated Properties to have a duration longer than three years

(i) Due to the business nature of the Group and CNAHC Group, some of the properties owned by the Group and CNAHC Group (i.e. offices and warehouses) in close proximity to the airports are located in areas and/or belong to property types that are subject to the oversight and administration of specific government or industrial regulations and the requirements of the corresponding government or industrial authorities on the duration of the tenure when leased.

(ii) BaoQiao Partners noted that there are existing leasing contracts of the Company with Air China Cargo, a connected person of the Company, on properties subject to the oversight and administration of the General Administration of Customs of the PRC. Based on BaoQiao Partners' review of the Measure of the PRC for the General Administration of Places under Customs Supervision General (中華人民共和國海關監管場所管理辦法) issued by the Administration of Customs of the PRC effective from 1 March 2008, and noted that the lease term of property for the use of loading, unloading, storage, delivery and shipping of import and export goods in the areas that are subject to the oversight and supervision of the GAC is required to be at least five years. In this regard, it is normal business practice with regards to the compliance with applicable government/industrial regulations or requirements for the lease term of the lease agreements to be over three years.

(iii) The lease terms for the Regulated Properties are subject to the requirements under specific government or industrial regulations, and the entering into leases of the Regulated Properties will allow the Company to obtain the right of use of the Regulated Properties owned by CNAHC Group for the Group's operation, while also providing the flexibility for the Group to lease out its vacant Regulated Properties for rental income.

Leases of Customized Properties to have a duration longer than three years

(i) As advised by the management of the Company, as the Group and CNAHC Group operate in related business sectors, both groups have similar demands on certain type of properties and/or properties in specific areas (for example, properties within or adjacent to airports) owned by each other.

(ii) Based on the Customized Properties leasing arrangement, the Group will, upon request of CNAHC Group, build Customized Properties on the land to which the Group has the right of use, and then lease out the Customized Properties to CNAHC Group and commence the lease terms thereof following the completion of such Customized Properties. The design and construction costs of the Customized Properties will be borne by CNAHC Group.

(iii) As CNAHC Group (as the lessee) will be incurring substantial capital expenditure for building and construction of the Customized Properties, it would be commercially justifiable for CNAHC Group to request for longer lease terms (which would be reference to the useful life of such Customized Properties) to ensure stable and smooth operations and justifiable costs for building the Customized Properties;

(iv) From the perspective of the Company as the lessor, the Customized Properties leasing arrangement will allow the Company to obtain the property rights of the Customized Properties and thus, enhance the value of the idle land(s) and the asset base of the Company. In addition, it would be commercially reasonable to have the longer lease tenure (which would be reference to the useful life of such Customized Properties) for such properties taking into account (i) the time of construction of the Customized Properties (i.e. one to two years as advised by the management of the Company); and (ii) it would be difficult to lease the idle lands or such purpose-built buildings to other external parties given the business nature of the Company and CNAHC Group;

Review of comparable transactions

(i) BaoQiao Partners has reviewed the continuing connected transaction announcements published by companies listed on the Hong Kong Stock Exchange since 2018, and noted that there were similar framework agreements to the Property Leasing Framework Agreement, of which the lease term exceeded three years. The properties under these framework agreements include production facilities, commercial properties and offices which are relevant to their respective operations and the framework agreements to lease these premises have a duration term of up to 15 years.

(ii) BaoQiao Partners has also researched from publicly available information by listed companies within the Chinese aviation industry listed on the Hong Kong Stock Exchange since 2018. BaoQiao Partners noted that a peer of the Company (the "**Peer Company**") has entered into leasing agreements in 2020 for properties similar to the Customized Properties that are purpose-built by the Peer Company according to the requirements of the counterparty (with the Peer Company as lessor) or purpose-built by the counterparty according to the requirements of the Peer Company (with the Peer Company as lessee). BaoQiao Partners noted that such properties have a tenure of up to 30 years.

Having considered the principal factors discussed above, BaoQiao Partners is of the view that it is normal business practice for the Group and CNAHC Group to enter into leases for the Regulated Properties and the Customized Properties under the Properties Leasing Framework Agreement with terms of more than three years and to be of such duration for agreements of this type.

3.4. Media Services

The Company and CNAMC entered into the Media Services Framework Agreement on 29 October 2021.

Description of the transaction:

Pursuant to the Media Services Framework Agreement,

- CNAMC has agreed to provide Media Services to the Group. Of which, the Company grants CNAMC an exclusive right to distribute in-flight reading materials, movies, TV series, music, sound effect and other cultural contents.

- the Company has commissioned CNAMC as the general service provider with respect to the Media Services of the Company which CNAMC shall provide the Company with the following Media Services (the "**Entrusted Services**"):

  (1) in-flight entertainment system business and in-flight network platform business;

  (2) brand communication and product marketing business: including but not limited to brand research, consultation and planning, design and copywriting planning, print film and television production, public relation activities, media adverting, promotion materials and IP image production and management, social media operation and maintenance and intelligent property management;

  (3) news and publicity business, including but not limited to external media operation and maintenance and internal newspaper production;

  (4) advertisement management business and media cooperation and management business;

  (5) other Media Services entrusted by the Company.

  For abovementioned businesses, the Group will make reference to the service items and specific requirements, and (i) the parties shall determine the final transaction price through arm's length negotiations based on the quotations provided by CNAMC with reference to the market price (if any) for the same type of services available from at least two independent third parties after taking into account factors including the service standard, service scope, business volume and specific needs of the parties; and/or (ii) the service fees shall be determined after arm's length negotiations between the parties based on the costs of CNAMC adding a reasonable service fee, and offering rewards or imposing penalty depending on the management of CNAMC, the final settlement of which shall be made on the basis of the actual transaction amount. CNAMC shall provide information including but not limited to costs, external procurement conditions and actual settlement conditions, and the service fee received by CNAMC shall not exceed 10% of the costs and shall be determined mainly with reference to the historical average prices released in relevant industries for similar products or services (where possible) and/or profit margin of the comparable products and services.

- In respect of the media products or services other than the Entrusted Services that are purchased by the Company from CNAMC, the Group shall determine and pay the relevant services fees in accordance with the following principles and the arm's length negotiations with CNAMC:

  (1) if government-set or guided price is available, government-set or guided price shall be adopted;

  (2) in the absence of government-set or guided price, the final transaction price shall be determined after arm's length negotiations between the parties based on the quotation provided by CNAMC with reference to the market price (if any) for the same type of services available from at least two independent third parties in the market after taking into account certain factors including the service standard, service scope, business volume and specific needs of the parties;

  (3) if open market price is not available or there are no identical or similar business activities in the market, the parties shall settle the actual transaction amount based on the costs of CNAMC adding a reasonable service fee, and offering rewards or imposing penalties depending on the management of CNAMC. CNAMC shall provide information including but not limited to costs, external procurement and actual settlement conditions, and the service fee received by CNAMC shall not exceed 10% of the costs and shall be determined mainly with reference to the historical average prices released in relevant industry for similar products or services (where possible) and/or profit margin of the comparable products and services.

- In respect of the Company's media used by CNAMC in operating the Media Services, CNAMC shall pay the Company an annual media resource fee of RMB13.8915 million for each of the three years of 2022, 2023 and 2024 as per the comparable market prices of the media resources.

The Company will enter into relevant business agreements with CNAMC in accordance with its business requirements. The Company is responsible for business implementation standards, business requirements, budgeting and evaluation, and CNAMC is responsible for the overall business implementation. If CNAMC provides the Media Services to subsidiaries of the Company, the parties shall enter into relevant business agreements in accordance with the principles contemplated under the Media Services Framework Agreement.

The initial term of the Media Services Framework Agreement is from 1 January 2022 to 31 December 2024. Upon expiration of the initial term, the Media Services Framework Agreement may be renewed automatically for successive terms of three years each, subject to the compliance with the requirements of the Hong Kong Listing Rules/the Shanghai Listing Rules and the approval procedures required under the Hong Kong Listing Rules/ the Shanghai Listing Rules. During the term of the Media Services Framework Agreement, either party may terminate the Media Services Framework Agreement on any 31 December by giving the other party at least three months' written notice.

Reasons for the transaction:

The Directors believe that it is in the best interest of the Company to enter into the above transaction with CNAMC since:

- media and advertising business is not the core competency of the Company while CNAMC has extensive experience in in-flight advertising operation and has proven channels of advertising sponsors to draw upon;

- as a longstanding company having engaged in the aviation media business, CNAMC possesses professional qualifications and teams and has a profound understanding of the corporate culture and brand of the Company as well as advantages in aviation media business sectors such as entertainment programmes production and advertising agency.

Historical amounts and proposed caps:

Set forth below is a summary of the historical annual caps for and the actual amounts paid by the Group to CNAMC under the media services framework agreement dated 30 October 2018, and the proposed annual caps for the amount payable by the Group to CNAMC under the Media Services Framework Agreement:

	Historical Annual Caps			Historical Actual Amounts				Proposed Annual Caps		
Transaction	Annual cap for the year ended 31 December 2019	Annual cap for the year ended 31 December 2020	Annual cap for the year ended 31 December 2021	Actual annual amount for the year ended 31 December 2019	Actual annual amount for the year ended 31 December 2020	Unaudited historical amount for the period from 1 January to 30 June 2021	Estimated annual amount for the year ending 31 December 2021	Annual cap for the year ending 31 December 2022	Annual cap for the year ending 31 December 2023	Annual cap for the year ending 31 December 2024
Amount payable by the Group	RMB550 million	RMB700 million	RMB750 million	RMB221 million	RMB114 million	RMB69 million	RMB199 million	RMB400 million	RMB500 million	RMB600 million

The actual amount paid by the Group to CNAMC in the years from 2019 to 2021 in respect of receiving the Media Services was substantially lower as compared to the annual caps of the respective years which was mainly attributable to the combined effect of the following factors: (i) the significant decrease in the procurement of aviation media business such as in-flight video and audio programmes and adverting agency by the Group as a result of significant decrease in scale of the international and domestic transport capacity caused by the pandemic; (ii) the refined management strengthened by the Company in respect of rigid costs and controllable fees against the impact of the pandemic.

Basis for the annual caps for the next three years:

In arriving at the annual caps of the amounts to be paid by the Group to CNAMC in accordance with the Media Services Framework Agreement, the Directors have considered the historical and estimated transaction amounts for the same type of transactions as set out in the table above and the following factors: (i) it is expected that the scale of transport capacity of the Group will gradually return to the pre-pandemic level for the next three years, the need of the Group for aviation media businesses such as in-flight video and audio programmes and advertising agency will increase accordingly; (ii) the Company's service development strategy requires continuous enhancement of its service quality. Therefore, the Company will gradually restore and increase its investment in the purchase, production, promotion and dissemination of aviation media material. As a result of the above factors, it is expected that the transaction amount from 2022 to 2024 will increase. Based on the estimated transaction amount to be paid by the Group to CNAMC in 2021 and given the abovementioned business growth, it is expected that the transaction amount will not exceed RMB400 million, RMB500 million and RMB600 million for 2022 to 2024, respectively.

For each of the three years ending 31 December 2022, 2023 and 2024, the aggregate annual amount payable by CNAMC to the Group under the Media Services Framework Agreement is expected to fall below the de minimis threshold as stipulated under Rule 14A.76(1)(a) of the Hong Kong Listing Rules. Therefore, the above transaction will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules for continuing connected transactions.

3.5. Construction Project

The Company and CNACD entered into the Construction Project Commissioned Management Framework Agreement on 29 October 2021.

Description of the transaction:

Pursuant to the Construction Project Commissioned Management Framework Agreement, CNACD Group is commissioned by the Company to serve as a manager of the construction projects and establish project department. CNACD Group shall provide management services for the Company's projects based on project characteristics using its industry expertise and professional skills. The management includes the management at the early stage, management during the implementation of the project and management at the late stage. The subsidiaries of the Company may also commission CNACD Group to carry out the project management work.

CNACD Group receives service fees based on the size of or investment in the projects in accordance with the commissioned management scope, and the service fees shall be calculated as per actual expenses and rewards and penalties-related expenses on a full-labor cost basis (including reward for labor cost budget surplus, rewards and penalty for construction period management and reward and penalty for investment control balance) based on the human resources invested by CNACD Group as verified by the Company, and the particulars to be specified in relevant agreements. In particular, the reward for labor cost budget surplus is based on the comparison between the annual full labor cost budget approved by the human resources department of both parties and the finance department of the Company and the actual utilization, and if there is a balance, the corresponding reward will be given according to the balance. The reward and penalty for construction period management refers to the corresponding incentive to be given to CNACD Group by the Group's planning and development department and other relevant departments after approval if CNACD Group completes the construction period control targets of the various stages of the project on schedule in accordance with the contractual schedule control requirements on the premise that the project is accident-free, the quality is acceptable and the investment within the scope of management does not exceed the budget. On the contrary, penalty will be imposed. The reward and penalty for investment control balance refers to the corresponding reward or penalty to CNACD Group for the balance of the total investment or the corresponding amount in excess of the approved budget estimate after the completion of the financial final account of the infrastructure project on the premise that the project is accident-free, the quality is acceptable and the construction period is not exceeded.

The initial term of the Construction Project Commissioned Management Framework Agreement is from 1 January 2022 to 31 December 2024. Upon expiration of the initial term, the Construction Project Commissioned Management Framework Agreement may be renewed automatically for successive terms of three years each, subject to the compliance with the requirements of the Hong Kong Listing Rules/the Shanghai Listing Rules and the approval procedures required under the Hong Kong Listing Rules/the Shanghai Listing Rules. During the term of the Construction Project Commissioned Management Framework Agreement, either party may terminate the Construction Project Commissioned Management Framework Agreement on any 31 December by giving the other party at least three months' written notice.

Reasons for the transaction:

The Directors believe that it is in the best interest of the Group to enter into the transactions contemplated under the Construction Project Commissioned Management Framework Agreement with CNACD Group since:

- CNACD Group specializes in construction projects relating to the aviation industry which has extensive experience in construction project management relating to the aviation industry, and has excellent past cooperation with the Group;

- Commissioned management is a management model commonly used in large basic infrastructure construction projects. Outsourcing construction project management enables the Group to concentrate its management resources on the operation of core businesses.

Historical amount and proposed caps:

Set forth below is a summary of the historical annual caps for and the actual amount payable by the Group to CNACD Group under the basic construction project commissioned management framework agreement dated 30 October 2018, and the proposed annual caps for the amount payable by the Group to CNACD Group under the Construction Project Commissioned Management Framework Agreement:

	Historical Annual Caps			Historical Actual Amount				Proposed Annual Caps		
Transaction	Annual cap for the year ended 31 December 2019	Annual cap for the year ended 31 December 2020	Annual cap for the year ended 31 December 2021	Actual annual amount for the year ended 31 December 2019	Actual annual amount for the year ended 31 December 2020	Unaudited historical amount for the period from 1 January to 30 June 2021	Estimated annual amount for the year ending 31 December 2021	Annual cap for the year ending 31 December 2022	Annual cap for the year ending 31 December 2023	Annual cap for the year ending 31 December 2024
Amount payable by the Group	RMB120 million	RMB130 million	RMB130 million	RMB13 million	RMB44 million	RMB11 million	RMB67 million	RMB90 million	RMB90 million	RMB90 million

The commissioned project management fees actually paid to CNACD were lower than expected due to the facts that the projects originally planned to be newly started in 2019 have not been carried out as scheduled, and that the construction progress of the existing infrastructure projects slowed down due to the impact of the pandemic in 2020.

Basis for the annual caps for the next three years:

In arriving at the above annual caps, the Directors have considered that: (i) the commissioned management cost is expected to increase since the construction progress of the corresponding projects is expected to be accelerated in the future since the schedule for such commenced projects was delayed and the construction progress of the existing infrastructure projects slowed down as affected by the pandemic; (ii) as its business develops, the Company expects an increase in demand for new, rebuilding and expansion, and maintenance projects over the next three years. Therefore, it is expected that the transaction amount from 2022 to 2024 will increase compared with that of the past. To sum up, it is estimated that the total amount payable to CNACD Group under the Construction Project Commissioned Management Framework Agreement for each of the years from 2022 to 2024 will not exceed RMB90 million.

4. INTERNAL CONTROL

The Company has adopted the following measures to ensure that the above continuing connected transactions will be conducted on normal commercial terms and in accordance with their respective framework agreements and the pricing policies of the Company:

- Before entering into the above connected transactions, the Finance Department, the Legal Department, the Asset Management Department (which has a dedicated subdivision responsible for managing the connected transactions) and if applicable, certain other relevant departments of the Company will review the proposed terms for the individual transactions and discuss with the relevant business department of the Group to ensure that such transactions are conducted on normal commercial terms and the terms of applicable framework agreements and in compliance with the pricing policies of the Group before these relevant departments approve the finalized transaction agreements according to their authority within the Group.

- The Asset Management Department of the Company is responsible for supervising connected transactions. The Asset Management Department will regularly monitor and collect detailed information on relevant continuing connected transactions (including but not limited to the implementation of the pricing policies, duration of the agreement and the actual transaction amounts of the above continuing connected transactions) to ensure that such transactions are conducted in accordance with applicable framework agreements for continuing connected transactions. In addition, the Asset Management Department will be responsible for reviewing and evaluating the actual transaction amount and cap balance of the above continuing connected transactions on a monthly basis. If the relevant cap is expected to be exceeded, the Asset Management Department will report to the management of the Company and take appropriate measures in accordance with the relevant requirements of the Hong Kong Listing Rules and/or the Shanghai Listing Rules.

- The Internal Audit Department of the Company is responsible for carrying out annual assessment on the internal control procedures of the Group, including but not limited to information relating to the management of continuing connected transactions. In addition, the Internal Audit Department is responsible for preparing the annual assessment report on internal control and will submit the same to the Board for review and approval.

- The independent auditor and the independent non-executive Directors will conduct annual review on the non-exempt continuing connected transactions.

5. HONG KONG LISTING RULES IMPLICATIONS

As each of the applicable Percentage Ratios (other than the profits ratio) of the continuing connected transactions (excluding the de minimis continuing connected transactions) set out in this announcement, on an annual basis, is higher than 0.1% and less than 5.0%, they therefore fall under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. Accordingly, these continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the Independent Shareholders' approval requirement.

Mr. Song Zhiyong, Mr. Ma Chongxian, Mr. Feng Gang and Mr. Xue Yasong are considered to have a material interest in each of the continuing connected transactions set out above and therefore have abstained from voting in the relevant Board resolutions in respect of the continuing connected transactions. Save as disclosed above, none of the Directors have a material interest in any of the continuing connected transactions and hence no other Director is required to abstain from voting in the relevant Board resolutions.

The Board (including the independent non-executive Directors) considers that the terms and conditions of the above-mentioned continuing connected transactions are fair and reasonable. Such continuing connected transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and its Shareholders as a whole. The Board also considers that the annual caps for each of the three years ending 31 December 2022, 2023 and 2024 for the abovementioned continuing connected transactions are fair and reasonable.

6. PRC LAW IMPLICATIONS

Pursuant to the Shanghai Listing Rules, the following agreements shall be approved or ratified by the Independent Shareholders at the extraordinary general meeting of the Company:

(1) the Government Charter Flight Service Framework Agreement;

(2) the Comprehensive Services Framework Agreement;

(3) the Properties Leasing Framework Agreement;

(4) the Media Services Framework Agreement;

(5) the Construction Project Commissioned Management Framework Agreement.

A circular containing, among other things, details of the continuing connected transactions set out in this announcement will be despatched to the Shareholders on or before 12 November 2021.

DEFINITIONS

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

"2018 Circular"	the circular issued by the Company on 2 November 2018 to the Shareholders in respect of certain continuing connected transactions
"2018 EGM"	the Company's extraordinary general meeting held on 18 December 2018
"Air China Cargo"	Air China Cargo Co., Ltd., a non-wholly owned subsidiary of CNAHC
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it by the Hong Kong Listing Rules
"Board"	the board of Directors of the Company
"CNACD"	China National Aviation Construction and Development Company, a wholly-owned subsidiary of CNAHC
"CNACD Group"	CNACD together with its subsidiaries and associates
"CNACG"	China National Aviation Corporation (Group) Limited, a wholly-owned subsidiary of CNAHC
"CNAHC"	China National Aviation Holding Corporation Limited, a state-owned enterprise incorporated under the laws of the PRC and the controlling shareholder of the Company
"CNAHC Group"	CNAHC together with its subsidiaries and associates (excluding the Group)
"CNAMC"	China National Aviation Media Co., Ltd., a wholly-owned subsidiary of CNAHC
"Company"	Air China Limited, a company incorporated in the PRC, whose H shares are listed on the Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A shares are listed on the Shanghai Stock Exchange

"Comprehensive Services Framework Agreement"	the framework agreement for the continuing related (connected) transactions of comprehensive services entered into between the Company and CNAHC on 29 October 2021
"connected person"	has the meaning ascribed to it by the Hong Kong Listing Rules
"Construction Project Commissioned Management Framework Agreement"	the framework agreement for the continuing related (connected) transactions of commissioned management of basic construction project entered into between the Company and CNACD on 29 October 2021
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Government Charter Flight Service Framework Agreement"	the framework agreement for the continuing related (connected) transactions of government charter flight service entered into between the Company and CNAHC on 29 October 2021
"Group"	the Company and its subsidiaries
"H Shareholders"	holders of the H Shares
"H Share(s)"	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange as its primary listing venue and have been admitted to the Official List of the UK Listing Authority as its secondary listing venue
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Financial Adviser" or "BaoQiao Partners"	BaoQiao Partners Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Board in respect of the opinion required pursuant to Rule 14A.52 of the Hong Kong Listing Rules

"Independent Shareholders"	the Shareholders of the Company other than CNAHC and its associate(s)
"Media Services"	including but not limited to the operation, design, creation, planning, production, promotion and dissemination in relation to aviation-related all-media business sectors such as in-flight entertainment system, in-flight network platform, brand management, media publicity management, advertisement management, all-media platform management, media cooperation management and copyright management
"Media Services Framework Agreement"	the framework agreement for the continuing related (connected) transactions of media services entered into between the Company and CNAMC on 29 October 2021
"Percentage Ratio(s)"	has the meaning ascribed to it by the Hong Kong Listing Rules
"Properties Leasing Framework Agreement"	the framework agreement for the continuing related (connected) transactions of properties leasing entered into between the Company and CNAHC on 29 October 2021
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"Shareholder(s)"	the shareholders of the Company
"substantial shareholder"	has the meaning ascribed thereto under the Hong Kong Listing Rules

By Order of the Board
Air China Limited
Huang Bin Huen Ho Yin
Joint Company Secretaries

Beijing, the PRC, 29 October 2021

As at the date of this announcement, the directors of the Company are Mr. Song Zhiyong, Mr. Ma Chongxian, Mr. Feng Gang, Mr. Patrick Healy, Mr. Xue Yasong, Mr. Duan Hongyi, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*