

## Management Discussion of January Operating Data

### 1. Operation

During January 2015, as the Chinese New Year and the resulting peak period of passenger transportation has commenced later than last year, Air China Limited (CA+ZH+NX) recorded a slight year-on-year decrease in passenger traffic as measured by Revenue Passenger Kilometres (RPK) and passenger head count, but remained flat in both RPK and passenger head count on a month-on-month basis.

Passenger capacity (ASK) for January rose by 5.1% and passenger traffic (RPK) for January decreased by 0.9% year-on-year. The ASK of domestic routes increased by 1.7% year-on-year, while the RPK decreased by 1.2% year-on-year. The ASK and the RPK of international routes climbed by 13.9% and 1.7% year-on-year respectively, while on regional routes both indicators decreased by 1.2% and 14.0% year-on-year respectively. The overall passenger load factor was 76.5%, a year-on-year decrease of 4.6 percentage points. The passenger load factor on domestic, international and regional routes decreased by 2.3, 8.9 and 9.7 percentage points respectively.

Starting from 2 January, a new Tianjin-Wuhan-Chiang Mai route with two flights per week was launched. On 20 January, a new Tianjin-Haikou route with five flights per week commenced.

With respect to the cargo operation, both Revenue Freight Tonne Kilometres (RFTK) and freight tonnage carried during January recorded a year-on-year increase but a month-on-month decline. Available Freight Tonne Kilometres (AFTK) surged year-on-year by 18.0%. RFTK soared by 26.2% year-on-year, while freight tonnage rose by 10.6% year-on-year. The cargo load factor was 53.7%, a year-on-year increase of 3.5 percentage points.

In January, excluding its subsidiary airlines, Air China (CA) purchased a total of 341,000 tonnes of jet fuel at a price of RMB4,914 per tonne, a year-on-year decrease of 33.8%. The average jet fuel purchase price at international airports was RMB3,832 per tonne, a year-on-year decrease of 38.9%. The average jet fuel purchase price for domestic flights was RMB5,204 per tonne, a year-on-year decrease of 32.4%.

**Fuel Surcharge Adjustment**

Effective Date  (Based on Ticket Issue Date)	Route		Previous Rate  (Per Head Per Sector)	New Rate  (Per Head Per Sector)
1 January	Hong Kong to Mainland China		HK\$143	HK\$129
	Korea to Mainland China (Qingdao, Jinan and Yantai excluded)		USD26	USD17
	Korea to Shandong (Qingdao, Jinan, and Yantai)		USD15	USD10
13 January	Philippines to Mainland China		RMB450	0
5 January	Domestic routes	Less than 800km	RMB30	RMB10
		More than 800km	RMB60	RMB30

During the month, the Group added three B737-800 aircraft and retired one B737-300 aircraft. As at the end of January, the Company operated a fleet of 542 aircraft.

**II. Other Business Developments**

On 1 January, Air Macau Club joined the frequent flyer programme, PhoenixMiles.

On 7 January, Air China flew the Beijing-New York Route with Boeing 747-8 aircraft for the first time.

In January, JD Finance and Air China cooperated to launch the first-ever crowd funding internet flight in the world.