

Management Discussion of November Operating Data

During November 2012, Air China recorded a moderate passenger traffic increase measured both in RPK and head count on a year-over-year basis but a slight decrease on a month-over-month basis. As for cargo, year-over-year increases continued both in Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried, as well as on a month-over-month basis.

Passenger capacity, measured in Available Seat Kilometres (ASK), in November rose 4.7% year-over-year while passenger traffic, measured by Revenue Passenger Kilometres (RPK), increased by 2.6% year-over-year. Capacity and RPK on domestic routes rose 8.6% and 4.3% year-over-year respectively, but on international routes RPK dropped 1.7% and 0.5% year-over-year respectively. Capacity and RPK on regional routes grew by 10.4% and 6.7% year-over-year respectively. The passenger load factor was 77.9%, a decrease of 1.5 percentage points year-over-year, of which the passenger load factor on domestic and regional routes dropped 3.2 and 2.7 percentage points respectively, but increased by 0.9 percentage points on international routes.

Cargo capacity in November, measured in Available Freighter Tonne Kilometres (AFTK), rose by 13.7% year-over-year. Revenue Freighter Tonne Kilometres (RFTK) and freighter tonnage carried climbed by 21.8% and 18.0% respectively compared with November 2011. The cargo load factor was 61.3%, an increase of 4.1 percentage points year-over-year.

On 8 November, the new Tianjin-Chongqing-Lijiang route (three flights a week) was launched. The new Chongqing-Xi'an-Harbin route (seven flights a week) was added on 23 November.

In November, Air China purchased a total of 283,000 tonnes of jet fuel at a purchase price of RMB7,647 per tonne, up by 5% year-over-year. The average jet fuel purchase price at international airports was RMB6,739 per tonne, and for international flights at the top six Chinese airports was RMB 7,058 per tonne, an increase of 1% and 4% year-over-year respectively. The average jet fuel purchase price for domestic flights was RMB8,191 per tonne, up by 6% compared with November of last year.

Starting from 1 November, the purchase price of domestic jet fuel dropped by RMB170 per tonne.

During the month, the Company added one A320 aircraft. As at the end of November, Air China operated a fleet of 323 aircraft.

* Please note that Shenzhen Airlines and Air Macau have been excluded from the above figures.