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

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

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中國國際航空股份有限公司
AIR CHINA LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00753)

SUPPLEMENTAL CIRCULAR TO SHAREHOLDERS RELATING TO
(1) PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION
AND
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF THE COMPANY
AND
(3) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF
SHAREHOLDERS' MEETINGS AND THE RULES AND PROCEDURES OF
MEETINGS OF THE BOARD OF DIRECTORS
AND
SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

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



BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

This supplemental circular should be read together with the circular of the Company dated 12 November 2021. A letter from the Board is set out on pages 4 to 14 of this supplemental circular.

A supplemental notice convening the EGM to be held at 9:00 a.m. on Thursday, 30 December 2021 at The Conference Room C713, No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC, is set out in Appendix V to this supplemental circular. Whether or not you are able to attend and/or vote at the EGM, you are requested to complete and return the accompanying revised form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for convening the EGM or any adjournment thereof. Completion and return of the revised form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

14 December 2021

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DEFINITIONS

In this supplemental circular, unless the context otherwise requires, the following expressions have the following meaning:

“ACC Group”	Air China Cargo, its subsidiaries and 30%-controlled companies (as defined under the Hong Kong Listing Rules)
“ACC Transactions”	the continuing connected transactions contemplated under the New ACC Framework Agreement between any member of the Group on the one hand and any member of the ACC Group on the other hand
“Air China Cargo”	Air China Cargo Co., Ltd., a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of CNAHC
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Bellyhold Space Business”	all the freight business operated through the utilization of the bellyhold space of passenger aircraft, including but not limited to the sale and pricing in relation to the bellyhold space
“Board”	the board of directors of the Company
“Cathay Pacific”	Cathay Pacific Airways Limited, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange
“CNACG”	China National Aviation Corporation (Group) Limited, a wholly-owned subsidiary of CNAHC
“CNAHC”	China National Aviation Holding Corporation Limited, a state-owned enterprise incorporated under the laws of the PRC and the controlling shareholder of the Company
“Company”	Air China Limited, a company incorporated in the PRC, 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
“connected person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 9:00 a.m. on Thursday, 30 December 2021 at The Conference Room C713, No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC for the Shareholders to consider and, if thought fit, to pass the resolutions set out in the notice and the supplemental notice of the EGM
“Existing Annual Cap(s)”	the annual cap(s) applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2021 and 2022 as set out in the announcement of the Company dated 30 October 2019
“Group”	the Company and its subsidiaries
“H Shareholder(s)”	holders of the H Share(s)
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange as its primary listing venue and have been admitted to the Official List of the UK Listing Authority as its secondary listing venue
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a board committee comprising Mr. Duan Hongyi, Mr. Stanley Hui Hon-chung and Mr. Li Dajin, all being the independent non-executive Directors
“Independent Financial Adviser” or “BaoQiao Partners”	BaoQiao Partners Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Cap(s)
“Independent Shareholders”	the Shareholders other than Cathay Pacific, CNAHC and their associate(s)

DEFINITIONS

“Latest Practicable Date”	10 December 2021, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“New ACC Framework Agreement”	the framework agreement dated 30 October 2019 entered into between the Company and Air China Cargo in respect of the ACC Transactions
“Original Notice”	the notice of EGM dated 12 November 2021, which sets out the venue of the EGM and the resolutions to be put forward at the EGM for the Shareholders’ consideration and approval
“Original Proxy Form”	the form of proxy for the EGM enclosed with the Company’s circular and notice of the EGM dated 12 November 2021
“Revised Annual Cap(s)”	the proposed revised annual cap(s) applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2021 and 2022
“Revised Proxy Form”	the revised form of proxy for the EGM, which contains the additional resolutions to be put forward at the EGM and is enclosed with this supplemental circular and the supplemental notice of the EGM
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and modified from time to time
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Shareholder(s)”	the shareholder(s) of the Company
“substantial shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules

LETTER FROM THE BOARD



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)

Directors:

Executive Directors:

Song Zhiyong (*Chairman*)

Ma Chongxian (*President*)

Non-Executive Directors:

Feng Gang

Patrick Healy

Xue Yasong

Independent Non-Executive Directors:

Duan Hongyi

Hui Hon-chung, Stanley

Li Dajin

Registered Address:

1st Floor-9th Floor 101

Building 1

30 Tianzhu Road

Shunyi District

Beijing, the PRC

Principal Place of Business in Hong Kong:

5th Floor, CNAC House

12 Tung Fai Road

Hong Kong International Airport

Hong Kong

14 December 2021

To the Shareholders

Dear Sirs or Madams,

**SUPPLEMENTAL CIRCULAR TO SHAREHOLDERS RELATING TO
(1) PROPOSED REVISION OF EXISTING ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTION
AND
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION OF THE COMPANY
AND
(3) PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF
SHAREHOLDERS' MEETINGS AND THE RULES AND PROCEDURES OF
MEETINGS OF THE BOARD OF DIRECTORS
AND
SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the Original Notice which sets out the venue of the EGM and contains the resolutions to be put forward at the EGM for the Shareholders' considerations and approval, and the announcements of the Company dated 26 November 2021 and 10 December 2021 in relation to, among other things, (1) the proposed revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement and (2) the proposed amendments to the Articles of Association and to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board.

In addition to the resolutions set out in the Original Notice, CNAHC, the controlling Shareholder, has submitted extraordinary proposals to the Board in relation to the aforementioned matters. In accordance with the relevant laws and regulations and the Articles of Association, the Board hereby presents the aforementioned proposals to the EGM for the Shareholders' consideration and approval.

The purpose of this supplemental circular is to provide you with detailed information regarding (1) the proposed revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement and (2) the proposed amendments to the Articles of Association and to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board, and a supplemental notice convening the EGM.

II. PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

1. Background

Reference is made to the announcement of the Company dated 30 October 2019 and the circular of the Company dated 4 November 2019 in relation to, among other things, the New ACC Framework Agreement entered into between the Company and Air China Cargo on 30 October 2019 in respect of the ACC Transactions.

On 30 October 2019, the Company, among other things, entered into the New ACC Framework Agreement with Air China Cargo in respect of the ACC transactions. The New ACC Framework Agreement and the relevant annual caps for the three years ending 31 December 2022 were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 19 December 2019.

The ACC Transactions contemplated under the New ACC Framework Agreement include the Bellyhold Space Business contracting operation and ground support services and other services. In respect of the Bellyhold Space Business contracting operation, the Company has contracted the operation of all Bellyhold Space Business to Air China Cargo. Air China Cargo shall undertake the overall responsibilities for transporting the cargos as the contracting carrier to the consignors with respect to the cargos which are transported through the bellyhold spaces of passenger aircraft.

LETTER FROM THE BOARD

Pricing policies for Bellyhold Space Business contracting operation

As disclosed in the circular of the Company dated 4 November 2019, the consideration of any specific ACC Transactions shall be determined after arm's length negotiations between the Group and ACC Group and on normal commercial terms, and shall be determined in accordance with the pricing policies on a case-by-case basis. In respect of the Bellyhold Space Business contracting operation, the pricing policies are as follows:

During the contracting period, Air China Cargo will regularly pay the Company the contracting operation income in respect of the Bellyhold Space Business in each year. The parties shall determine the Benchmark Income (excluding tax) of the Bellyhold Space Business contracting operation after arm's length negotiations with reference to the Company's fleet capacity, overall load factor and yield level. The specific formula is as follows:

Benchmark Income (excluding tax) = ATK (available tonne kilometres) × OLF (overall load factor) × yield level per kilometre

The ATK shall be determined based on the Company's fleet capacity for the current financial year and its plan of introduction and phase-out of passenger aircraft for the next year. The OLF and the yield level per kilometre shall be determined based on the historical data of the respective air routes of the Company.

Considering possible market fluctuations, the parties agreed to jointly appoint a qualified accounting firm to conduct a special audit on the actual income (excluding tax) of Air China Cargo for the operation of the Bellyhold Space Business of the previous financial year within three months after the end of each financial year. Where there is any difference between the Benchmark Income (excluding tax) and the actual income (excluding tax), the excess income or risk incurred shall be allocated between Air China Cargo and the Company at the proportion of 51% and 49%, respectively, and paid accordingly.

2. Revised Annual Caps and Basis of Determination

After taking into account the actual transaction amount for the nine months ended 30 September 2021, the estimated transaction amount for the year ending 31 December 2021 as well as the expected business needs of the Group for the remaining months of 2021 and the year 2022, the Board anticipates that the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement may not be sufficient to meet the needs of the Group. As such, the Board has resolved to revise the annual caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2022. Save for the revision of the aforesaid existing annual caps for the two years ending 31 December 2021 and 2022, all other terms and conditions as well as applicable annual caps of other ACC Transactions under the New ACC Framework Agreement remain unchanged. Please refer to the announcement of the Company dated 30 October 2019 and the circular of the Company dated 4 November 2019 for details.

LETTER FROM THE BOARD

Historical transaction amounts and the Existing Annual Caps

	For the year ended 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
	<i>(in millions of RMB)</i>		
Historical transaction amounts	7,685	6,689 (historical transaction amount for the nine months ended 30 September 2021)	-
Annual Caps approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 19 December 2019 in respect of the contracting operation income of the Bellyhold Space Business under the New ACC Framework Agreement	8,000	9,600	11,600

Revised Annual Cap

	For the year ending 31 December 2021	For the year ending 31 December 2022
	<i>(in millions of RMB)</i>	
Existing Annual Cap	9,600	11,600
Revised Annual Cap ^{Note}	11,000	14,000

Note: as disclosed above, the ACC Transactions contemplated under the New ACC Framework Agreement include the Bellyhold Space Business contracting operation and ground support services and other services. The annual caps for the amounts payable by ACC Group to the Group in terms of ground support services and other services remain unchanged. The abovementioned proposed revision of the Existing Annual Caps for the two years ending 31 December 2021 and 2022 will result in the annual caps of the total amounts payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2021 and 2022 being revised from RMB10,600 million and RMB12,700 million to RMB12,000 million and RMB15,100 million, respectively.

LETTER FROM THE BOARD

Basis for the proposed Revised Annual Caps

The Revised Annual Caps were determined based on arm's length negotiations between the Company and Air China Cargo with reference to, among others, the following factors:

- (a) the historical transaction amounts: for the year ended 31 December 2020 and from 1 January 2021 to 30 September 2021, the actual amounts paid by ACC Group to the Group in terms of contracting operation income of the Bellyhold Space Business were approximately RMB7,685 million and RMB6,689 million, respectively, representing approximately 96.1% and 69.7% of the existing annual cap for the year ended 31 December 2020 and ending 31 December 2021, respectively;
- (b) at the beginning of 2020, the pandemic struck, and the continuing extraordinary impact of the global pandemic led to a significant decline in the overall air transport capacity and reduction in the Company's investment of international passenger flights, and the transport capacity of bellyhold space of passenger aircraft in the aviation industry had been limited. The Company has contracted the operation of the Bellyhold Space Business to Air China Cargo, and Air China Cargo has adjusted the operation strategy of passenger aircraft cargo business so that the scope of the Bellyhold Space Business has been expanded to include "passenger aircraft converted for cargo operation" business, which has further increased the capacity input of unconventional passenger aircraft cargo business (mainly the "passenger aircraft converted for cargo operation"). For the years from 2021 to 2022, considering that the pandemic will continue which will lead to capacity constraints in neighboring countries, China will remain its strong export competitive advantage and substitution effect. The supply chain congestion across the shipping industry in 2021 had drove lack of capacity in the shipping industry, which is expected to lead rise in air cargo demand and the freight rate of air cargo will continue to rise significantly compared to pre-pandemic level. In addition, the transportation of medical supplies and vaccines will further increase the demand in the air cargo market. As such, Air China Cargo will actively seize the opportunities in the air cargo market and strive to improve the operating efficiency of passenger aircraft bellyhold space cargo business, which anticipates an increase in the transaction amount of the Bellyhold Space Business contracting operation contemplated under the New ACC Framework Agreement;
- (c) based on the actual amount paid by ACC Group to the Group in terms of the contracting operation income of the Bellyhold Space Business for the year ended 31 December 2020 and for the nine months ended 30 September 2021, the Company estimates that the transaction amount in terms of the contracting operation income of the Bellyhold Space Business for 2021 will amount to approximately RMB9,723 million after the allocation is made for the excess income. As such, by comparing the estimated transaction amount for the year 2021 with the actual amount paid by ACC Group to the Group in terms of

LETTER FROM THE BOARD

contracting operation income of the Bellyhold Space Business for the year 2020, a 27% growth rate has been reached. By taking into account a 10% buffer, it is expected that the amount to be paid by ACC Group to the Group in terms of the contracting operation income of the Bellyhold Space Business for the year 2021 will not exceed RMB11,000 million;

- (d) according to the 2020 Statistical Bulletin on the Development of the Civil Aviation Administration of China and the press release and statistics published by The International Air Transport Association in August and October 2021, aviation cargo business has reached its highest-record of approximately US\$128.2 billion in 2020 and the cargo demand for 2021 is expected to exceed pre-crisis (2019) levels by 8% and revenues are expected to rise to a record US\$175 billion. In addition, the global demand, measured in cargo tonne-kilometers, is expected to raise by 18% in 2021. As such, the Company assumes that the 27% growth rate in terms of the transaction amount derived from the Bellyhold Space Business contracting operation under the New ACC Framework Agreement will be maintained from 2021 to 2022. It is expected that the amount to be paid by ACC Group to the Group in terms of the contracting operation income of the Bellyhold Space Business for the year 2022 will not exceed RMB14,000 million.

As disclosed in the section headed the “Pricing policies for Bellyhold Space Business contracting operation” of this supplemental circular, the Company and Air China Cargo will allocate the excess income after the end of the financial year based on the difference between the Benchmark Income and the actual income of Air China Cargo for Bellyhold Space Business contracting operation. The final settlement price of the contracting operation income includes the Benchmark Income and the excess income, based on which the Company sets and monitors the relevant annual caps. It is the usual practice of the Company to book entry the contracting operation income of the Bellyhold Space Business for the current month within 15 days after the month end. The Company confirms that from 1 January 2021 to the Latest Practicable Date, the actual income in terms of contracting operation income of the Bellyhold Space Business did not exceed the Existing Annual Cap for the year 2021 (i.e. RMB9,600 million). However, since the actual cargo transport volume and the actual cargo freight rate may be higher than the Company’s estimation, the actual income of Air China Cargo for the Bellyhold Space Business contracting operation may be higher than the Company’s estimation, resulting in excess income of the Company in respect of the Bellyhold Space Business contracting operation. The Company’s proposal to revise the Existing Annual Cap for 2021 is based on the prudent principle to proactively manage and ensure the listing compliance of the Company. Considering the impact on the demand and freight rate of the cargo market brought by the significant uncertainty raised from the COVID-19 pandemic, the Company has therefore taken into account a 10% buffer when determining the proposed Revised Annual Cap for 2021.

LETTER FROM THE BOARD

Reasons for and benefits of the revision of the Existing Annual Caps

Contracting the passenger aircraft cargo business to Air China Cargo meets the Company's demand for professional passenger aircraft cargo operations, and encourages Air China Cargo to promote the steady development and growth of the Company's passenger aircraft cargo business by means of fair and reasonable pricing. By virtue of which, the Company will focus its resources on the operation and development of air passenger cargo business and enhance the operational capacity and competitiveness of the Company's core business of air passenger transportation.

The Company anticipates that the contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement may exceed the Existing Annual Caps in 2021 and 2022, in order to meet the Company's daily operation needs and future business development, the Company proposed to revise the Existing Annual Caps.

In view of the above, the Company proposed to revise annual caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2022 from RMB9,600 million and RMB11,600 million to RMB11,000 million and RMB14,000 million, respectively.

3. Parties and Connected Relationship between the Parties

The Company is principally engaged in providing air passenger, air cargo and related services.

Air China Cargo is a non-wholly owned subsidiary of CNAHC, a controlling Shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Air China Cargo is a limited liability company established under the laws of the PRC and is principally engaged in air cargo and mail transportation business.

CNAHC directly holds 40.98% of the Company's shares and holds 10.72% of the Company's shares through its wholly-owned subsidiary CNACG, and is a controlling shareholder of the Company. As at the Latest Practicable Date, The State-owned Assets Supervision and Administration Commission of the State Council is a controlling shareholder and de facto controller of CNAHC. CNAHC primarily operates all the state-owned assets and state-owned equity interests invested by the State in CNAHC and its invested entities, aircraft leasing and aviation equipment and facilities maintenance businesses.

LETTER FROM THE BOARD

4. Internal Control

The Company continues to monitor the historical transaction amounts and the estimated demand for continuing connected transactions. The Company has adopted the following internal control measures to ensure that the ACC Transactions will be conducted on normal commercial terms, and in accordance with the New ACC Framework Agreement and the pricing policies of the Group:

- Before entering into individual ACC Transactions, the Finance Department, the Legal Department, the Asset Management Department (which has a dedicated sub-division responsible for the management of connected transactions) and if applicable, certain other relevant departments of the Company will review the proposed terms for the individual ACC Transactions and discuss with the relevant departments of the Group to ensure that such transactions are conducted on normal commercial terms and in compliance with the pricing policies of the Group before these relevant departments approve the finalized transaction agreements according to their authority within the Group.
- The Asset Management Department of the Company is responsible for overseeing the connected transactions of the Company. The Asset Management Department will monitor and collect detailed information on the ACC Transactions on a regular basis, including but not limited to the implementation of pricing policies, contracting terms and actual transaction amount to ensure that the transactions are conducted in accordance with the framework agreement. In addition, the Asset Management Department is responsible for monitoring and reviewing the balance amount of the annual cap for the ACC Transactions on a monthly basis and if the annual cap for the ACC Transactions is expected to be exceeded for a particular year, it will report to the management and take appropriate measures in accordance with the relevant requirements of the Hong Kong Listing Rules and/or the Shanghai Listing Rules.
- The Company's Internal Audit Department is responsible for performing annual assessment on the internal control procedures of the Group, including but not limited to the relevant information on the management of continuing connected transactions. In addition, the Internal Audit Department is responsible for compiling the annual internal control assessment report and submitting the report to the Board for examination and approval.
- The senior management of the Company is responsible for supervising and monitoring the adoption of internal control procedures by the above-mentioned business departments, so as to ensure the implementation of pricing policies is in compliance with relevant framework agreements and the actual transaction amounts are controlled within annual caps. The senior management of the Company also reviews the implementation of pricing policies and the monitoring of annual caps annually.
- The independent auditor of the Company and the independent non-executive Directors will conduct an annual review on the continuing connected transactions of the Group.

LETTER FROM THE BOARD

The Company considers that the internal control procedures above could function as effective measures to regulate continuing connected transactions. The Company also provides accurate materials in relation to continuing connected transactions as always to facilitate the annual review conducted by the independent non-executive Directors and the independent auditors. Therefore, the Directors consider that the above internal control procedures could ensure the continuing connected transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

5. Hong Kong Listing Rules Implications

As the highest applicable percentage ratio in respect of the Revised Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement is, on an annual basis, higher than 5%, such transaction is therefore subject to the announcement, annual review, circular (including advice of independent financial adviser) and the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Annual Caps. BaoQiao Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised Annual Caps.

6. Shanghai Listing Rules Implications

Pursuant to the Shanghai Listing Rules, the Revised Annual Caps shall be approved or ratified by the Independent Shareholders at the extraordinary general meeting of the Company.

III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED AMENDMENTS TO THE RULES AND PROCEDURES OF SHAREHOLDERS' MEETINGS AND THE RULES AND PROCEDURES OF MEETINGS OF THE BOARD

Reference is made to the announcement of the Company dated 26 November 2021 in relation to the proposed amendments to the Articles of Association and to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board.

1. Proposed Amendments to the Articles of Association

According to the provisions and regulatory requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders' Meetings by Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and other laws and regulations and regulatory documents as well as the actual operational and management needs of the Company, the Board resolved on 26 November 2021 to propose to the Shareholders certain amendments to the Articles of Association.

LETTER FROM THE BOARD

The full text of the proposed amendments to the Articles of Association is set out in Appendix II to this supplemental circular.

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

2. Proposed Amendments to the Rules and Procedures of Shareholders' Meeting and the Rules and Procedures of Meeting of the Board

On 26 November 2021, the Board also resolved to propose to the Shareholders certain amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board, so as to, among others, align with the proposed amendments to the Articles of Association.

The full texts of the proposed amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board are set out in Appendices III and IV to this supplemental circular, respectively.

The proposed amendments to the Rules and Procedures of Shareholders' Meetings and the Rules and Procedures of Meetings of the Board are subject to approval by the Shareholders by way of special resolutions at the EGM.

IV. EGM

The Company will convene the EGM at 9:00 a.m. on Thursday, 30 December 2021 at The Conference Room C713, No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC. Votes on the resolutions to be considered at the EGM shall be taken by way of poll. The supplemental notice of the EGM is set out in Appendix V to this supplemental circular.

Whether or not you are able to attend the EGM, please complete and return the Revised Proxy Form in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the Revised Proxy Form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 14A.36 of the Hong Kong Listing Rules, any Shareholder with a material interest in the proposed revision of the Existing Annual Caps is required to abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, CNAHC, the controlling shareholder of the Company, held 51% equity interest in Air China Cargo. CNACG, a substantial shareholder of the Company, is a wholly-owned subsidiary of CNAHC. In addition, Cathay Pacific is a substantial shareholder of the Company and Air China Cargo. Therefore, CNAHC, CNACG, Cathay Pacific and their respective associates are required to abstain from voting on the resolution in respect of the proposed revision of the Existing Annual Caps. As at the Latest Practicable Date, CNAHC and CNACG held an aggregate of 7,508,571,617 shares of the Company (representing approximately 51.70% of the issued share capital of the Company), and controlled or were entitled to control over the voting right in respect of their shares in the Company. Cathay Pacific and its associates held an aggregate of 2,633,725,455 shares of the Company (representing

LETTER FROM THE BOARD

approximately 18.13% of the issued share capital of the Company), and controlled or were entitled to control over the voting right in respect of their shares in the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed above, no Shareholder has a material interest in the resolution in respect of the proposed revision of the Existing Annual Caps or should be required to abstain from voting on the relevant resolution at the EGM.

V. RECOMMENDATIONS OF THE BOARD

The Directors consider that the proposed revision of the Existing Annual Caps is on normal commercial terms or better, and is entered into in the ordinary and usual course of business of the Group, and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the resolution in relation to the proposed revision of the Existing Annual Caps at the EGM.

Mr. Song Zhiyong, Mr. Ma Chongxian, Mr. Feng Gang, Mr. Xue Yasong and Mr. Patrick Healy are considered to have a material interest in the proposed revision of the Existing Annual Caps and therefore have abstained from voting in the relevant Board resolution. Except for the above Directors, none of the Directors has a material interest in the aforesaid proposed revision of the Existing Annual Caps or is required to abstain from voting on the relevant Board resolution.

The Board considers that other resolutions to be proposed to the Shareholders for consideration and approval at the EGM are in the best interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of such resolutions at the EGM.

VI. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 15 to 16 of this supplemental circular which contains the Independent Board Committee's recommendation to the Independent Shareholders as to the voting at the EGM in relation to the Revised Annual Caps for the ACC Transactions contemplated under the New ACC Framework Agreement.

Your attention is also drawn to the letter from the Independent Financial Adviser as set out on pages 17 to 26 of this supplemental circular which contains, among other things, the Independent Financial Adviser's advice to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps under the New ACC Framework Agreement.

Your attention is also drawn to the additional information set out in Appendices to this supplemental circular.

By Order of the Board
Song Zhiyong
Chairman

Beijing, the PRC



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)

Independent Board Committee:

Mr. Duan Hongyi

Mr. Hui Hon-chung, Stanley

Mr. Li Dajin

14 December 2021

To the Independent Shareholders of the Company:

**PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

We refer to the supplemental circular dated 14 December 2021 issued by the Company to its Shareholders (the “**Supplemental Circular**”) of which this letter forms part. Terms defined in the Supplemental Circular shall have the same meanings in this letter unless the context otherwise requires.

On 10 December 2021, the Board approved the revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2021 and 2022 as set out in the Supplemental Circular. The aforementioned transaction is subject to the announcement, annual review, circular (including advice of independent financial adviser) and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The terms and the reasons for the revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group under the New ACC Framework Agreement are summarised in the Letter from the Board set out on pages 4 to 14 of the Supplemental Circular.

The Independent Board Committee was formed to make a recommendation to the Independent Shareholders as to whether the revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group under the New ACC Framework Agreement and the Revised Annual Caps are fair and reasonable and whether such transactions are in the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

interest of the Company and the Shareholders as a whole. BaoQiao Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for the revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group under the New ACC Framework Agreement and the proposed Revised Annual Caps and the basis upon which the Revised Annual Caps have been determined. We have also considered the key factors taken into account by BaoQiao Partners in arriving at its opinion regarding the above mentioned transactions and the Revised Annual Caps as set out in the Letter from the Independent Financial Adviser on pages 17 to 26 of the Supplemental Circular, which we urge you to read carefully.

The Independent Board Committee, after taking into account, among other things, the advice of BaoQiao Partners, considers that the proposed revision of the Existing Annual Caps is on normal commercial terms or better, and is entered into in the ordinary and usual course of business of the Group, and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the relevant ordinary resolutions as set out in the supplemental notice of the EGM.

Yours faithfully,

Independent Board Committee

Duan Hongyi

*Independent non-executive
Director*

Hui Hon-chung, Stanley

*Independent non-executive
Director*

Li Dajin

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this Supplemental Circular.



BAOQIAO PARTNERS CAPITAL LIMITED

Unit 2803-2805, 28/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

14 December 2021

To the Independent Board Committee and the Independent Shareholders of Air China Limited

Dear Sir or Madam,

REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the supplemental circular issued by the Company to the Shareholders dated 14 December 2021 (the “**Supplemental Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Supplemental Circular unless the context otherwise requires.

As set out in the Announcement dated 10 December 2021, the Company will put forward, for the Shareholders’ considerations and approval, the resolutions at the EGM, in relation to, among other things, the proposed revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement.

The Revised Annual Caps only increase the annual caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2022 and all other terms and conditions as well as applicable annual caps of other ACC Transactions under the New ACC Framework Agreement remain unchanged (including but not limited to the main content of the transactions and the basis of pricing).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Air China Cargo is a non-wholly owned subsidiary of CNAHC, a controlling Shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules.

With reference to the Letter from the Board, as the highest applicable percentage ratio in respect of the Revised Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement is, on an annual basis, higher than 5%, such transaction is therefore subject to the announcement, annual review, circular (including advice of independent financial adviser) and the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Revised Annual Caps. We, BaoQiao Partners has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised Annual Caps.

OUR INDEPENDENCE

In the last two years, prior to the Latest Practicable Date, BaoQiao Partners was appointed as the independent financial adviser by the Company to advise the Board in respect of the opinion required pursuant to Rule 14A.52 of the Hong Kong Listing Rules, details of which were stated in the announcement and circular of the Company dated 29 October 2021 and 12 November 2021 respectively.

As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Group, Air China Cargo, CNAHC, CNACG, Cathay Pacific and their respective associates that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence as defined under Rule 13.84 of the Hong Kong Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (collectively, the "Management"). We have reviewed, among others, the annual report (the "2020 Annual Report") of the Company for the year ended 31 December 2020 ("FY2020"), the interim report of the Company (the "2021 Interim Report") for the six months ended 30 June 2021 ("HY2021"), the New ACC Framework Agreement, certain corporate and financial information of the Group and ACC Group, and the information set out in the Announcement and the Supplemental Circular. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and representations made by the Management in the Circular and/or discussed with/

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

provided to us were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Management, which have been provided to us.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Group in the Supplemental Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Supplemental Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts not contained in the Supplemental Circular, the omission of which would make any statement in the Supplemental Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs, financial condition and future prospects of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the revision of the Existing Annual Caps under the New ACC Framework Agreement. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the facts, information, representations and opinions made available to us, at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of approving the Revised Annual Caps, and this letter, except for its inclusion in the Supplemental Circular and for publication on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.airchina.com.cn) as required under the Hong Kong Listing Rules, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps, we have taken into consideration the following factors and reasons:

1. Background Information of the Parties

Information on the Company and Group

The Company is incorporated in the People's Republic of China with limited liability, the Shares of which have been listed on the Main Board of the Hong Kong Stock Exchange since 15 December 2004. As disclosed in the 2020 Annual Report, the Group is principally engaged in the provision of airline and airline related services, including aircraft engineering services and airport ground handling services.

According to the 2020 Annual Report, the Group reported a revenue of approximately RMB69,504 million, representing a year-on-year decrease of approximately 49%, due mainly to the drastic decrease in air traffic demand, in particular, the air passenger traffic in the midst of COVID-

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

19 pandemic as advised by the Management. For FY2020, the income from air passenger operation decreased by approximately 55.2% to approximately RMB55,727 million, while the income from air cargo business, which served an important role as the Group's revenue source in the economic downturn of the global airline industry, increased by approximately 49.2% to approximately RMB8,553 million. The loss attributable to equity shareholders of the Company amounted to approximately RMB14,403 million for FY2020 as compared to profit of approximately RMB6,420 million for the year ended 31 December 2019.

Since the beginning of 2021, airline industry is recovering gradually from COVID-19. For HY2021, the Group reported an increase in revenue from approximately RMB29,646 million for the six months ended 30 June 2020 ("**HY2020**") to approximately RMB37,664 million for HY2021 and a reduction in loss attributable to equity shareholders of the Company to approximately RMB6,781 million HY2021 as compared to approximately RMB9,440 million for HY2020. The air cargo business continued to grow with revenue increased from approximately RMB4,191 million for HY2020 to approximately RMB4,575 million for HY2021.

As disclosed in 2021 Interim Report, the Group recorded a total of 860,260 block hours for HY2021, with an increase of approximately 39.4% as compared with HY2020. In addition, the volume of cargo and mail carried amounted to 600,504 tonnes for HY2021, which represented an increase of approximately 33.2% as compared with HY2020.

During FY2020 and HY2021, the Group introduced 14 and 23 aircraft and phased out 6 and 1 aircraft respectively. As at 30 June 2021, the Group operated a fleet of 729 aircraft in total, with an average age of 7.97 years, of which the Company operated a fleet of 453 aircraft with an average age of 8.18 years.

Information on ACC

Based on the information from the website of Air China Cargo, Air China Cargo was found in December 2003. Headquartered in Beijing, ACC takes Shanghai as its main long haul air freighter operation base and is primarily engaged in air cargo and mail transportation. ACC currently operates a fleet of 15 aircraft with an average age of 12 years.

As at the Latest Practicable Date, Air China Cargo is a non-wholly owned subsidiary of CNAHC, a controlling Shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Air China Cargo is a limited liability company established under the laws of the PRC and is principally engaged in air cargo and mail transportation business.

CNAHC directly holds 40.98% of the Company's shares and holds 10.72% of the Company's shares through its wholly-owned subsidiary CNACG, and is a controlling shareholder of the Company. As at the Latest Practicable Date, The State-owned Assets Supervision and Administration Commission of the State Council is a controlling shareholder and de facto controller of CNAHC. CNAHC primarily operates all the state-owned assets and state-owned equity interests invested by the State in CNAHC and its invested entities, aircraft leasing and aviation equipment and facilities maintenance businesses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background Information of the New ACC Framework Agreement and the operation of the Bellyhold Space Business

Reference is made to the announcement and the circular of the Company dated 30 October 2019 and 4 November 2019 respectively in relation to, among others, the New ACC Framework Agreement entered into between the Company and Air China Cargo on 30 October 2019 in respect of the ACC Transactions.

On 30 October 2019, the Company, among other things, entered into the New ACC Framework Agreement with Air China Cargo in respect of the ACC transactions. The New ACC Framework Agreement and the relevant annual caps for the three years ending 31 December 2022 were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 19 December 2019.

The ACC Transactions contemplated under the New ACC Framework Agreement include Bellyhold Space Business contracting operation and ground support services and other services.

In respect of the Bellyhold Space Business contracting operation, the Company has contracted the operation of all Bellyhold Space Business to Air China Cargo. Air China Cargo shall undertake the overall responsibilities for transporting the cargos as the contracting carrier to the consignors with respect to the cargos which are transported through the bellyhold spaces of passenger aircraft (the “**Bellyhold Services**”).

3. Reasons for and Benefits of the Revision the Annual Caps

As advised by the Management, the Company has developed its cooperation relationship with Air China Cargo in relation to the air cargo business since 2003. Air China Cargo is equipped with the level of qualification and experience required and such continuing relationship between the Company and Air China Cargo would allow the Company to focus its resources and enhance its operational capacity and competitiveness of the Company’s core business of air passenger transportation while being able to engage the support of Air China Cargo to facilitate the business growth of the air cargo business, including the Bellyhold Space Business.

With reference to the Letter from the Board, the Company anticipates that the contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement will exceed the Existing Annual Caps in 2021 and 2022 and the Company proposed to revise the annual caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement for the two years ending 31 December 2022 from RMB9,600 million and RMB11,600 million to RMB11,000 million and RMB14,000 million, respectively.

Save for the proposed Revised Annual Caps for the two years ending 31 December 2021 and 2022, all other terms and conditions (including but not limited to the main content of the transactions and the basis of pricing, details of the pricing policies for Bellyhold Space Business contracting income are set out in the paragraph headed “Pricing policies for Bellyhold Space Business contracting operation” in the Letter from the Board) as well as applicable annual caps of other ACC Transactions under the New ACC Framework Agreement remain unchanged. Please refer to the announcement of the Company dated 30 October 2019 and the circular of the Company dated 4 November 2019 for details.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Overview of the Airline Industry

According to the press release of International Air Transport Association (“IATA”) in August 2021, the airline industry has experienced its sharpest traffic decline in the aviation history in 2020. The global air passenger traffic significantly declined to 1.8 billion trips, representing a decrease of 60.2% as compared to 4.5 billion trips at pre-COVID-19 crisis level in 2019. Industry wide air travel demand (calculated by revenue passenger kilometres (“RPK”)) dropped by 65.9% year-on-year and the total industry passenger revenues fell by 69% to US\$189 billion in 2020. China also witnessed significant decline in demand for air transport in 2020. According to the 2020 Statistical Bulletin (the “CAAC Bulletin”) on the Development of the Civil Aviation Industry published by the Civil Aviation Administration of China (“CAAC”), the transport turnover of the PRC’s civil aviation market dropped by 38.3% to 79.85 billion tonnes and the passenger volume decreased by 36.7% to 417.78 million year-on-year.

On the other hand, the impact of COVID-19 on cargo transportation was relatively mild and the global demand in 2020 (measured by cargo tonne-kilometres (CTK)) was 10.6% below 2019 level. In China, the cargo volume shrank by 10.2% in 2020 according to the CAAC Bulletin. We noted that air cargo became a vital source of revenues when passenger flights ground to a halt in 2020. Based on the data released by IATA in October 2021, income from the aviation cargo business has reached its highest-record of US\$128.8 billion in 2020 and the cargo demand for 2021 is expected to exceed pre-crisis (2019) levels by 8% and revenues are expected to rise to a record US\$175 billion, while the estimated growth is determinant on the factors in global trade demands and recovery status from COVID-19.

In addition, since the beginning of 2021, the global aviation and travel industry has shown a recovery trend in terms of traffic volume, both passenger (measured by RPK) and cargo (measured by CTK) growth are expected to increase by 18% in 2021. China’s airline industry has also demonstrated restorative growth in 2021. With reference to the monthly statistics for August 2021 released by CAAC in October 2021, the total traffic volume for the eight months ended 31 August 2021 has reached 60 billion tonnes, representing an increase of 29.1% as compared to the same period last year and the cargo volume also increased by 18.2% as compared to the same eight-month period ended 31 August 2021.

According to the semi-annual report of IATA published on 4 October 2021, the industry expectation for both air passengers travel and cargo demand are optimistic and cargo volumes, which are already above pre-crisis level are expected to be strong in 2022 and increase further on the back of capacity movements as passengers picks up.

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5. Proposed Revised Annual Caps

The table below sets forth (i) the historical transaction amounts of the Bellyhold Services provided by Air China Cargo to the Group for the year ended 31 December 2020 and the nine months ended 30 September 2021 together with the Existing Annual Caps for the three years ending 31 December 2022; and (ii) the Revised Annual Caps for the two years ending 31 December 2022:

	For the year ended 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
		<i>(in millions of RMB)</i>	
Historical transaction amounts	7,685	6,689 <i>(historical transaction amount for the first nine months ended 30 September 2021)</i>	–
Existing Annual Cap	8,000	9,600	11,600
Utilisation rate ^{Note}	96.1%	69.7%	N/A

Revised Annual Cap

	For the year ending 31 December 2021	For the year ending 31 December 2022
	<i>(in millions of RMB)</i>	
Existing Annual Cap	9,600	11,600
Revised Annual Cap	11,000	14,000

Note: The utilisation rate is calculated as the actual transaction amount of Bellyhold Services divided by the Existing Annual Cap for the respective year.

Basis for Determining the Revised Annual Caps

The basis for determining the Revised Annual Caps are set out in the section headed “Revised Annual Caps and Basis of Determination” in the Letter from the Board.

As disclosed in the paragraph headed the “Pricing policies for Bellyhold Space Business contracting operation” in the Letter from the Board, the Company and Air China Cargo will allocate the excess income (the “**Excess Income**”) after the end of the financial year based on the difference between the Benchmark Income and the actual income of Air China Cargo for Bellyhold Space Business contracting operation. The final settlement price of the contracting operation income includes the Benchmark Income and the Excess Income, based on which the Company sets and monitors the relevant annual caps. Since the actual cargo transport volume and the actual cargo freight rate may be higher than the Company’s estimation, the actual income of Air China Cargo for the Bellyhold Space Business contracting operation may be higher than the Company’s estimation,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

resulting in Excess Income of the Company in respect of the Bellyhold Space Business contraction operation. The Company's proposal to revise the Existing Annual Cap for 2021 is based on the prudent principle to proactively manage and ensure the listing compliance of the Company.

With reference to the Letter from the Board and based on the information provided by the Company, we observed that the actual amount of the Bellyhold Services income under the New ACC Framework Agreement amounted to approximately RMB7,685 million and approximately RMB6,689 million, representing a utilisation rate of approximately 96.1% and approximately 69.7% for the year ended 31 December 2020 and the nine months ended 30 September 2021, respectively. Based on the information provided by the Management, the Company estimates that the transaction amount in terms of contracting operation income of the Bellyhold Space Business will grow in faster pace for the last three months ending 31 December 2021 and will amount to approximately RMB9,723 million for 2021 after the allocation is made for the Excess Income (representing an estimated growth of 27% as compared with the actual transaction amount of 2020) and exceeding the Existing Annual Cap of RMB9,600 million for the year ending 31 December 2021. By taking into account a 10% buffer, it is expected that the amount to be paid by ACC Group to the Group in terms of contracting operation income of the Bellyhold Space Business for the year ending 31 December 2021 will not exceed RMB11,000 million.

In respect of the Revised Annual Cap for the year ending 31 December 2022, the Company assumes that the 27% growth rate will be maintained from 2021 to 2022. It is expected that the amount to be paid by ACC Group to the Group in terms of contracting operation income of the Bellyhold Space Business for the year ending 31 December 2022 will not exceed RMB14,000 million.

Upon our review on the information provided the Company and based on our independent research, we noted the followings:

- (i) the continuing growth in the Group's air cargo business in 2020 and 2021 as discussed in the section headed "1. Background Information of the Parties" in this letter;
- (ii) the utilisation rate of the Bellyhold Services is growing and almost reached 100% for FY2020;
- (iii) the ongoing air cargo market demand of transportation of medical supplies and vaccines for pandemic prevention and control as well as the expected increase in demand of air cargo and transport turnover in light of end-of the-year peak season ahead of year-end retails events such as Single's Day, Black Friday and Cyber Monday, Christmas for the last three months of the year ending 31 December 2021;
- (iv) the actual annual contracting income of Bellyhold Services is expected to be higher than the Company's original estimation and exceed the Existing Annual Cap for the year ending 31 December 2021 (after the allocation is made for the Excess Income), in particular, we note that the actual accumulated transaction amounts for the nine-month period ended 30 September 2021 and ten-month period ended 31 October 2021 grew at 18% and 16% respectively month-on-month basis;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) as disclosed in the Letter from the Board and the 2021 Interim Report, in light of the significant decline in the overall air transport capacity and reduction in the investment of international passenger flights as a result of the outbreak of COVID-19 pandemic, the scope of the Bellyhold Space Business has been expanded to include “passenger aircraft converted for cargo operation” business, which has further increased the capacity input of unconventional passenger aircraft cargo business;
- (vi) considering the increase in demand of air cargo and transport turnover and the significant growth of the Group’s yield per RFTK (revenue freight tonne kilometres), which based on our review of the 2020 Annual Report, doubled from RMB1.1995 for the year ended 31 December 2019 to RMB2.4040 for FY2020 and the Management expects that the yield per kilometre will continue to maintain at a higher level as compared to pre-pandemic level in 2019; and
- (vii) the prospects of the aviation and travel industry in the PRC and worldwide as supported by the statistics published by IATA and CAAC as discussed in the section headed “4. Overview of the Airline Industry” in this letter, where the air cargo business has recovered above the pre COVID-19 level and is expected to be strong in 2022,

Therefore, we concur with the Management that the bases adopted by the Company in determining the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

6. Internal Control

The Company has also adopted the measures as set out under the section headed “Internal Control Measures” in the Letter from the Board for monitoring the ACC Transactions and to ensure that the ACC Transactions will be conducted on normal commercial terms and in accordance with the New ACC Framework Agreement and the pricing policies of the Group.

Upon our enquiry, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the values of the ACC Transactions must be restricted by the applicable annual caps for the period concerned under the New ACC Framework Agreement; (ii) the terms of the ACC Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the ACC Transactions must be included in the Company’s subsequent published annual reports and financial accounts.

Furthermore, it is also required by the Hong Kong Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the ACC Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the applicable annual caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also reviewed the 2020 Annual Report and note that the Company has implemented the abovementioned procedures. Given the above stipulated requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we concur with the view of the Directors that the Company has internal control in place to monitor the ACC Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the proposed revision of Existing Annual Caps is conducted in the ordinary and usual course of business of the Company, on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Revised Annual Caps and we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) in this regard.

Yours faithfully,

For and on behalf of

BaoQiao Partners Capital Limited

Monica Lin

Irene Poon

Managing Director Executive Director

Ms. Monica Lin is a responsible person registered under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for BaoQiao Partners Capital Limited and has over 20 years of experience in corporate finance industry.

Ms. Irene Poon is a responsible person registered under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for BaoQiao Partners Capital Limited and has over 20 years of experience in the accounting and corporate financial services industry.

1. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Hong Kong Stock Exchange pursuant to the SFO, or were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notifiable to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at the Latest Practicable Date, none of the Directors or Supervisors has any direct or indirect interest in any assets which have been, since 31 December 2020 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this supplemental circular and which is significant in relation to the business of the Group.

Mr. Patrick Healy is a non-executive Director of the Company and is concurrently the chairman of the board of directors and an executive director of Cathay Pacific. Cathay Pacific is a substantial shareholder of the Company, holding 2,633,725,455 H Shares as at the Latest Practicable Date. Mr. Song Zhiyong, the chairman of the Company and an executive Director, and Mr. Ma Chongxian, an executive Director, are concurrently non-executive directors of Cathay Pacific. Cathay Pacific competes or is likely to compete either directly or indirectly with some aspects of the business of the Company as it operates airline services to certain destinations which are also served by the Company.

Save as mentioned above, as at the Latest Practicable Date, none of the Directors or Supervisors and their respective close associates (as defined under the Hong Kong Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules as if each of them was a controlling shareholder of the Company.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

The followings are the particulars of Directors' and Supervisors' employment with substantial Shareholders as at the Latest Practicable Date:

Directors

Mr. Song Zhiyong, the chairman of the Board, an executive Director and the Secretary of the Communist Party Committee of the Company, serves as the chairman and the Secretary of the Communist Party Group of CNAHC and a non-executive director and the vice chairman of the board of directors of Cathay Pacific.

Mr. Ma Chongxian, an executive Director, the president and the Deputy Secretary of the Communist Party Committee of the Company, serves as a director, the general manager and the Deputy Secretary of the Communist Party Group of CNAHC. He is also a non-executive director of Cathay Pacific.

Mr. Feng Gang, a non-executive Director and the Deputy Secretary of the Communist Party Committee of the Company, serves as a director and the Deputy Secretary of the Communist Party Group of CNAHC.

Mr. Patrick Healy, a non-executive Director of the Company, is the chairman of the board of directors and an executive director of Cathay Pacific.

Mr. Xue Yasong, a non-executive Director and the chairman of the labour union of the Company, serves as an employee representative director and the chairman of the labour union of CNAHC.

Supervisors

Mr. Zhao Xiaohang, a Supervisor of the Company, serves as the vice general manager and a member of the Communist Party Group of CNAHC, the chairman of CNACG and a non-executive director of Cathay Pacific.

Mr. He Chaofan, a Supervisor of the Company, serves as a director, the president and a member of the Party Committee of CNACG.

5. MATERIAL ADVERSE CHANGE

Other than the impact brought by the sporadic outbreak of the pandemic, the Directors confirm that as at the Latest Practicable Date, there has been no material adverse change in the Group's financial or trading position since 31 December 2020, being the date to which the latest published audited financial statements of the Group have been made up.

6. EXPERT

The following is the qualifications of the expert who has given its opinions or advices, which are contained in this supplemental circular:

Name	Qualification
BaoQiao Partners	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- a. As at the Latest Practicable Date, BaoQiao Partners did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020 (the date to which the latest published audited financial statements of the Group were made up);
- b. As at the Latest Practicable Date, BaoQiao Partners was not beneficially interested in the share capital of any member of the Group and had no right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- c. BaoQiao Partners has given and has not withdrawn its written consent to the issue of this supplemental circular with inclusion of its letter and opinion and the references to its name included herein in the form and context in which they respectively appear.

7. MISCELLANEOUS

- a. The joint company secretaries of the Company are Mr. Huang Bin and Mr. Huen Ho Yin. Mr. Huen Ho Yin is a practicing solicitor of the High Court of Hong Kong.
- b. The registered address of the Company is at 1st Floor – 9th Floor 101, Building 1, 30 Tianzhu Road, Shunyi District, Beijing, the PRC. The head office of the Company is at No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC.
- c. The H share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.airchina.com.cn) for a period of 14 days from the date of this supplemental circular:

- a. the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 15 to 16 of this supplemental circular;
- b. the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 26 of this supplemental circular;
- c. the consent letter issued by the expert referred to in this supplemental circular, and
- d. this supplemental circular.

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

Existing Articles	Proposed Revised Articles
<p>Article 3 The Company’s address: Basement 1-101 9th Floor, Building 1, 30 Tianzhu Road, Shunyi District, Beijing, China.</p>	<p>Article 3 The Company’s address: Basement 1-401-1st Floor-9th Floor <u>101</u>, Building 1, 30 Tianzhu Road, Shunyi District, Beijing, China.</p>
<p>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.</p>	<p>Article 8 The Articles of Association are binding on the Company and its shareholders, <u>members of the Party Committee</u>, 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.</p>
<p>Article 11 According to the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China. The Party Committee shall perform the core leading and political functions, control the directions, manage the situation and ensure the implementation. The Company shall set up the working organs of the Party, which shall be equipped with sufficient personnel to handle Party affairs and provided with sufficient funds to operate the Party organization.</p>	<p>Article 11 According to the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China <u>to carry out the activities of the Party, establish a working organ for the Party.</u>The Party Committee shall perform the core leading and political functions, control the directions, manage the situation and ensure the implementation. The Company shall set up the working organs of the Party, which shall be equipped with <u>allocate</u> sufficient <u>and competent</u> personnel to handle Party affairs and provided with sufficient funds to operate the Party organization.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 29 The Company may, in accordance with the procedures set out in the Company’s Articles of Association and with the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:</p> <p>(1) cancellation of shares for the purposes of reducing its capital;</p> <p>(2) merging with another company that holds shares in the Company;</p> <p>(3) granting shares as an incentive to the employees of the Company;</p> <p>(4) acquiring as requested the shares of shareholders who vote against any resolution on the merger or demerger of the Company adopted at a shareholders’ general meeting;</p> <p>(5) other circumstances permitted by laws and administrative regulations.</p> <p>The Company’s repurchase of its issued shares shall comply with the provisions of Article 30 to Article 33 of the Articles of Association.</p>	<p>Article 29 The Company may, in accordance with the procedures set out in the Company’s Articles of Association and with the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:</p> <p>(1) cancellation of shares for the purposes of reducing its <u>registered</u> capital;</p> <p>(2) merging with another company that holds shares in the Company;</p> <p>(3) granting using the shares <u>for the employee share ownership plan or as share incentive as an incentive to the employees of the Company;</u></p> <p>(4) acquiring as requested the shares of shareholders who vote against any resolution on the merger or demerger of the Company adopted at a shareholders’ general meeting;</p> <p><u>(5) using the shares for the conversion of the corporate bonds issued by the listed company which are convertible into shares;</u></p> <p><u>(6) necessary for safeguarding the value of the Company and the shareholders’ interests;</u></p> <p>(7)(5) other circumstances permitted by laws and administrative regulations.</p> <p><u>Save as the aforesaid circumstances, the Company shall not conduct activities of dealing in its shares.</u></p> <p>The Company’s repurchase of its issued shares shall comply with the provisions of Article 30 to Article 33 of the Articles of Association.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 30 The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:</p> <p>(1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;</p> <p>(2) by repurchasing shares through public dealing on a stock exchange;</p> <p>(3) by repurchasing shares outside of the stock exchange by means of an agreement;</p> <p>(4) by any other mean which is permitted by law and administrative regulations and by the authority in charge of securities of the State Council.</p>	<p>Article 30 The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:</p> <p>(1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;</p> <p>(2) by repurchasing shares through public dealing on a stock exchange;</p> <p>(3) by repurchasing shares outside of the stock exchange by means of an agreement;</p> <p>(4) by any other mean which is permitted by law and administrative regulations and by the authority in charge of securities of the State Council.</p> <p><u>The repurchase of the shares of the Company arising from the circumstances provided under items (3), (5) and (6) of the first paragraph of Article 29 of these Articles of Association shall be carried out by way of open and centralized trading.</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 32 Shares which have been lawfully repurchased by the Company shall be cancelled or transferred within the period prescribed by law, administrative regulation and the relevant Listing Rules, and, in the case of cancellation of shares, the Company shall apply to the original companies registration authority for registration of the change in its registered capital.</p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company’s registered share capital.</p>	<p>Article 32 Shares which have been lawfully repurchased by the Company shall be cancelled or transferred within the period prescribed by law, administrative regulation and the relevant Listing Rules, and, in the case of cancellation of shares, the Company shall apply to the original companies registration authority for registration of the change in its registered capital. <u>The purchase of the shares of the Company arising from the circumstances provided under items (1) and (2) of the first paragraph of Article 29 of the Articles of Association shall be made by the resolution of the shareholders’ general meeting; the purchase of the shares of the Company arising from the circumstances provided under items (3), (5) and (6) of the first paragraph of Article 29 of the Articles of Association may be made by the resolutions of the board of directors in a board meeting where more than two-thirds (2/3) of directors are present under the provisions of the Articles of Association or the authorization granted at the shareholders’ general meeting.</u></p> <p><u>After the purchase of the shares of the Company according to the provision of Article 29, the shares shall be cancelled within 10 days from the date of purchase under the circumstance of the item (1) of the first paragraph; the shares shall be transferred or cancelled within 6 months under the circumstances of items (2) and (4) of the first paragraph; the total number of shares then held by the Company shall not exceed ten percent of the total number of its issued shares and the shares so purchased shall be transferred or cancelled within 3 years under the circumstances of items (3), (5) and (6) of the first paragraph.</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
	<p><u>If it is otherwise provided for the repurchase and cancellation of shares under the relevant rules of the regulatory authorities and stock exchanges of the jurisdictions where the shares of the Company are listed, such requirements shall prevail.</u></p> <p>The aggregate par value of the cancelled shares shall be deducted from the Company’s registered share capital.</p>
<p>Article 39 Share certificates of the Company shall be signed by the legal representative of the Company’s board of directors. Where the stock exchange(s) on which the Company’s shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being affixed with the seal of the Company (including the seal of the Company especially for securities). The share certificate shall be affixed with the seal of the Company or the seal of the Company especially for securities under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be in printed form.</p>	<p>Article 39 Share certificates of the Company shall be signed by the legal representative of the Company’s board of directors. Where the stock exchange(s) on which the Company’s shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being affixed with the seal of the Company (including the seal of the Company especially for securities). The share certificate shall be affixed with the seal of the Company or the seal of the Company especially for securities under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be in printed form. <u>Subject to the conditions of paperless offering and trading of the shares of the Company, the laws and rules otherwise provided by the regulatory authorities of the jurisdictions where the shares of the Company are listed are applicable.</u></p>
<p>Article 48 No change may be made in the register of shareholders as a result of a transfer of shares within thirty (30) days prior to the date of a shareholders’ general meeting or within five (5) days before the record date for the Company’s distribution of dividends. The aforementioned regulation applies to holders of H Shares.</p>	<p>Article 48 No change may be made in the register of shareholders as a result of a transfer of shares within thirty (30) days prior to the date of a shareholders’ general meeting or within five (5) days before the record date for the Company’s distribution of dividends. The aforementioned regulation applies to holders of H Shares.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
	<p><u>Where provisions of laws, administrative regulations, other directives and the relevant stock exchanges or regulatory authorities of the jurisdictions where the shares of the Company are listed governing the period of closure of register of members before convening the shareholders’ general meeting or the record date for determining the distribution of dividends of the Company, such requirements shall prevail.</u></p>
<p>Article 66 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.</p> <p>The Company shall facilitate the shareholders participating in the shareholders’ general meetings through all practicable manners and means and priority shall be given to 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.</p> <p>.....</p>	<p>Article 66 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 6 months from the end of the preceding financial year. Meeting venues shall be fixed for the shareholders’ general meetings, and the shareholders’ general meetings shall be convened in the on-site conference mode. <u>The Company also provides the online voting manner for the convenience of shareholders in attending their general meetings.</u></p> <p>The Company shall <u>may</u> facilitate the shareholders participating in the shareholders’ general meetings through all practicable manners <u>by providing other manners</u> and means <u>to participate in the shareholders’ general meetings</u> and priority shall be given to 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 <u>in</u> the aforesaid <u>manners and means</u> forms.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 67 When the Company convenes a shareholders’ general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting to notify all of the shareholders whose names appear on the share register of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty (20) days before the date of the meeting.</p>	<p>Article 67 <u>Where the Company convenes an annual general meeting, a written notice of the meeting shall be given to the shareholders entitled to attend this general meeting 20 days prior to the date of the meeting. Where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given to the shareholders entitled to attend this general meeting 15 days prior to the date of the meeting.</u></p> <p><u>If it is otherwise provided in the laws, administrative regulations, departmental rules and the securities regulatory authorities or stock exchanges in the jurisdictions where the shares of the Company are listed, such requirements shall prevail.</u></p> <p>When the Company convenes a shareholders’ general meeting, written notice of the meeting shall be given forty five (45) days before the date of the meeting to notify all of the shareholders whose names appear on the share register of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty (20) days before the date of the meeting.</p>
<p>Article 69 The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders’ general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one- half of the Company’s total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, further notify the shareholders by way of public announcement the matters to be</p>	<p>Article 69 The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders’ general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one half of the Company’s total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, further notify the shareholders by way of public announcement the matters to be</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.</p>	<p>considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.</p>
<p>Article 73 Notice of shareholders’ general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders.</p> <p>For the holders of A shares, notice of the meetings may be issued by way of public announcement. Such public announcement shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, all holders of A shares shall be deemed to have received the notice of the relevant shareholders’ meeting.</p> <p>For holders of Overseas-Listed Foreign Shares, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed, the notice of shareholders’ general meeting may also be issued by other means as specified in Article 231 herein.</p>	<p>Article 73Article 72 Notice of shareholders’ general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders.</p> <p>For the holders of A shares, notice of the meetings may be issued by way of public announcement. Such public announcement shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, all holders of A shares shall be deemed to have received the notice of the relevant shareholders’ meeting.</p> <p>For holders of Overseas-Listed Foreign Shares, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed, the notice of shareholders’ general meeting may also be issued by other means as specified in Article 231 herein.</p>
<p>Article 106 The Company shall establish the Party Committee. The Party Committee is comprised of one secretary and several other members. The positions of Chairman and the secretary of the Party Committee shall be assumed by the same person in principle, and a full-time deputy secretary of the Party Committee shall be appointed to take charge of the Party building work. Eligible members of the Party Committee are entitled to be admitted to the board of directors, the supervisory committee, and the management through legal procedures, and eligible Party members from the board of directors, the supervisory Committee, and the</p>	<p>Article 106 Article 105 <u>According to the requirements of the Constitution of the Communist Party of China and subject to the approval by upper Party organization, the Company shall establish the Chinese Communist Party Committee of Air China Limited. The Company shall establish the Party Committee. The Party Committee is comprised of one secretary and several other members, and shall establish the Commission for Discipline Inspection of the Party in accordance with the requirements. The positions of Chairman and the secretary of the Party Committee shall be assumed by the same person in principle, and a full time</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>management are entitled to be admitted to the Party Committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with appropriate requirements.</p>	<p>deputy secretary of the Party Committee shall be appointed to take charge of the Party building work. Eligible members of the Party Committee are entitled to be admitted to the board of directors, the supervisory committee, and the management through legal procedures, and eligible Party members from the board of directors, the supervisory committee, and the management are entitled to be admitted to the Party Committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with appropriate requirements.</p>
<p>Article 107 The Party Committee of the Company shall perform its duties by the internal laws and regulations of the Party such as the Constitution of the Communist Party of China.</p> <p>(1) To guarantee and supervise the Company’s implementation of policies and guidelines of the Party and the State, implement major strategic decisions of the Central Committee of the Party and the State Council, as well as make deployment for the relevant material works of the Party Committee of the State-owned Assets Supervision and Administration Commission of the State Council and the superior Party organisation.</p> <p>(2) To adhere to the principle of the Party exercising leadership over cadres, the selection of management by the board of directors, and the exercise of power as regards the right of cadres’ appointment by the management in accordance with laws. The Party Committee shall deliberate and give opinions on the candidates nominated by the board of directors or the general manager, or recommend nominees to the board of directors or the general manager. The Party Committee of the Company, together with the board of directors, shall observe the proposed candidates and give opinions collectively.</p>	<p>Article 106Article 107 The Party Committee of the Company shall perform its duties by the internal laws and regulations of the Party such as the Constitution of the Communist Party of China.<u>The Party Committee of the Company shall play a leading role, set the right direction, keep in mind the big picture, promote the implementation of Party policies and principles, discuss and decide on major issues of the Company in accordance with the regulations. Decisions relating to major operation and management matters shall be made in accordance with relevant regulations by the board of directors or the management after the pre-study and discussion by the Party Committee. The main duties of the Party Committee are as follows:</u></p> <p><u>(1) to enhance the political building of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics, educate and guide all Party members to closely align with the Party Central Committee with Comrade Xi Jinping at its core in terms of political stance, direction, principles and path;</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>(3) To study and discuss the Company’s material matters on its reform, development and stability, as well as major issues relating to the Company’s operation and management and to the interests of the staff, and propose opinions and suggestions thereon.</p> <p>(4) To assume full responsibility for enforcing the strict discipline of the Party. Leading the Company’s ideological and political work, the front unification work, building of spiritual civilization as well as building of corporate culture, and lead mass organizations such as the labour union and the Communist Youth League. Playing a leading role in the construction of the Party’s working style and a clean and honest government, and support the discipline inspection committee in fulfilling its responsibility of supervision in practice.</p>	<p><u>(2) to thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and propagate the Party’s theory, thoroughly implement the Party’s line, principles and policies, supervise and guarantee the implementation of major strategy deployments of the Party Central Committee and the resolutions of the Party organization at a higher level in the Company;</u></p> <p><u>(3) to investigate and discuss major issues relating to the operation and management of the Company and support the board of directors and the management in exercising their powers and performing their duties in accordance with the laws;</u></p> <p><u>(4) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and enhance the building of the leadership team, the cadre team and the talent team of the Company;</u></p> <p><u>(5) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support the internal discipline inspection committee to discharge its supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote Party self-governance exercised fully and with right into the grassroots level;</u></p> <p><u>(6) to strengthen the building of primary-level Party organizations and of its contingent of Party members, unite and lead employees to devote themselves into the reform and development of the Company;</u></p> <p><u>(7) to lead the Company’s ideological and political work, the spirit and civilization progress, the United Front work and lead the</u></p>

Existing Articles	Proposed Revised Articles
	<p><u>mass organizations such as the Labour Union, the Communist Youth League and the Women’s Organization of the Company.</u></p> <p>(1) To guarantee and supervise the Company’s implementation of policies and guidelines of the Party and the State, implement major strategic decisions of the Central Committee of the Party and the State Council, as well as make deployment for the relevant material works of the Party Committee of the State-owned Assets Supervision and Administration Commission of the State Council and the superior Party organisation.</p> <p>(2) To adhere to the principle of the Party exercising leadership over cadres, the selection of management by the board of directors, and the exercise of power as regards the right of cadres’ appointment by the management in accordance with laws. The Party Committee shall deliberate and give opinions on the candidates nominated by the board of directors or the general manager, or recommend nominees to the board of directors or the general manager. The Party Committee of the Company, together with the board of directors, shall observe the proposed candidates and give opinions collectively.</p> <p>(3) To study and discuss the Company’s material matters on its reform, development and stability, as well as major issues relating to the Company’s operation and management and to the interests of the staff, and propose opinions and suggestions thereon.</p> <p>(4) To assume full responsibility for enforcing the strict discipline of the Party. Leading the Company’s ideological and political work, the front unification work, building of spiritual civilization as well as building of corporate culture, and lead mass organizations such as the labour union and the Communist Youth League. Playing a leading role in the construction of the</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
	<p>Party’s working style and a clean and honest government, and support the discipline inspection committee in fulfilling its responsibility of supervision in practice.</p>
	<p><u>Article 107</u> <u>By insisting on and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the board of directors and the management through statutory procedures, while eligible members of the board of directors and the management who are also Party members may take seats in the Party Committee in accordance with relevant requirements and procedures.</u></p> <p><u>Generally, the position of the secretary of the Party Committee and the chairman of the board of directors shall be assumed by the same person. The president who is a Party member shall serve as the deputy secretary of the Party Committee. The full-time deputy secretary should generally take seat in the board of directors and hold no positions in the management.</u></p>
<p>Article 109 Directors (excluding the employee representative director) shall be elected at the shareholders’ general meeting and the employee representative director shall be elected or dismissed by the employee representative meeting each for a term of three (3) years (starting from the election date to the date on which a new board of directors is elected at a shareholders’ general meeting). At the expiry of a director’s term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than six (6) years.</p>	<p>Article 109 Directors (excluding the employee representative director) shall be elected <u>or replaced</u> at the shareholders’ general meeting and the employee representative director shall be elected or dismissed by the employee representative meeting each for a term of three (3) years (starting from the election date to the date on which a new board of directors is elected at a shareholders’ general meeting). At the expiry of a director’s term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than six (6) years.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 114 The board of directors is responsible to the shareholders’ general meeting and shall exercise the following duties and powers:</p> <p>.....</p> <p>(11) to appoint or dismiss the president of the Company, secretary to the board of directors and determine their remunerations; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot and other senior officers and determine their remunerations;</p> <p>.....</p> <p>(17) to exercise any other powers conferred by the shareholders in general meetings and these Articles of Associations.</p> <p>.....</p>	<p>Article 114 The board of directors is responsible to the shareholders’ general meeting <u>for formulating strategies, making decisions and preventing risks</u> and shall exercise the following duties and powers <u>in accordance with statutory procedures and the Articles of Association:</u></p> <p>.....</p> <p>(11) to appoint or dismiss the president of the Company, secretary to the board of directors, <u>conduct appraisal on their performance</u> and determine their remunerations; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot, <u>general legal counsel</u> and other senior officers, <u>conduct appraisal on their performance</u> and determine their remunerations;</p> <p>.....</p> <p><u>(17) to determine the risk management system, the internal control system and the legal compliance management system of the Company, and monitor the relevant systems and their implementation;</u></p> <p><u>(18) to guide, inspect and assess the internal audit works and approve the annual audit plan and important audit reports pursuant to laws;</u></p> <p><u>(19) to promote the development of corporate governance and supervise the legality of the operation of the management;</u></p> <p>(2017) to exercise any other powers conferred by the shareholders in general meetings and these Articles of Associations.</p> <p>.....</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 115 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. Issues involving material interests of the Company shall be subject to collective decision by the board of directors.</p>	<p>Article 115 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. Issues involving material interests of the Company shall be subject to collective decision by the board of directors. <u>The Chairman of the board of directors and the president may exercise part of the functions and powers of the board of directors upon authorization by the board of directors. The authorization by the board of directors and the exercise of the authorized functions and powers by the authorized person shall comply with the relevant regulations of the Measures for Authorization Management, which is formulated by the board of directors.</u></p>
<p>Article 118 The board of directors may establish the strategy and investment committee, the audit and risk management committee, the nomination and remuneration committee, the aviation safety committee and other special committees. The members’ composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.</p>	<p>Article 118 The board of directors may establish the strategy and investment committee, the audit and risk management committee <u>(the supervision committee)</u>, the nomination and remuneration committee, the aviation safety committee and other special committees. The members’ composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.</p>
<p>Article 119 The Chairman of the board of directors shall exercise the following powers:</p> <p>.....</p> <p>(4) to convene Chairman’s office meeting;</p> <p>(5) to exercise other powers conferred by the board of directors.</p> <p>.....</p>	<p>Article 119 The Chairman of the board of directors shall exercise the following powers:</p> <p>.....</p> <p><u>(4) to sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;</u></p> <p>(4) to convene Chairman’s office meeting;</p> <p><u>(5) to exercise the authorities of legal representative;</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
	<p><u>(6) to receive reports on operation and management and study related issues;</u></p> <p><u>(7) to manage the internal audit of the Company as the primary responsible person for internal audit work;</u></p> <p><u>(8) in the event of emergency due to force majeure or major crisis that makes it impossible to convene a board meeting in a timely manner, to exercise special disposal powers within the authority of the board of directors in accordance with laws and regulations and in the interests of the Company, and to report to the board of directors after exercising such power so as to ratify the same in accordance with the procedures;</u></p> <p>(95) to exercise other powers conferred by the board of directors.</p> <p>.....</p>
<p>Article 120 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> <p>.....</p>	<p>Article 120 Meetings of the board of directors shall be held at least four times <u>twice</u> 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> <p>.....</p>
<p>Article 121 The notice of board meeting shall be issued via the following methods:</p> <p>(1) For regular meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed.</p>	<p>Article 121 The notice of board meeting shall be issued via the following methods:</p> <p>(1) For regular <u>periodic</u> meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>(2) For meetings of the board of directors of which the time, venue and agenda have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify the directors and supervisors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or in person or by email, unless otherwise provided for in Article 120 herein.</p> <p>.....</p>	<p>(2) For meetings of the board of directors of which the time, venue and agenda have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify the directors and supervisors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or in person or by email, unless otherwise provided for in Article 1210 herein.</p> <p>.....</p>
<p>Article 122 third paragraph Any regular or ad hoc meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.</p>	<p>Article 122 third paragraph Any regular or ad hoc meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment <u>In principle, the board meetings shall be convened in the form of on-site meetings. When the directors have sufficient information to vote, they may also pass the resolution by forms of communication such as video conference and teleconference, or a combination of onsite meeting and other forms of communication or present such information in writing to be considered separately as a written resolution. If a board meeting is held in the form of a teleconference, with the aid of similar communication equipment or a combination of onsite meeting and the aforementioned forms of communication,</u> so long as all the directors participating in the meeting can clearly hear and communicate with each other, they. All such directors shall be deemed to be present in person at the meeting.</p>

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Existing Articles	Proposed Revised Articles
<p>Article 125 The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director in person, by mail, by telegram or by facsimile. If the board of directors has delivered such proposed written resolution to all the directors and the directors who signed and approved such resolution have reached the required quorum, and the same have been delivered to the secretary of the board of directors, such resolution shall take effect as a board resolution, without having to hold a board meeting.</p>	<p>Article 125 The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director in person, by mail, by telegram or by facsimile. If the board of directors has delivered such proposed written resolution to all the directors and the directors who signed and approved such resolution have reached the required quorum, and the same have been delivered to the secretary of the board of directors, then such resolution shall take effect as a board resolution, without having to hold a board meeting.</p>
<p>Article 126 The board of directors shall keep minutes of resolutions passed at meetings of the board of directors in Chinese. The directors attending the board meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The minutes of each board meeting shall be provided to all the directors promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the Chairman in writing within one week after receipt of the meeting minutes. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes after they are finalised. The minutes of board meetings shall be kept at the premises of the Company in the PRC and a complete copy of the minutes shall be promptly sent to each director. The minutes shall be kept for a period of not less than 10 years.</p>	<p>Article 126 The board of directors shall keep minutes of resolutions passed at meetings of the board of directors in Chinese. The directors attending the board meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The minutes of each board meeting shall be provided to all the directors promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the Chairman in writing within one week after receipt of the meeting minutes. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes after they are finalised. The minutes of board meetings shall be kept at the premises of the Company in the PRC and a complete copy of the minutes shall be promptly sent to each director. The minutes shall be kept for a period of not less than 10 years. <u>Documents of meetings shall be kept as permanent records.</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 138 The secretary of the Company’s board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.</p> <p>The main tasks and duties of the secretary of the board of directors include:</p> <p>(1) assist the directors in the day-to-day work of the board of directors, continuously provide the directors with, advise the directors of and ensure that the directors understand the regulations, policies and requirements of the foreign and domestic regulatory authorities on the operation of the Company, assist the directors and the president in effectively complying with relevant foreign and domestic laws, regulations, the Company’s Articles of Association and other relevant regulations;</p> <p>(2) responsible for the organization and preparation of documents for board meetings and shareholders’ meetings, take proper meeting minutes, ensure that the resolutions passed at the meetings comply with statutory procedures and supervise the implementation of the resolutions of the board of directors;</p> <p>(3) responsible for the organization and coordination of information disclosure, coordinate the relationship with investors and enhance transparency of the Company;</p> <p>(4) participate in arranging of financing through capital markets;</p> <p>(5) deal with intermediaries, regulatory authorities and media, maintain good public relations work;</p> <p>(6) execute other tasks assigned by the board of directors or the chairman of the board of directors.</p>	<p>Article 138 The secretary of the Company’s board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.</p> <p>The main tasks and duties of the secretary of the board of directors include:</p> <p><u>(1) assist the board of directors of the Company to strengthen the development of modern enterprise system and corporate governance mechanism with Chinese characteristics, organize research on corporate governance and organize the formulation of rules and regulations in relation to corporate governance;</u></p> <p><u>(2) to organize the implementation of the corporate governance system and manage the relevant affairs;</u></p> <p><u>(3)</u> assist the directors in the day-to-day work of the board of directors, continuously provide the directors with, advise the directors of and ensure that the directors understand the regulations, policies and requirements of the foreign and domestic regulatory authorities on the operation of the Company, assist the directors and the president in effectively complying with relevant foreign and domestic laws, regulations, the Company’s Articles of Association and other relevant regulations;</p> <p><u>(4)</u> responsible for the organization and preparation of documents for board meetings and shareholders’ meetings, take proper meeting minutes, ensure that the resolutions passed at the meetings comply with statutory procedures and supervise the implementation of the resolutions of the board of directors;</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
	<p>(5) responsible for the organization and coordination of information disclosure, coordinate the relationship with investors and enhance transparency of the Company;</p> <p>(6) participate in arranging of financing through capital markets;</p> <p>(7) deal with intermediaries, regulatory authorities and media, maintain good public relations work;</p> <p><u>(8) assist the Chairman in formulating major proposals, establishing or amending various rules and regulations for the operation of the board of directors;</u></p> <p>(9) execute other tasks assigned by the board of directors or the chairman of the board of directors;</p> <p><u>(10) other duties as stipulated by laws, administrative regulations, rules and the listing rules of the jurisdictions in which the shares of the Company are listed and other regulatory documents and the Articles of Association.</u></p>
<p>Article 139 A director or other senior management personnel of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.</p> <p>Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.</p>	<p>Article 139 A director or other senior management personnel of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.</p> <p>Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing Articles	Proposed Revised Articles
<p>Article 141 The Company shall have a president who shall be appointed or dismissed by the board of directors.</p> <p>The Company shall have several vice president, one chief financial officer and one chief pilot who shall assist the president. The vice presidents, chief financial officer and chief pilot shall be nominated by the president and appointed or dismissed by the board of the directors.</p>	<p>Article 141 The Company shall have a president who shall be appointed or dismissed by the board of directors.</p> <p>The Company shall have several vice president, one chief financial officer,and one chief pilot <u>and one general legal counsel</u> who shall assist the president. The vice presidents, chief financial officer,and chief pilot <u>and general legal counsel</u> shall be nominated by the president and appointed or dismissed by the board of the directors.</p>
<p>Article 143 The president shall be accountable to the board of directors and shall exercise the following functions and powers:</p> <p>.....</p> <p>(8) to propose the appointment or dismissal of the vice presidents, chief accountant and chief pilot of the Company;</p> <p>.....</p>	<p>Article 143 The president shall be accountable to the board of directors and shall exercise the following functions and powers:</p> <p>.....</p> <p>(8) to propose the appointment or dismissal of the vice presidents, chief accountant,and chief pilot <u>and general legal counsel</u> of the Company;</p> <p>.....</p>
<p>Article 145 In performing their duties and powers, the president, vice presidents, chief accountant, chief pilot and other senior officers shall act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.</p>	<p>Article 145 In performing their duties and powers, the president, vice presidents, chief accountant, chief pilot, <u>general legal counsel</u> and other senior officers shall act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.</p>
<p>Article 205 The Company’s internal audit system and the responsibility of the auditing personnel shall become effective after the approval of the board of directors. The person in charge of the audit shall be accountable to the board of directors and shall report to the board of directors.</p>	<p>Article 205 The Company’s <u>basic systems for internal audit system—and internal control assessment</u> the responsibility of the auditing personnel shall become effective after the approval of the board of directors. <u>The establishment of the internal audit institution of the Company and the person in charge, who</u> The person in charge of the audit shall be accountable to the board of directors and shall report to the board of directors, <u>are determined by the board of directors.</u></p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Note: Save as the table above, if the serial numbering of the chapters and articles is changed due to the addition, deletion or re-arrangement of certain articles, the serial numbering of the chapters and articles of the Articles of Association as so amended shall be changed accordingly, including references.

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.

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

Existing Articles of the Rules and Procedures of Shareholders' Meetings	Proposed Revised Articles
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p>Article 3 Meeting venues shall be fixed for the shareholders' general meetings, and the shareholders' general meetings shall be convened in the on-site conference mode.</p> <p>On condition that the general meeting shall be held legally and validly, the Company shall adopt safe, economical and convenient network or other means to facilitate the shareholders to participate in the meeting as required by laws, administrative regulations, CSRC and the Articles of Association. Shareholders are deemed to be present in the shareholders' general meetings through the aforesaid means.</p>	<p>Article 3 Meeting venues will shall be fixed for the shareholders' general meetings, and the shareholders' general meetings shall be convened in the on-site conference mode. <u>The Company shall also provide convenience for the shareholders attending general meetings by the provision of the online voting.</u></p> <p>On condition that the general meeting shall be held legally and validly, the Company <u>may set up other means and ways to attend the general meeting</u> shall adopt safe, economical and convenient network or other means to facilitate the shareholders to participate in the meeting as required by laws, administrative regulations, CSRC and the Articles of Association. Shareholders are deemed to be present in the shareholders' general meetings through the aforesaid means.</p>
<p>Article 7 The secretariat of the Company's board of directors is responsible for all works of preparation and organization for holding of the general meetings.</p>	<p>Article 7 The office secretariat of the Company's board of directors is responsible for all works of preparation and organization for holding of the general meetings.</p>

Existing Articles of the Rules and Procedures of Shareholders' Meetings	Proposed Revised Articles
CHAPTER 3 FUNCTIONS AND POWERS OF THE SHAREHOLDERS' GENERAL MEETING	CHAPTER 3 FUNCTIONS AND POWERS OF THE SHAREHOLDERS' GENERAL MEETING
<p>Article 20</p> <p>(2) Authority of the Board of Directors.....</p> <p>2. Connected transactions that are subject to the approval of the meeting of the board of directors (as defined under the relevant listing rules of the jurisdictions where the shares of the Company are listed, as amended from time to time) including:</p> <p>(1) in the tests conducted on the connected transactions (The definition of connected transactions shall be based on the Listing Rules of the Stock Exchange, as amended from time to time.) based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (in accordance with the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is equal to or more than 0.1% but less than 5%, unless the transaction consideration is less than HK\$1 million; or each of the above ratios is equal to or more than 5% but less than 25% and the transaction consideration is less than HK\$10 million; or</p> <p>.....</p>	<p>Article 20</p> <p>(2) Authority of the Board of Directors.....</p> <p>2. Connected transactions that are subject to the approval of the meeting of the board of directors (as defined under the relevant listing rules of the jurisdictions where the shares of the Company are listed, as amended from time to time) including:</p> <p>(1) in the tests conducted on the connected transactions (The definition of connected transactions shall be based on the Listing Rules of the Stock Exchange, as amended from time to time.) based on assets ratio, profit ratio, revenue ratio, consideration ratio and equity capital ratio (in accordance with the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is equal to or more than 0.1% but less than 5%, unless the transaction consideration is less than HK\$13 million; or each of the above ratios is equal to or more than 5% but less than 25% and the transaction consideration is less than HK\$10 million; or</p> <p>.....</p>
<p>Article 21 The board of directors shall be authorized by the shareholders' general meetings to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general</p>	<p>Article 21 The board of directors shall be authorized by the shareholders' general meetings to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general</p>

Existing Articles of the Rules and Procedures of Shareholders’ Meetings	Proposed Revised Articles
<p>meeting. If the abovementioned ratio is lower than 0.2%, shareholders’ general meetings shall authorise the president’s office meetings to approve the disposal of such fixed assets. When what’s provided above is inconsistent with that of the rules pertaining listing of corporate securities of the securities exchange, the latter shall prevail.</p>	<p>meeting. If the abovementioned ratio is lower than 0.2%, shareholders’ general meetings shall agree that the board of directors shall authorise the president’s office meetings to approve the disposal of such fixed assets. When what’s provided above is inconsistent with that of the rules pertaining listing of corporate securities of the securities exchange, the latter shall prevail.</p>
<p>CHAPTER 6 NOTICE OF THE SHAREHOLDERS’ GENERAL MEETING</p>	<p>CHAPTER 6 NOTICE OF THE SHAREHOLDERS’ GENERAL MEETING</p>
<p>Article 37 Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders whose names appear on the register of shareholders of the issues to be considered at the meeting and the date and venue of the meeting.</p> <p>Notice of shareholders’ general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders.</p> <p>For the holders of A shares, notice of the meetings may be issued by way of public announcement. Such public announcement shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, all holders of A shares shall be deemed to have received the notice of the relevant shareholders’ meeting.</p> <p>For holders of Overseas-Listed Foreign Shares, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are</p>	<p>Article 37 Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting to notify all the shareholders whose names appear on the register of shareholders of the issues to be considered at the meeting and the date and venue of the meeting. <u>To hold an annual general meeting, the Company shall give a written notice of the meeting to shareholders who are entitled to attend the general meeting twenty days prior to the meeting. To hold an extraordinary general meeting, the Company shall give a written notice of the meeting to shareholders who are entitled to attend the general meeting fifteen days prior to the meeting.</u></p> <p><u>Where the laws, administrative regulations, departmental rules and the regulatory authorities or stock exchange in the place where the shares of the Company are listed has any other provisions, such provisions shall prevail.</u></p>

Existing Articles of the Rules and Procedures of Shareholders' Meetings	Proposed Revised Articles
<p>listed, the notice of shareholders' general meeting may also be issued by other means as specified in Article 231 of the Articles of Association.</p> <p>Unless otherwise required by applicable laws, the aforesaid duration of 45 days is inclusive of the date on which the notice is issued and exclusive of the date of the general meeting.</p>	<p>Notice of shareholders' general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders.</p> <p>For the holders of A shares, notice of the meetings may be issued by way of public announcement. Such public announcement shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, all holders of A shares shall be deemed to have received the notice of the relevant shareholders' meeting.</p> <p>For holders of Overseas-Listed Foreign Shares, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed, the notice of shareholders' general meeting may also be issued by other means as specified in Article 231 of the Articles of Association.</p> <p>Unless otherwise required by applicable laws, the aforesaid duration of 45 days is inclusive of the date on which the notice is issued and exclusive of the date of the general meeting.</p>
<p>Article 40 The board or any other convener shall specify in the notice issued to shareholders that shareholders and authorized proxies intending to attend a general meeting shall deliver to the Company their written replies concerning their attendance at such meeting 20 days prior to the date of the meeting.</p>	<p>Article 40 The board or any other convener shall specify in the notice issued to shareholders that shareholders and authorized proxies intending to attend a general meeting shall deliver to the Company their written replies concerning their attendance at such meeting 20 days prior to the date of the meeting.</p>

Existing Articles of the Rules and Procedures of Shareholders' Meetings	Proposed Revised Articles
<p>The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than onehalf of the Company's total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, further notify the shareholders by way of public announcement the matters to be considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.</p>	<p>The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than onehalf of the Company's total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, further notify the shareholders by way of public announcement the matters to be considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.</p>
<p>Article 80 The secretary to the board of directors shall be responsible for keeping written information of the register of attendees, power of attorney, photocopies of identification documents, statistical information on online voting and other means of voting, minutes of the meeting and resolutions of shareholders' meetings for no less than 10 years.</p>	<p>Article 80 Article 79 The secretary to the board of directors shall be responsible for keeping written information of the register of attendees, power of attorney, photocopies of identification documents, statistical information on online voting and other means of voting, minutes of the meeting and resolutions of shareholders' meetings for no less than 10 years, and such documents of the meeting shall be kept as permanent records.</p>

Note: Save as the table above, if the serial numbering of the chapters and articles is changed due to the addition, deletion or re-arrangement of certain articles, the serial numbering of the chapters and articles of these Rules and Procedures of Shareholders' Meetings as so amended shall be changed accordingly, including the references.

The proposed amendments to the Rules and Procedures of Shareholders' Meetings 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 Rules and Procedures of Shareholders' Meetings, the Chinese version shall prevail.

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

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
CHAPTER 1 GENERAL PROVISIONS	CHAPTER 1 GENERAL PROVISIONS
<p>Article 2 As authorized by the general meeting, the board of directors shall be responsible for the operation and management of the Company’s assets, and acts as central business decision-making body that is accountable to the general meeting.</p>	<p>Article 2 As authorized by the general meeting, the board of directors shall be responsible for the operation and management of the Company’s assets, and acts as central business decision-making body that is accountable to the general meeting.</p> <p><u>The board of directors shall uphold the leading role of the Party Committee in setting the right direction, keeping in mind the big picture, promoting the implementation of Party policies and principles. Major operation and management matters of the Company shall be first submitted to the Party Committee for pre-study and discussion.</u></p>
CHAPTER 2 FORMATION AND COMMITTEES OF THE BOARD	CHAPTER 2 FORMATION AND COMMITTEES OF THE BOARD
<p>Article 4 Directors (excluding the employee representative director) shall be elected or changed at the shareholders’ general meeting, and the employee representative director shall be elected or changed by the employee representative meeting, each for a term of three years. At the expiry of a director’s term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than six years. Directors shall not be dismissed without reason before the expiry of a director’s term. A director’s term starts from the election date to the date on which a new board of directors is elected at a shareholders’ general meeting.</p>	<p>Article 4 Directors (excluding the employee representative director) shall be elected or changed at the shareholders’ general meeting, and the employee representative director shall be elected or changed by the employee representative meeting, each for a term of three years. At the expiry of a director’s term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than six years. Directors shall not be dismissed without reason before the expiry of a director’s term. A director’s term starts from the election date to the date on which a new board of directors is elected at a shareholders’ general meeting.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 6 The board of directors shall include one chairman and one deputy chairman, who are elected and removed by a majority of directors.</p> <p>The Chairman of the board of directors shall exercise the following powers:</p> <p>(1) to preside over shareholders’ general meetings and to convene and preside over meetings of the board of directors;</p> <p>(2) to check on the implementation of resolutions passed by the board of directors;</p> <p>(3) to sign the securities certificates issued by the Company;</p> <p>(4) to sign material documents of the board of directors and other documents which shall be signed by the legal representative of the Company;</p> <p>(5) to exercise power of the legal representative;</p> <p>(6) to exercise special disposal power as to the matters of the company on the basis of complying with laws and regulations and corporate interests in the situation of force majeure such as the occurrence of extraordinary natural disaster and subsequently report to the board of directors and the shareholder’s general meetings;</p>	<p>Article 6 The board of directors shall include one chairman, <u>which is generally served by the secretary of the Party Committee</u>, and one vice chairmen, who are elected and removed by a majority of directors.</p> <p>The Chairman of the board of directors shall exercise the following powers:</p> <p><u>(1) to determine an annual schedule for periodic meetings of the board of directors;</u></p> <p>(2)(1) to preside over shareholders’ general meetings and to convene and preside over meetings of the board of directors;</p> <p>(3)(2) to check on the implementation of resolutions passed by the board of directors;</p> <p>(4)(3) to sign the securities certificates issued by the Company;</p> <p>(5)(4) to sign material documents of the board of directors and other documents which shall be signed by the legal representative of the Company;</p> <p>(6)(5) to exercise power of the legal representative;</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>(7) to convene Chairman’s office meeting and listen to reports on operation and management of the Company regularly or irregularly and conduct research on related issues;</p> <p>(8) to exercise other powers conferred by the board of directors.</p>	<p>(6) to exercise special disposal power as to the matters of the company on the basis of complying with laws and regulations and corporate interests in the situation of force majeure such as the occurrence of extraordinary natural disaster, and subsequently report to the board of directors and the shareholder’s general meetings;</p> <p>(7) to convene Chairman’s office meeting and listen to reports on operation and management of the Company regularly or irregularly and conduct research on related issues;</p> <p><u>(7) to listen to reports on operation and management and conduct research on related issues;</u></p> <p><u>(8) to manage the internal audit of the Company as the first responsible person for internal audit works;</u></p> <p><u>(9) in the event of emergency due to force majeure or major crisis that makes it impossible to convene a board meeting in a timely manner, to exercise special disposal powers within the authority of the board of directors in accordance with laws and regulations and in the interests of the Company, and to report to the board of directors after exercising such power so as to ratify the same in accordance with relevant procedures;</u></p> <p>(10)(8) to exercise other powers conferred by the board of directors.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 8 The board of directors shall establish a strategy and investment committee, an audit and risk control committee, a nomination and remuneration committee, an aviation safety committee and other special subcommittees in accordance with relevant resolutions of the shareholders’ general meeting. These special committees shall consider specific matters and provide their opinions and advice as a reference for the board’s decision making based on the proposals made by the board of directors, the chairman of the board of directors and the recommendations from the president.</p> <p>The members’ composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.</p>	<p>Article 8 The board of directors shall establish a strategy and investment committee, an audit and risk control committee <u>(the supervision committee)</u>, a nomination and remuneration committee, an aviation safety committee and other special subcommittees in accordance with relevant resolutions of the shareholders’ general meeting. These special committees shall consider specific matters and provide their opinions and advice as a reference for the board’s decision making based on the proposals made by the board of directors, the chairman of the board of directors and the recommendations from the president.</p> <p>The members’ composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.</p>
<p>CHAPTER 3 FUNCTIONS AND POWERS OF THE BOARD OF DIRECTORS</p>	<p>CHAPTER 3 FUNCTIONS AND POWERS OF THE BOARD OF DIRECTORS</p>
<p>Article 9 The board of directors is responsible to the shareholders’ general meeting and shall exercise the following duties and powers:</p> <p>.....</p>	<p>Article 9 The board of directors is responsible to the shareholders’ general meeting <u>for formulating strategies, making decisions and preventing risks</u> and shall exercise the following duties and powers <u>in accordance with statutory procedures and the Articles of Association:</u></p> <p>.....</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>(11) to appoint or dismiss the president of the Company, secretary to the board of directors and determine their remunerations; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot and other senior officers and determine their remunerations, rewards and punishment;</p> <p>.....</p> <p>(17) to exercise any other powers stipulated by laws, regulations or the Articles of Associations and conferred by the shareholders in general meetings.</p>	<p>(11) to appoint or dismiss the president of the Company, secretary to the board of directors, <u>conduct appraisal on their performance</u> and determine their remunerations; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot, <u>general legal counsel</u> and other senior officers, <u>conduct appraisal on their performance</u> and determine their remunerations, rewards and punishment;</p> <p>.....</p> <p><u>(17) to determine the risk management system, the internal control system and the compliance management system of the Company, and monitor the relevant systems and their implementation;</u></p> <p><u>(18) to guide, inspect and assess the internal audit works and approve the annual audit plan and important audit reports pursuant to laws;</u></p> <p><u>(19) to promote the development of corporate governance and supervise the lawful management by the management;</u></p> <p>(20)(17) to exercise any other powers stipulated by laws, regulations or the Articles of Associations and conferred by the shareholders in general meetings.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 11 The approval authority of the board of directors in relation to the decisions concerning transactions, investments and guarantees, etc. is as follows:</p> <p>.....</p> <p>(2) Connected transactions which shall be subject to the approval of the board of directors (the term「connected transactions」as defined under the relevant listing rules of the place where the shares of the Company are listed, as amended from time to time) include specifically:</p> <p>1. in the size tests conducted on the connected transactions (The definition of connected transactions shall be based on the Listing Rules of the Stock Exchange, as amended from time to time.) based on assets ratio, revenue ratio, consideration ratio and equity capital ratio (in accordance with the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is equal to or more than 0.1% but less than 5%, unless the transaction consideration is less than HK\$1 million; or each of the above ratios is equal to or more than 5% but less than 25% and the transaction consideration is less than HK\$10 million;</p> <p>.....</p>	<p>Article 11 The approval authority of the board of directors in relation to the decisions concerning transactions, investments and guarantees, etc. is as follows:</p> <p>.....</p> <p>(2) Connected transactions which shall be subject to the approval of the board of directors (the term「connected transactions」as defined under the relevant listing rules of the place where the shares of the Company are listed, as amended from time to time) include specifically:</p> <p>1. in the size tests conducted on the connected transactions (The definition of connected transactions shall be based on the Listing Rules of the Stock Exchange, as amended from time to time.) based on assets ratio, revenue ratio, consideration ratio and equity capital ratio (in accordance with the Listing Rules of the Stock Exchange, as amended from time to time.), each of the ratios is equal to or more than 0.1% but less than 5%, unless the transaction consideration is less than HK\$1<u>HK\$13</u> million; or each of the above ratios is equal to or more than 5% but less than 25% and the transaction consideration is less than HK\$10 million;</p> <p>.....</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 12 The authority of the board to approve the disposals of the Company’s fixed assets:</p> <p>The board of directors shall not, without the prior approval of shareholders in a shareholders’ general meeting, dispose of or agree to dispose of any fixed assets of the Company, unless the estimated value of the consideration for a fixed asset to be disposed of and the value of consideration for any such disposals of fixed assets of the Company for a period of four (4) months prior to the proposed disposal, on an aggregated basis does not exceed 33% of the value of the Company’s fixed assets as shown in the latest balance sheet tabled at a shareholders’ general meeting. Should the above percentage be lower than 0.2%, the disposal of those fixed assets shall be subject to the approval of the president’s office under the authority granted at the shareholders’ general meeting. Should there be any inconsistency between the preceding requirements and provisions of the stock exchange on which the Company’s shares are listed and traded in respect of the issue, the latter shall prevail.</p> <p>.....</p>	<p>Article 12 The authority of the board to approve the disposals of the Company’s fixed assets:</p> <p>The board of directors shall not, without the prior approval of shareholders in a shareholders’ general meeting, dispose of or agree to dispose of any fixed assets of the Company, unless the estimated value of the consideration for a fixed asset to be disposed of and the value of consideration for any such disposals of fixed assets of the Company for a period of four (4) months prior to the proposed disposal, on an aggregated basis does not exceed 33% of the value of the Company’s fixed assets as shown in the latest balance sheet tabled at a shareholders’ general meeting. Should the above percentage be lower than 0.2%, the disposal of those fixed assets shall be subject to the approval of the president’s office under the authority granted at the shareholders’ general meeting <u>by the board of directors</u>. Should there be any inconsistency between the preceding requirements and provisions of the stock exchange on which the Company’s shares are listed and traded in respect of the issue, the latter shall prevail.</p> <p>.....</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 14 During the recess of the board meeting, the chairman of the board, with authorization from the board, may perform partial duties of the board.</p> <p>The chairman shall be authorized by the board in accordance with the following principles:</p> <p>(1) to focus on the operation and development of the Company, to make good use of market opportunities and to ensure smooth and efficient operation of the Company;</p> <p>(2) to be flexible and pragmatic, to avoid excessive formalities on condition that it is not against the Articles of Association, and to ensure the business decision of the Company is made in a timely manner;</p> <p>(3) not to harm the interests of the Company and shareholders as a whole, especially the legal interests of minority shareholders.</p>	<p>Article 14 <u>The chairman of the board and the president may, to the extent authorized by the board of directors, perform partial duties of the board. The grant of authorization by the board of directors and the exercise of authorization by the authorizee shall comply with the relevant requirements of the Authorization Management Measures, which shall be formulated by the board of directors.</u> During the recess of the board meeting, the chairman of the board, with authorization from the board, may perform partial duties of the board.</p> <p>The chairman shall be authorized by the board in accordance with the following principles:</p> <p>(1) to focus on the operation and development of the Company, to make good use of market opportunities and to ensure smooth and efficient operation of the Company;</p> <p>(2) to be flexible and pragmatic, to avoid excessive formalities on condition that it is not against the Articles of Association, and to ensure the business decision of the Company is made in a timely manner;</p> <p>(3) not to harm the interests of the Company and shareholders as a whole, especially the legal interests of minority shareholders.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
CHAPTER 4 RULES FOR BOARD MEETINGS	CHAPTER 4 RULES FOR BOARD MEETINGS
<p>Article 15 The board meetings include regular board meetings and extraordinary board meetings. Regular board meetings include: annual meetings, interim meetings, first-quarter meetings and third-quarter meetings.</p> <p>(1) Regular board meetings</p> <p>.....</p> <p>(2) Extraordinary board meetings</p> <p>If any of the following circumstances occurs, the secretary to the board of directors shall issue a notice convening an extraordinary board meeting within ten (10) days which shall not be limited by the notice period prescribed in Article 25 hereof:</p> <p>.....</p> <p>8. the Articles of Association of the Company provide other circumstances for convening it.</p>	<p>Article 15 The board meetings include regular periodic board meetings and extraordinary board meetings. Regular Periodic board meetings include: annual meetings, interim meetings, first-quarter meetings and third-quarter meetings.</p> <p>(1) Regular Periodic board meetings</p> <p>.....</p> <p>(2) Extraordinary board meetings</p> <p>If any of the following circumstances occurs, the secretary to the board of directors chairman shall issue a notice convening an extraordinary board meeting within ten (10) days upon receipt of the proposal which shall not be limited by the notice period prescribed in Article 25 hereof.</p> <p>.....</p> <p>8. the Articles of Association of the Company provide other circumstances for convening it.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 16 The board meetings may be held on-site, by conference call or by written resolutions.</p> <p>The board meetings may be held by conference call or other similar communication equipment, provided that the attending directors are able to hear clearly other directors’ speech at the meeting and communicate among themselves. All attending directors shall be considered as being present at the meetings. In the event that the attending directors are unable to sign on the resolutions on site, they shall express their opinions orally during the meeting and complete the signing procedures as soon as possible. The oral vote of directors shall have the same authenticity as signatures in writing, provided that the subsequent signatures in writing shall be consistent with the oral vote at the meeting.</p> <p>When the board of directors accepts discussion on any motion in written form instead of holding a board meeting, the draft of the motion must be sent to each director by hand, post, telegraph, facsimile transmission or email. In addition, when the number of the directors signed on the draft satisfies the quorum required by laws, regulations and the Articles of Association, and the motion has been sent to secretary to the board by foregoing methods, such motion shall be deemed as the board resolution, then no further board meeting will be necessary. However, regular board meetings shall not resolve on any motion in such a way of written motions. Furthermore, if the board considers that any major shareholder or director has any material conflict of interests in any motion to be resolved at a board meeting (as defined by applicable domestic and overseas regulations), such motion shall not be resolved in such a way of written motions.</p>	<p>Article 16 The board meetings may be held on-site, by conference call or by written resolutions. <u>In principle, the board meetings shall be convened in the form of on-site meetings. When the directors have sufficient information to vote, they may also pass the resolution by means of video conference, teleconference, or a combination of onsite meetings and other methods or present such information in writing to be considered separately as a written resolution.</u></p> <p>If the board meetings are may be held in the form of a teleconference, with the aid of by conference call or other similar communication equipment, or a combination of onsite meeting and the aforementioned forms of communication, and so long as provided that the attending directors are able to hear clearly other directors’ speech at the meeting and communicate among themselves, All attending directors they shall be considered as being present at the meetings. In the event that the attending directors are unable to sign on the resolutions on site, they shall express their opinions orally during the meeting and complete the signing procedures as soon as possible. The oral vote of directors shall have the same authenticity as signatures in writing, provided that the subsequent signatures in writing shall be consistent with the oral vote at the meeting.</p> <p>When the board of directors accepts discussion on any motion in written form instead of holding a board meeting, the draft of the motion must be sent to each director by hand, post, telegraph, facsimile transmission or email. In addition, when the number of the directors signed on the draft satisfies the quorum required by laws, regulations and the Articles of Association, and the motion has been sent to secretary to the board by foregoing methods, such motion shall be deemed as the board</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
	<p>resolution, then no further board meeting will be necessary. However, regular periodic board meetings shall not resolve on any motion in such a way of written motions. Furthermore, if the board considers that any major shareholder or director has any material conflict of interests in any motion to be resolved at a board meeting (as defined by applicable domestic and overseas regulations), such motion shall not be resolved in such a way of written motions.</p>
<p>Article 19 Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend the meeting on his behalf. The power of attorney shall set out the names of the proxies, the matters to be dealt with by the agents, the scope of the authorization and the effective term thereof. The powers of attorney shall be signed or sealed by the principals.</p>	<p>Article 19 Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend and vote at the meeting on his behalf. <u>The appointor shall carefully review the meeting materials in advance and form clear opinions.</u> The power of attorney shall set out the names of the proxies, the matters to be dealt with by the agents, the scope of the authorization, <u>proxy vote</u> and the effective term thereof. The powers of attorney shall be signed or sealed by the principals.</p>
<p>CHAPTER 6 NOTICE OF MEETINGS</p>	<p>CHAPTER 6 NOTICE OF MEETINGS</p>
<p>Article 25 The notice of the board meetings shall be given in accordance with the following requirements:</p> <p>(1) For regular meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed unless the time and place of regular board meeting are changed. The agenda and relevant documents of the meeting shall be given to all directors, supervisors and other persons attending the meeting at least 3 days in advance;</p>	<p>Article 25 The notice of the board meetings shall be given in accordance with the following requirements:</p> <p>(1) For regular periodic meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed unless the time and place of regular periodic board meeting are changed. The agenda and relevant documents of the periodic board meeting shall be given to all directors, supervisors and other persons attending the meeting at least 3 days in advance;</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>(2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify all directors, supervisors and other persons attending the meeting of the time, venue and agenda of such meeting at least 14 days in advance by facsimile, by express service, by registered mail, in person or by email.</p> <p>(3) If an extraordinary board meeting is proposed to be convened in accordance with Article 15 herein, the secretary to the board shall issue a notice of the extraordinary board meeting within 10 days from the receipt of such proposal, and the notice period of the meeting shall not be subject to the foregoing provisions of this Article.</p> <p>(4) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary. A director may waive his right to receive notice of a board meeting.</p>	<p>(2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify all directors, supervisors and other persons attending the meeting of the time, venue and agenda of such meeting at least 14 days in advance <u>by telex, by telegram,</u> by facsimile, by express service, by registered mail, in person or by email-;_</p> <p>(3) If an extraordinary board meeting is proposed to be convened in accordance with Article 15 herein, the secretary to the board shall issue a notice of the extraordinary board meeting <u>shall usually be delivered to all directors 5 days before convening the extraordinary meeting</u> within 10 days from the receipt of such proposal, and the notice period of the meeting shall not be subject to the foregoing provisions of this Article.</p> <p>(4) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary. A director may waive his right to receive notice of a board meeting.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>CHAPTER 7 CONSIDERING AND VOTING ON PROPOSED RESOLUTIONS</p>	<p>CHAPTER 7 CONSIDERING AND VOTING ON PROPOSED RESOLUTIONS</p>
<p>Article 31 When reviewing the relevant motions and items, in order to understand the main points and situations in detail, the board may require heads of the relevant departments to attend the meeting to answer relevant questions. If any proposal being considered at the meeting is found unclear or infeasible to be fully discussed, the board shall adjourn the discussion on that subject.</p>	<p>Article 31 When reviewing the relevant motions and items, in order to understand the main points and situations in detail, the board may require heads of the relevant departments to attend the meeting to answer relevant questions. If any proposal being considered at the meeting is found unclear or infeasible to be fully discussed, the board shall adjourn the discussion on that subject. <u>the board may arrange the relevant senior management, heads of the functional departments and experts to attend the meetings as necessary to elaborate, receive inquiry or give advice on the motions involved. When considering matters involving legal issues, the general counsel shall attend the board meeting and express legal opinions.</u></p> <p><u>If the motion is considered to warrant further study or material changes based on the review opinions of the board, the motion shall be amended and improved for review according to the time and method determined by the meeting of the board.</u></p>
<p>Article 34 In reviewing the proposed resolutions at the board meeting, all directors present at meetings shall declare their affirmative, dissenting votes or abstaining opinions.</p> <p>.....</p>	<p>Article 34 In reviewing the proposed resolutions at the board meeting, all directors present at meetings shall declare their affirmative, dissenting votes or abstaining opinions. <u>The directors shall provide specific reasons for dissenting votes or abstaining opinions and record the same in the minutes.</u></p> <p>.....</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
<p>Article 35 If a director fails to attend a board meeting in person or by proxy, he shall be deemed to have waived his rights to vote at the meeting.</p>	<p>Article 35 <u>The directors shall attend the board meetings in person. A director may, in case he is unable to attend a meeting, entrust another director in writing to attend and exercise the right of vote on his behalf. However, an independent director shall not appoint a non-independent director to attend the meeting on his behalf.</u> If a director fails to attend a board meeting in person or by proxy, he shall be deemed to have waived his rights to vote at the meeting.</p>
<p>CHAPTER 8 RESOLUTIONS AND MINUTES OF THE MEETINGS</p>	<p>CHAPTER 8 RESOLUTIONS AND MINUTES OF THE MEETINGS</p>
<p>Article 43 The minutes of the board meeting shall record in detail the matters discussed by the directors. The minutes shall state the following:</p> <p>(1) the date and place of the meeting, and the name of convener of the meeting;</p> <p>.....</p>	<p>Article 43 The minutes of the board meeting shall record in detail the matters discussed by the directors. The minutes shall state the following:</p> <p>(1) the date and place of the meeting, and the name of convener <u>and the person presiding</u> of the meeting;</p> <p>.....</p>
<p>Article 45 After the minutes are finalized, directors, secretary to the board of directors and recorder(s) present at meetings shall sign the minutes. Each director shall be entitled to request for an explanation of his comments made at the meetings to be noted in the minutes. Such minutes shall be kept as important documents of the Company in its domicile located in China for a period of not less than 10 years.</p>	<p>Article 45 After the minutes are finalized, directors, secretary to the board of directors and recorder(s) present at meetings shall sign the minutes. Each director shall be entitled to request for an explanation of his comments made at the meetings to be noted in the minutes. Such minutes shall be kept as important documents of the Company in its domicile located in China <u>and shall be preserved permanently</u> for a period of not less than 10 years.</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
CHAPTER 9 BOARD MEETING INFORMATION DISCLOSURE	CHAPTER 9 BOARD MEETING INFORMATION DISCLOSURE
<p>Article 47 The board of the Company shall strictly comply with the laws, regulations and requirements of the stock exchange on which the Company's share are listed and transacted in relation to the disclosure of the Company's information. It shall ensure that matters examined and/or resolutions passed at the board meeting are disclosed truly, accurately, thoroughly and in a timely manner.</p>	<p>Article 47 The board of the Company shall strictly comply with the laws, regulations and requirements of the stock exchange on which the Company's share are listed and transacted in relation to the disclosure of the Company's information. It shall ensure that matters examined and/or resolutions passed at the board meeting are disclosed fairly, truly, accurately, thoroughly and in a timely manner.</p>
CHAPTER 10 IMPLEMENTATION OF THE RESOLUTIONS OF THE BOARD MEETING AND FEEDBACKS	CHAPTER 10 IMPLEMENTATION OF THE RESOLUTIONS OF THE BOARD MEETING AND FEEDBACKS
<p>Article 49 The following matters shall not be carried out until they are examined and approved by the board of directors and submitted to and approved by the shareholders' general meeting:</p> <p>(1) to formulate the Company's preliminary and final annual financial budgets;</p> <p>(2) to formulate the Company's profit distribution proposal and loss recovery proposal;</p> <p>(3) to formulate proposals for the increase or reduction of the Company's registered capital;</p> <p>(4) to formulate the issuance of the Company's debentures;</p> <p>(5) to draw up the Company's proposals for the merger, division, dissolution or change of the form of the Company;</p> <p>(6) to formulate proposals for any amendment of the Company's Articles of Association;</p>	<p>Article 49 The following matters <u>that shall be decided by the general meeting</u> shall not be carried out until they are examined and approved by the board of directors and submitted to and approved by the shareholders' general meeting:</p> <p>(1) to formulate the Company's preliminary and final annual financial budgets;</p> <p>(2) to formulate the Company's profit distribution proposal and loss recovery proposal;</p> <p>(3) to formulate proposals for the increase or reduction of the Company's registered capital;</p> <p>(4) to formulate the issuance of the Company's debentures;</p> <p>(5) to draw up the Company's proposals for the merger, division, dissolution or change of the form of the Company;</p> <p>(6) to formulate proposals for any amendment of the Company's Articles of Association;</p>

Existing Articles of the Rules and Procedures of Meetings of the Board	Revised Articles
(7) 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.	(7) 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.

Note: Save as the table above, if the serial numbering of the chapters and articles is changed due to the addition, deletion or re-arrangement of certain articles, the serial numbering of the chapters and articles of these Rules and Procedures of Meetings of the Board as so amended shall be changed accordingly, including references.

The proposed amendments to the Rules and procedures of Meetings of the Board 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 Rules and Procedures of Meetings of the Board, the Chinese version shall prevail.



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 EXTRAORDINARY GENERAL MEETING

Reference is made to the notice of the extraordinary general meeting (the “**Original Notice**”) of Air China Limited (the “**Company**”) dated 12 November 2021 which sets out the resolutions to be considered by the shareholders of the Company (“**Shareholder(s)**”) at the extraordinary general meeting to be held at 9:00 a.m. on Thursday, 30 December 2021 at The Conference Room C713, No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC (the “**EGM**”). Reference is also made to the supplemental circular dated 14 December 2021 issued by the Company to the Shareholders (the “**Supplemental Circular**”). Terms defined in the Supplemental Circular shall have the same meanings in this notice unless the context otherwise requires.

China National Aviation Holding Corporation Limited, the controlling Shareholder of the Company, has submitted the extraordinary proposals to the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company. In accordance with the relevant laws and regulations and the Company’s articles of association, the Board hereby presents such extraordinary proposals at the EGM for consideration and approval by the Shareholders.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM, which will be held as originally scheduled, will consider and, if thought fit, pass the following resolutions, in addition to the resolutions set out in the Original Notice:

ORDINARY RESOLUTION

2. To consider and approve the revision of the Existing Annual Caps applicable to contracting operation income of the Bellyhold Space Business payable by ACC Group to the Group under the New ACC Framework Agreement and the Revised Annual Caps for the two years ending 31 December 2021 and 2022, respectively.

SPECIAL RESOLUTIONS

3. To consider and approve the proposed amendments to the Articles of Association as set out in Appendix II to the Supplemental Circular.

APPENDIX V SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

4. To consider and approve the proposed amendments to the Rules and Procedures of Shareholders' Meetings as set out in Appendix III to the Supplemental Circular.
5. To consider and approve the proposed amendments to the Rules and Procedures of Meetings of the Board as set out in Appendix IV to the Supplemental Circular.

By Order of the Board
Air China Limited
Huang Bin Huen Ho Yin
Joint Company Secretaries

Beijing, the PRC, 14 December 2021

As at the date of this supplemental notice, the directors of the Company are Mr. Song Zhiyong, Mr. Ma Chongxian, Mr. Feng Gang, Mr. Patrick Healy, Mr. Xue Yasong, Mr. Duan Hongyi, Mr. Stanley Hui Hon-chung* and Mr. Li Dajin*.*

* *Independent non-executive director of the Company*

Notes:

- (1) A revised form of proxy is enclosed with this supplemental notice. Whether or not you are able to attend the EGM, you are requested to complete the accompanying revised form of proxy 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 EGM or any adjournment thereof (as the case may be). Completion and return of the revised form of proxy will not preclude the shareholders of the Company from attending and voting in person at the EGM or any adjournment thereof.
- (2) Please refer to the Original Notice for details in respect of the eligibility for attending the EGM, appointment of proxy, registration procedures, closure of register of members and other relevant matters.
- (3) Please refer to the notice of attendance of the EGM of the Company in respect of the timing and address for attending the EGM and other relevant matters.
- (4) Important notice in relation to pandemic prevention and control

In the event that the containment of COVID-19 pandemic is still ongoing at the time of the EGM, in order to cooperate with the prevention and control of the pandemic so as to safeguard the health and safety of the Shareholders and the participants of the meeting, at the same time ensuring that the Shareholders may exercise their respective shareholders' rights, the Company recommends H share Shareholders and their proxies intending to attend the EGM to vote by completing and submitting the proxy form, i.e. to indicate how you wish your votes to be casted in the proxy form, and appoint the Chairman of the EGM as your proxy to vote on your behalf on site.

In case H share Shareholders or their proxies choose to attend the meeting in person by then, they must comply with the policies and requirements of Beijing regarding the containment of COVID-19 pandemic. On the way to, from and at the venue of the EGM, please adopt proper personal preventive measures. Upon arrival at the venue of the EGM, please follow the arrangement and guidance of the staff and cooperate with the pandemic prevention and control requirements including, among others, attendee registration and wearing of masks. Please provide the proof of negative nucleic acid test results within 48 hours and comply with the temperature checking procedures, and take the initiative to scan and present the "Beijing Health Kit" green code.