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## Management Discussion of March 2015 Operating Data

### 1. Operations

During March 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 and a month-on-month basis.

Passenger capacity, measured in Available Seat Kilometers (ASK), grew 13.5% year-on-year, while passenger traffic, measured by Revenue Passenger Kilometers (RPK), rose by 16.7%. Capacity on domestic routes increased by 13.5% year-on-year, with RPK rising by 19.3%. Capacity on international routes increased by 14.7% year-on-year, while RPK rose 14.9% in the same period. Capacity on regional routes increased by 5.0% year-on-year, with RPK falling by 9.0%. The overall passenger load factor was 81.7%, up 2.3 percentage points year-on-year. The passenger load factor for domestic routes increased by 4.1 percentage points year-on-year and the passenger load factor for regional routes fell 9.9

percentage points, but the passenger load factor for international routes remained level.

As of 5 March, the Company launched a Beijing-Macau direct daily flight . On 9 March, a Shanghai-Harbin daily flight(seven times a week) was launched, and on 29 March, Kunming-Harbin, Tianjin-Guiyang-Lijiang, Tianjin-Harbin, Yinchuan-Wuhan and Chongqing-Fuzhou routes were opened with daily flights too.

With respect to the cargo operation, both Revenue Freight Tonne Kilometres (RFTK) and freight tonnage carried during March recorded a year-on-year and month-on-month increase. Available Freight Tonne Kilometres (AFTK) rose by 22.0% year-over-year in March. RFTK grew 18.8% and freight tonnage carried increased by 4.3% compared to March 2014. The cargo load factor reduced to 55.1% in March, a decrease of 1.5 percentage points year-on-year.

During the month, excluding its subsidiary airlines, Air China purchased a total of 356,000 tonnes of jet fuel at an average price of RMB4,389 per tonne, a year-on-year decrease of 39.1%. The average jet fuel purchase

price at international airports was RMB3,826 per tonne, and the average purchase price of jet fuel for domestic flights was RMB4,538 per tonne, representing 38.1% and 39.2% year-on-year decreases, respectively.

### Fuel Surcharge Adjustment

<b>Effective Date (Based on Ticket Issue Date)</b>	<b>Route</b>	<b>Previous Rate (Per Head Per Sector)</b>	<b>New Rate (Per Head Per Sector)</b>
1 March	Hong Kong to Mainland China	HK\$81	HK\$42
9 March	Mainland China to Hong Kong	RMB114	RMB34
1 March	Korea to Mainland China (excluding Qingdao, Jinan and Yantai)	US\$5	US\$2
	Korea to Shandong, China (Qingdao, Jinan and Yantai)	US\$3	US\$1

During the month, the Group added six new aircraft, comprised of three B737-800, one A319, one A321 , and one B777 freighter, and also retired one A319 aircraft. As of end-March, the Group operated a fleet of 549 aircraft.

## 2. Important announcement

Air China announced its 2014 annual results on 27 March. Under international financial accounting standards, the Group realized a turnover of RMB105.884 billion over the year, of which Profit attributable to shareholders of the Company was RMB3.817 billion.

Under PRC GAAP, the Group realized a turnover of RMB104.826 billion. Profit attributable to shareholders of the Company amounted to RMB3.782 billion.

The Board of Directors recommended the distribution of approximately RMB 683 million as the dividend for the year ended 31 December 2014. Based on 13,084,751,004 issued shares of the Company, every ten shares will receive RMB 0.5223(tax incl.). The dividend resolution is to be submitted at 2014 Annual General Meeting for approval.

### **3. Other Business Developments**

On 3 March, passengers on the flight CA1303 watched the live CCTV broadcasted programs during the flight. Air China became the first domestic airline to offer live TV broadcasts on an aircraft.

On 23 March, Air New Zealand and Air China released details of a proposed alliance on services between China and New Zealand. The alliance services could commence as early as December 2015.