

Management Discussion of April Operating Data

I. Operation

During April 2014, Air China Limited (CA+ZH+NX) continued to record year-on-year and month-on-month increases in passenger traffic as measured by Revenue Passenger Kilometres (RPK) and passenger head count.

Passenger capacity (ASK) and passenger traffic (RPK) for April rose by 12.0% and 10.3% year-on-year respectively. The ASK on domestic routes increased by 5.8% year-on-year, while the RPK rose by 5.7%. The ASK and the RPK on international routes rose strongly by 25.6% and 20.7% year-on-year respectively, and also climbed on regional routes by 15.3% and 13.7% year-on-year respectively. The overall passenger load factor was 79.9%, a year-on-year decrease of 1.2 percentage points. The passenger load factor on domestic and international routes dropped by 0.1 and 3.2 percentage points respectively, while it decreased by 1.0 percentage points on regional routes.

Starting from 1 April, a Chengdu-Yining route was launched with three flights per week.

With respect to cargo operation, Revenue Freight Tonne Kilometres (RFTK) for April recorded a year-on-year increase but a slight month-on-month decrease. Freight tonnage carried increased both on a year-on-year and month-on-month basis. Available Freight Tonne Kilometres (AFTK) increased by 15.5% year-on-year. RFTK increased by 9.2% year-on-year, while freight tonnage also rose 4.3% year-on-year. The cargo load factor was 55.1%, a year-on-year decrease of 3.2 percentage points.

In April, excluding its subsidiary airlines, Air China (CA) purchased a total of 322,000 tonnes of jet fuel at a price of RMB7,108 per tonne, a year-on-year decrease of 3%. The average jet fuel purchase price at international airports was RMB6,165 per tonne, a year-on-year decrease of 3%. The average jet fuel purchase price for domestic flights was RMB7,377 per tonne, a year-on-year decrease of 2%.

Fuel Surcharge Adjustment

Effective Date (Based on Ticket Issue Date)	Route	Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)	
1 April	Japan to Mainland China	JYP 6000	JYP7000	
	Korea to	Mainland China (Except Shandong Qingdao, Jinan)	US\$41	US\$44
		Shandong Qingdao, Jinan	US\$24	US\$25
		Bangkok to Beijing	RMB 450	RMB 500
		Singapore to Beijing, Chengdu	RMB 450	RMB 540
		Delhi to Beijing	RMB 400	RMB 450
		Mumbai to Pudong, Chengdu	RMB 400	RMB 450
		Yangon-Beijing, Kunming, Chengdu	RMB 400	RMB 450
		Philippines to Mainland China	RMB 400	RMB 450
		UAE to Mainland China	RMB 450	RMB 500
		Nepal-Mainland China	RMB 360	RMB 450
		Pakistan to Mainland China	RMB 350	RMB 450
		Mainland China to Pakistan	RMB 250	RMB 450

During the month, the Group added four airplanes, including three B737-800s and one B777-300ER aircraft. One B737 aircraft has been retired. As at the end of April, the Company operated a fleet of 509 aircrafts.

2. Important announcement

On 30 April, Air China announced its results for the first quarter of 2014. Under the PRC accounting standards, it recorded revenue from operations of RMB24.419 billion, representing a year-on-year increase of 7.48%, and total operating costs of RMB20.733 billion, up 5.37% year-on-year. Net profit amounted to RMB93 million, a year-on-year decrease of 62.71%.

3. Other Business Development

On 15 April, Air China has launched a “Beijing-Hangzhou Express” exclusive channel. Travelers flying from Beijing to Hangzhou can board the plane at an exclusive zone in the Beijing Capital International Airport. They can also enjoy privilege treatment throughout the procedure including speedier check-in, security check and boarding procedures.

On 16 April, Two flights from Air China in each direction from Beijing to Chengdu tested the In flight Broadband system for the first time. The Group’s in-flight web portal system (ATG version) offers high quality in-flight internet service to passengers through 4G signals. In this trail run, the system has not only successfully implemented a ground-air internet network at the altitude of 10,000 m supporting high-speed jets, but has also achieved instantaneous communication among two aircrafts .