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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: PROPOSED ISSUANCE OF A SHARES TO SPECIFIC INVESTORS

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

寶橋 BaoQiao Partners
BaoQiao Partners Capital Limited

CONNECTED TRANSACTION: PROPOSED ISSUANCE OF A SHARES TO SPECIFIC INVESTORS

On 30 October 2025, the Board approved the Issuance of A Shares to Specific Investors, pursuant to which the Company has entered into the Subscription Agreement with CNAHC and CNAC Holding for the issuance of not more than 3,044,140,030 new A Shares (inclusive) to CNAHC and CNAC Holding aggregately at the Issue Price (i.e. RMB6.57 per Share) with expected gross proceeds (before deducting relevant issuance expenses) of not more than RMB20.00 billion (inclusive). Among which, CNAHC intends to subscribe for no less than RMB5.00 billion and CNAC Holding intends to subscribe for no more than RMB15.00 billion.

HONG KONG LISTING RULES IMPLICATIONS

The new A Shares under the Issuance of A Shares to Specific Investors will be issued pursuant to the specific mandates to be sought from the Shareholders at the EGM. The Issuance of A Shares to Specific Investors is conditional upon, among others, the approval of the relevant resolutions at the EGM.

Since CNAHC is the controlling shareholder of the Company and CNAC Holding is a wholly owned subsidiary of CNAHC, CNAHC and CNAC Holding are connected persons of the Company, and the Issuance of A Shares to Specific Investors constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Issuance of A Shares to Specific Investors. BaoQiao Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Issuance of A Shares to Specific Investors.

GENERAL INFORMATION

The EGM will be convened by the Company for the Shareholders to consider and, if thought fit, approve the resolutions in respect of, among other things, the Issuance of A Shares to Specific Investors.

A circular containing, among others, details of the Issuance of A Shares to Specific Investors together with a notice convening the EGM will be published on or before 31 December 2025, to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

The Company advises the Shareholders and potential investors to note that the Issuance of A Shares to Specific Investors is subject to the satisfaction of certain conditions, and therefore the Issuance of A Shares to Specific Investors may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

1. INTRODUCTION

On 30 October 2025, the Board approved the Issuance of A Shares to Specific Investors, pursuant to which the Company has entered into the Subscription Agreement with CNAHC and CNAC Holding for the issuance of not more than 3,044,140,030 new A Shares (inclusive) to CNAHC and CNAC Holding aggregately at the Issue Price (i.e. RMB6.57 per Share) with expected gross proceeds (before deducting relevant issuance expenses) of not more than RMB20.00 billion (inclusive). Among which, CNAHC intends to subscribe for no less than RMB5.00 billion and CNAC Holding intends to subscribe for no more than RMB15.00 billion.

In respect of the Issuance of A Shares to Specific Investors, the Board has approved the following resolutions: (1) the resolution in relation to the satisfaction of the Company of the conditions for the Issuance of A Shares to Specific Investors; (2) the resolution in relation to the proposal of the Issuance of A Shares to Specific Investors by the Company in 2025; (3) the resolution in relation to the preliminary proposal of the Issuance of A Shares to Specific Investors by the Company in 2025; (4) the resolution in relation to the discussion and analysis report on the proposal of the Issuance of A Shares to Specific Investors by the Company in 2025; (5) the resolution in relation to the feasibility analysis report on the use of proceeds from the Issuance of A Shares to Specific Investors by the Company in 2025; (6) the resolution in relation to the dilution of the Company's current return from the Issuance of Shares to Specific Investors in 2025, the remedial measures and the undertakings made by the relevant entities in respect of such measures; (7) the resolution in relation to the report on use of proceeds from previous fund-raising activities of the Company; (8) the resolution in relation to the related (connected) transaction concerning the entering into of the conditional A share subscription agreement with specific investors by the Company; (9) the resolution in relation to future plan for dividend returns to the Shareholders for the coming three years (2025-2027); and (10) the resolution in relation to the authorization by the Shareholders' meeting to the Board and its authorized person(s) to proceed with relevant matters in respect of the Issuance of Shares to Specific Investors by the Company in their sole discretion.

2. THE ISSUANCE OF A SHARES TO SPECIFIC INVESTORS

Pursuant to the proposal of the Issuance of A Shares to Specific Investors, the Company has entered into the Subscription Agreement with CNAHC and CNAC Holding for the issuance of not more than 3,044,140,030 new A Shares (inclusive) to CNAHC and CNAC Holding aggregately at the Issue Price (i.e. RMB6.57 per Share) with expected gross proceeds (before deducting relevant issuance expenses) of not more than RMB20.00 billion (inclusive).

2.1 Proposal of the Issuance of A Shares to Specific Investors

Summary of the proposal of the Issuance of A Shares to Specific Investors is set out as follows:

(1)	Type and par value of Shares issued:	The type of shares to be issued to specific investors is domestically listed Renminbi ordinary shares (A Shares), with a nominal value of RMB1.00 per Share.
(2)	Method and time of issue:	The Issuance will be undertaken by way of issuance to specific investors at an appropriate timing within the valid term after the review and approval of the Shanghai Stock Exchange and upon obtaining the consent of the CSRC for registration.

(3) Subscribers and method of subscription:

The subscribers under the Issuance of A Shares to Specific Investors are CNAHC and CNAC Holding. CNAHC and CNAC Holding intend to subscribe in cash for all the A Shares to be issued by the Company under the Issuance. Among which, CNAHC intends to subscribe for no less than RMB5 billion and CNAC Holding intends to subscribe for no more than RMB15 billion.

As at the date of this announcement, since CNAHC is the controlling shareholder of the Company and CNAC Holding is a wholly owned subsidiary of CNAHC, CNAHC and CNAC Holding are connected persons of the Company and the Issuance of A Shares to Specific Investors will constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. The Company shall comply with relevant regulatory rules, as well as the respective transaction approval and disclosure procedures.

(4) Issue Price and pricing method:

The pricing benchmark date (the "**Pricing Benchmark Date**") for the Issuance of A Shares to Specific Investors shall be the date on which the resolution(s) of the ninth meeting of the seventh session of the Board was announced, being 30 October 2025.

The price for the Issuance of A Shares to Specific Investors is RMB6.57 per Share, which is not lower than the higher of 80% of the average trading price of A Shares over the 20 Trading Days prior to the Pricing Benchmark Date *(Note 1)* and the Company's audited net assets per share attributable to ordinary shareholders of the parent company *(Note 2)* as at the end of the most recent period (calculation is rounded to two decimal places according to the "round up method").

Notes:

1. *The average trading price of A Shares over the 20 Trading Days prior to the Pricing Benchmark Date = the total trading value of A Shares over the 20 Trading Days prior to the Pricing Benchmark Date ÷ the total trading volume of A Shares over the 20 Trading Days prior to the Pricing Benchmark Date.*

2. *The net assets per share attributable to ordinary shareholders of the parent company = total equity attributable to the shareholders of the parent company ÷ number of total issued ordinary shares of the Company.*

The above pricing principle of the Issue Price was determined mainly based on the requirements of the Administrative Measures.

For illustrative purpose, the Issue Price (i.e. RMB6.57 per Share) represents:

(i) a discount of approximately 23.16% to the closing price of A Shares (i.e. RMB8.55 per A Share) as at the date of the Board meeting (i.e. 30 October 2025);

(ii) a discount of approximately 19.93% compared to 80% of the average trading price of A Shares over the 20 Trading Days immediately prior to the Pricing Benchmark Date (i.e. approximately RMB8.20 per A Share);

(iii) a premium of approximately 153.92% over the audited net assets per share attributable to ordinary shareholders of the parent company as at 31 December 2024 (i.e. approximately RMB2.59 as prepared in accordance with the PRC Accounting Standards for Business Enterprises).

The net price to be received by the Company for each new A Share to be issued will be determined and disclosed in accordance with the requirements of the Hong Kong Listing Rules upon completion of the Issuance of A Shares to Specific Investors and after the relevant expenses incurred or to be incurred in relation to the Issuance of A Shares to Specific Investors have been ascertained.

In the event that the Company distributes dividend, issues bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities between the announcement date of the Board resolution for the Issuance and the issuance date, the Issue Price will be adjusted accordingly. The adjustment formula is as follows:

1. when only cash dividend is paid:
   $P_1=P_0-D$

2. when only bonus shares are issued or capital reserve is converted into share capital:
   $P_1=P_0/(1+N)$

3. when the above two items are carried out simultaneously:
   $P_1=(P_0-D)/(1+N)$

whereas P_0 represents the Issue Price before adjustment, N represents the number of bonus shares or capital reserve conversion per share, D represents dividend per share and P_1 represents the adjusted Issue Price.

The Issuance does not result in a theoretical dilution effect (as defined under Rule 7.27B of the Hong Kong Listing Rules) and cumulative theoretical dilution effect (when aggregated with the 2024 Issuance of A Shares) of 25% or more.

(5) Number of issuance: The number of Shares to be issued under the Issuance of A Shares to Specific Investors shall be no more than 3,044,140,030 (inclusive), which shall not exceed 30% of the total share capital of the Company prior to the Issuance.

In the event that the Company distributes dividend, issues bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities leading to changes in the Issue Price between the announcement date of the Board resolution for the Issuance of A Shares and the issuance date, the number of Shares to be issued under the Issuance of A Shares to Specific Investors will be adjusted accordingly. The number of A Shares to be issued to the specific investors shall be subject to the final consent of the CSRC for registration.

If the proposed amount of proceeds or the number of shares to be issued under the Issuance is adjusted due to changes in regulatory policies or due to requirements of the issuance review or registration documents, the number of shares to be issued under the Issuance shall be adjusted accordingly. In such cases, the Board is authorized by the Shareholders' meeting to determine the final number of shares to be issued in consultation with the sponsor (the lead underwriter) based on the actual circumstances.

The Company will announce such adjustment to the number of new A Shares to be issued under the Issuance of A Shares to Specific Investors in a timely manner, and will continue to strictly maintain the minimum public float in compliance with the Hong Kong Listing Rules and the consent granted by the Hong Kong Stock Exchange (being 24.20%).

(6)	Lock-up arrangement:	Upon the completion of the Issuance of Shares to Specific Investors, the shares acquired by the subscribers, CNAHC and CNAC Holding, through the Issuance shall not be transferred for a period of 18 months from the date of completion of the Issuance of Shares to Specific Investors. Any shares derived by the subscribers from the Issuance of Shares to Specific Investors through stock dividends distributed by the Company, capitalization of capital reserves or similar circumstances shall also be subject to the aforementioned lock-up arrangement. If the regulatory authorities governing the Issuance of Shares to Specific Investors impose additional requirements regarding the lock-up period for shares subscribed by the subscribers or the transfer of shares upon expiration of the lock-up period, the aforementioned lock-up period shall be adjusted accordingly in accordance with the policies of the securities regulatory authorities. Upon the expiration of the lock-up period, the subscribers shall comply with the relevant provisions of laws, regulations, rules, normative documents including the Company Law, the Securities Law, the Shanghai Listing Rules, and the Articles of Association when reducing their holdings of shares obtained through the Issuance of Shares to Specific Investors.
(7)	Listing venue:	The A Shares to be issued to the specific investors will be listed and traded on the main board of the SSE upon expiration of the lock-up period.
(8)	Arrangement relating to the accumulated undistributed profits prior to the Issuance:	The accumulated undistributed profits of the Company prior to the Issuance of A Shares to Specific Investors shall be shared by both new and existing shareholders on a pro-rata basis according to their respective shareholdings upon completion of the Issuance of A Shares to Specific Investors.
(9)	Amount and use of proceeds:	Gross proceeds to be raised from the Issuance of A Shares to Specific Investors will be not more than RMB20.00 billion (inclusive), all the net proceeds of which will be used for debt repayment and working capital replenishment after deducting the relevant issuance expenses.

(10) Validity period of the resolution on the Issuance: The resolution on the Issuance of A Shares to Specific Investors shall remain in full force and effect for a period of 12 months from the date on which the issuance proposal for the Issuance of Shares to Specific Investors is approved at the shareholders' meeting of the Company. If the national laws, administrative regulations, departmental rules or normative documents provide new requirements on the issuance of shares to specific investors, the Company will adjust accordingly in accordance with the new requirements.

2.2 The Subscription Agreement

Principal terms of the Subscription Agreement are set out as below:

(1) Parties:

(i) The Company (as the issuer); and

(ii) CNAHC (as the subscriber); and

(iii) CNAC Holding (as the subscriber).

(2) Date: 30 October 2025

(3) Subscription Price: CNAHC and CNAC Holding shall subscribe for new A Shares at the Issue Price (i.e. RMB6.57 per Share).

In the event that the Company distributes dividend, issues bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities between the announcement date of the Board resolution(s) of the Company for the Issuance and the issuance date, the Issue Price will be adjusted accordingly. The adjustment formula is as follows:

1. when only cash dividend is paid, adjusted according to the following formula: $P_1=P_0-D$

2. when only bonus shares are issued or capital reserve is converted into share capital, adjusted according to the following formula: $P_1=P_0/(1+N)$

3. when the above two items are carried out simultaneously, adjusted according to the following formula: $P_1=(P_0-D)/(1+N)$

whereas P_0 represents the Issue Price before adjustment, N represents the number of bonus shares or capital reserve conversion per share, D represents dividend per share and P_1 represents the adjusted Issue Price.

(4) Subscription number and amount:

The number of A Shares to be issued under the Issuance is not more than 3,044,140,030 shares (inclusive), which shall not exceed 30% of the total share capital of the Company prior to the Issuance. In the event that the Company distributes dividend, issues bonus shares, converts capital reserve into share capital or carries out any other ex-right or ex-dividend activities leading to changes in the Issue Price between the announcement date of the Board resolution(s) for the Issuance and the issuance date, the number of A Shares to be issued under the Issuance will be adjusted accordingly. The number of A Shares to be issued under the Issuance is subject to the final consent of the CSRC for registration.

If the proposed amount of proceeds or the number of shares to be issued under the Issuance is adjusted due to changes in regulatory policies or due to requirements of the issuance review or registration documents, the number of shares to be issued under the Issuance shall be adjusted accordingly. In such cases, the Board is authorized by the Shareholders' meeting to determine the final number of shares to be issued in consultation with the sponsor (the lead underwriter) based on the actual circumstances.

CNAHC and CNAC Holding will subscribe for all A Shares to be issued by the Company under the Issuance, with a subscription amount equal to the gross proceeds of the Issuance, which shall not be more than RMB20.00 billion (inclusive). Among which, CNAHC subscribes for no less than 761,035,008 A Shares (inclusive) under the Issuance, corresponding to a subscription amount of no less than RMB5.00 billion (inclusive), and CNAC Holding subscribes for no more than 2,283,105,022 A Shares (inclusive) under the Issuance, corresponding to a subscription amount of no more than RMB15.00 billion (inclusive). The final number of A Shares and the corresponding subscription amounts for each of CNAHC and CNAC Holding will be determined separately through consultation with the sponsor (the lead underwriter) of the Issuance.

(5) Payment method and arrangements for accumulated undistributed profits:

(i) Upon satisfaction of all conditions precedent under the Subscription Agreement and following receipt of the Company's payment notice, CNAHC and CNAC Holding shall, in accordance with the requirements specified in the payment notice (including the payment deadline and other matters), remit the full subscription amount in a single cash payment to the designated bank account specifically established by the sponsor (the lead underwriter) for the Issuance of A Shares to Specific Investors. Such payment shall be made within five business days upon receipt of the payment notice. Upon completion of capital verification and deduction of related expenses, the proceeds shall be transferred to the Company's designated deposit account for proceeds of the Issuance.

(ii) The accumulated undistributed profits of the Company prior to the Issuance shall be shared by both new and existing shareholders on a pro-rata basis according to their respective shareholdings upon completion of the Issuance.

(6) Registration for issuing the subscribed shares and lock-up:

(i) Within 15 business days from the date the Company receives the subscription amount for the Issuance from CNAHC and CNAC Holding, the Company shall engage an accounting firm with securities-related practice qualifications to conduct a capital verification, and promptly complete the registration procedures for the relevant industrial and commercial changes as well as the share registration procedures with China Securities Depository and Clearing Corporation Limited, thereby enabling CNAHC and CNAC Holding to become the legal holders of the subscribed shares.

(ii) From the date of registration of the subscribed shares, CNAHC and CNAC Holding shall legally own the subscribed shares and enjoy the corresponding shareholders' rights.

(iii) CNAHC and CNAC Holding undertake that, Shares obtained by CNAHC and CNAC Holding through the Issuance will not be transferred in any manner within 18 months from the completion date of the Issuance (the "**Lock-up Period**"). If the CSRC and the exchange(s) on which Shares of the Company are listed have differing provisions, CNAHC and CNAC Holding agree to make adjustments based on the Company's actual circumstances, provided such adjustments comply with the relevant regulations.

Any additional Shares of the Company subscribed by CNAHC and CNAC Holding resulting from the Company's issuance of bonus shares or conversion of capital reserve into share capital after completion of the Issuance shall also be subject to the aforementioned Lock-up Period arrangements. Following the expiration of the Lock-up Period, the relevant Shares shall remain subject to rules of regulatory authorities including the CSRC and the Shanghai Stock Exchange.

(7) Conditions precedent for the Subscription Agreement:

The parties agreed and confirmed that, unless all parties otherwise consent in writing to a waiver, and if such waiver is permitted under applicable laws and regulations, the Subscription Agreement will be established upon signing and affixing of seals by the legal representative or authorized representative of the parties and take effect when all the following conditions are satisfied:

(i) matters relating to the Issuance having been approved by the Board and the Shareholders' meeting of the Company;

(ii) matters relating to subscribing the shares to be issued under the Issuance having been approved by the internal decision-making body(ies) of CNAHC and CNAC Holding;

(iii) matters relating to the Issuance having been approved by the body performing the duty of supervision and administration of state-owned assets;

(iv) matters relating to the Issuance having been considered and approved by the Shanghai Stock Exchange; and

(v) the registration of the Issuance having been consented to by the CSRC.

The effective date of the Subscription Agreement shall be the date on which all the above conditions precedent are satisfied or waived.

In the event that the Issuance of A Shares to Specific Investors fails to obtain the necessary consent, approval or registration from shareholders' meeting of the Company, the regulatory department for state-owned assets or its authorized body, the Shanghai Stock Exchange and the CSRC according to the laws, the Subscription Agreement shall be automatically terminated and both parties shall not be liable to each other for breach of contract.

As at the date of this announcement, matters relating to the Issuance of A Shares to Specific Investors are still subject to the approval from the body performing the functions of supervision and administration of state-owned assets, the consideration and approval at the EGM of the Company, the review and approval by the Shanghai Stock Exchange and the registration with the CSRC, and may be implemented after obtaining the consent of the CSRC for registration. Following the receipt of the CSRC's consent for registration, the Company will apply to the Shanghai Stock Exchange and Shanghai Branch of China Securities Depository and Clearing Corporation Limited for handling the share issuance, registration and listing in accordance with the laws.

3. DILUTIVE EFFECTS OF THE ISSUANCE OF A SHARES TO SPECIFIC INVESTORS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below is the dilutive effects of the Issuance of A Shares to Specific Investors on the shareholding structure of the Company, assuming that (i) the size of proceeds raised from the Issuance of A Shares to Specific Investors is no more than RMB20.00 billion based on the issuance of 3,044,140,030 new A Shares at the Issue Price (i.e. RMB6.57 per Share), among which, 761,035,008 shares will be subscribed for by CNAHC and 2,283,105,022 shares will be subscribed for by CNAC Holding; and (ii) no additional Shares will be issued by the Company after the date of this announcement until the completion of the Issuance of A Shares to Specific Investors:

The above 3,044,140,030 new A Shares represent: (i) 24.37% and 17.45% of the Company's existing issued A Shares and total issued Shares as at the date of this announcement, respectively; and (ii) 19.59% and 14.85% of the Company's enlarged issued A Shares and enlarged total issued Shares upon completion of the Issuance of A Shares to Specific Investors as above, respectively.

	As at the date of this announcement		**Immediately upon completion of the Issuance of A Shares to Specific Investors**	
Shareholders	**Total number of Shares held**	**Approximate percentage of the total number of Shares in issue**	**Total number of Shares held**	**Approximate percentage of the total number of Shares in issue**
1. CNAHC and its associates:	9,370,724,929	53.71%	12,414,864,959	60.58%
(i) CNAHC	7,421,462,701 (A Shares)	42.53%	8,182,497,709	39.93%
(ii) CNACG	1,949,262,228	11.18%	1,949,262,228	9.51%
	(i) 1,332,482,920 (A Shares)	7.64%	(i) 1,332,482,920 (A Shares)	6.50%
	(ii) 616,779,308 (H Shares)	3.54%	(ii) 616,779,308 (H Shares)	3.01%
(iii) CNAC Holding	–	–	2,283,105,022 (A Shares)	11.14%

Shareholders	As at the date of this announcement Total number of Shares held	 Approximate percentage of the total number of Shares in issue	Immediately upon completion of the Issuance of A Shares to Specific Investors Total number of Shares held	 Approximate percentage of the total number of Shares in issue
2. Cathay Pacific	2,633,725,455 (H Shares)	15.09%	2,633,725,455 (H Shares)	12.85%
3. Public Shareholders:	5,443,970,616	31.20%	5,443,970,616	26.57%
(i) Public A Shareholders	3,738,864,707	21.43%	3,738,864,707	18.24%
(ii) Public H Shareholders	1,705,105,909	9.77%	1,705,105,909	8.32%
Sub-total (H Shares):	4,955,610,672	28.40%	4,955,610,672	24.18%
Sub-total (A Shares):	12,492,810,328	71.60%	15,536,950,358	75.82%
Total:	**17,448,421,000**	**100.00%**	**20,492,561,030**	**100.00%**

Notes:

1. The percentages shown are rounded to the nearest two decimal places. The percentage figures listed in the table above may not add up to 100% due to rounding.

2. Upon completion of the Issuance of A Shares to Specific Investors, the Company continues to comply with the minimum public float as required by the Hong Kong Listing Rules and agreed by the Hong Kong Stock Exchange (being 24.20%).

4. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Upon completion of the Issuance of A Shares to Specific Investors, there will be changes in, among others, the registered share capital and total number of shares of the Company, and accordingly, the provisions of the Articles of Association relating to the registered share capital, total number of shares, etc. of the Company will be amended to reflect such changes. The Board proposed to the Shareholders to authorize the Board and its authorized person(s) to make corresponding amendments to the relevant provisions in the Articles of Association in accordance with the results of the Issuance of A Shares to Specific Investors at the EGM.

5. HONG KONG LISTING RULES IMPLICATIONS

The new A Shares under the Issuance of A Shares to Specific Investors will be issued pursuant to the specific mandates to be sought from the Shareholders at the EGM. The Issuance of A Shares to Specific Investors is conditional upon, among others, the approval of the relevant resolutions at the EGM.

Since CNAHC is the controlling shareholder of the Company and CNAC Holding is a wholly owned subsidiary of CNAHC, CNAHC and CNAC Holding are connected persons of the Company, and the Issuance of A Shares to Specific Investors constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Issuance of A Shares to Specific Investors. BaoQiao Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Issuance of A Shares to Specific Investors.

Mr. Liu Tiexiang, Mr. Wang Mingyuan, Mr. Cui Xiaofeng and Mr. Xiao Peng, being the Directors of the Company also holding directorship in CNAHC, are considered to have a material interest in the Issuance of A Shares to Specific Investors and therefore have abstained from voting on the following Board resolutions: (1) the resolution in relation to the proposal of the Issuance of A Shares to Specific Investors by the Company in 2025; (2) the resolution in relation to the preliminary proposal of the Issuance of A Shares to Specific Investors by the Company in 2025; (3) the resolution in relation to the discussion and analysis report on the proposal of the Issuance of A Shares to Specific Investors by the Company in 2025; (4) the resolution in relation to the feasibility analysis report on the use of proceeds from the Issuance of A Shares to Specific Investors by the Company in 2025; (5) the resolution in relation to the related (connected) transaction concerning the entering into of the conditional A Share subscription agreement with specific investors by the Company; and (6) the resolution in relation to the authorization by the Shareholders' meeting to the Board and its authorized person(s) to proceed with relevant matters in respect of the Issuance of Shares to Specific Investors by the Company in their sole discretion.

Save as mentioned above, none of other Directors has a material interest in the Issuance of A Shares to Specific Investors and is required to abstain from voting on the relevant Board resolutions.

6. REASONS FOR AND BENEFIT OF THE ISSUANCE OF A SHARES TO SPECIFIC INVESTORS

After taking into consideration of the following factors, the Board considers that it is fair and reasonable and in the interests of the Company and Shareholders as a whole to raise funds by the Issuance of A Shares to Specific Investors.

(I) Enhancing Air Transportation Service Capabilities to Support the National Development Strategy

As a core central state-owned enterprise, the Company undertakes the mission of building a national flagship carrier, supporting the implementation of major decisions of the Central Committee of the Communist Party of China, and facilitating key national strategies. Strengthening the Company's overall capabilities is of strategic importance for the Company to seize industry development opportunities, better serve national strategies, and actively adapt to the rapidly changing market environment. As of 30 June 2025, the Company operated a total fleet of 934 aircraft, with continuous optimization of its fleet structure. The Company maintains an extensive and balanced global and domestic route network, a high-value customer base and strong brand influence. The Issuance will significantly improve the Company's asset-liability structure, further enhance overall fleet operational efficiency and safety, optimize the route network layout, strengthen coverage supporting major national regional development strategies and markets along the Belt and Road initiative, and consolidate the Company's core competitive advantages in the air transport sector.

(II) Optimizing Asset-Liability Structure to Enhance Development Quality

The aviation industry is notably capital-intensive, and maintaining a sound capital structure is essential for the Company's long-term and stable development. In recent years, the Company's capital structure has been under significant pressure. At the end of 2022, 2023, 2024 and September 2025, the Company's gearing ratios were 92.69%, 89.48%, 88.16% and 87.88%, respectively, remaining at relatively high levels. The proceeds from the Issuance will be used for debt repayment and working capital replenishment, which will help the Company in controlling interest-bearing debt levels, optimizing its asset-liability structure and enhancing financial stability. At the same time, it will strengthen the Company's capital base, secure funding for business development needs, enhance profitability and risk resilience, and provide strong support for the Company's high-quality development.

(III) Full Subscription by Controlling Shareholder and its Associate Demonstrates Development Confidence

As a core central state-owned enterprise in the aviation sector, the Company places great importance on high-quality development and strives to enhance operational efficiency and profitability, promoting the continuous growth in investment value of the Company.

The Issuance will be fully subscribed by the controlling shareholder, CNAHC, and its controlled subsidiary, CNAC Holding, as the subscribers. This will further increase shareholdings of the controlling shareholder in the Company, support the Company's

high-quality development, demonstrate their firm confidence in the Company's future prospects, and convey recognition of the Company's value, and help boost market confidence while safeguarding the interests of the Company's minority Shareholders.

The Directors (including the independent non-executive Directors) are of the opinion that although the Issuance of A Shares to Specific Investors is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement entered into by the Company pursuant to the proposal of the Issuance of A Shares to Specific Investors are fair and reasonable and the transaction contemplated thereunder is conducted on normal commercial terms or better and in the interests of the Company and Shareholders as a whole.

7. FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 10 December 2024, the Company issued 854,700,854 A Shares to CNAHC at the issue price of RMB7.02 per share (the "**2024 Issuance of A Shares**"), raising gross proceeds of RMB5,999,999,995.08 and the net proceeds of RMB5,995,841,631.45. The aforementioned proceeds were intended to be used for the introduction of 17 aircraft and replenishing working capital of the Company. As of 30 September 2025, RMB5,973,146,757.25 has been utilized in accordance with the prescribed purposes, with a remaining balance of RMB29,910,724.79 in the fundraising account. The Company will continue to utilize the remaining proceeds in accordance with the prescribed purposes. For details, please refer to the announcements of the Company dated 22 December 2023, 26 January 2024, 21 October 2024, 12 November 2024 and 12 December 2025 and the circular of the Company dated 9 January 2024.

Save as disclosed above, the Company has not conducted any equity fund-raising activities during the twelve months immediately before the date of this announcement.

8. GENERAL INFORMATION OF THE PARTIES

The Company

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

CNAHC

As at the date of this announcement, CNAHC directly holds 42.53% of the Company's shares and holds 11.18% of the Company's shares through its wholly-owned subsidiary CNACG, and is the controlling shareholder of the Company. As at the date of this announcement, the State-owned Assets Supervision and Administration Commission of the State Council is the 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.

CNAC Holding

As at the date of this announcement, CNAC Holding is a wholly owned subsidiary of CNAHC. CNAC Holding is a limited liability company established in the PRC whose principal businesses include financing and capital raising, asset and investment management, centralized treasury management and value-added financial services.

9. THE EGM

The EGM will be convened by the Company for the Shareholders to consider and, if thought fit, approve the relevant resolutions in respect of, among other things, the Issuance of A Shares to Specific Investors.

A circular containing, among others, details of the Issuance of A Shares to Specific Investors together with a notice convening the EGM will be published on or before 31 December 2025, to allow sufficient time for the preparation of the relevant information for the inclusion in the circular.

The Company advises the Shareholders and potential investors to note that the Issuance of A Shares to Specific Investors is subject to the satisfaction of certain conditions, and therefore the Issuance of A Shares to Specific Investors may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"Administrative Measures"	the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《上市公司證券發行註冊管理辦法》) issued by CSRC (the China Securities Regulatory Commission Decree, No. 206)
"Articles of Association"	the articles of association of the Company
"A Share(s)"	the ordinary shares issued by the Company, with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Shareholders"	holders of A Shares
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Board"	the board of Directors of the Company

"Cathay Pacific"	Cathay Pacific Airways Limited
"CNACG"	China National Aviation Corporation (Group) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of CNAHC and a substantial shareholder of the Company, which directly holds approximately 11.18% of the Company's issued share capital as at the date of this announcement
"CNAC Holding"	China National Aviation Capital Holding Co., Ltd., a wholly-owned subsidiary of CNAHC
"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 CNACG, holding approximately 53.71% of the issued share capital of the Company in aggregate as at the date of this announcement
"Company" or "Air China"	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. The Company is principally engaged in providing air passenger, air cargo and related services
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary shareholders' meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the resolutions in respect of, among other things, the Issuance
"Group"	the Company and its subsidiaries from time to time
"H Share(s)	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange as primary listing venue and have been admitted into the Official List of the UK Listing Authority as secondary listing venue
"H Shareholder(s)"	holders of the H Shares
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong

"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	a board committee comprising Mr. Xu Niansha, Mr. He Yun, Ms. Winnie Tam Wan-chi and Mr. Gao Chunlei, all being the independent non-executive Directors
"Independent Financial Adviser" or "BaoQiao Partners"	BaoQiao Partners Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise on the Issuance of A Shares to Specific Investors
"Independent Shareholders"	the shareholders of the Company, other than CNAHC and its associates
"Issuance of A Shares to Specific Investors", "Issuance of Shares to Specific Investors", "Issuance of A Shares" or "the Issuance"	The Company's issuance of A Shares to CNAHC and CNAC Holding through issuance of shares to specific investors
"Issue Price"	the issue price of the Issuance, being RMB6.57 per Share
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC of the State Council"	the State Asset Supervision and Administration Commission of the State Council of the PRC
"Shanghai Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"SSE" or "Shanghai Stock Exchange"	the Shanghai Stock Exchange
"Share(s)"	shares of the Company
"Shareholder(s)"	holder(s) of the shares of the Company

"Subscription Agreement"	the conditional A share subscription agreement dated 30 October 2025 entered into among the Company, CNAHC and CNAC Holding in respect of the Issuance of A Shares to Specific Investors, pursuant to which, the Company agreed to issue, and CNAHC and CNAC Holding agreed to subscribe for new A Shares in the amount of not more than RMB20.00 billion at the Issue Price
"substantial shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Trading Day"	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities
"%"	per cent

By Order of the Board
Air China Limited
Xiao Feng
Company Secretary

Beijing, the PRC, 30 October 2025

As at the date of this announcement, the directors of the Company are Mr. Liu Tiexiang, Mr. Wang Mingyuan, Mr. Cui Xiaofeng, Mr. Patrick Healy, Mr. Xiao Peng, Mr. Xu Niansha, Mr. He Yun*, Ms. Winnie Tam Wan-chi* and Mr. Gao Chunlei*.*

* *Independent non-executive director of the Company*