



中航興業有限公司

CHINA NATIONAL AVIATION COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1110)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China National Aviation Company Limited (the “Company”) will be held at Saloon 5 (Level 3), JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 31st May, 2004 at 3:00 p.m. for the following purposes:–

As Ordinary Business

1. To receive and consider the audited consolidated accounts and the Directors’ and auditors’ reports for the year ended 31st December, 2003.
2. To declare a final dividend for the year ended 31st December, 2003.
3. To re-elect the retiring Directors and to authorise the Board of Directors to fix the remuneration of Directors.
4. To re-appoint auditors and to authorise the Board of Directors to fix their remuneration.

As Special Business

5. To consider and, if thought fit, pass with or without amendments, the following resolutions as an ordinary resolution of the Company:–

“THAT:–

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:–

“THAT:–

- (a) subject to paragraph (c) below, and pursuant to section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of the subscription or conversion rights attaching to any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:–

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

- 7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:–

“**THAT** subject to the passing of the resolutions nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to the resolution no. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to the resolution no. 5 set out in the notice convening this meeting, provided that such amount of shares shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing of this resolution.”

- 8. To consider and, if thought fit, pass with or without amendments, the following resolution as a special resolution of the Company:–

“**THAT** the Articles of Association of the Company be and is hereby amended by:–

- (a) adding the following definition immediately after the definition of “the Articles” in Article 1:

“associate” in relation to any Director shall have the same meaning as defined under Rule 1.01 of the Listing Rules;

- (b) deleting the definition of “clearing house” in Article 1 in its entirety and substituting therefor the following new definition:

“clearing house” shall mean a “recognised clearing house” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as modified from time to time;

- (c) adding the following definitions immediately after the definition of “the Directors” or “the Board” in Article 1:

“electronic communication” shall mean a communication sent by electronic transmission in any form through any medium;

“Entitled Person” shall mean an “entitled person” as defined under section 2(1) of the Ordinance;

“the Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any amendments thereto from time to time;

- (d) adding the following definition immediately after the definition of “the register” in Article 1:
“relevant financial documents” shall mean the “relevant financial documents” as defined under section 2(1) of the Ordinance;
- (e) adding the following definition immediately after the definition of “share” in Article 1:
“special notice” in relation to a resolution shall have the meaning ascribed thereto in section 116C of the Ordinance;
- (f) adding the following definition immediately after the definition of “Stock Exchange” in Article 1:
“summary financial report” shall mean the “summary financial report” as defined under section 2(1) of the Ordinance;
- (g) deleting the definition of “in writing” or “written” in Article 1 in its entirety and substituting therefor the following new definition:
“in writing” or “written” includes printing, lithography, photography and other modes of representing or reproducing words or figures in a visible and non-transitory form;
- (h) adding the following sentence immediately after the definition of “year” in Article 1:
“Unless otherwise provided in the Articles, wherever any provision of the Articles (except a provision for the appointment of a proxy) requires that a communication as between the Company, its Directors or members be effected in writing, the requirement may be satisfied by the communication being given in the form of an electronic record unless the person to whom the communication is given signifies refusal to communications being given to him in that form.”;
- (i) inserting in the end of the last line of Article 61 the following sentence: “Subject to the provisions of the Ordinance and the Listing Rules, all general meetings may be held by means of video conference or by other lawful electronic means and in such manner as may be agreed by the Company in general meeting. All the provisions in the Articles as to general meetings shall, mutatis mutandis, be applicable.”;
- (j) inserting in the 2nd line of Article 68 the words “a poll is required under the Listing Rules or” immediately after the word “unless” and deleting in 1st line of the last paragraph of Article 68 the words “is so demanded and” immediately after the words “Unless a poll” and substituting therefor the words “is required under the Listing Rules or is duly demanded and in the latter case.”;
- (k) renumbering Article 74 in its entirety as new Article 74(A) and adding immediately thereafter the following new Article:
“74. (B) Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”;
- (l) renumbering Article 88 in its entirety as new Article 88(A), deleting in the 6th line the words “given to” immediately after the words “have been” and substituting therefor the words “lodged with”, and deleting in the 6th and 7th lines the words “at least seven days before the date of the general meeting appointed for such election” immediately after the word “Company”;
- (m) adding immediately after the new Article 88(A) the following new Article:
“88. (B) The period for lodgment of the notices referred to in Article 88(A) above shall be at least 7 days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election of Director(s) and ending no later than 7 days prior to the date of such meeting.”;
- (n) deleting in the 1st line of Article 89 the word “special” immediately before the word “resolution” and substituting therefor the word “ordinary”, and inserting in the 7th line the words “Special notice is required of a resolution to remove a Director or to appoint somebody in place of a Director so removed at the meeting at which he is removed in accordance with the Ordinance.” immediately after the word “removed.”;
- (o) deleting in the 1st line of Article 96(viii) the words “a special” immediately after the word “by” and substituting therefor the words “an ordinary”;
- (p) inserting in the 2nd line of Article 98 the words “, or such other manner of rotation as may be required by the Listing Rules or other codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time,” immediately after the words “nearest one-third.”;
- (q) deleting in the 3rd to 6th lines of Article 98 the words “provided that notwithstanding anything herein, the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year” immediately after the words “from office” in the 3rd line thereof;

(r) deleting Articles 111(D) to 111 (H) in their entirety and substituting therefor the following new Articles:

“111.(D) Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum of such resolution of the Board but this prohibition shall not apply to any of the following matters namely:

- (a) the giving of any security or indemnity either:
 - (i) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates, are not in aggregate beneficially interested in five per cent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his associate(s) may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associate(s) and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company.

For the purposes of this Article 111(D), “subsidiary” shall have the same meaning as defined in Rule 1.01 of the Listing Rules.

- (E) A company shall be deemed to be a company in which a Director and any of his associates in aggregate own five per cent or more if and so long as (but only if and so long as) he and any of his associates in aggregate (either directly or indirectly) are the holders of or beneficially interested in five per cent or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his or their interest is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associates as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's or any of his associates' interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof and any shares comprised in an authorized unit trust scheme in which the Director or any of his associates is interested only as a unit holder.
- (F) Where a company in which a Director together with any of his associates in aggregate own five per cent or more (within the meaning described in Article 111(E)) is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- (G) If any question shall arise at any meeting of a Board as to the materiality of the interest of a Director or his associate(s) (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director

concerned and of his associate(s) as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman and of his associate(s) as known to such chairman has not been fairly disclosed to the Board.

- (H) The Company may by ordinary resolution ratify any transaction not duly authorized by reason of a contravention of this Article provided that no Director who is or whose associate(s) is/are materially interested in such transaction shall vote upon such ordinary resolution in respect of any shares in the Company in which they are interested.”;
- (s) inserting in the 7th line of Article 112 the words “or in the form of an electronic record (unless in the latter case, the Director to whom the notice is given signifies refusal to notice being given to him in that form)” immediately after the words “telegram” and deleting the last sentence of Article 112 and substituting therefor the following sentence: “The Directors or any committee of the Directors may participate in a meeting of the Directors or such committee by means of a conference telephone, video conference or any such lawful electronic means and in such manner as may be agreed by the Directors. All the provisions in the Articles as to Directors meetings or meetings of any committee of the Directors shall, mutatis mutandis, be applicable.”;
- (t) inserting in the last line of Article 122(C) the words “Section 153B(1) of the Ordinance shall not apply to an alternate Director appointed pursuant to the Articles.” immediately after the words “from time to time direct.”;
- (u) deleting Article 157 in its entirety and substituting therefor the following new Article:
“157.The Directors shall from time to time, in accordance with the provisions of the Ordinance, cause to be prepared and to be laid before the Company in general meeting the relevant financial documents.”;
- (v) renumbering Article 158 in its entirety as new Article 158(A), deleting in the 2nd to 9th line the words “, a copy of every balance sheet (including every document required by law to be annexed thereto) and profit and loss account which is to be laid before the Company in general meeting, together with a copy of the Directors’ report and a copy of the Auditors’ report, shall not less than twenty one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and every person registered under Article 48 and to all persons other than members or holders of debentures of the Company, being persons entitled to receive notices of general meetings of the Company” and substituting therefor the words “and to Article 158(B), a copy of the relevant financial documents or (subject to compliance with the relevant provisions of the Ordinance and Listing Rules) the summary financial report shall be sent to every Entitled Person not less than twenty-one days before the date of general meeting before which the relevant financial documents shall be laid”;
- (w) adding immediately after the new Article 158(A) the following new Article:
“158.(B) Where any Entitled Person (“Consenting Person”) has, in accordance with the Ordinance, the Listing Rules and any applicable laws, rules and regulations, consented or is deemed to have consented to treat the publication of the relevant financial documents and/or the summary financial report (as the case may be) on the Company’s computer network to which such person may have access as discharging the Company’s obligation under the Ordinance to send a copy of the relevant financial documents and/or the summary financial report (as the case may be) to such person, then the publication by the Company on its computer network of the relevant financial documents and/or the summary financial report (as the case may be) for such period as required by the Ordinance, the Listing Rules or any applicable laws, rules and regulations shall, in relation to such Consenting Person, be deemed to discharge the Company’s obligations under Article 158(A).”;
- (x) deleting in the 1st to 5th line of Article 163 the words “Any notice or document (including a share certificate) may be given by the Company to any member either personally or by sending it by post to him at his registered address as appearing in the register or at the address, within or outside Hong Kong, supplied by him to the Company for the sending of notices or documents to him or by advertisement published in the newspapers.” and substituting therefor the following words:
“Any notice or document to be given or issued under the Articles shall be in writing, except that any such notice or document to be given or issued by or on behalf of the Company under the Articles, including any “corporate communication” within the meaning ascribed thereto in the Listing Rules, shall be in writing (which may or may not be in a transitory form and may be recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form (including an electronic communication and publication on a computer network) whether having physical substance or not) and may be served or delivered by the Company by any of the following means subject to and to such extent permitted by and in accordance with the Ordinance, the Listing Rules and any applicable laws, rules and regulations:
- (i) personally;
- (ii) by sending it by post to him at his registered address as appearing in the register or at the address, within or outside Hong Kong, supplied by him to the Company for the sending of notices or documents to him;

- (iii) by delivering or leaving it at such address as aforesaid;
 - (iv) by advertisement published in the newspapers;
 - (v) by transmitting it as an electronic communication to him at his electronic address as he may provide; or
 - (vi) by publishing it on the Company's computer network, giving access to such network to him and giving to him a notice of publication of such notice or document.",
- and deleting in the 5th line the word "either" and substituting therefor the word "any";
- (y) deleting Article 164 in its entirety and substituting therefor the following new Article:
- "164. Any notice to be given to a member may be given by reference to the register of members as it stands at any time within the period of fifteen days before the notice is given; and no change in the register after that time shall invalidate the giving of the notice. Subject to Article 163, any notice or document (including any "corporate communication" within the meaning ascribed thereto in the Listing Rules) given or issued by or on behalf of the Company:
- (i) if sent by post, shall be deemed to be effected by properly addressing, prepaying and posting an envelope or a wrapper containing the notice and to have been effected on the day following that on which the envelope or wrapper containing the same is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice was properly prepaid, addressed and put into such post office and a certificate in writing signed by the secretary or other person appointed by the Directors that the envelope or wrapper containing the notice was so addressed and put into such post office shall be conclusive evidence thereof;
 - (ii) if sent by delivering or leaving it at the registered address or address supplied for the sending of notices or documents to him otherwise than by post, shall be deemed to have been served or delivered on the day it was so delivered or left;
 - (iii) if by advertisement, shall be deemed to have been served on the day on which the advertisement appears;
 - (iv) if sent as an electronic communication, shall be deemed to have been served at the time when the notice or document is transmitted electronically provided that no notification that the electronic communication has not reached its recipient has been received by the sender, except that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served; and
 - (v) if published on the Company's computer network, shall be deemed to have been served on the day on which the notice or document is published on the Company's computer network to which he may have access and the notice of such publication is given to such person.";
- (z) deleting in the 2nd and 3rd lines of Article 166 the words "by sending it through the post in a prepaid envelop or wrapper" and substituting therefor the words "in such manner as provided in Article 163";
- (aa) deleting in the 5th and 6th lines of Article 167 the words "section 18 of the Securities (Disclosure of Interests) Ordinance (Chapter 396) of the Laws of Hong Kong" and substituting therefor the words "section 329 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)";
- (bb) deleting in the 1st and 2nd lines of Article 169 the words "by post or left at the registered address or the address supplied by him for the sending of notices or documents to him of any member" and substituting therefor the words "to any member in such manner as provided in Article 163";
- (cc) deleting Article 170 in its entirety and substituting therefor the following new Article:
- "170.(A) The signature to any notice or document by the Company may be written, printed or made electronically.
- (B) Subject to any applicable laws, rules and regulations, any notice or document, including but not limited to the documents referred to in Article 158 and any "corporate communication" within the meaning ascribed thereto in the Listing Rules, may be given in the English language only, in the Chinese language only or in both the English language and the Chinese language.";
- (dd) deleting Article 177 in its entirety and substituting therefor the following new Article:
- "177.(A) Subject to the provisions of and so far as may be permitted by the Ordinance, the Company may indemnify any officer or auditor of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur in or about the execution and discharge of his duties or in relation thereto including any liability incurred by him:

- (i) in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted; or
 - (ii) in connection with any application under section 358 of the Ordinance in which relief is granted to him by the court.
- (B) The Company may purchase and maintain for any officer or auditor of the Company:
- (i) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
 - (ii) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.
- In this Article, “related company” in relation to the Company means any company that is the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company.
- (C) Subject to section 165 of the Ordinance, if any Director and/or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director and/or person so becoming liable as aforesaid from any loss in respect of such liability.”

9. To transact any other business.

By Order of the Board
Li Man Kit
Company Secretary

Hong Kong, 16th April, 2004

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged with the Company’s Share Registrars, Computershare Hong Kong Investor Services Limited, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting.
3. An explanatory statement as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in connection with the proposed repurchase mandate under the ordinary resolution no. 5 above will be despatched to members together with the 2003 annual report of the Company.
4. The Articles of Association adopted by the Company and delivered to (and registered by) the Registrar of Companies are in the English language. Accordingly, the special resolution relating to the amendment of the Article of Association of the Company as set out in the above notice (Resolution no. 8) will, if passed, be passed in the English language. The translation into the Chinese language of the above notice (including Resolution no. 8) is included in this circular for information only.

“Please also refer to the published version of this announcement in The Standard”.