

For immediate release



**AIR CHINA LIMITED**

中國國際航空股份有限公司

**Air China announced 2007 Interim Results  
Captured Market Opportunities and  
Achieved Remarkable Growth**

**Financial Highlights**

Results		1H 2007	1H 2006	Change %
Operating revenue	RMB(million)	<b>23,353</b>	19,931	+17.17
Profit from operations	RMB(million)	<b>1,367</b>	893	+53
Net profit	RMB(million)	<b>1,569</b>	458	+ 242.6
Earnings per share	RMB	<b>0.132</b>	0.049	+169

【Hong Kong, August 29, 2007】 Air China Limited (“Air China” or the “Company”, together with its subsidiaries, collectively the “Group”, HKEX: 753; LSE: AIRC; SSE: 601111; ADR OTC: AIRYY) today announced its interim results for the six months ended June 30, 2007 (the “Review Period” or the “Period”).

During the Period, according to International Financial Reporting Standards (“IFRS”), the Group (including the Company, its subsidiaries and associates) generated operating revenue (including air traffic revenue and other operating revenue) of RMB23,353 million, an increase of 17.17% over the same period of last year. Net profit was RMB1,569 million, as the Company continued to outperform its domestic peers. Earnings per share increased from RMB0.049 in the first half of 2006 to RMB0.132. The Board of Directors did not recommend the payment of an interim dividend.

Commenting on the results for the first half of 2007, Mr. Li Jiexiang, Chairman of Air China, said, “China’s economy continued to grow at a brisk pace, with accelerating demand for air traffic. The Company actively captured the opportunities in the market to mitigate the negative effects of higher fuel prices and achieve remarkable improvement in operating efficiency. Meanwhile, the Company vigorously pursued various strategic cooperation opportunities and made significant progress in transforming its organization, expanding

its hub and route networks, improving its customer service systems and further enhancing its brand.”

### **Air traffic revenue: Continuous growth in passenger services but minor decline of cargo and mail operation**

In the first half of 2007, the Group achieved satisfactory results in passenger transport.

Passenger traffic measured by revenue passenger kilometer (“RPK”) was 33,286 million, up 14.4% over the same period of last year. RPK on international routes was 14,155 million, up 16.43% while RPK on domestic routes was 17,594 million, up 13.88%. Hong Kong and Macau route was 1,537 million, up 2.69%. Total passengers carried by the Company were 17.87 million, up 13.66%. In the first half of the year, the capacity of passenger traffic increased by 11.3% to 43,891 million ASK. Average passenger load factor was 75.84%, increased by 2.04%. Average passenger yield per RPK was RMB0.59, up 4.7% over the same period last year.

Cargo traffic grew by 19.2% to 1,867 million RFTK over the same period of last year. Total cargo carried was 535,700 tons, up 15.3% over the same period of last year. Cargo capacity (“AFTK”) increased 22.4% to 3,515 million. The cargo load factor was 53.11%, a decrease of 1.41 percentage points. Cargo yield per RFTK was RMB1.84, down 12.62% over the same period of last year.

As at 30 June 2007, the Group (including Air Macau) had a fleet of 230 aircrafts.

### **Maintaining long-term competitive advantages to create better returns**

In the first half of 2007, the Company worked on the following strategic initiatives:

#### **Forming alliances and building global network**

Air China proceeded with its plan to join the “Star Alliance”, meeting 21 out of the 57 entry requirements for joining the Star Alliance. The Company also started the free sale of its tickets through code sharing with Cathay Pacific Airways (“Cathay Pacific”). The company also decided to use Beijing, Hong Kong and Taiwan as the experimental cities for reciprocal sales representation between itself and Cathay Pacific. Meanwhile, it also strengthened its cooperation with various airlines like Lufthansa, United Airlines, Scandinavian Airlines, Air New Zealand, Austrian Airlines and Asiana Airlines.

#### **Consolidating regional hubs and optimizing route networks**

The Company continued to improve service quality at its three main hubs in China, namely Beijing, Chengdu and Shanghai and actively increased its capacity at these hubs. The number of connecting flights at these hubs grew steadily and the number of transit passengers experienced significant growth. The focus of the Company's international operation was on the North American and European routes. At the same time, the Company further improved brand awareness and service quality on the profitable Japan and Korea routes so as to increase its market share.

### **Speeding up organizational transformation with periodically satisfactory results**

Through new performance-based contracts and organizational and personal appraisal systems, the management model and resources allocation system were further strengthened, driving changes in core value and personnel structure. These moves laid the foundation for changes in the human resources management to align the Company's practices with the market.

### **Expanding service scope, Improving services quality**

The Company enhanced the complaint handling function at its call centers and service hotlines. It completed the upgrading of first class and business class cabins of certain aircrafts. The global baggage tracing system was put into operation. Moreover, it accelerated the development of off-shore call centers and the online payment platform. It increased the number of self check-in facilities at major airports in China and opened domestic premium passenger check-in areas.

### **Capitalizing on the Olympics to increase brand awareness**

As the sole passenger airline partner of the 2008 Beijing Olympic Games, the Company launched a series of Olympics-related promotional activities and was actively involved in highly influential community activities. Marketing efforts in relation to the Olympics progressed smoothly. The Company completed the design of its Olympic product which was successfully brought to market.

### **Outlook**

Looking ahead to the second half of 2007, Chairman Li Jiayang said, "With the continuous growth of China's economy, Air China will benefit from the rapid development and further opening of China's aviation industry. The Company will strengthen its leading role in China and maintain stronger profitability than its domestic peers. We will strive to achieve better results and to deliver on our promise to our shareholders."

~End~

## About Air China

Air China Limited (Air China) is the national flag carrier of China and a leading provider of air passenger, air cargo and airline-related services in China. Its operational head office is in Beijing. It has an extensive route network serving major Chinese cities and international destinations, with dominant market share measured by total traffic volume for the Beijing Capital International Airport. It also provides airline-related services, including aircraft maintenance, ground services and in-flight catering services in Beijing, Chengdu, Hong Kong and other locations through its own business units and joint ventures. As of 30 June, 2007, the Group operated a fleet of 230 aircrafts. Air China was listed on the Hong Kong Stock Exchange and the London Stock Exchange on 15 December 2004 under codes 0753 and AIRC respectively. On 18 August 2006, Air China was listed on the Shanghai Stock Exchange under code 601111. On 4 August 2004, Air China was designated as the sole official passenger airline partner of the Beijing Olympic Games. For further details, please visit Air China's website: [www.airchina.com.cn](http://www.airchina.com.cn).

## Notice

Air China Limited will announce 2007 interim results on 29 August 2007. A webcast replay of Air China's interim results announcement will be available on the Company's website at [www.airchina.com.cn](http://www.airchina.com.cn) on 30 August 2007.

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