



中國東方航空
CHINA EASTERN



世界品位 东方魅力



日出東方 再次起航

2024

INTERIM REPORT



A joint stock limited company incorporated in the People's Republic of China with limited liability
Stock Code : A Share : 600115 | H Share : 00670

Contents

2	Definitions
6	Company Business Introduction
7	Company Profile
9	Interim Financial Information
15	Notes to the Condensed Consolidated Interim Financial Statements
47	Summary of Operating Data
50	Fleet Structure
51	Management's Discussion and Analysis





Definitions

In this report, unless the context otherwise requires, the following expressions have the following meanings:

Traffic capacity

Available tonne-kilometres (ATK)	means the sum of capacity available for the carriage multiplied by the distance flown for every route
Available seat-kilometres (ASK)	means the sum of the maximum number of seats made available for sale multiplied by the distance flown for every route
Available freight tonne-kilometres (AFTK)	means the sum of the maximum tonnes of capacity available for the carriage of cargo and mail multiplied by the distance flown for every route

Traffic scale

Revenue tonne-kilometres (RTK)	means the total traffic volume, the sum of load (passenger and cargo) in tonnes multiplied by the distance flown for every route
Revenue passenger-kilometres (RPK)	means the passenger traffic volume, the sum of the number of passengers carried multiplied by the distance flown for every route
Revenue freight tonne-kilometres (RFTK)	means the freight traffic volume, the sum of cargo and mail load in tonnes multiplied by the distance flown for every route
Weight of freight carried	means the actual weight of freight carried

Traffic efficiency

Overall load factor	means the ratio of total traffic volume to ATK
Passenger load factor	means the ratio of passenger traffic volume to ASK
Freight load factor	means the ratio of freight traffic volume to AFTK

Unit revenue

Revenue tonne-kilometres yield	means the ratio of the sum of transportation and related revenue to total traffic volume
Passenger-kilometres yield	means the ratio of the sum of passenger traffic and related revenue to passenger traffic volume
Freight tonne-kilometres yield	means the ratio of the sum of freight transportation and related revenue to freight traffic volume

Abbreviation

AFK	means Air France-KLM. Official website: https://www.airfranceklm.com/
Airbus	means Airbus S.A.S. Official website: https://www.airbus.com/en
Audit and Risk Management Committee	means the audit and risk management committee of the Board of the Company
Board	means the board of directors of the Company
Boeing	means Boeing Company. Official website: https://www.boeing.com/
CAAC	means the Civil Aviation Administration of China. Official website: http://www.caac.gov.cn/
CEA Holding	means 中國東方航空集團有限公司 (China Eastern Air Holding Company Limited*), the controlling shareholder and a connected person of the Company
CEA Technic	means 東方航空技術有限公司 (Eastern Airlines Technic Co., Ltd.), a wholly-owned subsidiary of the Company
CES Finance	means 東航金控有限責任公司 (CES Finance Holding Co., Limited), a wholly-owned subsidiary of CEA Holding and a shareholder and connected person of the Company
CES Global	means 東航國際控股(香港)有限公司 (CES Global Holdings (Hong Kong) Limited), a wholly-owned subsidiary of CES Finance and a shareholder and connected person of the Company
China Cargo Airlines	means 中國貨運航空有限公司 (China Cargo Airlines Co., Limited), a subsidiary of Eastern Logistics and a connected person of the Company
China Eastern Airlines, CEA, or the Company	means 中國東方航空股份有限公司 (China Eastern Airlines Corporation Limited)
China United Airlines	means 中國聯合航空有限公司 (China United Airlines Co., Limited), a wholly-owned subsidiary of the Company
COMAC	means 中國商用飛機有限責任公司 (Commercial Aircraft Corporation of China, Ltd.). Official website: http://www.comac.cc/
CSRC	means the China Securities Regulatory Commission. Official website: http://www.csrc.gov.cn/
Delta	means Delta AirLines Inc (IATA Code: DL), a shareholder of the Company. Official website: https://www.delta.com/
Directors	means the directors of the Company
Eastern Air Jiangsu	means 中國東方航空江蘇有限公司 (China Eastern Airlines Jiangsu Co., Limited*), a subsidiary of the Company
Eastern Air Wuhan	means 中國東方航空武漢有限責任公司 (China Eastern Airlines Wuhan Limited*), a subsidiary of the Company
Eastern Air Yunnan	means 東方航空雲南有限公司 (China Eastern Airlines Yunnan Co., Limited*), a subsidiary of the Company

Definitions

Eastern Logistics	means 東方航空物流股份有限公司 (Eastern Airline Logistics Co., Limited*), a subsidiary of CEA Holding and a connected person of the Company
Eastern Miles	means 東方萬里行, an award scheme for global frequent flyer designed by the Company
End of the Reporting Period	means 30 June 2024
Group	means the Company and its subsidiaries
HKSCC	means Hong Kong Securities Clearing Company Ltd., which operates the Central Clearing and Settlement System (CCASS) of Hong Kong. HKSCC is a wholly-owned subsidiary of the Hong Kong Stock Exchange, and the shares held by H share investors are deposited in HKSCC
Hong Kong Stock Exchange	means The Stock Exchange of Hong Kong Limited. Official website: http://www.hkex.com.hk/
IATA	means the International Air Transport Association, a major international organisation formed by airlines of different countries worldwide, which coordinates and communicates government policies through aviation transportation enterprises and deals with actual operations issues. Official website: http://www.iata.org/
Japan Airlines	means Japan Airlines Co., Ltd (IATA Code: JL). Official website: http://www.jal.com/
Juneyao Airlines	means 上海吉祥航空股份有限公司 (Juneyao Airlines Co., Ltd) (IATA Code: HO), a related party of the Company. Official website: http://www.juneyaoair.com/
Juneyao Group	means 上海均瑤(集團)有限公司 (Shanghai Juneyao (Group) Co., Ltd.), the controlling shareholder of Juneyao Airlines and a related party of the Company
Juneyao Hong Kong	means 上海吉祥航空香港有限公司 (Shanghai Juneyao Airline Hong Kong Limited), a wholly-owned subsidiary of Juneyao Airlines and a related party of the Company
Listing Rules	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
OTT Airlines	means 一二三航空有限公司 (One Two Three Airlines Co., Ltd.), a wholly-owned subsidiary of the Company
Regional	means Hong Kong, China; Macau, China; and Taiwan, China, per routes categorization
Reporting Period	means from 1 January 2024 to 30 June 2024
Shanghai Airlines	means 上海航空有限公司 (Shanghai Airlines Co., Limited*), a wholly-owned subsidiary of the Company
Shanghai Jidaohang	means Shanghai Jidaohang Enterprise Management Company Limited (上海吉道航企業管理有限公司), a wholly-owned subsidiary of Juneyao Airlines and a related party of the Company
Shanghai Stock Exchange	means the Shanghai Stock Exchange. Official website: http://www.sse.com.cn/
SkyTeam Airline Alliance	means the SkyTeam Alliance, one of the three major international airline alliances in the world. Official website: http://www.skyteam.com/

Supervisor	means the supervisor of the Company
Supervisory Committee	means the supervisory committee of the Company
The PRC	means the People's Republic of China

The Board hereby presents the interim financial information of the Group for the six months ended 30 June 2024 prepared in accordance with International Financial Reporting Standards (which was reviewed and approved by the Board and the Audit and Risk Management Committee of the Company on 30 August 2024), with comparative figures for the corresponding period in 2023.

The interim financial information of the Group for the six months ended 30 June 2024 is not necessarily indicative of annual or future results of the Group. Investors should not place undue reliance on the interim financial information of the Group for the six months ended 30 June 2024.



Company Business Introduction

The scope of principal business of the Company includes: domestic and approved international and regional business for air transportation of passengers, cargo, mail, luggage and extended services. In addition, the Company is permitted to carry out the following business operations: general aviation business; maintenance of aviation equipment and machinery; manufacture and maintenance of aviation equipment; agency business for domestic and overseas airlines and other business related to air transportation; insurance-by-business agency services; e-commerce; in-flight supermarket; wholesale and retail of goods.

The Company built up a streamlined and efficient modernised fleet, operating 792 passenger aircraft with an average fleet age of nine years. Surrounding Shanghai and Beijing core hubs and Xi'an and Kunming regional hubs, we provided high-quality and convenient air transport and extended services to worldwide travellers and customers.

Company Profile

Company Information

Chinese name of the Company	中國東方航空股份有限公司
English name of the Company	China Eastern Airlines Corporation Limited
Abbreviated English name of the Company	CEA
Legal representative of the Company	Wang Zhiqing

Basic Profile

Registered address of the Company	66 Airport Street, Pudong International Airport, Pudong New District, Shanghai
Postal code of registered address of the Company	201202
Place of business of the Company	36 Hongxiang 3rd Road, Minhang District, Shanghai
Postal code of place of business of the Company	201100
The Company's website	www.ceair.com
Mobile application (APP)	東方航空
Mobile website	m.ceair.com
Email address	ir@ceair.com
Service hotline	+86 95530
Sina Weibo	http://weibo.com/ceair
Weixin/WeChat mini program	中國東方航空
Weixin/WeChat public subscription ID	東方航空訂閱號
Weixin/WeChat ID	donghang_gw
Weixin/WeChat QR code	

Shares of the Company

A shares listing venue: The Shanghai Stock Exchange	Abbreviation: CEA	Code: 600115
H shares listing venue: The Hong Kong Stock Exchange	Abbreviation: China East Air	Code: 00670

Contact information

Address	36 Hongxiang 3rd Road, Minhang District, Shanghai
Telephone	021-22330932
Fax	021-62686116
Email	ir@ceair.com

As at 30 June 2024

DIRECTORS

Wang Zhiqing (Chairman)
Li Yangmin (Vice Chairman, President)
Sun Zheng (Independent non-executive Director)
Lu Xiongwen (Independent non-executive Director)
Luo Qun (Independent non-executive Director)
Fung Wing Yee Sabrina (Independent non-executive Director)
Zheng Hongfeng (Independent non-executive Director)
Jiang Jiang (Employee Representative Director)

SUPERVISORS

Guo Junxiu (Chairman of the Supervisory Committee)
Shao Zumin (Supervisor)
Zhou Huaxin (Employee Representative Supervisor)

SENIOR MANAGEMENT

Li Yangmin (Vice Chairman, President)
Zhou Qimin (Vice President, Chief Financial Officer)
Cheng Guowei (Vice President)
Liu Tiexiang (Vice President)
Wan Qingchao (Vice President)
Li Ye (Vice President)

AUTHORISED REPRESENTATIVE

Wang Zhiqing
Wang Jian

LEGAL ADVISERS

Hong Kong, China: Baker & McKenzie
Mainland China: Beijing Commerce & Finance Law Office

PRINCIPAL BANKS

Industrial and Commercial Bank of China, Shanghai Branch
China Construction Bank, Shanghai Branch
The Bank of China, Shanghai Branch
Agricultural Bank of China, Shanghai Branch

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

China Securities Depository and Clearing Corporation Limited,
Shanghai Branch
188 South Yanggao Road, Pudong New District, Shanghai

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room D, 19/F, United Centre, 95 Queensway, Hong Kong

BUSINESS LICENCE RELATED INFORMATION

The unified social credit code of business licence of the Company is 913100007416029816

The 4th ordinary meeting of the tenth session of the Board of the Company considered and approved the Resolution on the Changes of Senior Management of the Company on 3 September 2024, agreeing that Mr. Wang Jian will no longer serve as the Board secretary, the company secretary and the authorised representative required by the Listing Rules, and Mr. Zhou Qimin, the vice president and the chief financial officer of the Company, will perform the duties of the Board secretary.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	For the six months ended 30 June	
		2024 RMB million (Unaudited)	2023 RMB million (Unaudited) (Restated Note2.1)
Revenue	5	64,199	49,511
Other operating income and gains	6	3,200	2,625
Operating expenses			
Aircraft fuel costs		(23,292)	(17,432)
Depreciation and amortisation		(13,203)	(12,220)
Wages, salaries and benefits		(12,624)	(10,993)
Take-off and landing charges		(8,236)	(6,682)
Aircraft maintenance costs		(3,042)	(2,124)
Selling and marketing expenses		(1,876)	(1,340)
Food and beverages		(2,006)	(1,276)
Civil aviation development fund		(554)	(497)
Ground services and other expenses		(205)	(288)
Impairment losses on financial assets		(27)	(44)
Impairment losses on non-financial assets, net		(4)	–
Other operating expenses		(2,290)	(1,807)
Total operating expenses		(67,359)	(54,703)
Operating gain/(loss)		40	(2,567)
Share of result of associates		95	9
Share of result of joint ventures		34	(8)
Finance costs	7	(3,088)	(4,673)
Finance income		78	283
Loss before tax		(2,841)	(6,956)
Income tax (expense)/credit	8	(258)	372
Loss for the period		(3,099)	(6,584)
Loss attributable to:			
Equity holders of the Company		(2,768)	(6,258)
Non-controlling interests		(331)	(326)
		(3,099)	(6,584)
Loss per share attributable to the equity holders of the Company:			
– Basic and diluted (expressed in RMB per share)	10	(0.12)	(0.28)

Interim Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30 June 2024

	Note	For the six months ended 30 June	
		2024 RMB million (Unaudited)	2023 RMB million (Unaudited) (Restated Note2.1)
Loss for the period		(3,099)	(6,584)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Effective portion of changes in fair value of hedging instruments arising during the period, net of tax		(17)	(9)
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Fair value changes of equity investments designated at fair value through other comprehensive income, net of tax		(96)	(4)
Share of other comprehensive income of associates and joint ventures, net of tax		2	5
Actuarial losses on the post-retirement benefit obligations, net of tax		(85)	(48)
Other comprehensive income, net of tax		(196)	(56)
Total comprehensive income for the period		(3,295)	(6,640)
Total comprehensive income attributable to:			
Equity holders of the Company		(2,956)	(6,314)
Non-controlling interests		(339)	(326)
		(3,295)	(6,640)

The notes on pages 15 to 46 are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited) (Restated Note2.1)
ASSETS			
Non-current assets			
Property, plant and equipment	12	100,316	95,991
Investment properties		268	277
Right-of-use assets	13	110,955	118,331
Intangible assets	14	11,591	11,607
Advanced payments on acquisition of aircraft		15,942	15,183
Investments in associates		2,142	2,049
Investments in joint ventures		498	464
Equity investments designed at fair value through other comprehensive income		929	1,057
Derivative financial instruments		16	33
Deferred tax assets		9,720	9,851
Other non-current assets		3,945	4,157
		256,322	259,000
Current assets			
Flight equipment spare parts		1,812	1,640
Trade receivables	15	2,661	2,191
Prepayments and other receivables		10,178	9,727
Financial assets at fair value through profit or loss		81	65
Derivative financial instruments		11	16
Restricted bank deposits		141	319
Cash and cash equivalents		3,713	11,858
		18,597	25,816
Current liabilities			
Trade and bills payables	16	2,154	4,601
Other payables and accruals		20,516	20,584
Contract liabilities		9,341	7,422
Current portion of borrowings	17	64,646	53,006
Current portion of lease liabilities		18,850	19,428
Income tax payable		26	50
Current portion of provision for lease return costs for aircraft and engines		1,275	1,191
		116,808	106,282
Net current liabilities		(98,211)	(80,466)
Total assets less current liabilities		158,111	178,534

Interim Condensed Consolidated Statement of Financial Position (CONTINUED)

As at 30 June 2024

	Note	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited) (Restated Note2.1)
Non-current liabilities			
Borrowings	17	52,748	58,022
Lease liabilities		53,131	64,747
Provision for lease return costs for aircraft and engines		7,865	7,897
Contract liabilities		624	586
Post-retirement benefit obligations		2,229	2,206
Other long-term liabilities		1,372	1,510
Deferred tax liabilities		1	1
		117,970	134,969
Net assets			
		40,141	43,565
Equity			
Equity attributable to equity holder of the Company			
– Share capital	18	22,291	22,291
– Perpetual bond		20,351	20,057
– Reserves		(2,773)	606
		39,869	42,954
Non-controlling interests			
		272	611
Total equity			
		40,141	43,565

The notes on pages 15 to 46 are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Note	Attributable to equity holders of the Company					Non-controlling interests	Total equity
		Share capital	Perpetual bond	Other reserves	Accumulated losses	Total		
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Total equity at 31 December 2023 (Audited)		22,291	20,057	52,717	(52,213)	42,852	611	43,463
Business combination under common control	2.1	-	-	74	28	102	-	102
Total equity at 1 January 2024, as restated (Unaudited)		22,291	20,057	52,791	(52,185)	42,954	611	43,565
Comprehensive income:								
Loss for the period		-	-	-	(2,768)	(2,768)	(331)	(3,099)
Other comprehensive income		-	-	(188)	-	(188)	(8)	(196)
Total comprehensive income		-	-	(188)	(2,768)	(2,956)	(339)	(3,295)
Total transaction with equity holders:								
Distribution to holders of perpetual bond		-	294	-	(294)	-	-	-
Business combination under common control		-	-	(126)	-	(126)	-	(126)
Others		-	-	(3)	-	(3)	-	(3)
Balance at 30 June 2024 (Unaudited)		22,291	20,351	52,474	(55,247)	39,869	272	40,141
Total equity at 31 December 2022 (Audited)		22,291	-	53,289	(43,922)	31,658	1,020	32,678
Business combination under common control		-	-	72	50	122	-	122
Total equity at 1 January 2023, as restated (Unaudited)		22,291	-	53,361	(43,872)	31,780	1,020	32,800
Comprehensive income:								
Loss for the period		-	-	-	(6,258)	(6,258)	(326)	(6,584)
Other comprehensive income		-	-	(56)	-	(56)	-	(56)
Total comprehensive income		-	-	(56)	(6,258)	(6,314)	(326)	(6,640)
Balance at 30 June 2023 (Unaudited)		22,291	-	53,305	(50,130)	25,466	694	26,160

The notes on pages 15 to 46 are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	For the six months ended 30 June	
		2024 RMB million (Unaudited)	2023 RMB million (Unaudited) (Restated (Note2.1))
Cash flow from operating activities			
Cash generated from operations	22	10,835	16,207
Income tax paid		(117)	(24)
Net cash generated from operating activities		10,718	16,183
Cash flow from investing activities			
Payments for property, plant and equipment and other non-current assets		(7,869)	(8,454)
Proceeds from disposal of property, plant and equipment		15	35
Dividends received		2	20
Withdrawal/(Placement) of restricted bank deposits		175	(100)
Proceeds from the return of aircraft advance payment		348	1,870
Net cash used in investing activities		(7,329)	(6,629)
Cash flows from financing activities			
Repayments of short-term debentures		(6,500)	(10,000)
Repayments of short-term bank loans		(20,900)	(24,600)
Proceeds from issuance of short-term debentures		18,000	21,500
Proceeds from draw-down of short-term bank loans		18,900	14,000
Proceeds from draw-down of long-term bank loans		7,500	14,500
Repayments of principal of lease liabilities		(15,037)	(10,998)
Dividends paid to company's shareholders		–	(20)
Repayments of long-term debentures		(6,000)	(6,800)
Interest paid		(2,981)	(3,153)
Repayments of long-term bank loans		(4,406)	(1,538)
Net settlement relating to derivative financial instruments		28	26
Consideration for business combination under common control		(126)	–
Net cash used in financing activities		(11,522)	(7,083)
Net (decrease)/increase in cash and cash equivalents		(8,133)	2,471
Cash and cash equivalents at beginning of the period		11,858	18,170
Exchange differences on cash and cash equivalents		(12)	6
Cash and cash equivalents at the end of the period		3,713	20,647

The notes on pages 15 to 46 are an integral part of this interim condensed consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

1 Corporate 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.

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.

These financial statements were approved and authorised for issue by the Company’s Board of Directors (the “Board”) on 30 August 2024.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

The condensed consolidated financial statements, comprising interim condensed consolidated statement of financial position as at 30 June 2024, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2024 (collectively referred to as the “interim financial information”), has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standard Board (“IASB”).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

2 Basis of preparation (*continued*)

For the six months ended 30 June 2024, the Group incurred net loss of RMB3.10 billion. As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB98.21 billion. 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 unutilised banking facilities as at 30 June 2024;
- 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 twelve 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 six months ended 30 June 2024 on a going concern basis.

2.1 Restatement

Formerly the Group held 45% interest of China Eastern Media Co., Ltd. ("China Eastern Media") and it was accounted for as an associate using the equity method of accounting. In February 2024, the Group acquired the remaining 55% equity interest in China Eastern Media from CEA Holding, with the purchase consideration of RMB126 million, and China Eastern Media has become a wholly owned subsidiary of the Group upon the acquisition.

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. Accordingly, the comparative figures of 2023 as set out in these consolidated financial statements have been restated to include the historical financial information of China Eastern Media since the date when China Eastern Media first came under the control of CEA Holding.

The adoption of merger accounting has resulted in a decrease in the Group's loss for the six months ended 30 June 2024 by approximately RMB13 million.

3 Accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2023, as described therein, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the following revised IFRSs effective for the six months ended 30 June 2024 as described below.

(a) New and amended standards adopted by the group

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards, amendments and interpretations have been published but are not mandatory for the financial year beginning 1 January 2024 and have not been early adopted by the Group.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

4 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 two reportable segments. “Airline transportation operations” mainly comprises the provision of passenger, cargo, mail delivery and ground service.

Other operations segment primarily includes tour operations, air catering and other miscellaneous services that 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 sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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. Segment revenue and loss before income tax are the same as the consolidated figures as reported in the consolidated financial statement for the six months ended 30 June 2024 and 2023. The difference between reportable segment assets and consolidated figures as reported in the consolidated financial statements, arising from different accounting policies is set out in Note (ii) below.

4 Segment information *(continued)*

- (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. *(continued)*

The segment results for the six months ended 30 June 2024 were as follows:

	Airline Transportation operations RMB million (Unaudited)	Other segments RMB million (Unaudited)	Eliminations RMB million (Unaudited)	Unallocate ⁽ⁱ⁾ RMB million (Unaudited)	Total RMB million (Unaudited)
Segment revenue (Note 5)					
Reportable segment revenue					
from external customers	64,044	155	–	–	64,199
Inter-segment sales	–	582	(582)	–	–
Reportable segment revenue	64,044	737	(582)	–	64,199
Reportable segment (loss)/profit before income tax	(3,155)	168	–	146	(2,841)
Other segment information					
Depreciation and amortisation	13,079	124	–	–	13,203
Impairment losses on financial assets	32	(5)	–	–	27
Impairment losses on non-financial assets	4	–	–	–	4
Interest income	93	6	(20)	–	79
Interest expenses	2,713	17	(20)	–	2,710
Capital expenditure	11,372	116	(218)	–	11,270

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

4 Segment information *(continued)*

- (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. *(continued)*

The segment results for the six months ended 30 June 2023 were as follows:

	Airline Transportation operations RMB million (Unaudited)	Other segments RMB million (Unaudited)	Eliminations RMB million (Unaudited)	Unallocate ^① RMB million (Unaudited)	Total RMB million (Unaudited)
Segment revenue (Note 5)					
Reportable segment revenue					
from external customers	49,364	147	–	–	49,511
Inter-segment sales	–	554	(554)	–	–
Reportable segment revenue	49,364	701	(554)	–	49,511
Reportable segment (loss)/profit before income tax	(7,107)	143	–	8	(6,956)
Other segment information					
Depreciation and amortisation	12,082	138	–	–	12,220
Impairment losses on financial assets	43	1	–	–	44
Interest income	300	5	(22)	–	283
Interest expenses	3,329	22	(22)	–	3,329
Capital expenditure	12,118	34	–	–	12,152

4 Segment information (continued)

- (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. (continued)

The segment assets and liabilities as at 30 June 2024 and 31 December 2023 were as follows:

	Airline transportation operations RMB million (Unaudited)	Other segments RMB million (Unaudited)	Eliminations RMB million (Unaudited)	Unallocated ⁽ⁱ⁾ RMB million (Unaudited)	Total RMB million (Unaudited)
At 30 June 2024					
Reportable segment assets ⁽ⁱⁱ⁾	268,999	3,480	(13,199)	13,397	272,677
Reportable segment liabilities	246,855	1,121	(13,199)	1	234,778
At 31 December 2023					
Reportable segment assets ⁽ⁱⁱ⁾	267,430	4,027	(2,420)	13,537	282,574
Reportable segment liabilities	242,039	1,631	(2,420)	1	241,251

- (i) Unallocated assets 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. 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.
- (ii) The difference between reportable segment assets and consolidated figures as reported in the consolidated financial statements of RMB2,242 million 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.

- (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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

4 Segment information *(continued)*

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

(2) The Group's revenues by geographical area are listed as below:

	For the six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Domestic	44,961	41,835
Regional	1,831	1,117
International	17,407	6,559
	64,199	49,511

(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 non-current assets and capital expenditure by geographic area are not presented. Except the aircraft, most non-current assets (except financial instruments) are registered and located in the PRC.

(c) **Seasonality of operations**

The civil aviation industry is subject to seasonal fluctuations, with peak demand during the holiday season in the second half of the year. As such, the revenues and results of the Group in the first half of the year are generally lower than those in the second half of the year.

For the six months ended 30 June 2024

5 Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Revenue from contracts with customers	64,077	49,404
Revenue from other sources		
Rental income	122	107
	64,199	49,511

Disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2024

Segments	Airline transportation operations RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
Types of goods or services			
Traffic revenues			
— Passenger	59,338	—	59,338
— Cargo and mail	2,371	—	2,371
Ticket cancellation and commission	1,248	—	1,248
Ground service income	362	—	362
Others	725	155	880
Total revenue from contracts with customers	64,044	155	64,199
Geographical markets			
Domestic	44,806	155	44,961
Regional	1,831	—	1,831
International	17,407	—	17,407
Total revenue from contracts with customers	64,044	155	64,199

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

5 Revenue (*continued*)

Disaggregated revenue information for revenue from contracts with customers: (*continued*)

For the six months ended 30 June 2023

Segments	Airline transportation operations RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
Types of goods or services			
Traffic revenues			
— Passenger	45,378	—	45,378
— Cargo and mail	1,487	—	1,487
Ticket cancellation and commission	1,106	—	1,106
Ground service income	287	—	287
Others	1,106	147	1,253
Total revenue from contracts with customers	49,364	147	49,511
Geographical markets			
Domestic	41,688	147	41,835
Regional	1,117	—	1,117
International	6,559	—	6,559
Total revenue from contracts with customers	49,364	147	49,511

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

6 Other operating income and gains

	For the six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Co-operation routes income (Note (a))	2,320	1,639
Routes subsidy income	323	272
Other subsidy income	307	587
Gain on disposal of items of property, plant and equipment	13	8
Compensation from ticket sales agents	125	68
Others	112	51
	3,200	2,625

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.

7 Finance costs

	For the six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Interest relating to lease liabilities	1,540	1,746
Interest on borrowings	1,084	1,327
Interest on bonds and debentures	302	471
Interest relating to post-retirement benefit obligations	30	34
Interest relating to interest rate swap contracts	(28)	(26)
Less: Amount capitalised (Note (a))	(218)	(223)
	2,710	3,329
Foreign exchange losses, net (Note (b))	378	1,344
	3,088	4,673

Notes:

- (a) The weighted average interest rate used for interest capitalisation is 3.21% per annum for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 3.40%).
- (b) The exchange losses primarily related to the translation of the Group's foreign currency denominated borrowings and lease liabilities.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

8 Income Tax expense/(credit)

The amounts of income tax expense/(credit) recognised in the consolidated income statements represent:

	For the six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Current income tax	90	87
Deferred income tax	168	(459)
	258	(372)

Pursuant to the “Notice on the continuation of the Income Tax Policies for Enhancing the Implementation of Western Region Development Strategy.” (Ministry of Finance Announcement [2020] No. 23), and other series of tax regulations, enterprises located in the western regions and engaged in the industrial activities as listed in the “Catalogue of Encouraged Industries in Western Regions”, will be entitled to a reduced corporate income tax rate of 15% from 2021 to 2030 upon approval from the tax authorities. CEA Yunnan, a subsidiary of the Company, obtained approval from the tax authorities and has been entitled to a reduced corporate income tax rate of 15% from 1 January 2011. The Company’s Sichuan branch, Gansu branch and Xibei branch also obtained approvals from the respective tax authorities and are entitled to a reduced corporate income tax rate of 15%. The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax rate of 16.5% (2023: 16.5%). China Eastern Airlines E-Commerce Co., Ltd. (“Eastern E-Commerce”) and China Eastern Airlines Application Development Center Co., Ltd (“Application Development Center”), two subsidiaries of the Company, qualified for High and New Technology Enterprise (HNTE) status with HNTE certificate No.GR202231007540 issued by the relative authorities, has been entitled to a reduced corporate income tax rate of 15% from 1 January 2022 as approved by the tax authorities.

The Company and its subsidiaries, except for CEA Yunnan, Eastern E-Commerce, Application Development Center, Sichuan branch, Gansu branch, Xibei branch and those incorporated in Hong Kong, are generally subject to the PRC standard corporate income tax rate of 25% (2023: 25%).

9 Dividend

The Board has not declared any dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

10 Loss per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders of the Company of approximately RMB2,768 million and the weighted average number of shares of 22,291 million in issue during the six months ended 30 June 2024. The Company had no potentially dilutive ordinary shares in issue for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

11 Profit appropriation

No appropriation to the statutory reserves has been made for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil). Such appropriations will be made at year end in accordance with the relevant PRC regulations and the Articles of Association of individual group companies.

12 Property, plant and equipment

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
Carrying amount at 1 January 2024	77,763	18,228	95,991
Additions	4,639	264	4,903
Transfer from right-of-use assets (Note 13)	4,761	–	4,761
Depreciation charges	(4,679)	(593)	(5,272)
Disposals	(6)	(61)	(67)
Carrying amount at 30 June 2024	82,478	17,838	100,316

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
Carrying amount at 1 January 2023	70,059	19,140	89,199
Additions	4,342	543	4,885
Transfer from right-of-use assets (Note 13)	2,651	–	2,651
Depreciation charges	(3,978)	(597)	(4,575)
Disposals	(181)	(374)	(555)
Carrying amount at 30 June 2023	72,893	18,712	91,605

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

13 Right-of-use assets

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
Carrying amount at 1 January 2024	113,879	4,452	118,331
Additions	3,352	1,489	4,841
Transfer to property, plant and equipment (Note 12)	(4,761)	–	(4,761)
Depreciation provided during the period	(6,385)	(1,071)	(7,456)
Carrying amount at 30 June 2024	106,085	4,870	110,955
Carrying amount at 1 January 2023	124,453	3,735	128,188
Additions	4,488	292	4,780
Transfer to property, plant and equipment (Note 12)	(2,651)	–	(2,651)
Depreciation provided during the period	(6,466)	(618)	(7,084)
Carrying amount at 30 June 2023	119,824	3,409	123,233

14 Intangible assets

	Goodwill (Note)	Others	Total
	RMB million	RMB million	RMB million
	(Unaudited)	(Unaudited)	(Unaudited)
Carrying amount at 1 January 2024	11,272	335	11,607
Additions	–	66	66
Amortisation	–	(82)	(82)
Carrying amount at 30 June 2024	11,272	319	11,591

	Goodwill (Note)	Others	Total
	RMB million	RMB million	RMB million
	(Unaudited)	(Unaudited)	(Unaudited)
Carrying amount at 1 January 2023	11,274	387	11,661
Additions	–	70	70
Disposals	(2)	–	(2)
Amortisation	–	(100)	(100)
Carrying amount at 30 June 2023	11,272	357	11,629

Note: The balance represents goodwill arising from the acquisition of Shanghai Airlines. The value of the goodwill is attributable to strengthening the competitiveness of the Group's airline transportation operations, attaining synergy through integration of the resources and accelerating the development of international air transportation in Shanghai. For the purpose of impairment assessment, goodwill was allocated to the cash-generating unit ("CGU") of airline transportation operations that the Group operates and benefits from the acquisition.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

15 Trade receivables

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:

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Trade receivables	2,760	2,285
Less: Impairment	(99)	(94)
	2,661	2,191

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Within 90 days	2,576	2,156
91 to 180 days	26	17
181 to 365 days	94	39
Over 365 days	64	73
	2,760	2,285

16 Trade and bills payable

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Within 90 days	1,824	4,096
91 to 180 days	38	193
181 to 365 days	46	76
1-2 years	42	62
Over 2 years	204	174
	2,154	4,601

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

17 Borrowings

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Non-current:		
Long-term bank borrowings (Note (a))		
— secured	14,871	12,692
— unsecured	30,744	34,648
Guaranteed bonds	4,134	4,183
Unsecured bonds (Note (b))	2,999	6,499
	52,748	58,022
Current:		
Current portion of non-current borrowings (Note (a))		
— secured	1,452	1,941
— unsecured	7,327	2,028
Current portion of guaranteed bonds	58	34
Current portion of unsecured bonds (Note (b))	6,651	9,385
Short-term bank borrowings (Note (c))		
— unsecured	37,620	39,618
Short-term debentures (Note (d))	11,538	—
	64,646	53,006
	117,394	111,028

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

17 Borrowings (continued)

Notes:

- (a) As at 30 June 2024, the secured bank borrowings of the Group were secured by the related aircrafts with a net carrying amount of RMB22,630 million.

The borrowings are repayable from 2025 to 2045. The interest rates relating to the long-term bank borrowings were 2.00% to 3.20%.

- (b) For the six months ended 30 June 2024, the Company has repaid the following bonds with the total principal amount of RMB6 billion:

	Issue date	Principal	Interest rate
Six-year guaranteed bonds	2021/3/11	RMB 6 billion	3.68%

- (c) The interest rates relating to the short-term bank borrowings were 2.00% to 2.60%.

- (d) As at 30 June 2024, detailed short-term debentures were listed below:

	Principal	Maturity	Issue date	Interest rate
2024 1st Short-term debentures	RMB 3 billion	266 days	2024/3/7	2.06%
2024 3rd Short-term debentures	RMB 3 billion	60 days	2024/5/11	1.77%
2024 4th Short-term debentures	RMB 3 billion	60 days	2024/5/15	1.81%
2024 7th Short-term debentures	RMB 2.5 billion	61 days	2024/5/22	1.73%

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

18 Share capital

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Registered, issued and fully paid of RMB1.00 each		
A shares listed on The Shanghai Stock Exchange ("A Shares")	17,114	17,114
H shares listed on The Stock Exchange of Hong Kong Limited ("H Shares")	5,177	5,177
	22,291	22,291

Pursuant to articles 50 and 51 of the Company's articles of association, both the listed A shares and listed H shares are registered ordinary shares and carry equal rights.

19 Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Contracted for:		
— Aircraft, engines and flight equipment (Note)	88,780	91,065
— Other property, plant and equipment	5,725	5,720
— Investments	463	463
	94,968	97,248

Note:

Contracted expenditures for the above aircraft, engines and flight equipment, including deposits prior to delivery, subject to future inflation increase built into the contracts were expected to be paid as follows:

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Within one year	19,203	21,202
In the second year	22,660	22,347
In the third year	20,729	19,666
Over three years	26,188	27,850
	88,780	91,065

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

20 Related party transactions

The Group is controlled by CEA Holding, which directly owns 39.57% of the Company's shares as at 30 June 2024 (31 December 2023: 39.57%). In addition, through CES Global Holdings (Hong Kong) Limited and CES Finance Holding Co., Limited, two wholly-owned subsidiaries of CEA Holding, CEA Holding indirectly owns additional shares of the Company of approximately 12.27% and 2.05% respectively as at 30 June 2024 (31 December 2023: 12.19% and 2.05%).

The Company is a state-owned enterprise established in the PRC and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include CEA Holding and its subsidiaries (other than the Group), other government-related entities and their subsidiaries ("Other State-owned Enterprises"), other entities and corporations over which the Company is able to control or exercise significant influence and key management personnel of the Company as well as their close family members.

For the purpose of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

(a) Nature of related parties that do not control or controlled by the Group:

Name of related parties	Relationship with the Group
Eastern Air Group Finance Co., Ltd. ("Eastern Air Finance Company")	Associate of the Company
Shanghai Collins Aviation Maintenance Service Co., Ltd. ("Collins Aviation")	Associate of the Company
Shanghai Pratt & Whitney Aircraft Engine Maintenance Co., Ltd. ("Shanghai P&W")	Associate of the Company
Shanghai Airlines Tours International (Group) Co., Ltd. and its subsidiaries ("Shanghai Airlines Tours")	Associate of the Company
China Eastern Air Catering Investment Co., Limited and its subsidiaries ("Eastern Air Catering")	Associate of the Company
CAE Melbourne Flight Training Pty Limited ("CAE Melbourne")	Joint venture of the Company
Shanghai Technologies Aerospace Co., Ltd. ("Technologies Aerospace")	Joint venture of the Company
Eastern China Kaiya System Integration Co., Ltd. ("China Kaiya")	Joint venture of the Company
Xi An Cea Safran Landing Systems Services Co., Ltd. ("XIESA")	Joint venture of the Company
CEA Development Co., Limited and its subsidiaries ("CEA Development") ^①	Controlled by the same parent company
Eastern Air Logistics Co., Ltd. and its subsidiaries ("Eastern Logistics")	Controlled by the same parent company
Shanghai Eastern Airlines Investment Co., Ltd. and its subsidiaries ("Eastern Investment") ^①	Controlled by the same parent company
CES International Financial Leasing Corporation Limited and its subsidiaries ("CES Lease Company")	Controlled by the same parent company

20 Related party transactions *(continued)*

(a) Nature of related parties that do not control or controlled by the Group: *(continued)*

Name of related parties	Relationship with the Group
TravelSky Technology Limited ("TravelSky")	A key management personnel of the Company is a director of Travelsky
Air France-KLM Group ("AFK")	A key management personnel of the Company is a director of AFK
Sichuan Airlines Co., Ltd. ("Sichuan Air")	A key management personnel of the Company is a director of Sichuan Air
Juneyao Airlines Co., Ltd and its subsidiaries ("Juneyao Air")	Shareholder who hold more than 5% of the company's voting shares
Air Ground Internet Technology Co., Ltd. ("Air Ground Internet")	Associate of the parent company

- (i) In October 2023, CEA Holding transferred 100% equity of CEA Development to Eastern Investment free of charge, and CEA Development has become the wholly-owned subsidiary of Eastern Investment. The amount and balance of related-party transactions between the Group and CEA Development have been represented as transactions between Eastern Investment.

(b) Related party transactions

			For the six months ended 30 June	
		Pricing policy and decision Process	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Nature of transactions	Related parties			
Purchase of goods and services				
Payments on food and beverages*	Eastern Air Catering	(i)	1,545	1,276
Repairs and maintenance expense for aircraft and engines	Shanghai P&W	(i)	1,613	1,188
	Technologies Aerospace	(i)	103	124
	XIESA	(i)	139	90
Payments on system services	China Kaiya	(i)	2	4
Equipment maintenance fee*	Collins Aviation	(i)	13	17
Automobile maintenance service, aircraft maintenance, providing transportation automobile and other products*	Eastern Investment	(i)	20	183

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

20 Related party transactions (continued)

(b) Related party transactions (continued)

			For the six months ended 30 June	
		Pricing policy and decision Process	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Nature of transactions	Related parties			
Purchase of goods and services (continued)				
Property management and green maintenance expenses*	Eastern Investment	(i)	173	137
Payments on hotel accommodation service*	Eastern Investment	(i)	119	82
	Shanghai Airlines Tours	(i)	29	15
Aviation Internet services*	Air Ground Internet	(i)	57	29
Financial services fees*	Eastern Air Finance Company	(iii)	6	5
Payments on construction and management agent*	Eastern Investment	(i)	5	5
Civil aviation information network services**	TravelSky	(i)	361	279
Payments on Flight Training services	CAE Melbourne	(i)	—	35
Payments on aviation transportation cooperation and support services**	AFK	(i)	2	2
Payments on aviation transportation cooperation services	Juneyao Air	(i)	—	11
Flight equipment spare parts maintenance and support services	AFK	(i)	39	27
Payments on logistics services	Eastern Logistics	(i)	66	61

For the six months ended 30 June 2024

20 Related party transactions (continued)**(b) Related party transactions (continued)**

			For the six months ended 30 June	
		Pricing policy and decision Process	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Nature of transaction	Related party			
Purchase of goods and services (continued)				
Cargo terminal business support services*	Eastern Logistics	(i)	205	160
Bellyhold container management	Eastern Logistics	(i)	7	7
Provision of services				
Exclusive operation transportation in relation to the passenger aircraft cargo business*	Eastern Logistics	(i)	2,371	1,487
Freight logistics support services*	Eastern Logistics	(i)	154	127
Provision of services	Eastern Investment	(i)	8	6
Aviation transportation cooperation and support services**	AFK	(i)	15	8
	Juneyao Air	(i)	11	10
Flight equipment spare parts maintenance and support services	Juneyao Air	(i)	21	25
Aviation transportation cooperation services	Sichuan Air	(i)	10	7
Sale of Goods	Eastern Air Catering	(i)	35	28
Software system and support services	Eastern Logistics	(i)	9	5
Transfer of pilots	Eastern Logistics	(i)	80	23
	Juneyao Air	(i)	—	4
Sale of Internet products	Air Ground Internet	(i)	2	

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

20 Related party transactions (continued)

(b) Related party transactions (continued)

			For the six months ended 30 June	
		Pricing policy and decision Process	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Nature of transactions	Related parties			
Provision of services (continued)				
Rental Income				
Rental income from cargo stations*	Eastern Logistics	(ii)	45	47
Rental income from land and buildings*	Eastern Air Catering	(ii)	10	12
	Sichuan Air	(ii)	9	7
	CEA Holding	(ii)	2	2
	Juneyao Air	(ii)	1	2
	Eastern Investment	(ii)	–	1
Rental income from intangible assets	Eastern Logistics	(ii)	2	2
Addition in right-of-use assets on new leases				
Aircraft and engines*	CES Lease Company	(ii)	462	–
Interest on lease liabilities				
Aircraft and engines*	CES Lease Company	(ii)	470	686
Land and buildings*	Eastern Investment	(ii)	5	4
Ground assets*	Eastern Investment	(ii)	6	4
Interest expense				
Interest expense on loans	CEA Holding	(iii)	83	116
	Eastern Air Finance Company	(iii)	25	19
	Eastern Investment	(iii)	–	18
Interest income				
Interest income on deposits	Eastern Air Finance Company	(iii)	10	7
Perpetual bond				
Interest expense on perpetual bond	CEA Holding	(iii)	294	–

20 Related party transactions *(continued)*

(b) Related party transactions *(continued)*

- (i) The Group's pricing policies on goods and services purchased from and provided to related parties are mutually agreed between contract parties.
- (ii) The Group's pricing policies on related party lease payments are mutually agreed between contract parties.
- (iii) The Group's pricing policies on related party interest rates are mutually agreed based on benchmark interest rates.
- * These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").
- ** This related party transaction constitutes a continuing connected transaction pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

During the six months ended 30 June 2024 and 2023, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include most of its bank deposits/borrowings and the corresponding interest income/expense and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed.

(c) Balances with related parties

(i) Amounts due from related parties

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Trade receivables		
Eastern Logistics	697	1,071
Eastern Air Catering	20	17
Juneyao Air	9	6
Others	16	21
	742	1,115

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

20 Related party transactions (continued)

(c) Balances with related parties (continued)

(i) Amounts due from related parties (continued)

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Prepayments and other receivables		
Eastern Investment	5	–
Eastern Air Finance Company	589	318
Eastern Air Catering	98	98
TravelSky	157	117
CEA Holding	24	24
Juneyao Air	9	3
Others	9	18
	891	578
Other Non-current Assets		
TravelSky	–	87
XIESA	4	8
	4	95

(ii) Amounts due to related parties

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Trade payables and bills payables, Other payables and accruals		
Shanghai P&W	721	514
Eastern Air Catering	555	593
CEA Holding	135	160
Technologies Aerospace	87	7
XIESA	11	–
TravelSky	74	87
Collins Aviation	3	3
Shanghai Airlines Tours	4	–
Eastern Investment	35	60
Juneyao Air	4	3
Others	15	27
	1,644	1,454

For the six months ended 30 June 2024

20 Related party transactions (continued)**(c) Balances with related parties (continued)****(ii) Amounts due to related parties (continued)**

	30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
Lease liabilities		
CES Lease Company	25,483	34,776
Eastern Investment	1,093	1,086
Eastern Air Catering	3	4
	26,579	35,866
Other long-term liabilities		
Eastern Air Catering	64	64

Except the amounts due to CES Lease Company, which are related to the aircraft under leases, all other amounts due to related parties are interest-free and payable within normal credit terms given by trade creditors.

(iii) Short-term deposits, loan and borrowings with related parties

	Average interest rate For the six months ended 30 June		30 June 2024 RMB million (Unaudited)	31 December 2023 RMB million (Unaudited)
	2024 (Unaudited)	2023 (Unaudited)		
Short-term deposits (included in cash and cash equivalents)				
Eastern Air Finance Company	0.15%	0.25%	2,564	9,414
Short-term borrowings				
Eastern Air Finance Company	2.60%	2.64%	1,000	2,000
CEA Holding	2.00%	—	7,100	7,500
Long-term borrowings				
CEA Holding	2.00%	2.00%	1,000	1,000

(d) Guarantees by the holding company

As at 30 June 2024, bonds of the Group guaranteed by CEA Holding amounted to RMB1,534 million (31 December 2023: RMB1,510 million).

21 Fair value measurement of financial instruments

(a) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 30 June 2024 and 31 December 2023, the Group had certain financial assets carried at fair value, including equity investments designated at fair value through other comprehensive income, listed equity investments recorded as financial assets at FVTPL, and the derivative financial instruments.

21 Fair value measurement of financial instruments *(continued)*

(a) Fair value hierarchy *(continued)*

As at 30 June 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Unaudited)
Assets				
Equity investments designated at fair value through other comprehensive income	177	—	752	929
Derivative financial instruments				
— Interest rate swaps	—	27	—	27
Financial asset at fair value through profit or loss	81	—	—	81
Total	258	27	752	1,037

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Unaudited)
Assets				
Equity investments designated at fair value through other comprehensive income	260	—	797	1,057
Derivative financial instruments				
— Interest rate swaps	—	49	—	49
Financial asset at fair value through profit or loss	65	—	—	65
Total	325	49	797	1,171

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

21 Fair value measurement of financial instruments *(continued)*

(a) Fair value hierarchy *(continued)*

The Group enters into derivative financial instruments, including forward currency contracts and interest rate swaps with various counterparties, principally financial institutions with high credit ratings.

Derivative financial instruments are measured using valuation techniques similar to swap models and using present value calculations. The models incorporate various market observable inputs including the foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 30 June 2024, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

	Valuation technique	Significant unobservable input	Range
Unlisted equity investments	Valuation multiples	Discount for lack of marketability	30 June 2024: 28% (31 December 2023: 28%)

21 Fair value measurement of financial instruments *(continued)*

(a) Fair value hierarchy *(continued)*

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

The following table presents the changes in level 3 items for the six months ended 30 June 2024:

	Equity investments designated at fair value through other comprehensive income RMB million
Opening balance as at 31 December 2023 (Unaudited)	797
Recognised in other comprehensive income – net	(45)
Closing balance as at 30 June 2024 (Unaudited)	752

During the period, there were no transfers among levels of the fair value hierarchy.

(b) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet.

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade receivables, trade and bills payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, short-term bank borrowings and short-term guaranteed bonds approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Significant differences were identified for the following instruments as at 30 June 2024

	Carrying amount RMB million (Unaudited)	Fair value RMB million (Unaudited)
Financial liabilities -		
Long-term borrowings	52,748	50,542

The fair values of long-term borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

22 Cash generated from operations

(a) Reconciliation of profit before income tax to net cash generated from operations

	For six months ended 30 June	
	2024 RMB million (Unaudited)	2023 RMB million (Unaudited)
Loss for the year before income tax	(2,841)	(6,956)
Adjustments for:		
Depreciation of property, plant and equipment (Note 12)	5,272	4,575
Depreciation of right-of-use assets (Note 13)	7,456	7,084
Depreciation of investment properties	9	7
Amortisation of other long-term assets	384	454
Amortisation of intangible assets (Note 14)	82	100
Losses/(gains) on disposals of property, plant and equipment and intangible assets	1	(5)
Fair value (gains)/losses on financial assets at fair value through profit or loss	(16)	1
Loss allowance for trade and other receivables	27	44
Provision for impairment of flight equipment spare parts	4	–
Interest expense	2,710	3,329
Net foreign exchange losses	73	1,314
Share of results of a joint venture and an associate	(129)	(1)
Dividend income from Equity investments designed at fair value through other comprehensive income	(1)	(8)
Changes in working capital:		
Increase in flight equipment spare parts	(174)	(75)
Increase in operating receivables	(1,130)	(2,858)
(Decrease)/increase in operating payables	(892)	9,202
Cash generated from operations	10,835	16,207
Income tax paid	(117)	(24)
Net cash flows generated from operating operations	10,718	16,183

Summary of Operating Data

	For the six months ended 30 June		
	2024	2023	Change
Passenger transportation data			
ASK (available seat-kilometres) (million)	144,251.52	108,595.90	32.83%
— Domestic routes	100,461.42	95,770.01	4.90%
— International routes	40,446.76	10,941.65	269.66%
— Regional ¹ routes	3,343.34	1,884.23	77.44%
RPK (revenue passenger-kilometres) (million)	117,142.65	77,939.21	50.30%
— Domestic routes	82,669.78	69,437.61	19.06%
— International routes	31,959.65	7,159.38	346.40%
— Regional routes	2,513.22	1,342.22	87.24%
Number of passengers carried (thousand)	67,737.20	51,940.49	30.41%
— Domestic routes	58,122.05	49,399.56	17.66%
— International routes	7,822.58	1,596.26	390.06%
— Regional routes	1,792.58	944.67	89.76%
Passenger load factor (%)	81.21	71.77	9.44pts
— Domestic routes	82.29	72.50	9.79pts
— International routes	79.02	65.43	13.59pts
— Regional routes	75.17	71.23	3.94pts
Passenger-kilometres yield (RMB) ^{Note}	0.526	0.603	-12.77%
— Domestic routes	0.530	0.582	-8.93%
— International routes	0.501	0.766	-34.60%
— Regional routes	0.722	0.816	-11.52%

¹ In order to facilitate data statistics and analysis, the business is divided into “domestic routes”, “international routes” and “regional routes” in conjunction with industry practices. Among them, the term “regional” refers to Hong Kong, China; Macau, China; and Taiwan, China.

Summary of Operating Data

	For the six months ended 30 June		
	2024	2023	Change
Freight transportation data			
AFTK (available freight tonne-kilometres) (million)	4,777.96	3,142.27	52.05%
— Domestic routes	1,951.95	2,040.22	-4.33%
— International routes	2,726.30	1,020.78	167.08%
— Regional routes	99.72	81.27	22.70%
RFTK (revenue freight tonne-kilometres) (million)	1,785.16	945.39	88.83%
— Domestic routes	469.55	394.46	19.04%
— International routes	1,301.93	544.71	139.01%
— Regional routes	13.68	6.22	119.94%
Weight of freight carried (million kg)	510.68	346.60	47.34%
— Domestic routes	306.12	259.13	18.13%
— International routes	193.12	81.97	135.60%
— Regional routes	11.44	5.50	108.00%
Freight load factor (%)	37.36	30.09	7.27pts
— Domestic routes	24.06	19.33	4.73pts
— International routes	47.75	53.36	-5.61pts
— Regional routes	13.72	7.65	6.07pts
Freight tonne-kilometres yield (RMB) ^{Note}	1.328	1.573	-15.58%
— Domestic routes	0.650	0.796	-18.34%
— International routes	1.544	2.095	-26.30%
— Regional routes	4.094	5.145	-20.43%

	For the six months ended 30 June		
	2024	2023	Change
Consolidated data			
ATK (available tonne-kilometres) (million)	17,760.60	12,915.90	37.51%
– Domestic routes	10,993.48	10,659.52	3.13%
– International routes	6,366.51	2,005.53	217.45%
– Regional routes	400.62	250.85	59.71%
RTK (revenue tonne-kilometres) (million)	12,071.10	7,822.73	54.31%
– Domestic routes	7,724.15	6,521.91	18.43%
– International routes	4,113.20	1,176.89	249.50%
– Regional routes	233.75	123.93	88.61%
Overall load factor (%)	67.97	60.57	7.40pts
– Domestic routes	70.26	61.18	9.08pts
– International routes	64.61	58.68	5.93pts
– Regional routes	58.35	49.40	8.95pts
Revenue tonne-kilometres yield (RMB) ^{Note}	5.304	6.200	-14.45%
– Domestic routes	5.713	6.249	-8.58%
– International routes	4.383	5.628	-22.12%
– Regional routes	8.000	9.094	-12.03%

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

Fleet Structure

In recent years, the Group continues to implement its green development philosophy while optimising its fleet structure. In the first half of 2024, the Group centered around the major models, introduced a total of 12 aircraft and two aircraft retired. The Group's fleet age structure continues to remain young. As the world's first user of the domestic C919 passenger aircraft, the Group operated a total of six C919 aircraft as at 30 June 2024, which helps accumulating experience in operating domestically manufactured large aircraft.

As at 30 June 2024, the Group operated a total of 792 aircraft.

Fleet structure as at 30 June 2024

No.	Model	Manufacturer	Net increase in the first half of 2024	Sub-total	Self-owned	Under finance lease	Under operating lease	Average fleet age (years)
1	B777-300ER	Boeing	0	20	12	8	0	8.4
2	B787-9	Boeing	0	10	3	7	0	5.4
3	A350-900	Airbus	0	20	7	13	0	3.1
4	A330 Series	Airbus	0	56	35	16	5	10.6
Total number of wide-body aircraft			0	106	57	44	5	8.2
5	A320 Series	Airbus	0	379	145	116	118	9.4
6	B737 Series	Boeing	1	277	105	70	102	9.6
7	C919 Series	COMAC	2	6	4	2	0	0.7
Total number of narrow-body aircraft			3	662	254	188	220	9.4
8	ARJ Series	COMAC	7	24	15	9	0	1.7
Total number of regional passenger aircraft			7	24	15	9	0	1.7
Total number of aircraft			10	792	326	241	225	9.0

Notes:

1. A350 Series include A350-900 and other aircraft models;
2. A330 Series include A330-200, A330-300 and other aircraft models;
3. A320 Series include A319, A320, A320NEO, A321 and other aircraft models;
4. B787 Series include B787-9 and other aircraft models;
5. B777 Series include B777-300ER and other aircraft models;
6. B737 Series include B737-700, B737-800, B737-8 and other aircraft models;
7. C919 Series include C919 and other aircraft models;
8. ARJ Series include ARJ21 and other aircraft models.

Management's Discussion and Analysis

Current Development of the Industry

In the first half of 2024, the world economy recovered moderately, with both economic and trade activities consolidating, but still facing challenges such as weak economic growth momentum, slowing inflationary correction, as well as geopolitical conflicts and frequent international trade frictions. The World Economic Outlook released by the International Monetary Fund (IMF) indicated that the global economy is expected to make a soft landing, and the global economic growth this year is expected to be 3.2%, which is unchanged from the previous forecast.

According to the International Air Transport Association (IATA), in the first half of 2024, the global aviation industry continued to recover, with passenger traffic volume up 13.4% year-on-year, of which the year-on-year growth of passenger traffic volume in the Asia Pacific region outpaced other markets. IATA indicated that in the context of many uncertainties in the world, the global aviation industry is still expected to continue to consolidate its profitability. It is predicted that the number of air travel will reach a record of 4.96 billion in 2024, and the net profit of the global aviation industry in 2024 is predicted to reach USD30.5 billion, with the net profit margin expected to reach 3.1%.

In the first half of 2024, China's economic operation was generally stable, making progress while maintaining stability, and continued to rebound and improve. It remained an important engine and a stabilising force for world economic growth, laying a solid foundation for the growth of China's aviation transportation. The scope of visa-free countries in China continued to expand, with a continuous positive impact on the aviation market. In the first half of the year, China's civil aviation passenger transportation production grew steadily and rapidly, with a total of 350 million passengers transported across the industry, an increase of 9.0% over the same period in 2019. Among which, the passenger traffic volume for domestic routes increased by 12.4% over the same period in 2019, and the international air passenger transportation market continued to recover rapidly, with the level of recovery exceeding 80% of that of the same period in 2019 for five consecutive months since February 2024. The overall passenger traffic volume for international routes has recovered to 81.7% of the same period in 2019. However, due to factors such as intensified competition in the domestic passenger market, lower-than-expected recovery in some international markets due to constraints on air traffic rights, time slots and airport security resources, competition from high-speed rail, and high jet fuel prices, the major airlines in China are still facing huge operating pressure.

Review of Operations

In the first half of 2024, with the continued recovery of global travel demand, the demand for air travel continued to increase. China's civil aviation passenger transportation grew steadily and rapidly, and continued to improve. However, at the same time, affected by the factors such as intensified competition in the domestic passenger transportation market, the lack of recovery of capacity in some international markets, competition from high-speed rail, and high oil price fluctuations, the operating pressure on airlines remained huge.

Facing the complex and severe external environment, the Group worked in concerted efforts and forged ahead with determination, coordinated and promoted various tasks such as safe operation, production and operation, cost control, brand services, reform and transformation, focused on stabilizing safety, improving efficiency, promoting reform and boosting transformation, and strived to start a new chapter of "Embarking on a new journey with China Eastern Airlines" and accelerating the promotion of high-quality development. In the first half of 2024, the total traffic volume of and passengers served by the Group recorded a year-on-year increase of 54.31% and 30.41% respectively, reaching 110.60% and 105.83% of the same period in 2019 respectively. The passenger load factor increased by 9.44 percentage points year-on-year. The production and operation rebounded and improved. The operating income amounted to RMB64.199 billion, representing a year-on-year increase of 29.67%, and the net loss attributable to shareholders of the listed company amounted to RMB2.768 billion, representing a year-on-year significant decrease in loss of RMB3.490 billion.

➔ Overall Stability in Safety Conditions

The Group has always regarded safety as a top priority and has taken practical actions to ensure "Two Absolute Safeties"². Under the circumstances of a substantial increase in flight volume and a complex and changing operating environment, the Group firmly guarded the bottom line of safe operation and achieved overall stability in safety conditions. **Continuing to strengthen the construction of the safety management system.** The Group revised and improved 15 systems, including the working rules of the safety committee and the safety production management measures. **Focusing on carrying out special rectification of risks and hidden dangers.** It launched a three-year action plan for fundamental improvement of safety production and conducted special supervision on key units. **Strengthening the construction of safety culture and capacity improvement.** It carried out the "Safety Education Day", orderly promoted the annual flight training plan, and strived to build a team of pilots with "strong political competence, business proficiency, excellent work style and strict discipline". In the first half of 2024, the Group completed 1.283 million hours of safe flights and 507,600 take-offs and landings, representing a year-on-year increase of 22.72% and 13.66% respectively.

➔ Steady Improvement in Operating Efficiency

The Group adhered to the general principle of "seeking progress while maintaining stability", closely combined the trend of China's opening up and the development of air transportation, captured the changes in market supply and demand, continuously optimized the route network structure, and concentrated resources on advantageous markets and international routes. In the first half of 2024, the Group recorded steady improvement in operating efficiency, and achieved a year-on-year significant decrease in loss in terms of its operating results. Affected by factors such as intensified competition in the domestic passenger transport market, lower-than-expected recovery in some international markets and competition from high-speed rail, the domestic market ticket price level in the first half of the year decreased year-on-year, and the international market ticket price gradually returned to the normal level. The daily aircraft utilization rate has not yet recovered to that in the same period of 2019.

² Two Absolute Safeties: ensuring the absolute safety of aviation operations and people's lives.

Taking hub construction as a foothold, and continuing to optimize and improve the layout of the air network.

The Group served the construction of Shanghai as an international shipping center and actively strived to be a world-class air transportation enterprise. The Group's share in the Shanghai Hongqiao and Pudong airports increased by approximately 1.6 percentage points year-on-year. It continued to improve the transit volume and transit efficiency of the core hub. In the first half of 2024, the Group achieved transit of 2.34 million passengers at Shanghai Pudong International Airport, representing an increase of 31.30% year-on-year compared with 2019, leading the domestic hub market size. Focusing on the "four beams and eight pillars" key markets, the number of domestic express lines increased to 36, and the "air corridor" started to take shape. By optimizing the route network and extending the flight distance, the average flight distance of summer and autumn flights increased by 8.90% year-on-year after the seasonal transition. **Taking international recovery as the focus, vigorously improving the recovery rate of international flights.** It opened a number of international routes along the "Belt and Road" such as Shanghai – Riyadh, Shanghai – Marseille and Xi'an – Budapest, and developed three international express brands such as Shanghai – Singapore, Shanghai – Bangkok and Kunming – Bangkok. It promoted joint ventures with Etihad Airways and other airlines, and added and expanded code sharing and SPA cooperation with Japan Airlines, Virgin Atlantic, EgyptAir and other airlines. In the first half of 2024, the Group's ASK and passenger revenue in the international market recovered to more than 90% of that in 2019. The number of flights in some international markets such as Europe, Southeast Asia and Australia exceeded the level in the same period of 2019. The overall recovery rate of international routes was significantly ahead of the industry average. **With revenue control as the key point, continuing to optimize sales strategies.** It further refined price management, optimized pre-sale strategies, business class prices, connecting flight prices, group sales and other controls, and continued to increase sales revenue. It implemented the strategic planning of the Yangtze River Delta integration and launched the "all-time-space"³ and "regional access"⁴ route products in the Yangtze River Delta. It enriched the "air ticket + culture and creation" priority products, launched the ancillary products such as "front row seats"⁵ standby upgrade

vouchers, and expanded the sales of ancillary products and priority products. **Focusing on bellyhold revenue control to increase passenger aircraft bellyhold revenue.** It captured the opportunity of strong cargo demand, and coordinated with Eastern Logistics to explore the cargo market. The freight traffic volume of bellyhold of passenger aircraft increased by 88.83% year-on-year. The cargo revenue amounted to RMB2.371 billion, representing a year-on-year increase of 59.45%.

➔ **Continuingly Strengthened Cost Management and Control**

The Group strengthened comprehensive budget management, actively promoted the quality and efficiency enhancement project, and further improved the management level of business and finance integration. **Deepening comprehensive budget management.** It strengthened the guiding role of budget on operating results, promoted refined management, and increased its efforts to control core businesses, key areas and key links; it refined projects such as quality and efficiency improvement to achieve efficiency increase of RMB807 million. **Continuing to promote business and finance integration.** By establishing a team of business and finance management personnel and strengthening the publicity and assessment of business and finance integration, the business and finance integration work mechanism was continuously improved. It strengthened data analysis capabilities and provided digital empowerment for deepening business and finance integration through information and digital systems. It reinforced fuel saving control through the measures such as shortening flight distance, controlling landing residual fuel, implementing single-engine taxiing and optimizing flight altitude. In the first half of 2024, the Group's fuel consumption per ATK decreased by 5.83% year-on-year, and the unit fuel consumption control effect was remarkable.

Strengthening capital management and cost control. The Group continued to optimize its debt structure, replaced high-interest debts, and reduced capital costs. Interest expenses decreased by RMB619 million year-on-year in the first half of the year. In the first half of 2024, the Group achieved a year-on-year decrease of 10.44% in operating costs per tonne-kilometre.

³ All-time-space: In the terminals in Suzhou, check-in services for all domestic, international and regional flights of China Eastern Airlines and Shanghai Airlines are available, and check-in procedure times can be adjusted. Tickets from the terminal to Shanghai Pudong Airport and Shanghai Hongqiao Airport are provided, so as to achieve more comprehensive route coverage, more efficient check-in process and closer air-ground transport.

⁴ Regional access: After purchasing a domestic single-trip ticket of a flight operated by China Eastern Airlines or Shanghai Airlines that departs or arrives at an airport in the region, passengers can purchase a new domestic single-trip flight ticket from an airport in another region to the same destination or from the same departure point to an airport in another region on the same day or within 1 day before or after the original flight is scheduled to take off. After the trip is completed, the original ticket can be fully refunded. China Eastern Airlines and Shanghai Airlines have launched the Yangtze River Delta regional access, Sichuan and Chongqing regional access, and Pearl River Delta regional access products to facilitate the travel needs of passengers to temporarily adjust their itineraries.

⁵ Front row seats: Passengers holding domestic economy class and premium economy class tickets operated by China Eastern Airlines and Shanghai Airlines can upgrade to business classes using upgrade vouchers.

➔ Continued Improvement in Brand Services

The Group implemented the “Four Fines” service philosophy, being “meticulous, precise, exquisite and refined” services, continuously enhanced service levels starting with the improvement of service management system and supported by innovative service products to optimize passenger experience so as to continuously elevate passenger loyalty.

Improving the construction of service management system and continuously improving service quality. It actively carried out the theme activity of “Quality and Efficiency Improvement Year for Civil Aviation Services” in 2024, enriched the connotation of “Four Fines” services, and upgraded the service standards and measurement indicators. It gave full play to the role of big data to meet the diversified and differentiated service needs of passengers. It advanced the construction of a management and control platform for the entire service process, strengthened the two-way linkage between services and operations, improved the quality of operation services, and enhanced passenger satisfaction. **Continuingly broadening aviation service scenarios with new iterations of featured products.** It innovated service models and upgraded service products via convenient transit, rescheduling and cancelling services, smart travel and other aspects. Products such as “Air-rail Combined Transportation”, “Air-bus Combined Transportation” and “Air-track Combined Transportation” were effectively expanded. Particularly, “Air-rail Combined Transportation” covered 47 hub cities for transit, connected 727 railway stations, and achieved bilateral intermodal transportation with 1,269 train segments and international transit of 10 hubs. **Serving the society and shouldering the responsibilities as a central enterprise, and showing the brand characteristics of China Eastern Airlines.** Bearing in mind “the country’s most fundamental interests”, it served the strategy of coordinated development between the nation and its regions, and supported the domestically manufactured large aircraft business. As the world’s first operator of the C919 passenger aircraft, the Group completed more than 7,800 hours of safe flights in more than one year of commercial operation, carried nearly 400,000 passengers, and achieved a flight punctuality rate of 97.52%. It developed customized cabin interiors and on-board supplies exclusively for C919, which were widely recognized by passengers. As of

the end of July 2024, the Group operated a total of 7 C919 passenger aircrafts, and the C919 fleet has entered a new stage of large-scale operation. It actively participated in major events such as “China Brand Day” and Chengdu Horticultural Exhibition, released a new brand promotional video, and expanded the brand communication power of China Eastern Airlines. It re-clarified the development positioning of Shanghai Airlines, a wholly-owned subsidiary, polished the brand of Shanghai Airlines, and created a “full-service, regional, and distinctive” airline. **Resolutely fulfilling the social responsibilities as a central enterprise and practicing the philosophy of low-carbon environmental protection.** It continued to promote the arrangement and application of sustainable aviation fuel (SAF) and launched the “Light Flight Enjoyment • On-demand Meal Service⁶” product to advocate green travel. It continued to carry out targeted assistance work, promoted honey products from Cangyuan and tea products from Shuangjiang, and actively contributed to rural revitalization.

➔ Continued Efforts in Reform and Innovation

Centering on the requirements of high-quality development and focusing on accelerating the construction of a world-class enterprise, the Group efficiently implemented actions to deepen and enhance the state-owned enterprise reform and concentrate its efforts to promote innovation in key areas. **Accelerating to achieve breakthroughs in major reform.** It solidly promoted the various tasks of the actions for enhancing the state-owned enterprise reform, and the reform of the marketing service system was first implemented. The functions and processes of the commerce committee, the sales committee and the customer committee were integrated, and the marketing and sales department and the service management department were established to better match the market, allocate resources and stimulate the vitality and motivation of the enterprise. With the goal of “streamlining the organization, clarifying responsibilities, and efficient collaboration”, the reform of the functional departments of the headquarters and the reform of the management and control model were vigorously promoted. The management and control model of the subsidiaries was optimized and adjusted, and the authorization was increased to promote high-quality development. **Accelerating to promote digital transformation.** It strengthened the construction of

⁶ Light Flight Enjoyment • On-demand Meal Service: Passengers who cancel their on-board meals will receive points from the Company, which can be exchanged for mileage.

the digital transformation system. The decision-making and consulting functions in the digital field was added for the planning development and digitalization committee of the Board, and a digital transformation work leading group was established; Shanghai Eastern Air Digital Technology Co., Ltd. was established to accelerate the implementation of key projects such as smart aircraft maintenance, smart marketing and digital aprons; strategic cooperation was carried out with excellent information technology companies in digital transformation, technological innovation and management training etc., and the first digital transformation innovation competition was held to create a sound atmosphere for innovation and transformation.

→ The quality of listed companies continues to improve

Taking the implementation of the State Council's new "National Nine Articles"⁷ as an opportunity, the Group has accelerated the improvement of the quality of listed companies and enhance the core competitiveness of the Company by improving the effectiveness of the Company's governance and strengthening its value management. **The Group continuously improves the corporate governance system.** The Group has completed the replacement of the Board in a compliant and efficient manner, further optimized the composition of the Board in light of the Company's development strategy, and created an international and diversified Board. The percentage of independent Directors is more than 50%, and the Board includes Directors of different genders and expertise, covering a number of important areas such as financial auditing, corporate management, strategic planning and digitalization. **The Group attaches great importance to value management.** The Board organizes the study and formulation of the "Work Plan for Implementing the New 'National Nine Articles' of China Eastern Airlines to Accelerate the Improvement of the Quality of Listed Companies", which focuses on strengthening the main business to increase efficiency, strengthening cost management and control and fine operation, strengthening investment management and control and quality improvement, deepening institutional reform to stimulate vitality, strengthening compliance management to prevent risks, strengthening market value management to promote valuation

and display the image, and refining and forming 20 key tasks and more than 70 specific initiatives. The Group actively responded to the initiative of the Shanghai Stock Exchange and issued the action plan of "Enhancing Quality, Increasing Efficiency and Focusing on Returns" to improve the quality and efficiency of operations, and consolidate the foundation for rewarding investors. The Group actively cooperated with CEA Holding, the controlling shareholder, to increase its shareholding in an orderly manner. As of the end of June 2024, CEA Holding increased its holdings of A+H shares of the Company by an aggregate amount of approximately RMB749 million, with the increase in the number of shares held exceeding 1% of the total share capital, which has played a positive role in guiding market expectations. **The Group continuously strengthens investor communication.** The chairman of the Board held a communication meeting with strategic shareholders to listen to their demands and respond to their concerns. The chief financial officer and the Board secretary led teams to conduct performance roadshows at home and abroad respectively, strengthening face-to-face communication with mainstream institutional investors. The chairman, the vice-chairman, the independent Directors and the management participated in regular performance presentations to listen and respond to the concerns of small and medium-sized investors. Through multi-level investor communication and exchange, the Group constantly enhanced the Company's brand image in the capital market.

⁷ National Nine Articles: The Several Opinions on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market issued by the State Council in April 2024, which consists of nine major parts.

Financial Overview

Operating Revenue

In the first half of 2024, the Group's revenue amounted to RMB64,199 million, representing an increase of 29.67% from the same period last year. In particular, traffic revenue amounted to RMB61,709 million, representing an increase of 31.67% from the same period last year, and other revenue amounted to RMB2,490 million, representing a decrease of 5.90% from the same period last year.

The Group's traffic revenue includes passenger revenue and cargo revenue.

In the first half of 2024, the Group's passenger revenue amounted to RMB59,338 million, representing an increase of 30.76% from the same period last year, and accounted for 96.16% of the Group's traffic revenue. Passenger traffic volume was 117,142.65 million passenger-kilometres, representing an increase of 50.30% from the same period last year.

The passenger revenue of domestic routes amounted to RMB42,166 million, representing an increase of 8.47% from last year, and accounted for 71.06% of the passenger revenue. The passenger traffic volume was 82,669.78 million passenger-kilometres, representing an increase of 19.06% from last year.

The passenger revenue of international routes amounted to RMB15,397 million, representing an increase of 184.18% from last year, and accounted for 25.95% of the passenger revenue. The passenger traffic volume was 31,959.65 million passenger-kilometres, representing an increase of 346.40% from last year.

The passenger revenue of regional routes amounted to RMB1,775 million, representing an increase of 63.59% from last year, and accounted for 2.99% of the passenger revenue. The passenger traffic volume was 2,513.22 million passenger-kilometres, representing an increase of 87.24% from last year.

In the first half of 2024, the Group's cargo revenue amounted to RMB2,371 million, increasing by 59.45% when compared to the same period last year and accounting for 3.84% of the Group's traffic revenue. Cargo and mail traffic volume was 1,785.16 million tonne-kilometres, representing an increase of 88.83% from the same period last year. The increase in the Group's cargo revenue was mainly due to the growth in freight turnover as a result of strong demand for international cargo during the Reporting Period.

Operating Expenses

In the first half of 2024, the Group's total operating expenses was RMB67,359 million, representing an increase of 23.14% from last year. In the first half of 2024, the analysis of the changes in the Group's operating cost items is set out as follows:

In the first half of 2024, the Group's aircraft fuel costs amounted to RMB23,292 million, representing an increase of 33.62% from the same period last year, and was primarily due to the increase in the number of flights and flight hours. The volume of refuelling increased by 29.49% from the same period last year, leading to an increase in aircraft fuel costs by RMB5,141 million. As crude oil prices rose, the average price of aircraft fuel increased by 3.18% from the same period last year, leading to an increase in aircraft fuel cost by RMB719 million.

In the first half of 2024, the Group's take-off and landing charges amounted to RMB8,236 million, representing an increase of 23.26% from the same period last year, and was primarily due to the increase in the number of flight take-offs and landings driven by recovery of demand for air passenger transportation.

In the first half of 2024, the Group's depreciation and amortisation amounted to RMB13,203 million, representing an increase of 8.04% from the same period last year, and was primarily due to the increase in the size of its fleet, the increase in the traffic volume and the increase in the depreciation of components.

In the first half of 2024, the Group's wages, salaries and benefits amounted to RMB12,624 million, representing an increase of 14.84% from the same period last year, and was primarily due to the increase in the flight hours, leading to the increase in the flight hour fees of aircrew members.

In the first half of 2024, the Group's aircraft maintenance expenses amounted to RMB3,042 million, representing an increase of 43.22% from the same period last year, and was primarily due to the increase in the size of its fleet, the increase in the number of flights, and the increase in the aircraft and daily engine maintenance expenses.

In the first half of 2024, the Group's catering supply expenses amounted to RMB2,006 million, representing an increase of 57.21% from the same period last year, and was primarily due to the increase in meals and provisions as a result of the rapid recovery in international markets, which saw a 390% year-on-year increase in passenger arrivals.

In the first half of 2024, the Group's sale and marketing expenses amounted to RMB1,876 million, representing an increase of 40.00% from the same period last year, and was primarily due to the significant increase in the number of passengers, leading to an increase in the administration expenses of the agency business and system reservation fees, etc.

In the first half of 2024, the Group's contribution to the civil aviation development fund of Civil Aviation Administration of China amounted to RMB554 million, representing an increase of 11.47% year-on-year, primarily due to the recovery of the passenger transport market and the increase in the Group's traffic volume.

Other Operating Income

In the first half of 2024, the Group's other operating income amounted to RMB3,200 million, representing an increase of 21.90% from the same period last year, and was primarily due to the significant increase in the number of passengers, increased investment in transportation capacity and the increase in income from co-operation routes.

Net Loss

In the first half of 2024, net loss attributable to equity holders of the Company amounted to RMB2,768 million and in the first half of 2023, net loss attributable to equity holders of the Company amounted to RMB6,258 million. The loss per share attributable to equity holders of the Company was RMB0.12.

Liquidity and Capital Structure

As at 30 June 2024, the Group had total assets of RMB274,919 million, representing a decrease of 3.47% from 31 December 2023. Its asset-to-liability ratio was 85.40%, which is calculated as total liabilities divided by total assets, representing an increase of 0.69 percentage point from 31 December 2023.

In particular, total current assets amounted to RMB18,597 million, which accounted for 6.76% of the total assets and represented a decrease of 27.96% from 31 December 2023. Non-current assets amounted to RMB256,322 million, which accounted for 93.24% of the total assets and represented a decrease of 1.03% from 31 December 2023.

As at 30 June 2024, the Group had total liabilities of RMB234,778 million, representing a decrease of 2.68% from 31 December 2023, which comprised current liabilities of RMB116,808 million which accounted for 49.75% of total liabilities, and non-current liabilities of RMB117,970 million which accounted for 50.25% of total liabilities.

Among the current liabilities, interest-bearing liabilities (short-term bank borrowings, super short-term debentures, long-term bank borrowings due within one year, bonds payable due within one year and lease liabilities due within one year) amounted to RMB82,895 million, representing an increase of 14.98% from 31 December 2023. Among the non-current liabilities, interest-bearing liabilities (long-term borrowings, bonds payable and lease liabilities) amounted to RMB106,035 million, representing a decrease of 13.79% from 31 December 2023.

In the first half of 2024, 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 30 June 2024, the breakdown of the Group's interest-bearing obligations by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent				
	As at 30 June 2024		As at 31 December 2023		Movement
	Amount	Proportion (%)	Amount	Proportion (%)	
RMB	157,274	83.24	160,214	82.12	-1.84
USD	28,944	15.32	30,945	15.86	-6.47
Others	2,712	1.44	3,929	2.02	-30.97
Total	188,930	100.00	195,088	100.00	-3.16

Management's Discussion and Analysis

As at 30 June 2024, the Group's interest-bearing liabilities included long-term and short-term borrowings, bonds payable and super short-term debentures equivalent to RMB117,088 million, representing an increase of 5.92% from RMB110,541 million as at 31 December 2023. The breakdown by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent		Movement (%)
	As at 30 June 2024	As at 31 December 2023	
RMB	114,455	106,694	7.27
SGD	2,633	2,681	-1.79
EUR	-	1,166	-100.00
Total	117,088	110,541	5.92

As at 30 June 2024, the lease liabilities in the Group's interest-bearing liabilities amounted to RMB71,842 million, representing a decrease of 15.03% from RMB84,547 million as at 31 December 2023. The breakdown by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent		Movement (%)
	As at 30 June 2024	As at 31 December 2023	
RMB	42,819	53,520	-19.99
USD	28,944	30,945	-6.47
HKD	15	19	-21.05
JPY	25	31	-19.35
SGD	4	4	-
Others	35	28	25.00
Total	71,842	84,547	-15.03

Interest Rate Fluctuation

The interest-bearing liabilities of the Group include short-term interest-bearing liabilities and long-term interest-bearing liabilities, of which the proportion of interest-bearing liabilities with fixed interest rates is 54.92%, and the proportion of interest-bearing liabilities with floating interest rates is 45.08%. The Group's total interest-bearing liabilities as at 30 June 2024 and 31 December 2023 were equivalent to RMB188,930 million and RMB195,088 million (including long-term and short-term bank borrowings, lease liabilities, bonds payable and super short-term debentures), of which short-term interest-bearing liabilities accounted for 43.88% and 36.96%, respectively.

The Group's interest-bearing liabilities were primarily denominated in USD and RMB. As at 30 June 2024 and 31 December 2023, the Group's interest-bearing liabilities denominated in USD accounted for 15.32% and 15.86%, respectively, of total interest-bearing liabilities while the Group's interest-bearing liabilities denominated in RMB accounted for 83.24% and 82.12%, respectively, of total interest-bearing liabilities. Fluctuations in the USD and RMB interest rates have a relatively significant impact on the Company's finance costs. Through interest rate swap contracts, the Group may lock in interest rates to reduce the exposure to fluctuations in floating rate of the USD-denominated debts.

In the first half of 2024, the Group made careful assessments based on the derivatives market conditions and did not enter into any new interest rate swap contract transactions. As at 30 June 2024, the outstanding interest rate swap contracts held by the Group amounted to a notional amount of approximately USD159 million, which will expire between the second half of 2024 and 2025. As at 31 December 2023, such amount was approximately USD189 million.

Exchange Rate Fluctuation

As at 30 June 2024, the Group's total interest-bearing liabilities denominated in foreign currencies amounted to RMB31,656 million, of which interest-bearing liabilities denominated in USD accounted for 91.43% of all interest-bearing liabilities denominated in foreign currencies. In the case of significant fluctuations in the USD exchange rate, USD assets and liabilities will generate a larger amount of foreign exchange gains and losses, which will affect the Group's profitability and assets and liabilities. The Group can lock the exchange rate through forward currency contracts to hedge against the impact of fluctuations in the USD exchange rate.

During the first half of 2024, the Group entered into foreign exchange forward transactions based on a prudent assessment of future cash flow payment needs and derivative market conditions. As of 30 June 2024, the Group held outstanding foreign exchange forward transactions with a notional amount of approximately USD37 million, which will mature in June 2025.

Fluctuation of Jet Fuel Prices

As one of the largest operating costs of the Group, the fluctuation of jet fuel prices has a significant impact on the efficiency of the Group. The Group can lock in jet fuel costs through crude oil swap contracts, crude oil call options, collar options portfolios, crude oil futures contracts etc., to reduce the adverse impact of jet fuel price fluctuations.

In the first half of 2024, the Group made careful assessments based on the derivatives market conditions and did not carry out any jet fuel hedging transactions. As at 30 June 2024, the Group had no outstanding jet fuel hedging contracts.

Pledges on Assets and Contingent Liabilities

As at 30 June 2024, the value of the Group's assets used to secure certain bank loans was equivalent to RMB34,159 million, representing an increase of 7.86% from RMB31,669 million as at 31 December 2023.

As at 30 June 2024, the Group had no significant contingent liabilities.

Human Resources

As at 30 June 2024, the Group had 83,125 employees, the majority of whom were located in China. The wages of the Group's employees primarily consisted of basic salaries and performance bonuses.

Compliance with the Relevant Laws and Regulations which may have a Significant Impact on the Group

As at 30 June 2024, 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.

Management's Discussion and Analysis

Investment in Securities

Unit: RMB million

Type of securities	Stock code	Stock abbreviation	Initial investment cost	Source of capital	Carrying amount at the beginning of the period	Profit and loss from changes in fair value in the period	Cumulative fair value changes included in equity	Purchase during the period	Sale during the period	Investment profit and loss for the period	Carrying amount at the end of the period	Accounting Item
Share	00696	TravelSky	18.50	Equity acquisition	259.48	–	158.82	–	–	–	177.32	Investment in other equity instruments
Share	600000	Pudong Development Bank	122.14	Equity replacement	64.81	15.77	–	–	–	–	80.58	Financial assets held for trading
Share	600221	Hainan Airlines Holding	0.07	Debt-to-equity swap	0.05	-0.01	–	–	–	–	0.04	Financial assets held for trading
Total	/	/	140.71	/	324.34	15.76	158.82	–	–	–	257.94	/

Financial assets measured at fair value

Unit: RMB million

Type of assets	Amount at the beginning of the period	Profit and loss from changes in fair value in the period	Cumulative fair value changes included in equity	Impairment provision for the period	Purchase during the period	Sale/redemption during the period	Other changes	Amount at the end of the period
Interest rate swap contracts	48.68	–	27.33	–	–	–	–	27.33
Forward currency contracts	–	–	0.19	–	–	–	–	0.19
Financial assets held for trading	65.13	15.76	–	–	–	–	–	80.89
Investment in other equity instruments	1,057.16	–	194.98	–	–	–	–	928.70
Total	1,170.97	15.76	222.50	–	–	–	–	1,037.11

Analysis on major controlled subsidiaries and investee companies

Unit: RMB million

Name of company	Date of establishment	Registered capital (RMB100 million)	Revenue	Net profit ("-" for net loss)	Total assets	Net assets	Gearing ratio (%)
Eastern Air Jiangsu	1993	20.00	4,943	-542	14,766	-3,063	121%
Eastern Air Wuhan	2002	17.50	2,170	-26	6,573	1,496	77%
Eastern Air Yunnan	2010	36.62	5,415	-336	14,981	3,203	79%
Shanghai Airlines	2010	55.00	6,182	-163	24,999	-4,094	116%
China United Airlines	1984	33.20	4,114	94	11,737	2,373	80%
OTT Airlines	2008	15.00	275	-273	3,723	-89	102%
CEA Technic	2014	46.52	5,670	18	9,257	1,550	83%

1. Eastern Air Jiangsu

The headquarters of Eastern Air Jiangsu is located in Nanjing, Jiangsu Province, with Nanjing Lukou International Airport as the main operation base, which plays an important role within the Company in securing the Jiangsu market and developing the Shanghai hub of the Company. Eastern Air Jiangsu has long been deeply integrated into the national Yangtze River Delta integration and development strategy, and has built a regional hub route network with Nanjing as the core covering major provincial capitals in China and destinations in Japan, South Korea, Southeast Asia, Europe, America and Australia. In the first half of 2024, Eastern Air Jiangsu recorded revenue of RMB4,943 million, representing a 14.74% increase from last year. Its net loss amounted to RMB542 million, as compared to RMB241 million in the same period last year. Passenger traffic volume was 9,437.18 million passenger-kilometres, representing an 18.24% increase from last year. Number of passengers carried was 6,361,700, representing a 17.17% increase from last year. As of 30 June 2024, Eastern Air Jiangsu operated a total of 76 A320 series aircraft.

2. Eastern Air Wuhan

Headquartered in Wuhan, Hubei Province, and taking Wuhan Tianhe International Airport as its main operating base, Eastern Air Wuhan is the largest airline in the central region. Eastern Air Wuhan is committed to supporting the national policy of building an inland economy with a new height of openness, and offering high-quality express flights aiming at the Wuhan market. With a view to perfecting flight connections between "trunk and branch lines" to achieve free transits, it has built a route network that covers the

whole province, radiates across the country and offers services to international destinations. In the first half of 2024, Eastern Air Wuhan recorded revenue of RMB2,170 million, representing a 21.30% increase from last year. Its net loss amounted to RMB26 million, as compared to RMB148 million in the same period last year. Passenger traffic volume was 3,946.35 million passenger-kilometres, representing a 26.75% increase from last year. Number of passengers carried was 3,537,700, representing a 27.28% increase from last year. As of 30 June 2024, Eastern Air Wuhan operated a total of 35 B737 series aircraft.

3. Eastern Air Yunnan

Headquartered in Kunming, Yunnan Province, with Kunming Changshui International Airport as its main operating base, Eastern Air Yunnan has built an international route network centered on Kunming and radiating to Southeast Asia, South Asia and West Asia. Eastern Air Yunnan is the largest carrier based in Yunnan, and has all-inclusive functions covering service, security, operation, marketing, cargo, and aircraft maintenance, staying at the forefront in terms of route network and hub operation capability. In the first half of 2024, Eastern Air Yunnan recorded revenue of RMB5,415 million, representing a 20.01% increase from last year. Its net loss amounted to RMB336 million, as compared to RMB498 million in the same period last year. Passenger traffic volume was 9,776.85 million passenger-kilometres, representing a 32.46% increase from last year. Number of passengers carried was 6,665,500, representing a 23.46% increase from last year. As of 30 June 2024, Eastern Air Yunnan operated 75 B737 series and B787 series aircraft in aggregate.

4. Shanghai Airlines

Headquartered in Shanghai, Shanghai Airlines takes Shanghai Hongqiao International Airport and Shanghai Pudong International Airport as its main operating bases. With the guiding principle of “based in Shanghai, serving Shanghai”, Shanghai Airlines focuses on the regions of Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hongkong-Macao, Chengdu-Chongqing to strengthen its main routes and create high-quality featured routes, forming an effective synergy with airline network of the Company. In the first half of 2024, Shanghai Airlines recorded revenue of RMB6,182 million, representing a 34.63% increase from last year. Its net loss amounted to RMB163 million, as compared to RMB971 million in the same period last year. Passenger traffic volume was 11,366.03 million passenger-kilometres, representing a 56.98% increase from last year. Number of passengers carried was 7,058,400, representing a 40.92% increase from last year. As of 30 June 2024, Shanghai Airlines operated 85 B737 series and B787 aircraft in aggregate.

5. China United Airlines

Headquartered in Beijing, China United Airlines takes Beijing Daxing International Airport as its main operation base and has built a “diamond-shaped” network around the Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hongkong-Macao regions. Positioned as an innovative economic airline, China United Airlines is the main carrier of the Company's dual-brand strategy. In the first half of 2024, China United Airlines recorded revenue of RMB4,114 million, representing a 32.50% increase from last year. Its net profit amounted to RMB94 million, as compared to net loss of RMB218 million in the same period last year. Passenger traffic volume was 9,209.88 million passenger-kilometres, representing a 41.93% increase from last year. Number of passengers carried was 5,801,500, representing a 27.50% increase from last year. As of 30 June 2024, China United Airlines operated 58 B737 series aircraft in aggregate.

6. OTT Airlines⁸

Headquartered in Shanghai, OTT Airlines takes Shanghai Pudong International Airport as its main operation base, and builds a “regional network” by opening up routes to nearby third- and fourth-tier cities which can provide good traffic volume and integrating with the Company's route network, in order to provide passengers with high-coverage transportation services. In the first half of 2024, OTT Airlines recorded revenue of RMB275 million, representing a 21.68% increase from last year. Its net loss amounted to RMB273 million, as compared to RMB207 million in the same period last year. Passenger traffic volume was 535.85 million passenger-kilometres, representing a 56.98% increase from last year. Number of passengers carried was 520,300, representing a 49.60% increase from last year. As of 30 June 2024, OTT Airlines operated 24 ARJ21 aircraft in aggregate.

Core competitiveness

1. Advantages of Located in Prosperously Developed Shanghai and the Yangtze River Delta Area

The Company enjoys relatively strong location advantages. Being one of the three major state-owned aviation companies, the headquarters and main operation bases of the Company are located in the super-sized international city — Shanghai. As China's key economic center and international shipping center, the Yangtze River Delta directly served by Shanghai is one of the most economically vibrant regions in China with the highest degree of openness and the strongest innovative capacity as well as the key intersection of the “Belt and Road” and “Yangtze River Economic Belt”. Shanghai has always had very close economic and trade connection with the Asia-Pacific region, Europe and America. The time it takes to fly from Shanghai to major Asian cities is about 2 to 5 hours, and to Europe and the west coast of North America is about 10 to 12 hours.

⁸ The predecessor of OTT Airlines is Eastern Business Airlines Co., Ltd., which was established in September 2008. OTT Airlines was formally established in February 2020 and commenced commercialization of domestically manufactured aircraft after obtaining CCAR-121 certification in December 2020.

The Company has the biggest market share in Shanghai Hongqiao International Airport and Shanghai Pudong International Airport, and its development will benefit from the implementation of the national “Yangtze River Delta Integration” strategy, the construction of Shanghai’s five international “economic, financial, shipping, trade, science and technology innovation” centers and the continuous promotion of the overall plan for the construction of Hongqiao International Open Hub. The Jiangsu and Zhejiang branches of China Eastern Airlines under the Company have a strong presence and brand influence in Jiangsu and Zhejiang provinces, respectively. The Company actively builds and optimizes the route network with Shanghai as the core hub, and combines with the operation of Pudong Airport hub to continuously improve the transit efficiency and service capability of the Company, so as to continuously expand its impact in the air transportation market in Shanghai and the Yangtze River Delta. The Company will actively participate in global cooperation, accelerate the development of the Company into a world-class air transportation enterprise with global competitiveness, and strongly support China in building itself into a leading global player in transportation and civil aviation as well as promoting Shanghai to become an international shipping center.

2. Flight Hub and Network Layout with Unique Advantages

As a member of SkyTeam Airline Alliance, the Company boasts an aviation transport network covering 1,050 destinations in 166 countries and regions around the world. Frequent flyer Members of “Eastern Miles” (東方萬里行) can enjoy member benefits and use any one of the 750 VIP airport lounges of the SkyTeam Airline Alliance member airlines across the world.

The Company has actively seized the opportunities of the coordinated development of Beijing-Tianjin-Hebei, the Yangtze River Delta Integration strategy and the construction of the Guangdong-HongKong-Macao Greater Bay Area to strengthen its route network layout. The Company chose Shanghai and Beijing, places with highly developed economy and keen demand on outbound travelling, as its core hubs, while Kunming (the gateway of Southeast Asia) and Xi’an (the gateway of Northwest China under the “Belt and Road” initiative) as regional hubs. The Company has constructed “four beams and eight pillars” key route networks in Guangzhou, Shenzhen, Chengdu, Nanjing, Hangzhou, Qingdao, Wuhan, Xiamen and other cities.

For domestic routes, the Company’s route network covers all provincial capital cities and key cities in China, continuing to develop the “Punctual, Swift, and Superior” “Air Express” brand in key cities. The number of domestic express lines increased to 36. For international routes, the Company’s route network provides direct access to major well-known cities and tourist destinations in Hong Kong, Macau, Taiwan, Japan, South Korea, Southeast Asia and Middle East, and major international cities in Europe, America and Oceania. Japan-South Korea aviation market is a traditional high-yield aviation market. The Company is the carrier with the largest market share in China and Japan, and the largest Chinese carrier in South Korea. The recovery of the Japan-South Korea aviation market will further enhance the Company’s profitability. Serving under national “Going Global” strategy and considering the market demand and its route network, the Company has opened new international routes along the “Belt and Road” such as Shanghai-Riyadh, Shanghai-Marseille, Xi’an-Budapest, Beijing Daxing-Bangkok and Hangzhou-Ho Chi Minh City since 2024 and plans to open routes such as Shanghai-Venice and Xi’an-Milan to improve its route network layout. Currently, the Company is actively constructing its international express network. In the first half of 2024, the Company has provided a number of international expresses including Shanghai-Singapore, Shanghai-Bangkok and Kunming-Bangkok.

3. Streamlined and Efficient Fleet Structure

The Company has always strived on practicing the concept of green and low carbon development as well as updating and optimizing the fleet structure. The Company operates a modern fleet of nearly 800 aircraft comprised of B787 series, A350 series, A320 series, C919, and other new generation aircraft, and owns the largest wide-body fleet with leading business and technology models in China providing in-flight Internet access. It is China’s first civil aviation company to allow the use of portable devices such as mobile phones. By the end of first half of 2024, the average age of the Company’s fleet is 9 years. The Company optimized fleet deployment and fleet performance by digital means to continue to achieve better match between aircraft and the route network and improve operational efficiency of the fleet.

4. A Brand with Strong Oriental Characteristics and High-quality Services

The Company focused intensively on the strategic goal of becoming a "World Class" airline by continuously improving the quality of services and promoting the development of service brand. The Company has continuously created "precise, exquisite, refined and wonderful" services through continuously optimizing service processes and innovating service products, thereby bringing a wonderful travel experience to passengers.

The Company has won many awards in areas such as operational quality, service experience and social responsibility. The Company was ranked among the top 50 "BrandZ Most Valuable Chinese Brands" of the global brand communication group WPP, ranked 7th in "2023 Top 50 Global Airline Brand Value" of Brand Finance.

5. High Quality Customer Cluster and Outstanding Partners

The Company has always maintained a high service quality and keeps enhancing the travel experience of its passengers. The Company's "Eastern Miles" frequent flyers reached 61.83 million.

The Company actively promotes cooperation with SkyTeam Airline Alliance, and has established a more stable and close comprehensive strategic cooperation relationship with Delta and AFK through capital and business collaboration. The Company actively promoted joint operation with AFK and cooperation with alliance partners such as Japan Airlines, Korean Air and Saudia in cooperative marketing and code sharing, and eagerly coordinated and carried out projects in the alliance regarding seamless check-in, lounges, frequent flyers and group customers. In the domestic aviation industry, through carrying out strategic cooperation using the "equity + business" model with Juneyao Airlines, the competitiveness of the Company's Shanghai main base has been further enhanced.

In the upstream and downstream of the aviation industry chain, the Company has actively explored brand cooperation with world-renowned companies to create mutual benefits. The Company established the "Airline + Internet" cooperation model with Ctrip to strengthen cooperation in product and route promotion. It cooperates with China National Railway Group Co., Ltd. to realize one-stop booking of "air ticket + train ticket" and also cooperates with Alipay, Douyin, Disney, etc. The cooperation with large hotel groups and car platforms has been expanded to make travelling more convenient for passengers. Eastern Airlines Wallet's cooperations with China UnionPay as well as major airport hubs are strengthened to enrich the functions of Eastern Airlines Wallet, and further enhance the ecology based on Eastern Airlines credit points.

6. High-quality fulfilment of social responsibility

With a strong sense of social responsibility, the Company implements the ESG principles and continuously expands its investment in aspects like aviation safety, passenger services, caring for employees, community development and green flight. Setting "building a world-class and happy CEA" as its goal, the Company strives to become a world-class intelligent air travel integrated service provider that focuses on sustained safety, innovative development, high quality and efficiency, and environmental protection.

The Company upholds the concept of sustainable development, accelerates the construction of ESG system, continuously improves and optimizes the management system of sustainable development (ESG), and improves the level of ESG governance and performance. Under the guidance of the Aviation Safety and Environment Committee of the Board, the Company has formulated and implemented an annual work plan for environmental and sustainable development, specially prepared the "Carbon Peak Action Plan", actively participated in the "Sustainable Flight Challenge" organised by SkyTeam Airline Alliance and promoted the deployment and application of sustainable aviation fuels (SAF). The Company has published a high-quality social responsibility and ESG reports for 16 consecutive years since 2009. The Company received a variety of awards such as the "2023 Four-Star ESG Rating for Listed Companies Controlled by Central Enterprises", "Golden Bee 2023 Excellent Corporate Social Responsibility Report – Longevity Award" and "2023 China CSR Ranking by YICAI – ESG Innovative Practice Award", and was selected as one of the "China ESG Listed Companies Yangtze River Delta Pioneer 50 (2024)".

Risk Analysis

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

The aviation industry is closely connected to the economic and trade environment. The civil aviation 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 have a relatively significant impact on the demand for aviation market in such location and its surrounding areas and on the bilateral air traffic rights and time slot resources allocation. 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 for air travel and normal operation of the Company.

The Company 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, maintains effective communication with civil aviation regulatory bodies both domestically and internationally 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 Company. At the same time, as the Company is a public company listed in Shanghai and Hong Kong, the changes in the securities regulatory laws and regulations of the places of listing may have 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 Company 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 Company, 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 Company.

The Company 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 may place air transportation enterprises under the risk of insufficient reserves in air traffic rights and time slot resources at important domestic and overseas destinations, as well as core resources such as management personnel in key positions and professional technical personnel, which may constrain the efforts of the Company to achieve its projected development goals or have a material adverse impact on the production and operations of the Company.

The Company reserves core market time slot resources by actively negotiating with regulators regarding domestic and overseas air traffic rights and time slot resources and actively participating in the market-based competition for time slot resources. The Company has proactively developed a core backup workforce through promoting the building of corporate culture of "Love at CEA", improving its incentive scheme for core technical staff, providing training programs to a pool of multi-tier backup management personnel and launching a core technical staff recruitment scheme.

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 and overseas aviation industry may intensify, which may bring uncertainties to the Company's air traffic rights and time slot resources, ticket price level and market share, and therefore have an impact on the Company'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 Company may experience higher competitive pressure.

6. Risks Associated with the Fluctuation of Jet Fuel Prices, Exchange Rates, and Interest Rates

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

The majority of the Company's liabilities are attributable to USD-denominated liabilities and RMB-denominated liabilities generated from introduction of aircraft, engines and aviation equipment, etc. Fluctuations in the exchange rate of USD against RMB will give rise to foreign exchange gains and losses. The adjustment in interest rates of USD and RMB will cause changes in the borrowing costs of the Company's loans that carry floating interest rates, as well as future finance costs, which in turn may affect the Company's finance expenses.

As at 30 June 2024, the impacts of changes in jet fuel prices, exchange rates, and interest rates on the Company are as follows:

Unit: RMB million

Sensitivity analysis on the changes in jet fuel prices, exchange rates, and interest rates	Effect on total profit		Effect on other comprehensive income	
	Increase	Decrease	Increase	Decrease
Increase or decrease by 5% in average jet fuel prices	-1,165	1,165	-	-
Increase or decrease by 25 basis points in floating interest rates	-213	213	3	-3
Appreciation or depreciation by 1% of USD against RMB	-283	283	-	-

In terms of the risk associated with the fluctuation of jet fuel prices, the Company has optimised its transportation capacity allocation, strengthened marketing and increased passenger load factor and unit yield level, so as to respond to the pressure of rising jet fuel prices. The Company proactively analysed the trend of oil prices, and, as authorised by the Board, prudently conducted jet fuel hedging activities. Exposure to jet fuel price fluctuations may be partially offset by the implementation of fuel surcharge mechanism in China's civil aviation industry.

In terms of the exchange rate fluctuation risk, the Company paid close attention to the exchange rate market and further optimised the mix of currency denomination of the debts by means of issuing super short-term debentures and corporate bonds and acquiring RMB borrowings, so as to reduce exchange rate volatility risks. Against the backdrop of the Company's promotion of international business, the Company will adopt various measures, such as local income and expenditure currency matching in the overseas market, to minimise the impact arising from exchange rate fluctuations.

In terms of the interest rate fluctuation risk, the Company will launch transactions in derivatives to further optimise the Company's proportion of floating-rate debts to the USD-denominated debts in the future. At the same time, the Company will seize the opportunity to issue super short-term debentures and corporate bonds to strive to minimise RMB finance costs.

7. Digital and Information Security Risk

The development of various businesses during the Company's operation is closely related to the information network system. If there is any design defect, operational failure in the information network system of the Company 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, or if there is a failure in the information network system, the Company'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 Company.

The Company 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 Company 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.

8. Development and Transformation Risk

During the process of expanding into new international markets, conducting external investments, mergers and acquisitions and restructuring existing businesses and assets, the Company 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 Company. There remain certain risks associated with the failure of achieving expected goals of transformation projects or business adjustments in the future.

The Company 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 its expansion into new international markets, commencement of external investments, mergers and acquisitions and restructuring existing businesses and assets.

9. Supply Chain Risk

Air transportation enterprises require essential facilities and equipment including aircraft, engines and aviation equipment, as well as systems that meet the qualifications for flight, maintenance and operation and core technologies for their normal operations. If there is any abnormality in the operation of the Company's suppliers for essential facilities and equipment and core technologies in the supply chain, or under special circumstances, the suppliers are unable to provide essential facilities and equipment and core technological services support required for the Company's operations normally, the Company's normal operations may be adversely affected.

The Company regularly assesses the contractual performance capacity of suppliers of essential facilities and equipment and core technological services that are closely related to its supply chain of business and operations. The Company 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 in respect of the supply chain.

10. 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 Company'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 Company 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 Company has strengthened the communication between capital markets and various investors, paid close attention to the Company's share price performance and media coverage, gave timely response to the market and strove to avoid abnormal fluctuations in the Company's share price.

11. Risk Associated with the Changes in Environmental Policy

The increasing importance attached to environmental policies including carbon emissions and noise control globally 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 Company 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 "diesel-to-electric" 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 Company 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 Company 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.

12. Other Force Majeure and Unforeseeable Risks

The aviation industry is highly sensitive to external factors. Apart from above-mentioned risks, natural disasters and the navigational or personnel restrictions imposed by countries may also 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 Company.

The Company strengthened risk management and control and actively responded to unexpected risks to minimise the relevant losses and protect the interests of the shareholders of the Company.

Outlook for the Second Half of 2024

In the second half of 2024, the development trend of the economic upturn in China continues to be consolidated and strengthened. The civil aviation passenger transportation market in China will maintain a steady growth trend, but still face challenges such as localized and temporary overcapacity in the domestic passenger transportation market, and uncertainty in the recovery of some international passenger transportation markets.

In the second half of 2024, the Group will remain steadfast to its full-year objectives and tasks, maintain its strategic composure, overcome difficulties, and solidly push forward various tasks such as safety, operation, service, reform and management, so as to constantly enhance its core competitiveness and promote the high-quality development of the Group.

➔ **Firmly building the safety bottom line**

Promoting the construction of the “Four Major Systems”.

Focusing on the four major systems of safety management, production and operation, flight training, and aircraft maintenance, the Group will improve the responsibility system for production safety and strictly implement job safety responsibilities. The Group will enhance the effectiveness of the safety management system, and improve the dual prevention mechanism for hierarchical management and control of safety risks and investigation and management of hidden dangers. **Carrying out the investigation of safety risks and hidden dangers.** The Group will formulate practical and feasible measures to address the problems identified in safety management, technical training, risk management and control and team building in all areas, processes and chains. **Strengthening the “Three Foundations” of civil aviation.** The Group will improve the flight training quality supervision and inspection mechanism, focusing on aspects such as flight training, technical level promotion and capability check, and strengthen the management of specialized teams and key personnel.

➔ **Striving to improve operating efficiency**

The Group will **strengthen the competitiveness of the hubs**, optimize the aviation network structure, and strengthen the aviation network structure with Shanghai and Beijing as the core hubs and Kunming and Xi'an as the regional hubs as the backbone. The Group will strengthen transit capacity, and improve the quantity and quality of transit connection. The Group will **enhance market control**, grasp peak seasons and market hotspots, flexibly allocate resources such as aviation networks, flights, aircraft types, etc., and improve economic efficiency. The Group will continue to expand the international market and open up “Belt and Road” routes. The Group will strengthen revenue management and control, promote brand freight rate sales, expand distribution channels, and enhance the customer service experience of the Group. The Group will strengthen passenger and cargo linkage, marketing service linkage, overseas marketing linkage, and cross-industry marketing linkage. The Group will **enhance product competitiveness**, promote product research and development and production, push for the launch of products such as “Museum Privilege¹⁰ (博物館優享)”, continue to expand the sales of products such as “one-step service package¹¹ (一步到位)” and “Front Row Seat (前排就座)” standby upgrade coupons, and increase ancillary revenue.

➔ **Deepening service brand building**

Leveraging the “Four Excellences” service brand effect.

Taking travelers' experience as the starting point and key indicator of brand building, the Group will enhance the value of the service brand. The Group will solidly carry out the theme activity of “Civil Aviation Service Quality and Efficiency Improvement Year”, refine and implement 22 key tasks, and meet the diverse service needs of passengers. The Group will strengthen the brand advantage of being the first to operate domestically produced large aircraft, and enhance passenger recognition and loyalty.

Continuously promoting service brand innovation. Taking reform and innovation as an opportunity, the Group will promote the construction of a service management system based on regulations and manuals, a service full process management and control platform centered on digital transformation, and a management collaboration mechanism based on the Service Management Committee. The Group will continuously promote service innovation to give the Eastern Airlines brand a more distinctive sense of the times through innovation.

⁹ Three Foundations: Taking pains to improve local-level fundamental management and basic capabilities.

¹⁰ Museum Privilege: Passengers who purchase all domestic one-way direct flights of China Eastern Airlines and Shanghai Airlines with the “Museum Privilege” tag will receive one complimentary ticket to the Shanghai Museum on the next day of travel.

¹¹ One-step service package: Passengers can complete procedures such as ticket purchase, seat selection and check-in at one time when purchasing tickets for some of the domestic routes actually operated by China Eastern Airlines and Shanghai Airlines through channels such as the official website of China Eastern Airlines, the China Eastern Airlines APP, and the WeChat mini program of China Eastern Airlines.

→ Accelerating the promotion of reform and innovation

Solidly promoting various key reforms. The Group will further promote the deepening and upgrading of the reform of state-owned enterprises. The Group will continuously deepen the reform of the marketing service system and the structure of the headquarters. The Group will promote the reform of the management and control model, sort out and formulate a list of responsibilities for headquarters functional departments, business lines, branches and subsidiaries, and optimize the collaborative work mechanism and the assessment plan. **Accelerating the promotion of digital transformation.** The Group will promote the construction of digital scenarios such as marketing, aircraft maintenance, and digital aprons, and continue to expand to the upstream and downstream of the industrial chain, to all aspects of passenger services, and to the entire production and operation process. The Group will steadily promote the construction of data governance capabilities, enhance data security and protection capabilities, and advance the construction of data sharing regimes and systems.

→ Solidly promoting fine management

The Group will strengthen the fine management of the entire production and operation process, and improve the quality of lean operation. **In terms of production and operation,** the Group will enhance flight punctuality by strengthening extreme weather monitoring, comprehensive research and judgment, and operational preparations. Based on the fuel consumption performance of the aircraft, the Group will match the aircraft model with the route, analyze the data of each aspect of operation in detail, and formulate targeted improvement measures to enhance energy-saving efficiency. **In terms of financial management,** the Group will deepen cost control and implement strengthened budget management and cost management and control. The Group will deepen the integration of industry and finance and optimize the assessment method. The Group will enhance the efficiency of capital utilization and continue to promote cost reduction and efficiency improvement. **In terms of risk prevention,** the Group will solidly carry out annual major business risk prediction and evaluation, optimize and improve the risk monitoring and early warning indicator system, and effectively prevent and resolve major risks. The Group will strengthen the full process management and control of contracts, enhance the legal review and control of major issues, and proactively identify, evaluate and prevent potential risks.

→ Continuously improving the quality of listed companies

Adhering to the standardized operation of listed companies. Taking into account the release of the revision of the Company Law of the People's Republic of China and the requirements for the reform of the Board of Supervisors system, the Group will systematically organize the revision of relevant rules and regulations on corporate governance to continuously improve the corporate governance structure and refine the information disclosure mechanism. **Strengthening investor relations management.** The Group will enhance communication with investors through performance briefings, investor communication meetings, roadshows, etc. and strengthen two-way communication between the Company and the capital market. **Strengthening corporate value management.** The Group will cooperate with the controlling shareholder, CEA Holding, to increase its holdings of "A+H" shares and promote a reasonable valuation of the Company's share price. The Group will organize the implementation of the decision-making process for the share repurchase plan, ensure effective communication with investors, and carry out share repurchases in a compliant and orderly manner. Focusing on the main business of aviation, the Group will study paths and solutions that are conducive to optimizing the quality of the Company's assets and enhancing financial stability, so as to consolidate the foundation of the high-quality development of the Company.

Fleet Plan

Introduction and Retirement Plan of Aircraft for the Second Half of 2024 to 2026

(Units)

Model	Second Half of 2024		2025		2026	
	Introduction	Retirement	Introduction	Retirement	Introduction	Retirement
C919	4	0	10	0	10	0
ARJ21	2	0	9	0	0	0
Total number of COMAC aircraft	6	0	19	0	10	0
A350-900	0	0	0	0	0	0
A320 Series	19	12	31	21	34	17
Total number of Airbus aircraft	19	12	31	21	34	17
B787 Series	4	0	4	0	3	0
B737 Series	7	1	0	14	9	10
Total number of Boeing aircraft	11	1	4	14	12	10
Total number of aircraft	36	13	54	35	56	27

Note:

The Group does not rule out that the aircraft introduction and retirement plans will be optimised and adjusted in a timely manner based on changes in the external environment and market conditions and the capacity planning of the Group and an announcement will be made in accordance with the Listing Rules.

Significant Events

1. As at 30 June 2024 and the publication date of this report, the shareholding 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	3,633,883,040	16.30
2. Listed shares without trading moratorium	13,480,635,753	60.48
II H Shares	5,176,777,777	23.22
1. Listed shares with trading moratorium	0	0
2. Listed shares without trading moratorium	5,176,777,777	23.22
III Total number of shares	22,291,296,570	100.00

Notes:

- As at 30 June 2024, the total number of A shares of the Company amounted to 17,114,518,793 shares, of which, 3,633,883,040 shares were listed shares with trading moratorium, 13,480,635,753 shares were listed shares without trading moratorium. The total number of H shares of the Company was 5,176,777,777 shares, of which, 0 share was listed shares with trading moratorium, 5,176,777,777 shares were listed shares without trading moratorium. The total number of shares issued by the Company amounted to 22,291,296,570 shares.
- On 12 July 2024, a total of 1,138,952,165 A shares with trading moratorium held by CEA Holding were listed. For details, please refer to the announcement of the Company published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 8 July 2024.

2. Total Number of Shareholders

As at 30 June 2024, the total number of registered shareholders of the Company was 171,510.

3. Substantial Shareholders

So far as the Directors are aware, as at 30 June 2024, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares and/or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange:

Name of substantial shareholder	Class of shares	Number of shares held	Capacity	Percentage in the relevant class of issued shares	Percentage in total issued shares
CEA Holding	A shares	8,820,552,003(L) ^{Note 2}	Beneficial owner	51.54%(L)	39.57%(L)
		457,317,073(L) ^{Note 2}	Interests of controlled corporation	2.67%(L)	2.05%(L)
	H shares	2,735,610,000(L) ^{Note 3}	Interests of controlled corporation	52.49%(L)	12.19%(L)
CES Global	H shares	2,735,610,000(L) ^{Note 3}	Beneficial owner	52.49%(L)	12.19%(L)
Juneyao Group	A shares	77,958,002(L) ^{Note 4}	Beneficial owner	0.46%(L)	0.35%(L)
		808,441,233(L) ^{Note 4}	Interests of controlled corporation	4.72%(L)	3.63%(L)
	H shares	565,705,777(L) ^{Note 5}	Interests of controlled corporation	10.93%(L)	2.54%(L)
Juneyao Airlines	A shares	219,400,137(L) ^{Note 4}	Beneficial owner	1.28%(L)	0.98%(L)
		589,041,096(L) ^{Note 4}	Interests of controlled corporation	3.44%(L)	2.64%(L)
	H shares	77,958,002(L) ^{Note 4}	Others	0.46%(L)	0.35%(L)
		12,000,000(L) ^{Note 5}	Beneficial owner	0.23%(L)	0.05%(L)
		554,705,777(L) ^{Note 5}	Interests of controlled corporation	10.72%(L)	2.49%(L)
Juneyao Hong Kong	H shares	554,705,777(L) ^{Note 5}	Beneficial owner	10.72%(L)	2.49%(L)
Shanghai Jidaohang	A shares	589,041,096(L) ^{Note 4}	Beneficial owner	3.44%(L)	2.64%(L)
Wang Junjin	A shares	886,399,235(L) ^{Note 4}	Interests of controlled corporation	5.18%(L)	3.98%(L)
	H shares	566,705,777(L) ^{Note 5}	Interests of controlled corporation	10.79%(L)	2.51%(L)
Wang Han	A shares	886,399,235(L) ^{Note 4}	Interests of controlled corporation	5.18%(L)	3.98%(L)
	H shares	566,705,777(L) ^{Note 5}	Interests of controlled corporation	10.79%(L)	2.51%(L)
Ye Jinqi	A shares	886,399,235(L) ^{Note 4}	Interests of spouse	5.18%(L)	3.98%(L)
	H shares	566,705,777(L) ^{Note 5}	Interests of spouse	10.79%(L)	2.51%(L)

Notes:

- The letter (L) denotes a long position. The data disclosed above is mainly based on the information provided on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and by China Securities Depository and Clearing Corporation Limited.
- 8,820,552,003 A shares were held directly by CEA Holding; and 457,317,073 A shares were held directly by CES Finance, which in turn was entirely held by CEA Holding. Therefore, CEA Holding is deemed to be interested in the 457,317,073 A shares held directly by CES Finance.

Management's Discussion and Analysis

3. CES Global directly held 2,717,386,000 H shares in the capacity of beneficial owner through HKSCC, and CEA Holding indirectly owned the entire interests of CES Global through CES Finance. Therefore, CEA Holding is deemed to be interested in the 2,717,386,000 H shares held directly by CES Global.

As at 30 June 2024, CES Global had pledged 2,370,000,000 H shares. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 18 July 2023.

4. Based on the information provided by China Securities Depository and Clearing Corporation Limited, 77,958,002 A shares were held directly by Juneyao Group; 219,400,137 A shares were held directly by Juneyao Airlines; and 589,041,096 A shares were held directly by Shanghai Jidaohang. Mr. Wang Han and Mr. Wang Junjin were interested in 71.77% of shares of Juneyao Group; Juneyao Group is the controlling shareholder of Juneyao Airlines; and Juneyao Airlines owned the entire equity interests of Shanghai Jidaohang. Ms. Ye Jinqi is the spouse of Mr. Wang Junjin. Therefore, Juneyao Group is deemed to be interested in 219,400,137 A shares and 589,041,096 A shares held by Juneyao Airlines and Shanghai Jidaohang, respectively; Juneyao Airlines is deemed to be interested in 589,041,096 A shares held directly by Shanghai Jidaohang; Mr. Wang Han and Mr. Wang Junjin are deemed to be interested in 77,958,002 A shares, 219,400,137 A shares and 589,041,096 A shares held directly by Juneyao Group, Juneyao Airlines and Shanghai Jidaohang, respectively; and Ms. Ye Jinqi is deemed to be interested in 886,399,235 A shares held indirectly by Mr. Wang Junjin.

On 29 October 2019, Juneyao Group and Juneyao Airlines signed a Voting Rights Proxy Agreement to delegate the voting rights of all shares held directly by Juneyao Group as at 29 October 2019 to Juneyao Airlines. Therefore, Juneyao Airlines is also deemed to be interested in the A shares held directly by Juneyao Group.

5. Juneyao Airlines directly held 12,000,000 H shares; and Juneyao Hong Kong directly held 554,705,777 H shares in the capacity of beneficial owner through HKSCC. Mr. Wang Han and Mr. Wang Junjin were interested in 71.77% of shares of Juneyao Group; Juneyao Group is the controlling shareholder of Juneyao Airlines; and Juneyao Airlines owned the entire equity interests of Juneyao Hong Kong. Ms. Ye Jinqi is the spouse of Mr. Wang Junjin. Therefore, Juneyao Group, Mr. Wang Han and Mr. Wang Junjin are deemed to be interested in 12,000,000 H shares and 554,705,777 H shares held directly by Juneyao Airlines and Juneyao Hong Kong; Juneyao Airlines is deemed to be interested in 554,705,777 H shares held directly by Juneyao Hong Kong; and Ms. Ye Jinqi is deemed to be interested in 566,705,777 H shares held indirectly by Mr. Wang Junjin.

4. Shareholdings of Directors, Supervisors and Senior Management

Names, relevant information and shares of the Company held by the Directors, Supervisors and members of senior management of the Company as at 30 June 2024 are as follows:

Name	Position	Number of shares of the Company held — personal interests (share)	Capacity in shares
Wang Zhiqing	Chairman		
Li Yangmin	Vice Chairman, President	3,960 A shares ^(Note 1)	Beneficial owner
Sun Zheng	Independent non-executive Director	—	—
Lu Xiongwen	Independent non-executive Director	—	—
Luo Qun	Independent non-executive Director	—	—
Fung Wing Yee Sabrina	Independent non-executive Director	—	—
Zheng Hongfeng	Independent non-executive Director	—	—
Guo Junxiu	Chairman of the Supervisory Committee	—	—
Shao Zumin	Supervisor	—	—
Zhou Huaxin	Employee Representative Supervisor	—	—
Zhou Qimin	Vice President, Chief Financial Officer	—	—
Cheng Guowei	Vice President	—	—
Liu Tiexiang	Vice President	—	—
Wan Qingchao	Vice President	—	—
Li Ye	Vice President	—	—
Tang Bing ^(Note 2)	Director	—	—
Lin Wanli ^(Note 2)	External Director	—	—
Cai Hongping ^(Note 2)	Independent non-executive Director	—	—
Dong Xuebo ^(Note 2)	Independent non-executive Director	—	—
Jiang Jiang ^(Note 2)	Employee Representative Director	—	—
Guo Lijun ^(Note 2)	Chairman of the Supervisory Committee	—	—
Fang Zhaoya ^(Note 2)	Supervisor	—	—
Feng Dehua ^(Note 2)	Vice President	—	—
Wang Jian ^(Note 2)	Board Secretary, Company Secretary and Authorised Representative	—	—
Total	/	3,960	0

Note:

1. Mr. Li Yangmin directly held 3,960 A shares in the capacity of beneficial owner.
2. As at the publication date of this report, Tang Bing, Lin Wanli, Cai Hongping, Dong Xuebo and Jiang Jiang no longer serve as Directors of the Company, Guo Lijun and Fang Zhaoya no longer serve as Supervisors of the Company, Feng Dehua and Wang Jian no longer serve as senior management of the Company. For details, please refer to the section headed "10. Changes in Personnel" below.

Save as disclosed above, as at 30 June 2024, none of the Directors, chief executive, Supervisors or members of senior management of the Company and their associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the SFO (including any interest or short position which were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in the Appendix C3 to the Listing Rules.

5. Dividends

The Board does not recommend the payment of a dividend for the six months ended 30 June 2024.

6. Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2024, the Group did not purchase, sell or redeem any of its listed securities ("securities", having the meaning ascribed thereto under section 1 of Appendix D2 to the Listing Rules). The Company did not hold any treasury shares for the six months ended 30 June 2024.

7. Material Litigation

During the six months ended 30 June 2024, the Group was not involved in any material litigation, arbitration or claim.

8. Corporate Governance

The Board has reviewed the relevant provisions under the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules and the corporate governance practices adopted by the Company, and took the view that the Company's corporate governance standards for the six months ended 30 June 2024 met the requirements of the code provisions under the Part 2 of the Code.

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 monitoring rules for the operation of listed companies promulgated by regulatory bodies including the China Securities Regulatory Commission, 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 six months ended 30 June 2024, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the securities transactions code for the Directors and Supervisors. Having made specific enquiries to all the Directors and Supervisors, it is the Company's understanding that the Directors and Supervisors have complied with the requirements as set forth in the Model Code regarding Directors' securities transactions.

9. Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the accounting principles and methods adopted by the Group with the management of the Group, and has discussed with the Board the internal controls and financial reporting issues, including a review of the consolidated results for the six months ended 30 June 2024 prepared in accordance with IFRSs.

The Audit and Risk Management Committee has no disagreement with the accounting treatment adopted by the Group.

10. Changes in Personnel

Name	Position(s) held	Change	Reason for Change	Date of Change
Lu Xiongwen	member of the Audit and Risk Management Committee	Appointment	Appointed by the Board	29 April 2024
	member of the Planning, Development and Digitalization Committee	Cessation	Expiration of the term of office	29 April 2024
Luo Qun	Independent non-executive Director	Election	Elected by general meeting	29 April 2024
	member of the Nomination and Remuneration Committee, member of the Audit and Risk Management Committee	Appointment	Appointed by the Board	
Fung Wing Yee Sabrina	Independent non-executive Director	Election	Elected by general meeting	29 April 2024
	member of the Planning, Development and Digitalization Committee	Appointment	Appointed by the Board	
Zheng Hongfeng	Independent non-executive Director	Election	Elected by general meeting	29 April 2024
	member of the Planning, Development and Digitalization Committee	Appointment	Appointed by the Board	
Guo Junxiu	Supervisor	Election	Elected by general meeting	29 April 2024
	Chairman of the Supervisory Committee		Elected by the Supervisory Committee	
Shao Zumin	Supervisor	Election	Elected by general meeting	29 April 2024
Li Ye	Vice President	Appointment	Appointed by the Board	19 June 2024
Tang Bing	Director, the chairman of the Planning, Development and Digitalization Committee	Cessation	Work redesignation	18 June 2024
Lin Wanli	Director	Cessation	Expiration of the term of office	29 April 2024
Dong Xuebo	Independent non-executive Director, the member of the Audit and Risk Management Committee, the member of Planning, Development and Digitalization Committee	Cessation	Expiration of the term of office	29 April 2024

Management's Discussion and Analysis

Name	Position(s) held	Change	Reason for Change	Date of Change
Cai Hongping	Independent non-executive Director, the member of the Audit and Risk Management Committee, the member of the Nomination and Remuneration Committee	Cessation	Expiration of the term of office	29 April 2024
Jiang Jiang	Employee Representative Director, the member of Aviation Safety and Environment Committee	Cessation	Retirement	9 July 2024
Guo Lijun	Supervisor, the Chairman of the Supervisory Committee	Cessation	Expiration of the term of office	29 April 2024
Fang Zhaoya	Supervisor	Cessation	Expiration of the term of office	29 April 2024
Feng Dehua	Vice President	Cessation	Expiration of the term of office	29 April 2024
Wang Jian	Board Secretary, Company Secretary, Authorised Representative	Cessation	Work relocation	3 September 2024

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

Name	Name of other entities	Position(s) held	Date of appointment	Date of cessation
Lin Wanli	CEA Holding	External director	December 2020	March 2024
Sun Zheng	Bank of Shanghai Co., Ltd.	Independent director	August 2017	September 2024
Zhou Qimin	Sichuan Airlines Co., Ltd.	Vice Chairman	September 2020	August 2024
	Eastern Air Group Finance Co., Ltd.	Chairman	November 2020	July 2024
Cheng Guowei	CEA Technic	Chairman	September 2021	April 2024
Li Ye	CEA Holding	Party member	April 2024	
	CEA Holding	Vice President	May 2024	
Guo Lijun	CES International Financial Leasing Corporation Limited	Chairman	April 2021	January 2024
Wang Jian	Eastern Airlines Industry Investment Co., Ltd.	Chairman	February 2019	January 2024
	Eastern Airlines Industry Investment (Hong Kong) Company Limited	Chairman	April 2019	March 2024
Tang Bing	CEA Holding	Party member	May 2011	April 2024
	CEA Holding	Vice party secretary	February 2019	April 2024
	CEA Holding	Director	February 2019	May 2024
Jiang Jiang	CEA Holding	Chairman of the labour union	November 2020	June 2024
	CEA Holding	Employee Representative Director	December 2020	June 2024
	Eastern Logistics	Chairman of the Supervisory Committee	September 2021	July 2024
	China United Airlines Co., Ltd.	Chairman, secretary of Party Committee	January 2022	June 2024
Fang Zhaoya	CES Finance	Director	May 2019	June 2024
	China Eastern Air Catering Investment Co., Ltd.	Director	July 2019	June 2024
	Shanghai Eastern Airlines Investment Co., Ltd.	Director	July 2019	May 2024
	CEA Technic	Chairman	April 2024	
	China Eastern Airlines Application Development Center Co., Ltd.	Director	December 2020	June 2024
Feng Dehua	CEA Holding	Vice President, Party member	December 2019	April 2024
	Juneyao Airlines	Director	August 2023	July 2024

Management's Discussion and Analysis

12. Provision of Guarantees

Unit: RMB million

Guarantees provided by the Company and its subsidiaries for subsidiaries

Total amount of guarantees provided for subsidiaries during the Reporting Period	–
Total amount of guarantees for subsidiaries outstanding at the end of the Reporting Period	1,356.24

Total amount of guarantees of the Company (including those provided for subsidiaries)

Total amount of guarantees	1,356.24
Total amount of guarantees as a percentage of the Company's net assets (%)	3.58
including:	
Guarantees provided for shareholders, de facto controllers and related parties	–
Amount of debt guarantees provided directly or indirectly for companies with debt ratio of over 70%	1,356.24
The amount of guarantees in excess of 50% of the net assets	–
Total amount of the above three guarantee items	1,356.24

Note: The debt guarantees provided by the Company directly or indirectly for companies with debt ratio of over 70% as described above amounted to approximately RMB1.356 billion and were provided by the Company to its wholly-owned SPV companies. The amount of guarantees is within the mandate limit granted at the general meeting.

As at the date of disclosure of this report, guarantees provided by the Company to SPV companies are as follows:

Serial no.	Established SPV companies	Guaranteed amounts (in USD million)
1	東津天一(天津)飛機租賃有限公司 (Dongjin Tian One (Tianjin) Company Limited*)	13.78
2	東津天四(天津)飛機租賃有限公司 (Dongjin Tian Four (Tianjin) Company Limited*)	4.94
3	東津天五(天津)飛機租賃有限公司 (Dongjin Tian Five (Tianjin) Company Limited*)	13.66
4	東津天七(天津)飛機租賃有限公司 (Dongjin Tian Seven (Tianjin) Company Limited*)	2.89
5	東津天八(天津)飛機租賃有限公司 (Dongjin Tian Eight (Tianjin) Company Limited*)	8.61
6	東津天九(天津)飛機租賃有限公司 (Dongjin Tian Nine (Tianjin) Company Limited*)	8.61
7	東津天十(天津)飛機租賃有限公司 (Dongjin Tian Ten (Tianjin) Company Limited*)	3.87
8	東津天十一(天津)飛機租賃有限公司 (Dongjin Tian Eleven (Tianjin) Company Limited*)	4.47
9	東津天十二(天津)飛機租賃有限公司 (Dongjin Tian Twelve (Tianjin) Company Limited*)	6.84
10	東滬天一(上海)飛機租賃有限公司 (Donghu Tian One (Shanghai) Company Limited*)	54.16
11	東滬天二(上海)飛機租賃有限公司 (Donghu Tian Two (Shanghai) Company Limited*)	2.55
12	東滬天三(上海)飛機租賃有限公司 (Donghu Tian Three (Shanghai) Company Limited*)	2.89
13	東滬天四(上海)飛機租賃有限公司 (Donghu Tian Four (Shanghai) Company Limited*)	8.17
14	東滬天五(上海)飛機租賃有限公司 (Donghu Tian Five (Shanghai) Company Limited*)	5.18
15	東滬天六(上海)飛機租賃有限公司 (Donghu Tian Six (Shanghai) Company Limited*)	49.68
Total		190.30

As at the end of the Reporting Period, the actual amount of guarantees provided by the Company to the above 15 SPV was USD190 million, which was approximately RMB1.356 billion based on the exchange rate of US dollar to RMB of 7.1268. The amount of guarantees is within the mandate limit granted at the general meeting.

13. Future Plans for Material Investments and Capital Assets

As at 30 June 2024, the Company did not have future plans for material investments and acquisition of capital assets.

14. Miscellaneous

The Company wishes to highlight the following information:

- (1) On 14 December 2023, the 27th ordinary meeting of the ninth session of the Board of the Company considered and approved the Resolution in Relation to the Acquisition of 55% Equity Interests of Eastern Advertising by Eastern E-Commerce. On 24 January 2024, China Eastern Airlines E-Commerce Co., Ltd. ("**Eastern E-Commerce**"), a wholly-owned subsidiary of the Company, entered into the Equity Transaction Contract with CEA Holding, and Eastern E-Commerce shall acquire 55% equity interests of Eastern Aviation Advertising Service Co., Ltd. ("**Eastern Advertising**") held by CEA Holding at a consideration for the equity acquisition of RMB126.2030 million. For details, please refer to the announcements published by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 14 December 2023 and 24 January 2024.

- (2) CEA Holding, the controlling shareholder of the Company, and CES Finance, a wholly-owned subsidiary of CEA Holding, intended, via its wholly-owned subsidiary CES Global, to increase the shareholdings of shares of the Company with their own funds within 12 months from the date of the first increase in shareholdings on 12 September 2023 in compliance with certain market conditions, with a proposed cumulative amount of increase in the shareholdings of the A shares and the H shares of not less than RMB500 million but not exceeding RMB1,000 million. As of the market close on 26 February 2024, CEA Holding has cumulatively increased its shareholding in the A shares of the Company by 113,746,036 shares, and CES Finance has cumulatively increased its shareholding in the H shares of the Company by 109,370,000 shares, with the additional shareholding reaching 1% of the total share capital of the Company. As of the market close on 21 August 2024, the cumulative increase in the shareholdings of CEA Holding and CES Finance reached a total of 1.32% of the total share capital of the Company, with an increase in shareholdings amounting to RMB952 million. For details, please refer to the announcements of the Company disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 12 September 2023, 27 September 2023 and 26 February 2024.
- (3) On 29 April 2024, the Company completed the election of the tenth session of the Board and the tenth session of the Supervisory Committee of the Company. For details, please refer to the announcements of the Company disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 28 March 2024 and 29 April 2024.

Management's Discussion and Analysis

- (4) On 14 December 2023, the 27th ordinary meeting of the ninth session of the Board of the Company considered and approved the Resolution in Relation to Capital Increase to Sichuan Airlines Co., Ltd. by the Company, approving the Company to increase shareholdings in Sichuan Airlines Co., Ltd. ("**Sichuan Air**") by RMB1,200 million with "monetary + non-monetary assets" contribution. In 2024, the Company engaged Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司) to evaluate the non-monetary assets proposed to be contributed by the Company and received the Asset Valuation Report issued. For details, please refer to the announcements of the Company disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 29 December 2023 and 21 June 2024.
- (5) On 12 July 2024, the restricted trading period for 1,138,952,165 A shares with trading moratorium expired and such shares were listed. For details, please refer to the announcement of the Company disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 8 July 2024.
- (6) On 22 August 2024, the Company received a notification letter from its shareholders, Juneyao Airlines and Shanghai Jidaohang, in respect of Juneyao Air's proposed acquisition of Shanghai Jidaohang, a wholly-owned subsidiary of the Company and the person acting in concert with it. After the completion of the acquisition, the independent legal person status of Shanghai Jidaohang will be de-registered, and its 589,041,096 shares of the Company, representing 2.64% of the total share capital of the Company, will be transferred to Juneyao Air through non-trading transfer. For details, please refer to the announcement of the Company disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 23 August 2024.
- (7) The 4th regular meeting of the Board of the Company in 2024 considered and approved the Resolution in relation to the Repurchase and Cancellation of the Company's Shares". The Company proposed to repurchase the Company's shares with a total amount of its own funds of RMB500 million (inclusive) to RMB1,000 million (exclusive), of which RMB250 million to RMB500 million (exclusive) for A shares and RMB250 million to RMB500 million (exclusive) for H shares, and all such repurchased A shares and H shares shall be cancelled according to the laws upon the completion of the repurchases. Such repurchases are subject to consideration and approval by the general meeting of the Company. For details, please refer to the announcement of the Company disclosed on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 30 August 2024.
- (8) The 4th regular meeting of the Board of the Company in 2024 considered and approved the Resolution on Liquidation and Deregistration of One Two Three Airlines Co., Ltd. Through Acquisition. The Company proposed to liquidate and deregister OTT Airlines, a wholly-owned subsidiary of the Company, through acquisition, and the ARJ Series aircrafts will be collectively under management and operation by the Company. For details, please refer to the announcement of the Company published on the website of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 30 August 2024.
- (9) The 4th regular meeting of the Board of the Company in 2024 considered and approved the Resolution on Capital Increase into Shanghai Airlines Co., Limited. The Company proposed to increase capital of RMB4.5 billion in cash into Shanghai Airlines, a wholly-owned subsidiary of the Company, upon which the registered capital of Shanghai Airlines will change to RMB10 billion. For details, please refer to the announcement of the Company published on the website of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 30 August 2024.

- (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 30 June 2024, are set out as follows:

Transactions	Unit: million Currency: RMB	
	Actual amount incurred up to the second half of 2024	2024 continuing connected transaction caps
Financial services – maximum balance of deposits per day	13,975	16,000
Financial services – maximum balance of comprehensive credit line per day	6,600	16,000
Financial services – total amounts of the service fees of other financial services	6	50
Catering-related services and on-board supplies support services – amount paid	1,545	4,400
Businesses related to catering support services – as a lessor – amount of annual rent and on-board supplies – amount received	10	290
Businesses related to catering support services – as a lessee – annual rent of properties leasing – amount paid	1	8
Businesses related to catering support services – as a lessee – total value of right-of-use assets of property leasing	–	155
Aviation ancillary services – amount paid	385	1,850
Aviation ancillary services – total value of right-of-use assets ¹	610	1,850
Import and export services – amount paid	–	900
Properties leasing and construction and management agency services – as a lessor – annual rent of properties – leasing – amount received	2	8
Properties leasing and construction and management agency services – as a lessee – annual rent of properties leasing and fees for construction and management agency services – amount paid	13	360
Properties leasing and construction and management agency services – as a lessee – total value of right-of-use assets of property leasing ²	130	525
Advertising agency services – amount paid	–	85
Total amount for leasing of aircraft and engines – amount paid ³	390	USD3,200 million or equivalent RMB
Total value of right-of-use assets of leasing of aircraft and engines ⁴	462	USD2,600 million or equivalent RMB

Management's Discussion and Analysis

Transactions	Actual amount incurred up to the second half of 2024	2024 continuing connected transaction caps
Freight logistics business support services – amount received	211	720
Cargo terminal business support services – amount paid	278	860
Transportation service fees of exclusive operation service for passenger aircraft cargo business – amount received	2,371	8,600
Aviation Internet services – amount paid	57	90
Aviation information technology services – amount paid	361	950
AIR FRANCE-KLM aviation transportation cooperation and support services – amount paid	41	380
AIR FRANCE-KLM aviation transportation cooperation and support services – amount received	15	180

Notes:

1. The total value of right-of-use assets for the involved vehicle equipment leasing at the end of the reporting period;
2. The total value of right-of-use assets for the involved property leasing under properties leasing and construction and management agency services at the end of the reporting period;
3. The total amount includes the total lease amount, interest and arrangement charge for the newly-introduced finance lease aircraft, operating lease aircraft and engines;
4. The total value of right-of-use assets for the newly-introduced finance lease aircraft, operating lease aircraft and engines for the reporting period;
5. In December 2023, CEA Technic, a wholly-owned subsidiary of the Company, acquired 55% equity interests of CEA Import & Export held by CEA Holding. CEA Import & Export was consolidated into the scope of financial statements of the Company and ceased to be a connected person of the Company and discontinues any continuing connected transactions regarding the import and export services in the future.
6. In the first half of 2024, Eastern E-Commerce, a wholly-owned subsidiary of the Company, acquired 55% equity interests of China Eastern Media held by CEA Holding. China Eastern Media was consolidated into the scope of financial statements of the Company, and ceased to be a connected person of the Company and discontinues any continuing connected transactions regarding the advertising agency services in the future.