

Air China Limited
Working Rules of the Audit and Risk Management Committee
(the Supervision Committee) of the Board of Directors
(Amended in 2023)

Chapter 1 General Principles

Article 1 In order to improve the decision-making function of the board of directors (the “Board”) of Air China Limited (the “Company”), enhance the effective supervision over the management by the Board and maintain a sound corporate governance structure, the Company established the Audit and Risk Management Committee (the Supervision Committee) of the Board of Directors (hereinafter referred to as the “Committee”) and these working rules in accordance with the Company Law of the People’s Republic of China and with reference to the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission, the listing regulatory rules of the jurisdictions in which the shares of the Company are listed such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-regulatory Guidelines for the Companies Listed on the Shanghai Stock Exchange No. 1 – Standardized Operation (the “Standardized Operation Guidelines”), and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Articles of Association of Air China Limited (the “AOA”) and other relevant rules and regulations.

Article 2 As a dedicated committee established by the Board in accordance with the shareholders’ resolution in a general meeting of the Company, the Committee is accountable to the Board, and provides advice and recommendations for the decision-making of the Board. The Committee is mainly responsible for supervising and assessing the external audit works, proposing the engagement or replacement of the external auditing firms, supervising and assessing the internal audit works, coordinating the internal and external auditing of the Company, reviewing the financial information of the Company and its disclosures, supervising and assessing the internal control and risk management of the Company as well as other matters authorized by the laws and regulations, the AOA and the Board.

Members of the Committee should ensure that they dedicate sufficient time and energy to dutifully perform their duties and responsibilities. The Company should provide the necessary working conditions for the Committee. When the Committee performs its duties and responsibilities, the Company’s management and the relevant departments should cooperate with the Committee.

Chapter 2 Composition

Article 3 The Committee shall consist of three to five non-executive directors, and a majority of the Committee members shall be independent non-executive directors. The Committee shall include at least one independent non-executive director who has adequate expertise in accounting or financial management. All members of the Committee shall have adequate professional skills and business experience to perform the Committee's responsibilities.

Article 4 The members of the Committee shall not be directors that serve as senior management of the Company, and shall be appointed by the Board upon nomination by the chairman of the Board, more than half of the independent non-executive directors, or more than one-third of all directors of the Board.

Article 5 The Committee shall have one chairman (the "Chairman"), who shall be an accounting professional and an independent non-executive director being a member of the Committee and elected by all Committee members. The Chairman shall preside over the work of the Committee.

Article 6 Members of the Committee shall have a term equal to the term of a director of the Company and may be re-elected upon expiration of such term. Any member of the Committee shall concurrently cease to be a member of the Committee if he or she ceases to be a director of the Company. The vacancy shall be filled by the Board in accordance with Articles 3 to 5 herein.

The Board should regularly assess the independence of the Committee members and their performance of their duties and responsibilities. The Board may replace any unsuitable Committee members as it deems necessary.

The Company shall provide trainings to the Committee members to equip them with adequate professional skills in the areas of law, accounting and corporate regulations that are necessary to perform their duties in a timely manner.

Chapter 3 Powers and Responsibilities

Article 7 The Committee shall have the powers and authorities to:

- (1) Make recommendations to the Board on the appointment, reappointment and removal of the external auditor, approve the remuneration and terms of engagement of the external auditor pursuant to the relevant authorizations and deal with any questions of its resignation or dismissal;

- (2) Review and monitor the external auditor's independence and objectivity and the effectiveness of the auditing process in accordance with the applicable standards. The Committee should discuss with the external auditor the nature and scope of the audit and relevant reporting obligations before the audit commences;
- (3) Formulate and implement policies on engaging external auditor to provide non-audit services. Review and monitor the external auditor's independence and objectivity in the provision of non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all the relevant information would reasonably conclude to be part of the audit firm nationally or internationally;
- (4) Supervise and assess the internal audit work of the Company, including but not limited to:
 1. Guiding and supervising the establishment and implementation of the internal audit system;
 2. Reviewing the annual internal audit work plan of the Company;
 3. Supervising and urging the implementation of the internal audit plan of the Company;
 4. Guiding the effective operation of the internal audit department. The internal audit department shall report its work to the Committee, and various audit reports, the rectification plan and rectification progress of audit problems submitted by the internal audit department to the management shall be submitted to the Committee concurrently;
 5. Reviewing the internal audit reports, assessing the internal audit results and supervising rectification of material issues;
 6. Supervising the internal audit department to carry out inspection, at least semi-annually, on the implementation of significant matters such as the use of proceeds of the Company, provision of guarantees, connected transactions, securities investment and derivatives transactions, provision of financial assistance, purchase or sale of assets and external investments, large-value transactions and the transactions with directors, supervisors, senior management,

controlling shareholders and de facto controller and their respective associates, and issue an inspection report and submit it to the Committee;

7. Reporting to the Board on the progress and quality of internal audit and major problems identified;
 8. The Committee shall issue assessment opinions in writing in respect of the effectiveness of the internal control of the Company based on the internal audit report and relevant information submitted by the internal audit department, and report to the Board. In the event that the Committee considers that there is a material deficiency or material risk in the internal control of the Company, the Board shall report to the stock exchange where the Company is listed and make disclosure in a timely manner;
 9. Overseeing the coordination between the Company's management, the internal auditing department, other related departments and the external auditor, ensuring that the internal audit is adequately resourced and has appropriate standing within the Company, and reviewing the effectiveness of internal audits.
- (5) Monitor the Company's financial information and disclosures, review the truthfulness, accuracy and integrity of the Company's financial statements, annual reports and accounts, interim reports, quarterly reports, and the key opinions relating to financial reporting in any of the above. In reviewing these reports before submission to the Board, the Committee should focus on:
- i. any changes in accounting policies and practices;
 - ii. any matters that involve significant judgements;
 - iii. any significant adjustments made in the course of auditing work;
 - iv. any going concern assumptions and any reservation;
 - v. compliance with accounting standards;
 - vi. any potential fraud, fraudulent conducts or false statements relating to the financial reporting;
 - vii. compliance with the Hong Kong Listing Rules and other legal requirements in relation to financial reporting; and

viii. any issues over financial reporting that are subject to rectifications.

- (6) In connection with the duties as set forth in item (5) above, liaise with the Board and the senior management of the Company and meet with the external auditor conducting the annual audits for at least twice a year; consider any significant or unusual matters that are, or may need to be, reflected in the reports and accounts, and give due consideration to any matters that have been raised by the person in charge of the accounting, financial reporting, compliance and auditing of the Company;
- (7) Discuss the establishment of the Company's risk management system and internal control system with the management of the Company to ensure that the management has performed its duty to establish an effective control system. The discussion should cover the adequacy of resources of the Company's accounting and financial reporting function as well as the internal audit function, staff qualification and experience, training programs and budget of the Company's accounting and financial reporting departments.

Review the Company's risk management system, internal control system and legal and compliance management system, and assess the effectiveness and implementation of the relevant systems. The aforesaid review and assessment shall cover aspects including financial control, operational control and compliance control; assess the effectiveness of the rules and specifications for the Company's risk investment (including but not limited to any investment in any financial derivative instruments), and review the strategy and implementation plan of the Company for such investment.

Review the internal control audit plan and audit report issued by the external auditors and communicate with the external auditor regarding deficiency identified and any improvement plan in response to it.

- (8) Consider major investigation findings on risk management and internal control matters and the management's responses to the above, as delegated by the Board or on its own initiative; supervise the rectifying actions to address the deficiencies in the Company's internal control.
- (9) Review the audit notes submitted to the management by the external auditor for the annual audit, any material enquiries raised by the external auditor to the management regarding accounting records, financial accounts and control systems, and the management's responses to such enquiries, and ensure that the Board will provide a timely response to the issues raised in the audit notes submitted to the management by the external auditor for the annual audit;

- (10) Review the financial and accounting policies and practices adopted by the Company and its subsidiaries;
- (11) Supervise the Company's connected transactions control and the daily management of such transactions. Review any major connected transactions of the Company and submit written opinions to the Board for its consideration;
- (12) Listen to the Company's reports on any fraudulent conducts and the whistleblower reports of such conducts; review the following arrangements set up by the Company: the employees of the Company can raise concerns about possible improprieties in the financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for the Company to conduct fair and independent investigations and appropriate actions of these matters. The employees of the Company and those who deal with the Company, such as customers and suppliers, can make anonymous reports to the Committee regarding any possible improprieties related to the Company.
- (13) Report to the Board and make recommendations on any matters where action or improvement is needed and other matters as stipulated in these working rules.
- (14) Address other matters authorized by the Board and other matters as required by the laws and regulations as well as the relevant regulations of the stock exchange where the Company is listed.

Article 8

Resolutions adopted by the Committee shall be submitted to the Board for its consideration. The Committee shall identify and make recommendations on any matters where any improvement is required. The Committee shall cooperate with the supervision and audit activities of the board of supervisors of the Company.

The following matters shall be submitted to the Board for consideration after the approval of more than half of all the members of the Committee:

- (1) disclosure of financial information and internal control assessment report in the financial accounting report and periodic report;
- (2) appointment or dismissal of the accounting firm undertaking the auditing business of the Company;
- (3) appointment or dismissal of the chief financial officer of the Company;

- (4) change of accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (5) other matters as stipulated by laws, regulations, the regulatory rules of the jurisdictions in which the shares of Company are listed and the AOA.

Article 9 The relevant functional departments of the Company shall actively provide support and create necessary conditions for the discharge of its duties by the Committee, such as providing information and relevant materials and coordinating the communication with the accounting firm.

Chapter 4 Rules for Annual Financial Reporting

Article 10 The Committee shall, at the end of each fiscal year, but before the start of the annual audit, agree with the chartered accounting firm engaged for the annual audit on a timetable for auditing the financial statements of the Company.

The Committee shall urge the accounting firm to submit its audit report within the agreed timetable, and record how and for how many times the Committee has done so, and the results, in a written note, which shall be signed by the relevant person in charge.

Article 11 The Committee shall, before the external auditor for the annual audit is engaged to audit the annual financial report of the Company commences its auditing assignment, review and form its opinion in writing on the financial report prepared by the Company.

The Committee shall, after the external auditor for the annual audit commences its auditing assignment, communicate with such external auditor for the annual audit on material issues identified in the auditing process. After the preliminary audit opinion is issued by such external auditor for the annual audit, the Committee shall review the audit opinion and form its opinion in writing on the financial report of the Company.

Article 12 The Committee shall vote and reach a decision on the annual financial report, and submit the decision to the Board for review and approval. The Committee shall also submit to the Board a summary report on the audit work done by the accounting firm of this year, and its decision on the renewal of the engagement of the existing accounting firm or the engagement of a new accounting firm for the new year.

The documents relating to the audit of the annual financial report of the Company (as considered and reviewed by the Committee) shall be disclosed in the annual report of the Company.

Chapter 5 Procedural Rules

Article 13

The Committee may hold regular or ad hoc meetings. The Committee meeting shall be called and presided by the Chairman, or if the Chairman is unable or unwilling to perform such duties, a member who is an independent non-executive director shall be appointed to perform such duties on his or her behalf. Regular meetings shall be held at least four times a year. Ad hoc meetings may be held when so requested by more than two members of the Committee or when the Chairman deems it to be necessary.

The Committee shall hold a meeting at least once a year to communicate with the external auditor without the presence of the management of the Company. The secretary of the Board may attend the meeting in a non-voting capacity.

The meeting notice shall be issued 5 days before the date of meeting, and the aforesaid advance notice period may be waived by the unanimous consent of all Committee members. Meeting papers shall be sent 3 days before the date of meeting.

Article 14

The quorum of a meeting of the Committee shall be two-thirds of all Committee members. Each member present shall have one vote. The resolution of the meeting must be passed by more than half of all the members before such resolution becomes effective.

Should a committee member have any conflict of interest with respect to any matters to be decided at a meeting of the Committee, he or she shall abstain. If a resolution cannot be passed due to the abstention of the Committee member(s), the relevant matter shall be submitted to the Board for its review and decision.

- Article 15** The Committee's meetings may be held in the form of, including but not limited to, physical meetings, teleconferences such as video meetings and conference call meetings, combination of physical meeting and teleconference, or by way of written resolutions. The Committee members should attend the meetings in person and express whether they vote in favor of, against or abstain from voting for the matters to be decided. Should any Committee member be unable to attend the meeting in person, he or she may deliver a proxy letter in writing duly signed by such Committee member, appointing another Committee member to attend the meeting and to express opinions on his or her behalf. The proxy letter should clearly state the extent of authorization and its time limit. Each Committee member may only accept one other Committee member's proxy. Should a Committee member who is an independent non-executive director cannot attend the meeting in person, he or she shall authorize another Committee member who is an independent non-executive director to attend on his or her behalf.
- Article 16** Should the Committee deems it necessary, the directors, supervisors and senior management of the Company may be invited to attend the meeting, and representatives of the external auditor, internal auditors, financial officers, legal counsels and other relevant personnel may also be invited to attend the meeting and provide necessary information.
- Article 17** The Committee shall establish a joint working group, comprising the senior management of the Company and/or the person in charge of the relevant functional departments, to provide support to the Committee. The Committee may, if necessary, engage experts or intermediary institutions to provide professional opinions in its decision-making process and any reasonable cost arising therefrom shall be borne by the Company.
- Article 18** The procedures for holding, methods of voting of, and resolutions passed by the meeting of the Committee must comply with the relevant laws and regulations, the AOA and these working rules.
- Article 19** The Committee shall prepare minutes of its meetings, which shall be signed by the Committee members who have attended the meeting and shall be kept by the office of the Board.
- Article 20** The resolutions passed by, and the results of voting conducted at, the Committee meetings shall be reported in writing to the Board.
- Article 21** Members attending a Committee meeting shall keep any matter discussed at the meeting confidential, and shall not disclose any related information unless duly authorized for such disclosure.

Chapter 6 Miscellaneous

- Article 22** These working rules are formulated by the Board and shall become effective upon the approval of the Board.
- Article 23** In case of any matters not provided herein or conflicts with the provisions of the laws, administrative regulations, other relevant regulatory documents or the AOA promulgated after these working rules come into effect, such provisions of the laws, administrative regulations, other relevant regulatory documents or the AOA shall prevail.
- Article 24** The Board reserves the rights to amend and interpret these working rules.