

Management Discussion of February Operating Data

1. Operation

During February 2015, Air China Limited (CA+ZH+NX) recorded an increase 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 (ASK) for February rose by 12.1% and passenger traffic (RPK) for February climbed by 9.1% year-on-year. The ASK and the RPK of domestic routes increased by 8.2% and 3.9% year-on-year respectively. Meanwhile the ASK and the RPK of international routes rose substantially by 21.2% and 22.1% year-on-year respectively, while on regional routes both indicators increased by 14.1% and 14.0% year-on-year respectively. The overall passenger load factor was 82.5%, a year-on-year decrease of 2.3 percentage points. The passenger load factor on domestic routes declined by 3.5 percentage points while that of international routes rose by 0.6 percentage point and that of regional routes maintained flat.

Starting from 10 February, a new Chengdu-Colombo, Sri Lanka route with four flights per week was launched. On 25 February, a new Guangzhou-Wenzhou route with four flights per week commenced.

With respect to the cargo operation, both Revenue Freight Tonne Kilometres (RFTK) and freight tonnage carried during February recorded a year-on-year increase but a month-on-month decline. Available Freight Tonne Kilometres (AFTK) surged year-on-year by 25.1%. RFTK soared by 34.2% year-on-year, while freight tonnage rose by 12.8% year-on-year. The cargo load factor was 47.9%, a year-on-year increase of 3.2 percentage points.

In February, excluding its subsidiary airlines, Air China (CA) purchased a total of 333,000 tonnes of jet fuel at a price of RMB4,057 per tonne, a year-on-year decrease of 43.7%. The average jet fuel purchase price at international airports was RMB3,531 per tonne, a year-on-year decrease of 42.9%. The average jet fuel purchase price for domestic flights was RMB4,195 per tonne, a year-on-year decrease of 43.8%.

Fuel Surcharge Adjustment

Effective Date (Based on Ticket Issue Date)	Route		Previous Rate (Per Head Per Sector)	New Rate (Per Head Per Sector)
1 February	Hong Kong to Mainland China		HK\$129	HK\$81
	Korea to Mainland China (Qingdao, Jinan and Yantai excluded)		USD17	USD5
	Korea to Shandong, China (Qingdao, Jinan and Yantai)		USD10	USD3
	Japan to Mainland China		JPY5500	JPY3500
	Mainland China to Japan		RMB480	RMB280
28 February	Taiwan to Mainland China		RMB191	TWD500
5 February	Domestic routes	Less than 800km	RMB10	0
		More than 800km	RMB30	0

During the month, the Group added three B737-800 aircraft and retired one A340 aircraft. As at the end of February, the Group operated a fleet of 544 aircraft.

2. Other Business Developments

Starting from 2 February 2015 (based on the ticket issue date), Air China lowered the agency commission rate of Air China domestic air tickets sold in Mainland China from 2% to 1%.

On 10 February, the Sichuan branch of Shenzhen Airlines in Chengdu was officially opened and became the eighth branch of Shenzhen Airlines.