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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)

(I) Proposed Amendments to Articles of Association

(II) Proposed Amendments to the Rules and Procedure of Shareholders' Meetings,

Rules and Procedure of the Meetings of the Board of Directors and

Rules and Procedure of the Meetings of the Supervisory Committee

(III) General Mandate to Issue Shares

(IV) Appointment of Non-Executive Director

(V) Appointment of Independent Non-Executive Director

(VI) Procurement of Directors and Officers Liability Insurance for

Directors, Supervisors and Senior Management of the Company

and

Notice of Annual General Meeting

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DEFINITIONS

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

“A Shares”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in RMB on the Shanghai Stock Exchange
“AGM”	the 2008 annual general meeting of the Company to be held at 9:30 a.m. on Wednesday, 10 June 2009 at The Conference Room, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, PRC for the shareholders of the Company to consider and approve the resolutions set out in the notice of the annual general meeting
“Articles of Association”	the Articles of Association of the Company
“Board”	the board of directors of the Company
“Company”	Air China Limited, a company incorporated in the People’s Republic of China, 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
“CSRC”	China Securities Regulatory Commission of the PRC;
“Director(s)”	the director(s) of the Company
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Shareholder(s)”	registered holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Three Rules and Procedure”	the Rules and Procedure of Shareholders’ Meeting, Rules and Procedure of the Meetings of the Board of Directors and Rules and Procedure of the Meetings of the Supervisory Committee

LETTER FROM THE BOARD



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)

Directors:

Non-executive Directors:

Kong Dong (*Chairman*)
Wang Yinxiang (*Vice Chairman*)
Wang Shixiang (*Vice Chairman*)
Christopher Dale Pratt
Chen Nan Lok, Philip

Executive Directors:

Cai Jianjiang
Fan Cheng

Independent Non-Executive Directors:

Hu Hung Lick, Henry
Wu Zhi Pan
Zhang Ke
Jia Kang

Registered address:

9th Floor, Blue Sky Mansion
28 Tianzhu Road, Zone A
Tianzhu Airport Industrial Zone
Shunyi District
Beijing, PRC

Principal place of

business in Hong Kong:

5th Floor, CNAC House
12 Tung Fai Road
Hong Kong International Airport
Hong Kong

24 April 2009

To the Shareholders

Dear Sir or Madam,

- (I) Proposed Amendments to Articles of Association**
(II) Proposed Amendments to the Rules and Procedure of Shareholders' Meetings,
Rules and Procedure of the Meetings of the Board of Directors and
Rules and Procedure of the Meetings of the Supervisory Committee
(III) General Mandate to Issue Shares
(IV) Appointment of Non-Executive Director
(V) Appointment of Independent Non-Executive Director
(VI) Procurement of Directors and Officers Liability Insurance for
Directors, Supervisors and Senior Management of the Company
and
Notice of Annual General Meeting

1. INTRODUCTION

It is proposed that at the AGM of the Company to be held on Wednesday, 10 June 2009, the notice of which is set out on pages 73 to 76 of this document, resolutions will be proposed

LETTER FROM THE BOARD

to, inter alia, amend the Articles of Association, amend the Three Rules and Procedure, appoint a new non-executive Director and a new independent non-executive Director and approve the procurement of Directors and Officers Liability Insurance for Directors, Supervisors and senior management of the Company.

2. PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

At the Board meeting held on 16 April 2009, the Board resolved to propose amendments to the Articles of Association at the AGM. Pursuant to the latest amendments to the Listing Rules in relation to electronic corporate communications which came into effect on 1 January 2009, the new requirements on cash dividend policy issued by the CSRC, The Shanghai Stock Exchange and other rules and regulations applicable to the Company, the proposed amendments are to articles relating to corporation communications and their despatch and the cash dividend policy. Further, amendments are also proposed to refine certain articles in accordance with rules and regulations applicable to the Company. The main amendments proposed include, but is not limited to, (1) articles relevant to corporate communication and despatch (including, for the Company's H-share shareholders, the use of electronic corporate communication on the Company's website subject to the requirements of the Listing Rules); (2) clarification of the Company's cash dividend policy; and (3) refinement of articles which relate to the convening of extraordinary general meetings, proposals for resolution at extraordinary general meetings, powers of the directors and the serving of board meeting notices.

According to the Articles of Association and the relevant laws and regulations, the aforesaid amendments to the Articles of Association are subject to the Shareholders' approval by way of special resolution. Further, the proposed amendments will become effective after relevant PRC authorities approve them. Details regarding the proposed amendments to the Articles of Association are set out in Appendix I of this circular.

3. PROPOSED AMENDMENTS TO THE THREE RULES AND PROCEDURE

At the Board meeting held on 16 April 2009, the Board resolved to propose amendments to the Three Rules and Procedure to align the Three Rules of Procedures with the amendments made in 2005 to Company Law of the PRC and substantial amendments made by the CSRC in 2006 to the relevant requirements on A share listed companies under the Guidelines for Articles of Association of Listed Companies and the Rules Governing the Shareholders' Meetings of Listed Companies. Such amendments to the Three Rules of Provisions include, but is not limited to, (1) amendments to relevant provisions on the calling, convening, presiding and recording of meetings and the approval authority (and its delimitation) in respect of any provision of external guarantees; (2) amendments to align the Three Rules of Procedure with the proposed amendments to the Articles of Association to ensure consistency; (3) amendments relating to the approval authority (and its delimitation) to approve the Company's investment in accordance with the Company's actual situation and the applicable listing rules; and (4) the deletion of provisions where the rules and regulations on which such provisions were based have been repealed and there are no current rules and regulations applicable to such provisions.

According to the Articles of Association and the relevant laws and regulations, the aforesaid amendments to the Three Rules and Procedure are subject to the Shareholders' approval by way of special resolution.

Full text of the revised Rules and Procedure of Shareholders' Meeting, Rules and Procedure of Meetings of the Board of Directors and Rules and Procedure of Meetings of the Supervisory Committee is set out in Appendices II, III and IV respectively of this circular.

LETTER FROM THE BOARD

4. GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and to give discretion to the Directors in the event that it becomes desirable to issue any shares, a special resolution will be proposed at the AGM to give an unconditional general mandate to the Directors that during the Relevant Period, to separately or concurrently, allot, issue, and deal with additional A shares and H shares of the Company and to make or grant offers, agreements or options in respect thereof, with an aggregate nominal value of not exceeding 20% of the aggregate nominal amount of each of the existing A shares and H shares of the Company in issue as at the date of the relevant resolution to be proposed and passed at the AGM (the “**General Mandate**”). The General Mandate will lapse at the conclusion of the next AGM unless renewed. The Company shall obtain the approval of the CSRC and other relevant authorities for any issue of new shares under the General Mandate.

5. APPOINTMENT OF NON-EXECUTIVE DIRECTOR

At the Board meeting held on 15 January 2009, the Board resolved to proposed that Mr. Cao Jianxiong be appointed as a non-executive Director. An ordinary resolution to consider and approve the appointment of Mr. Cao Jianxiong will be proposed at the AGM.

Mr. Cao Jianxiong (曹建雄), aged 49, graduated from the Civil Aviation Management Institute with a major in labour economics. Mr. Cao also received a master degree in global economics from Eastern China Normal University’s Department of International Finance. Mr. Cao holds the title of Senior Economist. He started his career in China’s civil aviation industry in 1982 and was appointed as the vice president and chief financial officer of China Eastern Airlines Corporation Limited in December 1996. In September 1999, he was appointed as the vice president of CEA Group. From October 2002 to December 2008, he served as vice president and party committee member of China Eastern Air Holding Company and was also the party secretary of China Eastern Air Northwest Company from December 2002 to September 2004. From October 2006 to December 2008, he served as the president and the deputy party secretary of China Eastern Airlines Corporation. In December 2008, Mr. Cao was appointed as the vice president and party committee member of China National Aviation Holding Company.

Mr. Cao will enter into a service contract with the Company. The term of his office is not more than three years which shall commence upon the approval to the appointment by the Shareholders and end on the expiry of the term of the current session of the Board. Mr. Cao will not be receiving any compensation as a director in the Company.

Save as disclosed above, Mr. Cao has not held any other directorships in public companies the securities of which are listed in any securities market in Hong Kong or overseas or taken up a post in any affiliated companies of the Company in the past three years. Save as disclosed above, Mr. Cao does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholder of the Company. Mr. Cao does not have any equity interest in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). There is no information to be disclosed on items from (h) to (v) in Rule 13.51(2) of the Listing Rules. No other matter needs to be brought to the attention of the shareholders of the Company in respect of the Company and its directors and supervisors.

LETTER FROM THE BOARD

6. APPOINTMENT OF NEW INDEPENDENT NON-EXECUTIVE DIRECTOR

At the Board meeting held on 16 April 2009, the Board resolved to proposed that Mr. Fu Yang be appointed as an independent non-executive Director. An ordinary resolution to consider and approve the appointment of Mr. Fu Yang and to approve the determination of his remuneration with reference to the emoluments of the independent non-executive Directors of the second session of the Board (which is RMB60,000 per annum) will be proposed at the AGM.

Mr. Fu Yang (付洋), age 60, is a partner and director of Kang Da Law Firm, a law firm in Beijing. He is also an arbitrator of China International Economic and Trade Arbitration Commission and independent non-executive director of Tsingtao Brewery Company Limited. Previously, Mr. Fu served as the Deputy Director of the Economic Law Office of the National People's Congress Law Committee, Vice-President of the Third, Fourth and Fifth sessions of the All China Lawyers Association, independent non-executive director of CITIC Guoan Information Industry Co., Ltd, specially-engaged professor of China University of Political Science and Law, associate mentor to Tsinghua University School of Law masters students and specially-engaged professor of Nankai University School of Law.

The director's fee of Mr. Fu, if any, will be determined with reference to the emoluments of the independent non-executive Directors of the second session of the Board (which is RMB60,000 per annum). The term of Mr. Fu's office shall commence on the date of approval by the Shareholders of his appointment and shall end on the expiry of the term of the current session of the Board.

Save as disclosed above, Mr. Fu has not held any other directorships in public companies the securities of which are listed in any securities market in Hong Kong or overseas or taken up a post in any affiliated companies of the Company in the past three years. Save as disclosed above, Mr. Fu does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholder of the Company. Mr. Fu does not have any equity interest in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). There is no information to be disclosed on items from (h) to (v) in Rule 13.51(2) of the Listing Rules. No other matter needs to be brought to the attention of the shareholders of the Company in respect of the Company and its directors and supervisors.

7. PROCUREMENT OF DIRECTORS AND OFFICERS LIABILITY INSURANCE

At the board meeting held on 16 April 2009, the Board resolved to propose an ordinary resolution at the AGM for the Shareholders to consider and, if thought fit, approve the procurement of Directors and Officers Liability Insurance for the Directors, Supervisors and senior management of the Company to cover the risk exposure of all Directors, Supervisors and senior management, as well as other officers who perform management and supervisory functions, in the course of discharging their duties. The insurance period shall be one year (renewable on a yearly basis) with the insured liability capped at USD15 million and a total of USD120,000 payable annually as premium. The proposed resolution would, if approved by the Shareholders, authorise the Board to determine any adjustment to the limits of liability and premiums and authorise the management of the Company to handle issues relating to the liability insurance on a yearly basis including but not limited to selection of the insurance company and execution of insurance contracts.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Directors consider that the abovementioned proposed resolutions are fair and reasonable so far as the Shareholders are concerned and accordingly recommend the Shareholders to consider the above proposed resolutions and to vote in favour of the resolutions which will be proposed at the AGM.

9. AGM

The Company will convene the AGM at The Conference Room, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, PRC at 9:30 a.m. on Wednesday, 10 June 2009. A notice of AGM, a form of proxy and an attendance notice have been dispatched to the Shareholders in accordance with Hong Kong Listing Rules on Friday, 24 April 2009. The notice of AGM is reproduced in pages 73 to 76 of this circular.

Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon. If you intend to attend the AGM, you are required to complete and return the notice of attendance to the Company's H share registrar, Computershare Hong Kong Investor Services Limited on or before Thursday, 21 May 2009.

Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the meetings or at any adjourned meetings should you so wish and completion and return of the notice of attendance do not affect the right of a shareholder to attend the respective meeting.

10. GENERAL INFORMATION

According to the Articles of Association of the Company, the Company will close its share register from Monday, 11 May 2009 to Wednesday, 10 June 2009 (both days inclusive).

Shareholders of the Company whose names appear in the register of members of the Company at the close of business on Friday, 8 May 2009 may attend the AGM after completing the registration procedures. In order to qualify for attendance at the AGM, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on Friday, 8 May 2009.

Shareholders who intend to attend the AGM have to deliver the notice of attendance together with any necessary registration documents to the Company's H share registrar, Computershare Hong Kong Investor Services Limited in person or by post or fax on or before Thursday, 21 May 2009.

By Order of the Board
Kong Dong
Chairman

Beijing, the PRC

Pursuant to the latest amendment in relation to corporate communication issued by The Stock Exchange of Hong Kong Limited and the latest requirements concerning cash dividend stipulated by China Securities Regulatory Commission and Shanghai Stock Exchange, the Company proposes to amend the provisions relating to the dispatch of notice contained in its articles of association and clarified in the articles of association its cash dividend policy. In addition, the Company further proposes to refine some of the provisions of the articles of association according to the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed. Specifically, the proposed amendments are as follows:

- I. Sub-paragraph (1) under the second paragraph of Article 65 of the original articles of association is as follows:

“The board of directors shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:

(1) when the number of directors is less than eight;

...”

These paragraphs are proposed to be amended as follows:

“The Company shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events:

(1) where the number of directors is less than the minimum number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;

...”

- II. The second paragraph of Article 67 of the original articles of association is as follows:

“Shareholders who hold, separately or jointly, more than 3% of the Company’s shares can propose an extraordinary resolution in writing to the convenor 10 days prior to the shareholders’ general meeting. Within 2 days after the receipt of the extraordinary resolution, the convenor shall issue a supplementary notice of the general meeting to announce the content of the extraordinary resolution.”

This paragraph is proposed to be amended as follows:

“Shareholders who hold, separately or jointly, more than 3% of the Company’s shares can propose an extraordinary resolution in writing to the convenor 10 days prior to the shareholders’ general meeting. Within 2 days after the receipt of the extraordinary

resolution, the convenor shall issue a supplementary notice of the general meeting to announce the content of the extraordinary resolution. If it is otherwise provided for under the listing rules of the jurisdictions where the shares of the Company are listed, such requirements shall also be complied with.”

III. Article 72 of the original articles of association is as follows:

“Notice of shareholders’ general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders. For the holders of Domestic Shares, notice of the meetings may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders’ general meeting.”

This article is proposed to be amended as follows:

“Notice of shareholders’ general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders.

For the holders of A shares, notice of the meetings may be issued by way of public announcement. Such public announcement shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, all holders of A shares shall be deemed to have received the notice of the relevant shareholders’ meeting.

For holders of Overseas-Listed Foreign Shares, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed, the notice of shareholders’ general meeting may also be issued by other means as specified in Article 228 herein.”

IV. Sub-paragraph (11) under the first paragraph, together with the second paragraph, of Article 110 of the original articles of association is as follows:

“The Board of Directors is responsible to the shareholders’ general meeting and shall exercise the following duties and powers:

...

(11) To appoint or dismiss the president of the Company, secretary to the Board of Directors of the Company; and to appoint or dismiss, with reference to the nomination by the president, the vice president and chief accountant of the Company, and determine their remunerations;

...

Resolutions by the Board of Directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors with the exception of resolutions on matters referred to in sub-paragraphs (6), (7) and (16) and on external guarantee which shall require the affirmative vote of more than two-thirds of the directors.”

These paragraphs are proposed to be amended as follows:

“The Board of Directors is responsible to the shareholders’ general meeting and shall exercise the following duties and powers:

...

(11) To appoint or dismiss the president of the Company, secretary to the Board of Directors; and to appoint or dismiss, with reference to the nomination by the president, the vice president, chief accountant, chief pilot and other senior management staff of the Company and determine their remunerations;

...

Resolutions by the Board of Directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors (amongst which resolution on matters referred to in sub-paragraph (8) shall require the affirmative vote of more than two-thirds of the directors present at the board meeting) with the exception of resolutions on matters referred to in sub-paragraphs (6), (7) and (16) which shall require the affirmative vote of more than two-thirds of all the directors.”

- V. The first paragraph under Article 112 of the original articles of association is as follows:

“The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposal, and the amount or value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, exceeds 33 % of the value of the Company’s fixed assets as shown in the latest balance sheet which was tabled at a shareholders’ general meeting.”

This paragraph is proposed to be amended as follows:

“The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company’s fixed assets as shown in the latest balance sheet which was considered at a shareholders’ general meeting.”

- VI. Sub-paragraph (2) under the first paragraph of Article 116 of the original articles of association is as follows:

“Notice of board meetings shall be given by the following methods:

...

- (2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the chairman of the board of directors shall notify the directors and supervisors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or by personal delivery, unless otherwise provided for in Article 115 herein.

...”

These paragraphs are proposed to be amended is as follows:

“The notice of board meeting shall be issued via the following methods:

...

- (2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the secretary of the board

of directors shall notify the directors and supervisors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or **in person or by email**, unless otherwise provided for in Article 115 herein.

...”

VII. The second paragraph of Article 183 of the original articles of association is as follows:

“The Company shall deliver or send to each shareholder by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual general meeting of the shareholders.”

The second paragraph is proposed to be amended and an additional paragraph is proposed to be inserted as the third paragraph of this Article. The details are as follows:

“The Company shall send to each holder of Overseas-Listed Foreign Shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual general meeting of the shareholders.

Provided that the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed are complied with, the abovementioned report may also be issued or provided to the holders of Overseas-Listed Foreign Shares by other means as specified in Article 228 herein.”

VIII. The first paragraph of Article 189 of the original articles of association is as follows:

“The Company shall take positive measures on profit distribution and pay attention to provide investors with reasonable investment return.”

This paragraph is proposed to be amended as follows:

“The Company shall take positive measures on profit distribution and pay due attention to provide a reasonable return to the investors. The profit distribution policy of the Company shall maintain a level of continuity and stability. Cash dividends shall be given priority in considering profit distribution, and interim cash dividends may also be distributed.”

IX. The third paragraph of Article 210 of the original articles of association is as follows:

“The Company shall, within fourteen (14) days after receipt of the notice referred to in the preceding paragraph, send a copy of the notice to the relevant governing authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be made available at the Company for shareholders’ inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder at the address registered in the register of shareholders.”

This paragraph is proposed to be amended as follows:

“The Company shall, within fourteen (14) days after receipt of the notice referred to in the preceding paragraph, serve a copy of the notice to the competent governing authority. If the notice contains the statement under the preceding sub-paragraph (2), a copy of such statement shall be made available at the Company for shareholders’ inspection. The Company shall also send a copy of such statement by prepaid mail to each holder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders. Notwithstanding the above, provided that the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed are complied with, the abovementioned notice may also be served to the holders of Overseas-Listed Foreign Shares by other means as specified in Article 228 herein.”

X. Article 228 of the original articles of association is as follows:

“The Company’s notices shall be delivered by the following means: (1) by designated person; (2) by mail; (3) by way of public announcement; (4) by other means in accordance with the Articles of Association.

The Company’s notices delivered by way of public announcement are deemed to be received by all relevant parties as soon as the public announcement is published, provided that such announcement shall be published in the designated newspapers.”

These paragraphs are proposed to be amended as follows:

“The Company’s notices (for the purpose of this chapter, the term “Notice” shall include the notice of any meetings, corporate communications or other written materials issued by the Company to its shareholders) may be delivered by the following means: (1) by designated person; (2) by mail; (3) by way of public announcement; (4) by other means as recognised by the securities regulatory authority and stock exchange in the jurisdictions where the shares of the Company are listed or by other means as provided in Articles of Association.

The Company's notices delivered by way of public announcement shall be published in the newspapers designated by the securities regulatory authority and stock exchange of the jurisdictions where the shares of the Company are listed (if any) and/or in other designated media (including websites).

As for the methods in which the corporate communications are provided and/or distributed by the Company to holders of Overseas-Listed Foreign Shares as required by Hong Kong Listing Rules, the corporate communications may, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed, also be sent or provided by the Company to the holders of Overseas-Listed Foreign Shares by any electronic means or by publishing such corporate communications on the Company's website, instead of sending such corporate communications by personal delivery or by prepaid postage mail to the holders of Overseas-Listed Foreign Shares.

The term "Corporate Communication" refers to any document issued or to be issued by the Company to the holders of its securities for their information or action, including but not limited to:

- (1) the directors' report, annual accounts of the Company together with the auditors' report and, where applicable, the summary of its financial report;
- (2) the interim report and, where applicable, the summary of its interim report;
- (3) the notice of meeting;
- (4) the listing document;
- (5) the circular; and
- (6) the proxy form."

XI. Article 229 of the original articles of association shall be deleted. Article 229 of the original articles of association is as follows:

"Unless otherwise required by these Articles of Association, notices, information or written statements issued by the Company to the holders of Overseas-Listed Foreign Shares must be delivered to the registered address of each holder of Overseas-Listed Foreign Shares by personal delivery or prepaid postage mail."

XII. The second paragraph of Article 230 of the original articles of association is as follows:

“If a notice of the Company is made by public announcement, the date of delivery shall be the date on which the first announcement is published.”

This paragraph is proposed to be amended as follows:

“If a notice of the Company is made by public announcement, the date of service shall be the date on which the first announcement is published. If the corporate communication is made or provided at the Company’s website to holders of Overseas-Listed Foreign Shares, such corporate communication shall be deemed to be made and served at the later of: (1) the date on which a notice notifying that the corporate communication has already been published on the Company’s website is issued to holders of Overseas-Listed Foreign Shares pursuant to the Hong Kong Listing Rules; or (2) the date on which the corporate communication is first published on the Company’s website (in the event that corporate communication is published on the website subsequent to the issuance of the said notice).”

XIII. Article 231 of the original articles of association is as follows:

“Where a notice is sent by post, the notice shall be put into a clearly addressed and prepaid postage envelope. Such notice shall be deemed to have been served on the third working day after the envelope containing the notice has been delivered to the post office.”

This article is proposed to be amended as follows:

“Where a notice is sent by post, the notice shall be put into a clearly addressed and prepaid postage envelope. Such notice shall be deemed to have been issued on the date on which the envelope containing the notice has been delivered to the post office and served on the third working day commencing from the date of issue.”

XIV. Article 232 of the original articles of association shall be deleted. The original Article 232 is as follows:

“Unless otherwise provided, any notice or report that is required or permitted to be issued by Company by way of public announcement under the Articles of Association must be published in at least one newspaper with national circulation designated by the securities regulatory authority of the State Council and in other newspapers in China designated by the board of directors, and must simultaneously be published on the same day in the English and Chinese languages, respectively, in at least one major English newspaper and one major Chinese newspaper in Hong Kong.”

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to protect the legitimate interests of Air China Limited (hereinafter referred to as the “**Company**”) and its shareholders, to specify the duties and authority of the general meetings, to ensure the proper, efficient and smooth operation of the general meetings and to ensure the general meetings exercise their functions and powers legally, these Rules are formulated in accordance with laws and regulations such as the “Company Law of the People’s Republic of China” (hereinafter referred to as the “**Company Law**”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guide to Articles of Association of Listed Companies”, “Standards for the Governance of Listed Companies” and “Regulatory Opinions Regarding General Meetings of Listed Companies” and provisions of the Articles of Association of Air China Limited (hereinafter referred to as the “**Articles of Association**”).

Article 2 These Rules apply to the general meetings of the Company and shall be binding on the Company, shareholders, authorized proxies of the shareholders attending the meeting, and directors, supervisors and other relevant personnel present at the meeting.

Article 3 The Company shall maximize the presence of shareholders at any general meeting by whatever means including the use of modern communication channels to the full extent, on condition that the general meeting shall be held legally and validly. Selection of time and place for any general meeting shall allow as many shareholders as possible to be present at the meeting.

Article 4 The board of the Company shall strictly comply with the provisions of the relevant laws and regulations and the Articles of Association regarding the convening of general meetings when organizing the general meetings. The directors of the Company shall not obstruct the lawful exercise of powers by a general meeting.

Article 5 Any shareholder who are registered in the register and holds the shares of the Company legally and validly as at the record date is entitled to personally or appoint a proxy to attend a general meeting, and shall have various rights including the right to be informed of the Company’s affairs, the right to speak, the right to raise questions and the right to vote pursuant to law.

CHAPTER 2 SYSTEM OF SHAREHOLDERS' GENERAL MEETINGS

Article 6 Shareholders and their proxies attending a general meeting shall comply with the provisions of the relevant laws and regulations, Articles of Association and these Rules, and shall take initiatives to maintain the order of the meeting and shall not infringe the legitimate rights and interests of other shareholders.

Article 7 The secretariat of the Company’s board of directors is responsible for all works of preparation and organization for holding of the general meetings.

Article 8 In convening a general meeting, the principle of cost-saving and simplicity shall be adhered to. No extra pecuniary benefits shall be given to the shareholders (or their proxies) present at the meeting.

Article 9 The general meeting is classified into the annual general meeting (hereinafter referred to as “**AGM**”) and extraordinary general meetings.

All shareholders are entitled to attend the AGMs and extraordinary general meetings.

In the circumstances specified in the Articles of Association, the Company shall convene a class meeting. Shareholders who holds a different class of shares are deemed to be a different class of shareholders. Except other classes of shareholders, holders of domestic shares and those of foreign shares are deemed to be shareholders of different classes, and holders of foreign share shall be deemed to be the same class shareholders.

Article 10 AGMs shall be held by the board once every year and convened within six months from the end of the previous financial year. In the event that the Company is unable to convene an AGM within the period of time mentioned above for any reason, the Company shall report and explain to the relevant local office of the China Securities Regulatory Commission (“**CSRC**”) at the place where the Company is located and the stock exchange(s) on which its shares are listed for trading and make a public announcement.

Article 11 The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstance occurs:

- (1) the number of directors falls short of the minimum number required by the Company Law or is less than two-thirds of the number required under the Articles of Association;
- (2) the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) shareholder(s) individually or collectively holding 10% or more of the Company's shares request(s) in writing the convening of an extraordinary general meeting;
- (4) it is deemed necessary by the board;
- (5) it is proposed by the supervisory committee;
- (6) any other circumstance so specified in laws, administrative regulations, departmental rules or the Articles of Association.

The amount(s) of shareholding mentioned in (3) above is calculated as on the day when the shareholder(s) in question make(s) the request(s) in writing.

In any event of (1), (2), (3) or (5) of this Article and if the board fails to convene an extraordinary general meeting within the specified period, shareholder(s) who fulfill(s) the requirement or the supervisory committee may convene an extraordinary general meeting in accordance with the Articles of Association and provisions hereof.

Article 12 To vary or abrogate the rights of any class of shareholders, the Company must approve it by a special resolution in a general meeting and it must also be approved by the holders of shares of such class at a separate meeting in accordance with the Articles of Association.

Article 13 The board, independent directors and shareholders which meet certain conditions (in accordance with the standards issued by the relevant regulatory authorities from time to time) may collect voting rights from shareholders of the Company at a general meeting. Public collection of the voting rights of shareholders by a collector shall be made in accordance with the regulations of relevant regulatory authorities and the stock exchange(s) on which the Company's shares are listed.

Article 14 The board of directors and other conveners shall take necessary measures to ensure regular order of the shareholders' general meeting. Actions shall be taken to restrain any activity which disturbs the shareholders' general meeting, causes troubles or infringes the lawful interests of shareholders, and any such activity shall be reported to relevant authorities promptly.

Article 15 When convening the shareholders' general meeting, the Company shall engage a lawyer to issue legal opinion and publish an announcement on the following issues:

- (1) whether the convening of the shareholders' general meeting comply with the requirements of laws, administrative regulations, etc, and the requirements of the Articles of Association;
- (2) whether the eligibility of the attendees and the convener are legal and valid;
- (3) whether the voting procedures and results of the shareholders' general meeting are legal and valid;
- (4) legal opinion on other matters upon request by the Company.

**CHAPTER 3 FUNCTIONS AND POWERS OF THE SHAREHOLDERS'
GENERAL MEETING**

Article 16 The powers exercisable by a general meeting are as follows:

- (1) to decide on the Company's business policy and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who are not employee representatives and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the reports of the board;
- (5) to examine and approve the reports of the supervisory committee;
- (6) to examine and approve the Company's proposed annual budgets and final accounts;
- (7) to examine and approve the Company's profit distribution proposals and loss recovery proposals;
- (8) to resolve on the proposals for the increase or reduction of the Company's registered capital;
- (9) to resolve on the proposals for merger, division, dissolution and liquidation and other matters of the Company;
- (10) to resolve on the proposal for issue of the Company's debt securities;
- (11) to resolve on the proposal for appointment, removal of the Company's accounting firm or the proposal to not appoint any accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider motions raised by the board of directors, supervisory committee or shareholder(s) who individually or collectively represent(s) 3% or more of the shares of the Company;
- (14) to resolve on any purchase or sale of major assets by the Company within one year where such transaction amount exceeds 30% of the latest audited total assets of the Company;
- (15) to resolve on the Company's external guarantees which shall be approved by a general meeting as required under laws, administrative regulations and the Articles of Association;

- (16) to consider and approve any change in the use of proceeds raised;
- (17) to consider any share incentive schemes;
- (18) to resolve on other matters which, in accordance with laws, administrative regulations, departmental rules and Articles of Association, must be approved by a general meeting.

A general meeting shall exercise its powers within the scope stipulated by the Company Law and the Articles of Association and shall not interfere with the decisions of shareholders regarding their own rights.

Article 17 Any external guarantee provided by the Company under any of the following circumstances shall be approved by the general meeting after being considered and passed by the board of directors:

- (1) any provision of guarantee, where the total amount of external guarantees provided by the Company or its controlled subsidiaries reaches or exceeds 50% of the Company's latest audited net assets;
- (2) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (3) provision of a single guarantee whose amount exceeds 10% of the Company's latest audited net assets;
- (4) provision of guarantee to any shareholder(s), actual controllers of the Company and such shareholder(s) and/or actual controller connected parties;
- (5) provision of any guarantee after the total amount of the Company's external guarantees reaches or exceeds 30% of the Company's latest audited total assets;
- (6) other guarantee-related matters that shall be approved by the general meeting as stipulated by laws and regulations and the Articles of Association.

Based on the principle of aggregating the total amount of guarantees for 12 consecutive months, any external guarantee exceeding 30% of the Company's latest audited total assets must be passed by votes representing two-thirds or more of the voting rights of the shareholders (including their proxies) present at the general meeting.

Article 18 Matters which, in accordance with the provisions of applicable laws, administrative regulations and the Articles of Association, are required to be approved by the general meeting shall be considered at such meetings so as to protect the decision-making power of the shareholders of the Company on such matters. Under necessary and reasonable circumstances, the general meeting may authorize the board to decide, within the scope of authorization granted by the general meeting, specific issues relating to matters to be resolved on by the general meeting which may not be decided upon immediately at a general meeting.

With regard to an authorization granted by a general meeting to the board, if the matter is one that may be approved by any of an ordinary resolution, it shall be passed by votes representing a simple majority of the voting rights held by the shareholders (including their proxies) present at the meeting; and if it is a matter that shall be approved by way of a special resolution, it shall be passed by votes representing two-thirds or more of the voting rights held by the shareholders (including their proxies) present at the meeting. The contents of the authorization shall be specific and detailed.

Article 19 Authorization to be granted by a general meeting to the board shall be in accordance with the following principles:

- (1) to focus on the operation and development of the Company, to make good use of market opportunities and to ensure smooth and efficient operation of the Company;
- (2) to be flexible and pragmatic, to avoid excessive formalities on condition that it does not contravene the Articles of Association, and to ensure business decisions of the Company may be made in a timely manner;
- (3) not to harm the interests of the Company and shareholders as a whole, especially the legal interests of minority shareholders.

Article 20 The Company's decision-making and approval process in respect of investment projects shall be subject to the following terms of reference for the purposes of ensuring a prudent investment policy for the Company and enhancing the efficiency of its daily operations:

(I) Scope of the general meeting's authority

1. General transactions that are subject to the approval of the general meeting (as defined under the relevant listing rules of the place where the shares of the Company are listed, as amended from time to time) include specifically:

- (1) transactions that are subject to the approval of shareholders in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules of**

the Stock Exchange”), and specifically, in the size tests conducted on the transaction based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specifics of the size tests shall be based on the Listing Rules of the Stock Exchange, as amended from time to time), each of the ratios is equal to or more than 25%;

- (2) transactions that are subject to the approval of shareholders in accordance with the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (the “**Listing Rules of the Shanghai Stock Exchange**”), and specifically, in the size tests conducted on the transaction based on total asset, transaction amount, profit, operating revenue and net profit of the transaction (specifics of the size tests shall be based on the Listing Rules of the Shanghai Stock Exchange), each of the ratios is equal to or more than 50%.
2. Connected transactions that are subject to the approval of the general meeting (as defined under the relevant listing rules of the jurisdictions where the shares of the Company are listed, as amended from time to time) including:
 - (1) connected transactions that are subject to the approval of the general meeting of the Company in accordance with the Listing Rules of the Stock Exchange (connected transactions shall be as defined under the Listing Rules of the Stock Exchange, as amended from time to time), and specifically, in the size tests conducted on the transactions based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specifics of the size tests shall be based on the Listing Rules of the Stock Exchange, as amended from time to time), each of the ratios is equal to or more than 2.5%, unless all of the above ratios are less than 25% and the transaction consideration is less than HK\$10 million;
 - (2) transactions that are subject to the approval of shareholders in accordance with the Listing Rules of the Shanghai Stock Exchange (connected transactions shall be as defined under the Listing Rules of the Shanghai Stock Exchange, as amended from time to time), and specifically, the transaction amount of the transaction (or related transactions calculated cumulatively) is equal to or more than 5% of the latest audited net asset absolute value of the Company.
3. Where the Company enters into an acquisition or disposal of assets transaction (including general transactions and connected transactions) and the total assets involved or the transaction amount, calculated cumulatively, exceeds 30% of the latest audited total assets of the Company, such transaction shall be subject to the approval of the general meeting.

4. Risk investments that are subject to the approval of the general meeting (which refers to futures contracts such as aircraft fuel prices hedging contracts and other derivatives) include specifically: any projects with an investment amount which exceeds 15% of the Company's latest audited net asset.
5. Please see Article 17 for further details of the external guarantees that are subject to the approval of the general meeting.
6. Other investment projects that are subject to the approval of the general meeting pursuant to the provisions of the laws and regulations of the jurisdictions where the shares of the Company are listed, the relevant listing rules, and the Articles of Association.
7. In relation to the foregoing transactions that are subject to the approval of the general meeting, in the event that an approval of the general meeting is required under the Listing Rules of the Stock Exchange but an approval of the general meeting is not required under the Listing Rules of the Shanghai Stock Exchange, subject to compliance with the laws and regulations of the jurisdictions where the shares of the Company are listed and the relevant listing rules, the Company may, in lieu of the convening of a general meeting, adopt a written approval by shareholders who collectively hold 50% or more of the Company's shares.

(II) Scope of the board authority

1. General transactions that are subject to the approval of the board of directors (as defined under the relevant listing rules of the jurisdictions where the shares of the Company are listed, as amended from time to time) include specifically:
 - (1) in the size tests conducted on the transactions based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specifics of the size tests shall be based on the Listing Rules of the Stock Exchange, as amended from time to time), each of the ratios is equal to or more than 3% but less than 25%;
 - (2) in the size tests conducted on the transaction (or related transactions calculated cumulatively) based on total asset, transaction amount, profit, operating revenue and net profit of the transaction (specifics of the size tests shall be based on the Listing Rules of the Shanghai Stock Exchange), each of the ratios is less than 50%, but the transaction does not fall within the scope of authority of the management.

2. Connected transactions that are subject to the approval of the board of directors (as defined under the relevant listing rules of the place where the shares of the Company are listed, as amended from time to time) include specifically:
 - (1) in the tests conducted on the connected transactions (the definition of connected transactions shall be as defined under the Listing Rules of the Stock Exchange, as amended from time to time) based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specifics of the size tests shall be based on the Listing Rules of the Stock Exchange, as amended from time to time), each of the ratios is equal to or more than 0.1% but less than 2.5%, unless the transaction consideration is less than HK\$1 million; or each of the above ratios, although it is equal to or more than 2.5%, is less than 25% and the transaction consideration is less than HK\$10 million;
 - (2) the transaction amount of the connected transaction (the definition of connected transactions shall be as defined under the Listing Rules of the Shanghai Stock Exchange, as amended from time to time) is less than 5% of the latest audited net asset absolute value of the Company but does not fall within the scope of authority of the management.
3. Risk investments that are subject to the approval of the board of directors (refers to futures contracts such as aircraft fuel prices hedging contracts and other derivatives) include specifically: subject to the provisions hereof regarding the authority of the board of directors to approve general transactions and connected transactions, any projects with an investment amount which does not exceed 15% of the Company's latest audited net asset.
4. External guarantees that are subject to the approval of the board of directors include specifically: all external guarantees (including the external guarantees provided by the controlled subsidiaries of the Company) other than those required to be approved by the shareholders' general meetings under the provisions of the laws and regulations of the jurisdictions where the Company is listed, the relevant listing rules and the Articles of Association.
5. Other investment projects which is not within the authority of the management but does not require the approval of the general meeting under the provisions of the laws and regulations of the jurisdictions where the shares of the Company are listed, the relevant listing rules and the Articles of Association, or in respect of which an authority to make a decision has been granted by the general meeting.

(III) Scope of the management's authority

1. General transactions that are subject to the approval of the management (as defined under the relevant listing rules of the jurisdictions where the shares of the Company are listed, as amended from time to time) include specifically: in the size tests conducted on the transactions based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specifics of the size tests shall be based on the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is less than 3%;
2. Connected transactions that are subject to the approval of the management (as defined under the relevant listing rules of the jurisdictions where the shares of the Company are listed, as amended from time to time) include specifically: in the size tests conducted on the connected transactions based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (specifics of the size tests shall be based on the Listing Rules of the Stock Exchange, as amended from time to time), all of the ratios are less than 0.1%; or any of the above ratios, although it is equal to or more than 0.1%, is less than 2.5% and the transaction consideration is less than HK\$1 million.
3. Other investment projects in respect of which an authority to make a decision has been granted by the general meeting or the board of directors.

Article 21 In disposing of fixed assets, where the sum of the expected consideration for a fixed asset to be disposed of and the amounts generated from all completed disposals of fixed assets of the Company during a period of four (4) months prior to the proposed disposal does not exceed 33% of the value of the Company's fixed assets as shown in the latest balance sheet tabled at a shareholders' general meeting, the board is authorized by the general meeting to examine and approve the disposal of fixed assets. If the percentage described above is less than 0.2%, the working committee of the President of the Company is authorized by the shareholders' general meetings to examine and approve the disposal of the fixed assets, provided that the working committee of the president shall not decide on the disposal of aircraft, engines and infrastructure. Should there be any inconsistency between the preceding provisions and the provisions of the stock exchange on which the Company's shares are listed in respect of the issue, the latter shall prevail.

Disposals of the fixed assets include transfer of certain asset interests, but does not include guarantee(s) provided by a pledge of fixed assets.

CHAPTER 4 CONVENING OF THE SHAREHOLDERS' GENERAL MEETING

Article 22 Independent directors shall have the right to propose the convening of an extraordinary general meeting of shareholders to the board of directors. To such proposal, the board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, make a written response as to whether or not it agrees to convene an extraordinary general meeting of shareholders, within ten (10) days upon receipt of such proposal.

Where the board of directors agrees to convene the extraordinary general meeting of shareholders, a notice of the general meeting of shareholders shall be issued within five (5) days after the resolution of the board of directors is passed. If the board of directors does not agree to convene such a meeting, it shall give an explanation and issue an announcement in respect of the same.

Article 23 The supervisory committee shall have the right to propose the convening of an extraordinary general meeting of shareholders to the board of directors. Such proposal shall be made in writing. The board of directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting of shareholders within ten (10) days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

Where the board of directors agrees to convene the extraordinary general meeting of shareholders, a notice of the general meeting of shareholders shall be issued within five (5) days after the resolution of the board of directors is passed. Prior approval from the supervisory committee shall be required for any changes made to the original proposal in the notice.

In case that the board of directors does not agree to convene the extraordinary general meeting of shareholders, or does not give any written response within ten (10) days upon receipt of the proposal, the board of directors shall be deemed to be unable or have failed to perform its duty to convene the general meeting of shareholders, and the supervisory committee may convene and preside over the meeting on its own.

Article 24 Shareholder(s) individually or collectively holding 10% or more of the Company's shares shall have the right to propose the convening of an extraordinary general meeting of shareholders to the board of directors. Such proposal shall be made in writing. The board of directors shall make a written response as to whether or not it agrees to convene such an extraordinary general meeting of shareholders within ten (10) days upon receipt of the proposal in accordance with laws, administrative regulations and the Articles of Association.

Where the board of directors agrees to convene the extraordinary general meeting of shareholders, a notice of the general meeting of shareholders shall be issued within five (5) days after the resolution of the board of directors is passed. Prior approval from the relevant shareholders shall be required for any changes made to the original proposal in the notice.

In case that the board of directors does not agree to convene the extraordinary general meeting of shareholders, or does not give any response within ten (10) days upon receipt of the proposal, shareholder(s) individually or collectively holding 10% or more of the Company's shares shall have the right to propose the convening of an extraordinary general meeting of shareholders to the supervisory committee. Such proposal shall be made in writing.

Where the supervisory committee agrees to convene the extraordinary general meeting of shareholders, it shall issue a notice of the general meeting of shareholders within 5 days after upon receipt of the proposal. Prior approval from the relevant shareholders shall be required for any change made to the original proposal in the notice.

Where the supervisory committee fails to issue a notice of the general meeting of shareholders within the prescribed period, the supervisory committee shall be deemed to have failed to convene and preside over the general meeting, and shareholder(s) individually or collectively holding 10% or more shares of the Company for a period of 90 days or more shall have the right to convene and preside over the general meeting on their own.

Article 25 Where the supervisory committee or shareholders decide to convene a shareholders' general meeting on their own, they shall inform the board of directors in writing and at the same time file the case for the records of the local office of the CSRC of the place where the Company is located and for the records of the Shanghai Stock Exchange.

The shareholding of the convening shareholders shall not fall below 10% prior to the announcement of the resolution passed at the general meeting.

The supervisory committee or convening shareholders shall, upon giving a notice of such meeting and making an announcement on the resolution thereof, submit the relevant supporting materials to the local office of the CSRC in the place where the Company is located and to the Shanghai Stock Exchange.

Article 26 With regard to a shareholders' general meeting convened by the supervisory committee or shareholders on their own initiative, the board of directors and the secretary to the board of directors shall provide cooperation and assistance. The board of directors shall provide the register of members as of the record date. If the board of directors fails to provide the register of members, the convener may apply to the securities registration and clearing institution for such register on the strength of the relevant announcement on the convening of the shareholders' general meeting. The register of members obtained by the convener shall not be used for any purpose other than the holding of the shareholders' general meeting.

Article 27 The Company shall bear the necessary costs and expenses of the shareholders' general meeting convened by the supervisory committee or shareholders on their own initiative.

CHAPTER 5 MOTIONS IN THE SHAREHOLDERS' GENERAL MEETING

Article 28 Motions in a shareholders' meeting refer to the specific resolutions regarding the matters to be discussed in a shareholders' meeting.

Motions in a general meeting shall meet the following requirements:

- (1) Contents of motions shall comply with provisions of laws, administrative regulations and the Articles of Association and shall fall within the terms of reference of a general meeting;
- (2) Motions shall cover a specific subject with specific issues to be resolved;
- (3) Motions shall be submitted or delivered to the convener in written form.

Article 29 When the Company convenes a shareholders' general meeting, the board of directors, the supervisory committee and shareholder(s) who hold, individually or jointly, 3% or more of the Company's shares are entitled to propose resolutions to the Company.

Article 30 Shareholders who hold, individually or jointly, 3% or more of the Company's shares may propose a provisional resolution in writing to the convener 10 days prior to the general meeting is held. Within 2 days upon receipt of the proposed resolution, the convener shall issue a supplementary notice of the general meeting to announce the content of the provisional resolution. Where otherwise provided in the listing rules of the stock exchange(s) on which the Company's shares are listed, such provisions shall also be met.

Except for such circumstances as described in the preceding paragraph, the convener shall neither amend any proposed resolution set out in the notice of general meeting nor add any new resolution after making an announcement on the issue of the notice of general meeting.

Article 31 Where shareholder(s) individually or collectively holding 10% or more of the Company's shares propose(s) to convene an extraordinary general meeting or a class shareholders' general meeting, the shareholder(s) shall sign one or more written request(s) in identical form requiring the board to convene an extraordinary general meeting or a class shareholders' general meeting and stating the subject of the meeting, and at the same time submit motions complying with the requirements of these Rules to the board.

Article 32 Motions in a general meeting regarding the following shall be deemed to be a variation or abrogation of the rights of certain class shareholder and the board shall submit the same to a class shareholders' general meeting for review:

- (1) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or cancel rights attached to the shares of such class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of such class;
- (6) to cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of such class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions;
- (9) to issue rights to subscribe for, or to convert into, shares of such class or another class;
- (10) to increase the rights and privileges of the shares of another class;

(11) to restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring;

(12) to amend or abrogate the provisions of Chapter 9 of the Articles of Association “Special Procedures for Voting by a Class of Shareholders”.

Article 33 Where the Company removes or discontinues the appointment of an accounting firm, prior notice shall be given 10 days in advance to the accounting firm. The accounting firm shall have the right to give opinions at the meeting. Where an accounting firm tenders its resignation, an explanation shall be given to the shareholders' general meeting as to whether there is anything that is improper.

Article 34 List of nominations for directors or supervisors are submitted by way of motion to be resolved by general meeting.

The board of directors, the shareholders' general meeting or shareholders individually or collectively holding 5% or more of the shares of the Company may make a motion of nominations for directors (excluding independent directors and the same shall apply hereinafter). Such motion shall be submitted to the board for review and announcement.

The board of directors, the shareholders' general meeting or shareholders individually or collectively holding 5% or more of the shares of the Company may make a motion of nominations for shareholder representative supervisors. Such motion shall be reviewed by the supervisory committee or the board of directors and passed to the board for announcement.

The proposer shall provide the board with the brief biographies, background information and relevant verification materials of the nominees, which shall be reviewed by the board or the supervisory committee. Motions which comply with laws and regulations and the Company's Articles of Association shall be submitted to the general meeting for consideration. Motions which are not in compliance with laws, regulations and the Articles of Association and which are not submitted to the general meeting for consideration shall be explained and accounted for at the general meeting.

The board or the supervisory committee shall provide shareholders with the brief biographies and background information of the nominees for directorship or supervisorship.

Article 35 Procedures for nomination of independent directors are as follows:

- (1) An independent director candidate may be nominated by the board of directors, the supervisory committee, or shareholder(s) individually or collectively holding 1% or more of the total number of shares carrying the right to vote, and shall be appointed by election at a shareholders' general meeting of the Company.
- (2) The party nominating an independent director candidate shall have obtained the nominee's consent prior to the nomination, and shall be fully aware of such particulars of the nominee including his occupation, academic qualification, professional title, detailed work experience and all information regarding his positions held concurrently and be responsible for providing to the Company such particulars in written form and also the nominating party's opinion in relation to the nominee's qualification as an independent director and his independence. The nominee shall make a public announcement in accordance with such requirements stating that there exists no relationship between the Company and him that affects his independent and objective judgment. Prior to the general meeting convened for the election of the independent director(s), the Company shall announce the abovementioned in accordance with the relevant requirements.
- (3) Before the shareholders' general meeting for the election of the independent directors, if required under any applicable laws, regulations and/or the relevant listing rules, the Company shall, in accordance with such requirements, submit the relevant materials concerning the nominees to the securities regulatory authority of the State Council and/or its external authority and the stock exchange(s) on which the Company's shares are listed. If the board of directors disputes the particulars pertaining to the nominee, it shall also submit its written opinion to the relevant authorities.
- (4) The above securities regulatory authorities will verify the qualifications and degrees of independence of the nominees for independent directors within each of its stipulated period. Any nominees objected to by the securities regulatory authorities of the State Council may be treated as a nominee for executive director instead of independent director. When a general meeting is convened to nominate independent directors, the board shall make a statement on whether the securities regulatory authorities of the State Council have any objection against the nominations.

Article 36 The board shall, in relation to the agenda items of a general meeting, provide a set of materials including the agenda, resolutions and the relevant background information to attending shareholders and proxies, directors, supervisors, president, deputy presidents and other senior officers, for the purpose of ensuring that all the parties present at the meeting have an understanding of the matters to be considered at the meeting. For any general meeting legally convened by the supervisory committee or shareholders, the materials shall be provided by the convener of the meeting in accordance with the aforesaid requirement.

CHAPTER 6 NOTICE OF THE SHAREHOLDERS' GENERAL MEETING

Article 37 Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders whose names appear on the register of shareholders of the issues to be considered at the meeting, and the date and venue of the meeting.

The notice of a general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by hand or by pre-paid mail to their addresses as shown in the register of shareholders.

For holders of A shares, the notice of the shareholders' meeting may be announced in the form of public notices. The said public notices shall be published in one or more newspaper(s) designated by the securities regulatory authorities of the State Council between 45 days to 50 days prior to the date of the meeting. Once the announcement is made, all holders of A shares shall be deemed to have received the notice of the relevant general meeting.

For holders of overseas listed foreign shares, the notice of the shareholders' meeting may, subject to the laws, regulations and the relevant listing rules of the jurisdictions where the Company's shares are listed, be delivered in other forms as prescribed in Article 228 of the Articles of Association

Unless otherwise required by applicable laws, the duration of 45 days aforesaid is inclusive of the date on which the notice is issued and exclusive of the date of the general meeting.

Article 38 The notice of a class shareholders' general meeting shall be delivered only to shareholders entitled to vote at such meeting.

Article 39 The notice of a general meeting shall meet the following requirements:

- (1) be in written form;
- (2) specifies the venue, date and time of the meeting;

- (3) states matters to be discussed at the meeting;
- (4) provides shareholders with such information and explanation as necessary to enable them to make an informed decision on issues to be discussed; such principle includes (but is not limited to) where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to make any other reorganization of the Company, detailed conditions of the proposed transaction shall be provided together with contracts (if any) and the cause and effect of any such proposal shall also be properly explained;
- (5) contains a disclosure of the nature and extent of the material interests of any director, supervisor, president, deputy presidents and other senior officers in relation to the issue to be discussed; where, in relation to the issue to be discussed, the effect on any director, supervisor, president, deputy presidents and other senior officers in their capacity as shareholders is different from the effect on other class shareholders, the difference shall be clearly explained;
- (6) contains the full text of any special resolution to be proposed at the meeting;
- (7) contains a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such proxy need not be a shareholder;
- (8) specifies the time and venue for lodging proxy forms for the meeting;
- (9) the relevant date by reference to which shareholders whose name appear on the register of members of the Company are entitled to attend the general meeting;
- (10) name and telephone number of the standing contact person who is responsible for handling the affairs of the meeting.

Article 40 The board or any other convener shall specify in the notice issued to shareholders that shareholders and authorized proxies intending to attend a general meeting shall deliver to the Company their written replies concerning their attendance at such meeting 20 days prior to the date of the meeting.

The Company shall, based on the written replies received from shareholders 20 days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares represented by shareholders intending to attend the meeting amounts to one-half or more of the Company's voting shares, the Company may convene the general meeting; if not, the Company shall, within 5 days, notify shareholders again of the issues to be reviewed, date and venue of the meeting in the form of a public notice. The Company may then convene the general meeting after the publication of such notice.

CHAPTER 7 REGISTRATION FOR THE SHAREHOLDERS' GENERAL MEETING

Article 41 A shareholder may attend the general meeting in person or appoint a proxy to attend and vote on his behalf.

Article 42 Where a shareholder intends to appoint a proxy to attend and vote on his behalf, a written proxy form shall be duly completed. Such written proxy form shall state the following:

- (1) the name of the authorized proxy of the shareholder;
- (2) the number of shares held by the principal represented by the authorized proxy;
- (3) whether or not there is any voting right(s);
- (4) direction(s) to vote for, against or abstain from voting on each and every issue included in the agenda of the general meeting;
- (5) the proxy form shall state clearly that the proxy shall be entitled to vote or not at his discretion in the absence of specific instructions from the shareholder;
- (6) the date of issue and validity period of the proxy form.

A shareholder shall appoint his proxy in writing. The proxy form shall be signed by the principal or its agent acting under a written power of attorney, where the principal is a legal person, the proxy form shall bear its seal or be signed by its director or an officer or a proxy duly appointed. Where more than one proxy are appointed, the proxy form shall specify the respective number of shares represented by each proxy.

Article 43 The proxy form shall be lodged at the Company's premises or such other venue as specified in the notice convening the meeting at least 24 hours prior to the time of the relevant meeting at which votes are to be cast by the proxy appointed under the proxy form, or 24 hours prior to the scheduled voting time. Where the proxy form is signed by a person authorized by the principal, the power of attorney or other documents of authorization shall be notarized. The notarized power of attorney or other documents of authorization together with the proxy form shall be lodged at the Company's premises or such other venue as specified in the notice convening the meeting.

Article 44 Where an individual shareholder attends the general meeting in person, he shall produce his identification card or other valid documents or evidence and share account card that can verify his identity; where a proxy is appointed to attend the meeting, the proxy shall produce his own identification document and the proxy form.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative at the meeting. Where a legal representative attends the meeting, the legal representative shall produce his identification card and other documents that can testify to his capacity as a legal representative; where a proxy is appointed to attend the meeting, the proxy shall produce his own identification card and the written proxy form issued by the legal representative of the corporate shareholder according to law.

Article 45 The eligibility of an attendee of the general meeting shall be deemed invalid if the evidence produced involves one of the following conditions:

- (1) the identification card of the principal or attendee of the general meeting is found to be forged or expired or has been altered or does not comply with the relevant identification card regulation;
- (2) the information on the identification card produced by the principal or attendee of the general meeting is illegible;
- (3) where multiple proxies shall have been appointed by the shareholder and the signatures on two or more of the instrument of authorization are inconsistent;
- (4) the signature on the instrument of authorization faxed in for registration and that on the original copy of instrument of authorization produced when attending the general meeting are inconsistent;
- (5) lack of signature or seal on the instrument of authorization;
- (6) the relevant evidence produced by the principal or his proxy attending the general meeting contravenes the relevant provisions of laws, regulations, Articles of Association and these Rules.

Article 46 Where the principal or his proxy is not eligible to attend the general meeting as a result of irregularities of the principal's authorization or documents evidencing the legitimate identity of the principal or the authorization do not comply with the laws, regulations or provisions of the Articles of Association, the legal consequences so arising shall be borne by the principal or his proxy.

Article 47 The Company shall be responsible for preparing an attendance register to be signed by those attending the meeting. The attendance register shall state the names (or names of the corporations), identification document number and the address of the attendee, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.

Article 48 Shareholders and proxies shall enter the meeting place before the meeting starts. The records of the meeting of the number of shareholders who attended the meeting in person or by proxy and the total number of voting shares held by them shall be final. Before a vote is taken, the person presiding over the meeting shall announce the number of shareholders attending the meeting in person or by proxy and the number of voting shares held by them. The registration work of the meeting shall cease before the person presiding over the meeting makes such announcement. If shareholders and proxies enter the meeting place after registration is over, they may only sit in on the meeting, and the shares held by them will not be counted towards the total number of voting shares present at the meeting. Voting shares held by those shareholders and proxies who have not filled in the votes due to their leaving in the middle of the meeting or other reasons, are still to be counted and will not affect the total number of voting shares present at the meeting.

CHAPTER 8 REVIEW AND VOTING IN THE SHAREHOLDERS' GENERAL MEETING

Article 49 The general meeting shall be convened by the chairman of the board of directors, and the chairman of the board shall preside over and act as the chairman of the meeting. If the chairman is unable or fails to perform his duties, the deputy chairman (where a company has two or more deputy chairmen, the deputy chairman jointly selected by a simple majority of the directors) shall preside over and act as the chairman of the meeting. In the event that the deputy chairman is unable or fails to perform his duties, a director shall be elected by a simple majority of directors to preside over and act as the chairman of the meeting. If a simple majority of directors are unable to elect a director to preside over and act as the chairman of the meeting, the shareholders who attend the meeting may elect a person as the chairman; if for any reason the shareholders are unable to elect a chairman, the shareholder (including his proxy) holding the largest number of shares conferring the right to vote thereat shall be the chairman of the meeting.

If the board of directors is unable or fails to perform its duties of convening the general meeting, the supervisory committee shall convene, preside over and the chairman of the supervisory committee shall act as the chairman of the meeting in a timely manner. In the event that the chairman of the supervisory committee is unable or fails to perform his duties, a simple majority of the supervisors shall jointly select a supervisor to act as chairman.

In the event that the supervisory committee is unable or fails to perform its duties to convene a general meeting, the shareholder(s) who individually or collectively holds or hold 10% or more of the shares in the Company for over ninety (90) days may convene or preside over such meeting at his/their own discretion, shareholders present shall choose one (1) person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then, of the shareholders attending the meeting, the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

When a general meeting is convened, if the person presiding over a general meeting violates the rules of procedures of the meeting and the general meeting cannot proceed as a result, upon the consent of a simple majority of the shareholders who attend the meeting and are entitled to vote thereat, the general meeting may elect a person to act as its chairman to continue the meeting.

Article 50 For an extraordinary general meeting separately convened by the shareholder(s) or supervisor(s) who individually or collectively holds or hold 10% or more of the total number of the Company's shares for over ninety (90) days or by the supervisory committee, the board and the secretary to the board shall facilitate such meeting. Reasonable expenses of the meeting shall be borne by the Company.

Article 51 The chairman of the meeting shall declare the commencement of the meeting at the appointed time, but the meeting may be declared to have commenced after the appointed time if any of the circumstances arises:

- (1) directors and supervisors have not yet arrived;
- (2) there exists any other significant causes.

Article 52 After announcing the formal commencement of the meeting, the chairman of the meeting shall first declare that the number of the shareholders and proxies present at the meeting and the number of shares they represent comply with the statutory requirements and the provisions of the Articles of Association of the Company, and then announce the meeting agenda stated in the notice.

Article 53 After the Company has announced the meeting agenda, the chairman of the meeting shall read out the proposed resolutions and shall, where necessary, request the individual proposing the resolution to explain the proposed resolution:

- (1) if the Board makes the proposal, the Chairman, or other Directors or the secretary of the Board appointed by the Chairman, shall explain the proposed resolution;
- (2) for any other individual who makes the proposal, the individual proposing the resolution or the proxy authorized by him or her shall explain the proposed resolution.

Article 54 For items included in the agenda of the meeting, the chairman of the meeting may, by reference to the actual situation, adopt an approach of general reporting first, followed by considering and voting on each item, or single out more complicated items for reporting and then considering and voting on each of them.

Article 55 At an AGM, the board and the supervisory committee shall, respectively, make reports to the meeting on the work done by them in the past year, and each director shall also make a report on their work.

Article 56 Pursuant to the relevant laws and regulations, Articles of Association or other regulation of the Company, independent directors shall express their opinions on matters requiring their views.

Article 57 The board of directors shall give an explanation to the shareholders in general meeting on any non-standard audit opinion issued by certified public accountants in respect of the Company's financial statements.

Article 58 For motions to be resolved and included in the agenda of a shareholders' meeting, reasonable discussion time shall be granted for each motion before voting.

Article 59 Any shareholder or proxy may request to make a written or oral statement at a shareholders' meeting. Request for making a statement shall be subject to permission by the chairman of the meeting. The chairman of the meeting may make allocations for statements to be made by reference to the progress of the meeting. In general, each shareholder or proxy may not make more than two statements for each motion, and each statement may not, in principle, exceed 10 minutes. The statement of a shareholder or proxy shall not interrupt any of the reporting sessions or other participants' speeches at the meeting.

Article 60 Only shareholders and proxies have the right to make a statement at a shareholders' meeting when motions are under consideration. Any shareholder or proxy wishing to make a statement shall raise his or her hand to seek the permission of the chairman.

Article 61 Shareholders or proxies may inquire about or make suggestion to a resolution; the chairman of the meeting shall, or appoint any of the directors, supervisors or other appropriate persons who are present at the meeting, to provide an answer or explanation in response to the inquiries. The chairman of the meeting may refuse to answer any inquiries under any of the following circumstances provided he states the reason:

- (1) the statement is irrelevant to the subject;
- (2) matters inquired about is under investigation or is to be investigated;
- (3) trade secrets of the Company are involved, which may not be disclosed at the shareholders' meeting;

(4) answering the inquiry will significantly harm the common interests of shareholders;

(5) there exist other important reasons.

In reviewing the motions at a shareholders' meeting, no alteration shall be made to the relevant motions, otherwise the alteration shall be deemed to be a new motion and shall not be voted on at that shareholders' general meeting.

Article 62 Except for the cumulative voting system, the shareholders' meetings shall resolve on all motions included in the agenda one by one, and shall not cause delay in voting on, or failure to vote on, such motions (except in case of any force majeure events which cause a suspension of the shareholders' meeting or its inability to pass a resolution). Where different motions for the same issue are proposed at the shareholders' general meeting, such motions shall be voted on and resolved in the chronological order in which they are proposed.

Article 63 In taking a vote on the election of directors and supervisors, the shareholders' meeting may adopt the cumulative voting system in accordance with the procedures stipulated in the Articles of Association and resolutions of the shareholders' meeting.

The cumulative voting system referred to in the preceding paragraph means a system where in the election of directors or supervisors at a shareholders' meeting, the voting rights carried by each share is equal to the number of the directors or supervisors to be elected, and the voting rights held by a shareholder may be used collectively to vote in favour of one or several candidates.

Article 64 Each shareholder or his authorized proxy shall exercise his voting rights in accordance with the number of voting shares represented by him. Besides the situations stipulated by Article 63 in these Rules, each share shall carry one vote.

Article 65 On a poll, shareholders (including proxies) entitled to two or more votes need not cast all his votes in the same way of affirmative votes or dissenting votes.

In the event of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

Article 66 Resolutions in respect of the election of directors shall be passed by a way of cumulative voting at shareholders' meeting in accordance with the Articles of Association. The main procedures of the cumulative voting system are as follows:

(1) Where the number of directors to be elected is more than two, the cumulative voting system must be adopted;

- (2) Where cumulative voting system is adopted, each of the shares held by a shareholder shall carry the same number of votes as the number of directors to be elected. All shareholders present at the shareholders' meeting for election of directors may fully exercise their respective voting rights which shall be the number of their respective shares multiplying by the number of director candidates;
- (3) The notice of a shareholders' meeting shall notify the shareholders that a cumulative voting system will be adopted for the election of directors. The conveners of the shareholders' meeting shall prepare ballots suitable for cumulative voting, and shall give explanations in writing regarding the cumulative voting system, the way the ballots form are to be completed and the methods of counting the votes;
- (4) In casting his votes for the director candidates at a shareholders' meeting, a shareholder may exercise his voting rights by spreading his votes evenly and cast in favour of each of the candidates the number of votes corresponding to the number of shares he holds; or he may focus on one particular candidate and cast in favour of that candidate the total number of votes carried by all of his shares; or he may spread his votes over several candidates and cast in favour of each of them part of the total number of votes carried by the shares he holds;
- (5) Upon the exercise of his voting rights to focus all his votes on one or several of the candidates of directors, a shareholder shall not have any right to vote for any other candidates;
- (6) Where the total number of votes cast by a shareholder is in excess of the number of votes carried by the total number of shares held by him, the votes cast by the shareholder shall be invalid, and the shareholder shall be deemed to have waived his voting rights. Where the total number of votes cast by a shareholder is less than the number of votes carried by the total number of shares held by such shareholder, the votes cast by the shareholder shall be valid, and the voting rights attached to the shortfall between the votes actually cast and the votes which the shareholder is entitled to cast shall be deemed to have been waived by the shareholder;
- (7) Where the number of approval votes for a director candidate exceeds one-half of the total voting rights (to be calculated in accordance with the total number of shares if the cumulative voting is not adopted) represented by the shareholders present at the shareholders' meeting, the candidate shall be the elected director. If the number of the elected director candidates exceeds the total number of directors to be elected, those candidates who win the largest number of approval votes shall be elected as directors (however, if the elected directors whose approval votes are comparatively fewer win the same number

of approval votes, and the election of such candidates as directors will give rise to the number of directors elected exceeding the number of directors to be elected, such candidates shall be deemed as having not been elected); if the number of directors elected at a shareholders' meeting falls short of the number of directors to be elected, a new round of voting shall be carried out for the purpose of filling such directorship vacancies, until all the directors to be elected are validly elected;

- (8) Where a new round of voting is carried out in accordance with the provisions of paragraph (7) of this Article at the shareholders' meeting, the number of votes cast by the shareholders in the cumulative voting shall be re-counted in accordance with the number of directors to be elected in the new round of voting.

Article 67 When a connected transaction is considered at a shareholders' meeting, the connected shareholder(s) shall abstain from voting, and the voting shares represented by him shall not be counted in the total number of valid votes. The voting result of non-connected shareholders shall be fully disclosed in the announcement of the resolutions on the shareholders' meeting.

Article 68 The votes on each matter under consideration at any shareholders' meeting shall be counted and scrutineer-ed by two shareholder representatives, one supervisor and one lawyer and the voting results shall be announced on the spot by the representative of the persons who have counted the votes. Connected shareholders shall not participate in the counting of votes for any connected transaction under consideration.

Article 69 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder and proxy who is present and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately. Shareholders and proxies of shareholders who object to the results of voting may take part in checking the votes, and the results shall be final and conclusive. Any objection raised after the meeting shall be invalid.

Article 70 The chairman of the meeting shall be responsible for determining whether a resolution has been passed pursuant to results of votes. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes. The Company shall announce the resolutions of the shareholders' meetings in accordance with applicable laws, regulations and the relevant provisions of the stock exchanges on which the shares in the Company are listed.

Article 71 Shareholders who attend the meeting shall express one of the following opinions on the resolutions put to the vote: pro, con or abstention.

Any vote which is not completed or is completed wrongly or is illegible shall be deemed to be a waiver by the voter of his voting right, and the voting result of the number of shares held by the voter shall be counted as “abstention”.

Article 72 Resolutions of a shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

(I) Ordinary resolutions

Ordinary resolutions shall be passed by votes exceeding one-half of voting rights represented by shareholders (including proxies) attending the shareholders' meeting.

The following issues shall be approved by ordinary resolutions at a shareholders' meeting:

- (1) working reports of the board and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board;
- (3) appointment and removal of the members of the board and the supervisory committee, their remuneration and the method of payment thereof;
- (4) annual budgets, final accounts, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) appointment, removal or non-reappointment of an accounting firm;
- (6) other issues, except for those required by laws, administrative regulations or the Articles of Association to be passed by special resolutions.

(II) Special resolutions

Special resolutions shall be passed by votes representing two-thirds or more of voting rights represented by shareholders (including proxies) attending the shareholders' meeting.

The following issues shall be approved by special resolutions at shareholders' meetings:

- (1) increase or reduction in share capital of the Company and the issue of shares of any class, warrants and other similar securities;

- (2) issue of debt securities of the Company;
- (3) demerger, merger, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) purchases and disposals of major assets by the Company or guarantees provided by the Company within one year with an amount in excess of 30% of the latest audited total assets of the Company;
- (6) share incentive scheme;
- (7) any other matter stipulated by laws, administrative regulations, departmental rules, the Articles of Association or confirmed by an ordinary resolution at a shareholders' meeting that it may have material impact on the Company and is required to be approved by a special resolution.

Article 73 Where issues specified in sub-paragraphs (2) to (8), (11) to (12) of Article 32 of these Rules are involved, the affected class shareholders, whether or not they are entitled to vote at shareholders' meetings originally, shall have the right to vote at class meetings. However, interested shareholder(s) shall not be entitled to vote at such class meetings.

"Interested shareholder(s)" as specified in the preceding paragraph refers to:

- (1) in the event of a repurchase of shares by the Company by way of a general offer to all shareholders of the Company or by way of public transactions on a stock exchange pursuant to Article 29 of the Articles of Association, an "interested shareholder" is a controlling shareholder within the meaning of Article 59 of the Articles of Association;
- (2) in the event of a repurchase of shares by the Company by way of an off-market agreement pursuant to Article 29 of the Articles of Association, an "interested shareholder" is a shareholder related to such agreement;
- (3) in the event of a reorganization of the Company, an "interested shareholder" is a shareholder who assumes a relatively less proportion of obligation than that of any other shareholder of that class or who has an interest different from that of any other shareholder of that class.

Article 74 Resolutions of a class shareholders' meeting shall be approved by shares representing two-thirds or more of the voting shares of shareholders of that class present at the meeting who, in accordance with Article 73 of these Rules, are entitled to vote at the meeting.

Pursuant to the applicable rules governing the listing of securities as revised from time to time, when any shareholder is obliged to abstain from voting on a motion at a class meeting or when any shareholder is restricted to vote in favor of or against a motion at a class meeting, any vote of such shareholder or its proxy which violates the relevant requirement or restriction shall not be counted in the voting result.

Special voting procedures for class shareholders shall not apply in the following circumstance:

- (1) with the approval by special resolutions in a shareholders' meeting, the Company issues and plans to issue, at one or more occasions, a total number of shares not exceeding 20% of each of the existing issued and outstanding domestic shares and overseas listed foreign shares in every 12 months; or
- (2) the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the date of approval of the securities regulatory authorities of the State Council.

CHAPTER 9 ADJOURNMENT AND TERMINATION OF THE MEETING

Article 75 The chairman of the meeting shall have the power to declare the adjournment of the meeting in accordance with the arrangement and progress of the meeting. The chairman of the meeting may also declare the adjournment of the meeting when it is deemed necessary.

Article 76 The chairman of the meeting shall declare the meeting closed after the motions have been passed at the shareholders' meeting without any objection from any shareholders or proxies.

CHAPTER 10 RESOLUTIONS AND MINUTES OF THE MEETING

Article 77 A shareholders' meeting should pass resolutions for the motions which are listed in the agenda of the meeting.

Article 78 Minutes of a shareholders' meeting shall be kept. The minutes shall record the following information:

- (1) the number of shareholders who attend the meeting in person or by proxy, the total number of voting shares held, and the percentage of such shares in the total number of shares in the Company;

- (2) the date, venue, agenda of the meeting and the name of the convener;
- (3) the name of the person presiding over the meeting and the names of the directors, supervisors, managers or other senior management officers who are present at the meeting as voting or non-voting attendees;
- (4) in respect of each motion, a summary of the process of resolutions, opinions (if any) and the voting results;
- (5) the inquiries or suggestions of shareholders and the corresponding answers or explanation;
- (6) names of the lawyer, counters and scrutineers;
- (7) other issues that the shareholders' meeting is of the opinion should be recorded in the minutes or required pursuant to the provisions of the Articles of Association.

Article 79 Minutes of a general meeting shall be signed by directors, supervisors, secretary to the board of directors, convener or his proxies , and the person presiding over the meeting (the chairman of the meeting).

Article 80 The secretary to the board shall be responsible for keeping written information of the register of attendees, power of attorney, photocopies of identification documents, voting statistics data sheet, minutes of the meeting and resolutions of shareholders' meetings for no less than 10 years.

CHAPTER 11 DISCLOSURE OF INFORMATION

Article 81 The board of the Company shall strictly comply with the laws, regulations and requirements of the stock exchanges on which the Company's share are listed and transacted in relation to the disclosure of the Company's information. It shall ensure that matters examined and/or resolutions passed at the board meeting are disclosed in a timely manner and are truthful, accurate, and complete.

CHAPTER 12 SUPPLEMENTARY PROVISIONS

Article 82 These Rules are formulated by the board and shall come into effect upon approval of the shareholders' general meeting. Any amendment to these Rules shall be proposed by the board in the form of an amendment proposal, and shall come into effect upon approval of the shareholders' general meeting.

Article 83 The shareholders' meeting authorizes the board to interpret these Rules.

Article 84 Where any matter is not covered by these Rules or where these Rules is inconsistent with the laws, administrative regulations, other relevant regulatory documents and provisions of the Articles of Association, those laws, administrative regulations, other relevant regulatory documents and provisions of the Articles of Association shall prevail.

Article 85 The phrases “or more” herein in respect of a number is inclusive of such number themselves but the terms “majority”, “exceed”, “less than” and “more than” in respect of a number is exclusive of such number.

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regularize the operational procedure of the board of directors of Air China Limited (hereinafter referred to as the “**Company**”) and to ensure the working efficiency and the scientific strategic decision-making of the board of directors, these Rules are formulated in accordance with the “Company Law of the People’s Republic of China” (hereinafter referred to as the “**Company Law**”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guide to Articles of Association of Listed Companies”, “Standards for the Governance of Listed Companies” and other relevant laws and regulations and the “Articles of Association of Air China Limited” (hereinafter referred to as the “**Articles of Association**”).

Article 2 As authorized by the general meeting, the board of directors shall be responsible for the operation and management of the Company’s assets, and acts as central business decision-making body that is accountable to the general meeting.

CHAPTER 2 FORMATION AND COMMITTEES OF THE BOARD

Article 3 The board of directors shall be established in accordance with the Articles of Association, with the appropriate proportion of independent directors and outside directors.

Article 4 Directors shall be elected or replaced at the shareholders’ general meeting each with a term of three (3) years. The term of a director is renewable by re-election after its expiry. However, the total term of an independent director re-elected shall not exceed six (6) years. The director, before his term of office is expired, shall not be removed by the general meeting without cause. The term of a director shall last from the date of his election till the date of election of the new session of the board at the general meeting.

Article 5 When the term of office of any directors are expired, in the event that the election of new directors is not held in time, the incumbent directors shall continue to perform their directors’ responsibilities in accordance with the relevant laws, regulations, rules and the Articles of Association until the new directors elected take their office.

Article 6 The board shall include one chairman and two vice-chairmen, who are elected and removed by a majority of directors.

The chairman of the board of directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to examine the implementation of resolutions passed by the board of directors at board meetings;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign important documents of the board of directors and other documents which should be signed by the legal representative of the Company;
- (5) to exercise powers of the legal representative;
- (6) in any emergent force majeure event such as natural disasters, to exercise his special right of disposal to the affairs of the Company in compliance with laws and in the interests of the Company, and to report to the board of directors and the shareholders' general meeting of the Company afterwards;
- (7) to exercise other powers conferred by the board of directors.

The deputy chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the deputy chairman (Should the Company have two or more deputy chairmen, the deputy chairman selected jointly by a majority of the directors shall perform such duties.). In the event that the deputy chairman is unable or fails to perform his duties, a director shall be elected jointly by a majority of the directors to perform such duties.

Article 7 The Company shall have a secretary to the board who shall be nominated by the chairman of the board of directors and employed or removed by the board of directors. The secretary shall be accountable to the board. The main duties of the secretary to the board include:

- (1) organizing and arranging for the board meetings and shareholders' general meetings; preparing meeting materials, handling relevant meeting affairs; making minutes of the meetings and ensuring their accuracy; keeping meeting documents and minutes; proactively monitor the progress of the implementation of relevant resolutions; reporting any important issues occurring during the implementation to the board and giving relevant advice to the board.

- (2) ensuring the material matters decided by the board of the Company to be carried out strictly in accordance with the procedures stipulated; at request of the board, participating in the arrangement of consultation on and analysis of the matters to be decided by the board and offering relevant opinions and suggestions; handling the day-to-day affairs of the board and its committees as entrusted.
- (3) acting as the liaison officer of the Company with the regulatory securities authorities, responsible for organizing, preparation and timely submission of the documents required by the regulatory authorities as well as accepting and organizing the implementation of any assignment from the regulatory authorities.
- (4) coordinating and organizing the Company's disclosure of information; establishing and improving the information disclosure system; participating in the Company's meetings involving the disclosure of information; and keeping informed of the Company's material operation decisions and related information in a timely manner.
- (5) keeping the Company's price-sensitive information confidential and establishing effective confidentiality systems and measures; in case of any of the Company's price-sensitive information divulged due to any reason, taking necessary remedial measures such as explaining and clarifying it in a timely manner and notifying the regulatory authorities in overseas jurisdictions where the shares of the Company are listed and the CSRC.
- (6) coordinating and organizing marketing activities; coordinating reception of visitors, handling the investor relations; keeping in touch with investors, intermediaries and news media; coordinating replies to inquiries from the public; and ensuring investors to obtain the information disclosed by the Company in a timely manner; organizing and preparation of the Company's domestic and overseas marketing and promotion activities; preparing summary reports on marketing and important visits; and organizing matters about the submission of the reports to the CSRC.
- (7) managing and maintaining the records in relation to information on shareholders register, directors register, amount of shares held by major shareholders and records of directors' shares, and the list of beneficiaries of outstanding bonds of the Company.
- (8) assisting directors and the president in fully complying with the domestic and foreign laws, regulations, the Articles of Association and other related provisions during exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, shall immediately remind the board and is entitled to report such facts to the CSRC and other regulatory authorities.

- (9) coordinating the provision of relevant information necessary to the Company's supervisory committee and other supervising authorities to discharge their duties; assisting in carrying out investigation on the chief financial officer, directors and the general manager of the Company of their fiduciary duties.
- (10) exercising other functions and powers as conferred by the board, as well as other functions and powers as required by laws in any jurisdiction where the shares of the Company are listed and the stock exchanges.

Article 8 The board shall establish special sub-committees, including a strategy and investment committee, an audit and risk control committee, a nomination and remuneration committee, and an aviation safety committee in accordance with relevant resolutions of the shareholders' general meeting. These special committees shall consider specific matters and provide their opinions and advice as a reference for the board's decision making based on the proposals made by the board of directors, the chairman of the board and the recommendations from the president.

The majority of members of audit and risk control committee and nomination and remuneration committee shall be independent non-executive directors, and the chairman of the committees shall be independent non-executive director. The audit and risk control committee shall have at least one independent non-executive director who shall be an accounting professional. Such special committees shall formulate relevant working rules which shall be come into effect upon receiving approval by the board of directors.

CHAPTER 3 FUNCTIONS AND POWERS OF THE BOARD OF DIRECTORS

Article 9 The board of directors shall be responsible to the shareholders' general meeting and exercise the following functions and powers:

- (1) to be responsible for convening shareholders' general meetings and report on its work to the shareholders' general meetings;
- (2) to implement the resolutions passed at the shareholders' general meetings;
- (3) to formulate the Company's business plans and investment plans;
- (4) to formulate the Company's annual budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and loss recovery plans;
- (6) to formulate the plans for increase or reduction of the Company's registered capital, and proposals for issue of corporate bonds;

- (7) to formulate the proposals for merger, division or dissolution of the Company;
- (8) to decide on the matters such as external investments, acquisition of disposed assets, mortgages on assets, entrusted wealth management and connected transactions of the Company within the authority granted by the shareholders' general meeting;
- (9) to decide on the external guarantees according to laws, administrative regulations and the Articles of Association other than those required to be approved by the shareholders' general meetings;
- (10) to decide on the establishment of the Company's internal management bodies;
- (11) to appoint or remove the Company's president, secretary to the board of directors; to appoint or remove other senior officers such as the Company's deputy president, chief accountants and chief pilots based on the proposals of the president; to determine their remunerations, rewards and punishment;
- (12) to formulate the Company's basic management rules;
- (13) to formulate the proposals for any amendment to the Articles of Association;
- (14) to manage the disclosure of information of the Company;
- (15) to make proposal of any engagement or replacement of the accounting firm which audits the Company's accounts at the shareholders' general meeting;
- (16) to receive the work report of the president of the Company and examine on the president's work;
- (17) to exercise other functions and powers as stipulated by laws, regulations or the Articles of Association and granted by the shareholders' general meeting.

Article 10 Any external guarantee of the Company shall be considered and approved by the board of directors. The following matters shall be approved by the shareholders' general meeting after being considered by the board of directors:

- (1) provision of external guarantee after the total amount of the external guarantees provided by the Company or its subsidiaries reaches or exceeds 50% of the latest audited net assets;

- (2) provision of guarantee to any entity whose liability-asset ratio exceeds 70%;
- (3) provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (4) provision of guarantee to shareholders, actual controllers and their connected parties;
- (5) provision of any guarantee after the total amount of the external guarantees of the Company reaches or exceeds 30% of the latest audited total assets of the Company;
- (6) other guarantee-related matters that shall be approved by the shareholders' general meeting as stipulated by laws and regulations and the Articles of Associations.

Article 11 The board's authority to approve the Company's investment projects are as follows:

- (1) General transactions which shall be subject to approval of the board of directors (as defined under the relevant listing rules of the place where the shares of the Company are listed, as amended from time to time) include specifically:
 - 1. in the tests conducted on the transactions in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules of the Stock Exchange") based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (in accordance with the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is equal to or more than 3% but less than 25%;
 - 2. in the tests conducted on the transaction (or related transactions calculated on an aggregated basis) based on total asset, transaction amount, profit, operating revenue and net profit (in accordance with the Rules Governing the Listing of Securities on the Shanghai Stock Exchange.), each of the ratios is less than 50%, but the transaction does not fall within the scope of authority of the management.

- (2) Connected transactions which shall be subject to the approval of the board of directors (the term “connected transactions” as defined under the relevant listing rules of the place where the shares of the Company are listed, as amended from time to time) include specifically:
1. in the tests conducted on the connected transactions (The definition of connected transactions shall be based on the Listing Rules of the Stock Exchange, as amended from time to time.) based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (in accordance with the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is equal to or more than 0.1% but less than 2.5%, unless the transaction consideration is less than HK\$1 million; or each of the above ratios is equal to or more than 2.5% but less than 25% and the transaction consideration is less than HK\$10 million;
 2. The transaction amount of the connected transaction (The definition of connected transactions shall be based on the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, as amended from time to time.) is less than 5% of the latest audited net asset absolute value of the Company but does not fall within the scope of authority of the management.
- (3) Risk investments which shall be subject to the approval of the board of directors (referring to futures contracts such as aircraft fuel prices hedging contracts and other derivatives) include: provided that the provisions hereof regarding the authority of the board of directors to approve general transactions and connected transactions are complied with, any projects with an investment amount which does not exceed 15% of the Company’s latest audited net asset.
- (4) External guarantees which shall be subject to the approval of the board of directors include: all external guarantees (including the external guarantees provided by the subsidiaries of the Company) other than those required to be approved by the shareholders’ general meetings under the provisions of the laws and regulations of the place where the Company is listed and the relevant listing rules and the Articles of Association.
- (5) Other investment projects which is beyond the authority of the management but does not require the approval of the general meeting under the provisions of the laws and regulations of the place where the shares of the Company are listed and the relevant listing rules and the Articles of Association, or in respect of which an authority to make decision is granted by the general meeting.

Article 12 The authority of the board to approve the disposals of the Company's fixed assets:

The board of directors shall not, without the prior approval of shareholders in a shareholders' general meeting, dispose of or agree to dispose of any fixed assets of the Company, unless the estimated value of the consideration for a fixed asset to be disposed of and the value of consideration for any such disposals of fixed assets of the Company for a period of four (4) months prior to the proposed disposal, on an aggregated basis does not exceed 33 % of the value of the Company's fixed assets as shown in the latest balance sheet tabled at a shareholders' general meeting. Should the above percentage be lower than 0.2%, the disposal of those fixed assets shall be subject to the approval of the president's office under the authority granted at the shareholders' general meeting. Should there be any inconsistency between the preceding requirements and provisions of the stock exchange on which the Company's shares are listed and traded in respect of the issue, the latter shall prevail.

Disposals of the fixed assets include transfer of some asset interests, but not include guarantee provided by fixed assets.

The effectiveness of the Company's disposal of the fixed assets shall not be affected by any breach of the forgoing provisions in paragraph 1 of this Article.

In the event that the board of directors make decisions on market development, mergers and acquisitions, and investments in new areas, for the projects with the investment amounts or mergers and acquisitions of up to certain percentage of the Company's total assets (such percentage shall be decided by the shareholders' general meetings), a public consultant institutions shall be retained to provide professional advice as the important basis for the board's decision-making.

Article 13 During the recess of the board meeting, the chairman of the board, with authorization from the board, may perform partial duties of the board.

The chairman shall be authorized by the board in accordance with the following principles:

- (1) to focus on the operation and development of the Company, to make good use of market opportunities and to ensure smooth and efficient operation of the Company;
- (2) to be flexible and pragmatic, to avoid excessive formalities on condition that it is not against the Articles of Association, and to ensure the business decision of the Company is made in a timely manner;
- (3) not to harm the interests of the Company and shareholders as a whole, especially the legal interests of minority shareholders.

CHAPTER 4 RULES FOR BOARD MEETINGS

Article 14 The board meetings include regular board meetings and extraordinary board meetings. Regular board meetings include: annual meetings, interim meetings, first-quarter meetings and third-quarter meetings.

(1) Regular board meetings

1. Annual board meetings

Annual meetings shall be convened within 120 days from the end of the financial year of the Company, or other time which is considered as appropriate by the board. The directors shall discuss motions to be submitted at the shareholders' general meeting for approval. The time of an annual board meeting shall be determined to ensure that the annual general meeting of the shareholders may be convened within 6 months from the close of the financial year of the Company.

2. Interim board meetings

The interim board meetings shall be convened within 60 days from the expiry of the first six months of the financial year of the Company, or other time which is considered as appropriate by the board. The directors shall mainly examine and approve the Company's interim reports and deal with other relevant matters at such meetings.

3. First-quarter and third-quarter meetings

The meetings shall be held in the first month of each of the second and fourth quarter of the calendar year. The directors shall mainly examine and approve the Company's quarterly reports for the preceding quarters at such meetings.

(2) Extraordinary board meetings.

If any of the following circumstances occurs, the secretary to the board of directors shall issue a notice convening an extraordinary board meeting within ten (10) days which shall not be limited by the notice period prescribed in Article 24 hereof:

1. Shareholder(s) representing 10% or more of the voting rights consider(s) it necessary;
2. The chairman of the board of directors considers it necessary;

3. One-third or more of the directors jointly propose it;
4. One-half or more of the independent directors jointly propose it;
5. The supervisory committee proposes it;
6. The president proposes it.

Article 15 The board meetings may be held on-site, by conference call or by written resolutions.

The board meetings may be held by conference call or other similar communication equipment, provided that the attending directors are able to hear clearly other directors' speech at the meeting and communicate among themselves. All attending directors shall be considered as being present at the meetings. In the event that the attending directors are unable to sign on the resolutions on site, they shall express their opinions orally during the meeting and complete the signing procedures as soon as possible. The oral vote of directors shall have the same authenticity as signatures in writing, provided that the subsequent signatures in writing shall be consistent with the oral vote at the meeting.

When the board of directors accepts discussion on any motion in written form instead of holding a board meeting, the draft of the motion must be sent to each director by hand, post, telegraph, facsimile transmission or email. In addition, when the number of the directors signed on the draft satisfies the quorum required by laws, regulations and the Articles of Association, and the motion has been sent to secretary to the board by foregoing methods, such motion shall be deemed as the board resolution, then no further board meeting will be necessary. However, regular board meetings shall not resolve on any motion in such a way of written motions. Furthermore, if the board considers that any major shareholder or director has any material conflict of interests in any motion to be resolved at a board meeting (as defined by applicable domestic and overseas regulations), such motion shall not be resolved in such a way of written motions.

Article 16 A board meeting shall be convened and chaired by the chairman of the board. If the chairman of the board is unable or fails to convene and chair the meetings, the deputy chairman shall convene and chair the meetings (Should the Company have two or more deputy chairmen, the meetings shall then be convened and chaired by the one selected by a simple majority of directors.); if the deputy chairman of the board is unable or fails to convene and chair the meetings, a director shall be jointly elected by a simple majority of directors to convene and chair the meetings.

Article 17 The quorum of board meetings shall be formed by a majority of directors, including those who attend in person and those who in writing appoint other directors as proxies to attend on their behalf pursuant to the relevant rules.

Article 18 Directors shall attend the board meetings in person. Where a director is unable to attend a meeting for any reason, he may authorize another director in writing to attend the meeting as his proxy. The written authorization shall set out the name of the attorney as well as the subject, limit and validity of such authorization, and shall be signed or sealed by the principal.

Article 19 In the event that any director has twice consecutively failed to be present in person at any board meeting, nor authorized another director to be present at the board meeting on his behalf, he shall be considered unable to fulfill his responsibilities as a director, and the board of directors shall accordingly suggest the shareholders' general meeting making a replacement.

The board of directors shall propose to the shareholders' general meeting to replace any independent director who has not been present in person for three times consecutively at board meeting.

CHAPTER 5 PROPOSED RESOLUTIONS OF BOARD MEETINGS

Article 20 Resolutions shall be proposed to the board meetings in the following circumstances:

- (1) The chairman of the board of directors propose it;
- (2) One-third or more of the directors jointly propose it;
- (3) The supervisory committee proposes it;
- (4) Any special committee of the board proposes it;
- (5) The president proposes it;
- (6) One-half or more of the independent directors jointly propose it;
- (7) Items raised by shareholders representing 10% or more of the voting right;
- (8) other circumstances so stipulated by laws, regulations and the Articles of Association.

Article 21 The secretary to the board shall be responsible for compiling the proposed resolutions to be considered at the meeting. Any person proposing the resolution shall submit such proposed resolutions and the relevant explanatory materials to the secretary to the board 5 days before the date of notice convening the board meeting. Proposed resolutions in relation to major connected transactions (as determined on the criteria promulgated by the relevant regulatory authorities from time to time) which are subject to approval by the board or the shareholders at the shareholders' general meeting and proposed resolutions of appointment or dismissal of accounting firms shall first be approved by majority of the independent directors. The relevant materials shall be submitted to the chairman of the board or the convener of the board meeting after such materials being compiled by the secretary to the board who shall set out the time, place and agenda of the meeting.

Article 22 The secretary of the board shall be responsible for communication and liaison with all directors during the period from the issue of notice convening the board meeting to the holding of the meeting, and make a timely supplement of the documents as required by the directors for making decisions on the resolution.

Where one-fourth or more of the directors or two or more external directors consider the materials provided insufficient or uncertain, they may jointly make a proposal in written form to adjourn the board meeting or the discussion on part of the proposed resolutions. The board shall accept such proposal. Unless such proposal is put forward during the meeting, the secretary to the board shall give a notice to the directors, supervisors and other persons attending the meeting upon receiving a written joint request from the relevant directors to adjourn the meeting or discussion on part of the proposed resolutions.

CHAPTER 6 NOTICE OF MEETINGS

Article 23 A notice of a board meeting shall be given to all the directors, supervisors or other persons attending the meeting before the date of such meeting, and shall be issued by the secretary to the board.

The notice of such meeting shall set out the following:

- (1) the time and place of the meeting;
- (2) the duration of the meeting;
- (3) the agenda, relevant reasons, subject matter and the relevant materials;
- (4) the date of the notice.

Article 24 The notice of the board meetings shall be given in accordance with the following requirements:

- (1) If the time and place of regular board meeting has been stipulated by the board beforehand, the board may not give any notice unless the time and place of regular board meeting are changed. The agenda and relevant documents of the meeting shall be given to all directors, supervisors and other persons attending the meeting at least 3 days in advance.
- (2) If the time and place of regular board meeting are not stipulated by the board beforehand, the secretary to the board shall inform all directors at least 14 days in advance of the time, place and agenda of the meeting by facsimile transmission, courier, registered post, by hand or by email.
- (3) If an extraordinary board meeting is proposed to be convened in accordance with Article 14 herein, the secretary to the board shall issue a notice of the extraordinary board meeting within 10 days from the receipt of such proposal, and the notice period of the meeting shall not be subject to the foregoing provisions of this Article.
- (4) The notice shall be written in Chinese and if necessary, be accompanied by an English version. A director may waive his right to receive notice of the board meeting.

Article 25 Any director, upon receipt of the notice, shall notify the secretary of the board within two days prior to the meeting whether he will attend the meeting.

If any director has been present in the meeting, and he does not claim before his arrival or claim at the meeting that no such notice is received by him, it shall be deemed that the notice of meeting has been served on him.

Article 26 If any adjournment or cancellation of the meeting for any reason, a notice shall be given to the attendees one day before the original date of the meeting.

CHAPTER 7 CONSIDERING AND VOTING ON PROPOSED RESOLUTIONS

Article 27 The chairman of the board meeting shall call the meeting as scheduled.

Article 28 The meeting shall be chaired by the chairman of the meeting. The person proposing a resolution or relevant persons shall elaborate the proposed resolutions to the board.

Article 29 Meetings of the board shall be conducted in a democratic way and views of its members shall be duly respected.

Article 30 When reviewing the relevant motions and items, in order to understand the main points and situations in detail, the board may require heads of the relevant departments to attend the meeting to answer relevant questions. If any proposal being considered at the meeting is found unclear or infeasible to be fully discussed, the board shall adjourn the discussion on that subject.

Article 31 Attending personnel shall have the right to speak but no right to vote. Resolutions of the board shall be made after due consideration of their opinions.

Article 32 The independent directors shall give their independent opinions to the board or the shareholders' general meeting on the following matters:

- (1) the nomination, appointment and removal of any director;
- (2) the appointment and dismissal of any senior officer;
- (3) the remuneration of the directors and senior management of the Company;
- (4) substantial money transfers (as determined in accordance with the rules promulgated from time to time) among shareholders of the Company, actual controllers and connected enterprise;
- (5) distribution plans of the cash dividends that the board of directors has not made;
- (6) issues that the independent directors consider possible to impair on the rights and interests of minority shareholders;
- (7) other matters so stipulated by laws, regulations or the Articles of Association.

An independent director shall provide his comments by way of: agreeing; reserving his opinion with reasons; objecting with reasons; or expressing his view as not being able to provide his comments and the reason.

When the relevant issues are of those required to be disclosed, opinions of independent directors shall be published by announcement by the Company. In addition, if the independent directors have different opinions and cannot come to an agreement, their opinions shall be disclosed respectively by the board.

Article 33 In reviewing the proposed resolutions at the board meeting, all directors present at meetings shall declare their affirmative, dissenting votes or abstaining opinions. The proposal may be voted by show of hands or by a poll, which shall be decided by the chairman of the board meeting.

The directors who are acting as proxies shall exercise the voting rights within the scope of such authorization.

Article 34 If a director fails to attend a board meeting in person or by proxy, he shall be deemed to have waived his rights to vote at the meeting.

Article 35 Any resolutions of the board with respect to any of the following matters shall be passed by two-thirds or more of the directors while other resolutions of the board shall be passed by a majority of the directors: (1) formulation of proposals for the increase or reduction of the registered capital of the Company; (2) formulation of proposals for the issue of the debt securities of the Company; (3) making proposals for merger, demerger or dissolution of the Company; (4) formulation of proposals for amendments to the Articles of Association; and (5) other matters so stipulated by laws, regulations or the Articles of Association. Besides, in addition to the approval by a majority of all directors, a resolution of the board on an external guarantee shall be subject to approval by two-thirds or more of the directors present at the board meeting.

Article 36 Each director has one vote. In the case of equal division of affirmative and dissenting votes, the chairman of the board of directors is entitled to a casting vote.

Article 37 If any director is connected with the enterprises that are involved in the matters to be resolved by the board meetings, he shall not exercise his voting rights for such matters, nor shall he exercise voting rights on behalf of other directors. Such board meetings shall be convened by a majority of the directors present thereat who are not connected. Decisions made by the board meetings shall be passed by a majority of the directors that are not connected. The matters provided in Article 35 hereof to be passed by two-thirds or more of the directors shall be passed by votes of two-thirds or more of the directors that are not connected. If the number of non-connected directors attending the board meetings falls short of three, such matters shall be submitted to the shareholders' general meeting of the Company for approval.

Article 38 If any director of the Company or its associates (as defined by the applicable securities listing rules as amended from time to time) has/have direct or indirect material interest in the contract, transaction or arrangement entered into or contemplated by the Company (except for employment contracts between the Company and directors,), whether an approval from the board of directors is required for the relevant matters under normal circumstances, he shall disclose to the board of the nature and amount of his interest as soon as practicable.

In respect of the contract, arrangement or proposal in which the relevant director or his associates has/have substantial interests, the relevant director shall not vote at the relevant board meeting, nor shall he be counted in the quorum.

CHAPTER 8 RESOLUTIONS AND MINUTES OF THE MEETINGS

Article 39 In general, resolutions shall be made in respect of all matters considered at the board meeting.

Article 40 When the board passes a resolution on a connected transaction of the Company, independent opinions shall be given by the independent directors as required.

Article 41 A written resolution of the board which is signed by the directors shall not take legal effect as a resolution of the board if it has not been passed in accordance with the prescribed procedures, notwithstanding all the directors have already expressed their opinions in different ways.

Article 42 The minutes of the board meeting shall record in detail the matters discussed by the directors. The minutes shall state the following:

- (1) the date and place of the meeting, and the name of convener of the meeting;
- (2) the names of the directors attending the meeting in person or by proxy and the names of the directors (proxies) appointed by others to attend the board meeting;
- (3) the agenda of the meeting;
- (4) the summary of the directors' opinions (for a meeting by written resolution, the directors' opinions in writing shall prevail) (including any doubts or objections of the directors);
- (5) the voting method and result of each proposed resolution (the result of the voting shall set out the respective number of the votes of assenting, dissenting or abstention).

Article 43 The minutes of each board meeting shall be given to all directors as soon as practicable. Directors who wish to amend or supplement the minutes shall submit a written report setting out his comments to the chairman of the board within one week after the receipt of the minutes circulated.

Article 44 After the minutes are finalized, directors, secretary to the board of directors and recorder(s) present at meetings shall sign the minutes. Each director shall be entitled to request for an explanation of his comments made at the meetings to be noted in the minutes. Such minutes shall be kept as important documents of the Company in its domicile located in China for a period of not less than 10 years.

Article 45 Any director who votes for a resolution in violation of any laws, regulations and the Articles of Association shall be directly liable. Any director who votes against the resolution and who has been proved as having expressed dissenting opinions on the resolution that are recorded in the minutes of the meeting may be exempted from such liability. Any director who abstains from voting or who fails to attend the meeting in person or by proxy shall not be exempted from such liability. Any director who explicitly expresses his objection in the course of discussion but fails to cast an objection vote shall not be exempted from such liability.

CHAPTER 9 IMPLEMENTATION OF THE RESOLUTIONS OF THE BOARD MEETING AND FEEDBACKS

Article 46 The board of the Company shall strictly comply with the laws, regulations and requirements of the stock exchange on which the Company's share are listed and transacted in relation to the disclosure of the Company's information. It shall ensure that matters examined and/or resolutions passed at the board meeting are disclosed truly, accurately, thoroughly and in a timely manner.

Article 47 Prior to disclosure of any resolution of the board through normal channels, any attendee shall by no means disclose it in any form or acquire any interest for himself thereby.

CHAPTER 10 IMPLEMENTATION OF THE RESOLUTIONS OF THE BOARD MEETING AND FEEDBACKS

Article 48 The following matters shall not be carried out until they are examined and approved by the board and submitted to and approved by the shareholders' general meeting:

- (1) to formulate the Company's annual budget and final accounts;
- (2) to formulate the Company's profit distribution proposals and loss recovery proposals;
- (3) to formulate the proposals for increase or reduction of the Company's registered capital;
- (4) to formulate the proposals for issue of Company's debt securities;
- (5) to formulate the proposals for merger, demerger or dissolution of the Company;
- (6) to formulate the proposals for any amendment to the Articles of Associations;
- (7) to make proposal of any employment or replacement of the accounting firm which audits the Company's accounts at the shareholders' general meeting.

Article 49 The president shall fully implement the resolutions passed by a board meeting within the scope of his duties or as authorized by the board and report to the board on the implementation of such resolutions. Other matters shall be organized and implemented by related departments arranged by the board, which shall receive and consider the report of these departments. The secretary to the board shall be responsible for transfer of the reporting material abovementioned in written form to the board.

Article 50 The chairman of the board shall have the power to, or authorize the deputy chairman or other directors to, supervise the implementation of the resolutions of the meeting.

Article 51 Under the direction of the board and the chairman, the secretary to the board shall take initiatives to obtain information about the progress on the implementation of the resolutions, and shall, in a timely manner, report to and submit proposals to the board and the chairman thereof in relation to the important issues in implementation.

CHAPTER 11 SUPPLEMENTARY ARTICLES

Articles 52 These Rules are formulated by the board and shall come into effect upon approval of the shareholders' general meeting. Any amendment to these Rules shall be proposed by the board in form of an amendment proposal, and shall come into effect upon approval of the shareholders' general meeting.

Article 53 The shareholders' general meeting authorizes the board to interpret these Rules.

Article 54 Where any matter is not covered by these Rules or where these Rules fail to comply with the laws, regulations and other relevant regulatory documents and provisions of the Articles of Association and Rules of Procedure for shareholders General Meetings, those laws, regulations, other relevant regulatory documents and provisions of the Articles of Association and Rules of Procedure for General Meetings shall prevail.

Article 55 The phrase "or more" herein for the numbers includes the numbers indicated themselves while "majority", "exceed", "more than" and "less than" excludes the numbers indicated themselves.

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regularize the operation of the supervisory committee of Air China Limited (hereinafter referred to as the “**Company**”) and to ensure that the supervisory committee performs its obligations granted by all shareholders, these Rules are formulated according to laws, regulations and regulatory documents such as the “Company Law of the People’s Republic of China” (hereinafter referred to as the “**Company Law**”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Guide to Articles of Association of Listed Companies”, “Standards for the Governance of Listed Companies”, and provisions of the Articles of Association of Air China Limited (hereinafter referred to as the “**Articles of Association**”).

Article 2 The supervisory committee of the Company shall report to the shareholders’ general meeting and oversee the Company’s financial undertakings and its directors, president, deputy president and other senior officer(s) in order to prevent them from abusing their powers to infringe the legal interests of the Company and its shareholders.

CHAPTER 2 ORGANIZATION OF THE SUPERVISORY COMMITTEE

Article 3 The supervisory committee shall be established with proper proportions of staff representatives and external supervisors in accordance with the Articles of Association.

Article 4 In addition to satisfying the requirements set out in the Company Law and the Articles of Association, supervisors shall also have legal and accounting-related professional knowledge or work experience.

Article 5 There shall be one chairman on the supervisory committee. The chairman shall be appointed or removed by two-thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall preside over the business of the supervisory committee and exercise the following powers:

1. to convene and preside over meetings of the supervisory committee;
2. to arrange for the formulation of working plans and the implementation of resolutions of the supervisory committee;
3. to execute documents in relation to the supervisory committee;
4. to report, on behalf of the supervisory committee, to the shareholders’ general meeting on its work;

5. to oversee and examine the implementation of resolutions of the supervisory committee;
6. to exercise other powers stipulated in relevant laws and regulations and the Articles of Association or delegated by the supervisory committee.

In the event that the chairman of the supervisory committee is unable or fails to perform his duties, a simple majority of the supervisors shall jointly select a supervisor to act on his behalf.

Article 6 The term of office for supervisors shall be three years. Upon expiration of his term, a supervisor may be re-elected for a successive term.

Supervisors may resign from their office prior to expiration of their term of office. In the event that the election of new supervisors is not held in time when the term of office of supervisors expires or the number of members of the supervisory committee falls short of the quorum of the supervisory committee as a result of resignation of supervisors during their term of office, the existing supervisors shall perform their duties in accordance with the provisions of the laws, administrative regulations and Articles of Association until succeeding supervisors come to office.

CHAPTER 3 FUNCTIONS AND POWERS OF THE SUPERVISORY COMMITTEE

Article 7 The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with the laws:

- (1) to examine the Company's financial undertakings and to review the Company's regular reports prepared by the board of directors and issue its written examination opinion;
- (2) to oversee the Company's directors, president, deputy president and other officers as to whether there are any acts done in violation of laws, administrative regulations or the Articles of Association during the discharge of their duties to the Company, and to propose the removal of the directors, president, deputy president and other senior officers for any violations of laws, administrative regulations, the Articles of Association or any resolutions of shareholders' general meeting;
- (3) if any act of the Company's directors, president, deputy president and other officers damages the interests of the Company, to require them to rectify such act accordingly;

- (4) to verify financial information such as financial reports, business reports and profit distribution plans as proposed by the board of directors to be tabled at the shareholders' general meeting, and if in doubt, to appoint any Certified Public Accountant or practicing auditors in the name of the Company to assist in reviewing them;
- (5) to propose motions for the shareholders' general meeting;
- (6) to propose the convening of extraordinary general meetings and, in case the board of directors does not perform the obligations to convene and chair the shareholders' general meetings in accordance with the requirements of laws, administrative regulations and the Articles of Association, to convene and chair the shareholders' general meetings;
- (7) to propose the convening of extraordinary meetings of the board of directors;
- (8) to negotiate with or bring an action against a director or a senior officer on behalf of the Company;
- (9) to exercise such other powers as granted by laws, regulations and the Articles of Association and shareholders' general meeting.

The supervisory committee may make proposals on the Company's engagement of accounting firms, may separately commission, whenever necessary, an accounting firm in the name of the Company to examine the financial undertakings of the Company, and may directly report the circumstances to the securities regulatory authorities of the State Council and other relevant departments.

External supervisors shall independently report to the shareholders' general meeting on the integrity, and diligence and responsibility of the Company's senior officers.

Supervisors are entitled to attend meeting(s) of the board of directors as non-voting attendees and raise enquiries or suggestions on matters to be resolved by the board of directors.

Article 8 In the exercise of its supervisory powers, the supervisory committee shall, in case that the Company's directors, president, deputy president or other senior officers act in violation of laws or regulations or the Articles of Association, report circumstances to the board of directors and the shareholders' general meeting or directly to the securities regulatory authorities of the State Council and other relevant authorities.

Article 9 In the exercise of its powers, the supervisory committee may, if necessary, retain professionals such as lawyers, certified public accountants or practising auditors to provide professional assistance at reasonable expenses which shall be borne by the Company.

Article 10 In the exercise of its supervisory powers, the supervisory committee shall not perform duties in place of the board of directors or the president nor shall it carry out any business activities on behalf of the Company.

Article 11 In the exercise of its/their supervisory powers, the supervisory committee or supervisors shall comply with applicable laws, administrative regulations, and the Articles of Association and perform its supervisory powers honestly and diligently to safeguard and protect the lawful interests of shareholders and the Company. Supervisors shall not use their office and authority to serve their own interests, nor shall they disclose trade secrets or other confidential information on the Company's operation and management.

CHAPTER 4 RULES FOR MEETINGS OF THE SUPERVISORY COMMITTEE

Article 12 The supervisory committee shall hold at least one meeting every six (6) months. Upon a proposal made by the chairman of the supervisory committee or two-thirds or more of its members, the supervisory committee may hold an extraordinary meeting.

Article 13 The liaison officers of the supervisory committee shall be responsible for issuing a notice of its meeting and inform any relevant party to prepare for such meeting.

Any notice of meeting of the supervisory committee shall include the date, place and duration of the meeting; reasons and subjects of discussion; the issue date thereof.

Such notice of meeting shall be given to all supervisors and related parties to be present or in attendance at the meeting ten (10) days prior to the date scheduled for holding of such meeting, either by facsimile, courier, registered post, by hand or email. A notice of an extraordinary meeting may be served three (3) days prior to the date thereof.

Any notice of delay or cancellation of such meeting due to any reason shall be served on the attendees one (1) day prior to the scheduled date.

Article 14 Proposals of the supervisory committee shall be put forward primarily based on the matters considered by the board of directors or proposed by the supervisory committee.

Any proposals required to be submitted to the supervisory committee by supervisors and other relevant personnel for examination, discussion and/or decision shall be submitted in advance to its liaison officers. Such proposals shall be compiled and collated by the liaison officers of the supervisory committee for submission to the chairman who shall decide whether such proposals should be included in the agenda.

In principle, any proposal submitted shall be included in the agenda; otherwise the chairman shall specify reasons in writing to the proposer. The chairman shall not withhold such proposal from discussion or without response; otherwise the proposer shall have the right to report the circumstances to the relevant regulatory authorities.

Proposals together with the notice of the meeting shall be served on all members of the supervisory committee and those who are due to attend the meeting as non-voting attendees.

Article 15 The chairman of the supervisory committee shall be responsible for convening and holding its meetings. If the chairman of the supervisory committee is unable or has failed to perform his duties, a supervisor shall be elected by a simple majority of supervisors to convene and chair meetings of the supervisory committee. The quorum of the supervisory committee meetings shall be formed by two-thirds or more of the supervisors.

The supervisory committee may, whenever necessary, require the directors, president, deputy presidents and other senior officers, internal and external auditors to attend its meetings to answer any questions that pose concern to it.

Article 16 Supervisors shall be present at meetings of the supervisory committee. If they fail to do so for any reason, they may appoint other supervisors in writing to act as their proxies and vote on their behalf. Should supervisors neither be present at meetings of the supervisory committee nor appoint proxies to attend the same on their behalf, they shall be deemed to have waived their voting rights at such meetings.

Any power of attorney for such appointment as such shall be made in writing. Such power of attorney shall include the name of the proxy, the matters to be dealt with, the scope of authority and the period of validity, and shall bear the signature or seal of the person appointing the proxy, and be served on the liaison officers of the supervisory committee one (1) day prior to the holding of its meeting. The liaison officers of the supervisory committee shall be responsible for registration of proxies and announcing the same to the meeting.

The power of attorney may be prepared in standard format by the liaison officers of the supervisory committee and be served on supervisors together with a notice of meeting.

Article 17 The chairman shall declare the opening of a meeting of the supervisory committee as scheduled. Subject to an unanimous agreement on the agenda of the meeting among the supervisors present, the meeting shall consider the proposed motions one by one.

Article 18 Meetings of the supervisory committee shall be conducted in a democratic way and views of its members shall be duly respected while any views, though diverse, shall also be kept upon making any decision. Supervisors holding different views or with objections shall abide by and implement any lawful resolutions of the supervisory committee. They shall not interfere therein or act out of their personal will; otherwise, the supervisory committee has the right to propose to the shareholders' general meeting to remove them from office.

Article 19 For any agenda item to be considered by the supervisory committee, the proposer or any supervisor appointed shall speak thereon, elaborating its main ideas, cause and effect, and overriding points of the motion. For any significant motion, relevant personnel shall be organized to conduct a prior investigation and verification and make report thereon in writing for all supervisors' consideration.

Article 20 Any supervisor that is in connection with a motion shall withdraw and abstain from voting.

Article 21 Relevant personnel shall attend any meeting(s) of the supervisory committee as non-voting attendees only during consideration of matters that concern them, and shall withdraw from the meeting when it considers other matters. Non-voting attendees shall have the right to speak but shall not have any right to vote. Resolutions of the supervisory committee shall be made after due consideration of their opinions.

Article 22 Voting on resolutions at a meeting of the supervisory committee shall be conducted by registered poll or a show of hands. However, a registered poll shall be adopted if two or more supervisors so request. Supervisors shall cast a vote each.

Article 23 All supervisors present at meetings shall declare their affirmative, dissenting votes or abstaining opinions. The attending supervisors acting as proxies shall exercise the rights on behalf of their principal within the power of attorney. Resolutions of the supervisory committee shall come into effect subject to the approval by two-thirds or more of its members.

Article 24 In principle, the supervisory committee shall make resolutions regarding the matters considered. Resolutions passed at the meetings shall be read out prior to the close of meetings and signed by all members present.

Article 25 Minutes shall be kept for meetings of the supervisory committee. The minutes shall include the date and place of the meeting; the name of the presider; the names of the present supervisors and those of the principals and their proxies; agenda of meetings; the main points of the supervisors' speeches; and the voting modes and results of each motion (the voting results shall include the number of affirmative votes, dissenting votes and abstention votes).

Supervisors and minute-taker(s) present at meetings shall sign the minutes. Each supervisor shall be entitled to request for an explanation of his comments made at the meetings to be noted in the minutes. Such minutes shall be kept for at least 10 years as important documents of the Company.

CHAPTER 5 INFORMATION DISCLOSURE OF MEETINGS OF THE SUPERVISORY COMMITTEE

Article 26 The chairman of the supervisory committee shall oversee and examine the implementation of resolutions of the supervisory committee. The Company shall file and/or publish an announcement on such resolutions of the supervisory committee in accordance with applicable laws and the relevant requirements specified by the stock exchange(s) on which the Company's shares are listed.

Article 27 Prior to disclosure of any resolution of the supervisory committee through normal channels, any attendee shall by no means disclose it in any form or acquire any interest for himself thereby.

CHAPTER 6 EXECUTION OF RESOLUTIONS OF THE SUPERVISORY COMMITTEE

Article 28 For resolutions which involve suggestions on the Company's operations and management or require responses from the board of directors and the management, the supervisory committee shall designate supervisor(s), who shall be responsible for negotiation with the board of directors and the president for the implementation of such resolutions, and for filing a written report to the supervisory committee in respect of the implementation of such resolutions.

Article 29 Any significant matter required to be dealt with or rectified under resolutions of the supervisory committee shall be arranged and implemented by the board of directors in accordance with resolutions passed at the shareholders' general meetings. The president shall be vested with the arrangement and implementation of general and specific matters. Results of the implementation shall be reported to the shareholders' general meetings and circulated among supervisors.

Article 30 The chairman of the supervisory committee shall appoint supervisors to examine the implementation of matters required to be dealt with or rectified under resolutions and may give evaluation opinions thereon.

CHAPTER 7 SUPPLEMENTARY ARTICLES

Articles 31 These Rules are formulated by the supervisory committee and shall come into effect upon approval by the shareholders' general meeting. Any amendment to these Rules shall be proposed by the supervisory committee in form of an amendment proposal, and shall come into effect upon approval of the shareholders' general meeting.

Article 32 The shareholders' general meeting authorizes the supervisory committee to interpret these Rules.

Article 33 Where any matter is not covered by these Rules or where these Rules are inconsistent with the provisions of laws, regulations, other relevant regulatory documents, the Articles of Association and the Rules of Procedure for General Meetings, the provisions of those laws, regulations, other relevant regulatory documents and the Articles of Association and the Rules of Procedure for General Meetings shall prevail.

Article 34 The phrase "or more" herein for the numbers includes the numbers indicated themselves.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of Air China Limited (the “Company”) for the year ended 31 December 2008 will be held at 9:30 a.m. on Wednesday, 10 June 2009 at The Conference Room, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, PRC for the following purposes:

1. To consider and approve the report of the Board of Directors of the Company for the year 2008;
2. To consider and approve the report of the Supervisory Committee of the Company for the year 2008;
3. To consider and approve the audited consolidated financial statements of the Company for the year 2008 prepared under the Accounting Standards for Enterprises of the PRC and International Financial Reporting Standards;
4. To consider and approve the profit distribution proposal that no dividends be distributed for the year 2008 as recommended by the Board of Directors of the Company;
5. To consider and approve the reappointment of Ernst & Young as the Company's international auditors and Ernst & Young Hua Ming CPAs Limited Company as the Company's domestic auditors for the year ending 31 December 2009 and to authorise the Board of Directors of the Company to determine their remunerations;
6. To consider and approve the appointment of Mr. Cao Jianxiong as a non-executive director of the Company;
7. To consider and approve the appointment of Mr. Fu Yang as an independent non-executive director of the Company and the determination of his remuneration with reference to the emoluments of the independent non-executive Directors of the second session of the Board (which is RMB60,000);

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and approve the procurement of Directors and Officers Liability Insurance for the Directors, Supervisors and senior management of the Company and authorise the Board to determine any adjustments to the limits of liability and premiums and authorise the management of the Company to handle issues relating to the liability insurance on a yearly basis including but not limited to selection of the insurance company and execution of insurance contracts;
9. To consider and approve the following resolutions as special resolutions:

9A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Board of Directors of the Company during the Relevant Period (as hereafter defined in paragraph (d)) of all the powers of the Company to allot, issue and deal with additional shares of the Company (“**Shares**”) and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Board of Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the amount of additional A Shares and overseas-listed foreign Shares (“**H Shares**”) (as the case may be) allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with either separately or concurrently by the Board of Directors of the Company pursuant to the approval in paragraph (a) above, shall not exceed 20% of each of the Company’s existing A Shares and H Shares (as the case may be) in issue at the date of passing this special resolution; and
- (d) for the purpose of special resolution 9A:

“Relevant Period” means the period from the passing of special resolution 9A until the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the 12 months period following the passing of special resolution 9A; and
- (iii) the revocation or variation of the authority given to the Board of Directors of the Company under this special resolution by a special resolution of the Company’s shareholders in general meetings.

NOTICE OF ANNUAL GENERAL MEETING

- 9B. “**THAT** the Board of Directors of the Company be and is hereby authorised to increase the registered capital of the Company to reflect the issue of shares authorised under special resolution 9A, and to make such appropriate and necessary amendments to the Articles of Association of the Company as they think fit to reflect such increases in the registered capital of the Company and to take any other action and complete any formality required to effect such increase of the registered capital of the Company.”
10. To consider and approve as a special resolution the proposed amendments to the Articles of Association of the Company as set out in Appendix I of the circular despatched by the Company on 24 April 2009 and an executive director be authorised to adjust, at his or her discretion, the said amendments in accordance with the opinion of the relevant PRC authorities (the proposed amendment to the Articles of Amendments will be submitted to the relevant PRC authorities for approval after being approved at the AGM);
11. To consider and approve as a special resolution the proposed amendments to the Rules and Procedure of Shareholders’ Meeting, the Rules and Procedure of Meetings of the Board of Directors and the Rules and Procedure of Meetings of the Supervisory Committee of the Company, the revised full text of which are set out in Appendix II, III and IV respectively of the circular despatched by the Company on 24 April 2009.

By order of the Board
Air China Limited
Kong Dong
Chairman of the Board

Beijing, PRC, 24 April 2009

As at the date of this notice, the Directors of the Company are Mr. Kong Dong, Ms. Wang Yinxiong, Mr. Wang Shixiang, Mr. Christopher Dale Pratt, Mr. Chen Nan Lok, Philip, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Hu Hung Lick, Henry, Mr. Wu Zhipan*, Mr. Zhang Ke* and Mr. Jia Kang*.*

** Independent non-executive Director of the Company*

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Closure of register of members and eligibility for attending the AGM

Holders of H Shares of the Company are advised that the register of members of the Company will close from Monday, 11 May 2009 to Wednesday, 10 June 2009 (both days inclusive), during which time no transfer of H Shares of the Company will be effected and registered. In order to qualify for attendance at the AGM and qualify for the final dividends, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on Friday, 8 May 2009.

Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 8 May 2009 are entitled to attend the AGM.

2. Notice of attendance

H-share shareholders who intend to attend the AGM should complete and lodge the accompanying notice of attendance and return it to the Company's H Share registrar on or before Thursday, 21 May 2009. The notice of attendance may be delivered by hand, by post or by fax to the Company's H Share registrar. Completion and return of the notice of attendance do not affect the right of a shareholder to attend the AGM. However, the failure to return the notice of attendance may result in an adjournment of the AGM, if the number of shares carrying the right to vote represented by the shareholders proposing to attend the AGM by the notice of attendance does not reach more than half of the total number of shares of the Company carrying the right to vote at the AGM.

3. Proxy

Every shareholder who has the right to attend and vote at the AGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his behalf at the AGM.

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar for holders of H Shares not less than 24 hours before the time appointed for the holding of the AGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar.

4. Other businesses

- (i) The AGM is expected to last for two hours. Shareholders and their proxies attending the meeting shall be responsible for their own traveling and accommodation expenses.
- (ii) The address of Computershare Hong Kong Investor Services Limited is:

Room 1806-1807
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel No.: (852) 2862 8628
Fax No.: (852) 2865 0990