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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 NON-PUBLIC ISSUE OF A SHARES**
- (2) CONNECTED TRANSACTION: SUBSCRIPTION OF
NEW A SHARES BY CNAHC**
- (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (4) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF
SHAREHOLDERS' MEETINGS AND MEETINGS OF THE BOARD OF
DIRECTORS**
- (5) SHAREHOLDERS' RETURN PLAN FOR THE THREE YEARS
FROM 2015 TO 2017
AND**
- (6) RESUMPTION OF TRADING**

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

Opus | Capital Limited
創富融資有限公司

PROPOSED NON-PUBLIC A SHARE ISSUE

At the Board meeting of the Company held on 27 July 2015, the Board approved the proposed issuance of not more than 994,200,497 new A Shares to CNAHC and the Investors at the Issue Price. Gross proceeds to be raised from the proposed Non-public A Share Issue will not be more than RMB12,000 million.

SHARE SUBSCRIPTION AGREEMENT

On 27 July 2015, CNAHC entered into the Share Subscription Agreement with the Company, pursuant to which, CNAHC will commit RMB1,000 million in cash to subscribe for not more than 82,850,042 A Shares to be issued under the proposed Non-public A Share Issue at the Issue Price.

LISTING RULES IMPLICATIONS

Since CNAHC is the controlling shareholder of the Company, and hence a connected person of the Company, CNAHC A Share Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements. An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Share Subscription Agreement. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

According to the relevant requirements of Chapter 19A of the Listing Rules, the Company will proceed with the Non-public A Share Issue after obtaining approvals from the Independent Shareholders at the EGM by way of special resolution and from the A Shareholders at the A Shareholders' Class Meeting and from the H Shareholders at the H Shareholders' Class Meeting to be convened in accordance with the Articles of Association by way of special resolutions.

A circular containing, among other things, details of the Non-public A Share Issue will be despatched to the Shareholders on or before 18 August 2015.

RESUMPTION OF TRADING

At the request of the Company, trading of H Shares of the Company on the Hong Kong Stock Exchange was suspended with effect from 9:00 a.m. on 30 June 2015 pending the release of this announcement. The Company has made an application to the Hong Kong Stock Exchange for the resumption of trading of H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 29 July 2015.

The Company advises its Shareholders and potential investors to note that the proposed Non-public A Share Issue is subject to certain conditions being satisfied, and consequently the proposed Non-public A Share Issue may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

A. PROPOSED NON-PUBLIC A SHARE ISSUE

1. General

At the Board meeting of the Company held on 27 July 2015, the Board approved the proposed issuance of 994,200,497 new A Shares to CNAHC and the Investors at the Issue Price on the terms and conditions set out in this announcement.

Accordingly, on 27 July 2015, CNAHC entered into the Share Subscription Agreement with the Company, pursuant to which, CNAHC will commit RMB1,000 million in cash to subscribe for not more than 82,850,042 new A Shares at the Issue Price.

2. Structure of the Non-public A Share Issue

Class of shares to be issued and the nominal value:	A Shares with a par value of RMB1.00 each
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Subscribers:	The new A shares under the Non-public A Share Issue is proposed to be issued to not more than 10 Investors (including CNAHC). The Investors will be securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors, other domestic legal person investors and natural persons that meet the requirements of the CSRC.
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After the Company obtains the approval in respect of the Non-public A Share Issue from the CSRC, it will determine the Investors based on the subscription levels and price quoted by potential Investors, following the price priority principle.

CNAHC will remain as the controlling shareholder of the Company after the subscription of new A Shares under the Non-public A Share Issue by CNAHC and the Investors.

As at the date of this announcement, the Company has not entered into any agreements with any Investor in connection with the Non-public A Share Issue. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the potential Investors and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. It is

expected that each of the Investors and their ultimate beneficial owners, upon subscription of the new A Shares under the Non-public A Share Issue, will remain an independent third party of the Company. The Company will use its best efforts to ensure that the Investors and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Number of A Shares to be issued:	The number of A Shares to be issued under the Non-public A Share Issue will not be more than 994,200,497 A Shares (including A Shares to be subscribed by CNAHC under the CNAHC A Share Subscription), which is subject to adjustment to the Issue Price as set forth in the paragraph “Basis for determining the Issue Price” below if there is any <i>ex-rights</i> or <i>ex-dividend</i> arrangement from the Pricing Benchmark Date to the date of issuance. Within the range of the issuance mentioned above, the ultimate number of A Shares to be issued will be determined by the Board and its authorised person(s) in accordance with the authorisation granted by the Shareholders at the EGM and the market conditions after consultation with the lead underwriter of the Non-public A Share Issue.
Method of issue:	Non-public offering. The new A Shares will be issued within 6 months after the Company obtains the relevant approval from the CSRC.
Basis for determining the Issue Price:	The Issue Price of new A Shares shall be not less than RMB12.07 per A Share. The Issue Price is determined with reference to a benchmark price, which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Pricing Benchmark Date, which is RMB12.12193 per A Share. Such price is then adjusted in light of the distribution of final dividend of the Company for the year 2014, which was approved by the Shareholders at the annual general meeting of the Company for the year 2014, pursuant to which the Company distributed a cash dividend of RMB0.5223 per 10 Shares (including tax) on 8 July 2015. As a result of the distribution of the final dividend for the year 2014, the Issue Price is adjusted to not less than RMB12.07 per A Share. The Issue Price so determined is in accordance with the requirements under the Implementation Rules for Non-public Issue of Shares by Listed Companies (《上市公司非公開發行股票實施細則》).

After obtaining the relevant approval from the CSRC, the final Issue Price will be determined by the Board and its authorised person(s) in accordance with the authorisation granted by the Shareholders at the EGM, and the subscription levels and price quoted by potential Investors based on the price priority principle after consultation with the lead underwriter for the Non-public A Share Issue. CNAHC will not take part in the bidding in the bookbuilding under the Non-public A Share Issue and will make subscription at the same price as the other subscribers. The Issue Price will be adjusted accordingly if there is any *ex-rights* or *ex-dividend* arrangement from the Pricing Benchmark Date to the date of issuance.

The Issue Price shall be paid in cash.

Assuming the Issue Price is fixed at RMB12.07 per A Share, it represents: (i) a discount of approximately 21.42% of the closing price of RMB15.360 per A Share immediately prior to the suspension of trading of A Shares on 30 June 2015; (ii) a discount of approximately 21.15% of the closing price of the A Shares, adjusted in light of the distribution of final dividend of the Company for the year 2014, immediately prior to 30 June 2015; (iii) a discount of approximately 14.84% of the average closing price of RMB14.174 per A Share for the last five trading days immediately prior to 30 June 2015; and (iv) a discount of approximately 14.53% of the average closing price of A Shares, adjusted in light of the distribution of final dividend of the Company for the year 2014, for the last five trading days immediately prior to 30 June 2015.

The net price to the Company of each new A Share to be issued will be determined and disclosed upon completion of the Non-public A Share Issue and the determination of relevant expenses incurred or to be incurred in relation to the Non-public A Share Issue in accordance with the requirements of the Listing Rules.

Rights attached to the new A Shares:

The new A Shares to be issued pursuant to the Non-public A Share Issue will rank *pari passu* with the existing A Shares and H Shares in all respects.

Conditions for the Non-public A Share Issue:

The Non-public A Share Issue is subject to:

- (1) the approvals by the Shareholders at the EGM and the Class Meetings, respectively; and
- (2) the approval by the SASAC and the CSRC, etc.

Gross Proceeds from the Non-public A Share Issue:

Gross proceeds to be raised from the Non-public A Share Issue will be not more than RMB12,000 million before deduction of the fees and expenses relating to the Non-public A Share Issue.

Use of proceeds:

Proceeds to be raised from the Non-public A Share Issue are intended to be used in the following ways:

No.	Name of Project	Proceeds to be utilised (RMB in million)
1	Purchase of 15 Boeing B787 aircraft (including supplemental in-cabin facilities such as seats)	7,450
2	Upgrade of e-commerce direct sale project	800
3	On-board WIFI (first phase) project	150
4	Replenish working capital	3,600
Total		<u>12,000</u>

Purchase of 15 Boeing B787 aircraft (including supplemental in-cabin facilities such as seats)

Based on the relevant agreement between the Company and The Boeing Company, it is expected that the Company would take delivery of 7, 6 and 2 Boeing B787 aircraft in 2016, 2017 and 2018, respectively. The 15 Boeing B787 aircraft would be equipped with seats and other facilities that are designed to enhance passenger experience. The basic price of each of the 15 Boeing B787 aircraft to be purchased by the Company from The Boeing Company is US\$257 million, equivalent to approximately RMB24,000 million for the 15 Boeing B787 aircraft in aggregate. The Company plans to use

RMB7,450 million from the proceeds of the Non-public A Share Issue for the payment of part of the total consideration to The Boeing Company for the 15 Boeing B787 aircraft. The Company plans to deploy the 15 Boeing B787 aircraft to routes originating from its Beijing hub to enhance its coverage and frequency of flights to North America and Europe.

Upgrade of e-commerce direct sale project

The Company plans to use RMB800 million from the proceeds of the Non-public A Share Issue to upgrade its flight tickets e-commerce direct sale platform so to increase the proportion of direct sale of flight tickets and to cut down cost of sales, and to unify order data and user data on various e-commerce channels, including website, call centre and mobile phone applications to enable consistent user experience on various e-commerce channels. In the meantime, the integration of user information and order information is to be realised through the upgrade of e-commerce platform, laying down a technological foundation for the big data collection of passengers in the future.

On-board WIFI (first phase) project

The Company plans to develop its on-board WIFI project in two phases by first establishing the aircraft wireless network platform and then constructing air-ground integration system based on big data cloud computing. The Company plans to use RMB150 million from the proceeds of the Non-public A Share Issue to fund part of the total estimated costs of the first phase of its on-board WIFI project, which includes conducting the necessary retrofitting of its aircraft and developing related software platform.

The Company plans to achieve wireless network coverage on all of its long-haul wide-body jets within the next three years. As of June 2015, the Company had completed the necessary retrofitting on 20 of its 90 long-haul wide-body jets. It is expected that the Company would spend approximately RMB123 million to complete the retrofitting of the remaining 70 long-haul wide-body jets, based on an

estimated cost of retrofitting of approximately RMB1.75 million per aircraft. It is expected that the development of the related software platform will incur a cost of RMB35 million.

Replenish working capital

With the continued development of the Company's business and improvement of its results of operation, the scale of its indebtedness has been increasing in recent years. As at 31 March 2015, the current ratio and the quick ratio of the Company was 0.34 and 0.32, respectively. As at the same date, the Company's non-current liabilities due within one year was RMB13,407 million and its short-term loan was RMB17,755 million.

In addition, the operation of the Company as an airline demands a fairly large amount of working capital. The Company also expects to incur large capital expenditure on purchase of new aircraft for each of 2015, 2016 and 2017 and its demand for working capital will increase as a result of the expansion of its fleet.

Based on the above, the Company plans to use RMB3,600 million from the proceeds of the Non-public A Share Issue to optimise its financial structure, enhance its repayment capability of its short-term debts and to satisfy its increasing need for working capital.

If the actual proceeds to be raised from the Non-public A Share Issue are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and determine the specific investment amount to each project based on the net proceeds actually raised and the priority of each project, and will make up for the shortfall by utilising internal resources or through other financing methods.

Before the actual receipt of the proceeds to be raised from the Non-public A Share Issue, the Company will, depending on the actual situations of the progress of the projects, finance these projects by proceeds raised through other measures, which will be replaced once the proceeds from the Non-public A Share Issue have been received according to procedures required by relevant regulations.

Lock-up Arrangement: The new A Shares to be subscribed for by the Investors shall not be disposed of within 12 months from the completion date of the issuance of such new A Shares.

Please refer to the paragraph headed “Lock-up arrangement” under “3. CNAHC A Share Subscription” below for details of the lock-up arrangement for CNAHC A Share Subscription.

Validity Period of the resolution: The resolution with respect to the Non-public A Share Issue shall be valid for 12 months from the date of consideration and approval at the EGM and the Class Meetings.

Listing Application: Application will be made by the Company to the Shanghai Stock Exchange for the granting of the listing of, and permission to deal in, all new A Shares to be issued pursuant to the Non-public A Share Issue.

Arrangement relating to the accumulated undistributed profits of the Company prior to the Non-public A Share Issue: The new and existing Shareholders will share the accumulated undistributed profits of the Company prior to the Non-public A Share Issue.

3. CNAHC A Share Subscription

Parties: (1) the Company as issuer; and
(2) CNAHC as subscriber.

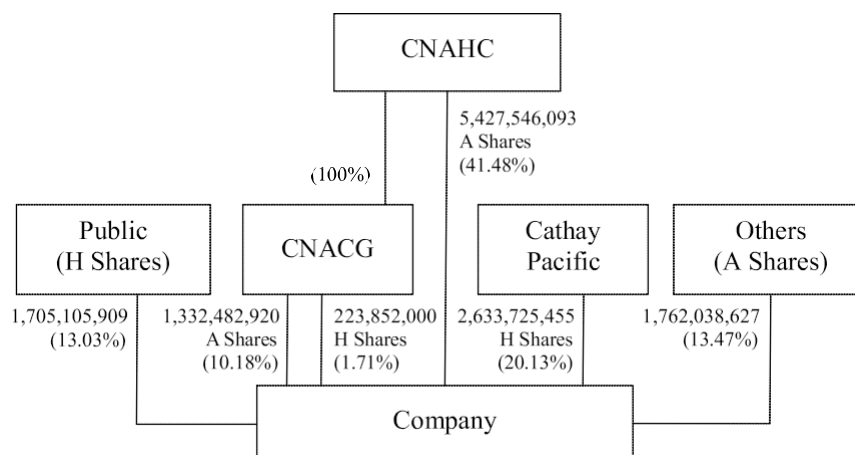
Number of A Shares to be subscribed for: CNAHC will commit RMB1,000 million to subscribe for not more than 82,850,042 A Shares to be issued under the Non-public A Share Issue, which is subject to adjustment as a result of an adjustment to the Issue Price as set forth in the paragraph “Basis for determining the Issue Price” under “2. Structure of the Non-public A Share Issue” above if there is any *ex-rights* or *ex-dividend* arrangement from the Pricing Benchmark Date to the date of issuance.

Subscription price:	<p>The Issue Price of the new A Shares to be subscribed for by CNAHC shall be the same as the final Issue Price for the Investors to be determined by the Company in the manner as set forth in the paragraph “Basis for determining the Issue Price” under “2. Structure of the Non-public A Share Issue” above. The Company and CNAHC will execute a written confirmation in respect of the final Issue Price and the number of new A Shares to be issued to CNAHC under the CNAHC A Share Subscription once they are determined.</p> <p>The subscription price will, pursuant to the terms of the Share Subscription Agreement, be paid in cash into the special savings account as designated by the lead underwriter when the Company issues the new A Shares to CNAHC after the Company obtains, among other things, the approval from the CSRC for the Non-public A Share Issue.</p>
Conditions for the Share Subscription Agreement:	<p>The Share Subscription Agreement will take effect on the date when all of the following conditions are met:</p> <ol style="list-style-type: none"> <li data-bbox="643 959 1495 1038">(1) the Share Subscription Agreement is duly executed by both the Company and CNAHC; <li data-bbox="643 1091 1495 1251">(2) the approvals from the Independent Shareholders by way of special resolutions of the Non-public A Share Issue at both the EGM and the Class Meetings are obtained; <li data-bbox="643 1304 1495 1464">(3) the approvals from the Independent Shareholders by way of special resolutions of the Share Subscription Agreement at both the EGM and the Class Meetings are obtained; and <li data-bbox="643 1517 1495 1725">(4) all necessary approvals, consents from the relevant governmental and regulatory authorities, including but not limited to the approvals from the SASAC and the CSRC, in relation to the Non-public A Share Issue are obtained.
Lock-up Arrangement:	<p>Pursuant to the relevant rules of the CSRC, the new A Shares to be subscribed for by CNAHC shall not be disposed of within 36 months from the completion date of the issuance of such new A Shares.</p>

4. Effects of the Non-public A Share Issue on the Shareholding Structure of the Company

For illustration purpose only, set out below are the implication of the Non-public A Share Issue on the shareholding structure of the Company.

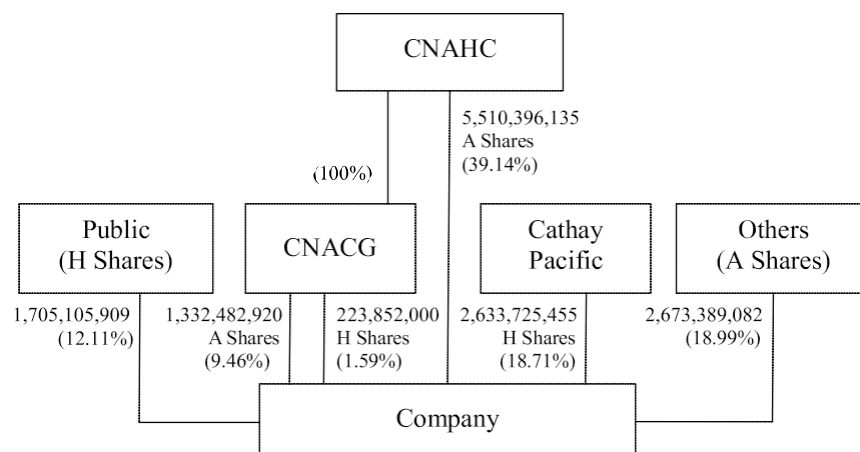
4.1 As at the date of this announcement, the shareholding structure of the Company is as follows:



Shareholder	Number of Shares held	Percentage of the total issued share capital of the Company
A Shareholders	8,522,067,640	65.13%
H Shareholders	4,562,683,364	34.87%
Total	13,084,751,004	100.00%

Note: The percentages shown are rounded to the nearest 2 decimal places.

- 4.2 Immediately following the completion of the Non-public A Share Issue, assuming that (i) CNAHC has subscribed for 82,850,042 new A Shares; (ii) the Investors (which are all independent third parties of the Company after subscription of A Shares under the Non-public A Share Issue) have in aggregate subscribed for 911,350,455 new A Shares; and (iii) no additional Shares will be issued after the date of this announcement until the completion of the Non-public A Share Issue, it is anticipated that the shareholding structure of the Company will be as follows:



Shareholder	Number of Shares held	Percentage of the total issued share capital of the Company
A Shareholders	9,516,268,137	67.59%
H Shareholders	4,562,683,364	32.41%
Total	<u>14,078,951,501</u>	<u>100.00%</u>

Note: The percentages shown are rounded to the nearest 2 decimal places.

5. Listing Rules Implications

CNAHC A Share Subscription

As at the date of this announcement, CNAHC directly holds 5,427,546,093 A Shares in the Company, representing 41.48% of the existing issued share capital of the Company. As at the date of this announcement, CNACG holds 1,332,482,920 A Shares and 223,852,000 H Shares in the Company, representing 10.18% and 1.71% of the existing issued share capital of the Company, respectively. CNACG is a wholly-owned subsidiary of CNAHC. CNAHC, by itself and through CNACG, owns in aggregate 53.37% of the existing issued share capital of the Company.

Since CNAHC is the controlling shareholder of the Company, and hence a connected person of the Company, CNAHC A Share Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements. An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Share Subscription Agreement. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

Non-public A Share Issue

The new A Shares under the Non-public A Share Issue will be issued pursuant to a specific mandate to be sought from the Shareholders at the EGM and the Class meetings. According to the relevant requirements of Chapter 19A of the Listing Rules, the Company will proceed with the Non-public A Share Issue after obtaining approvals from the Independent Shareholders at the EGM by way of special resolution and from the A Shareholders at the A Shareholders' Class Meeting and from the H Shareholders at the H Shareholders' Class Meeting to be convened in accordance with the Articles of Association by way of special resolutions.

CNAHC, being a subscriber under the Non-public A Share Issue, has a material interest in the Non-public A Share Issue. CNAHC and its close associates (including CNACG) shall therefore abstain from voting on the resolutions at the EGM and the Class Meetings approving the Non-public A Share Issue.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the issue of new A Shares under the Non-public A Share Issue and the Share Subscription Agreement are fair and reasonable, normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

Mr. Cai Jianjiang, Ms. Wang Yinxiang, Mr. Cao Jianxiong and Mr. Feng Gang are considered to have a material interest in CNAHC A Share Subscription and therefore have abstained from voting on the relevant Board resolutions approving the Shares Subscription Agreement and the Non-public A Share Issue. Save as mentioned above, none of the other Directors has a material interest in CNAHC A Share Subscription and the Non-public A Share Issue and hence no other Director has abstained from voting on such Board resolutions.

6. Reasons for and benefit of the proposed Non-public A Share Issue

The Non-public A Share Issue will help the Company enhance the capital structure and improve its financial condition, satisfy the capital needs of its business development, maintain its competitive advantage and ensure its sustainable and sound development. The Non-public A Share Issue can also raise funds for the Company to finance its purchase of 15 Boeing B787 aircraft, upgrade of e-commerce direct sale project and its on-board WIFI project.

7. Fund raising activities in the past twelve months

The Company has not conducted any equity fund raising activities during the twelve months immediately before the date of this announcement.

B. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Over the recent two years, the CSRC issued the Guidance on the Articles of Association of Listed Companies (2014 Second Revision) (《上市公司章程指引(二零一四年第二次修訂)》), the Rules Governing Shareholders' General Meeting of Listed Companies (2014 Second Revision) (《上市公司股東大會規則(二零一四年第二次修訂)》) and the Regulatory Guidance No. 3 of Listed Companies — Cash Dividends Distribution of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》), setting out further requirements on matters related to

measures for protecting the interest of minority shareholders of listed companies and profit distribution. The Board has resolved to propose to the Shareholders certain amendments to the Articles of Association in accordance with these new requirements. The proposed amendments to the Articles of Association are subject to approval by the Shareholders by way of special resolution at the EGM 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 the appendix to this announcement.

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.

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

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 Meetings of the Board of the Company, so as to align with relevant regulations and the Articles of Association and comply with the requirements made by regulatory authorities. The proposed amendments to the Rules and Procedures of Shareholders' Meetings and the Meetings of the Board are subject to approval by the Shareholders by way of special resolutions at the EGM.

D. PROPOSED ADOPTION OF THE SHAREHOLDERS' RETURN PLAN

Pursuant to the Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》) and the Regulatory Guidance No. 3 of Listed Companies – Cash Dividends Distribution of Listed Companies (《上市公司監管指引第 3 號 - 上市公司現金分紅》) issued by the CSRC and relevant requirements of the Articles of Association, the Board has formulated and resolved to propose to adopt the Shareholders' Return Plan. The proposed adoption of the Shareholders' Return Plan will be subject to approval by the Shareholders at the EGM.

E. RESUMPTION OF TRADING

At the request of the Company, trading of H Shares of the Company on the Hong Kong Stock Exchange was suspended with effect from 9:00 a.m. on 30 June 2015 pending the release of this announcement. The Company has made an application to the Hong Kong Stock Exchange for the resumption of trading of H Shares on the Hong Kong Stock Exchange with effect from 9:00 a.m. on 29 July 2015.

F. SHAREHOLDERS' CIRCULAR

A circular containing, among other things, further details of: (i) the proposed Non-public A Share Issue; (ii) the recommendation of the Independent Board Committee in respect of the Share Subscription Agreement, (iii) a letter from Opus Capital Limited to the Independent Board Committee and the Independent Shareholders containing its advice on the Share Subscription Agreement; (iv) the proposed amendments to the Articles of Association; (v) the proposed amendments to the Rules and Procedures of Shareholders' meetings and the meetings of the Board; (vi) the Shareholders' Return Plan; and (vii) the notices of the EGM and the H Shareholders' Class Meeting, is expected to be issued by the Company and dispatched to the Shareholders on or before 18 August 2015.

The Company advises its Shareholders and potential investors to note that the proposed Non-public A Share Issue and the CNAHC A Share Subscription are subject to certain conditions being satisfied, and consequently the proposed Non-public A Share Issue and the CNAHC A Share Subscription may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“A Shareholders”	holders of A Shares
“A Share(s)”	the class meeting of the A Shareholders to be convened by the Company to consider and, if thought fit, approve, among other things, the Non-public A Share Issue
“A Share(s)”	the ordinary shares issued by the Company, with a par value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Cathay Pacific”	Cathay Pacific Airways Limited
“Class Meetings”	the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“CNACG”	China National Aviation Corporation (Group) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of CNAHC and a substantial shareholder of the Company, which directly holds approximately 11.89% of the Company’s issued share capital as at the date of this announcement. CNACG is an investment holding company whose principal businesses include passenger terminal operation, cargo terminal operation, airport ground handling services, airline catering services, property investment, ticket and tourism services, logistics and other businesses conducted through its subsidiaries
“CNAHC”	China National Aviation Holding Company, a wholly PRC state-owned enterprise and the controlling shareholder of the Company, which directly and indirectly holds an aggregate of approximately 53.37% of the Company’s issued share capital as at the date of this announcement and whose principal business is to manage the state-owned assets of CNAHC and the equity it holds in various companies
“CNAHC A Share Subscription”	the proposed subscription of new A Shares by CNAHC pursuant to the Share Subscription Agreement as part of the Non-public A Share Issue

“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, and whose principal business is the operation of scheduled airline services
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Non-public A Share Issue
“H Shareholders”	holders of the H Shares
“H Shareholders’ Class Meeting”	the class meeting of the H Shareholders to be convened by the Company to consider and, if thought fit, approve, among other things, the Non-public A Share Issue
“H Share(s)”	the ordinary shares issued by the Company, with a par value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a board committee comprising Mr. Fu Yang, Mr. Pan Xiaojiang, Mr. Simon To Chi Keung and Mr. Stanley Hui Hon-chung, all being the independent non-executive directors of the Company
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed under the Securities and Futures Ordinance to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Subscription Agreement
“Independent Shareholders”	the shareholders of the Company, other than CNAHC and its associates
“Investor(s)”	the investors other than CNAHC which would subscribe for new A Shares to be issued by the Company under the proposed Non-public A Share Issue
“Issue Price”	the issue price of not less than RMB12.07 (subject to adjustment) per A Share under the Non-public A Share Issue
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Non-public A Share Issue”	the proposed issue of not more than 994,200,497 new A Shares to specified investors including CNAHC by the Company at the Issue Price
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Pricing Benchmark Date”	29 July 2015
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State Asset Supervision and Administration Commission of the State Council of the PRC
“Share Subscription Agreement”	the subscription agreement entered into between CNAHC and the Company on 27 July 2015, pursuant to which, CNAHC agrees to commit RMB1,000 million to subscribe for, and the Company agrees to issue, not more than 82,850,042 new A Shares at the Issue Price
“Shareholders”	the shareholders of the Company
“Shareholders’ Return Plan”	the proposed shareholders’ return plan of the Company for the three years from 2015 to 2017
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“trading day”	a day on which the Shanghai Stock Exchange is open for dealing or trading in securities
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

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

Beijing, the PRC, 28 July 2015

As at the date of this announcement, the directors of the Company are Mr. Cai Jianjiang, Ms. Wang Yinxiang, Mr. Cao Jianxiong, Mr. Feng Gang, Mr. John Robert Slosar, Mr. Ian Sai Cheung Shiu, Mr. Song Zhiyong, Mr. Fan Cheng, Mr. Fu Yang, Mr. Pan Xiaojiang*, Mr. Simon To Chi Keung* and Mr. Stanley Hui Hon-chung*.*

* *Independent non-executive Director of the Company*

APPENDIX

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.

No. Existing Articles

Notes: For the purpose of the marginal notes contained in the Articles of Association, ***Co Law*** means the amended Company Law came into force on 1 January 2006; the ***Securities Law*** means the amended Securities Law came into force on 1 January 2006; ***MP*** means the Mandatory Provisions in the Articles of Association of Companies Listed Overseas jointly promulgated by the former State Securities Commission and the former State Restructuring Commission (SRC); ***LR*** means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; ***Hong Kong Clearing House Advices*** means the Advices of Hong Kong Clearing House promulgated by Hong Kong Securities Clearing Company Limited; ***Zheng Jian Hai Han*** means the Letter of Opinion on the Supplementary Amendment to Articles of Association of Companies Listed in Hong Kong promulgated by the Overseas Listing Division of the CSRC and the Production System Department of the State Commission for Restructuring the Economic System (Zheng Jian Hai Han [1995] No. 1); ***Opinion*** means the Opinion on Further Promoting the Standardized Operations and Deepening the Reform of Overseas Listed Companies jointly promulgated by State Economic and Trade Commission and China Securities Regulatory Commission; ***Secretary Guidance*** means the Guidance on the Works of the Secretary of the Board of Directors of an Overseas-Listed Company promulgated by the CSRC; and ***Guidance*** means the Guidance on the Articles of Association of Listed Companies, as amended in 2006; ***CG Standards*** mean the Standards on Corporate Governance for Listed Companies; ***GM Rules*** means Rules Governing Shareholders' General Meeting of Listed Companies;

Revised Articles

Notes: For the purpose of the marginal notes contained in the Articles of Association, ***Co Law*** means the amended Company Law came into force on 1 January 2006; the ***Securities Law*** means the amended Securities Law came into force on 1 January 2006; ***MP*** means the Mandatory Provisions in the Articles of Association of Companies Listed Overseas (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former State Securities Commission and the former State Restructuring Commission (SRC); ***LR*** means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; ***Hong Kong Clearing House Advices*** means the Advices of Hong Kong Clearing House promulgated by Hong Kong Securities Clearing Company Limited; ***Zheng Jian Hai Han*** means the Letter of Opinion on the Supplementary Amendment to Articles of Association of Companies Listed in Hong Kong promulgated by the Overseas Listing Division of the CSRC and the Production System Department of the State Commission for Restructuring the Economic System (Zheng Jian Hai Han [1995] No. 1); ***Opinion*** means the Opinion on Further Promoting the Standardized Operations and Deepening the Reform of Overseas Listed Companies (Guo Jing Mao Qi Gai [1999] No. 230) jointly promulgated by State Economic and Trade Commission and China Securities Regulatory Commission; ***Secretary Guidance*** means the Guidance on the Works of the Secretary of the Board of Directors of an Overseas-Listed Company (Zheng Jian Fa Xing Zi [1999] No.39) promulgated by the CSRC; and ***Guidance*** means the Guidance on the Articles of Association of Listed Companies (CSRC Announcement [2014] No.47);

No. Existing Articles

Public Shareholders means Certain Provisions Concerning Strengthening the Protection of the Interests of Public Shareholders; ***Guiding Advice*** means the Guiding Advice on Establishing Independent Directorship in Listed Companies; ***Security Notice*** means the Notice Regulating the Provision of Security by Listed Companies to Third Parties; ***Revising Certain Provisions on Cash Dividends*** means the Decision on Revising Certain Provisions on Cash Dividends by Listed Companies; ***Notice Regarding Cash Dividends Distribution*** means Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies, all of which are promulgated by the China Securities Regulatory Commission.

Revised Articles

CG Standards mean the Standards on Corporate Governance for Listed Companies (Zheng Jian Fa [2002] No. 1); ***GM Rules*** means Rules Governing Shareholders' General Meeting of Listed Companies (CSRC Announcement [2014] No. 46); ***Public Shareholders*** means Certain Provisions Concerning Strengthening the Protection of the Interests of Public Shareholders (Zheng Jian Fa [2004] No. 118); ***Guiding Advice*** means the Guiding Advice on Establishing Independent Directorship in Listed Companies (Zheng Jian Fa [2001] No. 102); ***Security Notice*** means the Notice Regulating the Provision of Security by Listed Companies to Third Parties (Zheng Jian Fa [2005] No. 120); ***Revising Certain Provisions on Cash Dividends*** means the Decision on Revising Certain Provisions on Cash Dividends by Listed Companies (CSRC Decree No. 57); ***Notice Regarding Cash Dividends Distribution*** means Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No. 37); ***Regulatory Guidance No. 3*** means Regulatory Guidance No. 3 of Listed Companies — Cash Dividends Distribution of Listed Companies (CSRC Announcement [2013] No. 43), all of which are promulgated by the China Securities Regulatory Commission.

No. Existing Articles

Revised Articles

CHAPTER 1: GENERAL PROVISIONS

CHAPTER 1: GENERAL PROVISIONS

1 **Article 1.** Air China Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”) and other relevant laws and regulations of the State.

Article 1. Air China Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”) and other relevant laws and regulations of the State.

The Company was established by way of promotion with the approval of the State-owned Assets Supervision and Administration Commission of the State Council on 30 September 2004, as evidenced by the approval document Guo Zi Gai Ge [2004] No.872. It was registered with and has obtained a business licence from the State Administration for Industry & Commerce of the People’s Republic of China.

The Company was established by way of promotion with the approval of the State-owned Assets Supervision and Administration Commission of the State Council on 30 September 2004, as evidenced by the approval document Guo Zi Gai Ge [2004] No. 872. It was registered with and has obtained a business licence from the State Administration for Industry & Commerce of the People’s Republic of China.

The promoters of the Company are: China National Aviation Holding Company and China National Aviation Corporation (Group) Limited (registered in Hong Kong Special Administration Region).

The promoters of the Company are: China National Aviation Holding Company and China National Aviation Corporation (Group) Limited (registered in Hong Kong Special Administration Region).

No. Existing Articles

Revised Articles

2 **Article 8.** The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president, vice presidents and other senior officers; all of whom may, according to the Company's Articles of Association, assert their rights in respect of the affairs of the Company.

Article 8. The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president, vice presidents and other senior officers; all of whom may, according to the Company's Articles of Association, assert their rights in respect of the affairs of the Company.

Subject to Article 22 of these Articles of Association, a shareholder may take action against the Company pursuant to the Company's Articles of Association. The Company may take action against a shareholder, directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company's Articles of Association. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company's Articles of Association.

Subject to Article 22 of these Articles of Association, a shareholder may take action against the Company pursuant to the Company's Articles of Association. The Company may take action against a shareholder, directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company's Articles of Association. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company's Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

The "other senior officers" referred to in these Articles of Association mean the board secretary, chief accountant and, chief pilot and other senior officers appointed by the board of directors of the Company.

The "other senior officers" referred to in these Articles of Association mean the board secretary, chief accountant, ~~and~~ chief pilot and other senior officers appointed by the board of directors of the Company.

No. Existing Articles

Revised Articles

CHAPTER 3: SHARES AND REGISTERED CAPITAL

CHAPTER 3: SHARES AND REGISTERED CAPITAL

- 3 **Article 24.** The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

- Article 24.** The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital in the following ways:

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by issuing new shares to its existing shareholders;
- (4) by converting the common reserve into share capital;
- (5) by any other means which is prescribed by law and administrative regulations and approved by the CSRC.

- (1) ~~by offering new shares for subscription by unspecified investors~~ by public offering of shares;
- (2) ~~by placing new shares to its existing shareholders~~ by non-public offering of shares;
- (3) by issuing ~~new~~bonus shares to its existing shareholders;
- (4) by converting the common reserve into share capital;
- (5) by any other means which is prescribed by law and administrative regulations and approved by the CSRC.

After the Company's increase of 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.

After the Company's increase of 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.

No. Existing Articles

Revised Articles

**CHAPTER 6: SHARE CERTIFICATES
AND REGISTER OF SHAREHOLDERS**

**CHAPTER 6: SHARE CERTIFICATES
AND REGISTER OF SHAREHOLDERS**

4 **Article 48.** When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholding, the board of directors or the convener of the shareholders' general meeting shall decide on a date for the determination of shareholding. Shareholders whose names are registered on the share register after the closing of the market on such date shall be the Company's shareholders with the entitlement to the relevant rights.

Article 48. When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholding, the board of directors or the convener of the shareholders' general meeting shall decide on a date for the ~~determination~~record of shareholding. Shareholders whose names are registered on the share register after the closing of the market on such date shall be the Company's shareholders with the entitlement to the relevant rights. Should the Articles of Association have contrary requirements, the Company shall comply with such requirements.

5 **Article 50.** Any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

Article 50. Any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

Application by a holder of A 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.

Application by a holder of A Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 1443 of the Company Law.

No. Existing Articles**Revised Articles**

Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas-Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas-Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:

The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:

(1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.

(1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.

(2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

(2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

(3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.

(3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.

No. Existing Articles**Revised Articles**

- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holders of the Relevant Shares by an applicant who is not a registered shareholder of Relevant Shares and, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holders of the Relevant Shares by an applicant who is not a registered shareholder of Relevant Shares and, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

No. Existing Articles**Revised Articles**

(7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefore.

(7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefore.

CHAPTER 8: SHAREHOLDERS' GENERAL MEETINGS**CHAPTER 8: SHAREHOLDERS' GENERAL MEETINGS**

6 **Article 65.** 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 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.

Article 65. 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 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.

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 ~~may~~shall facilitate the shareholders participating in the shareholders' general meetings through all practicable manners and means and priority shall be given to~~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.

No. Existing Articles**Revised Articles**

The Company shall convene an extraordinary general meeting within two 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 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.

The shareholding mentioned in sub-paragraph (3) above shall be calculated from the date on which a shareholder submits his/her request in writing.

The Company shall convene an extraordinary general meeting within two 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 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.

The shareholding mentioned in sub-paragraph (3) above shall be calculated from the date on which a shareholder submits his/her request in writing.

No. Existing Articles

Revised Articles

- 7 **Article 81.** The board of directors, independent directors and shareholders who have satisfied certain conditions (which are determined based on such standards as promulgated from time to time by the relevant competent authorities) may solicit the voting rights from shareholders at a shareholders' general meeting. Any person who publicly solicits voting rights from the shareholders of the Company shall comply with provisions stipulated by the relevant competent authorities and the stock exchanges on which the shares of the Company are listed and traded.
- Article 81.** The Company's board of directors, independent directors and shareholders who have satisfied certain conditions (which are determined based on such standards as promulgated from time to time by the relevant competent authorities) may publicly solicit the voting rights from shareholders at a shareholders' general meeting. In soliciting voting rights of shareholders, information such as specific voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for solicitation of voting rights is prohibited. The Company may not propose any minimum shareholding restriction on the solicitation of voting rights. Any person who publicly solicits voting rights from the shareholders of the Company shall also comply with other provisions stipulated by the relevant competent authorities and the stock exchanges on which the shares of the Company are listed and traded.
- 8 **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 election of directors in Article 108 and election of supervisors in Article 146 of these Articles of Association in connection with the adoption of the cumulative voting system for election of directors, each share shall have one 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 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 election of directors in Article 108 and election of supervisors in Article 146 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.

No. Existing Articles

Where a shareholder is, under the applicable listing rules as amended from time to time, required to abstain from voting on any particular resolution or to vote only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Revised Articles

Where material issues affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be disclosed to the public in a timely manner.

Where a shareholder is, under the applicable listing rules as amended from time to time, required to abstain from voting on any particular resolution or to vote only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

CHAPTER 10: BOARD OF DIRECTORS**CHAPTER 10: BOARD OF DIRECTORS**

9 **Article 110.** The board of directors is responsible to the shareholders' general meeting and shall exercise the following duties and powers:

Article 110. The board of directors is responsible to the shareholders' general meeting and shall exercise the following duties and powers:

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;

No. Existing Articles**Revised Articles**

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| (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures; | (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures; |
| (7) to draw up the Company's proposals for the merger, division, dissolution or change of the form of the Company; | (7) to draw up the Company's proposals for the merger, division, dissolution or change of the form of the Company; |
| (8) to decide on other issues relating to the provision of guarantee in favor of a third party other than those must be approved at a shareholders' general meeting pursuant to the laws, administrative regulations and these Articles of Association; | (8) to decide on other issues relating to the provision of guarantee in favor of a third party other than those must be approved at a shareholders' general meeting pursuant to the laws, administrative regulations and these Articles of Association; |
| (9) to decide on the external investments, purchase and sale of assets, creation of mortgage over assets, entrusted asset management, connected transactions and other matters within the scope of authorization conferred by the shareholders' general meeting; | (9) to decide on the external investments, purchase and sale of assets, creation of mortgage over assets, entrusted asset management, connected transactions and other matters within the scope of authorization conferred by the shareholders' general meeting; |
| (10) to decide on the Company's internal management structure; | (10) to decide on the Company's internal management structure; |
| (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 presidents, chief accountant and chief pilot and determine their remunerations; | (11) to appoint or dismiss the president of the Company, secretary to the board of directors <u>and determine their remunerations</u> ; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant and , chief pilot <u>and other senior officers</u> and determine their remunerations; |
| (12) to formulate the basic management structure of the Company; | (12) to formulate the basic management structure of the Company; |

No. Existing Articles**Revised Articles**

(13) to manage matters relating to the disclosure of information by the Company;

(13) to manage matters relating to the disclosure of information by the Company;

(14) to make recommendations to the shareholders' general meetings on the appointment or change of the accounting firm which performs the audit work for the Company;

(14) to make recommendations to the shareholders' general meetings on the appointment or change of the accounting firm which performs the audit work for the Company;

(15) to hear from the Company's president reports on work performed and to inspect the work of the president;

(15) to hear from the Company's president reports on work performed and to inspect the work of the president;

(16) to formulate proposals for any amendment of the Company's Articles of Association; and

(16) to formulate proposals for any amendment of the Company's Articles of Association; and

(17) to exercise any other powers conferred by the shareholders in general meetings and these Articles of Associations.

(17) to exercise any other powers conferred by the shareholders in general meetings and these Articles of Associations.

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

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

No. Existing Articles**Revised Articles**

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

Resolutions made by the board of directors on the Company's connected transactions shall come into effect only after they are signed by the independent directors.

- 10 **Article 111.** Upon authorization by the board of directors, the Chairman may exercise part of the functions and powers of the board of directors when the board of directors is not in session. Particulars of the authorization of the board of directors shall be clear and specific.

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

Resolutions made by the board of directors on the Company's connected transactions shall come into effect only after they are signed by the independent directors.

- Article 111.** Upon authorization by the board of directors, the Chairman may exercise part of the functions and powers of the board of directors when the board of directors is not in session. Particulars of the authorization of the board of directors shall be clear and specific. Issues involving material interests of the Company shall be subject to collective decision by the board of directors.

No. Existing Articles**Revised Articles**

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| <p>11 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 days beforehand. The notice of the board meetings shall contain:</p> <ul style="list-style-type: none">(1) date, venue and duration of the meeting;(2) reasons and matters for discussion;(3) date of issuance of the notice. <p>Extraordinary general meeting shall be convened by the Chairman within ten days of the occurrence of any of the following events and shall not be subject to the abovementioned period of notice:</p> <ul style="list-style-type: none">(1) where shareholders representing more than 10% of the voting rights propose to do so;(2) where the chairman of the board of directors deems it necessary;(3) where one-third or more of the directors jointly propose to do so;(4) where one half or more of the independent directors jointly propose to do so;(5) where the supervisory committee proposes to do so;(6) where the president proposes to do so. | <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 days beforehand. The notice of the board meetings shall contain:</p> <ul style="list-style-type: none">(1) date, venue and duration of the meeting;(2) reasons and matters for discussion;(3) date of issuance of the notice. <p>Extraordinary general meeting shall be convened by the Chairman within ten days of the occurrence of any of the following events and shall not be subject to the abovementioned period of notice:</p> <ul style="list-style-type: none">(1) where shareholders representing more than 10% of the voting rights propose to do so;(2) where the chairman of the board of directors deems it necessary;(3) where one-third or more of the directors jointly propose to do so;(4) where one half or more of the independent directors jointly propose to do so;(5) where the supervisory committee proposes to do so;(6) where the president proposes to do so; |
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The meetings of the board of directors shall be conducted in Chinese and where necessary, may have an interpreter to provide Chinese and English translation during the meetings.

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(7) where the securities regulatory authority requires to do so; and

(8) where other circumstances specified in the Articles of Association of the Company occur.

The meetings of the board of directors shall be conducted in Chinese and where necessary, may have an interpreter to provide Chinese and English translation during the meetings.

CHAPTER 13: PRESIDENT

12 **Article 139.** The president shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) subject to applicable laws and these Articles of Association, to decide on transactions, which are related to the Company's main business, and the value of which shall not exceed certain amount, or certain proportion of the Company's latest audited net assets (the said amount and proportion to be determined by the shareholders' meeting);

CHAPTER 13: PRESIDENT

Article 139. The president shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) subject to applicable laws and these Articles of Association, to decide on transactions, which are related to the Company's main business, and the value of which shall not exceed certain amount, or certain proportion of the Company's latest audited net assets (the said amount and proportion to be determined by the shareholders' meeting);

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- (4) to sign contracts and agreements on behalf of the Company and sign and dispatch day-to-day administrative documents;
- (5) to draft plans for the establishment of the Company's internal management structure, and where necessary, make plans for general institutional adjustment;
- (6) to draft the Company's basic management system;
- (7) to formulate basic rules and regulations for the Company;
- (8) to propose the appointment or dismissal of the vice presidents, chief accountant and chief pilot of the Company;
- (9) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (10) to propose to convene an extraordinary meeting of the board of directors;
- (11) other powers conferred by the Articles of Association and the board of directors.

- (4) to sign contracts and agreements on behalf of the Company in accordance with the authorization granted by the board of directors or the legal representative; ~~and sign and dispatch day-to-day administrative documents;~~
- (5) to draft plans for the establishment of the Company's internal management structure, and where necessary, make plans for general institutional adjustment;
- (6) to draft the Company's basic management system;
- (7) to formulate basic rules and regulations for the Company;
- (8) to propose the appointment or dismissal of the vice presidents, chief accountant and chief pilot of the Company;
- (9) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (10) to propose to convene an extraordinary meeting of the board of directors;
- (11) other powers conferred by the Articles of Association and the board of directors.

13 **Article 141.** In performing their duties and powers, the president, vice presidents, chief accountant and chief pilot shall act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.

Article 141. In performing their duties and powers, the president, vice presidents, chief accountant ~~and~~, chief pilot and other senior officers shall act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.

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CHAPTER 15: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT, VICE PRESIDENTS AND OTHER SENIOR OFFICERS OF THE COMPANY

CHAPTER 15: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT, VICE PRESIDENTS AND OTHER SENIOR OFFICERS OF THE COMPANY

- 14 **Article 156.** A person may not serve as a director, supervisor, president, vice presidents or any other senior officers of the Company if any of the following circumstances apply:
- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, where less than five years have elapsed since the sentence was served, or a person who has been deprived of his political rights and not more than five years have elapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- Article 156.** A person may not serve as a director, supervisor, president, vice presidents or any other senior officers of the Company if any of the following circumstances apply:
- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, where less than five years have elapsed since the sentence was served, or a person who has been deprived of his political rights and not more than five years have elapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;

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| (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked due to violation of law and who are personally liable therefor, where less than three years have elapsed since the date of the revocation of the business licence; | (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked due to violation of law and who are personally liable therefor, where less than three years have elapsed since the date of the revocation of the business licence; |
| (5) a person who has a relatively large amount of debts which have become overdue; | (5) a person who has a relatively large amount of debts which have become overdue; |
| (6) a person who is currently under investigation by judicial organs for violation of criminal law; | (6) a person who is currently under investigation by judicial organs for violation of criminal law; |
| (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise; | (7) a person who, according to laws and , administrative regulations <u>or departmental rules</u> , cannot act as a leader of an enterprise; |
| (8) a person other than a natural person; | (8) a person other than a natural person; |
| (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five years have elapsed since the date of such conviction; | (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five years have elapsed since the date of such conviction; |
| (10) a person who has been confirmed by the authority in charge of securities of the State Council as being prohibited from participating in the market or have not been released from such prohibition; | (10) a person who has been confirmed by the authority in charge of securities of the State Council as being prohibited from participating in the market or have not been released from such prohibition; |
| (11) other contents as provided for by the laws, administrative regulations or departmental rules. | (11) other contents as provided for by the laws, administrative regulations or departmental rules. |

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If any of the above circumstances occurs on the part of a director during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant director and propose to remove such director at the shareholders' general meeting. If any of the above circumstances occurs on the part of the president during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant president and convene a board meeting to dismiss such president. If any of the above circumstances occurs on the part of a supervisor during his term of office, the supervisory committee shall, starting from the date on which it is aware thereof, forthwith cease the performance of duties by the relevant supervisor and propose to remove such supervisor at the shareholders' general meeting or the employee representatives' meeting.

If any of the above circumstances occurs on the part of a director during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant director and propose to remove such director at the shareholders' general meeting. If any of the above circumstances occurs on the part of the president during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant president and convene a board meeting to dismiss such president. If any of the above circumstances occurs on the part of a supervisor during his term of office, the supervisory committee shall, starting from the date on which it is aware thereof, forthwith cease the performance of duties by the relevant supervisor and propose to remove such supervisor at the shareholders' general meeting or the employee representatives' meeting.

15 **Article 160.** Each of the Company's directors, supervisors, president, vice presidents and other senior officers owes a duty, in the exercise of his powers or in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including but not limited to the standards of the professional ethnics and code of conduct formulated by the Company.

Article 160. Each of the Company's directors, supervisors, president, vice presidents and other senior officers owes a duty, in the exercise of his powers or in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including but not limited to compliance with the standards of the professional ethnics and code of conduct formulated by the Company.

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CHAPTER 16: FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

CHAPTER 16: FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

16 **Article 192.** Specific dividends distribution policy of the Company:

Article 192. Specific dividends distribution policy of the Company:

(1) The form of dividends distribution:

(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.

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.

The board of directors of the Company shall have comprehensive consideration of the factors, including its industry characteristics, development stage, operation mode, profitability level and whether there is any significant expenditure payment arrangement, make the differentiated cash bonus policy according to the procedures prescribed by the Articles of Association, and identify the proportion of the cash bonus in the profit distribution in the current year, with proportion in compliance with the relevant stipulations of laws, administrative regulations, normative documentation and stock exchanges.

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- (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 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 statements 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.

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- (2) Specific conditions ~~and~~ proportions and intervals 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 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 statements 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~~ the board of directors considers that cash dividend distribution may influence the Company's continuing operation and long-term development.

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When the aforesaid conditions of cash distribution are met, cash dividends shall be distributed once a year. The board of directors of the Company can propose an interim dividend distribution according to the Company's status of profitability and capital needs.

- (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.

- (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.

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- 17 **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 of directors and the supervisory committee of the Company for consideration. The board of directors 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 of directors shall be submitted to the Shareholders' general meeting for consideration.
- (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.
- 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 of directors and the supervisory committee of the Company for consideration. The board of directors 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 of directors shall be submitted to the Shareholders' general meeting for consideration. The board of directors will also fully listen to the opinions of minority Shareholders.
- (2) When formulating specific plan for distribution of cash dividends by the Company, the board of directors shall study and identify with caution the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved in implementing the distribution of cash dividends, etc. Independent Directors shall explicitly express their opinions thereon. Independent Directors may collect opinions from minority shareholders for putting forward a profit distribution proposal which can be directly submitted to the board of directors for consideration.

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(3) 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.

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.