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中國東方航空股份有限公司

CHINA EASTERN AIRLINES CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 00670)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of China Eastern Airlines Corporation Limited (the “**Company**” or “**CEA**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) for the year ended 31 December 2022 (the “**Year**”) with comparative figures for the year 2021.

FINANCIAL INFORMATION

A. PREPARED IN ACCORDANCE WITH IFRSs

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	2022 RMB million	2021 RMB million
Revenue	5	46,111	67,127
Other operating income and gains	6	3,613	6,079
Operating expenses			
Aircraft fuel		(22,230)	(20,593)
Take-off and landing charges		(6,253)	(10,251)
Depreciation and amortisation		(21,799)	(22,718)
Wages, salaries and benefits		(20,400)	(21,061)
Aircraft maintenance		(3,356)	(3,783)
Food and beverages		(1,030)	(1,655)
Selling and marketing expenses		(839)	(1,128)
Low value and short-term lease rentals		(591)	(383)
Ground services and other expenses		(586)	(532)
Civil aviation development fund		(484)	(852)
Impairment charges		(97)	(22)
Impairment losses on financial assets, net		(29)	(28)
Fair value changes of financial asset at fair value through profit or loss		(12)	(11)
Indirect operating expenses		(3,653)	(3,707)
Total operating expenses		(81,359)	(86,724)

		2022	2021
	Notes	RMB million	RMB million
Operating loss		(31,635)	(13,518)
Share of results of associates		(147)	(97)
Share of results of joint ventures		(50)	(44)
Finance income	7	494	1,958
Finance costs	8	(8,816)	(5,812)
		<u> </u>	<u> </u>
Loss before income tax		(40,154)	(17,513)
Income tax credit	9	254	4,229
		<u> </u>	<u> </u>
Loss for the year		(39,900)	(13,284)
		<u> </u>	<u> </u>
Other comprehensive income/(loss)			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
Cash flow hedges, net of tax		106	(228)
		<u> </u>	<u> </u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		106	(228)
		<u> </u>	<u> </u>
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value changes of equity investments designated at fair value through other comprehensive loss, net of tax		(4)	(247)
Share of other comprehensive loss of an associate, net of tax		—	(7)
Actuarial income/(loss) on the post-retirement benefit obligations, net of tax		18	(84)
		<u> </u>	<u> </u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		14	(338)
		<u> </u>	<u> </u>
Other comprehensive income/(loss) for the year, net of tax		120	(566)
		<u> </u>	<u> </u>

		2022	2021
	<i>Notes</i>	<i>RMB million</i>	<i>RMB million</i>
Total comprehensive loss for the year		<u>(39,780)</u>	<u>(13,850)</u>
Loss is attributable to:			
Equity holders of the Company		(37,386)	(12,214)
Non-controlling interests		<u>(2,514)</u>	<u>(1,070)</u>
		<u>(39,900)</u>	<u>(13,284)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(37,264)	(12,765)
Non-controlling interests		<u>(2,516)</u>	<u>(1,085)</u>
		<u>(39,780)</u>	<u>(13,850)</u>
Loss per share attributable to the equity holders of the Company			
— Basic and diluted (RMB)	10	<u>(1.98)</u>	<u>(0.73)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB million	2021 RMB million
Non-current assets			
Property, plant and equipment		89,208	93,242
Investment properties		243	118
Right-of-use assets		128,179	126,875
Intangible assets		11,652	11,713
Advanced payments on acquisition of aircraft		13,970	12,165
Investments in associates		2,282	1,777
Investments in joint ventures		434	484
Equity investments designated at fair value through other comprehensive income		452	457
Derivative financial instruments		94	—
Deferred tax assets		9,858	9,580
Other non-current assets		4,199	4,469
		<u>260,571</u>	<u>260,880</u>
Current assets			
Flight equipment spare parts		1,626	1,799
Trade receivables	11	754	974
Prepayments and other receivables		7,407	12,089
Financial asset at fair value through profit or loss		72	84
Derivative financial instruments		1	—
Restricted bank deposits		12	12
Cash and cash equivalents		17,541	12,950
Assets classified as held for sale		—	2
		<u>27,413</u>	<u>27,910</u>
Current liabilities			
Trade and bills payables	12	2,310	2,454
Other payables and accruals		17,862	18,745
Contract liabilities		3,166	3,287
Current portion of borrowings		64,008	44,999
Current portion of lease liabilities		18,614	16,350
Income tax payable		26	55
Current portion of provision for lease return costs for aircraft and engines		460	—
Derivative financial instruments		—	1
		<u>106,446</u>	<u>85,891</u>
Net current liabilities		<u>(79,033)</u>	<u>(57,981)</u>
Total assets less current liabilities		<u>181,538</u>	<u>202,899</u>

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Non-current liabilities		
Borrowings	57,939	50,792
Lease liabilities	78,387	82,126
Provision for lease return costs for aircraft and engines	8,008	7,270
Contract liabilities	743	899
Derivative financial instruments	—	45
Post-retirement benefit obligations	2,212	2,367
Other long-term liabilities	1,906	2,248
	149,195	145,747
Net assets	32,343	57,152
Equity		
Equity attributable to the equity holders of the Company		
— Share capital	22,291	18,874
— Reserves	9,031	34,741
	31,322	53,615
Non-controlling interests	1,021	3,537
Total equity	32,343	57,152

1 CORPORATE AND GROUP INFORMATION

China Eastern Airlines Corporation Limited (the “**Company**”), a joint stock company limited by shares, was established in the People’s Republic of China (the “**PRC**”) on 14 April 1995. The address of the Company’s registered office is 66 Airport Street, Pudong International Airport, Shanghai, the PRC. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

In the opinion of the directors of the company, the holding company and ultimate holding company of the Company is China Eastern Air Holding Company Limited (“**CEA Holding**”), a state-owned enterprise established in the PRC.

The A shares and H shares of the company are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited respectively.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest million except when otherwise indicated.

In 2022, the Group incurred net loss of RMB39,900 million and net operating cash outflow of RMB6,474 million. As at 31 December 2022, the Group’s current liabilities exceeded its current assets by approximately RMB79,033 million. In preparing the financial statements, the Board has conducted a detailed review over the Group’s going concern ability based on its financial condition and operating results. The Board has also considered the following factors:

- Sufficient unutilized banking facilities as at 31 December 2022;
- The Group’s sound credit standing and history of cooperation with banks and other financial institutions; and
- The Group’s expected net cash inflows from operating activities for not less than 12 months starting from the period end of the financial statements, considering the recovery of flights and the Group’s major operating costs including fuel prices during such period.

The Board believes that the Group has sufficient source of financing to enable it to operate, as well as to meet its liabilities as and when they become due, and to support its the capital expenditures in the foreseeable future of not less than 12 months starting from the period end of the financial statements. Accordingly, the Board continued to prepare the Group’s financial statements as of and for the year ended 31 December 2022 on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022.

Amendment to IAS 16 — Property, Plant and Equipment: Proceeds before Intended Use.

Amendments to IAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

Amendments to IFRS 3 — Reference to the Conceptual Framework

Annual Improvements to IFRS Standards 2018–2020

4 OPERATING SEGMENT INFORMATION

- (a) Chief operating decision maker (“**CODM**”) has been identified as the office of the General Manager, who reviews the Group’s internal reporting in order to assess performance and allocate resources

The Group has one reportable operating segment, reported as “airline transportation operations”, which comprises the provision of passenger, cargo, mail delivery and ground service.

Other services including primarily tour operations, air catering and other miscellaneous services are not included within the airline transportation operations segment, as their internal reports are separately provided to the CODM. The results of these operations are included in the “other segments” column.

Inter-segment transactions are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

In accordance with IFRS 8, segment disclosure has been presented in a manner that is consistent with the information used by the Group’s CODM. The Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment based on financial results prepared under the PRC Accounting Standards for Business Enterprises (the “**PRC Accounting Standards**”), which differ from IFRSs in certain aspects. The amount of each material reconciling item from the Group’s reportable segment revenues and profit/(loss) before income tax, arising from different accounting policies is set out in Note 4(c) below.

The segment results for the year ended 31 December 2022 were as follows:

	Airline transportation operations <i>RMB million</i>	Other segments <i>RMB million</i>	Eliminations <i>RMB million</i>	Unallocated* <i>RMB million</i>	Total <i>RMB million</i>
Segment revenue					
Reportable segment revenue from external customers	45,855	256	—	—	46,111
Inter-segment sales	—	919	(919)	—	—
Reportable segment revenue	<u>45,855</u>	<u>1,175</u>	<u>(919)</u>	<u>—</u>	<u>46,111</u>
Reportable segment loss before income tax	<u>(40,175)</u>	<u>223</u>	<u>—</u>	<u>(202)</u>	<u>(40,154)</u>
Other segment information					
Depreciation and amortisation	21,523	276	—	—	21,799
Impairment losses net	126	—	—	—	126
Interest income	503	—	(9)	—	494
Interest expenses	6,124	14	(9)	—	6,129
Capital expenditure	<u>24,920</u>	<u>37</u>	<u>—</u>	<u>—</u>	<u>24,957</u>

The segment results for the year ended 31 December 2021 were as follows:

	Airline transportation operations <i>RMB million</i>	Other segments <i>RMB million</i>	Eliminations <i>RMB million</i>	Unallocated* <i>RMB million</i>	Total <i>RMB million</i>
Segment revenue					
Reportable segment revenue from external customers	66,812	315	—	—	67,127
Inter-segment sales	—	1,006	(1,006)	—	—
Reportable segment revenue	<u>66,812</u>	<u>1,321</u>	<u>(1,006)</u>	<u>—</u>	<u>67,127</u>
Reportable segment loss before income tax	<u>(17,889)</u>	<u>374</u>	<u>—</u>	<u>2</u>	<u>(17,513)</u>
Other segment information					
Depreciation and amortisation	22,441	277	—	—	22,718
Impairment losses, net	48	2	—	—	50
Interest income	354	—	(15)	—	339
Interest expense	5,811	16	(15)	—	5,812
Capital expenditure	<u>30,846</u>	<u>169</u>	<u>—</u>	<u>—</u>	<u>31,015</u>

The segment assets and liabilities as at 31 December 2022 and 31 December 2021 were as follows:

	Airline transportation operations <i>RMB million</i>	Other segments <i>RMB million</i>	Eliminations <i>RMB million</i>	Unallocated* <i>RMB million</i>	Total <i>RMB million</i>
At 31 December 2022					
Reportable segment assets	280,269	3,860	(1,722)	3,335	285,742
Reportable segment liabilities	<u>255,471</u>	<u>1,892</u>	<u>(1,722)</u>	<u>—</u>	<u>255,641</u>
At 31 December 2021					
Reportable segment assets	280,976	4,376	(1,606)	2,802	286,548
Reportable segment liabilities	<u>230,799</u>	<u>2,398</u>	<u>(1,606)</u>	<u>47</u>	<u>231,638</u>

* Unallocated results primarily represent the share of results of associates and joint ventures, fair value changes of financial asset at fair value through profit or loss and dividend income relating to equity investments at fair value through profit or loss. Unallocated assets and liabilities primarily represent investments in associates and joint ventures, derivative financial instruments, financial asset at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income.

- (b) The Group's business operates in three main geographical areas, even though they are managed on a worldwide basis.

The Group's revenues by geographical area are analysed based on the following criteria:

- 1) Traffic revenue from services within the PRC (excluding the Hong Kong Special Administrative Region ("Hong Kong"), Macau Special Administrative Region ("Macau") and Taiwan) is classified as domestic operations. Traffic revenue from inbound or outbound services among Hong Kong, Macau and Taiwan is classified as regional operations while that with other overseas markets is classified as international operations.
- 2) Revenue from ticket handling services, ground services and other miscellaneous services are classified on the basis of where the services are performed.

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Domestic	34,449	56,133
Regional	394	441
International	11,268	10,553
	46,111	67,127

- 3) The major revenue-earning assets of the Group are its aircraft, all of which are registered in the PRC. Since the Group's aircraft are deployed flexibly across its route network, there is no suitable basis of allocating such assets and the related liabilities by geographic area and hence segment assets and liabilities by geographic area are not presented.

- (c) Segment revenue and loss before income tax are the same as the consolidated figures as reported in the consolidated financial statement for the years ended 31 December 2022 and 2021. Reconciliation of reportable assets to the consolidated figures as reported in the consolidated financial statements:

	<i>Notes</i>	31 December 2022 <i>RMB million</i>	31 December 2021 <i>RMB million</i>
Assets			
Reportable segment assets		285,742	286,548
— Difference in intangible asset arising from the acquisition of Shanghai Airlines	(i)	2,242	2,242
Consolidated assets		287,984	288,790

Notes:

- (i) The difference represents the different measurement of the fair value of acquisition cost of the shares from Shanghai Airlines between the PRC Accounting Standards and IFRSs, which results in the different measurement of goodwill.

5 REVENUE

An analysis of revenue is as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
<i>Revenue from contracts with customers</i>	45,874	66,887
<i>Revenue from other sources</i>		
Rental income	237	240
	<u>46,111</u>	<u>67,127</u>

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2022

Segments	Airline transportation operations <i>RMB million</i>	Other operations <i>RMB million</i>	Total <i>RMB million</i>
Types of goods or services			
Traffic revenues			
— Passenger	35,004	—	35,004
— Cargo and mail	7,770	—	7,770
Ticket cancellation and commission service	1,147	—	1,147
Ground service income	556	—	556
Others	1,141	256	1,397
Total revenue from contracts with customers	<u>45,618</u>	<u>256</u>	<u>45,874</u>

For the year ended 31 December 2021

Segments	Airline transportation operations <i>RMB million</i>	Other operations <i>RMB million</i>	Total <i>RMB million</i>
Types of goods or services			
Traffic revenues			
— Passenger	54,105	—	54,105
— Cargo and mail	8,309	—	8,309
Ticket cancellation and commission service	2,115	—	2,115
Ground service income	756	—	756
Others	1,287	315	1,602
Total revenue from contracts with customers	<u>66,572</u>	<u>315</u>	<u>66,887</u>

6 OTHER OPERATING INCOME AND GAINS

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Co-operation routes subsidy income (note (a))	1,904	3,696
Routes subsidy income (note (b))	438	383
Other subsidy income (note (c))	911	803
Gain on disposal of items of property, plant and equipment and right-of-use assets	180	742
Gain on disposal of subsidiaries, associates and joint ventures	—	142
Others	180	313
	<u>3,613</u>	<u>6,079</u>

Notes:

- (a) Co-operation routes income represents subsidies granted by various local authorities and other parties, with which the Group developed certain routes to support the development of local economy. The amounts granted are calculated based on the agreements entered into by all parties.
- (b) Routes subsidy income represents subsidies granted by various authorities to support certain international and domestic routes operated by the Group.
- (c) Other subsidy income represents subsidies granted by various local authorities based on certain amounts of tax paid and other government grants.
- (d) There are no unfulfilled conditions or other contingencies related to subsidies that were recognized for the years ended 31 December 2022 and 2021.

7 FINANCE INCOME

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Interest income	494	339
Foreign exchange gains, net (Note 8 (b))	—	1,619
	<u>494</u>	<u>1,958</u>

8 FINANCE COSTS

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Interest on bank borrowings	2,367	1,946
Interest relating to lease liabilities	3,014	3,113
Interest relating to post-retirement benefit obligations	66	83
Interest relating to provision for lease return costs for aircraft and engines	278	278
Interest on bonds and debentures	889	842
Interest relating to interest rate swap contracts	(30)	17
Less: amounts capitalized (note (a))	(455)	(467)
	<u>6,129</u>	<u>5,812</u>
Foreign exchange losses, net (note (b))	<u>2,687</u>	<u>—</u>
	<u><u>8,816</u></u>	<u><u>5,812</u></u>

Notes:

- (a) The weighted average interest rate used for interest capitalization is 3.43% per annum for the year ended 31 December 2022 (for the year ended 31 December 2021: 3.57%).
- (b) The exchange gains and losses primarily related to the translation of the Group's foreign currency denominated borrowings and lease liabilities for the years ended 31 December 2022 and 2021.

9 INCOME TAX

The amounts of income tax credit charged to the consolidated statement of profit or loss:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Current	59	143
Deferred	(313)	(4,372)
	<u>(254)</u>	<u>(4,229)</u>

The Group operates international flights to overseas destinations. There was no material overseas taxation for the years ended 31 December 2022 and 2021, as there are tax treaties between the PRC and the corresponding jurisdictions relating to the aviation business.

The Company and its branches and subsidiaries in mainland China are subject to income tax rates ranging from 15% to 25% (2021: 15% to 25%), and certain subsidiary of the Company in Hong Kong are subject to Hong Kong profits tax rate of 16.5% (2021: 16.5%).

10 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2022 was based on the loss attributable to equity holders of the Company of RMB37,386 million and the weighted average number of shares of 18,875,999,286 in issue during the year.

The calculation of basic loss per share for the year ended 31 December 2021 was based on the loss attributable to equity holders of the Company of RMB12,214 million and the weighted average number of shares of 16,795,331,016 in issue during the year.

The Company had no potentially dilutive options or other financial instruments relating to the ordinary shares in issue during the years ended 31 December 2022 and 2021.

11 TRADE RECEIVABLES

The credit terms given to trade customers are determined on an individual basis.

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Trade receivables	836	1,051
Less: impairment	(82)	(77)
	754	974

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice/billing date and net of loss allowance, is as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Within 90 days	669	919
91 to 180 days	26	39
181 to 365 days	53	9
Over 365 days	6	7
	754	974

12 TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period was as follows:

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Within 90 days	2,116	2,338
91 to 180 days	35	6
181 to 365 days	51	16
1 to 2 years	40	15
Over 2 years	68	79
	2,310	2,454

13 DIVIDEND

The directors did not propose the payment of a dividend for the years ended 31 December 2022 and 2021.

B. SIGNIFICANT DIFFERENCES BETWEEN IFRSs AND PRC ACCOUNTING STANDARDS

	2022 <i>RMB million</i>	2021 <i>RMB million</i>
Consolidated net assets attributable to equity holders of the Company		
As stated in accordance with the PRC Accounting Standards	29,080	51,373
Impact of IFRSs and other adjustments:		
— Intangible assets (goodwill)	<u>2,242</u>	<u>2,242</u>
As stated in accordance with IFRSs	<u>31,322</u>	<u>53,615</u>

Consolidated loss attributable to equity holders of the company as stated in accordance with the PRC Accounting Standards are the same as the consolidated loss attributable to equity holders of the company as stated in accordance with IFRS for 2022 and 2021.

SUMMARY OF OPERATING DATA

	For the twelve months ended 31 December		
	2022	2021	Change
Passenger transportation data			
ASK (available seat — kilometres) (millions)	96,210.85	160,690.39	-40.13%
— Domestic routes	92,204.39	156,017.64	-40.90%
— International routes	3,577.88	3,941.92	-9.24%
— Regional routes	428.58	730.83	-41.36%
RPK (revenue passenger — kilometres) (millions)	61,287.67	108,803.69	-43.67%
— Domestic routes	59,030.04	106,605.49	-44.63%
— International routes	2,019.22	1,788.51	12.90%
— Regional routes	238.41	409.69	-41.81%
Number of passengers carried (thousands)	42,510.46	79,099.06	-46.26%
— Domestic routes	42,027.14	78,557.34	-46.50%
— International routes	322.69	267.21	20.76%
— Regional routes	160.63	274.50	-41.48%
Passenger load factor (%)	63.70	67.71	-4.01pts
— Domestic routes	64.02	68.33	-4.31pts
— International routes	56.44	45.37	11.07pts
— Regional routes	55.63	56.06	-0.43pts
Passenger — kilometres yield (RMB)^{Note}	0.602	0.531	13.37%
— Domestic routes	0.549	0.509	7.86%
— International routes	2.100	1.788	17.45%
— Regional routes	1.040	0.744	39.78%

	For the twelve months ended 31 December		
	2022	2021	Change
Freight transportation data			
AFTK (available freight tonne — kilometres) (millions)	6,349.11	9,077.33	-30.06%
— Domestic routes	1,356.56	3,093.45	-56.15%
— International routes	4,948.43	5,932.12	-16.58%
— Regional routes	44.11	51.76	-14.78%
RFTK (revenue freight tonne — kilometres) (millions)	2,608.93	3,393.40	-23.12%
— Domestic routes	524.67	865.28	-39.36%
— International routes	2,074.95	2,517.15	-17.57%
— Regional routes	9.31	10.96	-15.05%

	For the twelve months ended 31 December		
	2022	2021	Change
Weight of freight carried (million kg)	652.39	920.04	-29.09%
— Domestic routes	352.17	594.18	-40.73%
— International routes	290.88	314.80	-7.60%
— Regional routes	9.34	11.06	-15.55%
Freight load factor (%)	41.09	37.38	3.71pts
— Domestic routes	38.68	27.97	10.71pts
— International routes	41.93	42.43	-0.50pts
— Regional routes	21.10	21.18	-0.08pts
Freight tonne — kilometres yield (RMB)^{Note}	2.978	2.449	21.60%
— Domestic routes	1.031	0.935	10.27%
— International routes	3.414	2.922	16.84%
— Regional routes	15.682	13.230	18.53%

	For the twelve months ended 31 December		
	2022	2021	Change
Consolidated data			
ATK (available tonne — kilometres) (millions)	15,008.09	23,539.47	-36.24%
— Domestic routes	9,654.96	17,135.04	-43.65%
— International routes	5,270.44	6,286.89	-16.17%
— Regional routes	82.69	117.54	-29.65%
RTK (revenue tonne — kilometres) (millions)	8,025.31	13,046.71	-38.49%
— Domestic routes	5,743.18	10,323.79	-44.37%
— International routes	2,251.73	2,675.86	-15.85%
— Regional routes	30.39	47.06	-35.42%
Overall load factor (%)	53.47	55.42	-1.95pts
— Domestic routes	59.48	60.25	-0.77pts
— International routes	42.72	42.56	0.16pts
— Regional routes	36.75	40.04	-3.29pts
Revenue tonne — kilometres yield (RMB)^{Note}	5.567	5.067	9.87%
— Domestic routes	5.739	5.338	7.51%
— International routes	5.029	3.944	27.51%
— Regional routes	12.965	9.562	35.59%

Note: In calculating unit revenue index, the relevant revenue includes incomes generated from co-operation routes and fuel surcharge.

FLEET STRUCTURE

The Group has continued to carry out its vision of green development and has been optimising its fleet structure in recent years. In 2022, the Group strengthened its negotiations with suppliers and optimised the pace of aircraft introduction according to changes in market conditions, introduced a total of 34 aircraft of major models and retired a total of 11 aircraft. With the introduction of new aircraft models such as A350-900 and A320NEO, the Group's fleet age structure continues to remain young.

As at 31 December 2022, the Group operated a fleet of 778 aircraft, which included 775 passenger aircraft and 3 business aircraft.

Fleet structure as at 31 December 2022

								(Units)
No.	Model	Net increase in 2022	Sub- total	Self- owned	Under finance lease	Under operating lease	Average fleet age (years)	
1	B777-300ER	0	20	10	10	0	6.9	
2	B787-9	0	10	3	7	0	3.9	
3	A350-900	4	15	1	14	0	2.3	
4	A330 series	0	56	30	21	5	9.1	
Total number of wide-body passenger aircraft		4	101	44	52	5	7.1	
5	A320 series	14	372	122	139	111	8.6	
6	B737 series	-6	284	102	72	110	8.4	
7	C919	1	1	0	1	0	0.1	
Total number of narrow-body passenger aircraft		9	657	224	212	221	8.5	
8	ARJ21	10	17	2	15	0	0.8	
Total number of regional passenger aircraft		10	17	2	15	0	0.8	
Total number of passenger aircraft		23	775	270	279	226	8.1	
Total number of business aircraft self-owned and held under trust			3					
Total number of aircraft			778					

Notes:

1. A330 series aircraft include A330-200 and A330-300 aircraft;
2. A320 series aircraft include A319, A320, A320NEO and A321 aircraft;
3. B737 series aircraft include B737-700, B737-800 and B737 MAX 8 aircraft.

REPORT OF THE BOARD

In 2022, the global economic growth rate slowed down significantly. The International Monetary Fund predicted that the global economic growth rate drop from 6.2% in 2021 to 3.4% in 2022. Facing the triple pressure of demand contraction, supply shocks and weakening expectations, the foundation of economic recovery of China is not yet steady. Under the influence of multiple unexpected adverse factors such as continued market downturn, international geopolitical conflicts, RMB depreciation and high oil prices, China's aviation industry faced unprecedented difficulties in 2022 and the production and operation of the Group faced severe challenges.

Facing the complex and severe external environment, the management of the Company maintained a high sense of responsibility, analyzed the situation, made scientific study and judgment, took a calm stance, coordinated the implementation of various works such as production and operation, safe operation and reform and development and achieved new progress in stable operation, refined management, brand service and social responsibly. Affected by the external environment, the indicators of the Group, such as production volume and revenue, have decreased significantly year-on-year in 2022. The Group completed a total transport turnover of 8,025 million tonne-kilometres, a passenger traffic volume of 42,510.5 thousand passengers, and recorded an operating income of RMB46,111 million, representing a decrease of 38.49%, 46.26% and 31.31% respectively compared with 2021. The net loss attributable to shareholders of the Company in 2022 was RMB37,386 million.

✈ Safe operation

The Group is deeply aware of the spirit of the important instructions, namely “to ensure the absolute safety of aviation operations and to ensure the absolute safety of people's lives”, and insisted on applying the concept of safe development to all aspects and all processes of the production and operation of the Group.

The Group conscientiously implemented the security work deployment from higher-level authority and took effective measures to facilitate the consolidation and steady rebound of its security situation. Through adhering to the system concept, strengthening the bottom-line thinking and implementing the “Fifteen Measures for Safe Production” from higher-level regulatory authorities one by one, the safety responsibilities are solidly implemented at all levels. The Group adhered to the practice of sound system, system enhancement, work style correction and cultural guidance while continuously facilitating the construction of the “four systems”, namely safety management, production and operation, flight training, and aircraft maintenance.

The Group strengthened safety governance and hidden danger investigation while focusing on preventing and defusing safe operation risks. A large-scale investigation on safety hazards is comprehensively launched to solidly promote the consolidation and enhancement of the three-year special action for rectification towards safe production. Safety supervision and research are conducted on key units to promote normalization and institutionalization of safety supervision, continuously building a defense line for safe operation. Affected by factors including the reduction in flight duration, the Group proactively responded to the risk of the decline in the pilot's manipulative capacities by strengthening the on-site training and skill recovery training of the pilots. A daily risk reminder and weekly safety information analysis mechanism is established to strengthen the safety awareness of front-line personnel.

The Group continued to facilitate the construction of the Three Basics¹ while continuously consolidating the foundation of safe operation. The Group strictly implemented the guidelines and requirements for the construction of a long-term mechanism for the work style of civil aviation safety practitioners and utilized big data to establish eight monitoring indicators for the development of professional work style. Work style building is incorporated into management manual to solidly promote the building of work style for safety practitioners. The Group strengthened the construction of culture of security to enhance the safety responsibility awareness of all employees. Through strictly organizing production and operation and strictly monitoring crew dispatch, weather and airworthiness, operations beyond capacity are strictly prevented and volume of flight operations are orderly resumed. During the reporting period, the Group completed 1,077.4 thousand hours of flight and 445.8 thousand takeoffs and landings.

✈ Stable operation

The Group adhered to the general principle of seeking progress while insisting on strengthening measures to stabilize growth, and striving to reduce and control losses.

The Group closely tracked market changes to dynamically adjust production and organization as well as transportation capacity deployment. In response to market changes, the Group actively formulated special plans for Spring Festival, summer holiday and National Day, seizing opportunities at various stages of market. The Group formulated plans for optimizing and shifting capacity targeted at areas including Shanghai, Chengdu and Guangzhou, according to the market demand, in order to reduce adverse impact. As passengers' travel sentiment demonstrated a significant trend of recovery, the Group rapidly increased its capacity supply. In response to changes in market environment, the Group proactively improved freight rate management, refined revenue management and control, and improved the level of business decision-making. The Group made an all-out effort in seizing opportunities in the cargo market through increasing the number of high-yield cargo routes and actively promoting passenger-to-freighter converted aircraft and bellyhold space business. The Group achieved revenue from freight transportation of RMB7,770 million during the Year.

Focusing on its long-term strategic deployment, the Group coordinated and promoted the building of hub and route network. The Group optimized the five-year route network planning of “four beams and eight columns” while continuously developing the express and sub-express system of China Eastern Airlines. Through actively striving for time slot resources, the new time slots in summer and autumn, winter and spring in 2022 increased by 3.24% and 1.50% year-on-year respectively. The route networks are continuously optimized through launching “Domestic Express”² route product and improving the quality of the route network of “four beams and eight columns”. The Group steadily promoted the building of important commercial market bases and successfully completed the operation and transfer of Chengdu Tianfu Airport and Qingdao Jiaodong Airport while implementing the “Linking Trunk routes and regional routes” route network in the southwest region for the Chengdu market, and developing the cooperation in transit and combined transport among the airlines.

¹ Three Basics: Focus on the front line grass-roots staff, lay the foundation and train basic skills.

² Domestic Express: The Company launched the “Domestic Express” product on 30 December 2022. The first batch of product took Kunming, Chengdu Tianfu, and Wuhan as transit airports, and was focused on China Eastern Airlines + China Eastern Airlines, China Eastern Airlines + Sichuan Airlines transit flights. 19 routes and 27 flight combination are involved.

The Group strengthened the building of self-owned sales channels, and actively expanded the cooperation with agency channels. The total number of users of the “Referral Scheme³” has exceeded 220,000, and the cumulative sales of “MileagePlus⁴” has reached 55,000 sets. The Group optimized the agency fee mechanism and diverted all channels to improve sales quality. Through actively promoting the cooperation with NDC⁵ channel, the Group launched air ticket sales on various platforms such as medical and health, government affairs, reimbursement control of enterprise expenses, information and communication and e-commerce.

The Group attached great importance to the safety of funds, and took multiple measures to ensure the safety of its capital chain and financial stability. Through firmly establishing the awareness of “tightening our belts”, and strengthening the rigid constraint of budget, various cost expenditures are strictly controlled. The Group strictly controlled its debt scale and actively expanded financing channels while supplementing cash flow through measures such as rolling issuance of various middle-term and short-term bonds and entrusted loans from controlling shareholders. Various bailout policies and supports are fully utilized to ensure that the bailout funds are properly used. The capital project of non-public issuance of A shares was successfully completed and RMB15,000 million was raised, thereby facilitating the enhancement in capital strength and anti-risk capabilities of the Group and consolidating the foundation for sustainable development of the Group; CEA Holding subscribed for RMB5,000 million, which reflected the controlling shareholder’s support for the core aviation business and its confidence in the future development of the Group.

➔ **Refined management**

The Group continued to strengthen refined management while further improving efficiency and reducing operating costs in production and operation, passenger services and business-finance integration.

The Group focused on the capacity of air passenger transportation and revenue management and control to enhance market resilience and refine the enhancement in revenue management. The Group paid close attention to flight capacity, products and cabin structure, accelerated digital transformation and the construction of “Smart Aviation” operations, and strengthened the full-cycle management and control capabilities of flights. Through refining revenue management and control, hierarchical and classified management of routes are implemented. The Group refined the large-scale adjustment process of flights while paying close attention to market demand to adjust and optimize flights in a timely manner.

³ Referral Scheme: All members of the “Eastern Miles (東方萬里行)” who have passed real-name authentication can be “referrers” and can make use of the social channels of the internet to invite friends to go to designated ticket purchase channels to buy tickets and get certain incentive discount during activity period. After completing the designated task, the referrer can get incentive points.

⁴ MileagePlus (前程萬里): The Company launched an air travel product that is directly sold and used in accordance with route distance. After purchase of such product, passengers can use it to make advance booking of all domestic flights (excluding Hong Kong, Macau and Taiwan) operated by CEA and Shanghai Airlines for all classes and all routes at all seasons within the effective date.

⁵ NDC: New Distribution Capability. The distribution system based on the NDC model can realise the seamless connection of the retail business of various aviation products between aviation companies and corporate customers, TMC (Travel Management Companies) and travel agencies.

The Group continued to optimize passenger services and refined the enhancement in service experience. In response to the surge in demand for ticket refunds due to the external environment, the Group realized the self-service operation for the whole process of ticket refunds, which enhanced customer satisfaction. In the face of special situations such as adjustment of entry points and flight cancellations for international flights, a new channel for the release of information was quickly established, and multiple measures were taken to increase the connection rate of the 95530-hotline service. The volume of smart services increased by 11.21% year-on-year. The Group launched the “OK to Travel” project with online automatic verification of international health certificates to reduce the queuing time of international passengers. Combining preferences of the passengers and features of the seasons, the Group increased its effort in releasing new festive menu for festivals and holidays, and launched the “year of tiger” themed menu during the New Year’s Day and the Chinese New Year Holidays.

The Group established a normalized mechanism for business-finance integration and promoted 270 quality-enhancing and efficiency-enhancing projects, so as to refine the efficiency enhancement. The Group continued to explore old aircraft dismantling projects to increase the revenue level of residual value and realize the end-of-life value of old aircraft. The Group carried out refined management and control on aircraft load while re-evaluating the weight of catering and on-board supplies and optimizing dynamic configuration. The implementation of heavy aircraft altitude optimization and aircraft speed management and control has effectively improved the performance of the aircraft. According to simulation calculations, the annual fuel saving was approximately 54,000 tons. The Group optimized the management and control model of catering and on-board supplies while fully utilizing the professional advantages of Eastern Air Catering to reduce the procurement cost of catering and realize the refined management of the turnover and storage of on-board supplies.

Brand service

The Group optimized the service process to provide passengers with warmer and sincere services while developing a standardized, consistent, more distinctive and influential service brand.

The Group explored the service product innovation, which effectively increased customer loyalty. The number of frequent flyer members of “Eastern Miles” has exceeded 50 million and the “At One Go⁶” has covered 20 domestic sites. The air-rail combined transportation covered 42 hub cities while air-bus combined transportation has opened more than 100 inter-provincial transportation routes and the Air Express has opened 33 routes. The Group launched the “Easy to Enjoy” product series that covered service rights such as easy boarding, easy transfer, parking privileges and VIP room privileges and a total of approximately 410,000 passengers was carried throughout the Year. The Aerial Internet service of all wide-body aircraft was realized, which ranked first in China and leading in Asia in terms of fleet size, the number of flights, and the number of users.

⁶ At One Go: The Company launched the service on pilot routes since December 2021. Direct sales channels support the function of seat selection and check-in during the purchase process. Seat selection is made before payment during the ticket purchase process. The system would automatically assign seats for passengers from distribution channel after the issuance of ticket (for those who choose not to check-in). Passengers can change their seats and check-in again through direct sales channels.

The Group actively improved the service process and optimized the passenger service experience. A benchmarking talent team for flight attendants namely “Lingyan”⁷ was built to standardize service quality. Brand characteristic was shown through promoting air catering such as “That” series⁸, “Cloud” series⁹. The Group promoted the construction of “Smart Aviation” services, allowing passengers to handle online check-in easily. Customs clearance is completed without any burden throughout the whole process, allowing passengers to wait for the plane in a relaxing mood. Through exquisite service presentation, refine service management, and accurate customer group classification, the Group led and promoted the improvement of ground service quality to ensure orderly and smooth ground operations.

The Group continuously promoted the construction of service brand and steadily improved brand image. The Group received the world’s first C919 aircraft and successfully completed important transportation guarantee tasks such as the Fifth China International Import Expo and successfully hosted the 2022 North Bund International Aviation Forum. The “Super Carrier”¹⁰, and “Smart Aviation” were released.

✈ **Social responsibly**

With a high sense of social responsibility, the Group practiced the ecological development concept of “green flight, technological environmental protection” with practical actions while assisting the rural revitalization with heart and soul and continuously enhancing the happiness of employees.

The Group actively promoted green development and carried out works related to environmentally sustainable development. The Group prepared the “14th Five-Year” special plan for green development and the action plan for carbon peaking, established a leading group to promote the overall deployment of sustainable aviation fuel (SAF), and cooperated with other airlines, supply chain enterprises and research institutes to actively follow up on the research and development, policy research and application of SAF. In order to implement the relevant requirements of market-based carbon emission reduction mechanisms in European Union, China, local pilots and industry, a subsidiary of CEA Holding, the Company’s controlling shareholder, participated in the establishment of the Hainan International Carbon Emissions Trading Center to support China’s green and low-carbon development strategies.

The Group consolidated and expanded the achievements of poverty alleviation while supporting rural revitalization. In collaboration with Tsinghua University, the Group carried out remote teaching for industry leaders and farmers in the new era in Cangyuan and Shuangjiang counties of Lincang, Yunnan, while actively promoting related industrial projects. The Group’s targeted poverty alleviation awarded the “Public Welfare Product Project with Best Experience” at the 2022 World NGO Innovation and Development Summit.

⁷ Lingyan: The “Lingyan” flight attendant demonstration team of the Company was established in May 1989. Currently, it has become a well-known excellent air service brand that won the “Shanghai Brand” certification in 2019.

⁸ “That” series: The Company launched a series of products such as “MU Noodles” and “MU Tea”.

⁹ “Cloud” series: The Company launched a series of products such as “Food on the Cloud” and “Drink on the Cloud” in the cabin.

¹⁰ Super Carrier: Refers to a first-class air transportation company with excellent global service capabilities, innovation capabilities and influence. Such transportation service company actively develops the civil aviation ecosystem, fully participates in global cooperation, and has five dimensional features including first-class operational capabilities, service capabilities, management capabilities, innovation capabilities and influence.

The Group solidly promotes the build-up of a “happy CEA” to enhance the sense of belonging of employees. The Group focuses on the creation of an equal, diverse and inclusive workplace culture, with an aim to provide an equal and friendly working environment and development opportunities for all employees. In active response to the 25% initiative of IATA 2025, the proportion of female employees in the Group has reached 36.75%. The Group listens carefully to the voices of employees and realizes the all-in-one website for point award and usage for meals provided to employees, implements the construction project for affordable rental housing for employees and expands the coverage of the mutual fund project for special and serious illness.

Operating Revenues

In 2022, the Group’s passenger revenue amounted to RMB35,004 million, representing a decrease of 35.30% from last year, and accounted for 81.83% of the Group’s traffic revenue. The passenger traffic volume was 61,287.67 million passenger-kilometres, representing a decrease of 43.67% from last year.

The passenger revenue of domestic routes amounted to RMB30,571 million, representing a decrease of 39.60% from last year, and accounted for 87.33% of the passenger revenue. The passenger traffic volume was 59,030.04 million passenger-kilometres, representing a decrease of 44.63% from last year.

The passenger revenue of international routes amounted to RMB4,185 million, representing an increase of 30.86% from last year, and accounted for 11.96% of the passenger revenue. The passenger traffic volume was 2,019.22 million passenger-kilometres, representing an increase of 12.90% from last year.

The passenger revenue of regional routes amounted to RMB248 million, representing a decrease of 16.22% from last year, and accounted for 0.71% of the passenger revenue. The passenger traffic volume was 238.41 million passenger-kilometres, representing a decrease of 41.81% from last year.

In 2022, the Group’s cargo and mail traffic revenue amounted to RMB7,770 million, representing a decrease of 6.49% from last year, and accounted for 18.17% of the Group’s traffic revenue. The cargo and mail traffic volume was 2,608.93 million tonne-kilometres, representing a decrease of 23.12% from last year.

In 2022, the Group’s other revenue amounted to RMB3,337 million, representing a decrease of 29.20% from last year.

Operating Expenses

In 2022, the Group's total operating expenses was RMB81,359 million, representing a decrease of 6.19% from last year. In response to the impact of the external environment, the Group reduced flight capacity according to market demand. Except for aircraft fuel costs, other costs were reduced accordingly. Analysis of the changes in the Group's operating cost items is set out as follows:

Aircraft fuel costs accounted for one of the most substantial parts of the Group's operating expenses. In 2022, the Group's aircraft fuel cost was RMB22,230 million, representing an increase of 7.95% from last year, and was mainly due to decrease in the number of flights of the Group. The volume of refuelling decreased by 37.29% from the same period last year, leading to a decrease in aircraft fuel costs by RMB7,896 million. As crude oil prices rose, the average price of aircraft fuel increased by 67.42% from the same period last year, leading to an increase in aircraft fuel cost by RMB8,952 million. In 2022, the Group did not carry out aircraft fuel hedging transaction while the Group reduced aircraft fuel costs by RMB580 million in the same period in 2021 through aircraft fuel hedging transaction.

In 2022, the Group's take-off and landing fees amounted to RMB6,253 million, representing a decrease of 39.00% from last year, and was primarily due to the significant decrease in the number of flight take-offs and landings, leading to a decrease in the airport take-offs and landing fees.

In 2022, the Group's depreciation and amortisation amounted to RMB21,799 million, representing a decrease of 4.05% from last year, and was primarily due to the decrease in the transportation volume and the decrease in the depreciation of components.

In 2022, the Group's wages, salaries and benefits amounted to RMB20,400 million, representing a decrease of 3.14% from last year, and was primarily due to the decrease in the number of flight, leading to the decrease in the flight hour fees of aircrew.

In 2022, the Group's aircraft maintenance expenses amounted to RMB3,356 million, representing a decrease of 11.29% from last year, and was primarily due to the decrease in traffic volume, leading to the decrease in aircraft and engine daily maintenance expenses.

In 2022, the Group's catering supply expenses amounted to RMB1,030 million, representing a decrease of 37.76% from last year, and was primarily due to the significant decrease in the number of passengers, leading to a decrease in meals and supplies.

In 2022, the Group's sales and marketing expenses amounted to RMB839 million, representing a decrease of 25.62% from last year, and was primarily due to the significant decrease in the number of passengers, leading to a decrease in the commission charges of the agency business.

In 2022, the Group's contribution to the civil aviation development fund of the Civil Aviation Administration of China ("CAAC") amounted to RMB484 million, representing a decrease of 43.19% from last year, and was primarily due to the adjustment on the transportation capacity of flights by the Group, leading to a decrease in the expenses from the funds of civil aviation infrastructure.

Other Operating Revenue

In 2022, the Group's other operating income and profit amounted to RMB3,613 million, representing a decrease of 40.57% from last year, and was primarily due to the reduction of the transportation capacity of flights by the Group, leading to a decrease in the income from co-operation routes.

Finance Income/Costs

In 2022, the Group's finance income amounted to RMB494 million, representing a decrease of 74.77% from last year. Finance costs amounted to RMB8,816 million, representing an increase of 51.69% from last year, and was primarily due to exchange gain resulting from changes in exchange rates from the same period in 2021 amounted to RMB1,619 million being included in the finance income. The exchange loss resulting from changes in exchange rates in the current period amounted to RMB2,687 million being included in the finance costs.

Net Loss during the Year

In 2022, net loss attributable to equity holders of the Company amounted to RMB37,386 million. In the same period in 2021, net loss attributable to equity holders of the Company amounted to RMB12,214 million. In 2022, the loss per share attributable to equity holders of the Company was RMB1.98. In 2021, the loss per share attributable to equity holders of the Company was RMB0.73.

Liquidity and Capital Structure

As at 31 December 2022, the Group had total assets of RMB287,984 million, representing an decrease of 0.28% from 31 December 2021. Its debt ratio was 88.77%, representing an increase of 8.56 percentage points from 31 December 2021.

In particular, the Group's total current assets amounted to RMB27,413 million, which accounted for 9.51% of the total assets and represented a decrease of 1.78% from 31 December 2021. The Group's non-current assets amounted to RMB260,571 million, which accounted for 90.49% of the total assets and represented a decrease of 0.12% from 31 December 2021.

As at 31 December 2022, the Group had total liabilities of RMB255,641 million, comprising current liabilities of RMB106,446 million which accounted for 41.64% of total liabilities, and non-current liabilities of RMB149,195 million which accounted for 58.36% of total liabilities.

Among the current liabilities, interest-bearing liabilities (short-term borrowings, long-term borrowings due within one year, bonds payable due within one year and lease liabilities due within one year) amounted to RMB82,233 million, representing an increase of 36.34% from 31 December 2021. Among the non-current liabilities, interest-bearing liabilities (long-term borrowings, bonds payable and lease liabilities) amounted to RMB137,401 million, representing an increase of 2.96% from 31 December 2021. The increase in interest-bearing liabilities was mainly due to the adjustment of financing structure by the Group according to the financial market conditions. In

2022, in order to deal with exchange rate fluctuations, the Group actively optimised the currency structure of the Group's liabilities and reduced exchange rate risks. As at 31 December 2022, the breakdown of the Group's interest-bearing obligations by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent				
	As at 31 December 2022		As at 31 December 2021		Movement
	Amount	Proportion (%)	Amount	Proportion (%)	
RMB	182,428	83.06	156,930	80.99	16.25
USD	32,840	14.95	30,580	15.78	7.39
Others	4,366	1.99	6,255	3.23	-30.20
Total	219,634	100.00	193,765	100.00	13.35

As at 31 December 2022, the Group's interest-bearing liabilities included long-term and short-term borrowings and bonds payable equivalent to RMB121,231 million, representing an increase of 27.49% from RMB95,089 million as at 31 December 2021. The breakdown by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent		Movement (%)
	As at	As at	
	31 December 2022	31 December 2021	
RMB	117,094	89,168	31.32
SGD	2,582	2,349	9.92
EUR	1,555	1,956	-20.50
KRW	—	1,603	—
USD	—	13	—
Total	121,231	95,089	27.49

As at 31 December 2022, the lease liabilities in the Group's interest-bearing liabilities amounted to RMB98,403 million, representing a decrease of 0.28% from RMB98,676 million as at 31 December 2021. The breakdown by currencies is as follows:

Currency	Unit: RMB million		
	As at 31 December 2022	RMB equivalent As at 31 December 2021	Movement (%)
RMB	65,334	67,762	-3.58
USD	32,840	30,567	7.44
HKD	172	230	-25.22
JPY	12	67	-82.09
SGD	6	6	—
Others	39	44	-11.36
Total	98,403	98,676	-0.28

Interest Rate Fluctuation

The Group's total interest-bearing liabilities (including long-term and short-term borrowings, lease liabilities and bonds payable) as at 31 December 2022 and 31 December 2021 were equivalent to RMB219,634 million and RMB193,765 million, respectively, of which short-term interest-bearing liabilities accounted for 37.44% and 31.13%, respectively.

The Group's interest-bearing liabilities were primarily denominated in USD and RMB. As at 31 December 2022 and 31 December 2021, the Group's interest-bearing liabilities denominated in USD accounted for 14.95% and 15.78% of total interest-bearing liabilities, respectively, while interest-bearing liabilities denominated in RMB accounted for 83.06% and 80.99% of total interest-bearing liabilities, respectively. Fluctuations in the USD and RMB interest rates have and will continue to have significant impact on the Group's finance costs. The Group reduces the risk of floating interest rates in USD liabilities through interest rate swap contracts. As at 31 December 2022, the outstanding interest rate swap contracts held by the Group amounted to a notional amount of approximately USD327 million, which will expire between 2023 and 2025. As at 31 December 2021, such amount was USD495 million.

Exchange Rate Fluctuation

As at 31 December 2022, the Group's total interest-bearing liabilities denominated in foreign currencies amounted to RMB37,206 million, of which interest-bearing liabilities denominated in USD accounted for 88.27% of the liabilities. Therefore, a significant fluctuation in exchange rates will subject the Group to significant foreign exchange gains or losses arising from the exchange of foreign currency denominated liabilities, which affects the profitability and development of the Group. The Group typically uses forward foreign currency contracts to reduce the foreign exchange risks for capital expenditures paid in foreign currencies. As at 31 December 2022, the Group had no outstanding forward foreign currency contracts.

Pledges on Assets and Contingent Liabilities

As at 31 December 2022, the value of the Group's assets used to secure certain bank loans was RMB31,629 million, and as at 31 December 2021, the value of the Group's assets used to secure certain bank loans was RMB31,958 million, representing a year-on-year decrease of 1.03%.

As at 31 December 2022, the Group had no significant contingent liabilities.

Capital Expenditure

According to the agreements that have been entered into in relation to aircraft and engines, as at 31 December 2022, the Group expected its capital expenditures on aircraft and engines for the next three years to be approximately RMB54,108 million in total, including the expected capital expenditure between 2023 and 2025 being approximately RMB12,741 million, 27,851 million, 13,516 million.

The Group's capital expenditure plans may change due to factors such as newly signed contracts for the purchase of aircraft, engines and other flight equipment according to development strategies and market demand, changes to existing contracts and changes in the price index.

Human Resources

As at 31 December 2022, the Group had 80,193 employees, the majority of whom were located in China. The wages of the Group's employees primarily consisted of basic salaries and performance bonuses.

RISK ANALYSIS

1. Risk related to Economic and Trade Environment, Geopolitical Situation and Public Health Affairs

The air transportation industry is closely connected to the economic and trade environment. The civil aviation transportation industry is more sensitive to macro-economic climate, which directly affects the development of economic activities, disposable income of residents and changes in the amount of import and export activities. These factors will in turn affect the demand for air transportation. Meanwhile, international economic and trade relations, geopolitical conflict or war will bring a relatively significant impact on the demand of aviation market in such location and its surrounding areas. In addition, above-mentioned risks may drive large fluctuations in the prices of energy and other large commodities, thereby affecting the global economic activities and causing greater impacts on the Company's operating results and financial condition. Public health emergencies may have a great impact on the demand of air travel and normal operation of the Company.

The Group pays close attention to the impacts caused by changes in the domestic and overseas macro-economic situation, international economic and trade relations, the geopolitical situation, public health emergencies and related policies and flexibly adjusts its transportation capacity deployment and market sales, so as to actively respond to such impacts.

2. Policy and Regulation Risk

Airlines have business operations around the world. Hence, the aviation industry is largely affected by domestic and overseas economic policies and laws and regulations. The adjustments of and changes in relevant domestic and foreign laws and regulations, industrial policies, and regulatory policies may bring certain uncertainties to the future business development and operating results of the Group. At the same time, as the Group is a public company listed in several places around the world, the changes in the securities regulatory laws and regulations of the places of listing may have a relatively great impact and bring uncertainties on the shareholder structure, liquidity, price and continuity of the shares of the Company.

With respect to industrial policies and regulations, the Group has played an active role in various discussions concerning their formulation and revision, and promptly analysed and considered their latest changes and impact on the Group, so as to seize the development opportunities arising from such updates and prudently respond to the risks, challenges and uncertainties arising from the changes in policies and regulations.

3. Operational Safety Risk

Flight safety is the pre-condition and foundation for aviation companies to maintain normal operations and good reputation. Bad weather, mechanical failure, human errors, aircraft irregularities, national and international terrorism and other force majeure events may have an adverse impact on the flight safety, aviation security and operational safety of the Group.

The Group solidly promoted the construction of safe work practices, strictly executed rules, regulations and operating standards, implemented the accountability system for safe operation, strengthened the investigation and management of security risks, enhanced its safety and risk prevention and control system, and strengthened safety management and control capabilities, so as to actively respond to operational safety risk.

4. Core Resources Risk

The rapid growth of the industry has provoked competition among airlines for core human resources (such as management personnel in key positions and professional technical staff), air traffic rights and time slots. If the Group's reserve of core resources fails to adequately support the rapid growth in operational scale of the Company, the business and operations of the Company may be adversely affected.

The Group has promoted the building of corporate culture of "Love at CEA", further improved its incentive scheme for core technical staff, and proactively developed a core backup workforce through providing training programs to a pool of multi-tier backup management personnel and launching a core technical staff recruitment scheme. Meanwhile, the Group has coordinated with industry regulators with respect to air traffic rights and time slots, and proactively participated in the marketised competition for time slot resources.

5. Competition Risk

Along with the opening-up of the domestic aviation market, development of low-cost airlines and increased investment in the Chinese market by international airlines, future competition in the domestic air transportation industry may intensify, which may bring uncertainties to the Group's air traffic rights and time slot resources, ticket price level and market share, and therefore have an impact on the Group's operating results. In addition, there is a certain level of overlap between railway, highway and ship transportation and air transportation in certain markets. Certain routes of the Group may experience higher competitive pressure.

The Group has actively responded to industry competition, proactively strived for new air traffic rights and time slots in hub markets and core markets, continuously refined its route network, steadily improved and consolidated its market share in the hubs and core markets. Through improving service quality and enhancing flight punctuality rate, the passenger experience was enhanced, which further strengthened the Group's competitiveness.

6. Risk Associated with the Fluctuation of Jet Fuel Prices

Jet fuel costs is one of the major expenses of the Company. Significant fluctuations of international oil price level will significantly impact jet fuel price level and revenue from fuel surcharge of the Group, and accordingly the Group's operating results.

As affected by external environment, there remains great uncertainty on the number of flights operated by and the fuel consumption of the Group in past few years, and hence, there also remains great uncertainty on the expected jet fuel costs. Without considering adjustment in fuel surcharge and other factors and on the basis of the fuel consumption of flights operated in 2022, if the average jet fuel price increases or decreases by 5%, jet fuel costs of the Group will increase or decrease by approximately RMB1,112 million.

The Group has optimised its transportation capacity allocation, strengthened marketing and strove to increase passenger load factor and unit yield level, so as to respond to the pressure of rising jet fuel prices. The Group will proactively analyse the trend of oil prices, and, as authorised by the Board, prudently conduct jet fuel hedging activities.

7. Exchange Rate Fluctuation Risk

The Group has sizeable currency liabilities. As the Group's foreign currency liabilities are mainly USD-denominated, if the exchange rate of USD against RMB fluctuates significantly, USD-denominated liabilities will generate a large amount of foreign exchange loss/gain, which will directly affect the Group's profit for that period and result in a relatively great impact on the Group's operating results.

As at 31 December 2022, if USD had strengthened or weakened by 1% against RMB with all other variables held constant, the effect on the Group's net profit and other comprehensive income would have been as follows:

Unit: RMB million

	Effect on net profit		Effect on other comprehensive income	
	Appreciation	Depreciation	Appreciation	Depreciation
USD exchange rates	-242	242	—	—

In 2022, the Group expanded its financing channels by means of issuing super short-term debentures and corporate bonds and acquiring RMB borrowings to bring in RMB financing, and proactively optimised the mix of currency denomination of the Company's debts. In the future, the Group will further reinforce its research and judgement on the foreign exchange market, expand the variety of its financing instruments such as RMB instruments and continuously improve the Company's debts and currency structure in order to minimise the adverse impact arising from exchange rate fluctuations on the Company's operations.

8. Interest Rate Fluctuation Risk

The majority of the Group's liabilities are attributable to USD-denominated liabilities and RMB-denominated liabilities generated from introduction of aircraft, engines and aviation equipment. The adjustment in interest rates of USD and RMB may cause changes in the borrowing costs of the Group's existing loans that carry floating interest rates, as well as future finance costs, which in turn may affect the Group's finance costs.

As at 31 December 2022, assuming all other variables remain constant, if the interest rate had increased or decreased by 25 basis points, the effect on the Group's net profit and other comprehensive income would have been as follows:

	<i>Unit: RMB million</i>			
	Effect on net profit		Effect on other comprehensive income	
	Increase	Decrease	Increase	Decrease
Floating rate instruments	-165	165	4	-4

The Group intends to launch transactions in derivatives to further optimise the proportion of floating-rate debts to the USD-denominated debts in the future. At the same time, the Group will actively seize the opportunity to issue super short-term debentures and corporate bonds to minimise RMB finance costs.

9. Digital and Information Security Risk

The development of various businesses during the Group's operation is closely related to the information network system. If there is any design defect, operational failure in the network information system of the Group or inadequate training and education on compliance and lack of security awareness on the part of internal staff, or if the system experiences external network attacks, the Group's business and operations may be affected, and customer data and information of the Company may be leaked. The occurrence of any of the foregoing may have an adverse impact on the operating results and brand image of the Group.

The Group has continuously promoted the construction of information and network security projects, iteratively modified rules and regulations such as the "Network Security Management Manual", established a sound information and network security-related technical protection and security management mechanism, and strengthened information network security management capabilities. The Group has appointed a "data protection officer" and established a customer data system based on identification information such as ID cards, so as to improve data and information security protection capabilities.

10. Development and Transformation Risk

During the process of expansion into new international markets, external investments, mergers and acquisitions and restructuring existing businesses and assets, the Group may face risks associated with decision-making, management, legal, regulation and interference of competitors, which may affect the results of the development strategies of the Group. There remain certain risks associated with the failure of achieving expected goals of transformation projects or business adjustments in the future.

The Group has made continuous improvements to the monitoring and management of the whole process of external investment, and will enhance the research of projects, strictly monitor various investment activities and refine its risk management mechanism through due diligence and asset valuation during expansion into new international markets, commencement of external investments, mergers and acquisitions and restructuring existing businesses and assets.

11. Suppliers Risk

Air transportation enterprises require essential facilities and equipment including aircraft, engines and aviation equipment and flight, maintenance and operation systems that are suitable for operation and core technologies for their normal operations, and the suppliers available for providing the relevant essential facilities and equipment and core technologies are relatively limited. If there is any abnormality in the operation of the Group's suppliers for essential facilities and equipment and core technologies, or under special circumstances, the suppliers are unable to provide essential facilities and equipment and core technological services support required for the Group's operations normally, the Group's normal operations may be adversely or materially adversely affected.

The Group regularly assesses the contractual performance capacity of suppliers of essential facilities and equipment and core technological services that are closely related to its business and operations. The Group has also continuously paid close attention to the changes in the market price and the policies and regulations for the introduction of essential facilities and equipment and core technological services, and proactively responds to the risks related to the suppliers of essential facilities and equipment and core technological services support.

12. Securities Market Fluctuations Risks

The share price of a listed company is not only dependent on the Company's current results and projection for future operations, but also on factors including laws and requirements of the place of listing, policy environment, macro-economics, flow of market capital and investor structure and sentiment, etc. The Group's share price may be subject to significant changes due to the aforementioned factors, which may directly or indirectly result in loss to the investors.

The Group has continuously enhanced its corporate governance standards, earnestly fulfilled its obligations of information disclosure, constantly improved its operational management capability and strove for outstanding operating results. In the meantime, the Group has strengthened the communication between capital markets and various investors, paid close attention to the Group's share price performance and media coverage, gave timely response to the market and strove to avoid abnormal fluctuations in the Group's share price.

13. Risk Associated with the Changes in Environmental Policy

The increasing importance of environmental policies including carbon emissions and noise control in the world and changes in consumption behavior caused by passengers' low carbon travel may impose restrictions on airline operations. In order to meet the changes in regulatory requirements of environmental policies, airlines may increase its investment in issues related to saving energy and reducing emissions and noise control, which in turn increases operating costs.

The Group adheres to the basic concept of sustainable development while strictly abiding by relevant policies and regulations on environmental protection. It implements refined management and control of aircraft fuel saving through the introduction of advance fuel-saving and noise-reducing models and promotes the use of ground facilities and equipment to replace auxiliary power units and the “oil-to-electricity” transformation plan of ground vehicles while actively conducting works related to saving energy and reducing emissions as well as noise control through continuously promoting energy-saving and environmental protection technologies. The Group abides by international and domestic carbon emission regulatory requirements by participating in EU carbon emission trading and Shanghai local pilot carbon trading mechanism, with an aim to fulfill carbon emission obligations through market-oriented mechanisms, and explore ways to improve carbon emission management capabilities. In addition, the Group continues to study the application of sustainable aviation fuel and explores the carbon emission reduction model of the aviation industry, with an aim to continuously improve the level of ecological environment governance and green and low-carbon development.

14. Other Force Majeure and Unforeseeable Risks

The aviation transportation industry is highly sensitive to external factors. Apart from above-mentioned risks, natural disasters, and the navigational or personnel restrictions imposed by countries may affect market demand and the normal operation of airlines. Flight suspension, decrease in passenger volume and income, as well as increase in safety and insurance costs may adversely affect the business and operations of the Group.

The Group strengthened risk management and control and actively responded to unexpected risks to minimise related losses and protect the interests of the Group’s shareholders.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS WHICH MAY HAVE A SIGNIFICANT IMPACT ON THE GROUP

As at 31 December 2022, the Board was not aware of any significant matters which may cause impact on the Group or any non-compliance with the laws and regulations which may have a significant impact on the Group.

OUTLOOK FOR 2023

The Group would like to bring to the attention of readers of this report that this report contains certain forward-looking statements, including forward-looking statements of international and domestic economies and the aviation industry, and descriptions of the Group’s future operating plans for 2023 and beyond. Such forward-looking statements are subject to many uncertainties and risks. The actual events that occur may be different from forward-looking statements of the Group which, therefore, do not constitute any commitment by the Group to future operating results.

The recovery of the global economy is facing various challenges. According to reports released by the World Bank and the International Monetary Fund, affected by factors such as high inflation, rising interest rates, disinvestment, and the Ukraine crisis, the global economic growth rate will show a downward trend in 2023.

Despite facing multiple risks such as slowing global economic growth and geopolitical conflicts, the strong recovery trend of the global aviation industry continues, it is expected that China's air passenger market will usher in a significant recovery.

In 2023, the Group will adhere to the general tone of seeking progress while maintaining stability. Forging ahead with confidence and solidarity, the Group will strive to maintain safety, stable operations and strong management while focusing on reform, promoting innovation, preventing risks, focusing on service and brand building, as well as showing responsibility.

✈ **Safe operation**

The Group will always adhere to the concept of safe development. Through strengthening the construction of safety system and focusing on the enhancement and management of production and operation, training, maintenance and safety performance, the Group constantly consolidates the foundation of safety. The Group will strengthen supervision on safety and enhance the performance in the control and management of safety hazards such as flights, aviation security and cabin while strengthening the work style building of employees, enhancing safety awareness and risk prevention awareness, and promoting the implementation of safety responsibilities. The Group will coordinate comprehensive safety production, strengthen safety process management, and implement whole-process control.

✈ **Maximizing efficiency**

The Group will seize the opportunity of market recovery and actively improve efficiency. Through strengthening the matching between market and models as well as supply and demand and optimizing flight time slots, the Group strengthens its control in the core markets. The Group continuously strengthens the construction of the aviation network to enhance the market competitiveness of the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Chengdu-Chongqing Economic Zone. The Group focuses on the recovery of the international market through improving and strengthening the strategic synergy with key partners, which provide support for the restart and efficiency improvement of international routes. The Group continues its product innovation and optimizes various auxiliary products while optimizing its customers' products, steadily improving the quality of revenue. It actively promotes cooperation with overseas distribution platforms to enhance international distribution capabilities.

✈ **Refined management**

The Group will build synergy in production and operation, passenger services and business-finance integration. Through continuously improving the value of the entire life cycle of the fleet and the level of operational management, asset returns and operational benefits are maximized. The Group explores the establishment of business-finance communication channels and assessment mechanisms while continuously promoting the construction of business-finance integration platforms. Through consolidating existing measures, realizing the institutionalized management of aircraft weight reduction and fuel saving projects, which reduces fuel consumption by control at the source. A full-process service management and control platform is established, with an aim to achieve accurate prediction of service problems, refined coordination of service resources, and precise control of service process.

✈ **Brand service**

The Group will strengthen service brand promotion by focusing on the service concept of “refine, precise, exquisite and wonderful”, and unifying the brand specifications in marketing and service process. The Group will focus on digital innovation and promote the systematization of innovative products while upgrading and iterating existing products, and building a member ecosystem, with an aim to improve passenger service experience and brand loyalty. Through ensuring good performance in services for important events such as the Hangzhou Asian Games, the China International Import Expo and the North Bund International Aviation Forum, as well as continuously promoting advantageous brands such as the “That” series, “Cloud” series, and “SuiXin” series, we aim to enhance our brand building comprehensively. The Group strengthens the coordination and communication mechanism of service operation, and improves the efficiency of service operation, so as to improve the service guarantee and operational resilience of abnormal flights.

✈ **Social responsibly**

The Group will actively fulfill its social responsibilities and demonstrate its responsibilities and commitments to all walks of life. The Group continuously promotes rural revitalization tasks while promoting agricultural technology training and rural tourism in targeted regions. It actively launches researches related to climate change and other related issues while facilitating the construction of environmental and energy management systems as well as pollution prevention and control, following up the implementation of policy requirements in domestic and foreign carbon market, and increasing the application and promotion of sustainable aviation fuel. The Group continuously creates an inclusive and diverse workplace environment while continuously optimizing the employee welfare system, enhancing assistance precisely targeted for needy employees, and establishing a comprehensive talent training mechanism with multi levels and multi forms to meet the career development needs of employees.

FLEET PLAN

Introduction and Retirement Plan of Aircraft for 2023 to 2025

Model	2023		2024		2025		<i>Units</i>
	Introduction	Retirement	Introduction	Retirement	Introduction	Retirement	
B787-9	—	—	7	—	4	—	
A350-900	5	—	—	—	—	—	
A330 Series	—	—	—	—	—	—	
A320 Series	16	6	28	14	31	23	
B737 Series	2	8	6	9	—	14	
ARJ21	9	—	9	—	—	—	
C919	4	—	—	—	—	—	
Total	36	14	50	23	35	37	

Notes:

1. According to confirmed orders, the Company plans to introduce 48 aircraft and retire 26 aircraft in 2026;
2. The Group has optimised and adjusted the introduction of certain aircraft, and does not preclude the possibility of timely adjustment of plans for the introduction and retirement of aircraft based on the changes in external environment and market conditions, and flight capacity allocation of the Group.

SHARES

As at 31 December 2022, the share structure of the Company is set out as follows:

		Total number of shares	Approximate percentage in shareholding (%)
I	A shares	17,114,518,793	76.78
	1. Listed shares with trading moratorium	5,911,787,367	26.52
	2. Listed shares without trading moratorium	11,202,731,426	50.26
II	H shares	5,176,777,777	23.22
	1. Listed shares with trading moratorium	0	0.00
	2. Listed shares without trading moratorium	5,176,777,777	23.22
III	Total number of shares	22,291,296,570	100.00

Note:

- In 2022, as approved by the Approval [2022] No. 2995 issued by the China Securities Regulatory Commission (“CSRC”), the Company conducted the non-public issuance of A shares, under which, 3,416,856,492 A shares were issued to specific subscribers at the issue price of RMB4.39 per share, the total amount of funds raised was approximately RMB15,000 million. The proceeds were in place and verified on 29 December 2022. Upon completion of the issuance, the total number of shares of the Company increased from 18,874,440,078 to 22,291,296,570, and the total number of A shares increased from 13,697,662,301 to 17,114,518,793.
- As at 31 December 2022, the total number of A shares of the Company amounted to 17,114,518,793 shares, among which, listed shares with trading moratorium amounted to 5,911,787,367 shares, and listed shares without trading moratorium amounted to 11,202,731,426 shares. The total number of H shares of the Company amounted to 5,176,777,777 shares, among which, listed shares with trading moratorium amounted to 0 share, and listed shares without trading moratorium amounted to 5,176,777,777 shares. The total number of shares issued by the Company amounted to 22,291,296,570 shares.

SIGNIFICANT EVENTS

1. Dividends

On 30 March 2023, the Board considered and approved the 2022 profit distribution proposal at the second regular meeting in 2023, and recommended the Company not to distribute profit for 2022.

The independent directors of the Company consider that the Company's 2022 profit distribution proposal is in line with the objective situation of the Company, that the consideration procedures are legal and valid, and that the proposal is in line with the Company Law, the Securities Law, relevant laws and regulations of the CSRC and the Shanghai Stock Exchange and the relevant provisions of the articles of association of the Company. The proposal does not damage the interests of investors, especially the interests of small and medium shareholders. The independent non-executive directors of the Company agreed to submit the 2022 profit distribution proposal to the 2022 annual general meeting of the Company for consideration.

The aforesaid profit distribution proposal is subject to consideration and approval at the 2022 annual general meeting of the Company.

2. Purchase, Sale or Redemption of Securities

In 2022, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities (“**securities**” has the meaning ascribed thereto under Section 1 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

3. Non-public Issuance of A Shares

In 2022, the Company has non-publicly issued 3,416,856,492 A shares, with an issue price of RMB4.39 per share, and the total amount of funds raised was approximately RMB15,000 million. The proceeds were in place and verified on 29 December 2022. As at the date of this announcement, the use of the proceeds is in line with the use of proceed plan disclosed by the Company. On 12 January 2023, the procedures for registration, custody and lock-up of the new A shares with the China Securities Depository and Clearing Corporation Limited, Shanghai Branch were completed. For details, please refer to the announcements of the Company published on the website of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 30 December 2022 and 13 January 2023.

4. Material Litigation

As at 31 December 2022, the Group was not involved in any material litigation, arbitration or claim.

5. Corporate Governance

The Board has reviewed the relevant provisions and corporate governance practices under the codes of corporate governance adopted by the Group, and is of the view that the Group's corporate governance practices for the year ended 31 December 2022 met the requirements under the code provisions in the Corporate Governance Code (the “**Code**”).

Pursuant to the latest regulations promulgated by the CSRC, the Shanghai Stock Exchange and Hong Kong Stock Exchange and in line with the Company's development needs, the Company comprehensively reviewed the relevant regulations regarding the Board and securities affairs, revised the Company's information disclosure management system, the Working Rules of the Aviation Safety and Environment Committee of the Board and other regulations, to effectively safeguard the standardised operation of the Company.

To further strengthen the awareness of compliance among the directors, supervisors and senior management of the Company, and to enhance their understanding and application of the relevant rules, the Company has comprehensively reviewed and implemented written supervisory regulations for listed companies promulgated by regulatory bodies including the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange, as well as the latest development of the relevant laws, rules and regulations regarding the duties and responsibilities of directors, supervisors and senior management of a listed company, and arranged training and learning sessions.

During the year ended 31 December 2022, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the securities transactions code for the directors of the Company. Having made specific enquiries to all the directors of the Company, it is the Company's understanding that the directors of the Company have complied with the requirements as set forth in the Model Code regarding directors' securities transactions.

6. Audit and Risk Management Committee

The audit and risk management committee has reviewed with the management of the Company the accounting principles and methods adopted by the Company, and has discussed with the Board the internal controls and financial reporting issues, including a review of the consolidated results for the year ended 31 December 2022 prepared in accordance with IFRSs.

The audit and risk management committee has no disagreement with the accounting principles and methods adopted by the Company.

7. Changes in Personnel

Appointment

Name	Date of Appointment	Reason for Change	Position
Li Yangmin	12 August 2022	Elected by the Board	Acting as the chairman of the Board and the chairman of the nomination and remuneration committee of the Board, and acting as the legal representative
		Appointed by the Board	Appointed as the authorised representative required under the Listing Rules

Cessation

Name	Date of Cessation	Reason for Change	Position resigned from
Liu Shaoyong	12 August 2022	Departure from the position due to work arrangement	Resigned as the chairman of the Board, director, chairman and member of the nomination and remuneration committee of the Board, authorised representative required under the Listing Rules

For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 12 August 2022.

8. Change of Particulars of Directors or Supervisors under Rule 13.51B(1) of the Listing Rules

Name	Name of corporate shareholders or other entities	Position(s) held	Date of appointment	Date of cessation
Cai Hongping	COSCO SHIPPING Development Co., Ltd.	Independent director	June 2016	February 2023
	China Merchants Bank Co., Ltd.	External supervisor	June 2022	
	China Southern Airlines Company Limited	Independent director	December 2022	
Sun Zheng	COFCO Capital Holdings Co., Ltd.	Independent director	March 2019	May 2022
	SAIC Motor Corporation Limited	Independent director	May 2022	
Lu Xiongwen	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	Independent director	March 2016	June 2022
	Shanghai New Huang Pu Industrial Group Co., Ltd.	Independent director	December 2018	February 2022
Jiang Jiang	China United Airlines	Chairman	January 2022	
Fang Zhaoya	CEA Development Co., Limited	Director	June 2019	January 2023
	Eastern Airlines Industry Investment Co., Ltd.	Director	June 2019	January 2023
	CES International Financial Leasing Corporation Limited	Director	August 2021	January 2023
	Hainan International Carbon Emission Right Trading Center Co., Ltd.* (海南國際碳排放權交易中心有限公司)	Director	October 2022	
Feng Dehua	Pointsea Company Limited	Chairman	July 2021	August 2022
	China Logistics Group Limited	Director	January 2022	
Liu Shaoyong	China Eastern Air Holding Company Limited	Chairman, director	December 2016	August 2022

9. 2022 Annual General Meeting

The notice convening the 2022 annual general meeting, containing details of the date, time and location of the 2022 annual general meeting as well as the period and procedures of the closure of register of members, will be published and dispatched to shareholders of the Company in due course.

10. Miscellaneous

The Company wishes to highlight the following information:

- (1) On 1 July 2022, the 18th ordinary meeting of the ninth session of the Board of the Company considered and approved the resolution in relation to the introduction of 100 A320NEO series aircraft and signing of relevant agreement. On the same date, the Company signed the relevant agreement with Airbus S.A.S. On 14 December 2022, such resolution has been considered and approved at the 2022 first extraordinary general meeting of the Company. For details, please refer to the announcements and circular of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 1 July 2022, 24 August 2022 and 14 December 2022.
- (2) On 21 March 2022, a Boeing 737 passenger aircraft of Yunnan Co., Ltd., a subsidiary of the Company crashed while performing a flight from Kunming to Guangzhou. After the occurrence of the incident, the Company has attached great importance to the incident, immediately activated the emergency response plan and actively cooperated with relevant departments to carry out rescue and accident cause investigations. The Company adheres to the principle of people first and life first, and will handle the aftermath in a thorough and meticulous manner. For details, please refer to the announcement of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange published on 21 March 2022 and information released through official channels.
- (3) On 30 August 2022, a total of 1,394,245,744 A shares of the Company with trading moratorium held by Juneyao Airlines Co., Ltd., Shanghai Juneyao (Group) Co., Ltd., Shanghai Jidaohang Enterprise Management Company Limited and China Structural Reform Fund Corporation Limited, the shareholders of the Company, became tradable; on 29 August 2022, the lock-up period for the 517,677,777 H shares subscribed by Shanghai Juneyao Airline Hong Kong Limited has ended. For details, please refer to the announcement of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 24 August 2022.
- (4) On 30 August 2022, the 2022 fourth regular meeting of the Board of the Company considered and approved the resolution in relation to certain amendments to the articles of association, the resolution in relation to certain amendments to the rules for procedures for general meetings and the resolution in relation to certain amendments to the rules for meetings of the board of directors. On 14 December 2022, such resolutions have been considered and approved at the 2022 first extraordinary general meeting of the Company. For details, please refer to the announcements of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 30 August 2022 and 14 December 2022.

- (5) On 30 August 2022, the 2022 fourth regular meeting of the Board of the Company considered and approved the resolution in relation to the daily connected transactions for 2023–2025, and agreed on the transaction caps of the 2023–2025 continuing connected transactions of the Company. On 26 September 2022, the Company and the relevant connected parties signed the relevant framework agreements. On 14 December 2022, such resolution has been considered and approved at the 2022 first extraordinary general meeting of the Company. For details, please refer to the announcements and circular of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 30 August 2022, 26 September 2022, 25 October 2022 and 14 December 2022.
- (6) On 12 October 2022, the 20th ordinary meeting of the ninth session of the Board of the Company considered and approved the resolution in relation to the adjustment to the caps for the daily connected transactions of the exclusive operation of freight business for passenger aircraft in 2022, and agreed to adjust the caps for the continuing connected transactions of the exclusive operation of passenger aircraft cargo business between the Company and China Cargo Airlines for 2022 to RMB9 billion. On 14 December 2022, such resolution has been considered and approved at the 2022 first extraordinary general meeting of the Company. For details, please refer to the announcements and circular of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 12 October 2022, 25 October 2022 and 14 December 2022.
- (7) On 14 December 2022, the 21st ordinary meeting of the ninth session of the Board of the Company considered and approved the resolution in relation to the disposal of certain ground equipment. On 30 December 2022, each of the Company and its wholly-owned subsidiary Eastern Technology entered into agreements with Shanghai Eastern Airlines Yinyan Financial Leasing Co., Ltd. (上海東航銀燕融資租賃有限公司) (“**Yinyan Leasing**”), and shall dispose of 7,655 and 520 vehicles to Yinyan Leasing, respectively, at disposal prices of RMB273.4034 million (tax exclusive) and RMB124.7807 million (tax exclusive), respectively. For details, please refer to the announcements of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 14 December 2022 and 30 December 2022.
- (8) On 14 December 2022, the 21st ordinary meeting of the ninth session of the Board of the Company considered and approved the resolution in relation to the capital increase to China Eastern Air Catering Investment Co., Ltd. (the “**Eastern Air Catering**”) by the Company. On 28 December 2022, the Company entered into the Capital Increase Agreement with CEA Holding and Eastern Air Catering, pursuant to which, the Company and CEA Holding shall make a capital increase by way of cash, in proportion to their respective shareholdings, to Eastern Air Catering of RMB1,500 million, of which RMB675 million shall be contributed by the Company, and RMB825 million shall be contributed by CEA Holding. For details, please refer to the announcements of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 14 December 2022 and 28 December 2022.
- (9) On 13 January 2023, the Company has notified the New York Stock Exchange of its proposed application for voluntary delisting of its American depositary shares from the New York Stock Exchange. For details, please refer to the announcement of the Company published on the website of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 13 January 2023.

(10) The estimated transaction caps for the continuing connected transactions, which were considered and approved by the Board and at the general meetings of the Company, and their actual amounts incurred up to 31 December 2022, are set out as follows:

<i>Unit: RMB million</i>		
Transaction item	Actual amount incurred up to 31 December 2022	2022 estimated transaction caps
Financial services		
— maximum balance of deposits per day	13,979	14,000
Financial services		
— maximum balance of loans per day (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	6,000	14,000
Catering-related services and on-board supplies support services		
— services received	965	4,840
Property leasing related to catering support services		
— as a lessor		
— annual rent	26	100
Property leasing related to catering support services		
— as a lessee		
— annual rent	2	8
Property leasing related to catering support service		
— as a lessee		
— total value of right-of-use assets	6	190
Aviation ancillary services		
— total amount of payables	533	1,860
Aviation ancillary services		
— total value of right-of-use assets ¹	444	1,900
Import and export services	93	950
Properties leasing and construction and management agency services		
— total amount of payables	114	330
Properties leasing and construction and management agency services		
— total value of right-of-use assets ²	485	828
Advertising agency services	24	75
Aircraft finance lease businesses	2,448	USD5,286 million or equivalent RMB
— total rental amount and arrangement charge ³		
Aircraft finance lease businesses		
— total value of right-of-use assets ⁴	2,301	20,928
Aircraft and engines finance lease services		
— annual rent ⁵	391	1,355

Transaction item	Actual amount incurred up to 31 December 2022	2022 estimated transaction caps
Aircraft and engines finance lease services		
— total rent ⁶	—	4,705
Aircraft and engines finance lease services		
— total value of right-of-use assets ⁷	—	3,548
Freight logistics business support services		
— services provided	271	460
Cargo terminal business support services		
— services received	260	830
Exclusive operation service for passenger aircraft cargo business	7,770	9,000
Aviation information technology services (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	234	1,640
AIR FRANCE-KLM aviation transportation cooperation and support services		
— amount received (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	8	1,420
AIR FRANCE-KLM aviation transportation cooperation and support services		
— amount paid (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	41	1,280

Note 1: For aviation supporting services, the actual amount of connected transaction incurred in 2022 represents the total value of right-of-use assets for the involved vehicle equipment leasing at the end of 2022;

Note 2: For property leasing and construction and management agency services, the actual amount of connected transaction incurred in 2022 represents the total value of right-of-use assets for the involved property leasing at the end of 2022;

Note 3: For aircraft finance lease services, the actual amount of connected transaction incurred in 2022 represents the total lease amount (principal and interest) plus service charge for the newly-introduced finance lease aircraft in 2022;

Note 4: For aircraft finance lease services, the actual amount of connected transaction incurred in 2022 represents the total value of right-of-use assets for the newly-introduced finance lease aircraft in 2022;

Note 5: For aircraft operating lease services, the actual amount incurred in 2022 represents the lease amount paid in 2022 for the operating lease aircraft and engines;

Note 6: For aircraft operating lease services, the actual amount incurred in 2022 represents the total lease amount of all lease terms for the newly-introduced operating lease aircraft and engines in 2022;

Note 7: For aircraft operating lease services, the actual amount incurred in 2022 represents the total value of right-of-use assets for the newly-introduced operating lease aircraft and engines in 2022.

11. Publication of 2022 Annual Results Announcement

The 2022 Annual Results Announcement of the Company is published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.ceair.com>).

By order of the Board
CHINA EASTERN AIRLINES CORPORATION LIMITED
Li Yangmin
Vice Chairman, President

Shanghai, the People's Republic of China
30 March 2023

As at the date of this announcement, the directors of the Company include Li Yangmin (Vice Chairman, President), Tang Bing (Director), Lin Wanli (Director), Cai Hongping (Independent non-executive Director), Dong Xuebo (Independent non-executive Director), Sun Zheng (Independent non-executive Director), Lu Xiongwen (Independent non-executive Director) and Jiang Jiang (Employee Representative Director).