

CONFIDENTIAL MEMORANDUM OF UNDERSTANDING

1. Delegations representing the respective aeronautical authorities of the Russian Federation and of the Hong Kong Special Administrative Region of the People's Republic of China ("HKSAR") met in Moscow from 23 - 24 May 2017 to discuss arrangements for the implementation of the Air Services Agreement between their respective Governments signed on 22 January 1999 ("the Agreement").

2. It was determined that the designated airlines may serve the following points on the routes specified in the Annex to the Agreement :

(a) under Section 1 of the Annex to the Agreement for designated airlines of the HKSAR –

HKSAR	– Intermediate points (excluding points in the mainland of China and Taiwan)	– Points in the Russian Federation	Beyond points (excluding points in the mainland of China and Taiwan)
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- Notes :
- (i) Traffic may be taken on board at the HKSAR and discharged at any point(s) to be served which is referred to above and vice versa.
 - (ii) Points in the Russian Federation, intermediate points and beyond points to be served will be selected by the aeronautical authorities of the HKSAR, who may vary them from time to time.
 - (iii) The designated airline(s) of the HKSAR may on any or all flights omit calling at any intermediate or beyond point(s) on the above-mentioned route, and may combine all the points on such route in any order, provided that the agreed services on the above-mentioned route begin at the HKSAR.
 - (iv) Except in accordance with paragraph 6 below, no traffic may be taken on board at the intermediate/beyond

points and discharged at points in the Russian Federation and vice versa.

- (b) Under Section 2 of the Annex to the Agreement for designated airlines of the Russian Federation -

Points in the Russian Federation HKSAR	- Intermediate points (excluding points in the mainland of China and Taiwan)	- HKSAR	- Beyond points (excluding points in the mainland of China and Taiwan)
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- Notes :
- (i) Traffic may be taken on board at points in the Russian Federation and discharged at any point(s) to be served which is referred to above and vice versa.
 - (ii) Points in the Russian Federation, intermediate points and beyond points to be served will be selected by the aeronautical authorities of the Russian Federation, who may vary them from time to time.
 - (iii) The designated airline(s) of the Russian Federation may on any or all flights omit calling at any intermediate or beyond point(s) on the above-mentioned route, and may combine all the points on such route in any order, provided that the agreed services on the above-mentioned route begin at points in the Russian Federation.
 - (iv) Except in accordance with paragraph 7 below, no traffic may be taken on board at the intermediate/beyond points and discharged at the HKSAR and vice versa.

Designation

3. Both delegations decided that there would be no limit on the number of airlines that could be designated by each side to operate the services on the routes specified under paragraph 2 above.

Capacity Entitlement

Third and Fourth Freedom Traffic Rights

4. It was understood that the designated airline or airlines of the HKSAR, taken together, may operate up to a total of 78 flights per week in each direction for passenger and/or all-cargo services on the specified route described in paragraph 2(a) above using any aircraft type.

5. It was understood that the designated passenger airline or airlines of the Russian Federation, taken together, may operate up to a total of 36 flights per week in each direction for passenger services on the specified route described in paragraph 2(b) above using any aircraft type. The first designated all-cargo airline of the Russian Federation may operate up to a total of 35 flights per week in each direction for all-cargo services on the specified route described in paragraph 2(b) above using any aircraft type. The second designated all-cargo airline of the Russian Federation may operate up to a total of 7 flights per week in each direction on the specified route described in paragraph 2(b) above using any aircraft type.

Fifth freedom traffic rights.

Пункт 6 – Для служебного пользования

Пункт 7 – Для служебного пользования

Overflights.

Пункт 8 - Для служебного пользования

Пункт 9 - Для служебного пользования

Пункт 10 - Для служебного пользования

Пункт 11 - Для служебного пользования

Пункт 12 - Для служебного пользования

Code-sharing

13. A designated airline of either side may, subject to the following conditions, enter into code-share arrangements, whether as the operating airline (i.e. to carry partner airline(s)'s code on its own services) or



marketing airline (i.e. to put its code on partner airline(s)' services), in respect of passenger air services with :

- a designated airline(s) of the same side;
- a designated airline(s) of the other side; and
- an airline(s) of a third country or countries, provided that such third country authorises or allows comparable arrangements between the airlines of the other side and other airlines on such services to, from or via such third country.

Code-share Route for the HKSAR

14. The designated airline(s) of the HKSAR may enter into code-share arrangements in respect of passenger services on the following route in each direction :

Point in the HKSAR	Intermediate Points	Points in the Russia Federation	Points Beyond
HKSAR	Any intermediate points (excluding points in the mainland of China and Taiwan)	Any points in the Russian Federation	Any beyond points (excluding points in the mainland of China and Taiwan)

Notes:

- (a) The designated airline(s) of the HKSAR may enter into code-share arrangements on the above route or any segment(s) thereof, including services between points in the Russian Federation, provided the services originate in the HKSAR.
- (b) Any intermediate or beyond point may be omitted on any or all services, provided that all services originate in the HKSAR.

Code-share Route for the Russian Federation

15. The designated airline(s) of the Russian Federation may enter into code-share arrangements in respect of passenger services on the following route in each direction:

Points in the Russia Federation	Intermediate Points	Point in the HKSAR	Points Beyond
Any points in the Russian Federation	Any intermediate points (excluding points in the mainland of China and Taiwan)	HKSAR	Any beyond points (excluding points in the mainland of China and Taiwan)

Notes:

- (a) The designated airline(s) of the Russian Federation may enter into code-share arrangements on the above route or any segment(s) thereof, including services between points in the Russian Federation, provided the services originate in the Russian Federation.
- (b) Any intermediate or beyond point may be omitted on any or all services, provided that all services originate in the Russian Federation.

16. All operating airlines involved in the code-share arrangements should hold the underlying traffic rights on the route or segment concerned.

17. All marketing airlines involved in the code-share arrangements may hold out and market third and fourth freedom services on the route or segment concerned. They should hold the underlying routing rights on the route or segment concerned.

18. The designated airline(s) of either side will be permitted to transfer traffic (i.e. starburst) between aircraft involved in the code-share operations without restriction as to number, size and type of aircraft.

19. All traffic carried by the code-shared services will be counted against the capacity entitlement of the side designating the operating airline. There will be no limitation on capacity to be offered by the marketing airline on code-shared services.

20. No fifth freedom or stopover rights may be exercised by the marketing carrier on code-shared flights.

21. Nothing in these code-share arrangements will provide the designated airline(s) of either side with any additional own-operated aircraft rights, apart from the ability to enter into code-share arrangements as stipulated above.

22. Each airline participating in code-sharing should ensure that at the point of sale of a passenger ticket for a service to be operated under the above code-share arrangements, the passenger is notified, in respect of each journey or each segment of a journey, as to which airline is the actual operating airline. Furthermore, each participating airline should instruct its agents to comply with this notification requirement. The designated airline(s) of both sides should ensure that the third country airline(s) participating in the code-share arrangement would also comply with the above requirement.

23. The aeronautical authorities of both sides may require the designated airline(s) participating in the code-share arrangements to file schedules and timetables with them.

24. Applications in accordance with the above code-share arrangements should be submitted by the designated airline(s) participating in code-share arrangements to the aeronautical authorities of both sides for approval at least 45 days in advance, unless the requirement for approval is waived in advance by the aeronautical authorities concerned. In case it is foreseen that a decision cannot be made within 45 days, the aeronautical authorities concerned should make an interim reply to the designated airline(s) concerned. In determining whether an application for code-sharing operation should be approved, apart from the normal regulatory requirements, each side may also take into account competition implications arising from such an operation.

25. Where an application for code-sharing operation involves a third country airline, either side may, as a condition precedent to giving the normal regulatory approval, obtain an understanding with that third country that the latter would authorise or allow comparable code-sharing arrangements between the airlines of the side seeking such understanding and other airlines on services to, from and via the third country concerned.

26. Code-sharing flights along Transasian and/or Trans-Siberian route networks are subject to commercial arrangements between the Russian designated airline and HKSAR designated airlines.

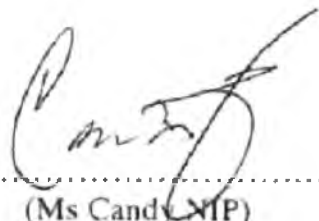
27. The delegations understood that this Confidential Memorandum of Understanding would come into immediate effect upon signature and supersede, with immediate effect, all previous understanding concerning air services between the Russian Federation and the HKSAR under the Agreement.

For the aeronautical authorities
of the Russian Federation:



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(Ms Svetlana PETROVA)

For the aeronautical authorities of
the Hong Kong Special
Administrative Region of the
People's Republic of China:



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(Ms Candy NIP)

24 May 2017