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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Air China Limited, you should at once hand this circular and the form of proxy and the notice of attendance to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
(2) PROPOSED ADOPTION OF SHAREHOLDERS' RETURN PLAN  
FOR THE THREE YEARS FROM 2012 TO 2014  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A letter from the Board is set out on pages 2 to 4 of this circular.

A notice convening the EGM to be held at The Conference Room, 29/F, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, PRC at 2:00 p.m. on 20 December 2012 is set out on pages 37 to 38 of this circular. Whether or not you are able to attend and/or vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for convening the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment should you so wish.

5 November 2012

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## DEFINITIONS

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

“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 Hong Kong Stock Exchange as its primary listing venue and on the Official List of the UK Listing Authority as its secondary listing venue, and whose A shares are listed on the Shanghai Stock Exchange
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at The Conference Room, 29/F, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, PRC at 2:00 p.m. on 20 December 2012
“Hong Kong Stock Exchange”	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
“Shareholders”	the shareholders of the Company
“Shareholders’ Return Plan”	the shareholders’ return plan of the Company for the three years from 2012 to 2014

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LETTER FROM THE BOARD

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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)

*Non-executive Directors:*

Mr. Wang Changshun  
Ms. Wang Yinxiang  
Mr. Cao Jianxiong  
Mr. Sun Yude  
Mr. Christopher Dale Pratt  
Mr. Ian Sai Cheung Shiu

*Registered office:*

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

*Executive Directors:*

Mr. Cai Jianjiang  
Mr. Fan Cheng

*Principal place of business in Hong Kong:*

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

*Independent non-executive Directors:*

Mr. Fu Yang  
Mr. Li Shuang  
Mr. Han Fangming  
Mr. Yang Yuzhong

5 November 2012

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**(2) PROPOSED ADOPTION OF SHAREHOLDERS' RETURN PLAN**  
**FOR THE THREE YEARS FROM 2012 TO 2014**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

It is proposed that at the EGM of the Company to be held on Thursday, 20 December 2012, the notice of which is set out on pages 37 to 38 of this circular, resolutions will be proposed to, inter alia, (i) amend the Articles of Association; and (ii) approve the adoption of the Shareholders' Return Plan.

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## LETTER FROM THE BOARD

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### II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 28 August 2012 in relation to the proposed amendments to the Articles of Association of the Company.

Pursuant to the “Notice regarding Further Implementation of Cash Dividends Distribution of Listed Companies” issued by the CSRC and the “Notice regarding Further Completing the Policy of Cash Dividends Distribution of Listed Companies” issued by the Beijing Securities Regulatory Administration, and in view of the amendments to the laws, regulations and listing rules applicable to the Company and the actual situation of the Company, the Board proposes certain amendments to the Articles of Association in connection with profit distribution and other relevant articles.

The proposed amendments to the Articles of Association are subject to the Shareholders’ approval at the EGM by way of special resolution and will become effective upon approval by the relevant PRC government authorities. The full text of the proposed amendments to the Articles of Association is set out in Appendix I to this circular.

The proposed amendments to the Articles of Association are prepared in the Chinese language and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Articles of Association, the Chinese version shall prevail.

### III. PROPOSED ADOPTION OF SHAREHOLDERS’ RETURN PLAN FOR THE THREE YEARS FROM 2012 TO 2014

In light of the proposed amendments to the Articles of Association in relation to dividends distribution of the Company, and in order to further refine the shareholders’ return for the three years from 2012 to 2014, the Board, having considered factors such as the Company’s strategic development goals, profitability and capital requirements, has formulated the Shareholders Return Plan. For details of the factors considered by the Company when formulating the Shareholders Return Plan, the principles and the specific rules for the shareholders’ return, please refer to Appendix II to this circular. The Shareholders’ Return Plan shall be effective from the date of its approval at the EGM.

### IV. EGM

The Company will convene the EGM at The Conference Room, 29/F, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, PRC at 2:00 p.m. on 20 December 2012 to consider and, if thought fit, to pass resolutions in respect of the matters described under Parts II and III of this circular. A form of proxy and an attendance notice have been dispatched to the shareholders in accordance with Hong Kong Listing Rules on 5 November 2012. The notice of the EGM is set out in Appendix III of this circular.

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## LETTER FROM THE BOARD

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Whether or not you intend to attend and/or vote at the EGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon. If you intend to attend the EGM, you are required to complete and return the notice of attendance to the H Share registrar of the Company on or before 30 November 2012.

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 and vote at the respective meeting.

### V. RECOMMENDATIONS

The Board (including the independent non-executive directors of the Company) considers that the resolutions relating to (i) the proposed amendments to the Articles of Association; and (ii) the proposed adoption of the Shareholders' Return Plan, are in the interests of the Company and the Shareholders as a whole and accordingly recommend that Shareholders vote in favour of all the aforesaid resolutions to be proposed at the EGM.

### VI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I, II and III to this circular.

By Order of the Board  
**Wang Changshun**  
*Chairman*

Beijing, the PRC

## APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Particulars of amendments to the Articles of Association are as follows, with the amendments underlined, where appropriate, just for easy reference.

<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 2.	The Company's registered Chinese name: 中國國際航空股份有限公司 The Company's English name: AIR CHINA LIMITED The Company's abbreviated Chinese name: 國航股份 The Company's abbreviated English name: AIR CHINA	The Company's registered Chinese name: 中國國際航空股份有限公司 The Company's English name: AIR CHINA LIMITED The Company's abbreviated Chinese name: <u>中國國航</u> The Company's abbreviated English name: AIR CHINA
Article 6.	In accordance with the provisions of the Company Law, the Special Regulations and the Mandatory Provisions for Articles of Association of Companies Listing Overseas (the "Mandatory Provisions"), the Guidance on the Articles of Association of Listed Companies (the "Guidance"), the Standards on Corporate Governance for Listed Companies (the "CG Standards") and other PRC laws and administrative regulations, the Company amended the original Articles of Association of the Company (the "Original Articles of Association") and adopted these Articles of Association (the "Articles of Association" or "these Articles of Association").	In accordance with the provisions of the Company Law, the Special Regulations and the Mandatory Provisions for Articles of Association of Companies Listing Overseas (the "Mandatory Provisions"), the Guidance on the Articles of Association of Listed Companies (the "Guidance"), the Standards on Corporate Governance for Listed Companies (the "CG Standards") and other PRC laws and administrative regulations <u>and departmental rules</u> , the Company amended the original Articles of Association of the Company (the "Original Articles of Association") and adopted these Articles of Association (the "Articles of Association" or "these Articles of Association").
	...	...
Article 8.	...	...
	The "other senior officers" referred to in these Articles of Association mean the board secretary, chief pilot and chief financial officer of the Company.	The "other senior officers" referred to in these Articles of Association mean the board secretary, <u>chief financial officer and chief pilot</u> of the Company.

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 12.	...  The Company's scope of business includes: International and domestic scheduled and unscheduled air passenger, air cargo, mail and luggage transportation; domestic and international business aviation services; management and administration of aircraft, aircraft maintenance, repair and overhaul services, agency businesses among airlines companies; and ground services, air express service related to the main business; onboard duty free items, retail of goods onboard and underwriting the aviation accident insurance. (subject to the final approval by the State Administration of Industry and Commerce)	...  The Company's scope of business includes: International and domestic scheduled and unscheduled air passenger, air cargo, mail and luggage transportation; domestic and international business aviation services; management and administration of aircraft, aircraft maintenance, repair and overhaul services, <u>business agency</u> among airlines companies; and ground services, air express service ( <u>other than mails and objects of the same nature as mails</u> ) related to the main business; onboard duty free items, retail of goods onboard and underwriting the aviation accident insurance. (subject to the final approval by the State Administration of Industry and Commerce)
Article 14.	There shall, at all times, be ordinary shares in the Company. The ordinary shares issued by the Company include domestic shares and foreign shares. Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.	There shall, at all times, be ordinary shares in the Company. Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.
Article 17.	Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as "Domestic Shares". Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred to as "Foreign Shares". Foreign Shares which are listed overseas are called "Overseas-Listed Foreign Shares". Both holders of Domestic Shares and holders of Foreign Shares are holders of ordinary shares, and have the same obligations and rights.	Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as "Domestic Shares". Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred to as "Foreign Shares". Foreign Shares which are listed overseas are called "Overseas-Listed Foreign Shares". Both holders of Domestic Shares and holders of Foreign Shares are holders of ordinary shares, and have the same obligations and rights.



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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.****Before amendment****After amendment**

“Foreign currencies” means the legal currencies of countries or outside the PRC which are recognised by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

“Foreign currencies” means the legal currencies of countries or outside the PRC which are recognised by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

The Domestic Shares of the Company shall be centralized and held in custody by the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The Overseas-Listed Foreign Shares of the Company shall be held in custody by Hong Kong Securities Clearing Company Limited.

Article 18.

H Shares are shares that have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

A Shares are ordinary shares in Renminbi that have been admitted for listing on domestic stock exchanges. H Shares are shares that have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The A Shares of the Company shall be centralized and held in custody by the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The Overseas-Listed Foreign Shares of the Company shall be held in custody by Hong Kong Securities Clearing Company Limited.

Article 19.

Upon the approval of the companies approving department authorized by the State Council, the Company issued a total of 9,433,210,909 ordinary shares, of which 6,500,000,000 shares were issued to the promoters of the Company at the time when the Company was established....

Upon the approval of the companies approving department authorized by the State Council, the Company issued 6,500,000,000 ordinary shares to the promoters at the time when the Company was established....

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 20.	<p>The Company shall issue additional 2,933,210,909 ordinary shares after its incorporation, and the promoters of the Company shall sell 293,321,091 ordinary shares, all of which are Overseas-Listed Foreign Shares (H Shares).</p> <p>The share capital structure of the Company after the issue and sale referred to in the previous paragraph shall be as follows: the Company has a total of 9,433,210,909 ordinary shares in issue, of which China National Aviation Holding Company holds 4,826,195,989 Domestic Shares, representing approximately 51.16% of the Company's total share capital; China National Aviation Corporation (Group) Limited holds 1,380,482,920 Foreign Shares, representing approximately 14.64% of the Company's total share capital; other holders of the Overseas-Listed Foreign Shares (H shares) hold 3,226,532,000 shares, representing approximately 34.20% of the Company's total share capital.</p> <p>Upon completion of the offering of the Overseas-Listed Foreign Shares set forth above and subject to the approval in form of a special resolution adopted at the shareholders' general meeting, the general meeting for holders of the domestic shares and the general meeting for holders of the foreign shares, the Company has issued 1,639,000,000A shares in 2006. China National Aviation Holding Company, a shareholder of the Company, also increased its shareholding in the Company to a total amount of 122,870,578 shares pursuant to its undertakings made to China Securities Regulatory Commission. The share capital structure of the Company after the said capital increase and the said increase in shareholding of the shareholder shall be as follows:</p>	<p>The Company shall issue additional 2,933,210,909 ordinary shares after its incorporation, and the promoters of the Company shall sell 293,321,091 ordinary shares, all of which are <u>H Shares</u>.</p> <p>The share capital structure of the Company after the issue and sale referred to in the previous paragraph shall be as follows: the Company has a total of 9,433,210,909 ordinary shares in issue, of which China National Aviation Holding Company holds 4,826,195,989 Domestic Shares, representing approximately 51.16% of the Company's total share capital; China National Aviation Corporation (Group) Limited holds 1,380,482,920 Foreign Shares, representing approximately 14.64% of the Company's total share capital; other holders of the <u>H Shares</u> hold 3,226,532,000 shares, representing approximately 34.20% of the Company's total share capital.</p> <p>Upon completion of the offering of the <u>H Shares</u> set forth above and subject to the approval in form of a special resolution adopted at the shareholders' general meeting, the general meeting for holders of the domestic shares and the general meeting for holders of the foreign shares, the Company has issued 1,639,000,000A shares in 2006. China National Aviation Holding Company, a shareholder of the Company, also increased its shareholding in the Company to a total amount of 122,870,578 shares pursuant to its undertakings made to China Securities Regulatory Commission (the "CSRC"). The share capital structure of the Company after the said capital increase and the said increase in shareholding of the shareholder shall be as follows:</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.****Before amendment****After amendment**

the Company has a total of 11,072,210,909 ordinary shares in issue, of which China National Aviation Holding Company holds 4,949,066,567 Domestic Shares, representing approximately 44.70% of the Company's total share capital; China National Aviation Corporation (Group) Limited holds 1,380,482,920 Foreign Shares, representing approximately 12.47% of the Company's total share capital; other holders of the Overseas-Listed Foreign Shares (H shares) hold 3,226,532,000 shares, representing approximately 29.14% of the Company's total share capital; holders of other Domestic Shares hold 1,516,129,422 shares, representing approximately 13.69% of the Company's total ordinary shares in issue.

Upon the completion of the issuance of A shares and subject to the approval after verification by competent examination and approval departments authorized by the State Council, the Company has issued 1,179,151,364 Overseas-Listed Foreign Shares (H Shares) to Cathay Pacific Airways Limited, a shareholder of the Company, in 2006.

Upon the completion of the said additional issuance of H Shares, as approved by the approving authority authorised by the State Council, the Company has issued 483,592,400 new A Shares on a non-public issue basis and 157,000,000 new overseas-listed foreign shares (H Shares) to China National Aviation Corporation (Group) Limited, a shareholder of the Company, on a non-public issue basis in the year of 2010.

the Company has a total of 11,072,210,909 ordinary shares in issue, of which China National Aviation Holding Company holds 4,949,066,567 A Shares, representing approximately 44.70% of the Company's total share capital; China National Aviation Corporation (Group) Limited holds 1,380,482,920 A Shares, representing approximately 12.47% of the Company's total share capital; other holders of A Shares hold 1,516,129,422 shares, representing approximately 13.69% of the Company's total share capital; holders of H Shares hold 3,226,532,000 shares, representing approximately 29.14% of the Company's total share capital.

Upon the completion of the issuance of A shares and subject to the approval after verification by competent examination and approval departments authorized by the State Council, the Company has issued 1,179,151,364 H Shares to Cathay Pacific Airways Limited, a shareholder of the Company, in 2006.

Upon the completion of the said additional issuance of H Shares, as approved by the approving authority authorised by the State Council, the Company has issued 483,592,400 new A Shares on a non-public issue basis and 157,000,000 new H Shares to China National Aviation Corporation (Group) Limited, a shareholder of the Company, on a non-public issue basis in the year of 2010.

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	<p>The present share capital structure of the Company is as follows: the Company has a total of 12,891,954,673 ordinary shares in issue, of which 8,329,271,309 shares are held by holders of A Shares, representing 64.61% of the total ordinary shares of the Company in issue, and 4,562,683,364 shares are held by holders of H Shares, representing 35.39% of the total ordinary shares of the Company in issue.</p>	<p>The present share capital structure of the Company is as follows: the Company has a total of 12,891,954,673 ordinary shares in issue, of which 8,329,271,309 shares are held by holders of A Shares, representing <u>approximately 64.61% of the Company's total share capital</u>, and 4,562,683,364 shares are held by holders of H Shares, representing <u>approximately 35.39% of the Company's total share capital</u>.</p>
Article 21.	<p>The Company's board of directors may take all necessary action for the issuance of Overseas-Listed Foreign Shares and Domestic Shares after proposals for issuance of the same have been approved by the securities authority of the State Council.</p> <p>The Company may implement its proposal to issue Overseas-Listed Foreign Shares and Domestic Shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the China Securities Regulatory Commission (the "CSRC").</p>	<p>The Company's board of directors may take all necessary action for the issuance of Overseas-Listed Foreign Shares and <u>A</u> Shares after proposals for issuance of the same have been approved by the securities authority of the State Council.</p> <p>The Company may implement its proposal to issue Overseas-Listed Foreign Shares and <u>A</u> Shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the CSRC.</p>
Article 22.	<p>Where the total number of shares stated in the proposal for the issuance of shares includes Overseas-Listed Foreign Shares and Domestic Shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.</p>	<p>Where the total number of shares stated in the proposal for the issuance of shares includes Overseas-Listed Foreign Shares and <u>A</u> Shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.</p>
Article 24.	<p>...</p> <p>The Company may increase its capital in the following ways:</p> <p>...</p>	<p>...</p> <p>The Company may increase its capital in the following ways:</p> <p>...</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	<p>(5) by any other means which is permitted by law and administrative regulations.</p> <p>After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant State laws and administrative regulations.</p>	<p>(5) by any other means which is <u>prescribed</u> by law and administrative regulations <u>and approved by the CSRC.</u></p> <p>After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant State laws and administrative regulations.</p>
Article 50.	<p>...</p> <p>Application by a holder of Domestic Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.</p> <p>...</p>	<p>...</p> <p>Application by a holder of <u>A Shares</u>, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.</p> <p>...</p>
Article 61.	<p>The shareholders' general meeting shall have the following functions and powers:</p> <p>...</p> <p>(9) to decide on matters such as merger, division, dissolution and liquidation of the Company;</p> <p>...</p>	<p>The shareholders' general meeting shall have the following functions and powers:</p> <p>...</p> <p>(9) to decide on matters such as merger, division, dissolution, <u>liquidation or change of the form</u> of the Company;</p> <p>...</p>
Article 65.	<p>Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once every year and shall be held within six (6) months from the end of the preceding financial year. Meeting venues shall be fixed for the shareholders' general meetings, and the shareholders' general meetings shall be convened in the on-site conference mode.</p>	<p>Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once every year and shall be held within six (6) months from the end of the preceding financial year. Meeting venues shall be fixed for the shareholders' general meetings, and the shareholders' general meetings shall be convened in the on-site conference mode.</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.**

**Before amendment**

**After amendment**

The Company may facilitate the shareholders participating in the shareholders' general meetings through all practicable manners and means including providing modern information technological means such as voting platform through internet, provided that the legality and effectiveness of the shareholders' general meeting are ensured. Shareholders are deemed to be present in the shareholders' general meetings through the aforesaid means.

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

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;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholders who separately or jointly holds more than 10% of the total Company's shares make such request;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) under other conditions as provided for by the laws, administrative regulations, departmental rules and regulations or the Articles of Association.

- (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;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholders who separately or jointly holds more than 10% of the total Company's shares make such request in writing;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) under other conditions as provided for by the laws, administrative regulations, departmental rules and regulations or the Articles of Association.

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	The shareholding mentioned in subparagraph (3) above shall be calculated from the date on which a shareholder submits his/her request in writing.	The shareholding mentioned in subparagraph (3) above shall be calculated from the date on which a shareholder submits his/her request in writing.
Article 83.	A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Except otherwise provided for in Article 108 of these Articles of Association in connection with the adoption of the cumulative voting system for election of directors, each share shall have one (1) vote. The shares held by the Company itself shall not be attached with voting rights. Those shares shall not be counted as the total number of voting shares held by shareholders attending the shareholders' general meetings.	A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Except otherwise provided for election of directors in Article 108 <u>and election of supervisors in Article 146</u> of these Articles of Association in connection with the adoption of the cumulative voting system, each share shall have one (1) vote. The shares held by the Company itself shall not be attached with voting rights. Those shares shall not be counted as the total number of voting shares held by shareholders attending the shareholders' general meetings.
	...	...
Article 89.	The following matters shall be resolved by a special resolution at a shareholders' general meeting:	The following matters shall be resolved by a special resolution at a shareholders' general meeting:
	...	...
	(3) the demerger, merger, dissolution and liquidation of the Company;	(3) the demerger, merger, dissolution, liquidation <u>or change of the form</u> of the Company;
	.....	.....
Article 91.	The following procedures shall be adopted should the independent directors, the supervisory committee, shareholders who separately or jointly hold voting shares in excess of 10% request for convening of an extraordinary general meeting or class meeting:	The following procedures shall be adopted should the independent directors, the supervisory committee, shareholders who separately or jointly hold voting shares in excess of 10% request for convening of an extraordinary general meeting or class meeting:
	...	...

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	(5) Should the board of directors not agree to convene an extraordinary general meeting or a class meeting as proposed by the shareholders, or not provide any reply within 10 days upon receipt of the said request, the shareholders shall propose to the supervisory committee in writing to convene an extraordinary general meeting or a class meeting.	(5) Should the board of directors not agree to convene an extraordinary general meeting or a class meeting as proposed by the shareholders, or not provide any reply within 10 days upon receipt of the said request, the shareholders shall propose to the supervisory committee in writing to convene an extraordinary general meeting or a class meeting.
	...	...
Article 92.	The Chairman of the board of directors shall preside over and chair every shareholders' general meeting. If the Chairman is unable to or does not perform his/her duties, the vice-chairman of the board of directors (and in case the Company has two or more vice chairmen of the board of directors, the vice chairman of the board of directors jointly elected by more than half of the number of directors) shall preside over and chair the meeting. If the vice-chairman of the board of directors is unable to or does not perform his/her duties, a director jointly elected by more than half of the number of Directors shall preside over and chair the meeting. If the director jointly elected by more than half of the number of Directors is unable to preside over and chair the meeting, then shareholders present at the meeting may elect one (1) person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.	The Chairman of the board of directors shall preside over and chair every shareholders' general meeting. If the Chairman is unable to or does not perform his/her duties, the vice-chairman of the board of directors shall preside over and chair the meeting. If the vice-chairman of the board of directors is unable to or does not perform his/her duties, a director jointly elected by more than half of the number of Directors shall preside over and chair the meeting. If the director jointly elected by more than half of the number of Directors is unable to preside over and chair the meeting, then shareholders present at the meeting may elect one (1) person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.



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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	<p>A shareholders' general meeting convened by the supervisory committee on their own shall be presided by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or does not perform his/her duties, the vice chairman of the supervisory committee shall preside over the meeting. If the vice chairman of the supervisory committee is unable to or does not perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall preside over the said meeting.</p>	<p>A shareholders' general meeting convened by the supervisory committee on their own shall be presided by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or does not perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall preside over the said meeting.</p>
	...	...
Article 98.	<p>Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 100 to 104 of these Articles of Association.</p>	<p>Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 100 to 104 of these Articles of Association.</p>
Article 104.	<p>Apart from the holders of other classes of shares, the holders of the Domestic Shares and holders of Overseas-Listed Foreign Shares shall be deemed to be holders of different classes of shares. Holders of Foreign Shares shall be deemed to be holders of the same class of shares.</p> <p>The special procedures for approval by a class of shareholders shall not apply in the following circumstances:</p>	<p>Apart from the holders of other classes of shares, the holders of the <u>A Shares</u> and holders of <u>Overseas-Listed</u> Foreign Shares shall be deemed to be holders of different classes of shares. Holders of <u>Overseas-Listed</u> Foreign Shares shall be deemed to be holders of the same class of shares.</p> <p>The special procedures for approval by a class of shareholders shall not apply in the following circumstances:</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	<p>(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued Domestic Shares and Overseas-Listed Foreign Shares; or</p> <p>(2) where the Company's plan to issue Domestic Shares and Overseas-Listed Foreign Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the authority in charge of securities under the State Council.</p>	<p>(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued <u>A Shares</u> and <u>Overseas-Listed Foreign Shares</u>; or</p> <p>(2) where the Company's plan to issue <u>A Shares</u> and <u>Overseas-Listed Foreign Shares</u> at the time of its establishment is carried out within fifteen (15) months from the date of approval of the authority in charge of securities under the State Council.</p>
Article 105.	<p>...</p> <p>The board of directors shall have one (1) Chairman and two (2) Deputy Chairman.</p>	<p>...</p> <p>The board of directors shall have one (1) Chairman and <u>one (1)</u> Deputy Chairman.</p>
Article 106.	<p>Directors shall be elected at the shareholders' general meeting each for a term of three (3) years (starting from the election date to the date on which a new board of directors is elected at a shareholders' general meeting). At the expiry of a director's term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than six (6) years.</p>	<p>Directors shall be elected at the shareholders' general meeting each for a term of three (3) years (starting from the election date to the date on which a new board of directors is elected at a shareholders' general meeting). At the expiry of a director's term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than six (6) years.</p> <p><u>If the term of office of a director expires but re-election is not made promptly, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.</u></p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.**

**Before amendment**

**After amendment**

The list of candidates for the director shall be submitted in form of a motion to a shareholders' general meeting for consideration. Candidates for the non-independent director shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, alone or together, more than five percent (5%) of the total amount of voting shares in the Company and elected at the shareholders' general meeting.

The list of candidates for the director shall be submitted in form of a motion to a shareholders' general meeting for consideration. Candidates for the non-independent director shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, alone or together, more than three percent (3%) of the total amount of voting shares in the Company and elected at the shareholders' general meeting.

...

...

Article 107.

The following procedures shall be carried out prior to the election of the nonindependent directors:

The following procedures shall be carried out prior to the election of the nonindependent directors:

...

...

(3) If a shareholder holding, alone or together, more than five percent (5%) of the total voting shares of the Company proposes an ex tempore motion on the election of non-independent directors at the shareholders' general meeting of the Company, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in sub-paragraph (1) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' general meeting. Such notice shall commence no earlier than the day after the despatch of the notice of the meeting for election of directors and end no later than seven (7) days prior to the date of such meeting.

(3) If a shareholder holding, alone or together, more than three percent (3%) of the total voting shares of the Company proposes an ex tempore motion on the election of non-independent directors at the shareholders' general meeting of the Company, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in sub-paragraph (1) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' general meeting. Such notice shall commence no earlier than the day after the despatch of the notice of the meeting for election of directors and end no later than seven (7) days prior to the date of such meeting.

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 110.	The Board of Directors is responsible to the shareholders' general meeting and shall exercise the following duties and powers:	The Board of Directors is responsible to the shareholders' general meeting and shall exercise the following duties and powers:
	...	...
	(7) to draw up the Company's material acquisition and disposal proposals and plans for the merger, division or dissolution of the Company;	(7) to draw up the Company's material acquisition and disposal proposals and plans for the merger, division, <u>dissolution or change of the form</u> of the Company;
	...	...
	(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;	(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 <u>and chief pilot</u> and determine their remunerations;
	...	...
	(15) to hear from the company's managers reports on work performed and to inspect the work of the managers;	(15) to hear from the company's <u>president</u> reports on work performed and to inspect the work of the <u>president</u> ;
	...	...
New Article		Article 114. <u>The board of directors may establish the strategy and investment committee, the audit and risk management committee, the nomination and remuneration committee, the aviation safety committee and other special committees. The members' composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.</u>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 114.	<p>...</p> <p>The vice chairman of the board of directors shall assist the chairman of the board of directors with his/her duties. Should the chairman of the board of directors be unable to perform or fail to perform his/her duties, the vice chairman of the board of directors shall perform the said duties (and in case the Company has two or more vice chairmen of the board of directors, the vice chairman of the board of directors jointly elected by more than half of the number of directors shall perform the said duties). Should the vice chairman of the board of directors be unable to perform or fail to perform his/her duties, a director jointly elected by more than half of the number of Directors shall perform the said duties.”</p>	<p>Article 115. ...</p> <p>The vice chairman of the board of directors shall assist the chairman of the board of directors with his/her duties. Should the chairman of the board of directors be unable to perform or fail to perform his/her duties, the vice chairman of the board of directors shall perform the said duties. Should the vice chairman of the board of directors be unable to perform or fail to perform his/her duties, a director jointly elected by more than half of the number of Directors shall perform the said duties.”</p>
Article 115.	<p>Meetings of the board of directors shall be held at least twice every year and shall be convened by the Chairman of the board of directors. All directors and supervisors shall be notified of the meeting fourteen (14) days beforehand.</p>	<p>Article 116. Meetings of the board of directors shall be held at least twice every year and shall be convened by the Chairman of the board of directors. All directors and supervisors shall be notified of the meeting fourteen (14) days beforehand. <u>The notice of the board meetings shall contain:</u></p> <ol style="list-style-type: none"><li>(1) <u>date, venue and duration of the meeting;</u></li><li>(2) <u>background and matters for discussion;</u></li><li>(3) <u>date of issuance of the notice.</u></li></ol>
Article 116.	<p>The notice of board meeting shall be issued via the following methods:</p> <p>...</p>	<p>Article 117. The notice of board meeting shall be issued via the following methods:</p> <p>...</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.**

**Before amendment**

**After amendment**

(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.

(2) For meetings of the board of directors of which the time, venue and agenda 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 116 herein.

...

...

Article 125.

Candidates for the independent directors shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, whether alone or together, one percent (1%) or more of the total amount of voting shares in the Company and elected at shareholders' general meeting.

Article 126. Candidates for the independent directors shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, whether alone or together, one percent (1%) or more of the total amount of voting shares in the Company and elected at shareholders' general meeting.

...

...

(4) If a shareholder holding, alone or together, more than 5% of the voting right of the Company or the supervisory committee proposes an ex tempore motion on the election of non-independent directors, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in subparagraphs (1) and (2) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' general meeting.

(4) If a shareholder holding, alone or together, more than 3% of the voting right of the Company or the supervisory committee proposes an ex tempore motion on the election of non-independent directors, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in subparagraphs (1) and (2) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' general meeting.

...

...

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 130.	<p>Apart from the duties set forth above, independent directors shall also express their independent opinion on the following major matters to the board of directors or at a shareholders' general meeting:</p> <ol style="list-style-type: none"><li>(1) nomination or removal of directors;</li><li>(2) appointment or removal of senior officers;</li><li>(3) the remuneration of directors and senior officers;</li><li>(4) matters which the independent directors believe may impair the rights and interests of minority shareholders;</li><li>(5) material financial transactions between the Company and its shareholders, de facto controlling person or their affiliates;</li></ol>	<p>Article 131. Apart from the duties set forth above, independent directors shall also express their independent opinion on the following major matters to the board of directors or at a shareholders' general meeting:</p> <ol style="list-style-type: none"><li>(1) nomination or removal of directors;</li><li>(2) appointment or removal of senior officers;</li><li>(3) the remuneration of directors and senior officers;</li><li>(4) matters which the independent directors believe may impair the rights and interests of minority shareholders;</li><li>(5) material financial transactions between the Company and its shareholders, de facto controlling person or their affiliates;</li><li><u>(6) profit distribution plan proposed to the board of directors of the Company for their review and consideration;</u></li><li>(7) failure of the board of directors of the Company to produce proposal in connection with profit distribution in cash;</li><li>(8) other matters provided for by the applicable laws and regulations, <u>departmental rules</u> or the articles of association of the Company.</li></ol> <p>Independent directors shall give one of the following opinions in relation to the above matters: agree; qualified opinion and reasons therefore; oppose and reasons therefore; unable to form an opinion and the impediments to doing so.</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 132 to Article 135.	<p>CHAPTER 12: SPECIALISED BOARD COMMITTEES</p> <p>Article 132. The board of directors may establish a strategy and investment committee. The strategy and investment committee shall consist of at least three (3) directors of the Company.</p> <p>The strategic development and investment committee shall be accountable to the board of directors and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"><li>(1) to research and identify the Company's development strategy;</li><li>(2) to decide on matters related to the Company's investment, within the scope of these Articles of Association and/or the authorization by the board of directors;</li><li>(3) to decide on the establishment, consolidation and withdrawal of the major subsidiaries of the Company;</li><li>(4) to exercise other functions and powers authorized by the board of directors.</li></ol> <p>Article 133. The board of directors may establish an audit and risk management committee, the members of which shall all be non-executive directors. The audit and risk management committee shall consist of at least three (3) members, including at least one (1) independent director who possesses professional qualification, or expertise in accounting or relevant financial management.</p>	deleted



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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.****Before amendment****After amendment**

The audit and risk management committee shall be comprised by a majority of independent directors and chaired by an independent director. The audit and risk management committee shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to review the accounts and drafts of interim report and annual report of the Company, and make proposals to the board of directors of the Company in respect of the accounts and the reports;
- (2) to supervise the financial reporting and internal supervision procedures of the Company;
- (3) to exercise other functions and powers authorized by the board of directors.

Article 134. The board of directors may establish a Management Development and Remuneration Committee. The Management Training and Remuneration Committee shall consist of at least three (3) directors of the Company, including independent directors as the majority one of whom shall act as the chair.

The Management Training and Remuneration Committee shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to nominate the candidate for directorship;
- (2) to make proposal of the remuneration of directors and senior officers; and

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
	<p>(3) to exercise other functions and powers authorized by the board of directors.</p> <p>Article 135. The board of directors may establish an aviation safety committee and other special committees pursuant to the relevant resolutions adopted at the shareholders' general meetings.</p>	
Article 137.	<p>The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.</p> <p>The main tasks of the secretary of the board of directors include:...</p> <p>Duties of the secretary of the board of directors include:...</p>	<p>Article 134. The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.</p> <p>The main tasks <u>and duties</u> of the secretary of the <u>board</u> of directors include:...</p>
Article 138.	<p>A director or other senior officer (except for the president or chief financial officer) of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.</p> <p>...</p>	<p>Article 135. A director or <u>senior management personnel other than the president or chief financial officer</u> of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.</p> <p>...</p>
Article 139.	<p>The secretary of the board of directors shall diligently exercise his duties in accordance with the relevant provisions of these Articles of Association.</p> <p>...</p>	<p>Article 136. The secretary of the board of directors shall diligently exercise his duties in accordance with <u>the laws, administrative regulations, departmental rules and the relevant provisions of these Articles of Association.</u></p> <p>...</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
Article 140.	<p>The Company shall have a president who shall be appointed or dismissed by the board of directors.</p> <p>The Company shall have several vice president and one chief financial officer who shall assist the president. The vice presidents and chief financial officer shall be nominated by the president and appointed or dismissed by the board of the directors.</p>	<p>Article 137. The Company shall have a president who shall be appointed or dismissed by the board of directors.</p> <p>The Company shall have several vice president, one chief financial officer and <u>one chief pilot</u> who shall assist the president. The vice presidents, chief financial officer and <u>chief pilot</u> shall be nominated by the president and appointed or dismissed by the board of the directors.</p>
Article 142.	<p>The president shall be accountable to the board of directors and shall exercise the following functions and powers:</p> <p>...</p> <p>(8) to propose the appointment or dismissal of the vice presidents and financial manager of the Company;</p> <p>.....</p>	<p>Article 139. The president shall be accountable to the board of directors and shall exercise the following functions and powers:</p> <p>...</p> <p>(8) to propose the appointment or dismissal of the vice presidents, financial manager and <u>chief pilot</u> of the Company;</p> <p>.....</p>
Article 144.	<p>In performing their duties and powers, the president, vice presidents and chief financial officer shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association.</p>	<p>Article 141. In performing their duties and powers, the president, vice presidents, chief financial officer and <u>chief pilot</u> shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association.</p>
Article 148.	<p>The list of candidates for supervisors representing shareholders shall be proposed in form of a motion to the shareholders' general meeting for resolution. Candidates for supervisors representing employees shall be nominated by the board of directors, supervisory committee or by shareholder(s) holding, alone or together, more than five percent (5%) of the total amount of voting shares in the Company and shall be elected or removed at the shareholders' general meeting.</p>	<p>Article 145. The list of candidates for supervisors representing shareholders shall be proposed in form of a motion to the shareholders' general meeting for resolution. Candidates for supervisors representing employees shall be nominated by the board of directors, supervisory committee or by shareholder(s) holding, alone or together, more than <u>three</u> percent (3%) of the total amount of voting shares in the Company and shall be elected or removed at the shareholders' general meeting.</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
New Article		<u>Article 146. The cumulative voting method may be adopted for voting the resolution to elect supervisors (excluding supervisors acted by staff representatives) at the shareholders' general meeting of the Company. Namely, for the election of more than two supervisors at the shareholders' general meeting, each share held by the shareholders participating in the voting shall carry the voting right equal to the total number of supervisors to be elected. The shareholders can either cast all the votes to elect one person or cast the votes to elect several persons.</u>
Article 149.	The directors, president, vice presidents, chief financial officer and other senior management of the Company shall not act concurrently as supervisors.	Article 147. The directors, president, vice presidents and other senior management of the Company shall not act concurrently as supervisors.
Article 189 to Article 198 of the Articles of Association regarding dividend distribution are amended as follows:		
Article 189 to Article 198.	<p>Article 189. 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.</p> <p>When the board of directors of the Company fails to prepare any proposal for distributing profits in cash, the reasons therefor shall be disclosed in the regular reports and the independent directors shall express their opinion in connection therewith.</p>	<p>Article 187. When distributing its after-tax profits in a given year, the Company shall contribute 10% of such profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches 50% or more of the registered capital of the Company, no further contribution is required.</p> <p>Where the statutory common reserve fund is insufficient to make for the losses of the Company in the previous year, before making contribution to the statutory common reserve fund, the profits made in the current year shall be used to make up for the losses first.</p>

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.****Before amendment****After amendment**

In the event of misappropriation of the Company's fund by a shareholder, the Company shall deduct the cash dividends that will be distributed to such shareholder in order to repay the fund misappropriated by such shareholder.

After making contribution to the statutory common reserve fund from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, make contributions to discretionary common reserve funds from its after-tax profits.

Article 190. When distributing its after-tax profits in a given year, the Company shall contribute 10% of such profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches 50% or more of the registered capital of the Company, no further contribution is required.

Article 188. Capital surplus fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital surplus fund by the regulations of the finance regulatory department of the State Council.

Where the statutory common reserve fund is insufficient to make for the losses of the Company in the previous year, before making contribution to the statutory common reserve fund, the profits made in the current year shall be used to make up for the losses first.

Article 189. The common reserve funds (including the statutory common reserve fund, discretionary common reserve funds and capital surplus fund) of the Company shall be applied for making up for losses, expanding the Company's production and operation or capitalisation; provided that the capital surplus fund shall not be used for covering the loss of the Company.

After making contribution to the statutory common reserve fund from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, make contributions to discretionary common reserve funds from its after-tax profits.

When capitalising the statutory common reserve fund, the balance of such fund shall not be less than 25% of the registered capital prior to capitalisation.

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings. No profits shall be distributed in respect of the shares held by the company.

Article 190. After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings.

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.****Before amendment****After amendment**

Article 191. The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has compensated for its losses and made allocations to the statutory common reserve fund. Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

Any amount paid up in advance of calls on a share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 192. Capital surplus fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital surplus fund by the regulations of the finance regulatory department of the State Council.

Article 193. The common reserve funds (including the statutory common reserve fund, discretionary common reserve funds and capital surplus fund) of the Company shall be applied for making up for losses, expanding the Company's production and operation or capitalisation; provided that the capital surplus fund shall not be used for covering the loss of the Company.

When capitalising the statutory common reserve fund, the balance of such fund shall not be less than 25% of the registered capital prior to capitalisation.

The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has compensated for its losses and made allocations to the statutory common reserve fund. No shares of the Company held by the Company shall participate in these allocations.

Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

Any amount paid up in advance of calls on a share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 191. Basic principles for dividends distribution policy:

(1) the Company shall fully consider the returns to investors and implements proactive dividends distribution policy;

(2) the dividends distribution policy of the Company shall remain continuous and stable, and take into account long-term interests of the Company, interests of all shareholders as a whole and sustainable development of the Company;

(3) the Company shall distribute its dividends by way of cash as priority. The Company may distribute interim dividends if the conditions permit.

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.****Before amendment****After amendment**

Article 194. After the resolution of profit distribution has been adopted by the shareholders at a general meeting, the board of directors of the Company is required to complete the distribution of dividends (or shares) within two (2) months following the meeting.

Article 195. The Company may distribute dividends in the form of:

- (1) cash;
- (2) shares.

Article 196. The Company shall declare and pay cash dividends and other amounts which are payable to holders of Domestic Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Foreign Shares in Renminbi, and shall pay such amounts in the local currency of the jurisdiction where Overseas-Listed Foreign Shares are listed (in case there are more than one jurisdictions of listing, such amounts shall be paid in the local currency of the jurisdiction which the board determines as the main listing place of the Company). The foreign exchange required by the Company to pay cash dividends and other amounts to holders of Overseas-Listed Foreign Shares shall be obtained in accordance with the relevant foreign exchange administrative regulations of the State.

Article 197. Unless otherwise provided for in relevant laws and administrative regulations, where cash dividends and other amounts are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the Peoples' Bank of China during the week prior to the announcement of payment of dividend and other amounts.

Article 192. Specific dividends distribution policy of the Company:

- (1) The form of dividends distribution:

The Company may distribute dividends in cash, shares or a combination of cash and shares or other methods permitted by the laws, administrative regulations, departmental rules and the regulatory rules of the jurisdictions in which the shares of the Company are listed.

- (2) Specific conditions and proportions for distributing cash dividends by the Company:

Save as special circumstances, the dividends shall be distributed in cash by the Company provided that the distributable profits (i.e. the balance of profit after tax, after making up for the losses and making contributions to the common reserve fund in accordance with the provisions of these Articles of Association as well as deducting otherwise approved by the relevant national departments) realized for the current year in the financial statement of the parent company prepared in accordance with applicable domestic and overseas accounting standards and regulations are positive, and the cash dividends to be distributed by the each year shall not be less than 15% of the applicable distributable profits.

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## APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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**Original  
article no.**

**Before amendment**

**After amendment**

Article 198. Subject to Article 63 and sub-paragraph (17) of the first paragraph of Article 110 of these Articles of Association, the board of directors may decide to distribute interim or special dividends.

The applicable distributable profits shall be the lower of the distributable profits in the financial statement of the parent company prepared by the Company in accordance with applicable domestic and overseas accounting standards and regulations.

Special circumstances refer to the circumstances under which the aggregate capital expenditures within the next twelve months reach or exceed 40% of the latest audited net value of the Company.

(3) Specific conditions under which the Company may issue shares in lieu of dividends:

Where the Company is in a sound operating condition, and the board of directors considers that the Company's stock price does not reflect the Company's scale of capital, and issuing shares in lieu of dividends will be in the interests of all shareholders of the Company as a whole, a proposal for the issuance of shares in lieu of dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

Article 193. Alteration of the Company's dividend distribution policy:

In the event of war, natural disasters and other incidents of force majeure, or changes to the Company's external operating environment resulting in material impact on its production and operation, or considerably significant changes to the Company's own operating conditions, the Company may adjust its profit distribution policy.



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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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**Original  
article no.**

**Before amendment**

**After amendment**

The board of directors shall formulate a written report concerning the adjustment of the Company's profit distribution policy upon a special discussion with detailed verification and reasons provided. Such written report, along with the opinions expressed by the independent directors, shall be submitted to the Shareholders' general meeting for approval by way of a special resolution. In considering the changes to the profit distribution policy, the Company may actively communicate and exchange ideas with the Shareholders, in particular the non-substantial and minority Shareholders, through various channels (such as providing online voting and inviting non-substantial and minority Shareholders to participate in the meeting), duly listen to the opinions and demands of non-substantial and minority Shareholders and provide prompt responses to their questions.

Article 194. Procedures for considering and approving the dividend distribution proposal of the Company:

(1) The dividends distribution plan of the Company shall be drawn up by the management of the Company and submitted to the Board and the supervisory committee of the Company for consideration. The Board shall thoroughly discuss the rationality of the dividends distribution plan and the independent Directors shall explicitly express their opinions. A special resolution formulated by the Board shall be submitted to the Shareholders' general meeting for consideration.

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APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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Original  
article no.

Before amendment

After amendment

(2) Where the Company does not distribute cash dividends under the special circumstances as prescribed in the foregoing Article 192, the board of directors shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return. Such explanation, along with the opinions expressed by the independent directors, shall be submitted to the shareholders' general meeting for consideration and be disclosed on the designated media of the Company.

Subject to Article 63 and subparagraph (17) of the first paragraph of Article 110 of these Articles of Association, the board of directors may decide to distribute interim or special dividends.

Article 195. After the resolution of profit distribution has been adopted by the shareholders at a general meeting, the board of directors of the Company is required to complete the distribution of dividends (or shares) within two (2) months following the meeting.

In case of the Shareholders' illegal occupation of company funds, the Company shall deduct the cash dividends distributed to such Shareholders, in order to repay the Shareholders' funds occupied.

Article 196. The Company shall declare and pay cash dividends and other amounts which are payable to holders of A Shares in Renminbi. The Company shall calculate and

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**APPENDIX I PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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<b>Original article no.</b>	<b>Before amendment</b>	<b>After amendment</b>
		<p>declare cash dividends and other payments which are payable to holders of Foreign Shares in Renminbi, and shall pay such amounts in the local currency of the jurisdiction where Overseas-Listed Foreign Shares are listed (in case there are more than one jurisdictions of listing, such amounts shall be paid in the local currency of the jurisdiction which the board determines as the main listing place of the Company). The foreign exchange required by the Company to pay cash dividends and other amounts to holders of Overseas-Listed Foreign Shares shall be obtained in accordance with the relevant foreign exchange administrative regulations of the State.</p> <p>Article 197. Unless otherwise provided for in relevant laws and administrative regulations, where cash dividends and other amounts are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the Peoples' Bank of China during the week prior to the announcement of payment of dividend and other amounts.</p>
Article 235.	For the purpose of these Articles of Association, the terms “not less than”, “within”, “not more than” are all inclusive terms and the terms “more than half”, “less than”, “beyond” and “exceed” are exclusive terms.	Article 234. For the purpose of these Articles of Association, the terms “not less than”, “within”, “not more than” are all inclusive terms and the terms “more than half”, “less than”, “beyond” and “exceed” are exclusive terms.

In addition, the Board proposed to adjust the article number in the Articles of Association according to the abovementioned amendments to clauses. A revised Articles of Association will be uploaded to the Company's and Hong Kong Stock Exchange's websites upon approval of the proposed amendments to the Articles of Association by Shareholders.

In order to optimize and strengthen the scientific, sustainable, stable and transparent profit distribution policy and supervision mechanism of Air China Limited (the “**Company**”), and proactively provide returns to investors, the Board, after taking into consideration the Company’s profitability, operation development plan, shareholders’ return, cost of social funds as well as external financing environment, hereby formulates the shareholders’ return plan of the Company for the next three years (2012-2014) (the “**Plan**”):

**I. PRINCIPLES FOR FORMULATION OF THE PLAN**

- (1) The Company shall, after due consideration of returns for the investors, implement proactive dividends distribution policy.
- (2) While maintaining the continuity and stability of its dividends distribution policy, the Company shall also take into consideration the long-term interests of the Company, the interests of all Shareholders as a whole and the sustainable development of the Company.
- (3) The Company shall consider cash dividends in priority. Interim dividends distribution may be implemented by the Company as appropriate.
- (4) The opinions of Shareholders, in particular, the non-substantial and minority Shareholders, independent directors and supervisors of the Company shall be fully heard and considered.

**II. FACTORS UNDER CONSIDERATION**

- (1) Comprehensive analysis of factors including the industry development trend, operation development plan, shareholders’ return, costs of social funds and the external financing environment;
- (2) Due consideration of the present and future scale of profits, the cash flow position, the current stage of development, the funds required for project investment, the bank borrowing and debt financing environment; and
- (3) Establishment of sustainable, stable and scientific return plan and mechanism for the investors in order to carry out the systematic arrangement for profit distribution and ensure the continuity and stability of the profit distribution policy.

**III. SPECIFIC SHAREHOLDERS’ RETURN PLAN FOR THE NEXT THREE YEARS (2012 – 2014)**

- (1) The Company may distribute dividends in cash, in shares, in a combination of both or other methods permitted by laws, administrative regulations, departmental rules and regulatory rules of the jurisdiction in which the shares of the Company are listed.
- (2) Save as special circumstances, the dividends shall be distributed in cash by the Company provided that the distributable profits (i.e. the balance of profit after tax, after making up for the losses and making contributions to the common reserve fund

in accordance with the provisions of these Articles of Association as well as deducting otherwise approved by the relevant national departments) realized for the current year in the financial statement of the parent company prepared in accordance with applicable domestic and overseas accounting standards and regulations are positive, and the cash dividends to be distributed by the Company each year shall not be less than 15% of the applicable distributable profits.

The applicable distributable profits shall be the lower of the distributable profits in the financial statement of the parent company prepared by the Company in accordance with applicable domestic and overseas accounting standards and regulations.

Special circumstances refer to the circumstances under which the aggregate capital expenditures within the next twelve months reach or exceed 40% of the latest audited net value of the Company.

- (3) Where the Company is in a sound operating condition, and the board of directors considers that the Company's stock price does not reflect the Company's scale of capital, and issuing shares in lieu of dividends will be in the interests of all shareholders of the Company as a whole, a proposal for the issuance of shares in lieu of dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

#### **IV. DECISION-MAKING MECHANISM**

- (1) The dividends distribution plan of the Company shall be drawn up by the management of the Company and submitted to the Board and the supervisory committee of the Company for consideration. The Board shall thoroughly discuss the rationality of the dividends distribution plan and the independent Directors shall explicitly express their opinions. A special resolution formulated by the Board shall be submitted to the Shareholders' general meeting for consideration.
- (2) Where the Company has no cash dividends proposal under special circumstance (the Company's total capital expenditure of the next twelve months reaches or exceeds 40% of its latest audited net assets), the Board shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return. Such explanation, along with the opinions expressed by the independent directors, shall be submitted to the shareholders' general meeting for consideration and be disclosed on the designated media of the Company.
- (3) The Board, subject to the authorization by the Shareholders' general meeting, may decide to distribute interim or special dividends.
- (4) In the event of war, natural disasters and other incidents of force majeure, or changes to the Company's external operating environment resulting in material impact on its production and operation, or considerably significant changes to the Company's own operating conditions, the Company may adjust its profit distribution policy.

The Board shall formulate a written report concerning the adjustment of the Company's profit distribution policy upon a special discussion with detailed verification and reasons provided. Such written report, along with the opinions expressed by the independent Directors, shall be submitted to the Shareholders' general meeting for approval by way of a special resolution. In considering the changes to the profit distribution policy, the Company may actively communicate and exchange ideas with the Shareholders, in particular the non-substantial and minority Shareholders, through various channels (such as providing online voting and inviting non-substantial and minority Shareholders to participate in the meeting), duly listen to the opinions and demands of non-substantial and minority Shareholders and provide prompt responses to their questions.

- (5) The matters not fully cover in the Plan shall be executed in accordance with relevant laws and regulations, regulatory documents and the articles of association of the Company. The Board of the Company is responsible for the interpretation of the Plan, which shall be implemented from the date of its approval at the Shareholders' general meeting of the Company.



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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "EGM") of Air China Limited (the "Company") will be held at 2:00 p.m. on 20 December 2012 at The Conference Room, 29/F, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, the PRC to consider and, if thought fit, to pass the following resolutions.

**Ordinary Resolution:**

1. To consider and approve the proposed adoption of the shareholders' return plan for the three years from 2012 to 2014 as set out in Appendix II of the circular despatched by the Company on 5 November 2012.

**Special Resolution:**

2. To consider and approve 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 5 November 2012 and the chairman and/or any person authorised by the chairman 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 Association will be submitted to the relevant PRC authorities for approval and filing after being approved at the EGM).

By order of the Board  
**Air China Limited**  
**Rao Xinyu      Tam Shuit Mui**  
*Joint Company Secretaries*

Beijing, the PRC, 5 November 2012

*As at the date of this notice, the directors of the Company are Mr. Wang Changshun, Ms. Wang Yinxiang, Mr. Cao Jianxiong, Mr. Sun Yude, Mr. Christopher Dale Pratt, Mr. Ian Sai Cheung Shiu, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Fu Yang\*, Mr. Li Shuang\*, Mr. Han Fangming\* and Mr. Yang Yuzhong\*.*

\* Independent non-executive director of the Company

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## APPENDIX III NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

### **1. Closure of register of members and eligibility for attending and voting at the EGM**

Holders of H Shares of the Company are advised that the register of members of the Company will close from Wednesday, 21 November 2012 to Thursday, 20 December 2012 (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 and voting at the EGM, 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 at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Tuesday, 20 November 2012.

Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 20 November 2012 are entitled to attend and vote at the EGM.

### **2. Notice of attendance**

H Share shareholders who intend to attend and vote at the EGM should complete and lodge the accompanying notice of attendance and return it to the Company's H Share registrar on or before Friday, 30 November 2012. 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 and vote at the EGM. However, the failure to return the notice of attendance may result in an adjournment of the EGM, if the number of shares carrying the right to vote represented by the shareholders proposing to attend the EGM 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 EGM.

### **3. Proxy**

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

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointor 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 specified for the holding of the EGM. 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 EGM 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:

17M Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong  
Tel No.: (852) 2862 8628  
Fax No.: (852) 2865 0990