
DEFINITIONS

In this Prospectus, the following expressions have the following meaning unless the context otherwise requires. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Prospectus.

“Air China,” “our Company,” “the Company,” “we,” “our,” and “us”	Air China Limited (中國國際航空股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on September 30, 2004, and, except where the context otherwise requires, all of its subsidiaries, or, where the context refers to any time prior to its incorporation, the businesses which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it pursuant to the Restructuring in contemplation of the Global Offering
“Air China Cargo”	Air China Cargo Co., Ltd. (中國國際貨運航空有限公司), a company with limited liability incorporated under the laws of the PRC, 51.0% of its registered capital is owned by the Company, 25.0% of its registered capital is owned by CITIC Pacific and 24.0% of its registered capital is owned by Capital Airport Holding Company as of the Latest Practicable Date
“Air Macau”	Air Macau Company Limited (澳門航空股份有限公司), a company with limited liability incorporated under the laws of Macau with 51.0% of its share capital beneficially owned by CNAC (Macau)
“AIE”	Air China Group Import and Export Trading Co. (國航集團進出口貿易公司), a company with limited liability incorporated under the laws of the PRC and a wholly owned subsidiary of the Company
“Ameco”	Aircraft Maintenance and Engineering Corporation, Beijing (北京飛機維修工程有限公司), a company with limited liability incorporated under the laws of the PRC, 60.0% of its registered capital is owned by the Company and 40.0% of its registered capital is owned by Deutsche Lufthansa AG as of the Latest Practicable Date
“Application Forms”	white Application Form(s) and yellow Application Form(s) or, where the context so requires, either of them
“Articles of Association”	the articles of association of the Company adopted on September 30, 2004 which was approved by SASAC on October 12, 2004 and effective as of the date of approval
“associate”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Beijing Airport”	Beijing Capital International Airport Company Limited (北京首都國際機場股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC

DEFINITIONS

“Board”	the board of directors of the Company
“business day”	any day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business
“CAAC”	the General Administration of Civil Aviation of China (中國民用航空總局), formerly known as the Civil Aviation Administration of China
“CAOHC”	China Aviation Oil Holding Company (中國航空油料集團公司), a state-owned enterprise incorporated under the laws of the PRC
“CASGC”	China Aviation Supplies Import and Export Group Corporation (中國航空器材進出口集團公司)
“Cathay Pacific”	Cathay Pacific Airways Limited, a company with limited liability incorporated under the laws of Hong Kong
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant, a CCASS Custodian Participant, or a CCASS Investor Participant
“China Eastern Airlines”	China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC
“China Southern Airlines”	China Southern Airlines Company Limited (中國南方航空股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC
“CITIC Pacific”	CITIC Pacific Limited, a company with limited liability incorporated under the laws of Hong Kong
“CNAC”	China National Aviation Company Limited (中航興業有限公司), a company with limited liability incorporated under the laws of Hong Kong and listed on the Hong Kong Stock Exchange with stock code 1110 and in which approximately 69% of its share capital is owned by the Company

DEFINITIONS

“CNAC (Macau)”	China National Aviation Corporation (Macau) Company Limited, a company with limited liability incorporated under the laws of Macau and a wholly owned subsidiary of CNAC
“CNAC Group”	CNAC and its subsidiaries and associates
“CNAC (PRC)”	China National Aviation Corporation (中國航空總公司), a company incorporated under the laws of the PRC
“CNACG”	China National Aviation Corporation (Group) Limited (中國航空(集團)有限公司), a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of CNAHC
“CNAHC”	China National Aviation Holding Company (中國航空集團公司), a state-owned enterprise incorporated under the laws of the PRC
“CNAHC Group”	CNAHC, its subsidiaries and associates. Unless otherwise expressly stated or the context otherwise requires, references to “CNAHC Group” exclude the Company, its subsidiaries and joint ventures.
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Domestic Shares”	the ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi by PRC nationals and/or PRC corporate entities
“Director(s)”	the director(s) of the Company
“Dragonair”	Hong Kong Dragon Airlines Limited, a company with limited liability incorporated under the laws of Hong Kong with approximately 43.29% of its share capital owned by CNAC
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Foreign Shares”	both Non-H Foreign Shares and H Shares
“FSMA”	the Financial Services and Markets Act 2000 of the United Kingdom
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”	the Company and its subsidiaries and joint ventures
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shares”	overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each,

DEFINITIONS

	which are to be subscribed and traded in Hong Kong dollars and proposed to be listed on the Hong Kong Stock Exchange and admitted to the Official List of the UK Listing Authority and to trading on the market for listed securities of the London Stock Exchange
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Hong Kong dollars” or “H.K. dollars” or “HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Offer Shares”	the 280,568,000 H Shares being offered in the Hong Kong Public Offering, subject to adjustment as described in “Structure of the Global Offering” in this Prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash (subject to adjustment as described in the section headed “Structure of the Global Offering” in this Prospectus) at the Offer Price (plus brokerage fee of 1.0%, Hong Kong Stock Exchange trading fee of 0.005%, SFC transaction levy of 0.005% and investor compensation levy of 0.002%, in each case, of the Offer Price) on the terms and subject to the conditions described in this Prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this Prospectus
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the underwriters listed in the section headed “Underwriting — Hong Kong Underwriters” being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated December 2, 2004 relating to the Hong Kong Public Offering and entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and us, as further described in the section headed “Underwriting — Underwriting Arrangements and Expenses” in this Prospectus

DEFINITIONS

“IFRS”	International Financial Reporting Standards promulgated by the International Accounting Standard Board (“IASB”). IFRS includes International Accounting Standards (“IAS”) and interpretations
“International Offering”	the conditional placing by the International Underwriters of the International Offering Shares with professional and institutional investors and other investors as further described in the section headed “Structure of the Global Offering” in this Prospectus
“International Offering Shares”	the International Placing Shares and the Sale Shares
“International Placing Shares”	the 2,270,050,182 Offer Shares offered for subscription by us as part of the International Offering at the Offer Price, subject to any adjustment as mentioned in the section headed “Structure of the Global Offering” in this Prospectus and, where relevant, any additional H Shares which might be issued pursuant to the exercise of the Over-allotment Option
“International Underwriters”	the underwriters listed in the section headed “Underwriting — International Underwriters,” being the underwriters expected to enter into the International Purchase Agreement
“International Purchase Agreement”	the international purchase agreement relating to the International Offering which is expected to be entered into by the Company, the Selling Shareholders, the Joint Global Coordinators and the International Underwriters on or about December 9, 2004, as further described in the section headed “Underwriting — International Offering” in this Prospectus
“Joint Global Coordinators”	China International Capital Corporation Limited and Merrill Lynch Far East Limited
“Joint Sponsors”	China International Capital Corporation (Hong Kong) Limited and Merrill Lynch Far East Limited, being the joint sponsors to our application for a listing of our H Shares on the Hong Kong Stock Exchange
“KRW”	Korean Won, the lawful currency of the Republic of Korea
“Latest Practicable Date”	November 30, 2004, being the latest practicable date for ascertaining certain information in this Prospectus prior to its publication
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about December 15, 2004 (Hong Kong time), on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange

DEFINITIONS

“London Listing”	the admission of our H Shares to the Official List of the UK Listing Authority and to trading on the market for listed securities of the London Stock Exchange
“London Listing Rules”	the listing rules of the UK Listing Authority
“London Sponsor”	Merrill Lynch International
“LSE” or “London Stock Exchange”	London Stock Exchange plc
“Lufthansa”	Deutsche Lufthansa AG
“MOF” or “Ministry of Finance”	the Ministry of Finance of the PRC (中國財政部)
“Ministry of Commerce”	the Ministry of Commerce of the PRC (中國商務部)
“NDRC”	the National Development and Reform Commission of the PRC (中國國家發展和改革委員會)
“Non-H Foreign Shares”	the 1,388,992,507 ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each to be held by CNACG after the Global Offering
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee, SFC transaction levy and investor compensation levy) at which Hong Kong Offer Shares are to be subscribed pursuant to the Hong Kong Public Offering and International Offering Shares are to be offered pursuant to the International Offering, to be determined as described in the section headed “Structure of the Global Offering — Pricing and Allocation” in this Prospectus
“Offer Shares”	Hong Kong Offer Shares and International Offering Shares
“Over-allotment Option”	the option granted by the Selling Shareholders and us to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the date of the International Purchase Agreement until 30 days from the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 382,592,727 additional H Shares and to require the Selling Shareholders to sell up to an aggregate of 38,259,273 additional Sale Shares at the Offer Price solely to cover over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering — The Global Offering” in this Prospectus
“PBOC”	the People’s Bank of China (中國人民銀行)
“PBOC Rate”	the exchange rate for foreign exchange transactions set daily by the PBOC based on the China inter-bank foreign exchange

DEFINITIONS

	market rate of the previous day and with reference to current exchange rates on the world financial markets
“PICC”	PICC Property and Casualty Company Limited
“PRC Company Law”	the Company Law of the PRC (中國公司法), as enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993, which came into effect on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	the accounting rules and regulations in the PRC
“PRC government”	the central government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organs thereof or, as the context requires, any of them
“PRC” or “China”	the People’s Republic of China (中華人民共和國 or 中國) excluding, for the purpose of this Prospectus only, Hong Kong, Macau and Taiwan
“Price Determination Agreement”	the agreement to be entered into among the Company, the Selling Shareholder, and the Joint Global Coordinators on behalf of the Underwriters on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about December 9, 2004, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than December 14, 2004
“Prospectus”	this prospectus which is being issued in connection with the Hong Kong Public Offering and which also comprises listing particulars relating to the Company in accordance with the London Listing Rules
“Regulation S”	Regulation S under the U.S. Securities Act, as amended from time to time
“Restructuring Agreement”	the restructuring agreement, as described in the section headed “Our Restructuring” in this Prospectus
“Restructuring”	the restructuring of the group of companies now comprising our Company, effective on September 30, 2004 as described in the section headed “Our Restructuring” in this Prospectus
“RMB” or “Renminbi”	the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act, as amended

DEFINITIONS

“SAFE” or “State Administration of Foreign Exchange”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAIC” or “State Administration for Industry and Commerce”	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局)
“Sale Shares”	the 255,061,818 H Shares to be converted from an equal number of Domestic Shares and Non-H foreign Shares with a nominal value of RMB 1.00 each held by the Selling Shareholders to be offered for sale by the Selling Shareholders as part of the Global Offering at the Offer Price, subject to any adjustment as mentioned in the section headed “Structure of the Global Offering” in this Prospectus and, where relevant, any additional H Shares which may be sold pursuant to the exercise of the Over-allotment Option
“SARS”	severe acute respiratory syndrome
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SEC”	the United States Securities and Exchange Commission
“Selling Shareholders”	CNAHC and CNACG, which as the existing Shareholders of the Company will sell the Sale Shares in the Global Offering, as further described in the section headed “Structure of the Global Offering” in this Prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shandong Airlines”	Shandong Airlines Co., Ltd. (山東航空股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC and listed on the Shenzhen Stock Exchange of the PRC; the Company has entered into an assignment agreement with respect to its proposed acquisition of a 22.8% equity interest in Shandong Airlines and the acquisition is pending, subject to receipt of certain procedural approvals from the PRC government
“Shandong Aviation Group”	Shandong Aviation Group (山東航空集團有限公司), a company with limited liability incorporated under the laws of the PRC; the Company has entered into an assignment agreement with respect to its proposed acquisition of a 48.0% equity interest in Shandong Aviation Group and the acquisition is pending, subject

DEFINITIONS

	to receipt of certain procedural approvals from the PRC government
“Shareholder”	a holder of our Share(s) from time to time
“Shares”	the ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares, Non-H Foreign Shares and H Shares
“Shenzhen Airlines”	Shenzhen Airlines, Co., Ltd. (深圳航空有限責任公司), a company with limited liability incorporated under the laws of the PRC with 25.0% of its share capital owned by the Company
“Special Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council on August 4, 1994, as amended, supplemented or otherwise modified from time to time
“State Council”	the State Council of the PRC (中國國務院)
“Strategic Investor”	Cathay Pacific Airways Limited
“subsidiary”	has the meaning ascribed thereto in section 2 of the Hong Kong Companies Ordinance
“Supervisor(s)”	The member(s) of the Supervisory Committee of the Company
“Supervisory Committee”	the supervisory committee of the Company established pursuant to the PRC Company Law, as described in the section headed “Directors, Supervisors and Senior Management” in this Prospectus
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. GAAP”	the generally accepted accounting principles in the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Purchase Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Zhejiang Airlines”	CNAC Zhejiang Airlines, previously a wholly owned subsidiary of CNAC (PRC) and currently a branch of our Company