

Management Discussion of July Operating Data

During July 2013, Air China Limited (CA+ZH+NX) continued to record a year-over-year increase in passenger traffic, measured both in Revenue Passenger Kilometres (RPK) and passenger head count. All indicators continued to increase on a month-over-month basis.

Passenger capacity (ASK) and passenger traffic (RPK) in July rose 10.7% and 7.9% year-over-year respectively. ASK on domestic routes also increased 8.7% year-over-year, while RPK rose 4.7% year-over-year. ASK and RPK on international routes both strongly increased by 15.5% year-over-year, and on regional routes rose 8.4% and 6.0% year-over-year respectively. Overall passenger load factor was 81.8%, a decrease of 2.1 percentage points year-over-year. Passenger load factor on domestic and regional routes decreased 3.1 and 1.8 percentage points respectively, but remained flat on international routes.

For cargo operation in July, Revenue Freighter Tonne Kilometres (RFTK) decreased 1.5% and freighter tonnage carried declined 3.6% on year-over-year basis. RFTK increased 1.1% but freighter tonnage carried declined 1% on a month-over-month basis. Cargo capacity (AFTK) in July, increased 1.1% year-over-year. The cargo load factor was 59.4%, a year-over-year decrease of 1.5 percentage points.

Starting from 1 July, Beijing-Wuhai-Beijing (seven flights per week) and Dalian-Hohhot-Dalian (four flights per week) routes were launched; on 3 July, Dalian-Baotou-Dalian route (three flights per week) began service; on 6 July, Hangzhou-Hailaer-Hangzhou route (seven flights per week) commenced; on 11 July, Beijing-Houston-Beijing route (four flights per week) was launched; while on 19 July, another new route Erdos-Hong Kong- Erdos (two flights per week) began service.

In July, excluding the controlling company, Air China (CA) purchased a total of 326,000 tonnes of jet fuel at a price of RMB6,753 per tonne, a year-over-year increase of 0.6%. The average jet fuel purchase price at

international airports was RMB6,099 per tonne, a year-over-year increase of 0.9%. The average jet fuel purchase price for international flights at the top six Chinese airports was RMB6,252 per tonne, a year-over-year increase of 1%. The average jet fuel purchase price for domestic flights was RMB7,215 per tonne, also a year-over-year increase of 0.7%.

During the month, the Group added three airplanes, including one B777-300ER and two A320s, and retired two airplanes, specifically one A321 and one B747-400F. As at the end of July, the Company operated a fleet of 471 aircraft.