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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**AGM**”) of Air China Limited (the “**Company**”) for the year ended 31 December 2021 will be held at 11:00 a.m. on Wednesday, 25 May 2022 at The Conference Room C713, No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, the PRC to consider and, if thought fit, to pass the following resolutions.

ORDINARY RESOLUTIONS

1. To consider and approve the 2021 work report of the board of directors (the “**Board**”) of the Company (full text of which is set out in Appendix I of this notice).
2. To consider and approve the 2021 work report of the supervisory committee of the Company (full text of which is set out in Appendix II of this notice).
3. To consider and approve the audited consolidated financial statements of the Company for the year 2021 prepared under the PRC Accounting Standards and the International Financial Reporting Standards.
4. To consider and approve the profit distribution proposal for the year 2021.
5. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as the Company’s international auditor for the year 2022 and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company’s domestic auditor and internal control auditor for the year 2022, and to authorize the Audit and Risk Management Committee (the Supervision Committee) to determine their remunerations for the year 2022.

SPECIAL RESOLUTION

6. To consider and approve the issue of debt financing instruments (including, but not limited to, ultra-short-term commercial papers, short-term commercial papers, mid-term notes, corporate bonds, domestic non-public targeted debt financing instruments, overseas debt financing instruments and overseas bonds/notes denominated in RMB or foreign currencies) within the cap amount of bond issuance stipulated in the applicable laws in one or multiple tranche(s) (the “**Issuance**”), the details of which are set out in Appendix III of this notice, and generally and unconditionally authorise the Board to deal with the followings in accordance with the specific needs of the Company and other market conditions:
- (i) to determine the issuer, issue size, type, specific instruments, detailed terms, conditions and other matters relating to the Issuance (including, but not limited to, the issue size, actual principal amount, currency, issue price, interest rate or mechanism for determining the interest rate, issue place, issue timing, term, whether or not to issue in multiple tranches and number of tranches, whether or not to set put-back or redemption terms, credit rating, guarantee, repayment term, detailed fund-raising arrangements within the scope of use approved by the shareholders’ meeting, detailed placing arrangements, underwriting arrangements and all other matters relating to the issuance);
 - (ii) to carry out all necessary and ancillary actions and procedures relating to the Issuance (including, but not limited to, engage underwriters, lawyers, auditors, rating agencies, financial advisers and other intermediary institutions, handle all approval, registration and filing procedures with the relevant regulatory authorities in connection with the Issuance on behalf of the Company, execute all necessary legal documents, select bonds trustee manager for the Issuance, formulate rules for the bondholders’ meeting and handle any other matters relating to the issuance and trading);
 - (iii) to approve and confirm any action or procedure relating to the Issuance as mentioned above already taken by the Company;
 - (iv) to make adjustments to the relevant matters such as the specific proposals for the Issuance in accordance with the comments from the regulatory authorities or the prevailing market conditions within the authority granted at the general meeting of the Company, except where voting at a general meeting of the Company is required by any relevant laws and regulations and the Articles of Association of Air China Limited;
 - (v) to determine and handle all relevant matters relating to the listing of the issued debt financing instruments upon the completion of the issuance;

- (vi) in the case of issuance of corporate debt financing instruments, during the term of the corporate debt financing instruments, to determine not to distribute dividends to the shareholders to safeguard repayment of debts as required under the relevant laws and regulations in the event that the Company expects to, or does fail to pay the principal and interests as they fall due;
- (vii) to approve, execute and dispatch any announcements or circulars relating to the Issuance and make any related disclosure in accordance with the listing rules of the relevant jurisdictions where the shares of the Company are listed;
- (viii) to authorize the Board to delegate the authorizations set forth in items (i) to (vi) above to the president and/or the general accountant of the Company upon obtaining the authorization at the general meeting; and
- (ix) to authorize the Board to delegate the authorization set forth in item (vii) above to the secretary of the Board of the Company upon obtaining the authorization at the general meeting.

By order of the Board
Air China Limited
Song Zhiyong
Chairman

Beijing, PRC, 5 May 2022

As at the date of this notice, the directors of the Company are Mr. Song Zhiyong, Mr. Ma Chongxian, Mr. Feng Gang, Mr. Patrick Healy, Mr. Li Fushen, Mr. He Yun*, Mr. Xu Junxin* and Ms. Winnie Tam Wan-chi*.*

** Independent non-executive director of the Company*

Notes:

1. Closure of register of members

Holders of H shares of the Company are advised that the H share register of members of the Company will be closed from Wednesday, 18 May 2022 to Wednesday, 25 May 2022 (both days inclusive), during which time no transfer of shares will be effected and registered. In order to qualify for attendance and voting at the AGM, holders of H shares shall lodge all instruments of transfer with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 4:30 p.m. on Tuesday, 17 May 2022.

H shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 17 May 2022 are entitled to attend and vote at the AGM.

2. Proxy

Every shareholder who has the right to attend and vote at the AGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his/her behalf at the AGM.

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointor or his attorney duly authorized in writing. If the appointor is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorized in writing. The instrument appointing the proxy for holders of H shares shall be deposited at the Company's H share registrar not less than 24 hours before the time specified for the holding of the AGM (or any adjournment thereof). If the instrument appointing the proxy is signed by a person authorized by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarized. The notarized power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H share registrar.

3. Profit distribution proposal for the year 2021

Regarding resolution No. 4, the Company recorded a net loss attributable to the owner of the parent company in 2021 based on the audited financial statements prepared in accordance with the CASs and the IFRSs. As considered and approved by the 2nd meeting of the sixth session of the Board of the Company, the Company proposed not to make profit distribution for the year of 2021.

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 AGM, 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 AGM 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 AGM 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 AGM, please adopt proper personal preventive measures. Upon arrival at the venue of the AGM, 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.

5. Other businesses

- (i) The AGM is expected to last for no more than a half of a working day. Shareholders and their proxies attending the meeting shall be responsible for their own traveling and accommodation expenses.

(ii) The address of Computershare Hong Kong Investor Services Limited is:

17M Floor

Hopewell Centre 183 Queen's Road East

Wanchai

Hong Kong

Tel No.: (852)28628628

Fax No.: (852)28650990

Air China Limited
2021 Work Report of The Board of Directors

In 2021, Air China Limited (“Air China” or “the Company”), under the strong leadership of the Communist Party of China (CPC) Central Committee with Comrade Xi Jinping as the core, resolutely implemented the decisions and arrangements of the CPC Central Committee and the State Council, implemented the requirements of regulatory authorities, calmly responded to the complex and evolving challenges in the occasions, maintained the strategic focus, held on to the bottom line of safe development, consolidated the achievements of pandemic prevention and control and made new significant progress and remarkable results in all work. The Board of Directors of the Company implemented the “two-consistency (consistently adhere to the Party’s leadership over State-owned enterprises; consistently develop a modern enterprise system as the direction of the reform of State-owned enterprises)”, strived to build a corporate governance mechanism of “legal rights and responsibilities, transparent rights and responsibilities, coordinated operation and effective control and balance”, and gave full play to the functions of “developing strategies, making decisions and preventing risks”, so as to effectively promote the high-quality development of the Company and the implementation of the strategy of building a world-class aviation group. The work of the Board of Directors is hereby reported as follows:

I. FURTHER STRENGTHEN THE PARTY’S LEADERSHIP WHILE IMPROVING CORPORATE GOVERNANCE

Focusing on the implementation of the philosophy of the important speech delivered by the General Secretary Xi Jinping at the National Conference on Party Building in State-owned Enterprises, the Board of Directors of Air China implemented the important instructions and requirements of “two-consistency”, and assumed the role of further strengthening the Party’s leadership in improving corporate governance as a major political task, so as to effectively strengthen the leading role of the Party Committee.

- (1) Give play to the leading role of the Party Committee. The Board of Directors revised the Articles of Association and the checklist of the rights and responsibilities for major matters of corporate governance entities, defined the leadership role of the Party Committee in “setting the right direction, keeping in mind the big picture and promoting implementation”, imposed responsibilities and authority, operation mechanism, basic safeguard and other important matters of the Party organization, and integrated the Party’s leadership into each link of corporate governance to realize institutionalization, standardization and procedure.
- (2) Improve the system and mechanism of leadership of the Party Committee. The Board of Directors defined the rights, responsibilities and working methods of the Party Committee in decision-making, implementation and supervision, implemented the leadership system of “two-way entry and cross-appointment”, and realized the “several responsibilities on

one shoulder” mode of the Secretary of Party Committee. In this mode, the President serves as the Deputy Secretary and joins the Board of Directors, and the full-time Deputy Secretary joins the Board of Directors.

- (3) Define the scope and boundary of the responsibilities of the Party Committee and the Board of Directors. The Board of Directors improved the checklist of the rights and responsibilities for material matters, defined the scope and boundary of the rights and responsibilities of the Party Committee, the Board of Directors and the management, and clarified the material matters “decided” by the Party Committee and material operation and management matters “discussed” by it. It also specified that material operation and management matters shall be decided by the Board of Directors and the management upon the pre-research and discussion of the Party Committee and in accordance with the regulations. In 2021, the Board of Directors deliberated and approved 41 proposals, of which 19 were pre-researched and discussed by the Party Committee.

II. STRENGTHEN THE DEVELOPMENT OF CORPORATE GOVERNANCE SYSTEM AND IMPROVE THE LEVEL AND ABILITY OF CORPORATE GOVERNANCE

Focusing on speeding up the improvement of the modern corporate system with Chinese characteristics, the Board of Directors earnestly implemented the three-year action plan for the reform of State-owned enterprises. The corporate governance system and the ability and level of corporate governance has been continuously improved by improving the rules and regulations of the Board of Directors, defining the functional orientation of the Board of Directors and putting the functions and powers of the Board of Directors in place.

- (1) Improve the checklist of the rights and responsibilities for material matters and establish a full-level corporate governance system. The Board of Directors improved the checklist of rights and responsibilities for material matters, and defined the boundaries of the rights and responsibilities of the Party Committee, the Board of Directors and the management. There are 132 items on the agenda of the Party Committee in 26 aspects (70 material matters decided by the Party Committee in 9 aspects and 62 preliminary matters of the Party Committee in 17 aspects), 68 items on the agenda of the Board of Directors and 89 items on the agenda of the President’s Office Meeting. The Board of Directors also improved the checklist of significant events of secondary and tertiary subsidiaries, and realized the corporate governance system of horizontal to border, vertically top-down and full level coverage.
- (2) Improve the Articles of Association and other rules and regulations, and enhance the corporate governance system. The Board of Directors systematically improved the Articles of Association and other relevant systems in accordance with the latest laws and regulations, the requirements of State-owned assets regulation and securities regulation, as well as the revised checklist of the rights and responsibilities for material matters. It revised the Articles of Association, Rules and Procedures of Party Committee, Rules and Procedures of Shareholders Meeting, Rules and Procedures of Board Meeting, Rules and

Procedures of General Manager's Office Meeting, Working System of the Secretary to the Board of Directors, and Administrative Measures for Authorization of the Board of Directors. At the same time, as required by Hong Kong Stock Exchange, the Working Rules of the Strategy and Investment Committee of the Board of Directors were revised to specify the environmental, social and governance (ESG) responsibilities of the Board of Directors.

- (3) Define the functional orientation of the Board of Directors and effectively play the role of "strategy development, decision making and risk prevention". The Articles of Association was revised to specify that the Board of Directors is the decision-making body of business operation, and shoulders the responsibilities of strategy development, decision making and risk prevention. Firstly, in terms of "strategy development", it is defined that the Board of Directors should establish and improve the closed-loop management system for the research, preparation, implementation and evaluation of strategic planning, focusing on the medium and long-term planning and special planning of the Company. Secondly, in terms of "decision making", it is defined that the Board of Directors shall make decisions on major business and management matters of the Company in accordance with the legal procedures and the Articles of Association, focus on the annual business plan, major investment and financing activities, annual financial budget and final accounts, and important reform plans, etc., and supervise the efficient performance of the managers on implementation. Thirdly, in terms of "risk prevention", it is defined that the Board of Directors shall improve the Company's risk management system, internal control system, compliance management system and accountability system for incompliant operation and investment, so as to effectively identify, assess and prevent major risks.
- (4) Focus on six responsibilities and carry out the functions and powers of the Board of Directors. According to the three-year action plan for the reform of State-owned enterprises, the Implementation Plan for Performing the Functions and Powers of the Board of Directors of Air China Limited was formulated, focusing on six major functions and powers, namely medium and long-term development decision power, the power to recruit and employ managers, the power to assess the performance of managers, the power to manage the remuneration of managers, the power to manage the payroll distribution of employees, and the power to manage material financial matters. At the same time, a work checklist was developed to specify the responsible departments and their work responsibilities, and specify the work objectives and schedules of completion. In 2021, the Board of Directors reviewed and approved the Company's "14th Five-Year" Development Plan, 2021 Investment Plan, Administrative Measures for Performance Appraisal and Remuneration of Managers, authorized the President and managers to sign the Post Appointment Agreement and Responsibility Statement for Annual and Term Business Performance Appraisal, 2020 Performance Appraisal and Annual Remuneration Standard Scheme for Managers and Administrative Measures for External Donations. The functions and powers of the Board of Directors have thus been effectively implemented.

- (5) Standardize the authorization of the Board of Directors and improve the efficiency of operating decision. According to the three-year action plan for the reform of State-owned enterprises, the Administrative Measures for Authorization of the Board of Directors of Air China Limited was formulated. It defined the basic principles of authorizations adhering to legal compliance, equal authority with corresponding responsibility and controllable risks, standardized the authorization procedures, authorization responsibilities and supervision and management mechanism, and determined the basic scope and checklist of negative authorization. For the decision-making matters authorized by the Board of Directors to the Chairman and President, it is specified that the Chairman and President shall hold special meetings and the President's office meetings respectively for collective research and discussion, and regularly report the authorized matters to the Board of Directors for assessment with respect to the result of exercise of authority and authorization adjustment. According to the needs of work, the authorization checklist was formulated to authorize "the medium-term adjustment of annual financial and investment plan within a certain range, the donation and sponsorship of a certain amount, the movement and use of large amount of funds within the budget, and the application, fund movement and use of projects which are beyond the budget".
- (6) Enhance the establishment of the boards of directors of subsidiaries at all levels to achieve standardized and efficient operation. On the basis of further consolidating the achievements in establishment of the Board of Directors, the Board of Directors strived to promote the standardized formation of the boards of directors of subsidiaries at all levels. First of all, the "formation responsibility" was performed. Secondly, the working system of the boards of directors of subsidiaries was formulated and standardized. Thirdly, the pattern with external directors as the majority was realized. Fourthly, the development of talent pool of external directors was promoted. Based on the principle of appropriate personnel and person-job alignment, the Board of Directors sought to establish a talent pool of external directors and allocate external directors in a scientific and reasonable way taking into account of the actual situation of the investment enterprise.
- (7) Improve the service guarantee system for the duty performance of independent directors. Firstly, the Working System for Duty Performance Guarantee of External Directors was formulated to enhance the duty performance guarantee, improve the information communication mechanism and standardize the system of meetings and work guarantee mechanism. Secondly, the Working System of the Secretary to the Board of Directors was revised and improved to further define the positioning and responsibilities of the Secretary to the Board of Directors and the role of the Board of Directors' Office. It emphasized the service support of the Secretary to the Board of Directors and the Board of Directors' Office for the duty performance of the Board of Directors and its members. Thirdly, the special report meeting mechanism of the Secretary to the Board of Directors was strengthened. Before the Board of Directors and its special committee, the Secretary to the Board of Directors organized to report to the independent directors the proposal deliberation. Fourthly, the inspection and research system of directors was improved. In 2021, the Board of Directors organized two domestic investigations and completed the

inspection and investigation on, among others, Chengdu Tianfu International Airport, Air China Base and Inner Mongolia Airlines. Fifthly, the training requirements were put in place. The Board of Directors organized the Chairman, General Manager, internal directors, independent directors and supervisors to participate in training programs held by State-owned Assets Supervision and Administration Commission (SASAC), China Securities Regulatory Commission (CSRC), Beijing Securities Regulatory Bureau and China Association for Public Companies.

III. STANDARDIZE THE OPERATION OF THE BOARD OF DIRECTORS AND GIVE FULL PLAY TO ITS FUNCTIONS

- (1) Ensure the lawful and compliant operation of the Board of Directors. Firstly, the planning of meetings was strengthened. At the beginning of the year, the annual meeting plan was formulated according to the actual work, securities regulation and State-owned assets supervision requirements to ensure that the research and decision-making of the Board of Directors would be well planned and compliant. The Board of Directors held 11 meetings in 2021. Secondly, the compliance review of proposals was enhanced. The Board of Directors regularly issued the notice of solicitation for board meeting proposals, standardized the whole-process management of proposal generation, submission, review and feedback so as to improve the quality of proposals. Thirdly, the preliminary research procedure was put in place. In accordance with the checklist of the rights and responsibilities for material matters and the rules and procedures of the board meeting, the Party Committee's pre-deliberation procedures for material operation and management matters was strictly performed. Fourthly, an effective pre-meeting and in-meeting communication and discussion mechanism was formed. The Board of Directors communicated with external directors about the board meeting agenda in advance and informed the Party Committee of the deliberation in the form of special debriefing of the Secretary to the Board of Directors. Fifthly, the post-meeting implementation of the resolutions mechanism was strengthened. The implementation of the resolutions were further followed up and supervised with feedbacks. During the year, the Board of Directors adopted 41 resolutions. Except for the long-term matters such as the "14th Five-Year Plan" and aircraft introduction, the implementation of other resolutions was basically completed. Sixthly, the Board of Directors adhered to the principle of more than half of directors attending the board meetings and more than half of external directors attending the board meetings, upheld the decision-making mechanism of the board meeting on "collective review and consideration, independent voting and individual accountability" and the democratic decision-making system of "one-case-one-discussion, one-man-one-vote and one-case-one-decision". Seventhly, the quality and level of decision-making was continuously improved. The Board of Directors held meetings in strict accordance with the Articles of Association and the Rules and Procedures of Board Meeting in the form of on-site meeting and telecommunication with rigorous and standardized procedures. Directors of the Company are diligent to attend meetings in person as much as possible, fully discuss the matters for decision-making and express their opinions objectively.

- (2) Realize effective communication and coordinated operation among governance bodies of the Company. The connection between the Board of Directors and the Party Committee, the Supervisory Committee, the management and other corporate governance bodies was smooth and effective, and the external information disclosure is true, accurate and complete. Firstly, in terms of the connection between the Board of Directors and the Party Committee, 19 material operation or management matters were decided by the Board of Directors according to the regulations after the preliminary research and discussion by the Party Committee. Secondly, in terms of the connection between the Board of Directors and the shareholders meeting, three shareholders meetings were convened in accordance with the law, and 17 proposals submitted to shareholders meetings were considered and approved. In addition, investor relations were improved to maintain communication with domestic and foreign shareholders or potential investors via multiple channels to form a benign interaction. Thirdly, in terms of the connection between the Board of Directors and the Supervisory Committee, the Board of Directors consciously accepted the supervision by the Supervisory Committee, supported and cooperated with the Supervisory Committee to carry out internal control assessment and testing and the integration of internal control, risk and compliance. Members of the Supervisory Committee attended board meetings and expressed their opinions on the financial statements, internal control evaluation, related-party transactions and other matters considered by board meetings. Fourthly, in terms of the connection between the Board of Directors and the management, the Board of Directors supported the management to exercise power and perform their duties according to law and improve decision-making efficiency, and deliberated on 27 proposals submitted by the President's office meetings.
- (3) Maximize the strategic leading role of the Board of Directors. Firstly, the working mechanism of strategic guidance by the Board of Directors was established. The Chairman is responsible for organizing and carrying out strategic research and presiding over the strategy seminar attended by members of the Board of Directors and management. External directors have an in-depth understanding of the Company's situation by participating in the Company's strategy seminars, work meetings and research and investigation of the Company. They communicated and exchanged opinions regarding the macroeconomic situation, industry development trend and corporate strategies. They also participated in the research and preparation of the Company's "14th Five-Year Plan" and served as the director of the external review committee. Secondly, medium and long-term development plans were scientifically designed and prepared. The Board of Directors actively organized the formulation of the overall scheme and implementation scheme for plan preparation to identify the development orientation, business philosophy, control mode and business model. Combined with the analysis on internal and external development environment and benchmarking analysis, the Board of Directors focused on "one goal, four strategic directions, five capabilities and eight key areas", and formulated the "14th Five-Year Plan". Thirdly, the comprehensive deepening reform of enterprises was pushed forward. The Board of Directors organized the implementation of the three-year action plan for deepening reform, which defined the guidance ideology, basic principles, reform objectives and primary tasks of the three-year action of reform.

The Company pushed ahead to accelerate the three-year action of reform, and completed key tasks such as the reform of senior management contract and tenure system and the reform of remuneration system.

- (4) Improve the scientific decision-making level of the Board of Directors. Firstly, members of special committees were allocated in a scientific and compliant manner. In accordance with the work standards, the Audit and Risk Management Committee and the Nomination and Remuneration Committee are developed with the majority of external directors serving as the committee director. The Audit and Risk Management Committee is entirely composed of independent directors. Both directors of the Strategy and Investment Committee and the Aviation Safety Committee are acted by the Chairman. Secondly, special committees of the Board of Directors were functioned fully to provide decision-making support for the Board of Directors. During the year, each special committee under the Board of Directors held 22 meetings and generated 30 written proposals which were submitted to the Board of Directors for consideration, providing advice and recommendations for the decision-making of the Board of Directors. Thirdly, the positive role of external directors was played. External directors were provided with information on the Company, capital market and civil aviation industry through daily, weekly, monthly, quarterly and annual reports, so that a fixed information exchange mechanism was formed. The Chairman and General Manager communicated regularly with external directors to analyze the international and domestic aviation situation, safety production, economic benefits, pandemic situation and other contents. They listened to the opinions and recommendations from external directors on the corporate development, and effectively communicated with external directors on medium and long-term development plan, impact of COVID-19 pandemic, economic benefits and cash flow security, etc. The management and the relevant departments were instructed to study and implement the opinions and recommendations put forward by external directors in communication or research report, and give feedback in time. Independent directors were invited to participate in strategy seminars, annual and interim work meetings of the Company, and listened to the reports of managers on the implementation of strategic planning, deepening reform, production and operation, financial benefits, risk management, pandemic prevention and control, etc. Fourthly, the support of the relevant functional departments was elevated. A joint working group mechanism was established, including the Planning and Development Department and the Deeping Reform Office to connect the Strategic Investment Committee, the Finance Department, the Audit Department and the Legal Department to connect the Audit Risk Committee, the Human Resources Department and the Party Committee Work Department to connect the Management Personnel Training and Compensation Committee, and the Aviation Safety Management Department and the Operation Control Center to connect the Aviation Safety Management Committee. The former departments reported to the latter committees regularly to provide support and guarantee for duty performance of special committee. Fifthly, the decision-making of the Board of Directors was as follows. During the year, the Board of Directors considered and

approved various major matters such as the introduction and phase-out of aircraft, establishment of organizations, related transactions, and the tenure system and contracting of the management.

- (5) Enhance the risk prevention and control ability of the Board of Directors. Firstly, the work system was established. The Board of Directors paid more attention to “risk prevention” and promoted the development of risk management, internal control, compliance management and accountability system for incompliant investment. Under the work system, the Board of Directors shall strengthen the management on major matters such as internal audit and consider the basic internal audit system, audit plan and major audit reports. The Chairman was in charge of audit as the first person responsible for internal audit. The functions of risk prevention and control and supervision were further strengthened by adding a Supervision Committee under the Board of Directors co-operating with the Audit and Risk Management Committee. Secondly, the building of legal risk control and compliance system was strengthened. The Board of Directors accelerated the development of the new pattern of “Air China under the Rule of Law”, and strengthened the development of the organization system under the rule of law. It also improved the general counsel system and the legal risk control and compliance management system and mechanism, promoted its coverage of all areas, links, levels and whole processes of corporate operation and management, and made every effort to improve the standardized basic management ability. The defense line for legal compliance risk was moved forward to timely prevent and eliminate risks. It strived to make the Company a model of central enterprises under the rule of law with perfect governance, legal operation, standardized management, law-compliance and integrity. Thirdly, the internal control and audit supervision were strengthened. The Board of Directors reviewed the Company’s annual internal control assessment plan and internal control audit plan, made use of the internal control assessment and audit results and procured the Company to rectify internal control defects. The Board of Directors regularly listened to the internal audit reports, approved the Company’s annual internal audit plan and strengthened the management and guidance on internal audit planning, annual tasks, audit quality, problem rectification, team building and other important matters. Fourthly, the role of the Audit and Risk Management Committee was fully played. During the year, the Audit and Risk Management Committee held 8 meetings to consider and approve 13 proposals and listened to 13 special reports, especially the audit rectification problems, internal control rectification and risk management reports of the audit office. In this way, it comprehensively understood and mastered the Company’s current situation, existing problems and control measures in risk and compliance management. Fifthly, the special self-inspection on corporate governance was conducted in a serious manner. In accordance with the CSRC’s requirements for special self-inspection on the listed companies’ governance, the Company carried out self-inspection on corporate governance for the years from 2018 to 2020, and promoted the implementation of special actions such as self-inspection, self-correction, rectification and improvement. The self-inspection results show

that the Company meets the relevant regulatory requirements. Based on its good governance practice, the Company was nominated by Beijing Securities Regulatory Bureau as the “Best Practice of Corporate Governance”.

- (6) Push forward the re-election of the Board of Directors. The re-election of the Board of Directors was carried out in accordance with the Articles of Association. The re-election schedule and action plan were formulated to perform the review and inspection procedures of candidates, exchange review, preliminary research by Party Group, the procedures of the Nomination and Remuneration Committee, Board of Directors and shareholders’ meeting in accordance with the regulations. The Company actively explored and made attempts in the establishment of the Board of Directors, such as the personnel structure of the new Board of Directors, the functions and setting of special committees, and strengthening the control and binding on the Board of Directors. According to the provisions of the Shanghai Stock Exchange that the term of office of independent directors shall not exceed 6 years, the independent directors who are familiar with the national macroeconomic policies, the background of the reform of State-owned assets and state-owned enterprises and have financial, legal and other expertise were reasonably adjusted and allocated. The new Board of Directors will be composed of 9 directors with the majority of external directors, including 1 Chairman and 1 Vice Chairman, 1 full-time Deputy Secretary and Director, 1 Employee-representative Director, 4 independent directors and 1 Director of Equity Interest.

Board of Directors
Air China Limited

Air China Limited
2021 Work Report of The Supervisory Committee

In 2021, Air China Limited (“Air China” or “the Company”), under the strong leadership of the Communist Party of China (CPC) Central Committee with Comrade Xi Jinping as the core, resolutely implemented the decisions and arrangements of the CPC Central Committee and the State Council, calmly responded to the complex and evolving challenges in situation, maintained the strategic focus, held on to the bottom line of safe development, consolidated the achievements of pandemic prevention and control, and made new significant progress and remarkable results in all work. The Supervisory Committee of the Company, based on its functions and positioning, faithfully and diligently performed their duties, supervised and inspected the performance of duties by directors and senior management staff, the Company’s finance, the establishment of internal control system, the decision-making procedures of the Board of Directors and the Company’s operation and management activities in strict accordance with the Company Law, the Securities Law and other laws and regulations and the Articles of Association. The Supervisory Committee played its supervisory role and safeguarded the interests of the Company and its shareholders and the legitimate rights and interests of employees. The work of the Supervisory Committee is hereby reported as follows:

I. PERFORM THE SUPERVISORY AND INSPECTION DUTIES OF THE SUPERVISORY COMMITTEE

- (1) Perform its duties according to law and play the supervisory role. Firstly, the Supervisory Committee attended 3 general meetings of shareholders, 6 on-site meetings of the Board of Directors and important special sessions of the Company throughout the year to fully understand the Company’s production and operation and material operation and management matters, and focus on the supervision of meeting convening procedures and decision-making procedures. Secondly, the Supervisory Committee attended the Company’s annual working meeting, interim working meeting and labour representatives’ congress. The Supervisory Committee carefully reviewed the work report of the management, the duty performance reports of directors and senior management staff of the Company, and timely monitored the duty performance of directors and senior management staff based on the audit inspection and assessment results.
- (2) Effectively strengthen financial supervision. In view of the basic responsibilities of supervisors, the Supervisory Committee regularly listened to the special reports of the Financial Department and the annual audit accountant, reviewed the Company’s annual, interim and quarterly financial reports, and supervised the Company’s financial operation and report preparation, audit and disclosure procedures, to ensure that the financial report information disclosed by the Company was true, accurate and complete.

- (3) Promote the development of the internal control system. The Supervisory Committee implemented the Company's requirements for legal compliance, quality improvement and efficiency increase, further strengthened the development of the Company's internal control system and the implementation of internal control assessment and rectification. While carefully reviewing the internal control implementation plan and assessment report, the Supervisory Committee also listened to the special reports of the Company's functional departments, supervised the internal control assessment and rectification, carefully inspected the rectification results and improved the level of internal control management.
- (4) Strengthen coordinated supervision. The Supervisory Committee strengthened communication with the Audit Committee and independent directors, constantly innovated the supervision mechanism and methods, and realized coordinated supervision and sharing of resources. Oriented to preventing and eliminating major risks, the Supervisory Committee worked together with the Company's internal audit, compliance, discipline inspection and other supervisory departments to promote the risk control and supervision system of pre-warning, in-process control and post-tracking of accountability. In 2021, the Supervisory Committee, the Audit and Risk Management Committee and independent directors jointly listened to the special reports such as internal control assessment, audit inspection and rectification and special self-inspection of listed companies' governance, carried out two joint on-site investigations and researches and exploited their respective expertise to unleash the synergistic effect of coordinated supervision.
- (5) Improve the ability to perform duties. Members of the Supervisory Committee actively participated in the special training for the chairman of the Supervisory Committee and directors and supervisors of listed companies organized by China Association for Public Companies and Beijing Regulatory Bureau of China Securities Regulatory Commission (CSRC). They also carefully studied the duty performance requirements of directors, supervisors and senior management staff in the New Securities Law, and kept abreast of the latest securities regulatory policies and situation, the standardized operation of listed companies and the practice of Supervisory Committee, so as to strengthen the sense of responsibility for performing duties in accordance with laws and regulations, and improve the ability to perform duties and the decision-making level.

II. FOCUS ON LEGAL COMPLIANCE AND IMPROVE THE QUALITY OF DECISION-MAKING AND SUPERVISION

- (1) Perform the duties of supervisors. The Supervisory Committee faithfully and diligently performed its duties within the scope of its functions and powers. Based on the principles of collective review and consideration, independent voting and individual accountability, it organized and held 7 meetings of the Supervisory Committee during the year, and made decisions on and supervised 13 major issues such as the annual financial plan, investment plan, financial report, management and use of raised funds, internal control evaluation

report and internal control audit report, framework agreements on continuing related-party transactions between the Company and CNAHC Group and between the Company and Air China Cargo, as well as the annual transaction ceiling, in accordance with its functions and powers.

- (2) Support the management to exercise their powers and perform their duties. The Supervisory Committee always expressed its opinions from the perspective of safeguarding the interests of the Company and its shareholders and the legitimate rights and interests of employees. It supported the management in both pandemic prevention and control and in production and operation, accelerated the accomplishment of the three-year action mission for the reform of the Company and the implementation of the Company's material projects, and effectively promoted the managers to perform the duties of pursuing operation results, implementing the requirements and strengthening the management.
- (3) Promote and improve the corporate governance system. Focusing on speeding up the improvement of the modern corporate system with Chinese characteristics, the Supervisory Committee took the initiative to strengthen coordination and communication with the Party Committee, the Board of Directors, the management and other corporate governance bodies, promoted the revision of corporate governance systems such as the Articles of Association, the Rules and Procedures of Shareholders Meeting and prepared the checklist of the rights and responsibilities for material matters of the Company, and defined the rights and responsibilities of all governance bodies. The Supervisory Committee promoted and improved the checklist of significant events of secondary and tertiary subsidiaries to be decided by Air China, and realized the corporate governance system of horizontal to border, vertically top-down and full level coverage.

III. EXPRESS SPECIAL OPINIONS BASED ON THE INDEPENDENCE PRINCIPLE

- (1) Independent opinions on the lawful and compliant operation of the Company. During the Reporting Period, the Supervisory Committee attended important meetings of the Board of Directors and the Company, carried out investigations and inspections, listened to the special reports and fully exercised its power of inspection and supervision. The Supervisory Committee held that the Company operated in accordance with the Company Law and the Articles of Association, and its decision-making procedures were legal and effective. No directors or senior managers of the Company have been identified to violate laws and regulations or the Company's Articles of Association or damage the interests of the Company or the legitimate rights and interests of employees when performing their duties.
- (2) Independent opinions on the Company's financial status. During the Reporting Period, the Supervisory Committee reviewed the Company's annual report, interim report and Q1 and Q3 reports (including financial statements). It considered that the financial data contained

in the above reports truly, accurately and completely reflected the Company's financial status and operating results, and concurred with the standard unqualified audit opinion issued by Deloitte on the financial statements.

- (3) Independent opinions on the Company's related-party transactions. During the Reporting Period, the Supervisory Committee reviewed the continuing related-party transactions between the Company and CNAHC Group, and the adjustment of annual caps for related-party transactions of the contracting operation income of bellyhold cargo services between the Company and Air China Cargo. It considered that the continuing related-party transactions of the Company were normal business transactions, with fair and reasonable pricing and transaction contents in line with business practices and the arm's length principle, and were not detrimental to the interests of minority shareholders and the Company. Related directors and shareholders abstained from voting during the review and consideration of the Board of Directors and the shareholders meeting according to the legal and compliant review and consideration procedure.
- (4) Review and independent opinions on the self-assessment report of internal control. During the Reporting Period, the Supervisory Committee reviewed the Company's internal control assessment report and internal control audit report, paid attention to and supervised the development of the Company's internal control system and internal control rectification. It considered that the Company's internal control mechanism was continuously improved and its risk control ability was continuously improved. The self-assessment report on the Company's internal control issued by the Board of Directors reflected the actual situation of internal control in an objective and true manner.
- (5) Supervision on the insider management system. During the Reporting Period, the Supervisory Committee supervised the implementation of the registration management system for the Company's insider information parties. No directors, senior management and relevant insider parties of the Company have been found to trade shares prior to disclosure of substantially sensitive information affecting the Company's share price, and no investigation and rectification was made by regulatory authorities.
- (6) Independent opinions on the deposit and actual use of the proceeds. During the Reporting Period, the Supervisory Committee reviewed the special report on the deposit and actual use of proceeds from A share issuance in 2020 and the audit report issued by Deloitte. It considered that the Company had truly, accurately and completely disclosed the relevant information on the deposit and use of the proceeds, there were no violations in the management and use of the raised funds, and the proceeds had been used for the specified purposes.

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- (v) Use of proceeds: the proceeds to be raised from the issuance are intended to be applied towards meeting the demand of the Company's production and operations, adjusting its debt structure, replenishing its working capital and/or funding its project investments, among others, and the specific use of proceeds shall be determined by the Board of the Company according to the capital requirement
- (vi) Term of validity of the authorization: from the date of the passing of the resolution at the AGM to the date of the annual general meeting of the Company for the year 2022

If the Board of the Company (including its authorized person) has resolved to issue within the valid term of the mandate, it shall be deemed as an extension to the term of the mandate granted to the Board (including its authorized person) in respect of such issue on the general meeting, provided that there is no conflict between the mandate renewed by the Board (including its authorized person) on the general meeting after the expiry of the mandate and the mandate granted to the Board (including its authorized person) in respect of such issue.

3. AUTHORIZATION TO THE BOARD

It is proposed to the shareholders at the AGM to authorize the Board, generally and unconditionally, to deal with the following in accordance with the specific needs of the Company and other market conditions:

- (i) to determine the issuer, issue size, type, specific instruments, detailed terms, conditions and other matters relating to the Issuance (including, but not limited to, the issue size, actual principal amount, currency, issue price, interest rate or mechanism for determining the interest rate, issue place, issue timing, term, whether or not to issue in multiple tranches and number of tranches, whether or not to set put-back or redemption terms, credit rating, guarantee, repayment term, detailed fund-raising arrangements within the scope of use approved by the shareholders' meeting, detailed placing arrangements, underwriting arrangements and all other matters relating to the Issuance);
- (ii) to carry out all necessary and ancillary actions and procedures relating to the Issuance (including, but not limited to, engage underwriters, lawyers, auditors, rating agencies, financial advisers and other intermediary institutions, handle all approval, registration and filing procedures with the relevant regulatory authorities in connection with the Issuance on behalf of the Company, execute all necessary legal documents, select bonds trustee manager for the Issuance, formulate rules for the bondholders' meeting and handle any other matters relating to the issuance and trading);

- (iii) to approve and confirm any action or procedure relating to the Issuance as mentioned above already taken by the Company;
- (iv) to make adjustments to the relevant matters such as the specific proposals for the Issuance in accordance with the comments from the regulatory authorities or the prevailing market conditions within the authority granted at the general meeting of the Company, except where voting at a general meeting of the Company is required by any relevant laws and regulations and the Articles of Association of Air China Limited;
- (v) to determine and handle all relevant matters relating to the listing of the issued Debt Financing Instruments upon the completion of the issuance;
- (vi) in the case of issuance of corporate debt financing instruments, during the term of the corporate debt financing instruments, to determine not to distribute dividends to the shareholders to safeguard repayment of debts as required under the relevant laws and regulations in the event that the Company expects to, or does fail to pay the principal and interests as they fall due;
- (vii) to approve, execute and dispatch any announcements or circulars relating to the Issuance and make any related disclosure in accordance with the listing rules of the relevant jurisdictions where the shares of the Company are listed;
- (viii) to authorize the Board to delegate the authorizations set forth in items (i) to (vi) above to the president and/or the general accountant of the Company upon obtaining the authorization at the general meeting; and
- (ix) to authorize the Board to delegate the authorization set forth in item (vii) above to the secretary of the Board of the Company upon obtaining the authorization at the general meeting.