

Management Discussion of November 2015 Operating Data

1. Operations

During November 2015, Air China Limited (CA+ZH+NX) continued to display growth in passenger traffic as measured by Revenue Passenger Kilometres (RPK) and passenger head count on a year-on-year basis, and recorded a decrease on a monthly basis.

Passenger capacity, measured in Available Seat Kilometers (ASK), grew 8.8% year-on-year, while passenger traffic, measured by Revenue Passenger Kilometers (RPK), rose by 9.2%. Capacity on domestic routes decreased by 1.8% from the same period last year, with RPK rising by 0.2%. Capacity on international routes increased by 33.3% year-on-year, while RPK rose 31.5% in the same period. Capacity on regional routes increased by 1.8% year-on-year, with RPK rising by 1.5%. The overall passenger load factor was 78.1%, increasing 0.2 percentage points year-on-year. The passenger load factor for domestic routes increased 1.7 percentage points, while international and regional routes saw a decline of 1.0 and 0.2 percentage points, respectively.

For its domestic network, the company launched a Hangzhou-Changchun route (seven times a week) on 1 November. On 7 November, a Wenzhou-Tianjin route was opened (seven times a week). On 16 November, a Chengdu-Korla-Karamay route (four times a week) was added. A Chongqing-Aksu route (four times a week) was launched on 19 November. On 21 November, the company opened a Chongqing-Dali route (seven times a week). Regarding its international network, a Beijing-Addis Ababa route (three times a week) was added to operation on 2 November.

On cargo operations, both Revenue Freight Tonne Kilometres (RFTK) and freight tonnage carried in November recorded increases on monthly and yearly basis. Available Freight Tonne Kilometres (AFTK) rose by 7.2% year-on-year in November. RFTK grew 4.3% and freight tonnage carried increased by 2.5% compared to November 2014. The cargo load factor was 56.6% in November, a decrease of 1.6 percentage points year-on-year.

During the month, excluding its subsidiary airlines, Air China purchased a total of 361,000 tonnes of jet fuel at an average price of RMB3,841 per tonne, a decrease of 37.8% from the corresponding period last year. The average jet fuel purchase price at international airports was RMB3,264 per tonne, and the average purchase price of jet fuel for domestic flights was RMB4,033 per tonne, representing yearly decreases of 37.5% and 37.3%, respectively.

Fuel Surcharge Adjustment

| Effective Date (Based on Ticket Issue Date) | Route | Previous Rate (Per Head Per Sector) | New Rate (Per Head Per Sector) |
|--|-----------------------------|---|--------------------------------------|
| 1 November | Hong Kong to Mainland China | HK \$24 | HK \$25 |

During the month, the Group added six new aircraft, comprised of four B737-800, one A320 and one A330 aircraft. As of end-November, the Group operated a fleet of 586 aircraft.

2. Other Business Developments

Air China Wenzhou Branch was launched on 18 November.

In November, Air China launched a fully automated luggage check-in service at check-in area J in Terminal 3 of Beijing Capital International Airport. At the same time, 10 self-boarding gates at the T3C Beijing-Shanghai Express exclusive boarding area were also introduced to further build an industry-leading complete automated service chain.