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**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)**

**CONNECTED TRANSACTION  
ENTERING INTO OF THE COMPENSATION AGREEMENT  
WITH BEIJING AIR CATERING**

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The Company entered into the Compensation Agreement with Beijing Air Catering on 30 March 2023, pursuant to which the Company will pay a compensation of RMB348,709,200 in one lump sum to obtain the complete property rights of the buildings and structures invested and constructed by Beijing Air Catering on the land occupied by the Capital Airport Catering Park.

**IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

Beijing Air Catering is a subsidiary of CNAHC, the controlling shareholder of the Company, and is therefore a connected person of the Company (as defined in Rule 14A.07 of the Hong Kong Listing Rules). The transaction contemplated under the Compensation Agreement has constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios (as defined in Rule 14A.06 of the Hong Kong Listing Rules) for the above transaction is higher than 0.1% but lower than 5%, the above transaction is subject to the requirements for reporting and announcement, but is exempted from the requirements for independent shareholder approval under Chapter 14A of the Hong Kong Listing Rules.

## **I. INTRODUCTION**

The Company entered into the Compensation Agreement with Beijing Air Catering on 30 March 2023, pursuant to which the Company will pay a compensation of RMB348,709,200 in one lump sum to Beijing Air Catering to obtain the complete property rights of the buildings and structures invested and constructed by Beijing Air Catering on the land occupied by the Capital Airport Catering Park.

## **II. MAIN TERMS OF THE COMPENSATION AGREEMENT**

Date: 30 March 2023

Parties: (i) The Company

(ii) Beijing Air Catering

Subject matter: As the land use right of the land occupied by the Capital Airport Catering Park is owned by the Company, for the buildings and structures invested and constructed by Beijing Air Catering thereon, both parties agreed that the Company shall pay a one-off compensation to Beijing Air Catering to ensure that those buildings and structures shall be vested in the Company.

Compensation: RMB348,709,200. The above compensation is determined by both parties after fair negotiation and taking into account the following factors: (1) the value of the Subject Compensation of RMB332,104,000 as at the valuation benchmark date (i.e. 31 October 2022) as calculated using the cost method pursuant to the report issued by Beijing China Enterprise Appraisals Co., Ltd. (Zhong Qi Hua Ping Bao Zi (2023) No. 3050); (2) plus value-added tax of 5%.

Both parties shall bear all taxes and other government fees (if any) that should be paid in accordance with relevant laws and regulations.

Payment arrangement: The Company will pay the compensation (tax inclusive) of RMB348,709,200 (inclusive of 5% value-added tax) to Beijing Air Catering in a lump sum within 15 working days after the Compensation Agreement has become effective.

Effective: The Compensation Agreement shall take effect from the date when the legal representatives or authorized representatives of both parties sign it and affix their official seals thereon.

### **III. INFORMATION ABOUT THE SUBJECT COMPENSATION**

The land use right of the land occupied by Capital Airport Catering Park belongs to the Company, and the Subject Compensation were historically invested and constructed by Beijing Air Catering including:

- (i) The buildings and structures located in the Eastern Catering Park, located on the north of Terminal T3 of Beijing Capital Airport, Shunyi District, Beijing, with a gross floor area of 42,965.58 square meters, including the main plant used for the production of aviation catering and ancillary office buildings, boiler rooms and bonded warehouses; and
- (ii) The buildings and structures located in the Western Catering Park, located on the southwest of Terminal T2 of Beijing Capital Airport, Shunyi District, Beijing, with a building area of 34,483.6 square meters, which are used for aviation catering production, office work, shift accommodation, and production assistance.

According to the audit results of 2022, the original carrying value of the Subject Compensation was RMB471,514,400 in total and the net carrying value was RMB244,954,500 with an amortization term of 40 years (some of the structures with an amortization term of 10 years).

### **IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE COMPENSATION AGREEMENT**

Through entering into the Compensation Agreement, the Company will pay a one-off compensation to Beijing Air Catering, aiming to fundamentally solve the historical legacy of “inconsistency between building and land” in the Capital Airport Catering Park and allow the Company to hold the real estate in compliance with laws and regulations, as well as to commence a series of operating activities in relation to the real estate and further enhance the efficiency of assets utilization, hence creating better conditions for the Company. For the above reasons, the Directors (including Independent Non-executive Directors) believe that although the Compensation Agreement was not entered into in the ordinary and usual course of business of the Company, it was entered into on normal commercial terms and the terms and conditions contained therein are fair and reasonable and the transaction is in the interests of the Company and the Shareholders as a whole.

Mr. Ma Chongxian, Mr. Feng Gang, and Mr. Xiao Peng are considered to have material interests in the signing of the Compensation Agreement, and have therefore abstained from voting on the relevant Board resolution. Save as mentioned above, no other Directors have

significant interests in the Compensation Agreement and the transactions contemplated thereunder, and therefore no other Directors are required to abstain from voting on the relevant Board resolutions.

## **V. GENERAL INFORMATION**

### **The Company**

The Company is mainly engaged in providing air passenger transport, air cargo and related services.

### **Beijing Air Catering**

Beijing Air Catering is a limited liability company incorporated in China, with principal operations in production and sales of food, catering services, dedicated cargo transportation (cold storage), testing service and providing catering services related to the above businesses for airlines.

As at the date of this announcement, Beijing Air Catering is owned as to 60% by Zhongyi Aviation Investment Co., Ltd., a wholly-owned subsidiary of CNAHC, and 40% by Hongkong Beijing Air Catering Ltd.

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

Beijing Air Catering is a subsidiary of CNAHC, the controlling shareholder of the Company, and is therefore a connected person of the Company (as defined in Rule 14A.07 of the Hong Kong Listing Rules). The transaction contemplated under the Compensation Agreement has constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more applicable percentage ratios (as defined in Rule 14A.06 of the Hong Kong Listing Rules) for the above transaction is higher than 0.1% but lower than 5%, the above transaction is subject to the requirements for reporting and announcement, but is exempted from the requirements for independent shareholder approval under Chapter 14A of the Listing Rules.

## VII. DEFINITION

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

“Compensation Agreement”	The compensation agreement entered into between the Company and Beijing Air Catering on 30 March 2023
“Subject Compensation”	the buildings and structures invested and constructed by Beijing Air Catering in the Capital Airport Catering Park, including the main plant used for production of aviation meals and ancillary office buildings, boiler rooms and bonded warehouses in the Eastern Catering Park with a gross floor area of 42,965.58 square meters, and the buildings and structures used for production, office work, shift accommodation and production assistance in the Western Catering Park with a gross floor area of 34,483.6 square meters
“Director”	The director(s) of the Company
“Board of Directors”	The board of directors of the Company
“Company”	Air China Limited, a company incorporated in the PRC, whose H shares are listed on the Hong Kong 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
“CNAHC”	China National Aviation Holding Corporation Limited, a PRC state-owned enterprise and the controlling shareholder of the Company, directly and, through its wholly-owned subsidiary China National Aviation Corporation (Group) Limited, indirectly holding approximately 50.14% of the issued share capital of the Company in aggregate as at the date of this announcement. CNAHC mainly operates all the state-owned assets and state-owned equity interests in CNAHC and its invested enterprises formed by state investment, aircraft leasing and maintenance of aviation equipment and facilities. The State-owned Assets Supervision and Administration Commission of the State Council is the controlling shareholder and the de facto controller of CNAHC

“Capital Airport Catering Park”	Beijing Air Catering Eastern Production Park located on the north of Terminal T3 of the Capital Airport in Shunyi District, Beijing (the “ <b>Eastern Catering Park</b> ”) and Beijing Air Catering Western Production Park, located on southwest of Terminal T2 of the Capital Airport in Shunyi District, Beijing (the “ <b>Western Catering Park</b> ”), and the land use rights of the land occupied by such areas belong to the Company
“Beijing Air Catering”	Beijing Air Catering Co., Ltd.
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“RMB”	RMB, the lawful currency of the PRC

By order of the Board  
**Air China Limited**  
**Huang Bin, Huen Ho Yin**  
*Joint Company Secretaries*

Beijing, the PRC, 30 March 2023

*As at the date of this announcement, the directors of the Company are Mr. Ma Chongxian, Mr. Wang Mingyuan, Mr. Feng Gang, Mr. Patrick Healy, Mr. Xiao Peng, Mr. Li Fushen\*, Mr. He Yun\*, Mr. Xu Junxin\* and Ms. Winnie Tam Wan-chi\*.*

\* *Independent non-executive director of the Company*