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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)

SUPPLEMENTAL NOTICE OF 2009 ANNUAL GENERAL MEETING

Reference is made to the notice of 2009 annual general meeting (the "Meeting") of Air China Limited (the "Company") dated 30 April 2010 (the "AGM Notice") which sets out, among other things, the venue, date and time of the Meeting and contains the resolutions to be proposed at the Meeting for shareholders' consideration and approval.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the Meeting of the Company will be re-scheduled to 9:30 a.m. on Wednesday, 30 June 2010 at The Conference Room, Air China Building, 36 Xiaoyun Road, Chaoyang District, Beijing, The People's Republic of China to consider and, if thought fit, pass the following by way of ordinary resolution (specified as ordinary resolution 6) in addition to the resolutions set out in the AGM Notice:

ORDINARY RESOLUTION

6. **"THAT** the Resolution on the Report on the Use of Proceeds from Previous Fundraising Activities of the Company be and is hereby considered and approved."

The Report on the Use of Proceeds from Previous Fundraising Activities of Air China Limited is set out in Appendix I.

THE SECOND PROXY FORM

The new proxy form (the "Second Proxy Form"), which supersedes the proxy form issued by the Company along with the AGM Notice on 30 April 2010 (the "Proxy Form"), has been prepared and is enclosed with this supplemental notice.

Whether or not you are able to attend the Meeting, you are requested to complete the accompanying Second Proxy Form in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the Meeting or any adjournment thereof (as the case may be) (the "Closing Time"). Completion and return of the Second Proxy Form will not preclude the shareholders of the Company from attending and voting in person at the Meeting or any adjournment thereof.

A shareholder who has not yet lodged the Proxy Form with the Company's H Share Registrar is requested to lodge the Second Proxy Form if he/she wishes to appoint proxy to attend the Meeting on his/her behalf. In this case, the Proxy Form should not be lodged with the Company's H Share Registrar.

A shareholder who has already lodged the Proxy Form with the Company's H Share Registrar should note that:

- (i) The Second Proxy Form lodged with the Company's H Share Registrar before the Closing Time will revoke and supersede the Proxy Form previously lodged by him/her. The Second Proxy Form will be treated as a valid form of proxy lodged by the shareholder if correctly completed.
- (ii) If no Second Proxy Form is lodged with the Company's H Share Registrar, the Proxy Form will remain valid and effective to the fullest extent applicable if correctly completed. The proxy appointed under the Proxy Form will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the Meeting including the Resolution on the Report on the Use of Proceeds from Previous Fundraising Activities of the Company which was not set out in the Proxy Form.

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

Beijing, the PRC, 14 June 2010

As at the date of this announcement, the directors of the Company are Mr. Kong Dong, Ms. Wang Yinxiang, Mr. Wang Shixiang, Mr. Cao Jianxiong, Mr. Christopher Dale Pratt, Mr. Chen Nan Lok, Philip, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Hu Hung Lick, Henry, Mr. Zhang Ke*, Mr. Jia Kang* and Mr. Fu Yang*.*

* *Independent non-executive director of the Company*

APPENDIX I REPORT ON THE USE OF PROCEEDS FROM PREVIOUS FUNDRAISING ACTIVITIES

According to the two approvals (Zheng Jian Fa Xing Zi [2006] No. 57) and (Zheng Jian Guo He [2006] No. 19) issued by the China Securities Regulatory Commission (the “CSRC”) on 27 July 2006 and 15 September 2006 respectively, the Company conducted an initial public offering of A Shares and the additional issue of H Shares in 2006. According to the Administrative Rules for the Issue of Securities of Listed Companies (Zheng Jian Hui Ling No. 30) and the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities (Zheng Jian Fa Xing Zi [2007] No. 500), the use of proceeds as at 31 December 2009 of the Company is reported as follows:

I. Amount of Proceeds from the Previous Fundraising Activities and Status of Receipt

According to the approval reply issued by China Securities Regulatory Commission on 27 July 2006 (Zheng Jian Fa Xing Zi [2006] No. 57), the Company was allowed to conduct an initial public offering of A Shares (“A Shares”) in the PRC and to apply for listing on the Shanghai Stock Exchange upon completion of issuance. The Company issued 1,639,000,000 A Shares with a par value of RMB1.00 each through the Shanghai Stock Exchange in August 2006 at an issue price of RMB2.80 per share. The gross proceeds from the issuance was RMB4,589,200,000 and the net proceeds was RMB4,513,195,722 (the “Proceeds from the previous issue of A Shares”) after deduction of the issuance expenses of RMB76,004,278.

According to the capital verification report issued by Beijing Tian Hua Certified Public Accountants (Tian Hua (Yan) Zi [2006] No. 023-46), as at 15 August 2006, the aforesaid proceeds from previous fundraising activities of RMB4,513,195,722 was paid into the following special accounts for the proceeds from previous fundraising activities opened by the Company with the following banks: account number 0200006029000014709 with the Beijing Airport Sub-branch of the Industrial and Commercial Bank of China, account number 11001070500059261152 with the Beijing Airport Sub-branch of China Construction Bank, account number 800708012468094001 with the Beijing Airport Sub-branch of Bank of China and account number 0115014140000301 with the Pinganli Sub-branch of Minsheng Bank. As at 31 December 2009, all the funds in these accounts have been used in accordance with the plan for the use of proceeds as disclosed in the Company’s Prospectus relating to the initial public offering of A Shares.

According to the approval issued by the CSRC on 15 September 2006 (Zheng Jian Guo He Zi [2006] No. 19), the Company issued an additional 1,179,151,364 H shares (“H Shares”) of par value of RMB1 to Cathay Pacific Airways Limited (“Cathay”) at an issue price of HK\$3.45 per share. The proceeds from the issuance totaled HK\$4,068,072,206 (equivalent to RMB4,126,245,638), and the net proceeds were HK\$3,999,952,998 (equivalent to RMB4,057,152,326) (the “Proceeds from the previous issue of H Shares”) after the deduction of issuing expenses.

According to the capital verification report issued by Tian Hua Zhongxing Certified Public Accountants (Tian Hua Zhongxing (Shen) Zi [2007] No. 1023-15-d), as at 28 September 2006, the aforesaid proceeds of HK\$3,999,952,998 (equivalent to RMB4,057,152,326) was received by the Company.

II. Actual Use of Proceeds from Previous Fundraising Activities

In accordance with the plan for the use of proceeds as disclosed in the Company's Prospectus relating to the initial public offering of A Shares, after deduction of the issuance expenses, the Proceeds from the previous issue of A shares have been used for the purchase of 20 Airbus A330-200 aircraft, 15 Boeing B787 aircraft and 10 Boeing B737-800 aircraft as well as the project relating to the expansion of existing operating support facilities at Phase III of the Beijing Capital International Airport. The Company had applied the total Proceeds from the previous issue of H Shares to acquire shares of Cathay.

As at 31 December 2009, the actual use of the proceeds from the previous issue of A Shares and H Shares and the intended use of proceeds in the prospectus relating to the initial public offering of A Shares and the relevant disclosure relating to the additional issue of H Shares of the Company are as follows:

(in ten thousand RMB)

Total amount of the proceeds	<u>857,034</u>	Accumulated amount of the proceeds used	<u>857,034</u>
Total amount of the proceeds used for other purposes	<u>–</u>	Total amounts of the proceeds used in each year:	
		2007	<u>237,036</u>
Total amount of proceeds used for other purpose expressed as percentage	<u>–</u>	2006	<u>619,998</u>

Investment projects	Accumulated investment amount of the proceeds as at 31 December 2009*				Difference between the actual investment amount and the committed investment amount after the offering	The project reaches the usable condition as scheduled; or the completion progress as at 31 December 2009
	Committed investment projects	Actual investment projects	Committed investment amount prior to the offering	Committed investment amount after the offering		
Purchase of 20 Airbus A330-200 aircraft	Purchase of 20 Airbus A330-200 aircraft	Unspecified	Unspecified	310,274	N/A	Delivered
Purchase of 15 Boeing B787 aircraft	Purchase of 15 Boeing B787 aircraft	Unspecified	Unspecified	17,971	N/A	Pending delivery

Investment projects		Accumulated investment amount of the proceeds as at 31 December 2009*			Difference between the actual investment amount and the committed investment amount after the offering	The project reaches the usable condition as scheduled; or the completion progress as at 31 December 2009
		Committed investment amount prior to the offering	Committed investment amount after the offering	Actual investment amount		
Committed investment projects	Actual investment projects					
Purchase of 10 Boeing B737-800 aircraft	Purchase of 10 Boeing B737-800 aircraft	Unspecified	Unspecified	63,281	N/A	Delivered
The project relating to the expansion of existing operating support facilities at Phase III of the Beijing Capital International Airport	The project relating to the expansion of existing operating support facilities at Phase III of the Beijing Capital International Airport	59,793	59,793	59,793	–	Completed
Subtotal of payments from the use of proceeds from the issue of A Shares				<u>451,319</u>		
Proceeds from H share issuance paid for acquisition of shares of Cathay	Proceeds from H share issuance paid for acquisition of shares of Cathay	N/A	<u>405,715</u>	<u>405,715</u>	–	Completed
Total				<u><u>857,034</u></u>		

* From the date of receipt of the proceeds from the previous fundraising activities to 31 December 2009.

III. Return on the Projects Funded by the Proceeds from the Previous Fundraising Activities

As at 31 December 2009, the realized return on the projects funded by the proceeds from the previous issue of A shares and H shares is as follows:

(in ten thousand RMB)

Investment Projects	Committed Revenue (per aircraft per year)	Actual revenue in the most recent 3 years (Note 1)			Accumulative Realized Revenue as at 31 December 2009 (Note 1)	Whether reached the committed revenue (Note 2)
		2009	2008	2007		
Purchase of 20 Airbus A330-200 aircraft (Note 3)	32,200	670,075	542,966	372,249	1,667,232	Note 4
Purchase of 15 Boeing B787 aircraft (Note 3)	28,300	–	–	–	–	Note 5
Purchase of 10 Boeing B737-800 aircraft (Note 3)	15,200	154,686	91,323	5,592	251,601	Note 6
The project relating to the expansion of existing operating support facilities at Phase III of the Beijing Capital International Airport	N/A	N/A	N/A	–	N/A	Note 7
Proceeds from H share issuance paid for acquisition of shares of Cathay	N/A	30,198	(51,142)	46,212	35,064	Note 8
Total		854,959	583,147	424,053	1,952,897	

Note 1: From the date of receipt of the proceeds from the previous fundraising activities to 31 December 2009.

Note 2: Committed return refers to the income committed to be achieved by the time the aircraft is put to use for one year already as disclosed in the prospectus of the Company issued in relation to the initial public offering of A Shares. The actual return for the past three years refers to the actual income from flying during the relevant accounting year. In comparing the actual return to the committed return, the time period of receipt of the aircraft is compared proportionally to the committed return as discounted to that proportion.

Note 3: Before the funds were made available, the Company paid the aforesaid amounts with its internal funds and bank borrowings, in accordance with the actual payment schedule of each project. When the proceeds was received, the funds had been used to settle the remaining amount of the aforesaid project and to repay bank borrowings.

Note 4: As disclosed in the Prospectus relating to the initial public offering of A shares, during the period from 2006 to 2008 (i.e., prior to the introduction of B787 aircraft), since B767 aircraft started to retire in a phased manner, these aircraft would be mainly used to cope with the increase of new international air routes and to replace B767 aircraft with an annual income of RMB322,000,000 for each aircraft. For the period subsequent to 2008 (i.e., after the introduction of B787 aircraft and the complete retirement of B767 aircraft), A330 aircraft would be used more for domestic air routes and air routes around China and some of the relatively long-haul air routes will be taken over by B787 aircraft, with an annual income of RMB337,000,000 for each aircraft. However, for reasons stated in Note 2 below, due to Boeing's delay in delivery, all B787 were not delivered as originally scheduled. Therefore, A330 aircraft are still used for long-haul international air routes and not transferred to serve other air routes as expected. However, according to the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities as issued by the CSRC, the Company thinks that the amount of income from these aircraft in 2009 should still be measured in accordance with the amount of committed return for the period from 2006 to 2008, namely an annual return of RMB322,000,000 for each aircraft.

According to the standard mentioned above, as at 31 December 2006, six A330-200 aircraft were delivered one after another. Delivery of those aircraft started in June 2006. Based on the actual number of months lapsed after the delivery of the aircraft, the overall return on aircraft reached the amount of committed return. As at 31 December 2007, thirteen A330-200 aircraft were delivered after one after another. Delivery of new aircraft for the year 2007 started in January 2007. Based on the actual number of months lapsed after the delivery of the aircraft, the actual return has reached the amount of committed return. As at 31 December 2008, all the 20 A330-200 aircraft were delivered. Delivery of new aircraft for the year 2008 started in January 2008. Based on the actual number of months lapsed after the delivery of the aircraft, the overall return on aircraft were a little behind the amount of committed return by less than 2%, A330 aircraft are primarily used in the operation of international routes. Despite the drastic decrease in the demand for international aviation market under the impact of the global financial crisis, the Company continued to proactively respond to such change by adjusting part of the international long-haul transportation capacity to serve the domestic air routes and accordingly the ultimate overall return on aircraft was only slightly lower than the amount of committed return. As at 31 December 2009, 20 A330-200 aircraft had reached the amount of committed return.

Note 5: As disclosed in the Prospectus relating to the initial public offering of A shares, the annual income of each of these aircraft was RMB283,000,000. As at 31 December 2009, these aircraft were not delivered due to Boeing's delay in delivery.

Note 6: As disclosed in the Prospectus relating to the initial public offering of A shares, the annual income of each of these aircraft was RMB152,000,000. As at 31 December 2007, three B737-800 aircraft were delivered one after another. Delivery of those aircraft started in October 2007, and the amount of committed return had been reached based on the actual number of months lapsed after the delivery of the aircraft. As at 31 December 2008, nine B737-800 aircraft were delivered. Delivery of new aircraft for the year 2008 started in May 2008. Based on the actual number of months lapsed after the delivery of the aircraft, the overall return on aircraft had reached the amount of committed return. As at 31 December 2009, all the ten B737-800 aircraft were delivered. Delivery of new aircraft for the year 2009 took place in May 2009. Based on the actual number of months lapsed after the delivery of the aircraft, the overall return of the ten 737-800 aircraft had reached the amount of committed return.

Note 7: The project was completed in 2008. As it was only a supporting part of Phase III expansion project of Beijing International Airport and mainly consisted of the construction of ground service facilities, utilities and other facilities and the expropriation of land and removal of properties, the economic return of the project could not be calculated independently.

Note 8: As at 30 September 2009, the Company had issued additional 1,179,151,364 H Shares to Cathay, and had used the total proceeds of HK\$3,999,952,998 (equivalent to RMB4,057,152,326) net of issuing expenses to acquire 40,128,292 and 359,170,636 Cathay shares respectively held by Swire Pacific Limited and CITIC Pacific Limited at a total consideration of HK\$5,390,535,528 (equivalent to RMB5,452,922,479), with the differences funded by loan or by internal resources of the Company. The actual revenue in the most recent three years was calculated in accordance with the actual proportion of the Proceeds from the previous issue of H Shares to the total proceeds used to acquire Cathay shares. No committed revenue from the projects funded by the proceeds from the fundraising activities was recognized by the Company upon the additional issue of H shares.

IV. Comparison of the Actual Use of the Proceeds from Previous Fundraising Activities with Relevant Contents of Regular Reports and other Information Disclosure Documents

Below is a table comparing the actual use of the proceeds from previous fundraising activities with relevant contents of regular reports and other information disclosure documents as at 31 December 2007:

(in ten thousand RMB)

Investment Projects	As at 31 December 2007 <i>Note 1</i>		
	Actual Amount Used	Amount disclosed in 2007 Annual Report	Difference
Purchase of 20 Airbus A330-200 aircraft	310,274	310,274	–
Purchase of 15 Boeing B787 aircraft	17,971	17,971	–
Purchase of 10 Boeing B737-800 aircraft	63,281	63,281	–
The project relating to the expansion of existing operating support facilities at Phase III of the Beijing Capital International Airport	59,793	59,793	–
Subtotal of payments from the use of proceeds from the issue of A Shares	<u>451,319</u>	<u>451,319</u>	
Proceeds from H Share issuance paid for acquisition of Cathay shares	<u>405,715</u>	<u>–</u>	<u>405,715</u> <i>Note 2</i>
Total	<u><u>857,034</u></u>	<u><u>451,319</u></u>	<u><u>405,715</u></u>

The actual use of proceeds of the Company is not different from the relevant information disclosed in the documents for information disclosure published by the Company.

* During the reporting period subsequent to 2007, the Company has not disclosed any proceed or the proceeds from the previous fundraising activities for that period.

Note 1: From the receipt of the proceeds to the closing date of the reporting period.

Note 2: As stated in the Directors' Report of the Company's annual report 2006 relating to the use of proceeds, the Company had applied RMB4,057,152,300 from the additional issue of H Shares in September 2006 to acquire Cathay shares. There is no difference between the actual amount used and the amount disclosed in 2006 annual report. As at 31 December 2006, the transaction was completed, therefore the Company did not disclose the matter in the 2007 annual report.

V. CONCLUSIONS

The Board of Directors believes that the Company has used the proceeds from the previous fundraising activities in accordance with the plan for use of the proceeds as disclosed in the Company's prospectus relating to the initial public offering of A Shares and the relevant disclosure relating to the additional issue of H Shares. The Company has faithfully performed its disclosure obligation with regard to the investments made out of the proceeds from the previous fundraising activities and the related investment progress.

The Report on the Use of Proceeds from Previous Fundraising Activities has been prepared in accordance with the Rules Concerning the Report on the Use of Proceeds from Previous Fundraising Activities (Zheng Jian Fa Xing Zi [2007] No. 500) as issued by the CSRC. All directors of the Company undertake that this Report contains no false description, misleading representation or material omission and they are willing to assume joint and several legal liability for the truthfulness, accuracy and completeness of this Report.

Board of Directors of
Air China Limited

June 11, 2010