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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;
AND
(2) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF
SHAREHOLDERS' MEETINGS AND THE RULES AND PROCEDURES OF
MEETINGS OF THE BOARD OF DIRECTORS**

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to the “Notice of Accelerating the Inclusion of General Provisions into the Articles of Association of Central Level State-Owned Enterprises for Party Building” (《關於加快推進中央企業黨建工作總體要求納入公司章程有關事項的通知》) (Guo Zi Dang Wei Dang Jian [2017] No. 1) and the Company’s actual operational demands, the board of directors (the “**Board**”) of Air China Limited (the “**Company**”) has resolved to propose to the shareholders of the Company (the “**Shareholders**”) certain amendments to the articles of association of the Company (the “**Articles of Association**”).

The amendments to the Articles of Association include, among others, (i) the incorporation of provisions concerning Party building into the Articles of Association, which include the overall requirements for Party building works; (ii) a further refinement of the composition of the Board according to the Company’s actual demands of operational decision-making; and (iii) the establishment of the position of one employee representative director. The full text of the proposed amendments to the Articles of Association is set out in Appendix I to this announcement.

The proposed amendments to the Articles of Association are subject to approval by the Shareholders by way of special resolution at a general meeting of the Company.

PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF SHAREHOLDERS' MEETINGS AND THE RULES AND PROCEDURES OF MEETINGS OF THE BOARD

In light of the proposed amendments to the Articles of Association, the Board has resolved to propose to the Shareholders certain amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board of the Company, so as to align with the Articles of Association. The full texts of the proposed amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board are set out in Appendices II and III to this announcement, respectively.

The proposed amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board are subject to approval by the Shareholders by way of special resolution at a general meeting of the Company.

SHAREHOLDERS' CIRCULAR

A circular containing, among other things, details of: (i) the proposed amendments to the Articles of Association; and (ii) the proposed amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board, will be despatched to the Shareholders in due course.

By Order of the Board
Air China Limited
Zhou Feng Tam Shuit Mui
Joint Company Secretaries

Beijing, the PRC, 30 August 2017

As at the date of this announcement, the directors of the Company are Mr. Cai Jianjiang, Mr. Song Zhiyong, Mr. Cao Jianxiong, Mr. Feng Gang, Mr. John Robert Slosar, Mr. Ian Sai Cheung Shiu, Mr. Wang Xiaokang, Mr. Liu Deheng*, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*

Appendix I**Proposed Amendments to the Articles of Association**

Set out below are the details of the proposed amendments to the Articles of Association. The revisions have been underlined (if applicable) for the convenience of perusal.

| Existing Articles | Revised Articles |
|---|---|
| CHAPTER 1 GENERAL PROVISIONS | CHAPTER 1 GENERAL PROVISIONS |
| Article 8 The “other management personnel” referred to in these Articles of Association mean the board secretary, chief accountant, chief pilot and other management personnel appointed by the board of directors of the Company. | Article 8 The “other management personnel” referred to in these Articles of Association mean the board secretary, chief accountant, chief pilot, <u>general legal counsel</u> and other management personnel appointed by the board of directors of the Company. |
| | <u>Article 11</u> <u>According to the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China. The Party committee shall perform the core leading and political functions, control the directions, manage the situation and ensure the implementation. The Company shall set up the working organs of the Party, which shall be equipped with sufficient personnel to handle Party affairs and provided with sufficient funds to operate the Party organization.</u> |
| CHAPTER 8: SHAREHOLDERS’ GENERAL MEETINGS | CHAPTER 8: SHAREHOLDERS’ GENERAL MEETINGS |
| Article 61 The shareholders’ general meeting shall have the following functions and powers: (1) to decide on the Company’s operational policies and investment plans; | Article 61 2 The shareholders’ general meeting shall have the following functions and powers: (1) to decide on the Company’s operational policies and investment plans; |

| Existing Articles | Revised Articles |
|---|---|
| <p>(2) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(3) to elect and replace supervisors appointed from personnel who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;</p> | <p>(2) to elect and replace directors (<u>excluding the employee representative director</u>) and to decide on matters relating to the remuneration of directors;</p> <p>(3) to elect and replace supervisors appointed from personnel who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;</p> |
| | <p><u>CHAPTER 10 THE PARTY COMMITTEE</u></p> |
| | <p><u>Article 106</u></p> <p><u>The Company shall establish the Party committee. The Party committee is comprised of one secretary and several other members. The positions of Chairman and the secretary of the Party committee shall be assumed by the same person in principle, and a full-time deputy secretary of the Party committee shall be appointed to take charge of the Party building work. Eligible members of the Party committee are entitled to be admitted to the board of directors, the supervisory committee, and the management through legal procedures, and eligible Party members from the board of directors, the supervisory committee, and the management are entitled to be admitted to the Party committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with appropriate requirements.</u></p> |

| Existing Articles | Revised Articles |
|-------------------|---|
| | <p data-bbox="805 293 970 325"><u>Article 107</u></p> <p data-bbox="805 374 1471 566"><u>The Party committee of the Company shall perform its duties by the internal laws and regulations of the Party such as the Constitution of the Communist Party of China:</u></p> <p data-bbox="805 614 1471 1049"><u>(1) To guarantee and supervise the Company's implementation of policies and guidelines of the Party and the State, implement major strategic decisions of the Central Committee of the Party and the State Council, as well as make deployment for the relevant material works of the Party committee of the State-owned Assets Supervision and Administration Commission of the State Council and the superior Party organisation.</u></p> <p data-bbox="805 1098 1471 1651"><u>(2) To adhere to the principle of the Party exercising leadership over cadres, the selection of management by the board of directors, and the exercise of power as regards the right of cadres' appointment by the management in accordance with laws. The Party committee shall deliberate and give opinions on the candidates nominated by the board of directors or the general manager, or recommend nominees to the board of directors or the general manager. The Party committee of the Company, together with the board of directors, shall observe the proposed candidates and give opinions collectively.</u></p> |

| Existing Articles | Revised Articles |
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| | <p><u>(3) To study and discuss the Company’s material matters on its reform, development and stability, as well as major issues relating to the Company’s operation and management and to the interests of the staff, and propose opinions and suggestions thereon.</u></p> <p><u>(4) To assume full responsibility for enforcing the strict discipline of the Party. Leading the Company’s ideological and political work, the front unification work, building of spiritual civilization as well as building of corporate culture, and lead mass organizations such as the labour union and the Communist Youth League. Playing a leading role in the construction of the Party’s working style and a clean and honest government, and support the disciplinary committee in fulfilling its responsibility of supervision in practice.</u></p> |
| <p>CHAPTER 10 BOARD OF DIRECTORS</p> | <p>CHAPTER 101 BOARD OF DIRECTORS</p> |
| <p>Article 105</p> <p>The Company shall have a board of directors. The board of directors shall consist of 12 directors, at least half of which shall be outside directors (those who do not assume any position within the Company), and of which more than four shall be independent directors (meaning directors who are independent of the Company’s shareholders and do not hold offices within the Company). At least one independent director shall have appropriate professional qualification, or expertise in accounting or related financial management.</p> <p>The board of directors shall have one (1) Chairman and one (1) Deputy Chairman.</p> | <p>Article 1058</p> <p>The Company shall have a board of directors. The board of directors shall consist of <u>7 to 13</u> directors, at least half of which shall be outside directors (those who do not assume any position within the Company), and of which <u>at least 1/3 of the overall directors</u> more than four shall be independent directors (meaning directors who are independent of the Company’s shareholders and do not hold offices within the Company). At least one independent director shall have an appropriate professional qualification or expertise in accounting or related financial management; <u>the board of directors shall have one (1) employee representative director.</u></p> <p>The board of directors shall have one (1) Chairman and one (1) Deputy Chairman.</p> |

| Existing Articles | Revised Articles |
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| <p>Article 106</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>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 a director under relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.</p> <p>The list of candidates for directors shall be submitted in the form of a motion to a shareholders’ general meeting for consideration. Candidates other than those for independent directors 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.</p> | <p>Article 1069</p> <p>Directors <u>(excluding the employee representative director)</u> shall be elected at the shareholders’ general meeting <u>and the employee representative director shall be elected or dismissed by the employee representative meeting</u> 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>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 a director under relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.</p> <p>The list of candidates for directors <u>(excluding the employee representative director)</u> shall be submitted in the form of a motion to a shareholders’ general meeting for consideration. Candidates other than those for independent directors <u>and the employee representative director</u> 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.</p> |

| Existing Articles | Revised Articles |
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| <p>A written notice of the intention to propose a person for election as a director and a notice in writing by that person indicating his acceptance of such election shall have been given to the Company seven (7) days before the date of such shareholders’ general meeting. The shortest notice period for such written notice shall be 7 days.</p> <p>.....</p> | <p>A written notice of the intention to propose a person for election as a director <u>(excluding the employee representative director)</u> and a notice in writing by that person indicating his acceptance of such election shall have been given to the Company seven (7) days before the date of such shareholders’ general meeting. The shortest notice period for such written notice shall be 7 days.</p> <p>.....</p> |
| <p>Article 107</p> <p>The following procedures shall be carried out prior to the election of the non-independent directors:</p> <p>(1) The nominator of a candidate for the non-independent directors shall seek the consent of such candidate prior to nomination and shall have a full understanding towards the profession, education, job position, detailed working experience and all other positions held concurrently as well as preparing written materials containing the said information to the Company. Candidates shall undertake to the Company in writing that they have agreed to accept the nomination and that all disclosed information relating to them are true and complete and shall guarantee that they will conscientiously perform the director’s responsibilities after being elected.</p> | <p>Article 10710</p> <p>The following procedures shall be carried out prior to the election of the non-independent directors:</p> <p>(1) The nominator of a candidate for the non-independent directors shall seek the consent of such candidate prior to nomination and shall have a full understanding towards the profession, education, job position, detailed working experience and all other positions held concurrently as well as preparing written materials containing the said information to the Company. Candidates shall undertake to the Company in writing that they have agreed to accept the nomination and that all disclosed information relating to them are true and complete and shall guarantee that they will conscientiously perform the director’s responsibilities after being elected.</p> |

| Existing Articles | Revised Articles |
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| <p>(2) If the nomination of a candidate for the non-independent directors is taken place before the board meeting of the Company was convened and if the applicable law, regulations and/or the relevant listing rules contain relevant provisions, the written materials concerning the nominee set out in subparagraph (1) of this Article shall be publicly announced together with the resolutions of the board of directors in accordance with such provisions.</p> | <p>(2) If the nomination of a candidate for the non-independent directors is taken place before the board meeting of the Company was convened and if the applicable law, regulations and/or the relevant listing rules contain relevant provisions, the written materials concerning the nominee set out in subparagraph (1) of this Article shall be publicly announced together with the resolutions of the board of directors in accordance with such provisions.</p> |
| <p>(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 subparagraph (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 the election of directors and end no later than seven (7) days before the date of such meeting.</p> | <p>(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 <u>(excluding the employee representative director)</u> 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 subparagraph (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 the election of directors and end no later than seven (7) days prior to the date of such meeting.</p> |

| Existing Articles | Revised Articles |
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| <p>Article 108</p> <p>At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for the election of directors. In other words, when electing two or more directors at a shareholders' general meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate or to spread his votes on several candidates.</p> | <p>Article 108<u>11</u></p> <p>At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for the election of directors <u>(excluding the employee representative director)</u>. In other words, when electing two or more directors at a shareholders' general meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate or to spread his votes on several candidates.</p> |
| | <p><u>Article 113</u></p> <p><u>The board of directors shall make inquiries with the Party committee before making decisions on major issues of the Company.</u></p> |
| <p>Article 115</p> <p>The Chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;</p> <p>(2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;</p> <p>(3) to sign the securities certificates issued by the Company;</p> <p>(4) to exercise other powers conferred by the board of directors.</p> | <p>Article 115<u>9</u></p> <p>The Chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;</p> <p>(2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;</p> <p>(3) to sign the securities certificates issued by the Company;</p> <p>(4) <u>to convene Chairman's office meeting;</u></p> <p><u>(5)</u> to exercise other powers conferred by the board of directors.</p> |

| Existing Articles | Revised Articles |
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| <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> | <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> |
| <p>Article 118</p> <p>All the executive and outside directors must be notified about the important matters that shall be decided by the board of directors within the time limit stipulated in Article 116 of these Articles of Association and sufficient materials shall be provided at the same time in strict compliance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two outside directors consider that the materials provided are not sufficient or supporting arguments are not clear, they may jointly propose to postpone the meeting or defer the discussion of certain matters on the agenda of the meeting and the board of directors shall accept such proposal.</p> <p>Notice of a meeting shall be deemed to have been given to any director who attends the meeting without protesting against, before or at its commencement, any lack of notice.</p> <p>Any regular or ad hoc meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.</p> | <p>Article 118<u>22</u></p> <p>All the executive and outside directors must be notified about the important matters that shall be decided by the board of directors within the time limit stipulated in Article 116<u>20</u> of these Articles of Association and sufficient materials shall be provided at the same time in strict compliance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two outside directors consider that the materials provided are not sufficient or supporting arguments are not clear, they may jointly propose to postpone the meeting or defer the discussion of certain matters on the agenda of the meeting and the board of directors shall accept such proposal.</p> <p>Notice of a meeting shall be deemed to have been given to any director who attends the meeting without protesting against, before or at its commencement, any lack of notice.</p> <p>Any regular or ad hoc meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.</p> |

| Existing Articles | Revised Articles |
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| <p>Article 124</p> <p>Subject to all relevant laws and administrative regulations, the shareholders’ general meeting may remove by any director an ordinary resolution before the expiration of his term of office. However, the director’s right to claim for damages arising from his removal shall not be affected thereby.</p> | <p>Article 1248</p> <p>Subject to all relevant laws and administrative regulations, the shareholders’ general meeting may remove by any director <u>(excluding the employee representative director)</u> an ordinary resolution before the expiration of his term of office. However, the director’s right to claim for damages arising from his removal shall not be affected thereby.</p> |
| <p>Article 125</p> <p>A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written report of his resignation to the board of directors. Independent directors shall explain the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of the shareholders and creditors of the Company.</p> <p>If the resignation of a director will result in the board of directors of the Company having less than the statutory minimum number of directors, then such director’s report of resignation shall only take effect after a new independent director has been appointed to fill the vacancy so caused by his resignation. The board of directors shall convene an ad hoc meeting as soon as possible during its remaining term to elect a director to fill up the vacancy arising from the resignation of the director. Before a decision is made at the shareholders’ general meeting regarding the election of the director, the functions and powers of the resigning director and the remaining board of director shall be restricted to a reasonable extent.</p> <p>.....</p> | <p>Article 1259</p> <p>A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written report of his resignation to the board of directors. Independent directors shall explain the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of the shareholders and creditors of the Company.</p> <p>If the resignation of a director will result in the board of directors of the Company having less than the statutory minimum number of directors, then such director’s report of resignation shall only take effect after a new independent director has been appointed to fill the vacancy so caused by his resignation. The board of directorsThe Company shall convene an ad hoc meeting <u>or employee representative meeting</u> as soon as possible during its remaining term to elect a director to fill up the vacancy arising from the resignation of the director. Before a decision is made at the shareholders’ general meeting <u>or the employee representative meeting</u> regarding the election of the director, the functions and powers of the resigning director and the remaining board of director shall be restricted to a reasonable extent.</p> <p>.....</p> |

| Existing Articles | Revised Articles |
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| <p>Article 135</p> <p>A director or senior management personnel other than 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>Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.</p> | <p>Article 1359</p> <p>A director or other senior management personnel other than 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>Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.</p> |

Appendix II**Proposed Amendments to the Rules and Procedures
of Shareholders' Meetings**

Set out below are the details of amendments to the Rules and Procedures of Shareholders' Meetings and revisions have been underlined (if applicable) for the convenience of perusal.

| Existing Articles | Revised Articles |
|---|---|
| <p>Article 16</p> <p>The powers exercisable by a general meeting are as follows:</p> <p>(1) to decide on the Company's business policy and investment plans;</p> <p>(2) to elect and replace directors and to decide on matters relating to the remuneration of directors;.....</p> | <p>Article 16</p> <p>The powers exercisable by a general meeting are as follows:</p> <p>(1) to take a decision on the Company's business policy and investment plans;</p> <p>(2) to elect and replace directors (<u>excluding the employee representative director</u>) and to decide on matters relating to the remuneration of directors;.....</p> |
| <p>Article 20</p> <p>In order to guarantee the stabilisation of the investment policies of the Company and to increase the daily operation efficiency, the decision-making and approval authority of the Company in relation to investment projects are as follows:</p> | <p>Article 20</p> <p>In order to guarantee the stabilisation of the investment<u>operation</u> policies of the Company, and to increase the daily operation efficiency, the <u>relevant</u> decision-making and approval authority of the Company in relation to investment projects are as follows:</p> |

| Existing Articles | Revised Articles |
|---|--|
| <p data-bbox="124 336 263 368">Article 21</p> <p data-bbox="124 421 786 1225">The board of directors shall be authorized by the shareholders' general meetings to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general meeting. If the above-mentioned ratio is lower than 0.2%, shareholders' general meetings shall authorise the principal's office meetings to approve the disposal of such fixed assets. When what's provided above is inconsistent with that of the rules pertaining listing of corporate securities of the securities exchange, the latter shall prevail.</p> <p data-bbox="124 1364 786 1521">The disposals of fixed assets provided in this article include acts of transferring certain asset equities while not include assurances based on fixed assets.</p> | <p data-bbox="805 336 944 368">Article 21</p> <p data-bbox="805 421 1468 1310">The board of directors shall be authorized by the shareholders' general meetings to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general meeting. If the above-mentioned ratio is lower than 0.2%, shareholders' general meetings shall authorise the president's office meetings to approve the disposal of such fixed assets excluding disposals pertaining aircrafts, engines and basic infrastructures. When what's provided above is inconsistent with that of the rules pertaining listing of corporate securities of the securities exchange, the latter shall prevail.</p> <p data-bbox="805 1364 1468 1521">The disposals of fixed assets provided in this article include acts of transferring certain asset equities while not include assurances based on fixed assets.</p> |

| Existing Articles | Revised Articles |
|---|--|
| <p>Article 34</p> <p>The list of candidates for supervisors and directors shall be submitted to the shareholders' general meeting in the form of a motion for approval.</p> <p>Candidates for directors (excluding independent directors and employee representative director, the same hereafter) shall be nominated by the board of directors, the supervisory committee or shareholders who individually or jointly hold 3% or more of the Company's voting shares. The proposal shall be submitted to the board of directors and will be announced after being reviewed by the board of directors.</p> | <p>Article 34</p> <p>The list of candidates for supervisors and directors shall be submitted to the shareholders' general meeting in the form of motion for approval.</p> <p>Candidates for directors (excluding independent directors <u>and employee representative director</u>, the same hereafter) shall be nominated by the board of directors, the supervisory committee or shareholders who individually or jointly hold 3% or more of the Company's voting shares. The proposal shall be submitted to the board of directors and will be announced after being reviewed by the board of directors.</p> |
| <p>Article 63</p> <p>At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for election of directors and supervisors in compliance with the articles of association or resolutions of the shareholders' general meeting.</p> <p>The above section means that, when electing directors or supervisors at a shareholders' general meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors or supervisors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate.</p> | <p>Article 63</p> <p>At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for election of directors <u>(excluding the employee representative director)</u> and supervisors in accordance with the articles of association or resolutions of the shareholders' general meeting.</p> <p>The above section means that, when electing <u>two or more</u> directors or supervisors at a shareholders' general meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors or supervisors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate.</p> |

| Existing Articles | Revised Articles |
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| <p data-bbox="124 336 264 363">Article 66</p> <p data-bbox="124 423 783 625">At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for the election of directors. The content of the cumulative voting system is as follows: ...</p> | <p data-bbox="810 336 951 363">Article 66</p> <p data-bbox="810 423 1469 668">At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for the election of directors (<u>excluding the employee representative director</u>). The main content of the cumulative voting system is as follows: ...</p> |

Appendix III Proposed Amendments to the Rules and Procedures of Meetings of the Board of Directors

Set out below are the details of amendments to the Rules and Procedures of Meetings of the Board of Directors and revisions have been underlined (if applicable) for the convenience of perusal.

| Existing Articles | Revised Articles |
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| <p>Article 3</p> <p>The composition of the board of directors should be in accordance with the Articles of association, including appropriate proportion of independent directors and outside directors.</p> | <p>Article 3</p> <p>The composition of the board of directors should be in accordance with the Articles of association, including proper proportion of independent directors and outside directors, <u>and employee representative director.</u></p> |
| <p>Article 4</p> <p>Directors shall be elected or changed at the shareholders' general meeting, each for a term of three (3) years. 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. Shareholders' general meeting shall not dismiss a director's office without reason before the expiry of a director's term. A director's term starts from the election date to the date on which a new board of directors is elected at a shareholders' general meeting.</p> | <p>Article 4</p> <p>Directors <u>(excluding the employee representative director)</u> shall be elected or changed at the shareholders' general meeting, <u>and the employee representative director shall be elected or changed by the employee representative meeting,</u> each for a term of three (3) years. 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. <u>Directors shall not be dismissed</u> without reason by a shareholders' general meeting before the expiry of a director's term. A director's term starts from the election date to the date on which a new board of directors is elected at a shareholders' general meeting.</p> |

| Existing Articles | Revised Articles |
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| <p data-bbox="124 331 248 363">Article 6</p> <p data-bbox="124 417 786 534">The board of directors shall include one chairman and two vice chairmen, who are elected and removed by a majority of directors.</p> <p data-bbox="124 580 786 655">The Chairman of the board of directors shall exercise the following powers:</p> <p data-bbox="124 704 786 821">(1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;</p> <p data-bbox="124 868 786 985">(2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;</p> <p data-bbox="124 1032 786 1106">(3) to sign the securities certificates issued by the Company;</p> <p data-bbox="124 1153 786 1315">(4) to sign material documents of the board of directors and other documents which shall be signed by the legal representative of the Company;</p> <p data-bbox="124 1361 786 1436">(5) to exercise power of the legal representative of the Company;</p> <p data-bbox="124 1483 786 1725">(6) to exercise special disposal power as to the matters of the company on the basis of complying with laws and regulations and corporate interests in the situation of force majeure such as the occurrence of extraordinary natural disaster;</p> | <p data-bbox="805 331 930 363">Article 6</p> <p data-bbox="805 417 1468 534">The board of directors shall include one chairman and two vice chairmen, who are elected and removed by a majority of directors.</p> <p data-bbox="805 580 1468 655">The Chairman of the board of directors shall exercise the following powers:</p> <p data-bbox="805 704 1468 821">(1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;</p> <p data-bbox="805 868 1468 985">(2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;</p> <p data-bbox="805 1032 1468 1106">(3) to sign the securities certificates issued by the Company;</p> <p data-bbox="805 1153 1468 1315">(4) to sign material documents of the board of directors and other documents which shall be signed by the legal representative of the Company;</p> <p data-bbox="805 1361 1468 1436">(5) to exercise power of the legal representative of the Company;</p> <p data-bbox="805 1483 1468 1725">(6) to exercise special disposal power as to the matters of the company on the basis of complying with laws and regulations and corporate interests in the situation of force majeure such as the occurrence of extraordinary natural disaster;</p> |

| Existing Articles | Revised Articles |
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| <p>(7) to exercise other powers conferred by the board of directors.</p> <p>The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman. In the event that the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by a majority of the directors to perform such duties.</p> | <p><u>(7) to convene Chairman’s office meeting and listen to reports on operation and management of the Company regularly or irregularly and conduct research on related issues;</u></p> <p><u>(8)</u> to exercise other powers conferred by the board of directors.</p> <p>The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman. In the event that the vice chairman is unable or fails to perform his duties, a director shall be elected jointly by a majority of the directors to perform such duties.</p> |
| <p>Article 11</p> <p>The approval authority of the board of directors in relation to the Company’s investment projects as follows: ...</p> | <p>Article 11</p> <p>The approval authority of the board of directors <u>in relation to the decisions concerning transactions, investments and guarantees, etc.</u> as to the decision making of investment programs of the Company is as follows: ...</p> |
| | <p><u>Article 13</u></p> <p><u>The board of directors decides the establishment of the first-level management of the Company.</u></p> |
| <p>Article 30</p> <p>Principle of democracy shall be implemented throughout the meetings of board of directors when deciding the resolutions. Opinions of each director shall be respected.</p> | <p>Article 30<u>1</u></p> <p>Principle of democracy shall be implemented throughout the meetings of the board of directors when deciding the resolutions. Opinions of each director shall be respected. <u>The secretary of the discipline inspection committee shall attend the meetings of the board of directors and the meetings of board committees with no right to vote.</u></p> |