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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)

**UPDATE ANNOUNCEMENT ON  
ACQUISITION OF EQUITY INTEREST AND CAPITAL INCREASE IN  
SHANDONG AVIATION GROUP CORPORATION**

References are made to the announcements of Air China Limited (the “**Company**”) dated 30 May 2022, 14 June 2022 and 30 December 2022 (“**Previous Announcements**”) in relation to the planning by the Company to acquire the control of Shandong Aviation Group Company Limited (“**Shandong Aviation Group Corporation**” or the “**Target Company**”) and thereby acquiring the control of Shandong Airlines Co., Ltd. (“**Shandong Airlines**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in Previous Announcements.

As set out in the Previous Announcements, on 30 December 2022, (i) the Company entered into the Equity Transfer Agreements with Shansteel Financial Holdings and Qingdao Qifa, respectively, pursuant to which the Company shall acquire the 1.4067% and 0.9043% equity interest in Shandong Aviation Group Corporation held by Shansteel Financial Holdings and Qingdao Qifa at the consideration of RMB20,064,883.27 and RMB12,898,394.49, respectively (the “**Equity Transfer**”); and (ii) the Company, Shandong Finance, Shandong Hi-Speed and Shandong Aviation Group Corporation entered into the Capital Increase Agreement, pursuant to which the Company and Shandong Hi-Speed shall make capital increase of RMB6,600,000,000 and RMB3,400,000,000 to Shandong Aviation Group Corporation, respectively (the “**Capital Increase**”, collectively with the Equity Transfer, the “**Transactions**”). Upon the completion of the Transactions, the percentage of the equity interest of Shandong Aviation Group Corporation held by the Company will increase from 49.4067% to 66%.

As of the date of this announcement, the registration procedures for industrial and commercial changes in respect of the Equity Transfer was completed, and the closing thereof was also completed. The Company has acquired the control of Shandong Aviation Group Corporation, directly holds 22.8% of equity interest in Shandong Airlines, and indirectly holds 42% of equity interest in Shandong Airlines through Shandong Aviation Group Corporation. Shandong Aviation Group Corporation, Shandong Airlines and their subsidiaries within the scope of consolidated financial statements will be consolidated into the financial statements of the Company. In addition, the Capital Increase and other follow-up work are progressing in an orderly manner.

The Company has direct and indirect aggregate interest in more than 30% of shares of Shandong Airlines. The Company will make a general offer to the shareholders of Shandong Airlines other than the Company and Shandong Aviation Group Corporation according to the requirements of the Regulations on the Takeover of Listed Companies (《上市公司收購管理辦法》).

The Target Company may be exposed to risks in the industry environment, national policies, and market competition during its operations, and therefore the Company may have the risk of not being able to realize the expected investment returns. The Company will closely monitor the operation and management of the Target Company, take appropriate management measures to strengthen risk management and control, and perform information disclosure obligations in a timely manner in accordance with relevant regulations on information disclosure management strictly.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Beijing, the PRC, 21 March 2023

*As at the date of this announcement, the directors of the Company are Mr. Ma Chongxian, 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*