

AIR CHINA LIMITED

Working Rules of the Nomination and Remuneration Committee of the Board of Directors

Chapter 1 General Principles

- Article 1** In order to further develop and improve the review and remuneration management system for the board of directors (the “Board”) and senior management members of Air China Limited (the “Company”) and to maintain a sound corporate governance structure for the Company, the Nomination and Remuneration Committee of the Board of Directors (the “Nomination and Remuneration Committee”) is established. These working rules of the Committee (the “Working Rules”) are made in accordance with the Company Law of the People’s Republic of China with reference to the Rules for the Governance of Listed Companies issued by China Securities Regulatory Commission, the Articles of Association of the Company (the “AOA”) and other relevant rules and regulations.
- Article 2** As a special operating committee of the Board established by the Board in accordance with the shareholders’ resolution in a general meeting, the Nomination and Remuneration Committee is responsible for studying and making proposals to the Board on the criteria and procedures for selecting candidates for directors and senior management members; searching for such candidates on a comprehensive basis; reviewing and making recommendations on such candidates; studying the criteria for appraising the performance of directors and senior management members of the Company, conducting performance review and making recommendations; and studying and examining the Company’s remuneration policies and plans for its directors and senior management members, in accordance with the operational needs of the Company. The Committee shall report to the Board.
- Article 3** For the purpose of the Working Rules, “directors” refer to members of the Board who receive remuneration from the Company; “senior management members” refer to the president, vice presidents and board secretary appointed by the Board, and any other senior management member appointed by the Board upon recommendation by the President of the Company.

Chapter 2 Composition

- Article 4** The Nomination and Remuneration Committee shall consist of three to seven directors of the Company, the majority of whom shall be independent directors.
- Article 5** The Nomination and Remuneration Committee members shall be appointed by the Board upon nomination by the Chairman of the Board, more than half of the independent directors, or more than one-third of all the directors.
- Article 6** The Nomination and Remuneration Committee shall have one chairman (the “Chairman”), who shall be an independent director elected by and among the Nomination and Remuneration Committee members. The Chairman shall preside over the work of the Nomination and Remuneration Committee.

Article 7 The Nomination and Remuneration Committee members 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 automatically lose his or her membership at 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 4 to 6 herein.

Chapter 3 Powers and Responsibilities

Article 8 The Nomination and Remuneration Committee shall have the powers and authorities to:

- (1) study and propose to the Board the criteria and procedures for selecting candidates for directors and senior management members;
- (2) identify suitably qualified candidates for directors and senior management members on a comprehensive basis;
- (3) review and make recommendations on candidates directors and senior management members;
- (4) review and make recommendations on candidates for other senior management members which are appointed by the Board;
- (5) study, formulate and review the remuneration policy and plan for the directors and senior management members based on the work scope, responsibility and importance of their respective positions;
- (6) review the performance of the directors and senior management members, and conduct annual performance appraisal for each of them;
- (7) supervise the implementation of the remuneration policy of the Company; and
- (8) address other matters entrusted to the Committee by the Board.

Article 9 The Board shall have the right to overrule any remuneration plan or program that prejudices the interests of shareholders.

Article 10 Remuneration packages for directors proposed by the Nomination and Remuneration Committee shall be submitted to both the Board and general meeting of shareholders of the Company for approval before they can be implemented. Remuneration packages for senior management members shall be submitted to the Board for approval.

Chapter 4 Procedural Rules

Article 11 The Nomination and Remuneration Committee shall convene a meeting if so requested by the Board of Directors. The secretarial department of the Board shall inform all Committee members seven days before the meeting, which notification period may be waived upon agreement of all Committee members. The meeting shall be chaired by the Chairman, or if the Chairman is unable to attend the meeting, by an independent director member authorised by the Chairman.

- Article 12** The quorum of a meeting shall be two-thirds of the Nomination and Remuneration Committee members. Each member present shall have one vote. The resolution of the meeting must be passed by a majority of all the members present before such resolution becomes effective. In the event of a tie, the Chairman shall have the right to an extra vote.
- Article 13** Votes at a meeting can be taken by a show of hands or casting of ballots. The meeting of the Nomination and Remuneration Committee may also be held by correspondence.
- Article 14** The Nomination and Remuneration Committee may, if necessary, invite directors, supervisors or senior management members of the Company to attend its meetings.
- Article 15** The Nomination and Remuneration Committee may, if necessary, engage an agency to provide professional opinion in its decision-making process and any reasonable cost shall be borne by the Company.
- Article 16** A Nomination and Remuneration Committee member shall refrain from discussing any matter in which he or she has a personal interest in a Nomination and Remuneration Committee meeting.
- Article 17** The procedures and methods of voting of, and any remuneration policy or distribution plan passed by, the meeting of the Nomination and Remuneration Committee shall comply with the relevant laws and regulations, AOA and Working Rules.
- Article 18** The Nomination and Remuneration Committee shall prepare minutes of its meetings, which shall be signed by Committee members who have attended the meeting and shall be kept by the board secretary.
- Article 19** The resolutions passed by, and the results of voting at, the Nomination and Remuneration Committee meetings shall be reported in writing to the Board.
- Article 20** Members attending a Nomination and Remuneration Committee meeting shall keep any matter discussed at the meeting confidential and shall not disclose any related information unless authorised.

Chapter 5 Supplementary Provisions

- Article 21** The Working Rules are made by the Board and shall come into effect upon approval of the Board.
- Article 22** Any matter not provided herein shall be dealt with in accordance with the relevant laws and regulations and AOA. In the event of any inconsistency between the Working Rules and any laws or regulations or the AOA, as duly amended from time to time, such laws or regulations or the AOA shall prevail. In such circumstance, an amendment shall be made to the Working Rules immediately and submitted to the Board for review and approval.
- Article 23** The Board reserves the power to amend and interpret the Working Rules.