



中國東方航空
CHINA EASTERN



世界品位 东方魅力

乘勢而上
同心遠航



2025

ANNUAL 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

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上海博物馆
Shanghai Museum

ST 10
China Eastern Airlines and
... Aerospace

Definitions

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

Traffic capacity

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
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 tonne-kilometres (ATK)	means the sum of capacity available for the carriage multiplied by the distance flown for every route

Traffic scale

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
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 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
Weight of freight carried	means the actual weight of freight carried

Traffic efficiency

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

Unit revenue

Freight tonne-kilometres yield	means the ratio of the sum of freight transportation and related revenue to freight traffic volume
Passenger-kilometres yield	means the ratio of the sum of passenger traffic and related revenue to passenger traffic volume
Revenue tonne-kilometres yield	means the ratio of the sum of transportation and related revenue to total 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
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 Asset	means 東航資產投資管理有限公司 (China Eastern Airlines Assets Investment Management Co., Ltd.), a wholly-owned subsidiary of CEA Holding and a connected person of the Company
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 Air Lines Inc., a shareholder of the Company. Official website: https://www.delta.com/
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
Eastern Logistics	means 東方航空物流股份有限公司 (Eastern Airline Logistics Co., Limited), a listed 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 31 December 2025
Group	means the Company and its subsidiaries
HKSCC	means Hong Kong Securities Clearing Company Ltd., which 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. Official website: http://www.iata.org/
Juneyao Airlines	means 上海吉祥航空股份有限公司 (Juneyao Airlines Co., Ltd., official website: http://www.juneyaoair.com/), 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
Regional	means Hong Kong, China; Macau, China; and Taiwan, China
Reporting Period	means from 1 January 2025 to 31 December 2025
Shanghai Airlines	means 上海航空有限公司 (Shanghai Airlines Co., Limited), a wholly-owned subsidiary 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/
STARCO	means 上海科技宇航有限公司 (Shanghai Technologies Aerospace Co., Ltd.), a wholly-owned subsidiary of the Company



Company Introduction

Headquartered in Shanghai, the Group is one of China's three major state-owned backbone airlines. The Company has been listed on The Shanghai Stock Exchange and The Hong Kong Stock Exchange. It operates a modernised fleet of 826 aircraft and boasts the largest-scale widebody fleet with leading commercial and technical models in China. As a member of SkyTeam Airline Alliance, the Group boasts an aviation transport network covering 945 destinations in 145 countries and regions around the world. Frequent flyer Members of "Eastern Miles" (東方萬里行) can enjoy members' benefits and use any one of the 750 VIP airport lounges of the SkyTeam Airline Alliance member airlines across the world.



Company Profile

Company Information

Chinese name of the Company	中國東方航空股份有限公司
Abbreviated Chinese name of the Company	東航股份
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 programme	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

Note: On 9 June 2021, the Chinese abbreviation of the A shares of China Eastern Airlines Corporation Limited has changed from “東方航空” to “中國東航”.

Contact person and contact information

Board Secretary, Joint Company Secretary	Li Ganbin
Address	Board office, China Eastern Airlines Corporation Limited, 36 Hongxiang 3rd Road, Minhang District, Shanghai
Telephone	021-22330932
Email	ir@ceair.com



Company Profile

Other Relevant Information

Domestic auditor engaged by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, Bund Centre, 222 Yan An Road East, Shanghai, PRC
	Signatory accountant	Guo Jing, Ji Yuting
International auditor engaged by the Company	Name	Deloitte Touche Tohmatsu
	Office address	35/F One Pacific Place, 88 Queensway, Hong Kong, PRC
	Signatory accountant	Mang, Kwong Fung, Frederick

AS OF THE PUBLICATION DATE OF THIS REPORT

DIRECTORS

Wang Zhiqing (Chairman)
Gao Fei (Vice Chairman, President)
Cheng Guowei (Director)
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)
Jie Xiaoqing (Employee Representative Director)

SENIOR MANAGEMENT

Gao Fei (Vice Chairman, President)
Zhou Qimin (Vice President, Chief Financial Officer)
Wan Qingchao (Vice President)
Li Ye (Vice President)
He Xiaoqun (Vice President)
Li Zhiyong (Vice President)
Li Ganbin (Board Secretary, Joint Company Secretary)

JOINT COMPANY SECRETARIES

Li Ganbin
Ngai Wai Fung

AUTHORISED REPRESENTATIVES

Wang Zhiqing
Li Ganbin

LEGAL ADVISERS

Hong Kong, China: Baker & McKenzie
Chinese mainland: 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

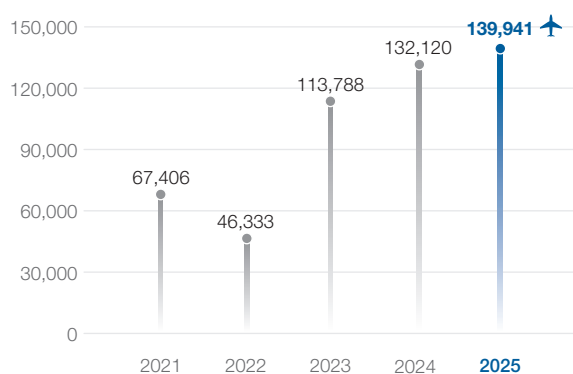


Financial Highlights

	2021	2022	2023	2024	2025
	<i>Expressed in RMB Million</i>				
Year ended 31 December					
Revenue	67,406	46,333	113,788	132,120	139,941
Other operating income and gains	6,041	3,609	5,429	6,503	7,459
Operating expenses	(86,946)	(81,579)	(121,154)	(137,005)	(143,527)
Operating (loss)/profit	(13,499)	(31,637)	(1,937)	1,618	3,873
Financial costs, net	(3,811)	(8,320)	(6,486)	(5,796)	(3,876)
(Loss)/profit before income tax	(17,403)	(40,137)	(8,300)	(3,904)	274
Net loss for the year attributable to the owners of the Company	(12,142)	(37,392)	(8,190)	(4,226)	(1,633)
Loss per share attributable to the owners of the Company (RMB)	(0.72)	(1.98)	(0.37)	(0.19)	(0.11)
As at 31 December					
Cash and cash equivalents	13,503	18,173	11,858	4,072	7,164
Net current liabilities	(57,352)	(78,392)	(80,466)	(94,900)	(98,255)
Non-current assets	260,790	260,438	259,000	259,739	268,570
Non-current borrowings, including current portion	(58,177)	(72,718)	(71,410)	(67,446)	(74,760)
Lease liabilities, including current portion	(98,484)	(97,009)	(84,175)	(72,849)	(80,303)
Equity attributable to the owners of the Company	53,927	31,622	42,954	42,774	40,001

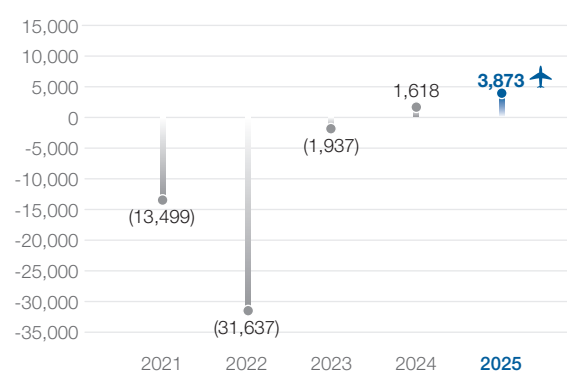
Revenue

RMB million



Operating (Loss)/Profit

RMB million



Summary of Major Operating Data

	For the twelve months ended 31 December		
	2025	2024	Change
Passenger transportation data			
ASK (available seat-kilometres) (millions)	316,930.52	296,890.04	6.75%
– Domestic routes	206,516.11	202,432.66	2.02%
– International routes	103,997.19	87,796.28	18.45%
– Regional ¹ routes	6,417.22	6,661.10	-3.66%
RPK (revenue passenger-kilometres) (millions)	272,103.81	245,892.77	10.66%
– Domestic routes	180,244.89	170,123.47	5.95%
– International routes	86,544.14	70,539.59	22.69%
– Regional routes	5,314.78	5,229.72	1.63%
Number of passengers carried (thousands)	149,944.44	140,565.95	6.67%
– Domestic routes	125,283.45	119,674.34	4.69%
– International routes	20,836.26	17,164.65	21.39%
– Regional routes	3,824.72	3,726.96	2.62%
Passenger load factor (%)	85.86	82.82	3.04pts
– Domestic routes	87.28	84.04	3.24pts
– International routes	83.22	80.34	2.88pts
– Regional routes	82.82	78.51	4.31pts
Passenger-kilometres yield (RMB)²	0.493	0.512	-3.71%
– Domestic routes	0.491	0.517	-5.03%
– International routes	0.484	0.490	-1.22%
– Regional routes	0.702	0.678	3.54%
Freight transportation data			
AFTK (available freight tonne-kilometres) (millions)	10,248.62	9,514.39	7.72%
– Domestic routes	3,732.99	3,676.49	1.54%
– International routes	6,354.84	5,653.89	12.40%
– Regional routes	160.80	184.01	-12.61%
RFTK (revenue freight tonne-kilometres) (millions)	4,062.52	3,682.54	10.32%
– Domestic routes	1,000.97	952.31	5.11%
– International routes	3,033.58	2,700.33	12.34%
– Regional routes	27.96	29.90	-6.49%
Weight of freight carried (million kg)	1,126.20	1,051.17	7.14%
– Domestic routes	658.78	624.07	5.56%
– International routes	444.20	402.43	10.38%
– Regional routes	23.22	24.66	-5.84%
Freight load factor (%)	39.64	38.70	0.94pts
– Domestic routes	26.81	25.90	0.91pts
– International routes	47.74	47.76	-0.02pts
– Regional routes	17.39	16.25	1.14pts
Freight tonne-kilometres yield (RMB)²	1.343	1.448	-7.25%
– Domestic routes	0.668	0.705	-5.25%
– International routes	1.534	1.678	-8.58%
– Regional routes	4.828	4.281	12.78%



	For the twelve months ended 31 December		
	2025	2024	Change
Consolidated data			
ATK (available tonne-kilometres) (millions)	38,772.37	36,234.50	7.00%
– Domestic routes	22,319.44	21,895.43	1.94%
– International routes	15,714.59	13,555.55	15.93%
– Regional routes	738.35	783.51	-5.76%
RTK (revenue tonne-kilometres) (millions)	27,981.28	25,249.89	10.82%
– Domestic routes	16,829.87	15,864.30	6.09%
– International routes	10,657.19	8,897.96	19.77%
– Regional routes	494.22	487.64	1.35%
Overall load factor (%)	72.17	69.68	2.49pts
– Domestic routes	75.40	72.45	2.95pts
– International routes	67.82	65.64	2.18pts
– Regional routes	66.94	62.24	4.70pts
Revenue tonne-kilometres yield (RMB)²	4.987	5.201	-4.11%
– Domestic routes	5.293	5.584	-5.21%
– International routes	4.371	4.391	-0.46%
– Regional routes	7.826	7.530	3.93%
Hours of flights (thousand)	2,746.17	2,612.29	5.12%
Number of flight take-offs and landings (thousand)	1,050.37	1,029.32	2.05%
Daily utilisation rate (hour/day)	9.34	9.16	1.97%

Notes:

- 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.
- ² In calculating unit revenue index, the relevant revenue includes incomes generated from co-operation routes and fuel surcharge.



Fleet Structure

The Company upholds its green development philosophy while continuously optimising its fleet structure. In 2025, focusing on new mainline models, the Company introduced a total of 48 aircraft and had 26 aircraft retired. As at 31 December 2025, the Company operated a total of 826 aircraft, including 14 C919 aircraft, helping accumulate experience in large-scale operation of domestically manufactured large aircraft.

Fleet structure as at 31 December 2025

No.	Model	Manufacturer	Net increase in 2025	Sub-total	Self-owned	Under finance lease	Under operating lease	(Units) Average fleet age (years)
1	B777-300ER	Boeing	0	20	12	8	0	9.9
2	B787 Series	Boeing	5	17	3	14	0	4.3
3	A350-900	Airbus	0	20	7	13	0	4.6
4	A330 Series	Airbus	0	56	36	15	5	12.1
Total number of wide-body aircraft			5	113	58	50	5	9.2
5	A320 Series	Airbus	7	390	169	129	92	9.3
6	B737 Series	Boeing	-1	278	130	52	96	10.7
7	C919	COMAC	4	14	4	10	0	1.3
Total number of narrow-body aircraft			10	682	303	191	188	9.7
8	C909	COMAC	7	31	15	16	0	2.6
Total number of regional passenger aircraft			7	31	15	16	0	2.6
Total number of aircraft			22	826	376	257	193	9.4

Notes:

1. A330 Series include A330-200, A330-300 and other aircraft models;
2. A320 Series include A319, A320, A320NEO, A321, A321NEO and other aircraft models;
3. B787 Series include B787-9 and other aircraft models;
4. B737 Series include B737-700, B737-800, B737-8 and other aircraft models;
5. COMAC added the commercial name of C909 to ARJ21 aircraft model.



FLEET PLAN

Introduction and Retirement Plan of Aircraft for 2026 to 2028

Model	2026		2027		2028		(Units)
	Introduction	Retirement	Introduction	Retirement	Introduction	Retirement	
C919	10	0	10	0	15	0	
C909	4	0	0	0	0	0	
Total number of COMAC aircraft	14	0	10	0	15	0	
A350-900	0	0	0	0	0	0	
A320 Series	30	19	27	12	10	10	
Total number of Airbus aircraft	30	19	27	12	10	10	
B787 Series	2	0	7	0	0	0	
B737 Series	5	3	27	6	0	9	
Total number of Boeing aircraft	7	3	34	6	0	9	
Total number of aircraft	51	22	71	18	25	19	

Note: The Group will optimise and adjust its aircraft introduction and retirement plans in a timely manner based on changes in the external environment and market conditions, as well as the Group's capacity planning.



2025 Milestones



Enhancing the interconnected network of trunk and feeder routes to further strengthen the hub advantages

In 2025, the Company established branches in Northeast China and Xinjiang, as well as bases in Chongqing and Fuzhou, and other cities, enhancing the domestic interconnected network of trunk and feeder routes. By increasing the frequency of flights on key routes and expanding domestic air corridors, the number of domestic "Air Express" routes increased to 47, further enhancing the hub advantages.



Launching the world's longest air route and strategically opening the "southbound channel"

On 4 December 2025, the Company launched the Shanghai Pudong-Auckland-Buenos Aires route, the world's longest air route, strategically opening the "southbound channel" and building an efficient "Air Silk Road" for travel between China and South America.

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Achieving large-scale and routine operation of C919

In 2025, as the world's largest and first operator of the domestically produced C919 civil aircraft, the Company celebrated the second anniversary of C919's commercial operation and was the first to launch regular Shanghai-Hong Kong route. As at the end of 2025, China Eastern Airlines' C919 fleet completed more than 45 thousand hours of safe flights and transported over 2.6 million passengers, achieving large-scale and routine operation.



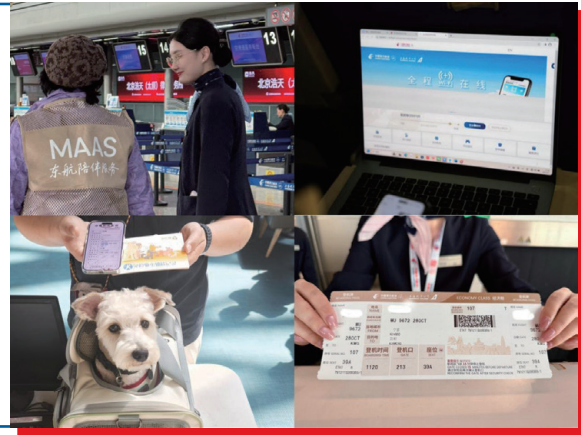
Integrated development of "Aviation+"

In 2025, the Company unveiled its museum-themed painted aircraft, and its priority products achieved strong sales. It partnered with IPs such as Disney, Pop Mart, and Starbucks to create new "Aviation+" experiences. Multimodal transportation such as Air-air, Air-rail, and Air-bus developed steadily, establishing a new mode of air travel.



Upgrading the “Four Fines” service

In 2025, the Company focused on the core needs of passengers and comprehensively upgraded the “Four Fines” service system, being “meticulous, precise, exquisite and refined” services. Services such as uninterrupted Wi-Fi connection, unaccompanied children, “Pet in Cabin (寵物進客艙)” and “PVG-SHA Transfer (空港通)” created a smarter, more convenient and value-added travel experience for passengers.



Digitalisation empowered business development

The Company established a digital transformation working group and an “AI+” special working group to continuously strengthen digital transformation. It built an AI application map covering 227 scenarios. Innovative achievements in digital marketing, digital aprons, and digital maintenance have significantly boosted efficiency and effectiveness.



Implementing share buyback and cancellation programme to enhance market confidence

On 11 November 2025, the Company completed its share cancellation and buyback programme, instilling investor confidence in the market and enhancing the Company’s overall value. As of 31 December 2025, the share prices of the Company’s A shares and H shares had risen by 50% and 105.79%, respectively. The Company’s total market value grew by 56.44% year on year, marking a ten-year high.



Solidifying the fruits of rural revitalisation, and ensuring the fulfilment of critical transportation missions

In 2025, the Company launched new assistance routes, such as the Cangyuan-Chengdu route, to boost local economic development. The Company urgently deployed wide-body aircraft to provide relief to the earthquake-stricken areas in Shigatse, operated the first international rescue flight to arrive in the earthquake-affected regions of Myanmar, and performed special flight support missions, demonstrating the responsibility and commitment as an enterprise.







Chairman's Statement



Dear shareholders,

I am pleased to present the report of the Group for the year ended 31 December 2025. On behalf of the entire staff of the Group, I would like to extend my sincere thanks to the shareholders of the Company.

Chairman
Wang Zhiqing

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Business Review

In 2025, the Group worked in unison to make continuous and precise efforts on safe operation, market operation, cost control, brand services and so on, thereby achieving new progress and results in various tasks. During the year, the Group completed a total of 2,746.2 thousand hours of safe flights and 1,050.4 thousand take-offs and landings, representing a year-on-year increase of 5.12% and 2.05% respectively. The Group completed a total traffic volume of 27,981 million tonne-kilometres and served 150 million passengers, representing a year-on-year increase of 10.82% and 6.67% respectively. The operating income amounted to RMB139,941 million, representing a year-on-year increase of 5.92%, and the profit before tax amounted to RMB274 million, marking a return to profitability.

Review of Operations

Safe Operation

Safety is the lifeline of the civil aviation industry. The Group resolutely implemented the spirits of the important instructions from Xi Jinping, general secretary of the CPC, on civil aviation safety, and consistently took safety as its top priority. Despite a continuous increase in flights and a complex and ever-changing operational environment, the Group ensured overall stability in safety conditions.



Deepening the construction of the four major systems. The Group improved the safety management system and strengthened the responsibility system for work safety. It enhanced the training system and strengthened the full-lifecycle management of pilot. It strengthened the operations control system, improved the coordination of the “three loops” of capacity, aircraft and crew, and enhanced production organisation. It consolidated the aircraft maintenance system, carried out the “Solidify Foundations” and “Strengthen Foundations” initiatives, and reinforced on-site control.

Strengthening accountability for work safety. The Group routinely addressed potential hazards across six key safety areas, conducted self-inspections to integrate the dual-prevention mechanism with the Safety Management System (SMS), and provided long-term support to key units. The Group held a safety lecture on “Comprehensive Implementation of Safety Responsibilities”, and promoted the accountability system targeting various levels of staff, with a coverage rate of 100%.

Strengthening the foundation of professional teams. The Group was committed to building a team of new-era aircrew with “strong political competence, high business proficiency, excellent work style and strict discipline”, and to integrating safety management with Party building and ideological and political education. It exerted efforts to improve the expert skills of key teams by organising skills competitions across various departments, including flight, aircraft maintenance, ground services, and dispatch. It emphasised the building of team spirit, adhered to a policy of strict discipline combined with genuine care, and strengthened the care for the physical and mental health of employees.

Improving safety culture. The Group firmly established the concept of safety, and implemented safety management with strict general principles, detailed measures, pragmatic working style and tenacious spirit, further incorporating the concept of safety into operation. It adopted a problem-oriented approach to safety management, thoroughly reviewed safety issues under the “seven reflections” and “twenty checks”, and resolutely resisted bad work style. The Group was committed to shaping behaviours through culture, and published its first safety culture handbook to vigorously foster a culture of integrity, which resulted in a significant increase in employees’ willingness to voluntarily report safety concerns.

Market Operation

The Group continued to focus on the principal businesses, market expansion and revenue growth. As a result, traffic volume, passengers transported, and cargo and mail transportation volume all reached record highs, leading to a significant improvement in operating results.

Adhering to the strategy of “Three Flights” and strengthening the hub and route network construction. Adhering to the guidelines of “more long-range flights, more international flights and more flights in emerging markets”, the Group continued to strengthen its routes in major hubs and improve the layout of domestic and international aviation networks. For international aviation networks, the Group opened 24 new international routes, bringing the total number of international (regional) routes to 249, covering 40 countries and 93 overseas destinations, and became the Chinese airline covering the most international destinations. It developed international long-range routes from Shanghai Pudong to London, Sydney, Moscow, Paris, etc., as well as international express and sub-express routes from Shanghai Pudong to Japan, South Korea, Singapore, Malaysia and Thailand. It launched the “Shanghai-Auckland-Buenos Aires” route, strategically opening the “southbound channel” and building an efficient “Air Silk Road” for travel between China and South America. For domestic aviation networks, the Group continued to strengthen the development of flight waves for hubs. In 2025, the number of transit passengers via Shanghai increased by 17.5% year-on-year, driving its market share in Shanghai up to 43%. The market share in hubs such as Beijing, Xi’an, and Kunming further increased, with its domestic “Air Express” routes increasing to 47, further enhancing the hub advantages. The Group established branches in Northeast China and Xinjiang, as well as bases in Chongqing and Fuzhou, laying the groundwork for a network that “connects north and south, and links east and west”.

Adhering to the refined revenue management and steadily improving operational quality. The Group established a linkage mechanism of revenue enhancement to strengthen the collaboration between headquarters and sales units and form a closed-loop revenue management. It accelerated the development and application of digital tools and promoted the construction of automated fare pricing and capacity coordination systems, with smart cabin control system covering 60% of domestic flights, demonstrating digital empowerment in revenue management. By strengthening the analysis of international passenger flow and cabin control, deeply exploring the high-value potential of transit and innovating international first and business class products, the Group achieved both volume and price increases in the international market, resulting in a significant enhancement in profitability.



Chairman's Statement

Adhering to the expansion of the "Aviation+" strategy and expanding product marketing channels. The Group launched the "Civil Aviation Services Boosting Consumption Year" campaign and introduced innovative products such as "China PASS" and "Shanghai PASS". It expanded emerging channels and increased revenue through air-ground integration, with the "Museum Priority (博物館優享)" product serving over 100,000 passengers. It continued to deepen multimodal transportation, and served over 2.65 million passengers annually through Air-rail, Air-bus, and Air-water intermodal services, occupying a leading position in the industry.

Insisting on the integration of passenger and cargo services and improving passenger aircraft bellyhold revenue. The Group captured the opportunity of strong cargo demand, deepened its presence in Europe, expanded into Southeast Asia, and vigorously developed the Belt and Road markets. By introducing the aviation season pre-sale model, it improved the efficiency of bellyhold space cargo loading, and achieved a passenger aircraft bellyhold revenue of RMB5,457 million for the year, representing a year-on-year increase of 2.36%.

Cost Management and Control

The Group strengthened budget control at the source, and leveraged the deep integration of business and finance to continuously identify opportunities for cost reduction and further solidify the foundation for its operational development.

Deepening comprehensive budget management. The Group steadily advanced the reform of the comprehensive budget management system, strengthened the foundation of zero-based budgeting, refined quota standards, and enhanced their alignment with business drivers. It integrated budget, reporting, and operational data to achieve end-to-end dynamic management, and promoted the deep integration of internal market-based settlement with budget performance evaluation.

Continuing to promote business and finance integration. The Group established a cost management committee and formed nine teams focused on areas such as aircraft full-lifecycle management, optimisation of aviation equipment management, utilisation of ground electrical power equipment, and IT cost optimisation for digital transformation. By controlling major cost items and refining specific cost items, the Group reduced cost per seat-kilometre through a multi-pronged approach, further improving the efficiency of resource allocation.

Effectively reducing capital cost. The Group deepened internal financing to reduce high-cost external financing. It capitalised on market windows to issue bonds, and issued nine tranches of ultra-short-term financing bonds and six tranches of medium-term notes throughout the year, with total financing reaching RMB30.5 billion. It fully leveraged the cost advantages of bill financing, with the total discounting volume reaching RMB42.5 billion for the year. It accurately assessed the downward trend of the LPR, and proactively secured low-cost capital. In 2025, the Group's interest expenses decreased by RMB963 million, a decrease of 18.71% year on year.

Brand Services

The Group upgraded the "Four Fines" service philosophy, being "meticulous, precise, exquisite and refined" services, placed greater emphasis on meticulous services, and provided customers with thoughtful and attentive services, further demonstrating its brand value.

Systematically improving service quality. The Group established a global service support system and launched English, French, German, Russian, Japanese, Korean and other foreign language customer service hotlines. The Group established a dedicated seat system for service support, as well as the mechanism for a hierarchical coordination and air-ground coordination. By focusing on service touchpoints and monitoring critical resources and nodes, the Group launched a service risk alert notification feature to strengthen the handling of emergencies. It implemented the "proactive service and timely reporting" approach, and effectively improved on-site response efficiency. The annual flight on-time rate reached 91.74%, exceeding the industry average. The passenger satisfaction increased by 2.76% year-on-year, with core indicators continuing to improve.

Innovatively rolling out service products. The Group introduced online meal selection, pet in cabin, E-Code Pass, and "Shuttle Flight (隨到隨走)" services, upgraded "PVG-SHA Transfer", and launched "Easy Boarding (易登機)". It pioneered a system for reporting lost passenger items, and launched five types of value-added transit products, including the "Shanghai Airport Link Line" and "Overnight Transit" to effectively address the pain points of passenger experience. It established an in-flight medical emergency platform, upgraded specialised services such as "Star Wing Escort for Passengers with Autism (孤獨症人群星翼護航)" and "Senior-Friendly Companion (適老化陪伴)", and deeply integrated humanistic care into service details. It achieved full-cabin free Wi-Fi coverage on domestic wide-body aircraft, and created a smarter, more convenient and value-added travel experience for passengers.



Continuing to enhance awareness of the China Eastern Airlines brand. As the world's largest and first operator of the C919 aircraft, the Group arranged 22 routes and was the first to launch regular Shanghai-Hong Kong route. As at the end of 2025, China Eastern Airlines' C919 fleet completed more than 45 thousand hours of safe flights and transported over 2.6 million passengers, achieving large-scale and routine operation. It also promoted the upgrading of its cross-industry cooperation system. Collaborations with the National Museum of China, the Shanghai Museum, and Starbucks have been widely acclaimed, expanding the brand's reach. In the 2025 China Enterprise Brand Value Ranking released at the 8th China Enterprise Forum, the Group ranked top in its industry.

Reform and Innovation

Centring on the requirements of high-quality development, the Group deepened the reform in key areas, steadily promoted transformation and innovation, and completed the action tasks to deepen and enhance the state-owned enterprise reform.

Continuing to promote reforms in key areas to stimulate internal reform vitality. The Group continued to deepen the reform of management and control models, and promoted the effective implementation of the management and control model of coordination between bases. It adjusted the institutional setup and functions of key safety units, and established the Chief Flight Team to promote the integration of flight training. It deepened the reform of the three systems, optimised the mechanism for increasing the total compensation pool, advanced the classification-based management of the total compensation pool, and increased the application of the appraisal results.

Continuing to strengthen digital transformation to empower business development. The Group established a digital transformation working group and an "AI+" special working group to promote various tasks in a coordinated way. It deepened the "Artificial Intelligence+" initiative, and built an AI application map covering 227 scenarios. Innovative achievements in digital marketing, digital aprons, and digital maintenance have significantly boosted efficiency and effectiveness. The Group launched the industry's first intelligent transit decision-making agent, and integrated flight, crew, and transit passenger data, which has further improved transit efficiency.

Continuing to strengthen scientific and technological innovation to enhance innovation capabilities. The Group convened its first science and technology innovation conference, established a science and technology innovation alliance for the air transportation service industry chain, and set up four company-level laboratories. It partnered with COMAC to establish the C919-800 Joint Innovation Centre to explore the operation and design optimisation of domestically manufactured large aircraft. The R&D Centre was rated "Excellent" in the evaluation of the "Science and Technology Reform Initiative" for central enterprises.

Corporate Governance

The Company continued to improve the modern enterprise system with Chinese characteristics, launched a special action on corporate governance, and focused on advancing the modernisation of its corporate governance system and governance capabilities.

Continuing to improve corporate governance system. The Company implemented the new Company Law of the People's Republic of China (the "Company Law") and comprehensively revised its fundamental corporate governance systems with the Articles of Association as its core and supported by the rules of procedure for the general meeting, the Board, the Party committee and the office meeting of the General Manager, to dynamically define the rights and responsibilities of each governance body and optimise the decision-making mechanism of each governance body.

Continuing to consolidate Board building. The Company proactively performed the functions of the Board in determining strategies, making decisions, and preventing risks, and refined the working rules and operating mechanisms of the Board's Audit and Risk Management Committee, to enhance oversight functions and continuously improve the effectiveness of Board governance. The Company was awarded the 2025 "Best Practice of the Board of Directors of Listed Companies" by China Association for Public Companies.

Continuing to enhance market value management. The Company studied and formulated its Market Value Management System to further standardise market value management practices. Based on operating results, the Company instilled investor confidence in the market and enhanced the Company's overall value by conducting share buybacks in a compliant and orderly manner, improving the quality of information disclosure, and strengthening investor relations management. As of 31 December 2025, the share prices of the Company's A shares and H shares had risen by 50% and 105.79%, respectively. The Company's total market value grew by 56.44% year on year, marking a ten-year high.



Chairman's Statement

Continuing to strengthen risk prevention and control. The Company improved internal control evaluation and risk monitoring systems to enhance targeted risk prevention and control. It refined the supervision system and established a comprehensive, end-to-end oversight model. It focused on key areas such as overseas operations and procurement management to improve the compliance management system. It conducted regular evaluations of the compliance system and monitoring of major risks to shift risk prevention from a "reactive" to a "proactive" approach.

Social Responsibilities

The Group continued to make efforts in practising "energy saving, carbon reduction and low carbon flight", solidifying the fruits of rural revitalisation, and ensuring the fulfilment of critical transportation missions, fully demonstrating our sense of responsibility and commitment.

Deepening green and low-carbon development. The Group adhered to a development strategy focused on energy conservation and carbon reduction, practised the philosophy of low-carbon environmental protection, optimised the Green Operations Incentive Measures and the performance evaluation system, and actively promoted the use of sustainable aviation fuel (SAF), driving achievements in fuel savings and carbon reduction.

Continuously solidifying the fruits of rural revitalisation. The Group persistently provided targeted assistance to our paired assistance areas Cangyuan and Shuangjiang, two counties of Yunnan, by providing assistance to local industries, consumption and education. The "MU Tea (東航那杯茶)" was selected as the featured product brand on central enterprises' contribution to rural revitalisation. The Company has been rated "good" (the highest grade) in the assessment of targeted assistance provided by central enterprises for the seventh consecutive year.

Ensuring the effective fulfilment of critical transportation missions. The Group successfully completed transportation support missions for major sporting events such as the Asian Winter Games, the World Games, the National Games, and the Paralympic and Special Olympics. The Group urgently deployed wide-body aircraft to provide relief to the earthquake-stricken areas in Shigatse, operated the first international rescue flight to arrive in the earthquake-affected regions of Myanmar, and performed special flight support missions, demonstrating the responsibility and commitment as an enterprise.

OUTLOOK FOR 2026

In 2026, the Group will adhere to the principle of seeking progress while maintaining stability and improving quality and efficiency, continuously enhance its core competitiveness, and accelerate the high-quality development of the Company.

Focusing on improving safe operation level

Adhering to "a rigorous approach, meticulous measures, a pragmatic style, and unwavering resilience", we will firmly maintain the initiative in safety development to ensure "Two Absolute Safeties". We will further deepen the construction of the four major systems to effectively enhance the efficiency of safety governance through systematic construction; continue to increase investment in safety to achieve breakthroughs in the AI application in scenarios such as safety data analysis; further strengthen the safety workforce, strictly control access to key positions, improve the full-lifecycle management of pilots, and enhance the physical and mental health monitoring and dynamic assessment of the aircrew; and continue to strengthen safety culture development, ensure the dissemination and implementation of the safety culture manual, and conduct job skill competitions and SOP¹ special campaigns, leading the progress of work style with cultural construction.

Focusing on improving market management capabilities

Adhering to the strategy of "Three Flights", we will refine the domestic market, expand the international market and cultivate emerging markets. We will upgrade the flight wave structure of the Shanghai international hub, and continuously optimise the passenger transfer process to improve the efficiency of transfer and connection; release the total flight resources and optimise capacity allocation to focus on improving aircraft utilisation; deepen the industrial synergy of "aviation + culture, tourism, business, sports and exhibition" and expand multimodal transportation and value-added services; and establish a refined and dynamic cost control system to strictly control both explicit and implicit costs across the whole chain.

¹ SOP stands for Standard Operating Procedure, which refers to a document that sets out the standard operating steps and requirements for a specific task in a standardised format, and is used to guide and standardise day-to-day work.



Focusing on deepening service brand building

We will deepen the philosophy of service, and upgrade and optimise the service standard system by benchmarking against the world's first-class airlines; focus on the niche markets, and build the "Oriental Premium (東方尊享)" and "Oriental Travel (東方暢行)" service brands; improve the whole-process service management and control system to enhance response speed and one-time resolution rate; and upgrade products such as in-cabin pet travel and companion services, and optimise the "Light Flight Enjoyment (輕飛享)" product series to enhance the conversion of service value.

Focusing on improving the effectiveness of reform and innovation

We will make solid efforts to implement various tasks related to further comprehensively deepening the reforms; continue to improve the internal market-oriented accounting mechanism and deepen the reform of the "three systems"; vigorously promote technological innovation, and promote more high-level and highly relevant joint research projects according to local conditions; accelerate digital transformation and thoroughly implement the "AI+" and process management initiatives; and systematically promote green and low-carbon transformation, and improve the incentive and restraint mechanism for green development.

Focusing on improving corporate governance effectiveness

We will continue to improve the modern enterprise system with Chinese characteristics and dynamically clarify the rights and responsibilities of various governance entities, further strengthening the market value management; accelerate the construction of the "Three Levels of defence" of business execution units, business line management departments, and audit supervision, and vigorously promote the integration of business operations and legal compliance to continuously promote the construction of a law-based CEA; and promote the penetrating supervision of the whole chain, and continue to improve the long-term mechanism for risk prevention and mitigation.



Management's Discussion and Analysis

The Group built up a streamlined and efficient modernised fleet, operating 826 passenger aircraft with an average fleet age of 9.4 years. Surrounding Shanghai core hub, Beijing Daxing main hub and Xi'an and Kunming regional hubs, we provided high-quality and convenient air transport and extended services to worldwide travellers and customers.



Vice Chairman, President
Gao Fei

Major Businesses and Operation Model

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 services 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.

Current Development of the Aviation Industry

In 2025, geopolitical conflicts erupted in multiple regions around the world, uncertainties and instabilities increased, and major economies showed divergent performance; nevertheless, the global economy demonstrated a degree of resilience. According to IATA data, global air travel demand continued to grow steadily in 2025. For the year, the air passenger traffic volume increased by 5.3% year-on-year, and passenger load factor reached a record high of 83.6%, representing a year-on-year increase of 0.1 percentage point. The performance of international air cargo remained stable, with its demand increasing by 3.4% year on year.

China's economic operation was generally stable and showed a steady improvement, demonstrating remarkable resilience. In 2025, with its Gross Domestic Product (GDP) growing by 5% year on year and its total economic output exceeding RMB140 trillion, China remained one of the biggest contributors and "stabilising anchor" to the world's economic growth. China's civil aviation industry maintained steady progress and a positive development trend. For the year, the industry completed a total traffic volume of 164,080 million tonne-kilometres, served 770 million passengers, achieved a passenger traffic volume of 1.3993 trillion passenger-kilometres, and realised a cargo and mail transportation volume of 10.172 million tonnes, representing a year-on-year increase of 10.5%, 5.5%, 8.3%, and 13.3% respectively.

Landscape and Trend of the Industry

Looking forward to 2026, the global economic growth will remain resilient in the short term. However, the rise of trade protectionism has exacerbated the vulnerability of the economic structure. The impact of geopolitical conflicts will persist, and the overall momentum of global economic growth will remain insufficient.

Affected by changes in the external environment, the development of China's civil aviation industry also faces many uncertainties. However, China's economy enjoys a stable



foundation, many advantages, strong resilience and great potential. The long-term positive supporting conditions and basic trends remain unchanged. The continuous favourable and positive development of the national economy will inject strong momentum into the high-quality development of civil aviation. According to the forecast of the CAAC, it is expected that the industry will complete a total traffic volume of 175 billion tonne-kilometres, serve 810 million passengers and realise cargo and mail transportation volume of 10,700,000 tonnes in 2026.

Development Strategy

With the mission of conveying the charm of the East and connecting the wonderful world, the Group adheres to the development vision of “building a world-class and happy CEA” and the core values of “safety as the foundation, excellence as the priority, people-oriented approach, openness and innovation, and harmony and dedication”, and is committed to becoming an outstanding airline with customer trust, society recognition, and employee pride. The Group will strive to achieve the following key objectives:

Firstly, the Group will comprehensively improve its safety development capability. The Group will continue to strengthen the foundation of safe operations, significantly enhance the intensity and resilience of safety management, and systematically upgrade its safety governance capabilities, ensuring that a safety culture is deeply ingrained in minds and put into practice, so as to provide stronger guarantees for the “Two Absolute Safeties”.

Secondly, the Group will significantly enhance its overall strength. The Group will focus on value creation to achieve quality and efficiency enhancement. The Group will continue to optimise its fleet structure and enhance its capacity to provide transport services, ensuring steady growth in key indicators such as passenger traffic, daily aircraft utilisation rate, and passenger load factor.

Thirdly, the Group will make comprehensive breakthroughs in digital and intelligent transformation. The Group will achieve full coverage of digital scenarios across its core business of production operation and business management, and establish a new data-driven model for business innovation and development, so as to significantly enhance its level of autonomy and control. The Group will achieve large-scale application of artificial intelligence and comprehensively elevate the level of digital and intelligent transformation across all business areas.

Fourthly, the Group will elevate its international development to a new level. The Group will fully establish an aviation network system characterised by “north-south connections, east-west links, coordinated passenger and cargo services, and global reach”. Domestically, the Group will leverage the Shanghai hub as a leader, with the Daxing, Xi’an, and Kunming hubs working in concert, and supported by coordinated efforts in key “Four Poles and Two Zones” regions. The international route network will be further refined, with a continuous increase in international (regional) passenger destinations, so as to further enhance international competitiveness and influence.

Fifthly, the Group will further enhance brand value. The Group will make every effort to build a world-class brand and establish its “Four Fines” service as a leading domestic and internationally renowned benchmark in air transportation services. The brand awareness, reputation and customer loyalty of the Group will be significantly improved, becoming the core soft power drivers of business growth.

Sixthly, the Group will continue to unleash the momentum of reform. The Group will make solid progress in further comprehensively deepening the reform to achieve effective implementation of various tasks. The Group will further improve market-oriented mechanisms, enhance corporate governance, strengthen synergies, continuously improve green governance capabilities, significantly raise the level of management refinement, and further boost the dynamism and vitality of our development.

Core Competitiveness Analysis

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

The Group enjoys relatively strong location advantages, with the headquarters and main operation bases located in the super-sized international city — Shanghai. As China’s key economic centre and international shipping centre, the Yangtze River Delta, where Shanghai is located, 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”. The Group holds the largest market share in the Yangtze River Delta and continues to maintain a steady upward trend.



Management's Discussion and Analysis

Shanghai has 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. In 2025, Shanghai served over 135 million air passengers, making it China's largest aviation market. As the main hub operator of Shanghai international airlines, the Group holds the largest market share of 43% in Shanghai. By continuously developing and optimising its route network centred on Shanghai as the core hub, the Group has established an efficient transit service system that serves the entire country and connects to the world. Leveraging the strategic partnership between the Shanghai municipal government and CEA Holding, the Company's controlling shareholder, the Group has achieved more favourable strategic synergies in areas such as route resource allocation and the development of multimodal transport systems, thereby providing critical support for the building of Shanghai as a comprehensive, multi-functional international aviation hub and development of international air transportation in Shanghai.

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2. Flight Hub and Network Layout with Unique Advantages

The Group adheres to serving national strategies, with its route network planning and resource allocation deeply integrated into major national initiatives such as the "Belt and Road" initiative, the coordinated development of Beijing-Tianjin-Hebei, the integrated development of the Yangtze River Delta Region, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of the Chengdu-Chongqing Economic Circle, thereby fully leveraging its role as a leading force in the national aviation sector.

The Group has built its route network system around four major hubs: Shanghai, Beijing, Kunming, and Xi'an. Shanghai, the Group's core hub, serves as a composite international gateway hub. Located in the world-class Yangtze River Delta urban cluster, it ranks first in China in terms of passenger volume, international transfer efficiency, and the quality of business passengers. Beijing Daxing, the Group's main hub, is a new national gateway hub. As the main airline based there, the Group exclusively enjoys the hub synergy advantages of the "SkyTeam Airline Alliance" at Beijing Daxing. Kunming, the Group's regional hub,

serves as a hub radiating to South and Southeast Asia and is a key node on the "Belt and Road" air silk road. Xi'an, the Group regional hub, possesses irreplaceable geographical advantages as a hub connecting Central Asia and the Middle East along the Silk Road Economic Belt.

The Group's domestic route network covers all provincial capitals and major cities in China. Its "Air Express" product boasts industry-leading coverage and frequency density, providing high-frequency hinterland passenger source for transit hubs. In terms of the international market, the Group operates 249 routes across six continents, covering 93 international destinations in 40 countries, making it the domestic airline covering the most international destinations. It also maintains a strong presence in traditional high-yield international markets such as Japan and South Korea. As a member of the SkyTeam Airline Alliance, the Group's route network reaches 945 destinations in 145 countries and regions worldwide.

3. Green and Efficient Modern Internet Fleet

Adhering to the concept of green development, the Group is committed to building a modern fleet system that is green and efficient, featuring advanced technology and highly adaptable to the aviation network. The Group operated 826 aircraft, including the C919, A350, B787, A320, B737 series. It is phasing out older aircraft models in an orderly manner, steadily introducing a new generation of high-performance aircraft, and continuously optimising the alignment between its fleet and route network. As the world's largest domestic C919 civil aircraft operator, the Group strengthens its brand recognition with the "National Business Card". Through safe, comfortable, and efficient operations and service quality, it continues to be the top choice for domestic and international passengers, with metrics such as daily utilisation and passenger load factor for the C919 fleet steadily improving. In the in-flight internet field, the Group has established its unique competitive advantage by leveraging on the triple features of "technology + scale + ecology". By 2025, over 110 wide-body aircraft of the Group achieved full coverage of free Wi-Fi on domestic flights. The Group ranks "No. 1 in China and leading in Asia" in terms of fleet size, flight volume and number of users of its interconnected fleet, and is accelerating the planning and implementation of in-flight connectivity projects for its entire fleet.



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

Closely aligned with its strategic goal of becoming a “World Class” airline, the Group continues to integrate leading elements in information technology, lifestyle, and quality standards into its services. It strives to create safe, comfortable, and unique high-quality travel experiences for global passengers, while focusing on shaping its core brand value of “World-class Standards with Oriental Charm”.

The Group continuously optimises internal control processes, strengthens complex weather alerts, and deepens air-ground coordination, resulting in a flight on-time rate exceeding the industry average. It has launched an AI travel assistant for one-click planning, developed a lost-and-found system, and upgraded through-check-in and multimodal transport services to reshape convenient flight experience through digitalisation. By focusing on special scenarios such as passengers with autism, unaccompanied children, the elderly, and those travelling with pets, the Group ensures that special care becomes a vivid embodiment of its service warmth. The Group has established a privacy protection system covering the entire data lifecycle, strictly safeguarding the security of passenger information. It has optimised complaint handling and satisfaction evaluation rules, and continuously improved service assurance mechanisms, driving steady improvements in core service metrics. It has created distinctive in-flight dining IPs such as “MU Noodles (東航那碗麵)” and “MU Tea (東航那杯茶)”, and collaborated with museums and Disney to launch themed painted aircraft, conveying the charm of oriental culture through immersive experiences.

For many consecutive years, the Group has been honoured with numerous accolades, including “Top 100 BrandZ Most Valuable Chinese Brands” of the global brand communication group WPP and “Top 50 Most Valuable Global Airline Brands” of Brand Finance. It has also received numerous international and domestic awards in areas such as operation quality and service experience.

5. High Quality Customer Cluster and Outstanding Partners

Taking the frequent flyer club “Eastern Miles” as its core customer platform, the Group focuses on high-quality customer operation and value creation, and is committed to building an aviation ecosystem for all scenarios. The Group

has innovated a “revenue-based” membership system and membership rating model. With “innovation + branding” at its core, it has established a “six-in-one” membership marketing matrix to continuously enhance membership operational efficiency and precision service capabilities. The loyalty, spending contribution and asset value of high-value business and high-frequency travel customer cluster has continued to increase. By the end of 2025, the number of “Eastern Miles” members had exceeded 75 million.

The Group actively promotes cooperation with internal and external partners of SkyTeam Airline Alliance, and has established a more stable and close comprehensive strategic cooperation relationship with Delta and AFK in the European and American markets through capital and business collaboration. Through carrying out strategic cooperation with Juneyao Airlines, the competitiveness of the Group’s Shanghai main base has been further enhanced. The Group has entered into a bilateral frequent flyer partnership with Etihad Airways, enabling the exchange of points in the membership systems of both parties.

The Group has actively expanded the brand cooperation with world-renowned enterprises in the upstream and downstream of the aviation industry chain, building a multi-dimensional, ecosystem-based, and mutually beneficial cooperation network. The Group established the “Airline + Internet” cooperation model with Ctrip to promote cooperation in product and route promotion. It cooperates with China National Railway Group Co., Ltd. to realise one-stop booking of “air ticket + train ticket”. The Group has achieved remarkable results in the integrated development of cross-industry synergy of “aviation + culture, tourism, business, sports and exhibition”. It has deepened membership integration and shared benefits with the well-known chain coffee brand Starbucks, bridging travel and lifestyle service scenarios to enhance commercial monetisation capabilities. The Group has carried out health service cooperation with Ruijin Hospital, an authoritative medical institution in China, to escort people’s travel with warm air services. It has also cooperated with Jiushi Group to seamlessly connect air travel with public transportation, sightseeing tours and business district consumption in Shanghai. In addition, through partnerships with the National Museum of China and the Shanghai Museum, the Group has achieved a comprehensive upgrade spanning from products to IP and from transportation to cultural dissemination.



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 conflicts or wars will have a relatively significant impact on the demand of 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 jet fuel and other commodities, thereby affecting the global economic activities and causing greater impacts on the Group'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 Group.

The Group pays close attention to the impacts caused by changes in the domestic and overseas macro-economic situation, international economic and trade relations, the geopolitical situation, public health emergencies and related policies, and 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 on and bring uncertainties to the shareholder structure as well as liquidity, price and continuity of the shares of the Company.

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

3. Operational Safety Risk

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

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

4. Core Resources Risk

The rapid growth of the industry 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 Group to achieve its projected development goals or have a material adverse impact on the production and operations of the Group.

The Group reserves time slot resources in core markets 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 Group 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 programmes for 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 transportation capacity for the Chinese market by international airlines, future competition in the domestic and overseas aviation industry may intensify, which may bring uncertainties to the Group's air traffic rights and time slot resources, ticket price level and market share, and therefore have an impact on the Group's operating results. In addition, there is a certain level of substitutability between railway, highway and ship transportation and air transportation in certain markets. Certain routes of the Group may experience higher competitive pressure.

The Group has actively responded to industry competition, proactively strived for new air traffic rights and time slot resources in hub markets and core markets, continuously refined its route network, and steadily improved and consolidated its market share in the hubs and core markets. In response to the relevant national policies on rectifying involution competition, the Group further strengthened its competitiveness through innovating its service products and improving service quality to enhance passenger experience.

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 Group's results.

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

As at 31 December 2025, the impacts of changes in jet fuel prices, exchange rates, and interest rates on the Group are as follows:

Sensitivity analysis on the changes in jet fuel prices, exchange rates, and interest rates	Unit: RMB million			
	Effect on total profit		Effect on other comprehensive income	
	Increase	Decrease	Increase	Decrease
Increase or decrease by 5% in average jet fuel prices	-2,184	2,184	-	-
Increase or decrease by 25 basis points in floating interest rates	-228	228	1	-1
Appreciation or depreciation by 1% of USD against RMB	-178	178	-	-

In terms of the risk associated with the fluctuation of jet fuel prices, the Group has implemented lean management to save fuel through measures such as fleet renewal, route optimisation, single-engine taxiing and fuselage weight reduction, and has optimised its transportation capacity deployment, strengthened marketing and increased passenger load factor and unit yield level, so as to respond to the pressure of rising jet fuel prices. The Group has also proactively analysed the trend of oil prices, and prudently conducted jet fuel hedging activities. Exposure to jet fuel price fluctuations may be partially offset for the airlines by the implementation of fuel surcharge mechanism in China's civil aviation industry.

In terms of the exchange rate fluctuation risk, the Group pays close attention to the exchange rate market and further optimises 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 Group's promotion of international business, the Group 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.



Management's Discussion and Analysis

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

7. Data and Information Security Risk

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

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

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 Group may face risks associated with decision-making, management, law, regulation and interference of competitors, which may affect the results of the development strategies of the Group. There remain certain risks that some transformation projects or business adjustments may fail to achieve their expected objectives in the future.

The Group has made continuous improvements to the monitoring and management of the whole process of external investment, and will enhance the research of projects, strictly monitor various investment activities and refine its risk management mechanism through due diligence and asset valuation during its expansion into new international markets, commencement of external investments, mergers and acquisitions and restructuring of 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 Group'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 Group's operations normally, the Group's normal operations may be adversely affected.

The Group regularly assesses the contractual performance capacity of suppliers of essential facilities and equipment and core technological services that are closely related to its supply chain of business and operations. The Group has also continuously paid close attention to the changes in the price, the policies and regulations and the substitution of domestically produced products 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 in respect of the supply chain.

10. Securities Market Fluctuation Risks

The share price of a listed company is dependent not only 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 striven for outstanding operating results. The Company has studied and formulated the Market Value Management System to monitor the Company's share price, public sentiment, and capital market trends on a daily basis, strengthened the communication with capital markets and various investors, and, taking into account the actual situation, comprehensively implemented measures such as share repurchases and increase in shareholding by substantial shareholders to manage the market value, guide the capital market to reasonably reflect the Company's valuation, and protect the legitimate rights and interests of the Company, investors, and other stakeholders.

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 behaviour caused by passengers' low carbon travel may impose restrictions on airline operations. In order to meet the changing regulatory requirements of environmental policies, airlines may increase their investment in issues related to saving energy and reducing emissions and noise control, which in turn increases operating costs.

The Group adheres to the basic concept of sustainable development while strictly abiding by relevant policies and regulations on environmental protection. It implements refined management and control of jet fuel saving through the introduction of advanced 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 Group abides by international and domestic carbon emission regulatory requirements by participating in EU carbon emission trading mechanism and Shanghai local pilot carbon trading mechanism, with an aim to fulfil carbon emission obligations through market-oriented mechanisms, and explore ways to improve carbon emission management capabilities. In addition, the Group continues to study the application of sustainable aviation fuel and explores the

carbon emission reduction model of the aviation industry, with an aim to continuously improve the level of ecological environment governance and green and low-carbon development.

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 restrictive policies imposed by relevant countries on air traffic or personnel movement 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 Group.

The Group has 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.

Revenue

In 2025, the Group's passenger revenue amounted to RMB129,349 million, representing an increase of 6.47% from last year, and accounted for 95.95% of the Group's air traffic revenue. The passenger traffic volume was 272,103.81 million passenger-kilometres, representing an increase of 10.66% from last year.

In particular, the passenger revenue of domestic routes amounted to RMB85,128 million, representing an increase of 0.51% from last year, and accounted for 65.82% of the passenger revenue. The passenger traffic volume of domestic routes was 180,244.89 million passenger-kilometres, representing an increase of 5.95% from last year.

The passenger revenue of international routes amounted to RMB40,567 million, representing an increase of 21.75% from last year, and accounted for 31.36% of the passenger revenue. The passenger traffic volume of international routes was 86,544.14 million passenger-kilometres, representing an increase of 22.69% from last year.

The passenger revenue of regional routes amounted to RMB3,654 million, representing an increase of 5.52% from last year, and accounted for 2.82% of the passenger revenue. The passenger traffic volume of regional routes was 5,314.78 million passenger-kilometres, representing an increase of 1.63% from last year.



Management's Discussion and Analysis

In 2025, the Group's cargo revenue amounted to RMB5,457 million, representing an increase of 2.36% from last year, and accounted for 4.05% of the Group's air traffic revenue. The cargo and mail traffic volume was 4,062.52 million tonne-kilometres, representing an increase of 10.32% from last year.

In 2025, the Group's other revenue amounted to RMB5,135 million, representing a decrease of 3.22% from last year.

Operating Expenses

In 2025, the Group's total operating expenses were RMB143,527 million, representing an increase of 4.76% from last year. As the Group adjusted flight capacity according to market demand and increased production input, various costs increased accordingly. The details are set out as follows:

Aircraft fuel costs accounted for one of the most substantial parts of the Group's operating expenses. In 2025, the Group's aircraft fuel cost was RMB43,690 million, representing a decrease of 3.98% from last year. This was primarily due to increase in the consumption volume of the Group, with the volume of refuelling increasing by 4.60% from last year, leading to an increase in aircraft fuel costs by RMB2,094 million. As crude oil prices decreased, the average price of aircraft fuel decreased by 8.20% from last year, leading to a decrease in aircraft fuel costs by RMB3,903 million.

In 2025, the Group's wages, salaries and benefits amounted to RMB29,688 million, representing an increase of 11.81% from last year, and was primarily due to the increase in the traffic volume, leading to increase in the flight hour fees of aircrew members and the natural growth resulting from adjustments in headcount and staff grades.

In 2025, the Group's depreciation and amortisation amounted to RMB27,894 million, representing an increase of 4.69% from last year, and was primarily due to the increase in the size of its fleet.

In 2025, the Group's take-off and landing charges amounted to RMB19,342 million, representing an increase of 10.31% from last year, and was primarily due to the increase in the number of flight take-offs and landings, leading to an increase in the airport take-off and landing charges.

In 2025, the Group's aircraft maintenance expenses amounted to RMB6,576 million, representing an increase of 6.56% from last year, and was primarily due to the increase in the traffic volume, and the increase in the aircraft and daily engine maintenance expenses.

In 2025, the Group's catering supply expenses amounted to RMB4,631 million, representing an increase of 9.56% from last year, and was primarily due to the increase in the number of passengers carried, leading to an increase in meals and on-board supplies.

In 2025, the Group's sales and marketing expenses amounted to RMB4,362 million, representing an increase of 10.46% from last year, and was primarily due to the increase in the number of passengers, leading to an increase in the system reservation fees.

Other Operating Income and Gains

In 2025, the Group's other operating income and gains amounted to RMB7,459 million, representing an increase of 14.70% from last year, and was primarily due to increased investment in transportation capacity, the increase in income from co-operation routes, the gains arising from the Company's acquisition of additional equity interests in subsidiaries where the investment cost was lower than the fair value of the identifiable net assets attributable to the Company at the time of acquisition, and the higher gains from the disposal of investment companies.

Finance Income/Costs

In 2025, the Group's finance income amounted to RMB309 million, representing an increase of 168.70% from last year. Finance costs amounted to RMB4,185 million, representing a decrease of 29.20% from last year, and was primarily due to the Company's ongoing efforts to optimise its debt structure, which reduced interest expenses by RMB963 million; and foreign exchange gains of RMB205 million in 2025, compared with foreign exchange losses of RMB763 million in the same period last year.

Net Loss during the Year

In 2025, the net loss attributable to the owners of the Company was RMB1,633 million, compared with a net loss attributable to the owners of the Company of RMB4,226 million in 2024.

Liquidity and Capital Structure

As at 31 December 2025, the Group had total assets of RMB294,006 million, representing an increase of 5.44% from 31 December 2024. Its asset-to-liability ratio was 86.02%, representing an increase of 1.68 percentage points from 31 December 2024.



In particular, the total current assets amounted to RMB25,436 million, which accounted for 8.65% of the total assets and represented an increase of 33.15% from 31 December 2024. Non-current assets amounted to RMB268,570 million, which accounted for 91.35% of the total assets and represented an increase of 3.40% from 31 December 2024.

As at 31 December 2025, the Group had total liabilities of RMB252,916 million, comprising current liabilities of RMB123,691 million which accounted for 48.91% of total liabilities, and non-current liabilities of RMB129,225 million which accounted for 51.09% 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 RMB65,814 million, representing a decrease of 0.92% from 31 December 2024. Among the non-current liabilities, interest-bearing liabilities (long-term bank borrowings, bonds payable and lease liabilities) amounted to RMB116,114 million, representing an increase of 5.99% from 31 December 2024. The increase in interest-bearing liabilities was mainly due to the Group's adjustment of its funding structure according to the financial market conditions.

In 2025, in order to deal with exchange rate fluctuations, the Group actively optimised the currency structure of the Group's liabilities and reduced exchange rate risks. As at 31 December 2025, the breakdown of the Group's interest-bearing obligations by currencies is as follows:

Currency	Unit: RMB million		
	RMB equivalent		Movement (%)
	2025	2024	
RMB	158,899	148,070	7.31
USD	20,204	25,166	-19.72
Others	2,825	2,733	3.37
Total	181,928	175,969	3.39

As at 31 December 2025, the Group's long-term and short-term bank borrowings and bonds payable included in interest-bearing liabilities equivalent to RMB101,528 million, representing a decrease of 1.34% from RMB102,902 million as at 31 December 2024. The breakdown by currencies is as follows:

Currency	Unit: RMB million		
	RMB equivalent		Movement (%)
	2025	2024	
RMB	97,815	100,247	-2.43
USD	984	-	
SGD	2,729	2,655	2.79
Total	101,528	102,902	-1.34

As at 31 December 2025, the Group's lease liabilities included in interest-bearing liabilities equivalent to RMB80,400 million, representing an increase of 10.04% from RMB73,067 million as at 31 December 2024. The breakdown by currencies is as follows:

Currency	Unit: RMB million		
	RMB equivalent		Movement (%)
	2025	2024	
RMB	61,084	47,823	27.73
USD	19,220	25,166	-23.63
HKD	2	4	-50.00
JPY	21	24	-12.50
SGD	1	3	-66.67
Others	72	47	53.19
Total	80,400	73,067	10.04

Interest Rate Fluctuation

The Group's total interest-bearing liabilities as at 31 December 2025 and 31 December 2024 were equivalent to RMB181,928 million and RMB175,969 million (including long-term and short-term bank borrowings, lease liabilities, bonds payable and super short-term debentures), of which short-term liabilities accounted for 36.18% and 37.75%, respectively. Most of the long-term interest-bearing liabilities are floating-rates liabilities, both of which are subject to fluctuations in prevailing market interest rates.

The Group's interest-bearing liabilities were primarily denominated in USD and RMB. As at 31 December 2025, the Group's liabilities denominated in USD and RMB accounted for 11.11% and 87.34%, respectively. Fluctuations in the USD and RMB interest rates have a relatively significant impact on the Group's finance costs at present and in the future.



Management's Discussion and Analysis

Exchange Rate Fluctuation

As at 31 December 2025, the Group's total interest-bearing liabilities denominated in foreign currencies amounted to RMB23,029 million, of which U.S. dollar-denominated interest-bearing liabilities accounted for 87.73% of all foreign-currency interest-bearing liabilities. Therefore, in the case of significant fluctuations in the USD exchange rate, the exchange gains and losses resulting from the translation of foreign currency liabilities will be larger, which will affect the Group's profitability and development. The Group uses forward foreign currency contracts to mitigate the exchange rate risk arising from capital expenditures paid in foreign currencies.

As at 31 December 2025, the outstanding foreign exchange forward transactions held by the Company amounted to a notional amount of approximately USD438 million, which will expire in 2026.

Fluctuation of Jet Fuel Prices

In 2025, the Group dealt with the cash flow risk arising from the fluctuation of jet fuel prices through fuel forward contracts. The fuel forward contracts entered into by the Group were mainly for the purchase of jet fuel at a fixed transaction price, which were classified as cash flow hedges. In 2025, the Company prudently assessed the derivatives market conditions and undertook jet fuel hedging transactions. As at 31 December 2025, the Company held outstanding jet fuel hedge positions amounting to 500,000 barrels, which are scheduled to expire in 2026.

Pledges on Assets and Contingent Liabilities

As at 31 December 2025, the cost of the Group's assets used to secure certain bank loans was RMB32,613 million, and as at 31 December 2024, the cost of the Group's assets used to secure certain bank loans was RMB34,243 million, representing a year-on-year decrease of 4.76%.

As at 31 December 2025, the Group had no significant contingent liabilities.

Capital Expenditure

According to the agreements that have been entered into in relation to aircraft and engines, as at 31 December 2025, the Group expected its capital expenditures for the coming three years on aircraft and engines to be approximately RMB61,724 million in total, including the expected capital expenditure of approximately RMB22,548 million, RMB15,101 million and RMB24,075 million for each year from 2026 to 2028, respectively.

The above capital expenditure plan of the Group may vary due to factors such as entering into new purchase contracts for aircraft, engines and other flight equipment based on development strategy and market demand, variations to the original contracts and changes in price index.

Material Asset Impairment

The Group has not recorded any material asset impairment during the year. The specific amount of asset impairment has been listed in note 10 to the audited consolidated financial statements.

Overseas Assets

As at 31 December 2025, the overseas assets² of the Group amounted to RMB2,152 million, representing 0.73% of the total assets.



² Overseas assets: mainly represent the balance of deposits of the Group's overseas branches

Analysis on Investment

1. Significant equity investments

Unit: RMB million

Name of invested company	Main business	Whether the target is mainly engaged in investment business	Way of investment	Investment amount	Share holdings	Whether to consolidate	Accounting item	Source of capital	Progress as of balance sheet date	Effects on profit or loss during the period	Whether involved in litigation	Disclosure date
Sichuan Air	Airline operations	No	Capital increase	132	10%	No	Equity investments designed at fair value through other comprehensive income	Daily operating capital and physical assets	Capital increase completed	-	No	21 June 2024
STARCO	Aviation maintenance and engineering	No	Capital increase	681	100%	Yes	Investments in subsidiaries	Daily operating capital	Subscribed	367	No	-
Total	-	-	-	813	-	-	-	-	-	367	-	-

2. 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	8.81	-8.81	-	-	-	-	-	-
Forward currency contracts	46.90	-75.21	-28.31	-	-	-	-	-28.31
Fuel oil futures contracts	-	3.75	3.75	-	-	-	-	3.75
Financial assets at fair value through profit or loss	100.80	21.05	-	-	-	-	2.27	124.12
Equity investments designated at fair value through other comprehensive income	1,416.78	-5.72	209.56	-	132.21	-	-	1,543.27
Total	1,573.29	-64.94	185.00	-	132.21	-	2.27	1,642.83



Management's Discussion and Analysis

3. Investment in securities

												<i>Unit: RMB million</i>
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 changes in fair value 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	204.27	-6.35	179.42	-	-	6.94	197.92	Equity investments designated at fair value through other comprehensive income
Share	600000	Pudong Development Bank	122.14	Equity replacement	100.74	21.05	-	-	-	-	121.79	Financial assets at fair value through profit or loss
Share	600221	Hainan Airlines Holding	0.07	Debt-to-equity swap	0.06	-	-	2.27	-	-	2.33	Financial assets at fair value through profit or loss
Total	-	-	140.71	-	305.07	14.70	179.42	2.27	-	6.94	322.04	-

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4. Analysis on major subsidiaries and affiliates

								<i>Unit: RMB</i>
Name of company	Eastern Air Jiangsu	Eastern Air Wuhan	Eastern Air Yunnan	Shanghai Airlines	China United Airlines	CEA Technic	STARCO	
Date of establishment	1993	2002	2010	2010	1984	2014	2004	
Registered capital (RMB100 million)	40	67.5	36.62	100	33.2	46.52	5.77	
Main operations	Air passenger and cargo transportation	Air passenger and cargo transportation	Air passenger and cargo transportation	Air passenger and cargo transportation	Air passenger and cargo transportation	Aviation maintenance and engineering	Aviation maintenance and engineering	
Share holdings (%)	62.56	60	65	100	100	100	100	
Revenue (RMB million)	10,710	4,839	11,365	13,658	6,766	12,612	549	
Change on YoY (%)	5.01	6.21	3.85	7.44	-18.09	6.64	6.99	
Operating profit (RMB million)	-535.67	10.04	182.94	44.30	0.35	131.39	71.57	
Net profit during the reporting period (RMB million)	-790.94	-104.52	53.34	141.01	-358.15	2.84	63.68	
Net profit during the previous reporting period (RMB million)	-1,006	-93	-454	-199	108	-31	82.28	
Total assets (RMB million)	11,502	7,290	12,543	29,695	10,404	13,395	1,146	
Net assets (RMB million)	-2,321	3,797	3,137	506	2,031	1,459	674	
RPK (million)	21,821.23	9,503.49	22,010.35	26,392.96	17,540.34			
YoY (%)	8.98	9.79	9.78	10.81	-9.91	-	-	
Number of passengers carried (million)	14.87	8.07	14.25	15.70	11.34	-	-	
YoY (%)	10.08	5.09	5.71	6.33	-6.17	-	-	
Fleet size (units)	72	36	75	88	59	-	-	



Human Resources

As at 31 December 2025, the Group had 89,277 employees, the majority of whom were located in China. The wages of the Group's employees primarily consisted of basic salaries and performance bonuses. The Group was not involved in any major labour disputes with its employees, nor did it experience any significant turnover of employees or encounter any significant difficulties in recruiting new employees.

Total number of staff	89,277
Number of staff of the parent company	50,095
Number of staff of major subsidiaries	39,182
Number of retired staff whose expenses are committed by the parent company and major subsidiaries	11,706

Composition of professionals

Category of professionals	Number of professionals
Pilots	11,784
Flight attendants and other aircrew	25,784
Maintenance personnel	14,530
Ground services and others	27,498
Operation control	1,750
Information technology	1,146
Sales and marketing	3,439
Management	3,346
Total	89,277

Education level

Category of education level	Number of staff
Master's degree and above	3,474
Bachelor's degree	49,664
Associate degree	26,953
Others	9,186
Total	89,277

The Group focuses on the creation of an equal, diverse and inclusive workplace culture, with an aim to provide an equal and friendly working environment and development opportunities for all employees. The proportion of female employees is planned to be maintained at an appropriate level in the industry. As at 31 December 2025, the proportion of female directors in the Board of Directors exceeded 11.1% and the proportion of female employees in the Company has reached 37.01%. The Board considers its diversity of gender is appropriate and no additional measurable objective is necessary in this respect. The Board has reviewed the Company's policy on board diversity, and considers it is effective and has been fully implemented.

Remuneration policies

In order to cater for the demand for the Group's strategic development, the Group improved the structure of its remuneration distribution system, optimised the protection and motivation effect of remuneration, and reasonably protected the legitimate rights of the employees and the Group. According to the Labour Contract Law of the PRC and the relevant laws and regulations, the Group has established the work position and remuneration system, namely the ground crew work position and remuneration system and aircrew work position and remuneration system. The remuneration of ground crew is composed of basic salary, wage for seniority, position-points salary, performance bonuses, allowances and benefits. The remuneration of aircrew is composed of basic salary, flight hour fees, flight benefits and other incentives.

In order to stimulate the vitality and creativity of the management members of the Group's secondary institutions, enhance the Group's market-based operation and business modernisation level, and taking into account the need for the growth and actual business conditions of the Group, the Group reformed the tenure system and contractual annual salary system for the management members of the secondary institutions. Salary mainly consists of three parts: basic annual salary, performance annual salary and tenure incentive.

Training programme

Focusing on strategic goals and strategic processes, the Group has formulated and improved the multi-tier and multiform talent training plans based on the modern development needs of corporate governance system and governance capabilities, established and upgraded various training platforms with an aim to help improve the knowledge, skills and comprehensive competency of all staff to a greater extent and continuously consolidate their core competitiveness, further strengthening the talent foundation for high-quality development of the Group.



Report of the Directors

The Board is pleased to present the audited financial report of the Group for the year ended 31 December 2025.

Group Results

Further discussion and analysis on the business of the Group for the year ended 31 December 2025, including a fair review of the business of the Group, description of the principal risks and uncertainties facing the Group and highlight of the Group's business development in the future, are set out in Management's Discussion and Analysis from pages 22 to 35 of this annual report.

The results of the Group for the year ended 31 December 2025 and the financial position of the Company and the Group as at that date, prepared in accordance with IFRSs, are set out in the financial statements.

The geographical analysis of the Group's revenue is as follows:

Revenue

	IFRSs RMB million
Domestic	90,419
Regional (Hong Kong, Macau and Taiwan)	3,789
International	45,733
Total	139,941

Critical Accounting Policies

Critical accounting policies are defined as those which reflect significant judgements and uncertainties and potentially result in materially different results under different assumptions and conditions.

The Group's audited consolidated financial statements have been prepared in accordance with IFRSs. The Group's critical accounting policies are disclosed in note 50 to our audited consolidated financial statements. IFRSs require the Group to adopt the accounting policies and make estimates that our Directors believe are most appropriate in the circumstances for the purposes of giving a true and fair view of our results and financial position. However, different policies, estimates and assumptions in critical areas could lead to materially different results. The critical accounting estimates and judgements made in the preparation of these financial statements are identified and set forth in note 4 to our audited consolidated financial statements.



Dividend

On 30 March 2026, the Board considered and approved the 2025 profit distribution proposal at the third regular meeting in 2026, and recommended the Company not to distribute profit for 2025.

The independent Directors of the Company are of the view that the 2025 profit distribution proposal of the Company is in line with the objective circumstances of the Company, and the deliberation procedures are lawful and effective, and are in compliance with the Company Law, the Securities Law of the PRC, relevant laws and regulations of the CSRC and the Shanghai Stock Exchange and relevant provisions of the Company's Articles of Association, and that there is no prejudice to the interests of the investors, in particular, the interests of minority shareholders. The independent non-executive Directors of the Company agree to submit the 2025 profit distribution proposal to the 2025 annual general meeting of the Company for consideration.

The aforesaid profit distribution proposal is subject to consideration at the 2025 annual general meeting of the Company.

Dividend Policy

The Company has formulated a comprehensive dividend policy and will implement it in accordance with the Articles of Association and applicable laws and regulations.

Pursuant to the Articles of Association, the Company may distribute dividends by way of cash, shares, a combination of cash and shares, or in other reasonable manner in compliance with laws and regulations. Following the end of each fiscal year, the Board shall review the profit distribution plan and submit it to the general meeting for voting. If the profit distribution plan is approved at the general meeting, the Board shall complete the distribution within two months after the general meeting. Unless otherwise decided by the general meeting, the general meeting shall authorise the Board to distribute interim dividends.

Proposal and implementation of cash dividends distribution by the Company shall be subject to the following conditions: (1) the Company records a profit for the year, and the auditor issues an unqualified audited report on the Company's financial statements for that particular year; (2) the distributable profit (i.e. the after-tax profit of the Company after making up for losses, allocation to the statutory common reserve fund and discretionary common reserve fund) realised by the Company for the year is positive in value; (3) the Company has sufficient cash flow, and distribution of cash dividends will not affect the Company's normal operation and sustainable development. Provided that the Company is in good operating condition and has sufficient cash flow to meet the needs for its normal operation and sustainable development, the Company will proactively distribute cash dividends in return to its shareholders, and the accumulated profit distribution made in cash by the Company in the latest three years shall not be less than 30% of the average annual distributable profit attributable to the owners of the parent company in the consolidated statements in the latest three years. In the event that the said payout ratio of cash dividends cannot be met due to special reasons, the Board may adjust the payout ratio of dividends according to actual circumstances and state the reasons therefor.

For further details of the Company's dividend policy, please refer to Chapter 9 of the Articles of Association: Financial and Accounting Systems, Profit Distribution and Auditing.



Share Capital

1. As at 31 December 2025, the shareholding structure of the Company is set out as follows:

	Total number of shares	Approximate percentage in shareholding (%)
I A shares	17,024,964,893	77.08
1. Listed shares with trading moratorium	0	0
2. Listed shares without trading moratorium	17,024,964,893	77.08
II H shares	5,062,771,777	22.92
1. Listed shares with trading moratorium	0	0
2. Listed shares without trading moratorium	5,062,771,777	22.92
III Total number of shares	22,087,736,670	100.00

Total Number of Shareholders

As at 31 December 2025, the total number of registered shareholders of the Company was 125,700.

Substantial Shareholders

So far as the Directors are aware, as at 31 December 2025, the following persons (other than the Directors and president 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	8,858,963,273(L) ^{Note 2}	Beneficial owner	52.04%(L)	40.11%(L)
		457,317,073(L) ^{Note 2}	Interests of controlled corporation	2.69%(L)	2.07%(L)
CES Global	H shares	2,778,396,000(L) ^{Note 3}	Interests of controlled corporation	54.88%(L)	12.58%(L)
	H shares	2,778,396,000(L) ^{Note 3}	Beneficial owner	54.88%(L)	12.58%(L)
Juneyao Group	H shares	556,705,777 ^{Note 5}	Interests of controlled corporation	11.00%(L)	2.52%(L)
Juneyao Airlines	A shares	808,441,233 ^{Note 4}	Beneficial owner	4.75%(L)	3.66%(L)
	H shares	2,000,000 ^{Note 5}	Beneficial owner	0.04%(L)	0.01%(L)
		554,705,777 ^{Note 5}	Interests of controlled corporation	11.00%(L)	2.52%(L)
Juneyao Hong Kong	H shares	554,705,777 ^{Note 5}	Beneficial owner	11.00%(L)	2.52%(L)
Wang Junjin	A shares	808,441,233 ^{Note 4}	Interests of controlled corporation	4.75%(L)	3.66%(L)
	H shares	556,705,777 ^{Note 5}	Interests of controlled corporation	11.00%(L)	2.52%(L)
Wang Han	A shares	808,441,233 ^{Note 4}	Interests of controlled corporation	4.75%(L)	3.66%(L)
	H shares	556,705,777 ^{Note 5}	Interests of controlled corporation	11.00%(L)	2.52%(L)
Ye Jinqi	A shares	808,441,233 ^{Note 4}	Interests of spouse	4.75%(L)	3.66%(L)
	H shares	556,705,777 ^{Note 5}	Interests of spouse	11.00%(L)	2.52%(L)



Notes:

1. 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.
2. 8,858,963,273 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.
3. CES Global directly held 2,778,396,000 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 2,778,396,000 H shares held directly by CES Global.

As at 31 December 2025, 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, 808,441,233 A shares were held directly by Juneyao Airlines. Mr. Wang Han and Mr. Wang Junjin were interested in 71.90% of shares of Juneyao Group; and Juneyao Group is the controlling shareholder of Juneyao Airlines. Ms. Ye Jinqi is the spouse of Mr. Wang Junjin. Therefore, Juneyao Group is deemed to be interested in 808,441,233 A shares held by Juneyao Airlines; each of Mr. Wang Han and Mr. Wang Junjin is deemed to be interested in 808,441,233 A shares held directly by Juneyao Airlines; and Ms. Ye Jinqi is deemed to be interested in 808,441,233 A shares held indirectly by Mr. Wang Junjin.
5. Juneyao Airlines directly held 2,000,000 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 71.90% 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 2,000,000 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 556,705,777 H shares held indirectly by Mr. Wang Junjin.



Report of the Directors

Shareholders who are interested in 5% or more of any class of voting shares in the Company are obliged to disclose their interests, and short positions, in voting shares of the Company when (but not limited to) there is any change in the percentage of their respective share interests or the nature of their interests pursuant to the SFO.

According to the relevant disclosure requirements laid down by the CSRC, as at the end of the Reporting Period, the 10 largest registered shareholders, the 10 largest registered shareholders of shares without trading moratorium and the 10 largest registered shareholders of shares with trading moratorium on the register of members of the Company and their respective shareholdings are as follows:

Shareholdings of Top Ten Shareholders

Name of shareholders (full name)	Increase/ (decrease) in shareholding during the Reporting Period	Shareholding as at the end of the Reporting Period	Percentage (%)	Shares subject to trading moratorium held	Pledged, marked or frozen		Nature of shareholders
					Status of shares	Number of shares	
China Eastern Air Holding Company Limited	0	8,858,963,273	40.11%	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	-113,314,052	4,590,376,723	20.78%	0	Unknown	Unknown	Overseas legal person
Juneyao Airlines Co., Ltd	0	808,441,233	3.66%	0	Nil	0	Domestic non-state-owned legal person
China National Aviation Fuel Holding Company	-3,739,600	726,650,227	3.29%	0	Nil	0	State-owned legal person
DELTA AIR LINES INC.	0	465,910,000	2.11%	0	Nil	0	Overseas legal person
Shanghai Licheng Information Technology Consulting Co., Limited	0	465,838,509	2.11%	0	Nil	0	Domestic non-state-owned legal person
CES Finance Holding Co., Ltd.	0	457,317,073	2.07%	0	Nil	0	State-owned legal person
China Securities Finance Corporation Limited	0	429,673,382	1.95%	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	-74,593,717	273,374,509	1.24%	0	Nil	0	Overseas legal person
China COSCO Shipping Corporation Limited	0	232,919,254	1.05%	0	Nil	0	State-owned legal person



Shareholdings of Top Ten Shareholders Without Trading Moratorium

Name of shareholders	Shareholding of shares without trading moratorium	Type of shares held and shareholding	
		Type of shares held	Shareholding
China Eastern Air Holding Company Limited	8,858,963,273	RMB-denominated ordinary shares	8,858,963,273
HKSCC NOMINEES LIMITED	4,590,376,723	Overseas listed foreign shares	4,590,376,723
Juneyao Airlines Co., Ltd	808,441,233	RMB-denominated ordinary shares	808,441,233
China National Aviation Fuel Holding Company	726,650,227	RMB-denominated ordinary shares	726,650,227
DELTA AIR LINES INC.	465,910,000	Overseas listed foreign shares	465,910,000
Shanghai Licheng Information Technology Consulting Co., Limited	465,838,509	RMB-denominated ordinary shares	465,838,509
CES Finance Holding Co., Ltd.	457,317,073	RMB-denominated ordinary shares	457,317,073
China Securities Finance Corporation Limited	429,673,382	RMB-denominated ordinary shares	429,673,382
Hong Kong Securities Clearing Company Ltd.	273,374,509	RMB-denominated ordinary shares	273,374,509
China COSCO Shipping Corporation Limited	232,919,254	RMB-denominated ordinary shares	232,919,254
Description of the specialised account for repurchase among the top ten shareholders	N/A		
Explanation on the above-mentioned shareholders' authorised voting rights, entrusted voting rights and abstention from voting rights	N/A		
Description of any related party or concert party relationship among the above shareholders		<p>CES Finance is 100% held by CEA Holding. Among the 4,590,376,723 shares held by HKSCC NOMINEES LIMITED, 2,778,396,000 shares were held by CES Global in the capacity of beneficial owner. CES Global was 100% held by CEA Holding.</p> <p>Among the 4,590,376,723 shares held by HKSCC NOMINEES LIMITED, 554,705,777 shares were held by Juneyao Hong Kong in the capacity of beneficial owner. Juneyao Hong Kong was 100% held by Juneyao Airlines.</p> <p>The Company is not aware of any related party or concert party relationship among other top ten shareholders without trading moratorium.</p>	

As at the end of the Reporting Period, CES Global has pledged 2,370 million H shares of the Company.

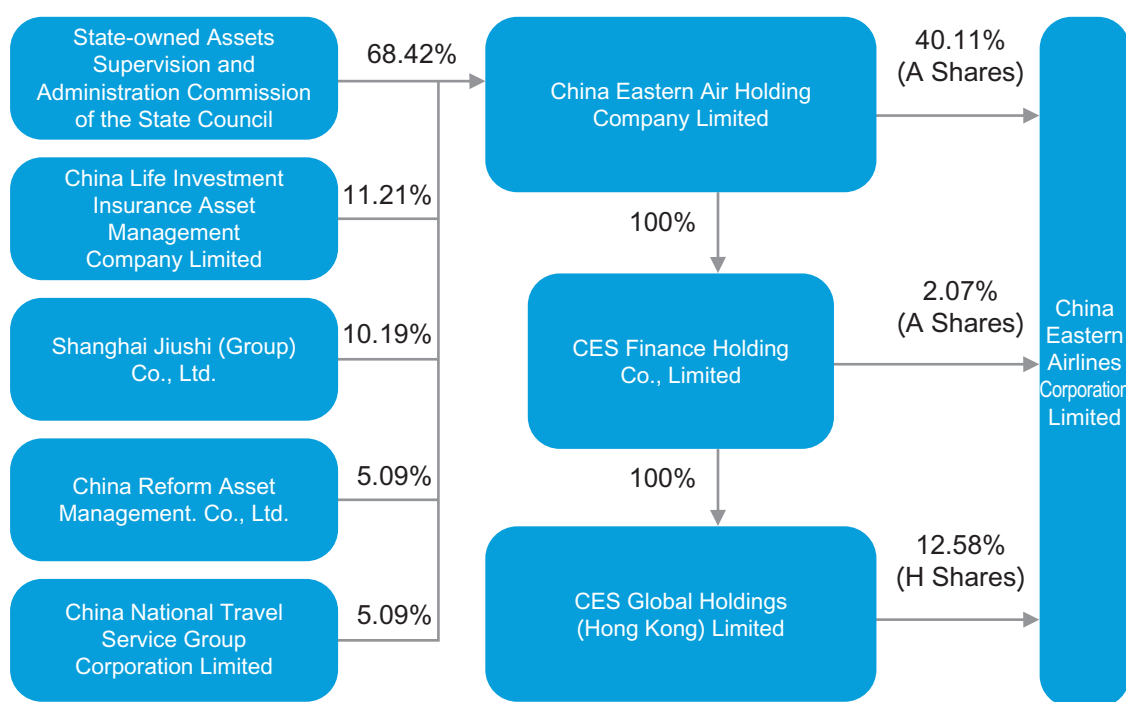


Controlling Shareholder and De Facto Controller

Name	China Eastern Air Holding Company Limited
Person in charge or legal representative	Wang Zhiqing
Date of establishment	9 August 1986
Principal business	Managing all the state-owned assets and equity interest formed and invested by the state in group company and its invested enterprises
Details of controlling interests and investments in other domestic and foreign listed companies during the Reporting Period	Directly holds 40.5% equity of Eastern Air Logistics (stock code 601156.SH); directly and indirectly holds 7.24% equity of TravelSky (stock code 00696.HK); indirectly holds 12.89% equity of Juneyao Airlines (stock code 603885.SH); indirectly holds 0.13% equity of CTG DUTY-FREE (stock code 01880.HK); indirectly holds 4.58% equity of Air France-KLM (stock code AF.PA).

The Graph of Shareholding and Control Relationship Between the Company, the De Facto Controller and the Controlling Shareholder

The situation as of 31 December 2025 is as follow:



Notes:

- During the Reporting Period, the Company completed its A-share and H-share repurchase programmes, and cumulatively bought back 203,559,900 shares, accounting for 0.9132% of the total number of shares of the Company before the repurchase. The cancellation of the repurchased shares was completed on 11 November 2025, and the total share capital of the Company decreased from 22,291,296,570 shares to 22,087,736,670 shares.
- As of the end of the Reporting Period, CEA Holding, the Company's controlling shareholder, and its parties acting in concert held 54.76% of the Company's shares.



Purchase, Sale or Redemption of Securities

Pursuant to the resolution on granting the general mandate to the Board to repurchase H shares and A shares of the Company that was considered and approved by the Company at the 2024 first extraordinary general meeting, 2024 first H shareholders class meeting and 2024 first A shareholders class meeting convened on 8 November 2024, the period of share repurchase was ended on 7 November 2025, during which the Company repurchased a total of 89,553,900 A shares with a par value of RMB1.00 per share on the Shanghai Stock Exchange at a repurchase price ranging from RMB3.53 to RMB4.10 per A share for a total repurchase price of approximately RMB336,800,200 (excluding transaction fees), and a total of 114,006,000 H shares with a par value of RMB1.00 per share on the Hong Kong Stock Exchange at a repurchase price ranging from HK\$2.26 to HK\$3.03 per H share for a total repurchase price of approximately HK\$311,346,700 (excluding transaction fees). All such shares were cancelled as at 11 November 2025.

Details of the shares repurchased from the Shanghai Stock Exchange during the Reporting Period are as follows:

Month of repurchase	Number of shares repurchased	Purchase price per share		Total purchase price (HK\$)
		Highest (HK\$/share)	Lowest (HK\$/share)	
January	17,958,300	3.84	3.76	69,042,000
February	25,160,000	3.86	3.65	94,244,200
March	4,900,000	3.84	3.65	18,428,000
April	35,435,600	3.79	3.53	130,350,400
June	1,100,000	4.00	3.97	4,385,700

Details of the shares repurchased from the Hong Kong Stock Exchange during the Reporting Period are as follows:

Month of repurchase	Number of shares repurchased	Purchase price per share		Total purchase price (HK\$)
		Highest (HK\$/share)	Lowest (HK\$/share)	
January	2,104,000	2.73	2.39	5,097,600
February	34,760,000	2.63	2.37	86,682,800
April	3,000,000	2.34	2.26	6,934,300
May	24,224,000	3.02	2.48	65,256,500
June	19,590,000	3.03	2.90	58,326,500
July	30,328,000	3.03	2.85	89,049,000

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities ("securities", having the meaning ascribed thereto under section 1 of Appendix D2 to the Listing Rules).

Pre-emptive Rights

Under the Articles of Association and the laws of the PRC, no pre-emptive right exists, which requires the Company to offer new shares to its existing Shareholders on a pro rata basis.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, at all times during the year ended 31 December 2025, the H Shares of the Company held by the public accounted for at least 5% of the total issued shares of the Company. Accordingly, the public float of the Company complies with the minimum public float requirement under the Listing Rules.



Shareholdings and Remuneration of Incumbent and Resigned Directors and Senior Management during the Reporting Period

Name	Position	Gender	Age	Effective date of appointment	Expiry date of the term	Shares held at the beginning of the year (shares)	Shares held at the end of the year (shares)	Increase/ (decrease) in shareholding during the year	Total pre-tax remuneration received from the Company during the Reporting Period (RMB10,000)	Whether remuneration is received from related parties
Wang Zhiqing	Chairman of the Board	Male	59	29 April 2024	up to date	-	-	-	-	Yes
Gao Fei	Vice Chairman	Male	49	2 December 2025	up to date	-	-	-	-	Yes
	President			30 October 2025	up to date					
Cheng Guowei	Director	Male	55	12 February 2025	up to date	-	-	-	-	Yes
	Vice President			29 April 2024	17 January 2025					
Sun Zheng	Independent Director	Male	68	29 April 2024	up to date	-	-	-	20	No
Lu Xiongwen	Independent Director	Male	59	29 April 2024	up to date	-	-	-	20	No
Luo Qun	Independent Director	Male	63	29 April 2024	up to date	-	-	-	8	No
Fung Wing Yee Sabrina	Independent Director	Female	54	29 April 2024	up to date	-	-	-	20	No
Zheng Hongfeng	Independent Director	Male	48	29 April 2024	up to date	-	-	-	20	No
Jie Xiaoqing	Employee Representative Director	Male	60	30 May 2025	up to date	-	-	-	-	Yes
Zhou Qimin	Vice President, Chief Financial Officer	Male	58	29 April 2024	up to date	-	-	-	-	Yes
Wan Qingchao	Vice President	Male	54	29 April 2024	up to date	-	-	-	-	Yes
Li Ye	Vice President	Male	52	19 June 2024	up to date	-	-	-	-	Yes
He Xiaoqun	Vice President	Female	52	17 January 2025	up to date	-	-	-	-	Yes
Li Zhiyong	Vice President	Male	56	23 June 2025	up to date	-	-	-	-	Yes
Li Ganbin	Board Secretary, Joint Company Secretary	Male	53	31 December 2024	up to date	-	-	-	51.05	Yes
The following is resigned Director and senior management										
Liu Tiexiang	Vice Chairman	Male	59	8 November 2024	26 August 2025	-	-	-	-	Yes
	President			22 October 2024	26 August 2025	-	-	-	-	Yes
Total	-	-	-	-	-	-	-	-	139.05	-

Note: The total pre-tax remuneration received by the Directors and senior management from the Company during the Reporting Period is composed of the sum of actual amount received in 2025 and the deferred payment arrangement. For the payroll cycle of actual amount received in 2025, Li Ganbin is from January to September 2025; and Sun Zheng, Lu Xiongwen, Luo Qun, Fung Wing Yee Sabrina and Zheng Hongfeng are the full year of 2025.

The Company confirmed that, none of the Director has waived or agreed to waive any emolument.



Mr. Wang Zhiqing is currently the chairman and secretary of Party Committee of the Company, the chairman and secretary of Party Leadership Group of CEA Holding, a holder of PhD in management, and a representative of the 20th National Congress of the Communist Party of China. Mr. Wang joined the civil aviation industry in 1988 and served as the deputy administrator and a member of Party Leadership Group of the Civil Aviation Administration of China, and the deputy minister of the Ministry of Transport and a member of Party Leadership Group. He served as the deputy secretary-general of the State Council and a member of Party Leadership Group of the State Council from November 2021 to October 2023. He has been the chairman, the secretary of Party Leadership Group of CEA Holding and the secretary of Party Committee of the Company since October 2023. He has served as the chairman of the Company since November 2023. Mr. Wang also serves as a member of the Standing Committee of the 16th Shanghai Municipal People's Congress. Mr. Wang graduated from the Department of Road and Transportation Engineering of Tongji University and graduated from Nanjing University of Aeronautics and Astronautics, majoring in management science and engineering. He is qualified as a professorate senior economist.

Mr. Gao Fei is currently the vice chairman, president and deputy secretary of Party Committee of the Company, and a director, the president and deputy secretary of Party Leadership Group of CEA Holding. Mr. Gao joined the civil aviation industry in 1998 and served as the general manager of the Safety Supervision Division of CSAH (China Southern Airlines), the general manager of Fleets Division of China Southern Airlines, the deputy general manager, a member of the Party Leadership Group, the deputy secretary of the Party Leadership Group and a director of CSAH, and the deputy general manager and the deputy secretary of the Party Committee of China Southern Airlines. He has served as the deputy secretary of the Party Leadership Group of CEA Holding since September 2025, the president and the deputy secretary of the Party Committee of the Company, and the president of CEA Holding since October 2025, a director of CEA Holding since November 2025, and the vice chairman of the Company since December 2025. Mr. Gao graduated from School of Aviation of Beihang University, majoring in Flight Technology. He also holds a master's degree of Business Administration from Lingnan College Sun Yat-Sen University and a master's degree of Science from Massachusetts Institute of Technology in the United States. He holds the title of professorate senior pilot.

Mr. Cheng Guowei is currently a Director and deputy secretary of Party Committee of the Company, and a director and vice party secretary of Party Leadership Group of CEA Holding. Mr. Cheng joined the civil aviation industry in 1994 and served as the chief engineer, director of flight maintenance of Shanghai Airlines Co., Limited, the vice president, safety director, secretary of the discipline inspection committee and the secretary of the Party Committee of Shanghai Airlines Co., Limited., the secretary of the Party Committee and president of the Northwest Branch of the Company, and the president and deputy secretary of the Party Committee of China Eastern Airlines Technology Co., Limited. He has been serving as the member of the Party Leadership Group of CEA Holding since December 2019. He served as a vice president of CEA Holding from December 2019 to December 2024, and a vice president of the Company from January 2020 to January 2025. He has been serving as a deputy secretary of the Party Leadership Group of CEA Holding since November 2024, the deputy secretary of the Party Committee of the Company since December 2024, the director of CEA Holding since January 2025, and the director of the Company since February 2025. Mr. Cheng graduated from Nanjing University of Aeronautics and Astronautics majoring in aerodynamics and obtained a Master of Business Administration degree jointly offered by Beijing University of Technology and City University of Seattle. He holds the title of professorate senior engineer.

Mr. Sun Zheng is currently an Independent Director of the Company and a senior professor at Shanghai University of Finance and Economics China. Mr. Sun was the vice president of Shanghai University of Finance and Economics. Mr. Sun has served as an Independent Director of the Company since June 2021. Mr. Sun has currently served as an independent director of SAIC Motor Corporation Limited and Advanced Micro-Fabrication Equipment (Shanghai) Inc. China. Mr. Sun graduated from Shanghai University of Finance and Economics with a doctoral degree in economics, and is a Chinese Certified Public Accountant.



Report of the Directors

Mr. Lu Xiongwen is currently an Independent Director of the Company, the secretary of the Party Committee, a professor and doctoral supervisor of the School of Management of Fudan University, and the vice chairman of the sixth session of the China National MBA Postgraduate Education Supervisory Committee. Mr. Lu has been the Independent Director of the Company since June 2021. Mr. Lu graduated from Fudan University with a doctoral degree in economics.

Mr. Luo Qun is currently an Independent Director of the Company. Mr. Luo has served as deputy general manager and party secretary of China National Aviation Fuel Group Limited Southern Company, director and party secretary of South China Bluesky Aviation Oil Co., Ltd., the general manager of China National Aviation Fuel Group Haitian Shipping Co., Ltd., the assistant general manager of China National Aviation Fuel Group Limited, the general manager and party secretary of China National Aviation Fuel Group Logistics Co., Ltd., a party member and the deputy general manager of China National Aviation Fuel Group Limited, and director and deputy general manager of Nam Kwong (Group) Company Limited. Mr. Luo has been the Independent Director of the Company since April 2024. Currently, Mr. Luo also serves as an external director of China Aviation Supplies Holding Company. Mr. Luo graduated from South China Institute of Technology and holds a master of business administration from National University of Singapore and a doctoral degree in management from the School of Business Administration of South China University of Technology. He is also a researcher-level senior engineer.

Ms. Fung Wing Yee Sabrina is currently an Independent Director of the Company, the managing director of Fung Retailing Group and holds senior management positions in several divisions of Fung Group. In Hong Kong, Ms. Fung is a member of the Major Sports Events Committee of HKSAR, a member on the board of Alibaba Hong Kong Entrepreneurs Fund, a non-executive director of Convenience Retail Asia Limited, an independent non-executive director of Chow Tai Fook Jewellery Group Limited, the advisor on Retailing and Fashion for NBA Greater China, the honorary member of the Advisory Committee of the Roger King Centre for Asian Family Business and Family Office at Hong Kong University of Science and Technology Business School, the member of the Executive Committee of the International Advisory Council of The University of Hong Kong Business School, a member of the Advisory Committee of the Hong Kong-Europe Business Council and the Hong Kong-France Business Council of Hong Kong Trade Development Council, and a governor of the China-United States Exchange Foundation. Internationally, Ms. Fung is a member of McLaren Advisory Group, Harvard Global Advisory Council, Harvard Kennedy School Dean's Council and the board of trustees of The Carnegie Hall Corporation in New York. Ms. Fung has served as an Independent Director of the Company since April 2024. Ms. Fung graduated from Harvard University, with a Bachelor's degree in Economics.

Mr. Zheng Hongfeng is currently an Independent Director of the Company, the chairman and chief executive officer of Feeyo Technology Co. Ltd., an executive director of Hefei HangLian Cultural Communications Co., Ltd., and a civil aviation data centre expert of the CAAC. Mr. Zheng was an engineer of Anhui Air Traffic Control Bureau of Civil Aviation. In 1999, he founded the Civil Aviation Resource Net of China. He led the establishment of Feeyo Technology Co. Ltd. in 2005 and launched the "VariFlight" App in 2010. Mr. Zheng has served as an Independent Director of the Company since April 2024. Mr. Zheng holds a bachelor's degree in computer and application from Hefei University of Technology, and a master's degree in business administration from University of Science and Technology of China.



Mr. Jie Xiaoqing is currently the employee representative director of the Company and CEA Holding, the chairman of the labour union of the Company and CEA Holding and the director of the organisation department/united front department under the party committee of the Company and the party leadership group of CEA Holding. Mr. Jie joined the civil aviation industry in 1992 and had served as the general manager of the planning and development department of the Company, the deputy general manager of China Cargo Airlines Co., Limited, the director of the strategic development department of CEA Holding, the general manager of the north-west branch of the Company, and the general manager of the ground services department of the Company. He has served as the director of the organisation department/united front department under the party committee of the Company and the party leadership group of CEA Holding from August 2024, the chairman of the labour union of the Company and CEA Holding since April 2025 and the employee representative director of the Company and CEA Holding since May 2025. Mr. Jie graduated from Shanghai University of Finance and Economics, majoring in quantitative economics in the department of statistics, and holds a Master's degree in Economics and has obtained an Executive Master of Business Administration degree from Tsinghua University. He has the title of senior economist.

Mr. Zhou Qimin is currently a vice president, the Chief Financial Officer and a party member of the Company, and the chief accountant and a party member of CEA Holding. Mr. Zhou served as chief accountant and a member of party committee of the eighth research institute of China Aerospace Science and Technology Corporation, and chief accountant of Commercial Aircraft Corporation of China, Ltd. and standing member of party committee. He has served as the chief accountant and a party member of CEA Holding since July 2020, the Chief Financial Officer of the Company since August 2020, and a vice president and party member of the Company since January 2021. Mr. Zhou has also served as the position of vice president of China Association for Public Companies. Mr. Zhou graduated from the Faculty of Mathematics of Gannan Normal University, majoring in mathematics. He also graduated from the Faculty of Management Engineering of University of Electronic Science and Technology of China, majoring in industrial management engineering, holds an undergraduate degree and is a researcher-level senior accountant.

Mr. Wan Qingchao is currently a vice president and party member of the Company, and a vice president and party member of CEA Holding. Mr. Wan joined the civil aviation industry in 1995 and served as the deputy general manager of the operation control centre, the party member and the operating officer of Air China Limited, the president, the party secretary and the safety director of Air China Inner Mongolia Co., Ltd., and the director, president and vice party secretary of Shenzhen Airlines Co., Ltd. He has been a member of the party leadership group of CEA Holding since August 2023 and the vice president and party member of the Company and the vice president of CEA Holding since September 2023. Mr. Wan graduated from the School of Management Engineering of Tianjin University, majoring in industrial management, and Guanghua School of Management of Peking University with a postgraduate degree in business administration and is a qualified senior engineer.

Mr. Li Ye is currently a vice president and the member of the standing committee of the party committee of the Company, vice president and a member of party committee of CEA Holding. Mr. Li joined the civil aviation industry in August 1995, and served as vice president of Guangzhou Flight Division of China Southern Airlines, the vice president of Beijing Branch of China Southern Airlines, the general manager of Safety Supervision Department of CSAH and China Southern Airlines, and the chief safety director of China Southern Airlines. He has been a member of party committee of CEA Holding since April 2024, the vice president of CEA Holding since May 2024, the member of the standing committee of the party committee of the Company since May 2024, and a vice president of the Company since June 2024. Mr. Li graduated from Beihang University with a master's degree in business administration. He has the professional title of first-class pilot.



Report of the Directors

Ms. He Xiaoqun is currently a vice president and the member of the Standing Committee of the Party Committee of the Company, a vice president and member of the Party Leadership Group of CEA Holding. Ms. He joined the civil aviation industry in 2001 and had served as the general manager of the human resources department of China Southern Airlines (CSAH), the chairman and the secretary of Party Committee of China Southern Airlines Cargo Logistics (Guangzhou) Co., Ltd., the deputy general manager and the secretary of Party Committee of the Engineering Technology Branch (Aircraft Engineering Department) of China Southern Airlines. She has been serving as the member of the Standing Committee of the Party Committee of the Company, the vice president and member of the Party Leadership Group of CEA Holding since December 2024, and a vice president of the Company since January 2025. Ms. He graduated from Xiamen University, and obtained a master's degree in economics from Xiamen University and an Executive Master of Business Administration degree from Tsinghua University. She holds the title of senior human resources management professional.

Mr. Li Zhiyong is currently a vice president, member of the standing committee of the party committee and chief engineer of the Company, vice president, member of party committee and safety director of CEA Holding. Mr. Li joined the civil aviation industry in 1995, and served as the president of China Eastern Import & Export Co., Ltd., the secretary of the party committee of operation control centre of the Company, the executive vice president of Eastern Airlines Technic Co., Ltd., the vice chief engineer and the president of Aircraft Engineering Department of the Company, and the chief director of the Company and Shanghai command department of CEA Holding. He has been the chief engineer of the Company since January 2019, a member of party committee of CEA Holding since April 2025, a member of the standing committee of the party committee of the Company, the vice president and safety director of CEA Holding since May 2025, and a vice president of the Company since June 2025. Mr. Li graduated from Beihang University, majoring in aircraft design, holding a master's degree in engineering and the title of professorate senior engineer.

Mr. Li Ganbin is currently the Board secretary and Joint Company Secretary of the Company, the Board secretary of CEA Holding, and the director of the board office/policy research office of the Company and CEA Holding. Mr. Li joined the civil aviation industry in 1998 and had been the general manager of Shanghai Meixin Eastern Air Catering Investment Co., Ltd., the senior manager of strategic planning of the strategic development department, the deputy director of the party leadership group work department, the deputy director of the general office and the director of the party group policy research office (policy research office) and other positions of CEA Holding. He has been the director of the board office/policy research office of the Company and CEA Holding since August 2024, the Board secretary and Joint Company Secretary of the Company since December 2024 and the Board secretary of CEA Holding since January 2025. Mr. Li successively graduated from Gannan Normal University, East China Normal University and Fudan University, holding a doctoral degree in Economics and the title of political work specialist.



Changes in the Members of the Board and Management Personnel

Name	Position(s) held	Change	Reason for Change	Date of Change
Gao Fei	President	Appointment	Appointed by the Board	30 October 2025
	Vice Chairman	Appointment	Appointed by the Board	2 December 2025
	Director	Election	Elected by general meeting	2 December 2025
	Chairman and member of the Aviation Safety and Environment Committee of the Board	Appointment	Appointed by the Board	2 December 2025
Cheng Guowei	Director	Election	Elected by general meeting	12 February 2025
	Chairman and member of the Planning, Development and Digitalisation Committee of the Board	Appointment	Appointed by the Board	29 April 2025
	Vice President	Cessation	Work adjustment	17 January 2025
Fung Wing Yee Sabrina	Member of the Nomination and Remuneration Committee of the Board	Appointment	Appointed by the Board	29 April 2025
Jie Xiaoqing	Employee representative Director	Election	Elected by employee representatives' meeting	30 May 2025
He Xiaoqun	Vice president	Appointment	Appointed by the Board	17 January 2025
Li Zhiyong	Vice president	Appointment	Appointed by the Board	23 June 2025
Liu Tiexiang	President	Cessation	Work adjustment	26 August 2025
	Vice Chairman, Director	Cessation	Work adjustment	26 August 2025
	Chairman and member of the Aviation Safety and Environment Committee of the Board	Cessation	Work adjustment	26 August 2025
	Chairman and member of the Planning, Development and Digitalisation Committee of the Board	Cessation	Work adjustment	29 April 2025
Luo Qun	Member of the Nomination and Remuneration Committee of the Board	Cessation	Work adjustment	29 April 2025

Note: Mr. Cheng Guowei obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 21 January 2025. Mr. Jie Xiaoqing obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 29 May 2025. Mr. Gao Fei obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 6 November 2025. They confirmed that they understood their obligations as a Director of the Company.



Change of Particulars of Directors under Rule 13.51B(1) of the Listing Rules

Name	Name of other entities	Position(s) held	Date of appointment	Date of cessation
Gao Fei	CEA Holding	Vice party secretary	September 2025	
		President	October 2025	
		Director	November 2025	
Liu Tiexiang	CEA Holding	Vice party secretary	September 2024	August 2025
		President	September 2024	September 2025
		Director	October 2024	September 2025
Cheng Guowei	CEA Holding	Director	January 2025	
	Shanghai Pratt & Whitney Aircraft Engine Maintenance Co., Ltd.	Chairman	March 2020	July 2025
	TravelSky Technology Limited	Non-executive director	July 2023	March 2025
Sun Zheng	Advanced Micro-Fabrication Equipment (Shanghai) Inc. China	Independent director	January 2025	
	Industrial Bank Co., Ltd.	External supervisor	May 2023	December 2025
Lu Xiongwen	Baoshan Iron & Steel Co., Ltd.	Independent director	May 2018	August 2025
	Shanghai Innovation Bank (formerly SPD Silicon Valley Bank)	Independent director	January 2019	December 2025
Jie Xiaoqing	CEA Holding	Employee representative director	May 2025	
	CEA Holding	Chairman of the labour union	April 2025	
Zhou Qimin	Eastern Air Overseas (Hong Kong) Corporation Limited	Chairman	October 2020	April 2025
	China National Aviation Corporation (Hong Kong) Limited	Vice Chairman	December 2020	March 2025
	China Logistics Group Co., Ltd.	Director	September 2024	March 2025
Wan Qingchao	China Logistics Group Co., Ltd.	Director	March 2025	
	Air France-KLM	Director	June 2025	
He Xiaoqun	TravelSky Technology Limited	Non-executive director	June 2025	
Li Zhiyong	CEA Holding	Party member	April 2025	
		Vice president	May 2025	
		Safety director	May 2025	
	Shanghai Pratt & Whitney Aircraft Engine Maintenance Co., Ltd.	Chairman	July 2025	
Li Ganbin	CEA Holding	Board secretary	January 2025	



Shareholdings of Directors, President and Other Senior Management

Save as disclosed above, as at 31 December 2025, none of the Directors, president and other members of senior management of the Company and their respective associates had any other 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 disclosed to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO and as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO (including any interest or short position which any of such Directors, president and other members of senior management of the Company and their respective associates were taken or deemed to have under such provisions of the SFO), or which was otherwise required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

In 2025 and as at 31 December 2025, none of the Directors, president and other members of senior management of the Company and/or any of their spouses or children under the age of eighteen were granted any right, and the Company had not made any arrangement enabling any of them, to subscribe for equity securities or debt securities of the Company.

As at the date of this report, CEA Holding, CES Global, Juneyao Group, Juneyao Airlines and Juneyao Hong Kong are companies having interests in the Company's shares required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Service Contracts of Directors

None of the Directors of the Company has entered into any service contract with the Company, which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Interests of Directors in Contracts

None of the Directors of the Company had a material interest, directly or indirectly, in any contract of significance to which the Company or any of its subsidiaries was a party during the Reporting Period (the term "contract of significance" having the meaning ascribed thereto in paragraph 15 of Appendix D2 to the Listing Rules).

Management Contracts

No contracts concerning the management and operation of the whole or any substantial part of the business of the Company were entered into or subsisted during the Reporting Period.

Competing Interests

During the Reporting Period, none of the Directors or the controlling Shareholder or each of their associates (as defined under the Hong Kong Listing Rules) had any interest in a business which competed or may compete with the business of the Group, or had or may have any conflict of interest with the Group.

Remuneration of Directors

Details of the remuneration of Directors are set out in note 9 to the financial statements prepared in accordance with IFRSs.



Report of the Directors

Major Customers and Major Suppliers

In 2025, purchases by the Company from the five largest suppliers was RMB40,540 million, accounting for 37.61% of the total purchases for the year. Among which, purchases from the largest supplier accounted for 19.34% of the total purchases for the year. Total income from sales to the Company's five largest customers amounted to approximately RMB30,284 million, accounting for 21.64% of the Company's operating income. Among which, revenue from sales to the largest customer accounted for 8.63% of revenue from sales of goods or rendering of services. None of the Directors or any of their respective associates nor any Shareholders who, to the knowledge of the Directors, hold 5% or more of the Company's share capital has any interest in any of the above mentioned suppliers and customers.

Key Relationships with Employees, Customers and Suppliers

The Group adheres to a people-oriented approach and ensures that all employees are reasonably remunerated, while continuously improving and regularly reviewing and updating its policies on remuneration and benefits, training, and occupational health and safety.

The Group maintains a good relationship with its customers and has established a customer complaint handling mechanism to receive, analyse and study complaints and to recommend remedial measures with a view to enhancing the quality of its products and services.

The Group maintains a good relationship with its suppliers and conducts fair and rigorous evaluations of its suppliers on an annual basis.

Taxation

The Company is subject to income tax at a rate of 25% (2024: 25%). The Group's effective income tax rate, however, may be lower than the rate of 25% because certain subsidiaries were incorporated in jurisdictions where the applicable income tax rate is 16.5% or 15% rather than 25%. The Group had carried forward tax losses of approximately RMB82,298 million as at 31 December 2025 (2024: RMB83,329 million), which can be used to offset future taxable income between 2026 and 2030.

Enterprise Income Tax of Overseas Non-Resident Enterprises

In accordance with the relevant tax laws and regulations in the PRC, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise shareholders at a tax rate of 10% when the Company distributes any dividends to non-resident enterprise shareholders. As such, any H shares of the Company which are not registered in the name(s) of individual(s) (which, for this purpose, includes those registered in the name of HKSCC Nominees Limited, other nominees, trustees, or other organisations or groups) shall be deemed to be H shares held by non-resident enterprise shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

Individual Income Tax of Overseas Individual Shareholders

In accordance with the relevant tax laws and regulations in the PRC, when non-foreign investment companies of the mainland which are listed in Hong Kong distribute dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10% without making any application for the entitlement for the abovementioned tax rate. However, the Company is a foreign investment company and, as confirmed by the relevant tax authorities, according to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) 《關於個人所得稅若干政策問題的通知》(財稅字[1994]020 號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign investment enterprises.

Medical Insurance

The majority of the Group's PRC employees participate in the medical insurance schemes organised by the municipal governments. For those employees who participate in these schemes, the Group has no other obligation for the payment of medical expense beyond such contributions. For the year ended 31 December 2025, the Group's medical insurance contributions charged to profit or loss amounted to RMB1,159 million (2024: RMB986 million).



Employee Retirement Scheme

Details of the Group's employee retirement scheme and post-retirement benefits are set out in note 39 to the financial statements prepared in accordance with IFRSs.

Staff Housing Allowances

Details of the Group's staff housing allowances are set out in note 9 to the financial statements prepared in accordance with IFRSs.

Bank Loans and Other Borrowings

Details of bank loans and other borrowings of the Company and the Group as at 31 December 2025 are set out in note 37 to the financial statements prepared in accordance with IFRSs.

Interest Capitalised

Interest capitalised by the Group as calculated in accordance with IFRSs for the year ended 31 December 2025 was RMB342 million.

Property, Plant and Equipment

Movements in property, plant and equipment of the Company and the Group for the year are set out in note 17 to the financial statements prepared in accordance with IFRSs.

Reserves

Details of movements in reserves of the Company and the Group for the year ended 31 December 2025 and profit distribution by the Company are set out in note 43 to the financial statements prepared in accordance with IFRSs.

Donations

During the year ended 31 December 2025, the Group made donations for charitable purposes totalling approximately RMB1.46 million.

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

During the year ended 31 December 2025, 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.

Permitted Indemnity Provision

The Company has purchased and maintained directors' liability insurance throughout the year, which provides appropriate cover for legal actions brought against the Directors and directors of the subsidiaries of the Group arising from or in connection with the performance of their duties. The level of the coverage is reviewed annually.

Contract of Significance

Save as disclosed in this annual report, there was no contract of significance between the Company or any of its subsidiaries with the controlling Shareholder or its subsidiaries during the Reporting Period, nor contract of significance for the provision of services to the Company or its subsidiaries by the controlling Shareholder or its subsidiaries.

Material Litigation

As at 31 December 2025, the Group was not involved in any material litigation, arbitration or claim.



Report of the Directors

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, the Group did not have any future material investments or acquisition of capital assets approved by the Board.

Significant Events

- (1) The Company held the 6th meeting of the Board of Directors in 2025 and the second extraordinary general meeting in 2025 on 1 July 2025 and 29 August 2025, respectively, at which the Resolution Regarding Adjustment to the Daily Connected Transactions on Aircraft and Engines of the Company for 2025 and the Resolution Regarding the Daily Connected Transactions of the Company for 2026-2028 were considered and approved. The Company signed daily connected transaction framework agreements with related parties on 4 July 2025. For details, please refer to the relevant announcements published by the Company on the website of the Hong Kong Stock Exchange on 1 July 2025, 4 July 2025 and 29 August 2025.
- (2) The Company held the 4th regular meeting of the Board of Directors in 2024, the first extraordinary general meeting in 2024, the first A share class meeting in 2024 and the first H share class meeting in 2024 on 30 August 2024 and 8 November 2024, respectively, at which the Resolution on the Plan of Repurchase of Shares through Centralised Price Bidding was considered and approved. The Company was permitted to repurchase its A shares and H shares through centralised price bidding. As of the repurchase maturity date of 7 November 2025, the Company had cumulatively bought back 203,559,900 shares, accounting for 0.9132% of the total number of shares of the Company before the repurchase. Among which, 89,553,900 A shares were repurchased in a total transaction amount of RMB336,800,200; 114,006,000 H shares were repurchased in a total transaction amount of HK\$311,346,700. The Company had completed the cancellation of the repurchased shares on 11 November 2025. For details, please refer to the relevant announcements published by the Company on the website of the Hong Kong Stock Exchange on 30 August 2024, 8 November 2024 and 10 November 2025.
- (3) On 13 March 2026, the Company received a notice from CEA Holding, its controlling shareholder, that CEA Holding increased its shareholdings in the A shares of the Company by 33,971,300 shares through centralised price bidding in the trading system of the Shanghai Stock Exchange on 13 March 2026, and proposed that it intends to cumulatively increase its shareholdings in the A shares of the Company with an aggregate amount of RMB0.5 billion to RMB1 billion (exclusive) within 12 months from the date of such shareholding increase. On 16 March 2026, CEA Holding increased its shareholdings in the A shares of the Company by 19,610,000 shares, and the proportion of the total shares in the Company held by CEA Holding and parties acting in concert to the total share capital of the Company increased to 55.00%. For details, please refer to the relevant announcements published by the Company on the website of the Hong Kong Stock Exchange on 13 March 2026 and 17 March 2026.

Continuing Connected Transactions

The continuing connected transactions of the Company were connected transactions taken place with CEA Holding, CEA Holding's controlled subsidiaries and other related parties during the air transportation operations of the Company. The connected transactions were conducted based on normal commercial terms and in the interests of the Company and Shareholders as a whole and were fair and reasonable to the Shareholders of the Company.



The continuing connected transactions of the Company in 2025 are as follows:

Approved category	Unit: RMB million	
	Actual amount incurred up to 31 December 2025	2025 estimated transaction caps
Financial services – maximum balance of deposits per day	7,537	17,000
Financial services – maximum balance of comprehensive credit line per day	1,600	17,000
Financial services – total amounts of the service fees of other financial services	25	60
Total amount for leasing of aircraft and engines – amount paid ¹	13,801	USD4,600 million or equivalent RMB
Total value of right-of-use assets of leasing of aircraft and engines ²	14,178	USD3,650 million or equivalent RMB
Total amount from sales of aircraft and engines	416	1,800
Catering-related services and on-board supplies support services – amount paid	3,019	4,840
Businesses related to catering support services – as a lessor – annual rent of properties and catering support services – amount received	93	360
Businesses related to catering support services – annual property lease expenses of the Company as a lessee – amount paid	2	8
Businesses related to catering support services – as a lessee – total value of right-of-use assets of properties leasing	32	150
Aviation ancillary services – amount paid	460	2,000
Aviation ancillary services – total value of right-of-use assets ³	176	1,550
Properties leasing and construction and management agency services – as a lessor – annual rent of properties leasing – amount received	8	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	197	370
Properties leasing and construction and management agency services – as a lessee – total value of right-of-use assets of properties leasing ⁴	502	630
Freight logistics business support services – amount received	637	780
Cargo terminal business support services – amount paid	636	920
Transportation service fees of exclusive operation service for passenger aircraft cargo business – amount received	5,457	8,800
Aviation internet services – amount paid	85	140
Aviation information technology services – amount paid	697	1,050
AIR FRANCE-KLM aviation transportation cooperation and support services – amount paid	53	470
AIR FRANCE-KLM aviation transportation cooperation and support services – amount received	58	240

Notes:

1. The total amount includes the total lease amount, interest and arrangement charge for the newly introduced finance lease aircraft, operating lease aircraft and engines;
2. The total value of right-of-use assets for the newly introduced finance lease aircraft, operating lease aircraft and engines for the Reporting Period;
3. The total value of right-of-use assets for the involved vehicle equipment leasing at the end of the Reporting Period;
4. 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.



Report of the Directors

On 30 August 2022, the Board of the Company considered and approved the resolution regarding daily connected transactions from 2023 to 2025, and agreed the annual caps of the Company's continuing connected transactions from 2023 to 2025. On 26 September 2022, the Company entered into relevant framework agreements with related parties. On 14 December 2022, the resolution was considered and approved at 2022 first extraordinary general meeting of the Company.

On 1 July 2025, the Board of the Company considered and approved the Resolution Regarding Adjustment to the Daily Connected Transactions on Aircraft and Engines of the Company for 2025 and the Resolution Regarding the Daily Connected Transactions of the Company for 2026-2028, agreeing to classify the sale of aircraft and engines as daily connected transactions, and approving the annual caps of the connected transactions for the sale of aircraft and engines, the annual caps of total amounts of aircraft and engine leases, and the annual caps of total value of right-of-use assets for 2025 of the Company, as well as the annual caps of the Company's continuing connected transactions from 2026 to 2028. On 4 July 2025, the Company entered into relevant framework agreements with related parties. On 29 August 2025, the resolutions were considered and approved at 2025 second extraordinary general meeting of the Company. For details, please refer to the announcements and circular of the Company published on the website of the Hong Kong Stock Exchange on 1 July 2025, 4 July 2025 and 31 July 2025.

The followings set out the connected person relationship and annual caps for 2025 under the renewed continuing connected transactions:

		<i>Unit: RMB million, other than USD</i>
Agreements	Counterparties and connected person relationship as at the transaction date	The annual caps for financial year ended 31 December 2025
Financial Services Agreement	Eastern Air Group Finance Co., Ltd., which is directly interested as to approximately 53.75% by CEA Holding, and is thus an associate of CEA Holding.	17,000
– Balance of deposit		
Aircraft and Engines Lease Agreement (2023-2025)	CES International Financial Leasing Corporation Limited (“CES Leasing”) is directly interested as to 65% by CEA Holding, and thus CES Leasing and the lessor, which is a wholly-owned subsidiary of CES Leasing, are associates of CEA Holding.	USD4,600 million or equivalent RMB
– Rental in total		USD3,650 million or equivalent RMB
– Total right-of-use assets value		1,800
– Total amount from sales		
Flight Complementary Services Agreement	CEA Development Co., Ltd., which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.	2,000
– Total amounts payable		1,550
– Total right-of-use assets value for lease of exclusive vehicles and equipment		
Catering Services and Related Services Agreement	China Eastern Air Catering Investment Co., Ltd., which is directly interested as to 55% by CEA Holding, and is thus an associate of CEA Holding.	4,840
– services received		8
– the Company as the lessee – annual rent		150
– the Company as the lessee – total value of right-of-use assets		
– the Company as the lessor – annual rent		360
Property Leasing and Construction and Management Agency Agreement	CEA Holding, which is directly or indirectly interested in approximately 56.43% of the issued capital of the Company as at the transaction date, and thus is a controlling Shareholder of the Company.	370
– Amounts of rental and fee payable		630
– Total right-of-use assets value	Shanghai Eastern Airlines Investment Co., Ltd., which is a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.	
Freight Logistics Daily Connected Transactions Framework Agreement	Eastern Airline Logistics Co., Limited, which is directly interested as to 40.50% by Eastern Airlines Industry Investment Company Limited, a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.	780
– Amount received for freight logistics business support services		920
– Amount paid for cargo terminal business support services		



Unit: RMB million, other than USD

Agreements	Counterparties and connected person relationship as at the transaction date	The annual caps for financial year ended 31 December 2025
Exclusive Operation Agreement of Passenger Aircraft Cargo Business – Transportation service fees received for passenger aircraft cargo business	China Cargo Airlines, which is directly interested as to approximately 83% by Eastern Logistics and in turn a non-wholly owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.	8,800
Aviation Airborne Communication Agreement	KDlink Technology Co., Ltd, which is directly held as to 42.50% by Eastern Airlines Industry Investment Company Limited, a wholly-owned subsidiary of CEA Holding, and is thus an associate of CEA Holding.	140

For details of the abovementioned transactions, please refer to the announcements and circulars published by the Company on the website of Hong Kong Stock Exchange on 26 September 2022, 12 October 2022 and 25 October 2022.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions in 2025, and confirmed that:

- (a) the transactions were entered into in the ordinary and usual course of business by the Group;
- (b) the transactions were conducted (i) on normal commercial terms or (ii) (if the comparable transaction was inadequate for judgement of whether the transaction was conducted on normal commercial terms) on terms no less favourable to the Company than those available to or from independent third parties (as the case maybe); and
- (c) the transactions were conducted in accordance with the terms of agreement of the relevant transaction, and the terms of transactions were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu, the auditors of the Company, have carried out procedures on the continuing connected transactions for the year ended 31 December 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

In respect of each related party transaction disclosed in note 46 to the financial statements prepared in accordance with IFRSs, the Company confirms that it has complied with the relevant requirements under the Listing Rules (if applicable). Save as disclosed above, the related party transactions set out in note 46 to the financial statements prepared in accordance with IFRSs do not constitute connected transactions under the Listing Rules.



Connected Transaction

1. Connected Transaction during the Reporting Period

The connected transaction of the Company during the Reporting Period is as follow:

Disposal of Equity Interests in New Shanghai International Tower Co., Ltd.

On 8 November 2024, the seventh ordinary meeting of the tenth session of the Board of the Company considered and approved the Resolution in relation to the Transfer of Equity Interests in New Shanghai International Tower. On 18 June 2025, the Company entered into the Equity Transfer Contract with China Eastern Airlines Assets Investment Management Co., Ltd. (“CEA Asset”), pursuant to which, the Company disposed of 20% equity interests in New Shanghai International Tower Co., Ltd. to CEA Asset at a consideration of RMB286,437,800 for the Equity Transfer. CEA Asset is a wholly-owned subsidiary of CEA Holding, which is the controlling Shareholder of the Company holding 54.25% equity interests in the Company as at the date of transaction. Therefore, CEA Asset is a connected person of the Company within the meanings of the Listing Rules. The transaction enables the Company to optimise its external equity investment structure, further focus on the main responsibilities and main businesses, and improve operating efficiency. For details, please refer to the announcements of the Company published on the website of the Hong Kong Stock Exchange on 8 November 2024 and 18 June 2025.

2. Connected Transactions as at the End of the Reporting Period and up to the Date of This Annual Report

Details of the connected transactions of the Company as at the End of the Reporting Period and up to the date of this annual report are as follows:

1 Disposal of the Properties at the Shanghai Airlines Hongqiao Base by A Subsidiary

On 19 November 2025, the twelfth meeting of the Board of the Company in 2025 considered and approved the Resolution in relation to the Disposal of the Properties at the Shanghai Airlines Hongqiao Base on Suining Road. On 5 January 2026, Shanghai Airlines, a wholly-owned subsidiary of the Company, entered into the Real Estate Sale and Purchase Agreement with China Cargo Airlines Co., Limited (“China Cargo Airlines”), pursuant to which, Shanghai Airlines agreed to transfer the Shanghai Airlines Hongqiao Base held by it to China Cargo Airlines at a consideration of RMB137,601,800^{Note 1}. Shanghai Airlines is a wholly-owned subsidiary of the Company, while China Cargo Airlines is a controlling subsidiary of Eastern Logistics, and CEA Holding is the controlling shareholder of Eastern Logistics and the Company, holding 54.7574% equity interests in the Company as at the date of transaction. Therefore, China Cargo Airlines is a connected person of the Company within the meanings of the Listing Rules. Upon the transfer of the Shanghai Airlines Hongqiao Base, the expected gain of the Company is approximately RMB43.50 million, which is calculated as the proceeds from disposal less the carrying amount at the date of disposal and relevant taxes and expenses. The transaction facilitates the optimisation of assets and liabilities structure of Shanghai Airlines and the recovery of funds to support the development of its main business. For details, please refer to the announcements of the Company published on the website of the Hong Kong Stock Exchange on 19 November 2025 and 5 January 2026.

2 Disposal of Property Owned by Shanghai Airlines in the Catic Building by A Subsidiary

On 2 December 2025, the thirteenth ordinary meeting of the tenth session of the Board of the Company considered and approved the Resolution in relation to the Disposal of Property Owned by Shanghai Airlines in the Catic Building. On 19 January 2026, Shanghai Airlines, a wholly-owned subsidiary of the Company, entered into the physical asset transaction contract with Shanghai Eastern Air Property Co., Ltd. (“Eastern Air Property”), pursuant to which, Shanghai Airlines transferred its Shanghai Airlines property and ancillary equipment assets it held in the Catic Building to Eastern Air Property at a transaction price of approximately RMB134.29 million^{Note 2}. Eastern Air Property is a wholly-owned subsidiary of CEA Asset and CEA Holding is the controlling shareholder of CEA Asset and the Company, holding 54.7574% equity interests in the Company as at the date of transaction. Therefore, Eastern Air Property is a connected person of the Company within the meanings of the Listing Rules. The transaction helps optimise Shanghai Airlines’ asset and liability’s structure and further concentrate resources on its core aviation business. For details, please refer to the announcements of the Company published on the website of the Hong Kong Stock Exchange on 2 December 2025 and 19 January 2026.



3 Transfer of Equity Interests in Eastern Supply Chain by Eastern Import & Export

On 19 November 2025, the 12th meeting of the Board of the Company in 2025 considered and approved the Resolution in relation to the Transfer of 49% Equity Interests in Eastern Supply Chain held by Eastern Import & Export to Eastern Logistics. On 9 February 2026, China Eastern Import & Export Co., Ltd. ("Eastern Import & Export"), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Eastern Logistics, pursuant to which, Eastern Import & Export agreed to transfer 49% equity interests in Eastern Supply Chain to Eastern Logistics at a consideration of approximately RMB199,846,500. Eastern Logistics is the controlling company of CEA Holding, which is the controlling shareholder of the Company holding 54.7574% equity interests in the Company as at the date of transaction. Therefore, Eastern Import & Export is a connected person of the Company within the meanings of the Listing Rules. The Equity Transfer enables the Company to focus on its core airline business. Through the transaction, Eastern Supply Chain has become a wholly-owned subsidiary of Eastern Logistics. The Company will fully utilise and leverage the advantages of Eastern Logistics in airline materials supply chain transportation and management business, thereby providing the Company with more efficient and high-quality airline materials supply chain management and logistics support services. For details, please refer to the announcements of the Company published on the website of the Hong Kong Stock Exchange on 19 November 2025 and 9 February 2026.

Notes:

1. In the Assets Valuation Report, the Valuer has adopted both the income approach and the cost approach for the valuation of the value of the properties at the Shanghai Airlines Hongqiao Base, and has selected the income approach as the final valuation conclusion. The income approach for the valuation of the properties is a valuation method that uses an appropriate discount rate to discount the expected normal annual income of the subject property in each future period to the present value at the valuation date, and then sums them to obtain the price of the subject property. Income restriction refers to the total amount of expected income of the appraised property over a specific future period, discounted at an appropriate discount rate to its present value. The basic principle of the income approach is that the amount of money a buyer is willing to pay for an asset will not exceed the present value of the expected future income that the asset can generate.
2. The market approach is adopted as the valuation conclusion for the Transaction. The market approach refers to the valuation method that determines the value of the subject asset by comparing it with real estate properties that have existing transaction cases in the market. Since there have been numerous comparable real estate transactions in the vicinity of the subject assets around the valuation benchmark date, the basic conditions for applying the market approach were met, and therefore the market approach can be adopted for the valuation.

The subject assets for this valuation comprise office and commercial real estate. The Valuer has conducted valuation of the office estate and commercial estate using market approach, respectively, based on collected and selected comparable examples from real estate transaction cases with similar usage, transaction dates, locational attributes, and physical conditions (the "Cases").



Report of the Directors

The Cases were selected through online real estate information platform, on-site inspections, telephone inquiries, and data obtained from the Real Estate Standards Organisation database. Based on the location and characteristics of the subject property, three market transactions were identified and selected for each case following the below principles:

- i. the sources of the Cases mainly consist of reviewing real estate transaction records from relevant government authorities; obtaining property characteristics and transaction conditions from real estate developers; and collecting additional information from brokers or individuals involved in the transactions;
- ii. the properties in the Cases were similar to the subject property in terms of location, use, scale and nature of rights;
- iii. the transaction dates of the Cases were reasonably close to the valuation benchmark date;
- iv. the transaction price of the Cases was a normal price or could be adjusted to a normal price.

The selected Cases for office purposes are shown in the following table:

	Subject property (for office purposes)	Comparable example I	Comparable example II	Comparable example III
Location of the property	Room A, 21F, No. 212, Jiangning Road, Jing'an District	Room B, 2F, No. 445, Jiangning Road	Room D, 18F, No. 445, Jiangning Road	Room 1604, No. 495, Jiangning Road
Usage of the property	Office	Office	Office	Office
Gross floor area (m ²)	383.44	183.55	272.02	80.66
Unit price (RMB/m ²)	–	24,244	23,528	24,795
Revised comparable unit price (RMB/m ²)	–	23,305	22,616	23,869
Adjusted valuation/transaction date	May 2025	April 2025	April 2025	April 2025

Considering the differences between the subject property and the comparable examples, adjustment factors for the transaction conditions, transaction date, location, equity status, and physical condition were selected and applied. The average unit price for the subject property (for office purposes) was approximately RMB23,263/m².

The selected Cases for commercial purposes are shown in the following table:

	Subject property (for commercial purposes)	Comparable example I	Comparable example II	Comparable example III
Location of the property	Room (1), Ground floor, No. 212, Jiangning Road, Jing'an District	1F, No. 1, Kangding Road	1F, No. 641, Taixing Road	Ground floor, No. 602, Wuding Road
Usage of the property	Commercial	Commercial	Commercial	Commercial
Gross floor area (m ²)	554.42	77.25	86.32	90.05
Unit price (RMB/m ²)	–	58,123	57,461	60,189
Revised comparable unit price (RMB/m ²)	–	49,319	48,757	49,613
Adjusted valuation/transaction date	May 2025	February 2025	February 2025	December 2025

Considering the differences between the subject property and the comparable examples, adjustment factors for the transaction conditions, transaction date, location, equity status, and physical condition were selected and applied. The average unit price for the subject property (for commercial purposes) was approximately RMB49,230/m².



Provision of Guarantees

As at 31 December 2025, the balance of the external guarantee provided by the Company for its wholly-owned SPV, was approximately RMB804 million, and the guarantee amount was within the authorised amount approved by the general meeting, and there was no violation of the guarantees.

Engagement and Dismissal of Auditors

The domestic and international auditors of the Company for the year ended 31 December 2023 were PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers respectively. On 8 November 2024, it was considered and approved at the 2024 first extraordinary general meeting that Deloitte Touche Tohmatsu Certified Public Accountants LLP was engaged as the domestic auditor for financial reporting and the auditor for internal control for the year 2024 and Deloitte Touche Tohmatsu was engaged as the international auditor for financial reporting of the Company for the year 2024.

The third meeting of the Board of the Company in 2025 and the 2024 annual general meeting considered and approved the Resolution in Relation to the Appointment of the Company's Domestic and International Auditors for Financial Reporting and the Auditor for Internal Control for the Year 2025, and agreed to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the domestic auditor for financial reporting and the auditor for internal control for the year 2025, and to engage Deloitte Touche Tohmatsu as the international auditor for financial reporting of the Company for the year 2025. The total fee for the provision of financial reporting and internal control audit services and non-audit services are listed below:

	2025 RMB million
Audit services	10
Non-audit services	1
Total	11

This financial report for the year 2025 has been audited by Deloitte Touche Tohmatsu. It will retire at the 2025 annual general meeting, at which time the Company will submit a resolution to re-appoint it as the international auditor for financial reporting of the Company for the year 2026.

On behalf of the Board

Wang Zhiqing

Chairman

Shanghai, the PRC

30 March 2026



Corporate Governance

Corporate Governance Practices

The Company has established a formal and robust corporate governance structure. The Company has also placed emphasis on the corporate governance principle of having transparency, accountability and safeguarding the interests of all Shareholders.

The Board believes that sound corporate governance is essential to the development of the Company's operations. The Board regularly reviews our corporate governance practices to ensure that the Company operates in accordance with the laws, regulations and requirements of the listing jurisdictions, and that the Company continuously implements corporate governance of high efficiency.

The Company's code on corporate governance practices includes but not limited to the following documents:

The Articles of Association, the Rules for Procedures for General Meetings, the Rules for Meetings of the Board of Directors, the Working Regulations of Presidents, the Work Procedures of Independent Directors, the Detailed Working Rules for the Audit and Risk Management Committee, the Detailed Working Rules of the Planning, Development and Digitalisation Committee, the Detailed Working Rules of the Nomination and Remuneration Committee, the Detailed Working Rules of the Aviation Safety and Environment Committee, the Information Disclosure Management System, the Regulations for the Management of Investor Relationship, the Regulations for the Management of Connected Transactions.

As at 31 December 2025 and as at the date of publication of this annual report, the Board has reviewed the relevant provisions under the code on corporate governance adopted by the Company, and took the view that the Company's corporate governance standards as of 31 December 2025 met the requirements under the code provisions in the Code on Corporate Governance Practices (the "Code").

General Meetings and Shareholders

General Meetings

In 2025, the Company convened four general meetings in total. The main information is as follows:

On 12 February 2025, the Company held the 2025 first extraordinary general meeting, on which 1 proposed resolution was considered and approved. 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 12 February 2025.

On 28 May 2025, the Company held the 2024 Annual General Meeting, on which 7 proposed resolutions were considered and approved. 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 28 May 2025.

On 29 August 2025, the Company held the 2025 second extraordinary general meeting, on which 6 proposed resolutions were considered and approved. 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 29 August 2025.

On 2 December 2025, the Company held the 2025 third extraordinary general meeting, on which 1 proposed resolution was considered and approved. 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 2 December 2025.



Attendance rate of Directors at general meetings was as follows:

Directors	Attendance/Eligibility of Meetings	Attendance Rate
Wang Zhiqing	4/4	100%
Gao Fei	1/1	100%
Cheng Guowei	3/3	100%
Sun Zheng	4/4	100%
Lu Xiongwen	4/4	100%
Luo Qun	4/4	100%
Fung Wing Yee Sabrina	4/4	100%
Zheng Hongfeng	4/4	100%
Jie Xiaoqing	2/2	100%
Liu Tiexiang	2/2	100%

Rights of Shareholders

The procedures for the shareholders of the Company to convene an extraordinary general meeting, make inquiries to the Board and the procedures for proposing resolutions at the General Meeting are as follows:

Procedures for Convening an Extraordinary General Meeting

According to the relevant provisions of the Articles of Association and the Rules for Procedure for General Meetings of the Company, shareholders can convene general meetings by themselves. The main rules are as follows:

- Shareholders solely or collectively holding 10% or more of the shares of the Company shall have the right to propose to the Board for holding an extraordinary general meeting, and shall put forward the proposal in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written reply on whether to hold the extraordinary general meeting or not within ten (10) days upon receipt of the proposal.
- If the Board agrees to convene the proposed extraordinary general meeting, it shall within 5 days of making board resolution give a notice of convening the aforesaid meeting. Any alteration to the original proposal within the notice shall be subject to the agreement of the relevant shareholders.
- If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within ten (10) days upon receipt of the proposal, shareholders or collectively holding 10% or more of the shares of the Company shall have the right to propose to the Audit and Risk Management Committee of the Board for holding the extraordinary general meeting, and shall put forward the request to the Audit and Risk Management Committee of the Board in writing.
- If the Audit and Risk Management Committee of the Board agrees to hold the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days upon receipt of the request. In the event of any change to the original proposal set forth in the notice, the consent of the relevant shareholders shall be obtained.
- If the Audit and Risk Management Committee of the Board fails to serve a notice of the general meeting within the prescribed period, it shall be regarded that the Audit and Risk Management Committee of the Board will not convene or preside over the meeting, and shareholders solely or collectively holding 10% or more of the shares of the Company for 90 or more consecutive days may hold or preside over the meeting by themselves.



Corporate Governance

Procedures for Inquiry of Shareholder Information

Pursuant to the relevant requirements of the Articles of Association and Rules for Procedures for General Meetings of the Company, the procedures for Shareholders to make enquiries to the Board are as follows:

- Shareholders have the right to inspect and make copies of the Articles of Association, the register of shareholders, corporate bond counterfoils, minutes of general meetings, resolutions of Board meetings and financial and accounting reports. Shareholders who meet the prescribed conditions may also inspect the Company's accounting books and accounting vouchers.

Procedures for Shareholders to Propose Resolutions at the General Meeting of Shareholders

Pursuant to the relevant requirements of the Articles of Association and Rules for Procedures for General Meetings of the Company, the procedures for the Shareholders to propose resolutions at the general meeting are as follows:

- Shareholder(s) either individually or jointly holding over 1% of the issued shares of the Company carrying the right to vote may propose extraordinary resolutions and submit the same in writing to the convener prior to the holding of the general meeting. However, subject to the requirement of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company shall issue supplemental circular of the new extraordinary resolutions and the relevant materials to the Shareholders at least 14 business days before the date of holding the general meeting. Therefore, the time for the proposing Shareholders to propose new extraordinary resolutions shall not be later than such time limit for issuing the supplemental circular to the Shareholders and shall consider and provide the Company reasonable time to prepare and despatch the supplemental circular.
- The aforesaid proposed resolutions shall be reviewed by the Board and shall be included in the agenda of such meeting if the matters fall within the scope of terms of reference of the general meeting. The convener shall announce the content of the extraordinary resolutions by issuing a supplemental notice of the general meeting upon receipt of the proposed resolutions as soon as possible. If the Board considers that the content of the proposed resolutions do not fall within the scope of terms of reference of the general meeting, explanation and description shall be given at such general meeting, which, together with the content of such proposed resolutions and explanation of the Board, shall be published along with the resolutions of the general meeting in announcement after the conclusion of the meeting.



- The Board shall review the proposed resolutions in accordance with the following principles:

Relevance. The Board shall review the resolutions proposed by the Shareholders. Matters in resolutions proposed by the Shareholders which have direct impact on the Company and are not outside the terms of reference of the general meeting as stipulated in the laws, regulations and the Articles of Association shall be submitted to the general meeting for discussion. For matters which fail to meet the above requirements, it is recommended not to submit the proposed resolutions for discussion at the general meeting.

Procedural issues. The Board may make decisions on procedural issues concerning resolutions proposed by the Shareholders. Consent of the proposing Shareholders shall be obtained if the proposed resolutions will be split up or combined for voting. In the event of any objection to the change by the proposing Shareholders, the convener of the general meeting may present the procedural issues to the general meeting for decision and discussions shall be conducted in accordance with the procedures decided by the general meeting.

Please refer to the section headed “Corporate Governance — Investor Relations” of this report for details of the contact information for Shareholders to inspect the relevant information and propose extraordinary resolutions.

The Board and Directors

Power of the Board

The Board of Directors is responsible to the general meeting and exercises the following functions and powers, including:

1. to be responsible for the convening of the general meeting and to report on its work to the general meeting;
2. to implement the resolutions of the general meeting;
3. to decide on the Company’s business plans and investment plans;
4. to decide the Company’s annual preliminary and final financial budgets;
5. to formulate the Company’s profit distribution plan and plan for making up losses;
6. to formulate proposals for increases or reductions in the Company’s registered capital and the issue and listing of bonds and other securities;
7. to draw up plans for the significant acquisitions, acquisitions of the shares of the Company, or the merger, division, spin-off, dissolution and alteration of the form of the Company;

Corporate Governance

8. to approve the guarantees other than those subject to Article 44;
9. to approve the financial assistance other than those subject to Article 45;
10. to examine and approve the connected transaction representing less than 5% of the absolute value of the latest audited net assets of the Company (except for the provision of guarantees and the receipt of endowment in cash assets by the Company);
11. other external investment, asset acquisition or disposal, assets pledge, entrusted wealth management, external donations, etc. other than those required examination and approval at the general meeting of the Company in accordance with the applicable laws and regulations in the place where the Company is listed and/or relevant regulatory authorities;
12. to decide on the establishment of the Company's internal management structure;
13. pursuant to the chairman's nominations to decide to appoint or dismiss the Company's general manager, to appoint or dismiss the secretary of the board of directors and other senior administrative officers, and determine their remuneration, etc. and pursuant to the general manager's nominations to decide to appoint or dismiss the deputy general manager, the financial controller, the general counsel legal adviser and other senior administrative officers of the Company and decide on their remuneration, etc.;
14. to formulate the board of directors' authorised management system;
15. to establish the Company's basic management system;
16. to formulate proposals for any amendments of the Company's Articles of Association;
17. to manage the disclosure of information of the Company;
18. to propose at the general meeting to engage or replace the accounting firm performing the audit for the Company;
19. to listen to the reporting on the works of the general manager of the Company and to perform checking on the works of the general manager;
20. to exercise any other powers conferred by the general meeting.



The Board and the relevant specialised committees are responsible for the completeness of financial information and maintaining an effective internal control system and risk management of the Group, as well as reviewing the financial statements prepared by the Company. Setting the business objectives and overseeing the daily operations of the Company are the responsibilities of the President. The Articles of Association specify the duties and authorities of the Board and the managers. The Board periodically reviews the duties and functions of the President and the powers delegated to him to ensure that such arrangements are appropriate. In order to ensure the balance of powers and authorisation, the roles of the chairman and the President have been clearly defined. The chairman of the Company is Mr. Wang Zhiqing, and the President is Mr. Gao Fei. There are also other senior management who are responsible for the daily management of the Company within their scope of duties.

The chairman leads the Board to ensure that the Board performs its duties effectively. The chairman is responsible for drawing up the agenda of the meeting of the Board and considering other matters that the other Directors propose to be included in the agenda. The agenda together with documents of the Board should be, as far as practicable, circulated at least three days prior to the meeting of the Board or its specialised committees. The chairman is also obliged to ensure that all the Directors are aware of matters to be raised in the meeting of the Board and have discussed about important matters. The chairman ensures that the Directors receive information that is accurate, timely, complete and clear. Through on-the-job training and professional development, continuous participation in meetings of the Board and of specialised committees of the Board and communications with different department heads of the Company, the Directors continuously enhanced their knowledge, capabilities and their understanding of the Group.

The Company has established the office of the Board, which is managed by the joint company secretary to provide related services to the Directors. The joint company secretary periodically updates the Board of the latest information on governance and regulatory matters. The joint company secretary is responsible for the collation and record of the Board meetings. The minutes of meetings together with Board meeting materials shall be kept and made available to all members of the Board. Board meetings are meant to enable the Directors to have open and frank discussions.

Directors of the Board of the Company may seek independent professional advice through the chairman for the purpose of performing their duties, with the cost borne by the Company. Meanwhile, the Company has formulated the “Work Procedures of Independent Director”, which stipulates the selection process of independent non-executive directors, as well as the special powers and working conditions assigned to them for performing their duties, so as to ensure that the Board can obtain independent views and opinions. After review, the Company believes that the system for the Board to obtain independent opinions and its implementation are effective as of 31 December 2025.

The Board continued to make strenuous efforts to establish and improve the Company’s corporate governance policies. In addition to corporate governance policies such as Rules for Procedures for General Meetings, Rules for Meetings of the Board of Directors, Working Regulations of Presidents and Work Procedures of Independent Directors, the Company has also established the Information Disclosure Management System, Regulations for the Management of Connected Transactions and Regulation of Inside Information Registration Management.

Corporate Governance

In 2025, the Company formulated and issued the Market Value Management System, and revised and refined 17 systems and rules, including the Articles of Association, the Rules for Procedures for General Meetings and the Rules for Meetings of the Board of Directors in accordance with the regulatory requirements and work needs.

In order to ensure sound corporate governance, as at the date of the publication of this annual report, the Board had four special committees in place, with their terms of reference drawn up in accordance with the principles set out in the Code. The joint company secretary was responsible for the collation of minutes of meetings, and the committees report to the Board.

The Board held 13 meetings in 2025. Details of attendance of each Director at the Board meetings during the Reporting Period were as follows:

Directors	Attendance/Eligibility of Meetings	Attendance rate
Wang Zhiqing	13/13	100%
Gao Fei	1/1	100%
Cheng Guowei	12/12	100%
Sun Zheng	13/13	100%
Lu Xiongwen	13/13	100%
Luo Qun	13/13	100%
Fung Wing Yee Sabrina	13/13	100%
Zheng Hongfeng	13/13	100%
Jie Xiaoqing	9/9	100%
Liu Tiexiang	7/7	100%

Directors

As of the date of publication of this report, the Board consisted of nine Directors, including Mr. Wang Zhiqing (Chairman), Mr. Gao Fei (Vice Chairman and President), Cheng Guowei (Director), Jie Xiaoqing (Employee representative Director) and five independent non-executive Directors, namely Mr. Sun Zheng, Mr. Lu Xiongwen, Mr. Luo Qun, Ms. Fung Wing Yee Sabrina and Mr. Zheng Hongfeng. For details of biographies and appointments of each Director, please refer to the section 7 “Shareholdings and Remuneration of Incumbent and Resigned Directors and Senior Management during the Reporting Period” of this report.

Independent Non-Executive Directors

Independent non-executive Directors of the Company shall possess specialised knowledge and experience. They shall be able to play their roles of supervising and balancing to the fullest extent to protect the interests of Shareholders and the Company as a whole. The Board considers that they shall be able to exercise independent judgement effectively, which complies with guidelines on assessment of independence pursuant to Rule 3.13 of the Listing Rules. Pursuant to Rule 3.13 of the Listing Rules, the Company has received the annual confirmation letters from each of the independent non-executive Directors on their independence. All Directors (including independent non-executive Directors) are appointed for a term of three years. The formal appointment letters and the Articles of Association have set out the terms and conditions of their appointment. Other than working relationships, the Directors and members of senior management of the Company do not have any financial, business or family connection with one another.

During the Reporting Period, the Company strengthened the safeguards for the performance of duties by the independent Directors, established a mechanism for special meetings of the independent Directors, and specified the convenor of the special meetings of the independent Directors, so as to ensure that the independent non-executive Directors of the Company strictly complied with the relevant laws and regulations, the Articles of Association and the relevant provisions of independent non-executive directors, actively performed their duties, participated in various major decisions, expressed independent opinions on matters such as connected transaction, profit distribution, external guarantees, the selection and appointment of directors and senior management and the remuneration of the senior management, played an important role in the standardised operation of the Company and safeguarded the legitimate rights and interests of minority shareholders.



Directors' Interests

All the Directors shall declare to the Board upon their first appointment their capacities as directors or any other positions held in other companies or institutions, the declaration of which shall be renewed once a year. When the Board of the Company discusses any motion or transaction and considers any Director has any conflict of interest, the Director shall declare his interest and abstain from voting, and will excuse himself as appropriate. The Company shall, pursuant to guidelines applicable to the Company, request from Directors their confirmation if they or their associates are connected with any transactions entered into by the Company or its subsidiaries during each financial reporting period. Material related party transactions have been disclosed in the notes to the financial statements prepared in accordance with IFRSs of this report.

Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the securities transactions code for the Directors. Each of the Directors has been provided with a copy of the Model Code upon his appointment. Having made specific enquiry of all Directors, the Company is not aware of any non-compliance of any Directors with the required standard set out in the Model Code in 2025.

The code of conduct adopted by the Company regarding securities transactions by the Directors is no less stringent than the Model Code.

In addition, pursuant to the requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Rules for the Management of Shares of the Company Held by Directors and Senior Management of Listed Companies and Relevant Movements 《上市公司董事和高級管理人員所持本公司股份及其變動管理規則》, the shares of the Company transferred by each of the Directors and members of senior management of the Company every year shall not exceed 25% of the total number of shares held by each of them, and they are not allowed to purchase the shares of the Company within six months after they have sold their shares. They are also not allowed to sell the shares of the Company within six months after they have bought the shares of the Company. Additionally, within six months after their retirement, they are not allowed to transfer the shares of the Company held by them.

All the employees who may have unpublished price sensitive information related to the Group are also required to comply with the Model Code. During the Reporting Period, the Company is not aware of any breach of laws and regulations.

Directors' Responsibilities in Respect of Financial Statements

The Directors confirm that they are responsible for the preparation of the financial statements of the Group.

The Auditor's Report of the Company's auditors in respect of the financial statements is set out on pages 86 to 90 of this annual report.

The Directors are not aware of any material uncertainties relating to events or conditions that may have a significant impact on the Company's ability to continue as a going concern.



Training of Directors

Content of development of skills and training	Directors participated
In November 2025, Shanghai Stock Exchange, the fifth Follow-up Training for Independent Directors of Listed Companies in 2025	Sun Zheng

The Board office of the Company is responsible for organising, arranging and reviewing the training and continuing professional development of the Directors and members of the senior management.

Training of Company Secretary

During the year 2025, Mr. Li Ganbin, the joint company secretary of the Company, attended the practice training for the companies listed on the Hong Kong Stock Exchange organised by the Hong Kong Chartered Governance Institute. The Board office of the Company is responsible for arranging and reviewing the training and continuing professional development of the Directors and members of the senior management.

Special Committees under the Board of Directors

The Board of the Company consists of the Audit and Risk Management Committee, the Planning, Development and Digitalisation Committee, the Nomination and Remuneration Committee, and the Aviation Safety and Environment Committee. Each special committee earnestly performed its duties in accordance with the requirements of the articles or working rules of the committee, reviewed various proposals comprehensively and prudently, and proposed scientific and reasonable professional opinions and suggestions for the decision-making for the Board.

Special Committee Category	Name of members
Nomination and Remuneration Committee	Wang Zhiqing*, Lu Xiongwen, Fung Wing Yee Sabrina
Aviation Safety and Environment Committee	Gao Fei*, Sun Zheng, Luo Qun
Planning, Development and Digitalisation Committee	Cheng Guowei*, Fung Wing Yee Sabrina, Zheng Hongfeng
Audit and Risk Management Committee	Sun Zheng*, Lu Xiongwen, Luo Qun

Note: Those annotated with * above represent the chairmen of the special committees.



Nomination and Remuneration Committee

As at 31 December 2025, the Nomination and Remuneration Committee of the Board of the Company comprised three Directors, namely Mr. Wang Zhiqing, Mr. Lu Xiongwen and Ms. Fung Wing Yee Sabrina, among which Mr. Wang Zhiqing is the chairman of the committee, and Mr. Lu Xiongwen and Ms. Fung Wing Yee Sabrina are independent non-executive Directors. When considering and approving remuneration related matters, the Nomination and Remuneration Committee shall be chaired by Mr. Lu Xiongwen.

1. Main Duties of the Nomination and Remuneration Committee

- (1) To make recommendations to the Board regarding its size and composition based on the relevant provisions of the PRC Company Law and in the light of specific circumstances such as the characteristics of the Company's equity structure;
- (2) To study the criteria and procedures for selecting Directors and senior management and make recommendations to the Board;
- (3) To select qualified candidates to become Directors and senior management;
- (4) To examine the candidates for the positions of Directors and senior management and make recommendations in connection with the same;
- (5) To examine candidates for other senior management positions whose engagement is subject to approval by the Board and make recommendations in connection with the same;
- (6) To study and review the policies and plans for remuneration of the Directors and senior management;
- (7) To study the criteria for assessing the Directors and senior management, carry out such assessments and make recommendations in connection with the same;
- (8) To evaluate the performance of the Directors and senior management based on the Company's actual business circumstances and make recommendations in connection with the same;
- (9) To be responsible for monitoring the implementation of the Company's remuneration system;
- (10) Assess the independence of the independent directors;
- (11) To make recommendations regarding formulation or amendment of equity incentive plans, employee stock ownership plans, and the granting of benefits to eligible participants and the fulfilment of conditions for exercising such benefits;
- (12) To make recommendations regarding arrangements for Directors and senior management to hold shares in subsidiaries proposed for spin-off;
- (13) Other matters delegated by the Board.



Corporate Governance

According to the Working Rules of the Nomination and Remuneration Committee of the Board of Directors, the procedure for electing Directors and senior management is as follows:

- (1) the Nomination and Remuneration Committee shall actively liaise with the relevant departments of the Company to study the requirement for Directors and senior management, and produce a written document thereon;
- (2) the Nomination and Remuneration Committee may conduct a wide-ranging search for candidates for the positions of Director and senior management within the Company, within enterprises controlled by the Company or within enterprises in which the Company holds equity, and on the human resources market;
- (3) the profession, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the initial candidates shall be compiled as a written document;
- (4) the Nomination and Remuneration Committee shall listen fully to the opinion of the nominee regarding his/her nomination;
- (5) a meeting of the Nomination and Remuneration Committee shall be convened, and the qualifications of the initial candidates shall be examined on the basis of the conditions for appointment of Directors and senior management;
- (6) before the selection of a new Director and the engagement of a new member of the senior management, the recommendations of and relevant information on the relevant candidate(s) shall be submitted to the Board; and
- (7) the Nomination and Remuneration Committee shall carry out other follow-up tasks based on the decisions of and feedback from the Board.

According to the Detailed Working Rules of the Nomination and Remuneration Committee of the Board, the Board Diversity Policy is:

- (1) When performing related duties, the Nomination and Remuneration Committee shall take into account the Board Diversity Policy required by the document, so as to supervise the execution of such policy, and review and amend the policy in due course to ensure its validity.
- (2) When reviewing the size and composition of the Board and searching and proposing candidates for Directors, the Nomination and Remuneration Committee shall take into account the relevant factors in accordance with the business model and actual requirements of the Company in order to achieve diversity of the Board. The Nomination and Remuneration Committee can consider Board diversity from different aspects, including but not limited to gender, age, cultural and educational background, race, profession and experience, skills, knowledge and length of service, etc. After taking into account the related factors mentioned above, the Nomination and Remuneration Committee will offer the final appointment recommendations to the Board based on the strengths of the candidates and their contribution to the Board.



2. Attendance of Members of the Nomination and Remuneration Committee Meetings

Members	Attendance/ Eligibility of Meetings	Attendance rate
Wang Zhiqing (chairman)	6/6	100%
Lu Xiongwen	6/6	100%
Fung Wing Yee Sabrina	3/3	100%
Luo Qun (former member)	3/3	100%

Note: All members of the Nomination and Remuneration Committee attended the respective Nomination and Remuneration Committee meetings in person.

3. Performance of the Nomination and Remuneration Committee

Under the leadership of the Board, the Nomination and Remuneration Committee performed their duties diligently to standardise the election of Directors and members of senior management of the Company, establish and refine the incentive and assessment mechanism of Directors and members of senior management of the Company to promote the realisation of the long-term goals of the Company. In 2025, the committee organised and convened six meetings in compliance with laws and considered and approved 9 resolutions including the Resolution Regarding the Remuneration of Directors, Supervisors and Senior Management of the Company in 2024, the Resolution Regarding the Nomination of Candidate for Director of the Tenth Session of the Board, the Resolution Regarding the Nomination of Candidate for the Senior Management, which provided professional support for the Board's decisions.

4. The Detailed Working Rules of the Nomination and Remuneration Committee are posted on the website of the Company (www.ceair.com).



Aviation Safety and Environment Committee

As at 31 December 2025, the Aviation Safety and Environment Committee of the Company comprised three Directors, namely Mr. Gao Fei, Mr. Sun Zheng and Mr. Luo Qun. Mr. Gao Fei served as the chairman of the Committee.

1. Main Duties of the Aviation Safety and Environment Committee

The Committee mainly responsible for consistent implementation of the relevant laws and regulations of national aviation safety and ESG, overseeing and managing the aviation safety management and ESG of the Company, studying, considering and making recommendation on aviation safety plans and major issues of the related safety duties and overseeing their implementation, studying, considering and making recommendation on major environmental protection issues in relation to aviation carbon emission on domestic and international levels and overseeing their implementation, studying, considering and making comment or recommendation on issues related to ESG of the Company.

The Aviation Safety and Environment Committee shall be accountable to the Board of Directors and report to the Board of Directors. The Committee's proposed resolutions shall be submitted to the Board of Directors for consideration and approval. The results of the Committee's discussions shall be reported to the Board of Directors.

2. Attendance of Members of the Aviation Safety and Environment Committee Meetings

Members	Attendance/ Eligibility of Meetings	Attendance Rate
Gao Fei (chairman)	0/0	–
Liu Tiexiang (former chairman)	1/1	100%
Sun Zheng	1/1	100%
Luo Qun	1/1	100%

Note: All members of the Aviation Safety and Environment Committee attended the respective Aviation Safety and Environment Committee meetings in person. As of 31 December 2025, the meeting of Aviation Safety and Environment Committee has not been convened since 2 December 2025, when the composition of the special committee was adjusted.

3. Performance of Aviation Safety and Environment Committee

Under the leadership of the Board, the Aviation Safety and Environment Committee consistently implemented the relevant laws and regulations of national aviation safety and environmental protection, and further enhanced the aviation safety plans and guidelines of the Company. The committee also studied and provided guidance on the major environmental protection issues in relation to aviation carbon emission on domestic and international levels. In 2025, the Committee convened one meeting in compliance with regulations for consideration and approval of resolutions such as 2024 Sustainability (ESG) Report of the Company, which provided professional support for the Board's decisions.

4. The Detailed Working Rules of the Aviation Safety and Environment Committee are posted on the website of the Company (www.ceair.com).



Planning, Development and Digitalisation Committee

As at 31 December 2025, the Planning, Development and Digitalisation Committee of the Company comprised three Directors, namely Mr. Cheng Guowei, Ms. Fung Wing Yee Sabrina and Mr. Zheng Hongfeng, among which, Mr. Cheng Guowei is the chairman of the Committee.

1. Main Duties of the Planning, Development and Digitalisation Committee

- (1) To consider the annual operational goals of the Company and make recommendations to the Board;
- (2) To consider the annual investment proposal of the Company and make recommendations to the Board;
- (3) To consider the material investments (other than the annual investment proposal) of the Company and make recommendations to the Board;
- (4) To consider the development plan of the Company and make recommendations to the Board;
- (5) To study and consider the fleet development plan and aircraft purchase plan of the Company and submit independent report to the Board;
- (6) To consider the Company's digital development strategy, digital transformation planning programme, and important reform matters of digital construction, etc., and provide decision-making suggestions;
- (7) To study other major events which may have influence on the development of the Company and make recommendations in connection with the same;
- (8) To oversee the implementation of the above matters and conduct inspection of the same;
- (9) To consider other matters as authorised by the Board and oversee their implementation.

2. Attendance of Members of the Planning, Development and Digitalisation Committee Meetings

Members	Attendance/ Eligibility of Meetings	Attendance Rate
Cheng Guowei (chairman)	4/4	100%
Liu Tiexiang (former chairman)	1/1	100%
Fung Wing Yee Sabrina	5/5	100%
Zheng Hongfeng	5/5	100%

Note: All members of the Planning, Development and Digitalisation Committee attended the respective Planning, Development and Digitalisation Committee meetings in person.

3. Performance of the Planning, Development and Digitalisation Committee

Under the leadership of the Board, the Planning, Development and Digitalisation Committee is responsible for studying, considering and making plans or recommendation in regard to the long term development plans and material investment decisions of the Company and overseeing their implementation. In 2025, in compliance with regulations, five committee meetings were convened and ten resolutions were passed, including the project approval for the first phase of construction of China Eastern Airlines Base at Xiamen Xiang'an Airport and other major issues, which provided professional support for the Board's decisions.

4. The Detailed Working Rules of the Planning, Development and Digitalisation Committee are posted on the website of the Company (www.ceair.com).



Audit and Risk Management Committee

As at 31 December 2025, the Audit and Risk Management Committee of the Company comprised three Directors, namely Mr. Sun Zheng, Mr. Lu Xiongwen and Mr. Luo Qun, among which, Mr. Sun Zheng is the chairman of the Committee. The members of the Audit and Risk Management Committee are all independent Directors of the Company, among which Mr. Sun Zheng is an accounting professional.

1. Main Duties of the Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for inspecting and supervising the Company's external audit, internal audit, financial reporting, risk management, internal control, legal compliance system development, and exercising the powers of the Board of Supervisors as stipulated in the Company Law.

2. Attendance of Members of the Audit and Risk Management Committee Meetings

Members	Attendance/ Eligibility of Meetings	Attendance Rate
Sun Zheng (chairman)	8/8	100%
Lu Xiongwen	8/8	100%
Luo Qun	8/8	100%

Note: All members of the Audit and Risk Management Committee attended the respective Audit and Risk Management Committee meetings in person.

3. Performance of Audit and Risk Management Committee

The Audit and Risk Management Committee held 8 meetings in total in 2025. The Company's senior management, external auditors, financial department and audit department were invited to attend the meetings. Based on the reports of the external and internal auditors, and with reference to the accounting principles and practices, and internal controls adopted by the Company, the Audit and Risk Management Committee conducted reviews of internal control, risk management and financial statements with a view to assessing whether the relevant requirements are complied with. The Company's final results for 2024 and first quarterly results, interim results and third quarterly results for 2025 had been discussed in the Audit and Risk Management Committee's meetings before they were submitted to the Board for approval.

Please refer to the "2025 Performance Report of the Audit and Risk Management Committee" disclosed on the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange by the Company on 30 March 2026 for the performance of the Audit and Risk Management Committee.

The Audit and Risk Management Committee has also reviewed the performance, independence and objectivity of the Company's auditors. During the Reporting Period, the total fee to Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu for the provision of financial statements prepared under PRC Accounting Standards and IFRSs and internal control audit services amounted to RMB10.45 million. The auditors' remuneration was approved by the Audit and Risk Management Committee, the Board and the general meeting.

4. The Working Rules for the Audit and Risk Management Committee are posted on the website of the Company (www.ceair.com).



Remuneration Policy of Directors

Directors generally do not receive remuneration from the Company except independent non-executive Directors who receive a fixed remuneration. However, Directors who serve in other administrative positions of the Company will receive salary separately for those positions.

Certain Directors received emoluments from CEA Holding, the parent of the Company, in respect of their directorship or senior management positions in the Company and its subsidiaries.

Generally, the policy regarding the remuneration packages of Directors is aimed primarily at linking the remuneration of Directors and their performance to the objectives of the Company, in order to motivate them in their performance and retain them. Pursuant to the policy, the Directors are not allowed to approve their own remuneration.

The major composition of remuneration of the Directors includes basic salary and bonus.

The Directors review the basic salary of each Director on an annual basis pursuant to the remuneration policy of the Company. In 2025, pursuant to the service contracts entered into between the Company and each of the Directors, the Directors are entitled to receive a fixed basic salary.

Bonuses are calculated based on the measurable performance and contribution of the operating units for which the Directors are responsible.

Remuneration of Independent Non-executive Directors

Remuneration received by the independent non-executive Directors of the Company in 2025 were as follows:

Name	Remuneration before tax (RMB10,000)
Sun Zheng	20
Lu Xiongwen	20
Luo Qun	8
Fung Wing Yee Sabrina	20
Zheng Hongfeng	20

Remuneration of Senior Management

The members of senior management of the Company received the following remuneration in 2025:

Name	Position	Remuneration before tax (RMB10,000)
Gao Fei	Vice Chairman, President	–
Zhou Qimin	Vice President, Chief Financial Officer	–
Wan Qingchao	Vice President	–
Li Ye	Vice President	–
He Xiaoqun	Vice President	–
Li Zhiyong	Vice President	–
Li Ganbin	Board Secretary, Joint Company Secretary	51.05
Liu Tiexiang	Vice Chairman, President (resigned)	–
Total	/	51.05



Internal Control and Risk Management

Internal Control System

The Board shall be responsible for the establishment, integrity and effective implementation of internal control and review the effectiveness of the internal control system through the Audit and Risk Management Committee at least once a year. The internal control system of the Company is essential to risk management which, in turn, is important in ensuring that operational objectives can be achieved. The Company established internal control procedures to prevent assets from unauthorised use or disposal, to ensure the maintenance of appropriate accounting records and to provide reliable financial information either for internal use or for dissemination externally. However, the control procedures of the Group aim at reasonably (but not absolutely) assuring that there will not be material misrepresentation, loss or misconduct. The internal control system of the Company is prepared in accordance with the relevant laws and regulations, subsidiary regulations and constitutional documents.

The Group reviews the effectiveness of its internal control system annually, which includes control over finance, operations, compliance with laws and regulations as well as risk management. The results of the review have been reported to the Audit and Risk Management Committee and the Board.

Main Features of the Internal Control System

The Group is one of the early adopters in the development of internal control systems. As early as 2004, the Group started the construction of internal control in order to meet the requirements of the US Sarbanes-Oxley Act. In 2008, five ministries including the Ministry of Finance successively issued the Basic Standards for Corporate Internal Control and its supporting guidelines to require enterprises to establish an internal control system in compliance with the regulatory requirements and specifications. The Group initiated the construction project of comprehensive risk management and internal control system in March 2010.

Internal Control Evaluation Work in 2025

(1) Organisational Structure

The Group established the internal control working team in 2025, which is responsible for the organisation and implementation of internal control appraisal of the year. The working team is led by the Chairman of the Company, and key staff of audit department is designated as team members.

(2) Work Arrangement

According to the internal control evaluation work arrangement of 2025, all units of the Company were arranged to carry out self-inspection on internal control, organise centralised on-site testing. Firstly, 6 management support departments, 8 business operations units, 13 branches and 9 subsidiaries (a total of 36 units) of the Company conducted self-inspection on internal control in accordance with the internal control evaluation programme and based on their own business characteristics. Secondly, the working team selected 14 key units to conduct on-site testing on their key business processes. Finally, the working team collected and compiled the data on daily inspections and audits of safe operation of each unit as a key component of internal control evaluation. It was determined that the internal control evaluation for the year focused on the Company's overall control process, 243 business control processes and 3 core business information system control processes.

(3) Evaluation Work Organisation and Safeguard Measures

To effectively promote internal control evaluation work, the working team intensified information communication through the formulation of contact system, regular meeting and work briefing system, and held internal control evaluation work assignment meetings at key stages of on-site testing work to strengthen the organisational management of specialised projects. The working team guided through centralised training, one-on-one tutoring, on-site supervision, on-site explanation and questions and answers covering all stages of the internal control evaluation work, and publicised and explained internal control principles, application of evaluation standard and work skills to improve the internal control evaluation skills of each unit.



(4) Results of internal control evaluation

The Group has evaluated the effectiveness of the internal control over the financial reports and non-financial reports, in accordance with the Basic Rules for Corporate Internal Control and its supporting guidelines, and other regulatory requirements of internal control, combined with the internal control system and evaluation methods of the Company, and based on internal control of daily supervision and special project supervision. It is believed that the Company's overall internal control is effective as at 31 December 2025 (the base date of the internal control evaluation report), and there are no significant deficiencies in the Company's financial reports, and no significant deficiencies of internal control related to the non-financial reports.

Measures of Internal Control

During the assessment of internal control of the Company, all entities should strictly follow the principle of "immediate rectification", immediately rectify the internal control defects identified, while formulating rectification plans for internal control defects which cannot be rectified immediately to push forward the progress of rectification. To further implement the rectification in internal control defects and enhance the optimisation of internal control, upon the completion of defect identification, the Company will publish documents to require the relevant entities to formulate rectification measures for those defects with incomplete rectification, clarify the responsibilities and time limits for rectification and diligently assign the rectification work.

The Board confirms that the Company has systems and procedures in place to identify, manage and report material risks in the course of achieving its strategic objectives. The Board continues to monitor risks with the support of the specialised committees and senior management. Such systems aim to manage but not eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance for the absence of material misrepresentation or loss.

Procedures of Internal Audit

The Company's internal audit department is responsible for conducting an independent audit of whether or not the internal control system is sufficient and effective. The auditing plan is prepared using a risk-based approach and is discussed and finalised by the Audit and Risk Management Committee annually. Other than the pre-determined scope of work for each year, the department is also required to conduct other specific audits.

The Board of the Company directly leads the internal audit work, which is specifically supervised by the Chairman. All the internal audit reports are delivered to the Chairman, the president, chief financial officer, and the management of the department being audited and the related departments. The outcome of each audit, in summary, will also be discussed with the Audit and Risk Management Committee. The Board and the Audit and Risk Management Committee of the Company actively monitor the number and seriousness of the inspection results submitted by the internal audit department, and the relevant corrective measures taken by the relevant department.

Anti-corruption Policy

The Company attaches great importance to anti-corruption work through continuously preventing corruption caused by concentration of power, capital intensive and rich resource, preventing integrity risks in procurement and other sectors, and continuously promoting reforms, preventing risks, improving systems, and improving governance. In addition, the Company attaches great importance to the protection of whistleblowers, formulates and implements relevant rules for the handling of prosecutions and accusations by discipline inspection and supervision agencies, regulates the handling of prosecutions and accusations by discipline inspection organisations at all levels, and unblocks reporting channels for relevant groups (including but not limited to reporting to the Disciplinary Committee of the Company, the Audit and Risk Management Committee of the Board of Directors, etc.), so as to ensure the exercise of their supervisory power and safeguard their legitimate rights and interests.



Procedures for Processing and Publication of Inside Information and Internal Control Measures

The Board has formulated policies on the procedures for handling and releasing inside information as well as internal control measures. The policy sets out the requirements on the preparation of inside information announcement, restrictions relating to the sharing of non-public information, the handling of rumours, unintentional selective disclosure, exemption from disclosure of inside information and compliance and reporting procedures. The senior management of the Company must take all reasonable measures to prevent breach of the disclosure requirements of the Company. They must promptly draw the attention of management to any potential dissemination of inside information, and the management will inform the Board of prompt action. In serious violation of this policy, the Board will decide or assign appropriate persons to determine the course of action to correct the problem and avoid recurrence.

Risk Management

The Audit and Risk Management Committee of the Company is responsible for checking and evaluating the overall risk management of the Company and overseeing their implementation.

The internal audit department of the Company is responsible for preparing related risk management report and reporting to the Audit and Risk Management Committee periodically. It is responsible for coordinating the implementation of appropriate procedures to manage the operational risks of the Company.

The Board, being the highest leadership and decision-making organ for comprehensive risk management, established the Audit and Risk Management Committee, and has set up three levels of defence in risk management around the business units, risk management unit and internal audit department. The Board has incorporated the concept of internal risk control into every business unit and established the risk management framework to identify, assess and respond to substantial risks. The first level of defence in the Company's risk management is the business units, for which risk management measures and internal control procedures have been incorporated into the work and operation of the business units. The second level of defence in the Company's risk management is the risk management unit, which led and coordinated all business units and continuously supervised over relevant work to ensure that risk management in the Company has been fully executed. The third level of defence in the Company's risk management is the internal audit department, which is directly responsible to the Board and the Audit and Risk Management Committee, and supervised and assessed every business unit and operational departments for risk management.

The Company has established a general and continuous supervision mechanism, in order to discover defect in the design and operation of the internal risk control system in time. The internal audit department is responsible for auditing every business unit and operational department of the Group, and the internal audit is supervised and overseen by the Board and the Audit and Risk Management Committee. The internal audit department has to report regularly or upon request to the Board, the Audit and Risk Management Committee, etc. Any defect in internal risk control discovered in supervision and checks should be reported in accordance with the internal audit procedures, and the relevant defects should be rectified and improved in accordance with the queries raised.

In 2025, the Board has reviewed the internal control system in relation to risk management and considered that the Company had discharged its duties of risk management and internal control of listed companies as required by the Listing Rules, and the Company's risk management and internal control systems were effective and adequate during the year 2025.



Investor Relations

The Company places emphasis on the communication with investors. Based on the Regulations for the Management of Investor Relationship and the Market Value Management System of the Company, the Company fosters corporate integrity and self-discipline, realises standardised operation and ensures that the interests of its investors are protected through ways such as on-site communication, phone and the Internet to facilitate its communication with investors. The Company constantly reviews and examines the current shareholder communication policy to ensure its practicality and effectiveness.

The Board fully respects and actively safeguards the legitimate rights and interests of investors, especially small and medium-sized investors, and enhances value recognition by establishing multi-channel, multi-level communication with investors. In 2025, the Company's Chairman, Vice Chairman and President, Vice President and Chief Financial Officer, and Board Secretary attended the annual and semi-annual performance briefing meetings of the Company, organised and conducted performance roadshows at home and abroad, and carried out interactions and exchanges with different kinds of investors. Throughout the year, the Company participated in 47 investor conferences of various types, including 41 domestic and overseas exchange meetings and approximately 6 online exchanges in total, communicated with a total of 441 investors from 287 institutions, and took the initiative to visit one major legal person shareholder, so as to convey the Company's investment value in a timely manner and reasonably guide market expectations.

The daily communication between the Board of Directors and Shareholders is generally coordinated through the Board secretary and designated staff. For any enquiries about the Board, Shareholders may contact us by calling 86-21-22330932 or by email to ir@ceair.com or they may put forward their questions at the annual general meeting or extraordinary general meetings directly. In respect of the procedures for Shareholders to propose resolutions at the annual general meeting or extraordinary general meetings, they may enquire with the Board Secretary through the aforesaid channels. Investors and the public may access the Company's website (www.ceair.com) and download related documents from the online database. The website also sets out details of each of the Company's operations. Announcements or other documents issued by the Company may also be downloaded from the website of the Company.

Based on the information publicly available to the Company and to the knowledge of the Directors of the Company, at least 25% of the issued share capital of the Company was held by the public.

Changes in Constitutional Documents

As at 1 July 2025, the Company has made corresponding amendments to the Articles of Association according to relevant laws and regulations and the actual situation of the Company. For details, please refer to the announcement of the Company dated 1 July 2025.

On behalf of the Board

Wang Zhiqing

Chairman

Shanghai, the PRC

30 March 2026



Social Responsibilities

The Group's corporate culture concept system includes corporate mission, corporate vision, corporate core values, etc. The Group takes "Delivering Oriental Charm and Connecting the World" as its mission, holds the development vision of "building CEA a world-class, happy and excellent airline trusted by clients, recognised by society and proud by staff", and adheres to the core values of "safety as the foundation, excellence as the priority, people-oriented approach, openness and innovation, and harmony and dedication", thereby leading the Group to develop in a sustainable manner. The Board of the Company highly recognises the Company's corporate culture concept. All members act as role models and strive to promote corporate culture while performing their duties in strict compliance with national laws, administrative regulations, the Articles of Association and resolutions of the general meeting, so as to ensure that the Company's strategy is consistent with its corporate culture.

Adhering to the five development visions of "Innovation, Synergy, Green Development, Openness and Sharing", the Group integrated social responsibilities into the traditional core management scopes of the Company in terms of aviation safety, passenger services and staff development, proactively fulfilled its economic, social and environmental responsibilities, and continued to deal with environmental and social issues such as climate change, sustainable use of resources and all-around rural revitalisation. For details, please refer to the China Eastern Airlines Corporation Limited 2025 Sustainability (ESG) Report published by the Company.

Major Awards Obtained in 2025

During the Reporting Period, the Group actively fulfilled its social responsibilities and received wide recognition from society. Major awards related to social responsibilities were as follows:

Name of award	Awarding institutions
2025 BrandZ Top 100 Most Valuable Chinese Brands	WPP and Kantar
2025 Brand Finance Top 10 Airline Brands by Brand Value	Brand Finance
2025 Fortune China Top 500	Fortune
China Eastern Airlines received the Golden Bee 2025 Excellent Corporate Sustainability Report – Longevity Award	Golden Bee Think Tank
China Eastern Airlines received the honour of "Sustainable Governance Excellence Model (可持續卓越治理典範)"	YICAI
"Best China Airline" in the 2025 TTG China Travel Awards	TTG China
2025 CAPSE "China's Most Valuable Domestic Airline Brands"	2025 CAPSE Annual Summit
Grade A in Information Disclosure on the Shanghai Stock Exchange	Shanghai Stock Exchange
2025 Best Practice Cases of the Board of Directors of Listed Companies	China Association for Public Companies



Name of award	Awarding institutions
Top 100 Employer Excellence 2025	51job.com
Our programme of “keep focusing on supporting the construction of teaching staff to facilitate the high-quality development of education in Cangyuan County and Shuangjiang County” was selected as one of the 2024 Best Practice Cases of Rural Revitalisation of Listed Companies	China Association for Public Companies
The assistance project of “supporting the construction of teaching staff and promoting high-quality development of education in border ethnic minority areas” was selected into the Blue Book on Central State-owned Enterprises’ Contribution to Rural Revitalisation (2024)	Bureau of Social Responsibility under the SASAC of the State Council
Third-class of the 2025 “Golden Ray Cup” China Internet Innovation Competition	Internet Society of China
Intelligent Monitoring Business Model Innovation Activity 2025 Outstanding Achievement Award	SASAC of the State Council
China Eastern Airlines’ AI high-quality dataset development project for domestic-manufactured civil aircraft was selected as Innovation and Application Practice of “Cloud + AI” in Central State-owned Enterprises	Cloud Computing & Big Data Research Institute under the China Academy of Information and Communications Technology

Ecological Protection, Pollution Prevention and Control, Environmental Responsibility Fulfilment

The Company has integrated the ecological priority, green and low-carbon concepts into its development strategies, and has built a systematic green operation system to promote green and low-carbon transformation in aspects from climate change response, efficient use of resources to environmental compliance governance.

The Company regards addressing climate change as the strategic focus of ESG and sustainable development. Through emission reduction measures such as saving jet fuel consumption and promoting sustainable aviation fuel (SAF), we worked with upstream and downstream enterprises in the industry chain to promote low-carbon transformation and contribute to the green development of the civil aviation industry.

The Company regards ecological environment protection as an important cornerstone of its sustainable development. By improving its environmental management system, strengthening supervision and inspection, deepening pollution prevention and control, participating in biodiversity conservation and strengthening green publicity, the Company has established a systematic environment governance structure and contributed to the construction of a beautiful China.



Social Responsibilities

Rural Revitalisation

Poverty alleviation and rural revitalisation projects	Quantity/content	Description
Total investment (RMB10,000)	4,449.7	
Of which: Funds	2,472.3	Non-reimbursable assistance funds
Value of materials	1,977.4	Free flight tickets and logistics relief
Number of beneficiaries (persons)	140,000	People benefiting from industrial assistance
Forms of assistance (e.g. poverty alleviation through industrial development, employment and education, etc.)	Aviation revitalisation	In 2025, CEA (the Company and CEA Holding, collectively referred to as "CEA"), on the basis of the existing routes, newly launched the Cangyuan-Chengdu direct round-trip route. In 2025, more than 5,300 flights involving Lincang and Cangyuan were operated, transporting more than 660,000 passengers, driving the GDP of the local areas to be more than RMB1.2 billion through the routes, and creating 18 thousand new jobs for the locals. In 2025, 800 tons of air cargo with the value of RMB6.2 million was provided with national air cargo logistics services free of charge through the airports of Lincang and Cangyuan, enabling the goods uncovered in the mountain areas be delivered to outside markets.
	Industry revitalisation	<p>Firstly, the Group promoted assistance in the honeybee specialty industry. In 2025, CEA continued to work with the Honey Bee Research Institute of the Chinese Academy of Agricultural Sciences to carry out in-depth assistance to the honeybee industry in Cangyuan. As a result, Cangyuan County has established 2 honey processing plants, a factory for beekeeping tools, a bee science park, 59 demonstration bee farms, 109 bee farms with a reasonable level of economy of scale, with the number of bee swarms of Eastern honey bee reaching 24,076. Cangyuan also published the national group standard for its local dark honey, expanded product categories to jelly, toothpaste, shampoo, body wash and conditioner, etc., and significantly improved its product quality. In 2025, the sales of bee products in the county reached over RMB26 million, and the income of beekeepers increased by over RMB4.1 million, directly creating stable employment of 40 people and providing flexible employment for 3,800 person-times. At the same time, bee pollination was carried out, which promoted the growth of local nut production.</p> <p>Secondly, we actively carried out cultural and tourism assistance. In August, CEA promoted Cangyuan County to join Harmonious Countryside (和美鄉途), a cultural and tourism assistance platform launched by SASAC that connects central state-owned enterprises with counties. CEA also facilitated more than 70 members of the Cangyuan Song and Dance Troupe (滄源歌舞團) to come to Shanghai to participate in the 36th Shanghai Tourism Festival. The troupe offered 18 scenery performances of national intangible cultural heritage, the Wooden Drumstick (《木鼓舞》) and Dance of Hair Shaking (《甩發舞》), at Oriental Pearl TV Tower, attracting a maximum audience of 3,200 in a single performance, hitting a new high in the number of intangible cultural heritage exhibitions in the Yangtze River Delta Region. The Company helped to introduce The Panda Plan 2, starring Jackie Chan, to promote and gain popularity for Cangyuan cultural tourism.</p>



Poverty alleviation and rural revitalisation projects	Quantity/content	Description
Consumption revitalisation		CEA held two large-scale fairs during the Spring Festival and the Mid-Autumn Festival, and listed Cangyuan County as an education and training base for China Eastern Airlines, to promote local economic development and social employment. CEA also imposed mandatory requirement that the procurement share of consumption assistance products in employees' Spring Festival welfare shall not be less than 20%, and directly procured and assisted in the sale of agricultural products amounting to RMB170 million for the year.
Talent revitalisation		CEA, in collaboration with Department of Teacher Education under the Ministry of Education, Beijing Normal University (BNU) and East China Normal University (ECNU), continued to carry out the expertise improvement initiative for teachers. In 2025, teachers from Cangyuan County and Shuangjiang County participated in trainings in Beijing and Shanghai for 800 person-times, and BNU and ECNU provided offline door-to-door courses and training for over 10,000 person-times. After years of support, the quality of education in the two counties has been significantly improved, and the undergraduate admission rate also recorded a year-on-year increase to varying degrees. In addition, CEA has also launched a three-year training programme with Fudan University and Tongji University to train grassroots cadres, industry leaders and technicians for the assistance areas, to cultivate a talent pool for rural development.
Ecological revitalisation		CEA helped local communities install street lights, build basketball courts, and improve living facilities in border towns and villages; helped build forest fire passages to protect forest natural resources and prevent risks; supported initiatives to improve the living environment and contributed to the construction of beautiful countryside.
Cultural revitalisation		CEA supported the filming of the movie named Judgement Execution in Haktiex Vax (《秘境•執行》), which tells the story of a national Role Model of the Times and a national model of judge, written based on Comrade Bao Weizhong, the former Party member and the former director of the Executive Bureau of Cangyuan County People's Court. The film helps cadres and the public learn from the role model, strengthen ideological and moral cultivation and establish a good manner. Besides, CEA supported Shuangjiang County to hold training courses on intangible cultural heritage to empower rural areas and promote the integrated development of agriculture, culture and tourism, so as to help the local area establish a protection and inheritance system for excellent traditional culture and further explore the revitalisation value of intangible cultural heritage.

In 2025, CEA was deeply engaged in the assistance such as "aviation revitalisation", "industry revitalisation", "consumption revitalisation" and "talent revitalisation" to continuously solidify the fruits of rural revitalisation. During the year, CEA invested RMB44.497 million in non-reimbursable assistance funds and RMB266 million in reimbursable assistance funds, introduced RMB6.337 million in non-reimbursable assistance funds and RMB10.749 million in reimbursable assistance funds, directly purchased agricultural products from poverty-eradication areas for RMB48.128 million, and assisted in the sale of agricultural products for RMB120 million. CEA provided training to grassroots cadres, industry leaders and technicians for 8,162 person-times, 2,292 person-times and 12,449 person-times, respectively. The Group fully accomplished the annual assistance tasks, and received "good" rating in the assessment of targeted assistance for central units for seven consecutive years. The assistance programme for honeybee industry in Cangyuan County was selected as a typical case of targeted assistance for central units during the five-year transition period, while the "MU Tea (東航那杯茶)" was selected as the featured product brand on central enterprises' contribution to rural revitalisation.



Independent Auditor's Report

Deloitte.

德勤

To the Shareholders of China Eastern Airlines Corporation Limited

(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China Eastern Airlines Corporation Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 91 to 207, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of goodwill</i></p> <p>As stated in Note 4(a) and Note 20 to the consolidated financial statements, as of 31 December 2025, the balance of the Group's goodwill was RMB11,272 million, which were significant to the financial statements.</p> <p>The Group performs impairment tests of goodwill at least annually. The goodwill was all associated with airline transportation operations unit. When performing the impairment tests, management determined the recoverable amount of the airline transportation operations unit based on the higher of its fair value less costs of disposal and its present value of projected future cash flows. The determination of the present value of projected future cash flows of the airline transportation operations unit was based on key assumptions including revenue growth rates, gross margin rates, discount rate and terminal growth rate, etc., which depended on management's significant estimates and judgements.</p> <p>We identified the impairment of goodwill as a key audit matter since the balances of goodwill was significant, and there were significant management's accounting estimates and judgements involved.</p>	<p>Our procedures in relation to the impairment of goodwill included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and implementation of key internal controls related to impairment tests of goodwill. Testing the operating effectiveness of those key internal controls. • Evaluating the reasonableness of management's inclusion of goodwill in airline transportation operations unit. • Evaluating the reasonableness of management's estimates by comparing the current year's actual financial results with the respective forecasts used in prior year's impairment tests. • Evaluating the reasonableness of the profit forecast used in projected future cash flows by comparing it with the Group's historical data, approved financial budgets and operating plans. • Involving internal valuation specialist to assist in evaluating appropriateness of the method and model used in the impairment tests, and the reasonableness of certain key parameters including discount rate and terminal growth rate, etc.. • Performing sensitivity analysis to evaluate the impact on the impairment of goodwill if there would be reasonable changes in the key parameters which were significant in determining the present value of projected future cash flows.



Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mang, Kwong Fung, Frederick.



Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB million	2024 RMB million
Revenue	5	139,941	132,120
Other operating income and gains	7	7,459	6,503
Operating expenses			
Aircraft fuel		(43,690)	(45,499)
Wages, salaries and benefits	9	(29,688)	(26,552)
Depreciation and amortisation		(27,894)	(26,644)
Take-off and landing charges		(19,342)	(17,535)
Aircraft maintenance		(6,576)	(6,171)
Food and beverages		(4,631)	(4,227)
Selling and marketing expenses		(4,362)	(3,949)
Civil aviation development fund		(1,159)	(1,122)
Ground services and other expenses		(474)	(445)
Low value and short-term lease rentals		(395)	(26)
Impairment charges	10	(30)	(44)
Impairment losses on financial assets, net	11	(4)	(38)
Fair value changes of financial assets at fair value through profit or loss ("FVTPL")		21	36
Other operating expenses		(5,303)	(4,789)
Total operating expenses		(143,527)	(137,005)
Operating income	8	3,873	1,618
Share of result of associates	23	245	225
Share of result of joint ventures	24	32	49
Finance income	12	309	115
Finance costs	13	(4,185)	(5,911)
Profit/(loss) before income tax		274	(3,904)
Income tax expense	14	(2,226)	(894)
Loss for the year		(1,952)	(4,798)
Loss is attributable to:			
Owners of the Company		(1,633)	(4,226)
Non-controlling interests		(319)	(572)
		(1,952)	(4,798)
Loss per share attributable to the owners of the Company:			
– Basic (expressed in RMB per share)	16	(0.11)	(0.19)



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 RMB million	2024 RMB million
Loss for the year		(1,952)	(4,798)
Other comprehensive (loss)/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		(60)	5
<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 loss (“FVTOCI”), net of tax		(4)	(81)
– Share of other comprehensive (loss)/income of an associate, net of tax	23	(2)	2
– Actuarial gain/(loss) on the post-retirement benefit obligations, net of tax	39	61	(152)
Other comprehensive loss for the year, net of tax		(5)	(226)
Total comprehensive loss for the year		(1,957)	(5,024)
Total comprehensive loss attributable to:			
Owners of the Company		(1,639)	(4,441)
Non-controlling interests		(318)	(583)
		(1,957)	(5,024)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	31 December 2025 RMB million	31 December 2024 RMB million
Non-current assets			
Property, plant and equipment	17	107,244	103,330
Investment properties	18	111	96
Right-of-use assets	19(a)	123,709	112,433
Intangible assets	20	11,944	11,603
Advanced payments on acquisition of aircraft	21	11,215	14,986
Investments in associates	23	2,399	2,218
Investments in joint ventures	24	191	512
Equity investments designated at FVTOCI	25	1,543	1,417
Deferred tax assets	28	6,996	9,160
Other non-current assets	27	3,218	3,984
		268,570	259,739
Current assets			
Flight equipment spare parts	29	2,695	1,680
Trade and bills receivables	30	2,091	1,949
Prepayments and other receivables	32	13,296	11,184
Financial assets at FVTPL	31	124	101
Derivative financial instruments	26	3	56
Restricted bank deposits	33	63	61
Cash and cash equivalents	33	7,164	4,072
		25,436	19,103
Current liabilities			
Trade and bills payables	34	23,435	14,515
Other payables and accruals	36	22,379	20,227
Contract liabilities	35	11,396	10,678
Current portion of borrowings	37	49,411	49,576
Current portion of lease liabilities	19(b)	16,623	16,997
Income tax payable		29	71
Derivative financial instruments	26	28	–
Current portion of provision for lease return costs for aircraft and engines	38	390	1,939
		123,691	114,003
Net current liabilities		(98,255)	(94,900)
Total assets less current liabilities		170,315	164,839



Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	31 December 2025 RMB million	31 December 2024 RMB million
Non-current liabilities			
Borrowings	37	52,409	53,598
Lease liabilities	19(b)	63,680	55,852
Provision for lease return costs for aircraft and engines	38	8,935	7,619
Contract liabilities	35	908	632
Post-retirement benefit obligations	39	1,991	2,240
Other long-term liabilities	40	1,301	1,246
Deferred tax liabilities	28	1	1
		129,225	121,188
Net assets		41,090	43,651
Equity attributable to owners of the Company			
– Share capital	41	22,088	22,291
– Perpetual bond	42	25,067	25,067
– Reserves	43	(7,154)	(4,564)
– Treasury Shares		–	(20)
		40,001	42,774
Non-controlling interests	22	1,089	877
Total equity		41,090	43,651

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Approved and authorised for issue by the Board of Directors on 30 March 2026.

Wang Zhiqing
Chairman

Gao Fei
Vice Chairman, President



Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Note	Share capital	Perpetual bond	Treasury shares	Other reserves	Accumulated losses			
Balance at 31 December 2023		22,291	20,057	-	52,791	(52,185)	42,954	611	43,565
Total equity at 1 January 2024		22,291	20,057	-	52,791	(52,185)	42,954	611	43,565
Comprehensive expense:									
Loss for the year		-	-	-	-	(4,226)	(4,226)	(572)	(4,798)
Other comprehensive expense		-	-	-	(215)	-	(215)	(11)	(226)
Total comprehensive expense		-	-	-	(215)	(4,226)	(4,441)	(583)	(5,024)
Total transaction with owners:									
Issue of perpetual bond	42	-	5,000	-	-	-	5,000	-	5,000
Business combination under common control		-	-	-	(126)	-	(126)	-	(126)
Transactions with non-controlling interest		-	-	-	(3)	-	(3)	-	(3)
Repurchase of shares		-	-	(20)	-	-	(20)	-	(20)
Capital injection by non-controlling interests in subsidiaries		-	-	-	-	-	-	849	849
Interests paid to holders of perpetual bond		-	(590)	-	-	-	(590)	-	(590)
Distribution to holders of perpetual bond		-	600	-	-	(600)	-	-	-
Balance at 31 December 2024		22,291	25,067	(20)	52,447	(57,011)	42,774	877	43,651
Total equity at 1 January 2025		22,291	25,067	(20)	52,447	(57,011)	42,774	877	43,651
Comprehensive (expense) income:									
Loss for the year		-	-	-	-	(1,633)	(1,633)	(319)	(1,952)
Other comprehensive (expense)/income		-	-	-	(6)	-	(6)	1	(5)
Total comprehensive expense		-	-	-	(6)	(1,633)	(1,639)	(318)	(1,957)
Total transaction with owners:									
Repurchase and cancellation of shares		(203)	-	20	(420)	-	(603)	-	(603)
Capital injection by non-controlling interests in subsidiaries		-	-	-	-	-	-	500	500
Interests paid to holders of perpetual bond		-	(700)	-	-	-	(700)	-	(700)
Distribution to holders of perpetual bond		-	700	-	-	(700)	-	-	-
Other		-	-	-	169	-	169	30	199
Balance at 31 December 2025		22,088	25,067	-	52,190	(59,344)	40,001	1,089	41,090

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	Year ended 31 December	
		2025 RMB million	2024 RMB million
Cash flow from operating activities			
Cash generated from operations	44(a)	37,987	37,521
Income tax paid		(46)	(207)
Net cash generated from operating activities		37,941	37,314
Cash flow from investing activities			
Additions to property, plant and equipment and other non-current assets		(20,793)	(16,339)
Additions to equity investments designated at FVTOCI		(132)	–
Placement of restricted bank deposits		(52)	–
Withdrawal of restricted bank deposits		50	294
Net proceeds from disposal of a subsidiary		285	–
Net proceeds from purchase of a subsidiary		81	–
Dividends received		60	91
Proceeds from disposal of property, plant and equipment		1,305	681
Withdrawal of novation of purchase rights		8,428	4,097
Net cash used in investing activities		(10,768)	(11,176)
Cash flows from financing activities			
Proceeds from perpetual bond		–	5,000
Proceeds from draw-down of short-term bank loans		49,246	42,803
Proceeds from draw-down of long-term bank loans		38,753	10,500
Proceeds from short-term debentures		23,000	18,000
Proceeds from long-term debentures and bonds		11,500	–
Proceeds from non-controlling interests in subsidiaries		500	849
Repayments of short-term bank loans		(62,949)	(46,700)
Repayments of long-term bank loans		(39,500)	(5,216)
Repayments of short-term debentures		(18,000)	(18,000)
Repayments of long-term debentures and bonds		(3,500)	(9,000)
Repayments of principal of lease liabilities		(17,577)	(25,777)
Repurchase and cancellation of shares		(603)	(20)
Interest paid		(5,009)	(6,287)
Decrease in an amount due to a jointly-controlled entity		–	(126)
Settlement relating to derivative financial instruments		55	46
Net cash used in financing activities		(24,084)	(33,928)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		4,072	11,858
Effects of exchange rate changes on cash and cash equivalents		3	4
Cash and cash equivalents at end of the year		7,164	4,072

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

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, also manufacturing and maintenance of aircraft and aviation equipment, agency services, import and export business, tourism and hotel business; and other businesses related to air transportation.

The immediate 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 March 2026.

2. Basis of preparation

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for equity investments designated at FVTOCI, financial assets at FVTPL and derivative financial instruments which have been measured at fair value.

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest million except when otherwise indicated.

(i) Going concern

In 2025, the Group incurred net loss of RMB1,952 million. As at 31 December 2025, the Group’s current liabilities exceeded its current assets by approximately RMB98,255 million. In preparing these financial statements, the Board has conducted a detailed review over the Group’s going concern ability based on its unutilised banking facilities, financial condition and operating results. The Board has also considered the following factors:

- Sufficient unutilised banking facilities as at 31 December 2025;
- 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 year end date of these financial statements, considering the Group’s major operating costs including fuel prices during such period.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

2. Basis of preparation *(continued)*

2.1 Basis of preparation *(continued)*

(i) Going concern *(continued)*

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 capital expenditures in the foreseeable future of not less than twelve months starting from the year end date of these financial statements. Accordingly, the Board continued to prepare the Group's financial statements as of and for the year ended 31 December 2025 on a going concern basis.

3. Application of New and amendments to IFRSs

(i) Amended standards adopted by the Group

In the current year, 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 2025 for the preparation of the Group's consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) New standards and interpretations not yet adopted

The following new and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRSs mentioned below, the Directors anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements.



3. Application of New and amendments to IFRSs *(continued)*

(ii) **New standards and interpretations not yet adopted *(continued)***

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRSs, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transaction provision. The application of the new standard is expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

4. Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Impairment assessment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount which is the higher of its value in use and its fair value less costs of disposal. The Group uses the value in use of the cash-generating unit ("CGU") to which the goodwill is allocated to determine the recoverable amount. The cash flow projections used to determine the value in use of a CGU, including the airline transportation operations CGU, is based on significant assumptions, such as revenue growth rates, gross margin rates, discount rate and terminal growth rate, etc., applied to the projected cash flows. (See Note 20)

(b) **Estimated impairment of long-term assets (other than goodwill)**

The Group tests whether property, plant and equipment, right-of-use assets, intangible assets (other than goodwill), advanced payments on acquisition of aircraft and other non-current assets have been impaired in accordance with the accounting policy stated in Note 17.2 to the consolidated financial statements. The recoverable amount of the asset or the CGU has been determined based on the higher of its value in use and its fair value less costs of disposal. When the single asset is hard to estimate, the recoverable amount would be calculated as the CGU. The cash flow projections used to determine the value in use of a CGU, including the airline transportation operations CGU, is based on significant assumptions, such as revenue growth rates, gross margin rates, and discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

4. Critical accounting estimates and judgements *(continued)*

(c) Provision for lease return costs for aircraft and engines

Provision for lease return costs for aircraft and engines is recognised as part of the right-of-use assets and are depreciated during the lease term. The estimation of the provision is made taking into account anticipated aircraft and engines' utilisation patterns and the anticipated return costs derived from historical experience of actual return costs incurred. Different estimates could significantly affect the estimated provision for lease return costs for aircraft and engines. As at 31 December 2025, the amount of provision is RMB9,325 million (2024: RMB9,558 million) in accordance with the accounting policy stated in Note 38.1.

(d) Depreciation of property, plant and equipment and right-of-use assets

Depreciation of components related to the owned and leased airframe and engine overhaul costs are based on the Group's historical experience with similar airframe and engine models and taking into account anticipated overhauls costs, timeframe between each overhaul, ratio of actual flying hours and estimated flying hours between overhauls. Different judgments or estimates could significantly affect the estimated depreciation charge and the results of operations.

Except for components related to the owned and leased airframe and engine overhaul costs, other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The Group reviews the estimated useful lives of assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(e) Deferred income tax

The Group pays corporate income tax in different regions. There is uncertainty about the final tax treatment of certain transactions and events among the ordinary course of business. The Group needs to make significant judgements when accruing income tax expense in each region. If there is a discrepancy between the final determination of these tax events and the amount originally recorded, the difference will have an impact on the amount of income tax expense and deferred income tax.

As at 31 December 2025, a deferred tax asset of RMB4,940 million (2024: RMB7,223 million) in relation to unused tax losses has been recognised in the consolidated statement of financial position. Addition information is disclosed in Note 28.

Deferred tax assets are recognised for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. To determine the future taxable profits, reference was made to the latest available profit forecast. The key assumptions adopted in the future taxable profit forecast include revenue growth rates and gross margin rates. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.



4. Critical accounting estimates and judgements *(continued)*

(f) Recognition of contract liabilities for frequent flyer programme

Passenger ticket under the Company's frequent flyer programme provide customers with mileage points earned. A portion of passenger revenue attributable to the mileage points issued is deferred based on the relative stand-alone selling price approach. Significant assumptions are used in determining the estimated stand-alone selling price of mileage points, which is estimated by reference to the quantitative value a program member receives by redeeming mileage points for flights and goods, and the estimated mileage points that are not expected to be redeemed ("Breakage"). The Breakage is estimated considering historical redemption pattern, current industry and economic trends and other relevant factors. Changes in the significant assumptions could have a significant effect on the balance of contract liabilities for frequent flyer programme and the results of operations.

(g) Retirement benefits

The Group operates and maintains a defined retirement benefit plan which provides eligible retirees with benefits including retirement subsidies, life allowance as well as other welfare. The cost of providing the aforementioned benefits in the defined retirement benefit plan is actuarially determined and recognised over the employee's service period by utilising various actuarial assumptions and using the projected unit credit method in accordance with the accounting policy stated in Note 39.1 to the consolidated financial statements. These assumptions include, without limitation, the selection of discount rate, mortality and annual rate of increase of per capita benefit payment. The discount rate is based on management's review of government bonds. The Mortality is based on average expected remaining life of eligible participants. The annual rate of increase of benefit payments is based on the general local economic conditions. Additional information regarding the retirement benefit plan is disclosed in Note 39 to the consolidated financial statements.

5. Revenue

	2025 RMB million	2024 RMB million
Revenue from contracts with customers	139,729	131,889
Revenue from other sources		
– Rental income	212	231
	139,941	132,120

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

5. Revenue (continued)

Disaggregated revenue from contracts with customers:

For the year ended 31 December 2025

	Airline transportation operations RMB million	Others operations RMB million	Total RMB million
Types of goods or services			
Traffic revenues			
– Passenger	129,349	–	129,349
– Cargo and mail	5,457	–	5,457
Ticket cancellation and commission service	2,308	–	2,308
Ground service income	874	–	874
Others	1,348	393	1,741
Total revenue from contracts with customers	139,336	393	139,729

For the year ended 31 December 2024

	Airline transportation operations RMB million	Others operations RMB million	Total RMB million
Types of goods or services			
Traffic revenues			
– Passenger	121,483	–	121,483
– Cargo and mail	5,331	–	5,331
Ticket cancellation and commission service	2,445	–	2,445
Ground service income	823	–	823
Others	1,489	318	1,807
Total revenue from contracts with customers	131,571	318	131,889

The timing of revenue recognition of airline transportation operations of the Group is at a point in time.



5. Revenue (continued)

5.1 Accounting policies of revenue recognition

(i) Performance obligations for contracts with customers

(a) Provision of services

Traffic revenue

Passenger, cargo and mail revenues are recognised as traffic revenue when the transportation is provided. The value of sold but unused tickets is included in contract liabilities as sales in advance of carriage (“SIAC”).

Commission income

Commission income represents amounts earned from other carriers in respect of sales made by the Group on their behalf, and is recognised upon ticket sales.

Other operations incomes

Revenues from the provision of ground services and other travel related services are recognised when the services are rendered.

(b) Frequent flyer programme

The Group operates a frequent flyer programme called “Eastern Miles” that issues mileage points to program members based on accumulated mileage. Mileage points can be used to redeem for free or discounted goods or tickets until expiration. The frequent flyer programme provides a significant right to the customers and the Group treats it as a separate performance obligation. The Group defers a portion of passenger revenue attributable to the mileage points issued based on the relative stand-alone selling price approach and recognises revenue when the mileage points are redeemed and performance obligations are fulfilled or the mileage points expire unused. The stand-alone selling price of the mileage points was estimated based on the historical prices of equivalent flights and goods provided for mileage points redeemed and was adjusted for the Breakage.

(c) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

(d) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

5. Revenue *(continued)*

5.1 Accounting policies of revenue recognition *(continued)*

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

The active customer loyalty points have no expiration and can be redeemed anytime at customers' discretion.

(iii) Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

6. Operating segment information

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. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM, who has been identified as the office of the General Manager that makes strategic decisions.

The Group has two reportable segments. "Airline transportation operations", mainly comprises the provision of passenger, cargo, mail delivery and ground service.

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

Inter-segment 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 year ended 31 December 2025 and 2024. 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.



6. Operating segment information (continued)

The segment results for the year ended 31 December 2025 were as follows:

	Airline transportation operations RMB million	Other segments RMB million	Eliminations RMB million	Unallocated ⁽ⁱ⁾ RMB million	Total RMB million
Segment revenue					
Reportable segment revenue from external customers	139,548	393	-	-	139,941
Inter-segment sales	-	1,321	(1,321)	-	-
Reportable segment revenue	139,548	1,714	(1,321)	-	139,941
Reportable segment (loss)/income					
Reportable segment (loss)/income before income tax	(772)	125	-	921	274
Reportable segment income tax expense	(2,192)	(34)	-	-	(2,226)
Reportable segment (loss)/income	(2,964)	91	-	921	(1,952)
Other segment information					
Depreciation and amortisation	27,637	257	-	-	27,894
Impairment losses on financial assets, net	4	-	-	-	4
Impairment charges	30	-	-	-	30
Interest income	109	13	(18)	-	104
Interest expenses	4,175	28	(18)	-	4,185
Share of result of associates	-	-	-	245	245
Share of result of joint ventures	-	-	-	32	32

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

6. Operating segment information *(continued)*

The segment results for the year ended 31 December 2024 were as follows:

	Airline transportation operations RMB million	Other segments RMB million	Eliminations RMB million	Unallocated ⁰ RMB million	Total RMB million
Segment revenue					
Reportable segment revenue from external customers	131,802	318	–	–	132,120
Inter-segment sales	–	1,444	(1,444)	–	–
Reportable segment revenue	131,802	1,762	(1,444)	–	132,120
Reportable segment (loss)/income					
before income tax	(4,771)	522	–	345	(3,904)
Reportable segment income tax expense	(792)	(102)	–	–	(894)
Reportable segment (loss)/income	(5,563)	420	–	345	(4,798)
Other segment information					
Depreciation and amortisation	26,393	251	–	–	26,644
Impairment losses on financial assets, net	39	(1)	–	–	38
Impairment charges	44	–	–	–	44
Interest income	141	14	(40)	–	115
Interest expenses	5,155	33	(40)	–	5,148
Share of result of associates	–	–	–	225	225
Share of result of joint ventures	–	–	–	49	49



6. Operating segment information (continued)

The segment assets and liabilities as at 31 December 2025 and 2024 were as follows:

	Airline transportation operations RMB million	Other segments RMB million	Eliminations RMB million	Unallocated⁽ⁱ⁾ RMB million	Total RMB million
At 31 December 2025					
Reportable segment assets ⁽ⁱⁱ⁾	277,189	6,264	(2,945)	11,256	291,764
Reportable segment liabilities	253,086	2,746	(2,945)	29	252,916
Capital expenditure	50,934	336	-	-	51,270
At 31 December 2024					
Reportable segment assets ⁽ⁱⁱ⁾	261,705	4,275	(2,844)	13,464	276,600
Reportable segment liabilities	236,235	1,799	(2,844)	1	235,191
Capital expenditure	34,669	274	(10)	-	34,933

- (i) Unallocated results primarily represent the share of results of associates and joint ventures, fair value changes of derivative financial instruments, fair value changes of financial assets at FVTPL, acquisition/disposal and dividend income relating to equity investments. Unallocated assets and liabilities primarily represent investments in associates and joint ventures, derivative financial instruments, equity investments designated at FVTOCI, deferred tax assets and liabilities and financial assets at FVTPL.
- (ii) The difference between reportable segment assets and consolidated figures as reported in the consolidated financial statements of RMB2,242 million (2024: 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.

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 Consolidated Financial Statements

Year ended 31 December 2025

6. Operating segment information *(continued)*

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

	2025 RMB million	2024 RMB million
Domestic	90,419	90,676
Regional	3,789	3,591
International	45,733	37,853
	139,941	132,120

(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.

7. Other operating income and gains

	2025 RMB million	2024 RMB million
Co-operation routes income (note (a))	4,731	4,510
Routes subsidy income (note (b))	222	323
Other subsidy income (note (c))	888	672
Gain on disposal of items of property, plant and equipment, right-of-use assets and intangible assets	207	394
Compensation from ticket sales agents	286	305
Gains on disposal of an associate	235	–
Others	890	299
	7,459	6,503

Notes:

- (a) Co-operation routes income represents subsidies granted by various local authorities and other parties, with which the Group developed certain routes to support the development of local economy. The amounts granted are calculated based on the agreements entered into by all parties.
- (b) Routes subsidy income represents subsidies granted by various authorities to support certain international and domestic routes operated by the Group.
- (c) Other subsidy income represents subsidies granted by various local authorities based on certain amounts of tax paid and other government grants.
- (d) There are no unfulfilled conditions or other contingencies related to subsidies that were recognised for the year ended 31 December 2025 and 2024.



8. Operating income

Operating income is stated after charging the following items:

	2025 RMB million	2024 RMB million
Amortisation of intangible assets (Note 20)	155	166
Depreciation of property, plant and equipment (Note 17)	12,511	11,151
Depreciation of right-of-use assets (Note 19(a))	14,248	14,586
Depreciation of investment properties (Note 18)	9	17
Amortisation of long-term deferred assets included in other non-current assets	971	724
Write-down of flight equipment spare parts to net realisable value and rotables (Note 10)	30	43
Consumption of flight equipment spare parts	2,221	2,077
Auditors' remuneration	11	10

9. Wages, salaries and benefits

	2025 RMB million	2024 RMB million
Wages, salaries, bonuses and allowances	22,742	20,530
Employee welfare and benefits	722	582
Pension (Note 39(a))	3,252	2,878
Medical insurance (note (i))	1,159	986
Staff housing fund (note (ii))	1,605	1,390
Staff housing allowances	198	177
Early retirement benefits (note (iii))	10	9
	29,688	26,552

Notes:

(i) Medical insurance

Majority of the Group's PRC employees participate in the medical insurance schemes organised by municipal governments.

(ii) Staff housing fund

In accordance with the relevant PRC housing regulations, the Group is required to contribute to the state-sponsored housing fund for its employees. At the same time, the employees are required to contribute an amount equal to the Group's contribution. The employees are entitled to claim the entire sum of the fund contributed under certain specified withdrawal circumstances. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

9. Wages, salaries and benefits (continued)

Notes: (continued)

(iii) Early retirement benefits

The Group implements an early retirement scheme which allows eligible employees to early retire on a voluntary basis. The Group undertakes the obligations to pay the early retirement employees' basic salaries and certain welfare in the future on a monthly basis according to the early retirement scheme, together with social insurance and housing fund pursuant to the regulation of the local government. The benefits of the early retirement scheme are calculated based on factors including the remaining number of years of service from the date of early retirement to the normal retirement date and the benefits the early retirement employees enjoyed. The present value of the future cash flows expected to be required to settle the obligations is recognised as a provision in "other long-term liabilities".

(iv) Directors' and executive's remuneration

Directors', chief executive's and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing rules and Companies Ordinance, was as follows:

	2025 RMB'000	2024 RMB'000
Fees	880	856
Other emoluments:		
Salaries, allowances and benefits in kind	-	2,165
Performance related bonuses*	-	-
Pension scheme contributions	-	99
	880	3,120

* No executive directors of the Company are entitled to bonus payments which are determined as percentage of the profit after tax of the Group.

2025

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive Directors					
Wang Zhiqing [†]	-	-	-	-	-
Gao Fei ^{†&***}	-	-	-	-	-
Liu Tiexiang ^{†&***&****}	-	-	-	-	-
Cheng Guowei ^{†&**}	-	-	-	-	-
Independent non-executive Directors					
Sun Zheng	200	-	-	-	200
Lu Xiongwen	200	-	-	-	200
Fung Wing Yee Sabrina ^{††}	200	-	-	-	200
Zheng HongFeng ^{††}	200	-	-	-	200
Luo Qun ^{††}	80	-	-	-	80
Total	880	-	-	-	880

In 2025, the Company completed the reform of the Supervisory Committee as scheduled in accordance with the requirements of the new Company Law. Accordingly, the remuneration of supervisors is not presented herein.



9. Wages, salaries and benefits (continued)

Notes: (continued)

(iv) Directors' and executive's remuneration (continued)

2024

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive Directors					
Wang Zhiqing [*]	-	-	-	-	-
Liu Tiexiang ^{&**}	-	-	-	-	-
Cheng Guowei ^{&**}	-	-	-	-	-
Li Yangmin ^{&****}	-	-	-	-	-
Tang Bing ^{&****}	-	-	-	-	-
Lin Wanli ^{****}	-	-	-	-	-
Jiang Jiang ^{&****}	-	-	-	-	-
Independent non-executive Directors					
Cai Hongping ^{****}	60	-	-	-	60
Dong Xuebo ^{****}	60	-	-	-	60
Sun Zheng	200	-	-	-	200
Lu Xiongwen	200	-	-	-	200
Fung Wing Yee Sabrina ^{**}	140	-	-	-	140
Zheng HongFeng ^{**}	140	-	-	-	140
Luo Qun ^{**}	56	-	-	-	56
Supervisors					
Guo Junxiu ^{&**}	-	-	-	-	-
Shao Zuming ^{**}	-	701	-	38	739
Zhou Huaxin ^{**}	-	799	-	48	847
Guo Lijun ^{****}	-	665	-	13	678
Fang Zhaoya ^{&****}	-	-	-	-	-
Total	856	2,165	-	99	3,120

* These directors and supervisors of the Company received emoluments from CEA Holding, the parent company, part of which were in respect of their services to the Company and its subsidiaries. No apportionment has been made as it is impracticable to apportion those amounts between their services to the Group and their services to CEA Holding.

** These directors and supervisors of the Company were newly appointed or elected during the year ended 31 December 2024.

*** Gao Fei was appointed as Vice Chairman of the Company during the year ended 31 December 2025.

**** These directors and supervisors of the Company resigned during the year ended 31 December 2025 and 2024.

None of directors and supervisors waived any renunciation during 31 December 2025 and 2024.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

9. Wages, salaries and benefits (continued)

Notes: (continued)

(v) Five highest paid individuals

Nil of the Company's directors and supervisors was among the five highest paid individuals in the Group for the year ended 31 December 2025 and 2024. The emoluments payable to the five highest paid individuals were as follows:

	2025 RMB'000	2024 RMB'000
Wages, salaries and allowances	9,932	9,717
Performance related bonuses*	-	-
Pension scheme contributions	322	318
	10,254	10,035

* None of the above highest paid individuals are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

The number of five highest paid individuals whose emoluments fell within the following bands is as follows:

	2025	2024
HK\$1,500,001 to HK\$2,000,000	4	4
HK\$2,000,001 to HK\$2,500,000	-	1
HK\$2,500,001 to HK\$3,000,000	1	-

During the year ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors, supervisors and the five highest paid individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office.

10. Impairment charges

	2025 RMB million	2024 RMB million
Write-down of flight equipment spare parts to net realisable value (Note 29)	30	43
Write-down of rotables to net realisable value	-	1
	30	44

11. Impairment losses on financial assets, net

	2025 RMB million	2024 RMB million
Impairment (reversed) losses on trade receivable, net (Note 30)	(7)	15
Impairment losses on other receivables (Note 32)	11	23
	4	38



12. Finance income

	2025 RMB million	2024 RMB million
Interest income	104	115
Foreign exchange income, net	205	–
	309	115

13. Finance costs

	2025 RMB million	2024 RMB million
Interest on bank borrowings	2,044	2,304
Interest relating to lease liabilities (Note 19)	1,768	2,412
Interest relating to post-retirement benefit obligations	39	59
Interest relating to provision for lease return costs for aircraft and engines	280	305
Interest on bonds and debentures	405	536
Interest relating to interest rate swap contracts	(9)	(46)
	4,527	5,570
Less: amounts capitalised (note (a))	(342)	(422)
	4,185	5,148
Foreign exchange losses, net (note (b))	–	763
	4,185	5,911

Notes:

- (a) The weighted average interest rate used for interest capitalisation is 2.63% per annum for the year ended 31 December 2025 (for the year ended 31 December 2024: 2.74%).
- (b) The exchange losses primarily related to the translation of the Group's foreign currency denominated borrowings and lease liabilities for the year ended 31 December 2024.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

14. Income tax expense

The amounts of income tax expense charged to the consolidated income statements represent:

	2025 RMB million	2024 RMB million
Current income tax	34	178
Deferred income tax	2,192	716
	2,226	894

Most of the Company's branches and subsidiaries in mainland China are subject to income tax rate of 25% (2024: 25%) except some branches and subsidiaries obtained approval from the tax authorities at a preferential rate of 15% (2024:15%), and certain subsidiaries of the Company in Hong Kong are subject to Hong Kong profits tax rate of 16.5% (2024: 16.5%).

A reconciliation of the income tax expense applicable to profit/(loss) before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2025 RMB million	2024 RMB million
Profit/(loss) before income tax	274	(3,904)
Tax calculated at the tax rate of 25% (2024: 25%)	69	(976)
Lower tax rates enacted by local authorities	(24)	(43)
Additional deduction of research and development costs	(29)	(61)
Income tax deduction of purchase of special equipment for production safety	(44)	(32)
Share of results of associates and joint ventures	(69)	(69)
Income not subject to tax	(5)	(20)
Unrecognised tax losses and timing difference	2,263	1,951
Expenses not deductible for tax	101	148
Adjustments in respect of current tax of previous periods	(36)	(4)
Tax expense	2,226	894

15. Dividends

The Board did not propose any dividend for the years ended 31 December 2025 and 2024.

16. Loss per share

The basic loss per share for the year ended 31 December 2025 is calculated by dividing the loss attributable to owners of the Company, after deducted perpetual bond interests, of RMB2,333 million and weighted average number of shares of 22,154,536,728 in issue during the year.

The Company had no potentially dilutive options or other financial instruments relating to the ordinary shares in issue.



17. Property, plant and equipment

	Aircraft, engines and flight equipment RMB million	Buildings RMB million	Other property, plant and equipment RMB million	Construction in progress RMB million	Total RMB million
31 December 2025					
At 1 January 2025					
Cost	176,139	17,315	9,653	2,737	205,844
Accumulated depreciation and impairment	(90,456)	(5,009)	(7,049)	-	(102,514)
Net carrying amount	85,683	12,306	2,604	2,737	103,330
At 1 January 2025, net of accumulated depreciation and impairment	85,683	12,306	2,604	2,737	103,330
Additions	9,281	532	735	2,117	12,665
Disposals	(269)	(4)	(8)	-	(281)
Other decrease	-	-	-	(17)	(17)
Transfer from construction in progress	-	147	137	(284)	-
Transfer from investment properties (Note 18)	-	28	-	-	28
Transfer from right-of-use assets (Note 19(a))	5,634	-	-	-	5,634
Transfer to investment properties (Note 18)	-	(52)	-	-	(52)
Transfer to intangible assets (Note 20)	-	-	-	(52)	(52)
Transfer to right-of-use assets (Note 19(a))	-	-	-	(1,171)	(1,171)
Transfer to other non-current assets	-	-	-	(10)	(10)
Depreciation provided during the year	(11,332)	(703)	(795)	-	(12,830)
At 31 December 2025, net of accumulated depreciation and impairment	88,997	12,254	2,673	3,320	107,244
At 31 December 2025:					
Cost	191,034	17,965	10,379	3,320	222,698
Accumulated depreciation and impairment	(102,037)	(5,711)	(7,706)	-	(115,454)
Net carrying amount	88,997	12,254	2,673	3,320	107,244



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Year ended 31 December 2025

17. Property, plant and equipment *(continued)*

- (a) As at 31 December 2025, the ownership certificates of buildings with a net carrying amount of RMB2,138 million (2024: RMB3,359 million) have not been obtained. The directors of the Company are of the opinion that the Group legally owns and has the rights to use the aforesaid buildings, and that there is no material adverse impact on the overall financial position of the Group.
- (b) The following table indicates the cost and net carrying amount of the Group's aircraft pledged as collateral under certain borrowing arrangements:

	2025		2024	
	Cost RMB million	Net carrying amount RMB million	Cost RMB million	Net carrying amount RMB million
Aircraft				
– pledged as collateral	32,613	20,108	34,243	23,483

- (c) As of 31 December 2025, the balances of the Group's owned and leased aircraft and engines were RMB84,708 million and RMB116,736 million, respectively. The aircraft and engines were all associated with air transportation unit.

In 2025, the Group incurred net loss of RMB1,952 million and the Company performed the impairment tests of aircraft and engines. For the purpose of impairment test, the aircraft and engines and other assets (including property, plant and equipment, right-of-use assets, construction in progress and intangible assets) were all allocated to the CGU of airline transportation operations that the Group operates. The recoverable amount of the CGU has been determined based on the present value of future cash flows.

The key assumptions for revenue growth rates and gross margin rates are based on the past performances and market development expectations. The revenue growth rates within forecast period based on financial budgets approved by managements covering a five-year period. The terminal growth rate beyond the five-year period were extrapolated using a 1.5%. The discount rate used are pre-tax rates which are 10.8%.



17. Property, plant and equipment *(continued)*

	Aircraft, engines and flight equipment RMB million	Buildings RMB million	Other property, plant and equipment RMB million	Construction in progress RMB million	Total RMB million
31 December 2024					
At 1 January 2024					
Cost	152,903	17,516	9,468	2,409	182,296
Accumulated depreciation and impairment	(75,140)	(4,400)	(6,765)	–	(86,305)
Net carrying amount	77,763	13,116	2,703	2,409	95,991
At 1 January 2024, net of accumulated depreciation and impairment					
	77,763	13,116	2,703	2,409	95,991
Additions	8,373	–	493	493	9,359
Disposals	(46)	(296)	(27)	–	(369)
Other decrease	–	–	–	(4)	(4)
Transfer from construction in progress	–	74	17	(91)	–
Transfer from investment properties (Note 18)	–	48	–	–	48
Transfer from right-of-use assets (Note 19(a))	9,541	–	–	–	9,541
Transfer to investment properties (Note 18)	–	(15)	–	–	(15)
Transfer to intangible assets (Note 20)	–	–	–	(5)	(5)
Transfer to right-of-use assets (Note 19(a))	–	–	–	(59)	(59)
Transfer to other non-current assets	–	–	–	(6)	(6)
Depreciation provided during the year	(9,948)	(621)	(582)	–	(11,151)
At 31 December 2024, net of accumulated depreciation and impairment					
	85,683	12,306	2,604	2,737	103,330
At 31 December 2024:					
Cost	176,139	17,315	9,653	2,737	205,844
Accumulated depreciation and impairment	(90,456)	(5,009)	(7,049)	–	(102,514)
Net carrying amount	85,683	12,306	2,604	2,737	103,330



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Year ended 31 December 2025

17. Property, plant and equipment *(continued)*

17.1 Accounting policies of property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of services, or for administrative purposes. Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses.

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

When each major aircraft overhaul is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment and is depreciated over the appropriate maintenance cycles. Components related to airframe overhaul cost, are depreciated on a straight-line basis over 5 to 12 years. Components related to engine overhaul costs, are depreciated between each overhaul period using the ratio of actual flying hours and estimated flying hours between overhauls. Upon completion of an overhaul, any remaining carrying amount of the cost of the previous overhaul is derecognised and charged to profit or loss.

Except for components related to overhaul costs, the depreciation method of which has been described in the preceding paragraph, other depreciation of property, plant and equipment is calculated using the straight-line method to write off their costs to their residual values over their estimated useful lives, as follows:

	Estimated useful lives	Estimated residual rate	Annual depreciation rate
Owned aircraft and engines	20 years	0% to 5%	4.75% to 5%
Rotables	10 years	0%	10%
Buildings	8 to 35 years	3% to 5%	2.71% to 12.13%
Other property, plant and equipment	3 to 20 years	3% to 5%	4.75% to 32.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.



17. Property, plant and equipment (continued)

17.2 Accounting policies of impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

18. Investment properties

	2025 RMB million	2024 RMB million
Cost		
At 1 January	313	620
Transfer from property, plant and equipment (Note 17)	75	22
Transfer from right-of-use assets (Note 19(a))	-	15
Transfer to property, plant and equipment (Note 17)	(91)	(98)
Transfer to right-of-use assets (Note 19(a))	-	(12)
Eliminated on disposals	-	(234)
At 31 December	297	313
Accumulated depreciation		
At 1 January	217	343
Transfer from property, plant and equipment (Note 17)	23	7
Transfer from right-of-use assets (Note 19(a))	-	4
Transfer to property, plant and equipment (Note 17)	(63)	(50)
Transfer to right-of-use assets (Note 19(a))	-	(4)
Eliminated on disposals	-	(100)
Charge for the year	9	17
At 31 December	186	217
Net book amount		
At 31 December	111	96

As at 31 December 2025, the fair value of the investment properties was approximately 446 million (2024: 510 million), as valued by an independent professional valuer.

These investment properties are leased to third parties and related parties under operating leases. Rental income recognised by the Group for the year ended 31 December 2025 in respect of these leases was RMB212 million (2024: RMB231 million).



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Year ended 31 December 2025

18. Investment properties (continued)

As at 31 December 2025 and 2024, none of the Group's investment properties were pledged as collateral.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Buildings	Fair value measurement using			Total RMB million
	Quoted prices in active markets (Level 1) RMB million	Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	
Not measured at fair value but fair value is disclosed:				
As at 31 December 2025	–	100	346	446
As at 31 December 2024	–	113	397	510

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

The fair values of the buildings with comparable market prices have been estimated using significant observable inputs and calculated by adjusted market prices considering the condition and location of the buildings.

The fair values of the buildings without comparable market prices have been estimated by a discounted cash flow valuation model using significant unobservable inputs such as the estimated rental value, rent growth, long term vacancy rate and discount rate. For the estimated rental value and rent growth which change in the same direction to the fair value, in contrast, the long term vacancy rate and discount rate change opposite to the fair value.

18.1 Accounting policies of Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.



19. Leases

The Group as a lessee

The Group has lease contracts for various items of aircraft, engines, buildings and others used in its operations. Lump sum payments were made upfront to acquire the leased land with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. As at 31 December 2025, the Group had 450 aircraft (2024: 454 aircraft) under leases, which generally have lease terms between 3 and 15 years. Leases of engines generally have lease terms between 5 and 10 years, while buildings generally have lease terms between 2 and 10 years. Others, including motor vehicles, generally have lease term between 2 and 5 years. The Group also has lease contracts for buildings and equipment with lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets to parties outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Aircraft, and engines RMB million	Prepayments for land use rights RMB million	Buildings RMB million	Others RMB million	Total RMB million
At 31 December 2024 and 1 January 2025, net of accumulated depreciation	108,298	2,606	1,003	526	112,433
Additions	26,977	258	2,648	186	30,069
Transfer to property, plant and equipment (Note 17)	(5,634)	-	-	-	(5,634)
Transfer from construction in progress	-	1,171	-	-	1,171
Disposals	(42)	-	(2)	-	(44)
Depreciation provided during the year	(12,863)	(123)	(1,119)	(181)	(14,286)
At 31 December 2025	116,736	3,912	2,530	531	123,709
At 31 December 2023 and 1 January 2024, net of accumulated depreciation	113,879	2,513	994	945	118,331
Additions	16,945	216	1,278	150	18,589
Transfer from investment properties (Note 18)	-	8	-	-	8
Transfer to property, plant and equipment (Note 17)	(9,541)	-	-	-	(9,541)
Transfer from construction in progress	-	59	-	-	59
Transfer to investment properties (Note 18)	-	(11)	-	-	(11)
Disposals	-	(76)	(2)	(338)	(416)
Depreciation provided during the year	(12,985)	(103)	(1,267)	(231)	(14,586)
At 31 December 2024	108,298	2,606	1,003	526	112,433



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Year ended 31 December 2025

19. Leases (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB million	2024 RMB million
Carrying amount at 1 January	72,849	84,175
New leases	25,587	14,271
Other addition	11	46
Effect of foreign exchange	(567)	134
Accretion of interest recognised during the year	1,768	2,360
Payments	(19,345)	(28,137)
Carrying amount at 31 December	80,303	72,849
Analysed into:		
Current portion	16,623	16,997
Non-current portion	63,680	55,852

The maturity analysis of lease liabilities is disclosed in Note 49 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB million	2024 RMB million
Interest on lease liabilities	2,039	2,671
Depreciation charge of right-of-use assets	14,248	14,586
Low value and short-term lease rentals	395	18
Total amount recognised in profit or loss	16,682	17,275

(d) The Group has no significant lease contracts that include extension and termination options or contain variable payments.

(e) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in Notes 44(d) and 45, respectively, to the consolidated financial statements.



19. Leases (continued)

The Group as a lessor

The Group leases certain of its investment properties and buildings in the PRC under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB212 million (2024: RMB231 million).

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB million	2024 RMB million
Within one year	154	250
After one year but within two years	92	122
After two years but within three years	59	88
After three years but within four years	50	62
After four years but within five years	40	50
After five years	136	176
	531	748

19.1 Accounting policies of Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date



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Year ended 31 December 2025

19. Leases (continued)

19.1 Accounting policies of Leases (continued)

(i) As lessee (continued)

- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Except for engine overhaul costs are depreciated between each overhaul period using the ratio of actual flying hours and estimated flying hours between overhauls, right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Aircraft and engines under leases	3 to 20 years
Buildings	2 to 10 years
Prepayments for land use rights	40 to 50 years
Others	2 to 5 years



19. Leases (continued)

19.1 Accounting policies of Leases (continued)

(i) As lessee (continued)

If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets which newly valuations below USD5,000 or RMB35,000. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

A lease contract is modified and the lease modification is not accounted for as a separate lease.



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Year ended 31 December 2025

19. Leases (continued)

19.1 Accounting policies of Leases (continued)

(ii) As lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(iii) Sales and leaseback

The Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset.

As seller-lessee

If the transfer of an asset by the seller-lessee satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value: a) any below-market terms shall be accounted for as a prepayment of lease payments; and b) any above-market terms shall be accounted for as additional financing provided by the buyer-lessor to the seller-lessee. The potential adjustment required is measured on the basis of the more readily determinable of: a) the difference between the fair value of the consideration for the sale and the fair value of the asset; and b) the difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates.

If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. It shall account for the financial liability applying IFRS 9.



19. Leases *(continued)*

19.1 Accounting policies of Leases *(continued)*

(iii) Sales and leaseback *(continued)*

As seller-lessee *(continued)*

Sublease – When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(iv) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

(v) Finance leases

The Group accounts for a lease modification as a separate lease if:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
- For a modification to a finance lease that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease from the effective date of the modification; and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification. Otherwise, the Group accounts for the modification in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.



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20. Intangible assets

	Goodwill RMB million (Note (a))	Others RMB million	Total RMB million
Cost at 1 January 2025, net of accumulated amortisation	11,272	331	11,603
Additions	–	447	447
Transfer from construction in progress (Note 17)	–	52	52
Amortisation provided during the year	–	(158)	(158)
At 31 December 2025	11,272	672	11,944
At 31 December 2025:			
Cost	11,272	3,037	14,309
Accumulated amortisation	–	(2,365)	(2,365)
Net carrying amount	11,272	672	11,944

	Goodwill RMB million (Note (a))	Others RMB million	Total RMB million
Cost at 1 January 2024, net of accumulated amortisation	11,272	335	11,607
Additions	–	157	157
Transfer from construction in progress (Note 17)	–	5	5
Amortisation provided during the year	–	(166)	(166)
At 31 December 2024	11,272	331	11,603
At 31 December 2024:			
Cost	11,272	2,538	13,810
Accumulated amortisation	–	(2,207)	(2,207)
Net carrying amount	11,272	331	11,603

- (a) 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.

The above goodwill belongs to the Group's airline transportation operations which is a independent CGU. The recoverable amount of the CGU is rely on financial budgets approved by managements covering a five-year period. The revenue growth rate used to extrapolate the cash flows of the above CGU beyond the five-year period is 1.5%. The pre-tax discount rate applied to the pre-tax cash flow projections is 10.8%. The gross margin rates are based on the utilisation of aircraft and engines and market development expectations when calculating the present value of future cash flows. No impairment for the goodwill was required based on the value-in-use calculation as at the reporting date.



21. Advanced payments on acquisition of aircraft

	2025	2024
	RMB million	RMB million
At 1 January	14,986	15,183
Payment during the year	7,138	4,676
Interest capitalised	318	422
Other reduction (Note (a))	(11,227)	(5,295)
At 31 December	11,215	14,986

Included in the Group's balance as at 31 December 2025, the amounts of accumulated interest capitalised are approximately RMB1,871 million (2024: RMB1,553 million).

- (a) During the year, the Group received prepaid advanced payments amounting to RMB8,428 million (2024: RMB4,097 million). In addition, the amounts transferred to Right-of-use assets are RMB2,799 million (2024: RMB1,198 million).



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22. Subsidiaries

The Group's principal subsidiaries at 31 December 2025 and 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation or registration is also their principal place of business.

Company name	Place and date of incorporation/ registration and place of business	Principle activities	Issued ordinary/ registered share capital million	Ownership interest held by the group		Ownership interest held by non-controlling interests	
				2025	2024	2025	2024
China Eastern Airlines Jiangsu Co., Ltd. ("CEA Jiangsu")	PRC/Mainland China, 7 April 1993	Air passenger and cargo transportation	RMB4,000	62.56%	62.56%	37.44%	37.44%
China Eastern Airlines Wuhan Co., Ltd. ("CEA Wuhan")	PRC/Mainland China, 16 August 2002	Air passenger and cargo transportation	RMB6,750	60%	60%	40%	40%
Shanghai Eastern Flight Training Co., Ltd. ("Shanghai Flight Training")	PRC/Mainland China, 18 December 1995	Provision of flight training services	RMB694	100%	100%	-	-
Shanghai Airlines Co., Ltd. ("Shanghai Airlines")	PRC/Mainland China, 16 March 2010	Air passenger and cargo transportation	RMB10,000	100%	100%	-	-
Eastern Airlines Technic Co., Ltd. ("CEA Technic")	PRC/Mainland China, 19 November 2014	Aviation maintenance and engineering	RMB4,652	100%	100%	-	-
China Eastern Airlines Yunnan Co., Ltd. ("CEA Yunnan")	PRC/Mainland China, 27 July 2010	Provision of airline services	RMB3,662	65%	65%	35%	35%
Eastern Air Overseas (Hong Kong) Co., Ltd. ("Eastern Air Overseas")	Hong Kong, 10 June 2011	Provision of import and export, investment, leasing and consultation services	HKD280	100%	100%	-	-
China United Airlines Co., Ltd. ("China United Airlines")	PRC/Mainland China, 21 September 1984	Air passenger and cargo transportation	RMB3,320	100%	100%	-	-
China Eastern Airlines Application Development Center Co., Ltd. ("Application Development Center")	PRC/Mainland China, 21 November 2011	Provision of research and development of technology and products in the field of aviation	RMB498	100%	100%	-	-
China Eastern Airlines E-Commerce Co., Ltd. ("Eastern E-Commerce")	PRC/Mainland China, 1 December 2014	E-commerce platform and ticket agent	RMB100	100%	100%	-	-
China Eastern Media Co., Ltd. ("China Eastern Media")	PRC/Mainland China, 4 March 1986	Provision of aviation advertising platform operation services	RMB200	100%	100%	-	-
Shanghai Eastern Digital Technology Co., Ltd. ("Eastern Digital")	PRC/Mainland China, 29 March 2024	Provision of development of information system and technical service	RMB200	100%	100%	-	-
Donghu Tianyi (Shanghai) Aircraft Leasing Co., Ltd. and other SPV companies ("SPV")	PRC/Mainland China, 30 July 2018	Provision of leasing business	-	100%	100%	-	-
China Eastern Airlines (Shantou) Economic Development Co., Ltd.	PRC/Mainland China, 19 March 1998	Provision of airline products	RMB10	55%	55%	45%	45%
Shanghai Technologies Aerospace Co., Ltd. ("Technologies Aerospace") (note)	PRC/Mainland China, 28 September 2004	Aviation maintenance and engineering	RMB577	100%	51%	-	49%

Note: On 26 December 2025, the Group acquired the 49% equity interest in Technologies Aerospace from Singapore Technologies Aerospace Ltd. Technologies Aerospace became a wholly-owned subsidiary of the Group



22. Subsidiaries (continued)**(a) Non-controlling interests**

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	31 December 2025	31 December 2024
Percentage of equity interest held by non-controlling interests:		
CEA Jiangsu	37.44%	37.44%
CEA Yunnan	35.00%	35.00%
CEA Wuhan	40.00%	40.00%
	31 December 2025	31 December 2024
	RMB million	RMB million
(Loss) profit for the year allocated to non-controlling interests:		
CEA Jiangsu	(296)	(377)
CEA Yunnan	19	(159)
CEA Wuhan	(42)	(37)
Accumulated balances of non-controlling interests at the reporting date:		
CEA Jiangsu	(861)	(566)
CEA Yunnan	796	777
CEA Wuhan	1,155	667



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22. Subsidiaries (continued)

(a) Non-controlling interests (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

31 December 2025	CEA Jiangsu RMB million	CEA Yunnan RMB million	CEA Wuhan RMB million
Revenue	10,710	11,365	4,839
(Loss)/profit for the year	(791)	53	(105)
Total comprehensive (loss)/income for the year	(788)	53	(103)
Current assets	342	349	1,047
Non-current assets	11,160	12,194	6,243
Current liabilities	9,701	7,580	2,070
Non-current liabilities	4,122	1,826	1,423
Net cash flows from operating activities	3,184	2,410	1,143
Net cash flows used in investing activities	(408)	(457)	(800)
Net cash flows used in financing activities	(2,776)	(1,952)	(443)
Net increase/(decrease) in cash and cash equivalents	-	1	(100)
31 December 2024	CEA Jiangsu RMB million	CEA Yunnan RMB million	CEA Wuhan RMB million
Revenue	10,199	10,944	4,556
Loss for the year	(1,006)	(454)	(93)
Total comprehensive loss for the year	(1,015)	(454)	(113)
Current assets	1,257	363	1,246
Non-current assets	12,676	13,690	6,223
Current liabilities	10,601	8,405	3,596
Non-current liabilities	4,864	2,564	1,448
Net cash flows from operating activities	468	1,530	698
Net cash flows used in investing activities	(371)	(623)	(214)
Net cash flows (used in)/from financing activities	(103)	(920)	516
Net (decrease)/increase in cash and cash equivalents	(6)	(13)	1,000



22. Subsidiaries (continued)

(b) Business combination not under common control

The Group originally held a 51% equity interests in Technologies Aerospace and accounted for it as a joint venture using the equity method. On 26 December 2025, the Group acquired the 49% equity interests in Technologies Aerospace from Singapore Technologies Aerospace Ltd. Upon completion of the acquisition, Technologies Aerospace became a wholly-owned subsidiary of the Group. The acquisition of Technologies Aerospace by the Group constitutes a business combination not under common control.

Assets acquired and liabilities recognised at the date of acquisition:

Consideration transferred

	2025 RMB million
Equity interests in the Group previously held	709
Cash consideration for the 49% equity interests	681
	1,390

Assets acquired and liabilities recognised at the date of acquisition

	Fair value on acquisition data RMB million	Book value on acquisition date RMB million
Assets		
Property, plant and equipment	549	253
Right-of-use assets	242	64
Intangible assets	242	-
Deferred tax assets	7	7
Other non-current assets	3	3
Flight equipment spare parts	76	76
Trade and bills receivables	148	148
Prepayments and other receivables	5	5
Financial assets at FVTPL	2	2
Cash and cash equivalents	587	587
Liabilities		
Trade and bills payables	56	56
Other payables and accruals	409	409
Contract liabilities	4	4
Income tax payable	2	2
	1,390	674
Net assets		



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22. Subsidiaries (continued)

(b) Business combination not under common control (continued)

Goodwill arising on acquisition

	RMB million
Consideration transferred	1,390
Plus: non-controlling interests	–
Less: recognised amounts of net assets acquired	1,390
Goodwill arising on acquisition	–

23. Investments in associates

	2025 RMB million	2024 RMB million
Share of net assets	2,399	2,218

The movements in investments in associates were as follows:

	2025 RMB million	2024 RMB million
At 1 January	2,218	2,049
Disposal	(52)	–
Share of results of associates	245	225
Share of revaluation on equity investments designated at FVTOCI held by an associate	(2)	2
Share of other reserve of associates	–	(3)
Dividend declared during the year	(10)	(55)
At 31 December	2,399	2,218



23. Investments in associates (continued)

Particulars of the principal associates, which are limited liability companies, are as follows:

Company name	Place of establishment and operation and date of establishment	Registered capital		Attributable equity interest		Principal activities
		2025	2024	2025	2024	
		Million	Million			
Eastern Air Group Finance Co., Ltd. ("Eastern Air Finance Company")	PRC/Mainland China 6 December 1995	RMB2,000	RMB2,000	25%	25%	Provision of financial services to group companies of CEA Holding
China Eastern Air Catering Investment Co., Ltd.	PRC/Mainland China 17 November 2003	RMB660	RMB660	45%	45%	Provision of air catering services
Shanghai Pratt & Whitney Aircraft Engine Maintenance Co., Ltd. ("Shanghai P&W") (Note (a))	PRC/Mainland China 28 March 2008	USD40	USD40	51%	51%	Provision of aircraft, engine and other related component maintenance services
Shanghai Collins Aviation Maintenance Service Co., Ltd. ("Collins Aviation")	PRC/Mainland China 27 September 2002	USD7	USD7	35%	35%	Provision of airline electronic product maintenance services
Shanghai Airlines Tours International (Group) Co., Ltd. ("Shanghai Airlines Tours")	PRC/Mainland China 29 August 1992	RMB143	RMB143	35%	35%	Tour operations, travel and air ticketing agency and transportation
Shanghai Eastern Supply Chain Management Co., Ltd.	PRC/Mainland China 13 May 2003	RMB 42	RMB 42	49%	49%	Provision of supply chain and logistics
Xi'an Civil Aviation Kaiya Technology Co., Ltd. ("Xian Kaiya")	PRC/Mainland China 9 July 2002	RMB 1,500	RMB 1,500	32%	32%	Provision of technology service
Shanghai Hongpu Civil Airport Communication Co., Ltd. ("Shanghai Hongpu")	PRC/Mainland China 2 June 2000	RMB 2,500	RMB 2,500	30%	30%	Provision of technology service

Note:

- (a) In 2008, the Company entered into an agreement with United Technologies International Corporation ("Technologies International") to establish Shanghai P&W, in which the Company holds a 51% interest. Pursuant to the shareholders' agreement, Technologies International has the power to govern the financial and operating policies. Accordingly, the Company accounts for its investment in Shanghai P&W as an associate.



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23. Investments in associates (continued)

The following table illustrates the aggregate financial information of the Group's associates:

	2025 RMB million	2024 RMB million
Share of the associates' results for the year	245	225
Share of the associates' other comprehensive (loss)/income	(2)	2
Share of the associates' total comprehensive income	243	227
Aggregate carrying amount of the Group's interests in the associates	2,399	2,218

24. Investments in joint ventures

	2025 RMB million	2024 RMB million
Share of net assets	191	512

The movements in investments in joint ventures were as follows:

	2025 RMB million	2024 RMB million
At 1 January	512	464
Disposal	(324)	–
Share of results	32	49
Dividend declared during the year	(29)	(1)
At 31 December	191	512



24. Investments in joint ventures (continued)

Particulars of the principal joint ventures, which are limited liability companies, are as follows:

Company name	Place of establishment and operation and date of establishment	Registered capital		Attributable equity interest		Principal activities
		2025	2024	2025	2024	
		million	million			
Eastern China Kaiya System Integration Co., Ltd. ("China Kaiya")	PRC/Mainland China 21 May 1999	RMB10	RMB10	41%	41%	Provision of computer system development and maintenance services
CAE Melbourne Flight Training Pty Ltd. ("CAE Melbourne")	Australia 9 March 2007	AUD11	AUD11	50%	50%	Provision of flight training services
Xi'an CEA SAFRAN Landing Systems Services Co., Ltd. ("XIESA")	PRC/Mainland China 12 July 2017	USD40	USD40	50%	50%	Provision of aircraft, engine and other related component maintenance services
Shanghai Donghang Zhongmian Tax-Free Products Co., Ltd.	PRC/Mainland China 21 October 1999	RMB3	RMB3	50%	50%	Provision of Tax-free Products

The following table illustrates the aggregate financial information of the Group's joint ventures:

	2025	2024
	RMB million	RMB million
Share of the joint ventures' results for the year	32	49
Share of the joint ventures' other comprehensive income	-	-
Share of the associates' total comprehensive income	32	49
Aggregate carrying amount of the Group's interests in the joint ventures	191	512



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25. Equity investments designated at FVTOCI

	2025 RMB million	2024 RMB million
Listed equity investment, at fair value		
TravelSky Technology Limited	198	204
Unlisted equity investments, at fair value		
Aviation Data Communication Corporation Limited	94	95
Sichuan Airlines Corporation Limited	1,200	1,068
Others	51	50
	1,345	1,213
	1,543	1,417

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

Amounts recognised in profit or loss and other comprehensive income:

	2025 RMB million	2024 RMB million
Losses recognised in other comprehensive income	(4)	(81)
Dividends from equity investments held at FVTOCI recognised in profit or loss in other income	17	32



26. Derivative financial instruments

	Assets		Liability	
	2025 RMB million	2024 RMB million	2025 RMB million	2024 RMB million
Foreign exchange swaps	-	47	28	-
Jet fuel hedging	3	-	-	-
Interest rate swaps	-	9	-	-
Total	3	56	28	-
Less: current portion				
– Foreign exchange swaps	-	(47)	(28)	-
– Jet fuel hedging	(3)	-	-	-
– Interest rate swaps	-	(9)	-	-
Total	(3)	(56)	(28)	-
Non-current portion	-	-	-	-

Cash flow hedge – Interest rate risk

The Group entered into interest rate swap contracts to mitigate its interest rate risk. The interest rate swap contracts had been designated as cash flow hedge against the variability in market interest rates of lease liabilities. As at 31 December 2025, all interest rate swap contracts has expired (31 December 2024: USD53 million).

Cash flow hedge – Foreign exchange risk

The Group entered into foreign exchange swap contracts to mitigate its foreign exchange risk. The foreign exchange swap contracts had been designated as cash flow hedge against the currency fluctuations. As at 31 December 2025, the notional principal of the outstanding foreign exchange swap contracts amounted to USD438 million (31 December 2024: USD216 million). These contracts would expire in 2026.

Cash flow hedge – Jet fuel hedging

The Group entered into jet fuel hedging contracts to mitigate its jet fuel risk. The jet fuel hedging contracts had been designed as cash flow hedge against the currency fluctuations. As at 31 December 2025, the notional position of the outstanding jet fuel hedging transactions was 500,000 barrels (31 December 2024: Nil). These contracts would expire in 2026.

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27. Other non-current assets

	2025 RMB million	2024 RMB million
Deferred pilot recruitment costs	1,892	2,169
Deposits relating to aircraft held under leases	29	81
Rebate receivables on aircraft acquisitions	393	697
Prepayment for acquisition of property, plant and equipment	74	82
Others	830	955
	3,218	3,984

28. Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2025 RMB million	2024 RMB million
Deferred tax assets	6,996	9,160
Deferred tax liabilities	1	1
Net deferred income tax assets	6,995	9,159

Movements in the net deferred tax assets were as follows:

	2025 RMB million	2024 RMB million
At 1 January	9,159	9,850
Charged to profit or loss	(2,186)	(716)
Credit to other comprehensive income	22	25
At 31 December	6,995	9,159



28. Deferred tax assets and liabilities (continued)

The deferred tax assets and liabilities (prior to the offsetting of balances within the same tax jurisdiction) were made up of the taxation effects of the following:

	2025 RMB million	2024 RMB million
Deferred tax assets:		
Loss available for offsetting against future taxable profits	4,940	7,223
Lease liabilities	5,851	6,087
Provision for lease return costs for aircraft and engines	1,900	1,871
Impairment provision for receivables	102	103
Impairment provision for flight equipment spare parts	101	88
Other payables and accruals	40	48
Impairment provision for property, plant and equipment	18	18
Government grants related to assets	50	11
Derivative financial instruments	7	–
Financial assets at FVTPL	–	5
Others	159	116
	13,168	15,570
Deferred tax liabilities:		
Right-of-use assets	(6,028)	(6,343)
Equity investments designated at FVTOCI	(52)	(54)
Derivative financial instruments	(1)	(14)
Others	(92)	–
	(6,173)	(6,411)
	6,995	9,159



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28. Deferred tax assets and liabilities (continued)

Movements in the net deferred tax assets/(liabilities) of the Group for the year were as follows:

	At 1 January 2025 RMB million	Credited/ (charged) to profit or loss ⁽ⁱ⁾ RMB million	Credited to other comprehensive income RMB million	At 31 December 2025 RMB million
For the year ended 31 December 2025				
Provision for lease return costs for aircraft and engines	1,871	29	-	1,900
Lease liabilities	6,087	(236)	-	5,851
Impairment provision for flight equipment spare parts	88	13	-	101
Impairment provision for receivables	103	(1)	-	102
Impairment provision for property, plant and equipment	18	-	-	18
Financial assets at FVTPL	5	(5)	-	-
Other payables and accruals	48	(8)	-	40
Government grants related to assets	11	39	-	50
Derivative financial instruments	-	-	7	7
Loss available for offsetting against future taxable profits	7,223	(2,283)	-	4,940
Safety equipment tax credit	116	43	-	159
	15,570	(2,409)	7	13,168
Right-of-use assets	(6,343)	315	-	(6,028)
Equity investments designated at FVTOCI	(54)	-	2	(52)
Derivative financial instruments	(14)	-	13	(1)
Others	-	(92)	-	(92)
	(6,411)	223	15	(6,173)
Net deferred tax assets	9,159	(2,186)	22	6,995

(i) Amounts credited and charged to profit or loss for the year ended 31 December 2025 include items arising from business combinations achieved not under common control (Note 22(b)).



28. Deferred tax assets and liabilities (continued)

Movements in the net deferred tax assets/(liabilities) of the Group for the year were as follows: (continued)

	At 1 January 2024 RMB million	Credited/ (charged) to profit or loss RMB million	Credited/ (charged) to other comprehensive income RMB million	At 31 December 2024 RMB million
For the year ended 31 December 2024				
Provision for lease return costs for aircraft and engines	1,680	191	–	1,871
Lease liabilities	7,395	(1,308)	–	6,087
Impairment provision for flight equipment spare parts	84	4	–	88
Impairment provision for receivables	97	6	–	103
Impairment provision for property, plant and equipment	18	–	–	18
Financial assets at FVTPL	5	–	–	5
Other payables and accruals	74	(26)	–	48
Government grants related to assets	14	(3)	–	11
Loss available for offsetting against future taxable profits	7,803	(580)	–	7,223
Safety equipment tax credit	76	40	–	116
	17,246	(1,676)	–	15,570
Right-of-use assets	(7,299)	956	–	(6,343)
Equity investments designated at FVTOCI	(80)	–	26	(54)
Derivative financial instruments	(13)	–	(1)	(14)
Others	(4)	4	–	–
	(7,396)	960	25	(6,411)
Net deferred tax assets	9,850	(716)	25	9,159

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28. Deferred tax assets and liabilities (continued)

As at the reporting date, the Group had the following balances in respect of which deferred tax assets have not been recognised:

	2025		2024	
	Deferred taxation RMB million	Temporary differences RMB million	Deferred taxation RMB million	Temporary differences RMB million
Tax losses carried forward	15,142	61,907	13,090	53,352
Other deductible temporary differences	8	31	8	32
Total unrecognised deferred tax assets	15,150	61,938	13,098	53,384

As at 31 December 2025, management carried out an assessment to determine whether future taxable profits will be available to utilise the tax losses and deductible temporary differences. The Group has recognised deferred tax assets of RMB4,940 million (2024: RMB7,223 million) for tax losses of RMB20,391 million (2024: RMB29,977 million).

No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB61,907 million (2024: RMB53,352 million) which relate to the Group that have been loss-making for some years and it is not considered probable that sufficient taxable profits will be available in the near future against which the tax losses can be utilised. The Group's tax losses carried forward will expire between 2026 and 2030.

	At 31 December 2025	At 31 December 2024
2025	–	2,016
2026	16,058	16,133
2027	34,121	26,465
2028	11,242	8,200
2029	467	538
2030	19	–
	61,907	53,352

28.1 Accounting policies of income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



28. Deferred tax assets and liabilities *(continued)*

28.1 Accounting policies of income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



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29. Flight equipment spare parts

	2025 RMB million	2024 RMB million
Flight equipment spare parts	3,113	2,038
Less: provision for spare parts	(418)	(358)
	2,695	1,680

Movements in the Group's provision for impairment of flight equipment spare parts were as follows:

	2025 RMB million	2024 RMB million
At 1 January	358	343
Accrual	30	43
Other Addition	34	–
Amount written off in relation to disposal of spare parts	(4)	(28)
At 31 December	418	358

30. Trade and bills receivables

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

	2025 RMB million	2024 RMB million
Trade and bills receivables	2,185	2,047
Less: impairment	(94)	(98)
	2,091	1,949



30. Trade and bills receivables (continued)

The ageing analysis of the trade and bills receivables, as at the end of the reporting period, based on the invoice/billing date, was as follows:

	2025 RMB million	2024 RMB million
Within 90 days	2,050	1,970
91 to 180 days	61	5
181 to 365 days	4	3
Over 365 days	70	69
	2,185	2,047

As at 1 January 2024, trade and bills receivables from contracts with customers amounted to RMB2,191 million.

Balances with related parties included in trade and bills receivables are summarised in Note 46(c)(i). As at 31 December 2025, total bills received amounting to RMB2 million (2024: RMB59 million) are held by the Group for future settlement of trade and bills receivables. All bills received by the Group are with a maturity period of less than one year.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB million	2024 RMB million
At 1 January	98	94
Impairment (reversed) losses, net (Note 11)	(7)	15
Amount written off as uncollectible	(4)	(11)
Other addition	7	–
	94	98

The Group applies IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.



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30. Trade and bills receivables (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Current	Less than 90 days	Past due		Total
			90 to 365 days	Over 365 days	
Expected credit loss rate (%)	0.92	1.46	10.77	95.71	4.30
Gross carrying amount (RMB million)	1,845	205	65	70	2,185
Expected credit losses (RMB million)	17	3	7	67	94

As at 31 December 2024

	Current	Less than 90 days	Past due		Total
			90 to 365 days	Over 365 days	
Expected credit loss rate (%)	1.52	1.91	12.50	95.65	4.79
Gross carrying amount (RMB million)	1,708	262	8	69	2,047
Expected credit losses (RMB million)	26	5	1	66	98

As at 31 December 2025, the Group did not have any past due trade receivables without impairments.

The net impacts of recognition and reversal of provisions for impaired receivables have been included in "Impairment losses on financial assets, net" in profit or loss (Note 11). Amounts charged to the allowance account are generally written off when there is no expectation of recovering.



31. Financial assets at FVTPL

	2025 RMB million	2024 RMB million
Listed equity investment, at fair value:		
Shanghai Pudong Development Bank Co., Ltd.	124	101

The above equity investment was classified as a financial asset at FVTPL as it was held for trading.

	2025 RMB million	2024 RMB million
Fair value gains on equity investments at FVTPL charged to profit or loss	21	36

32. Prepayments and other receivables

	2025 RMB million	2024 RMB million
Value added tax recoverable	8,624	7,120
Subsidy receivable	2,173	2,173
Prepaid corporate income tax	54	84
Advance to suppliers	564	207
Rebate receivables on aircraft acquisitions	512	325
Amounts due from related parties (Note 46(c)(i))	558	691
Other deposits	170	166
Others	1,029	795
	13,684	11,561
Less: impairment	(388)	(377)
	13,296	11,184



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32. Prepayments and other receivables (continued)

Set out below are the movements of loss allowances measured at 12-month and lifetime expected credit losses for the financial assets included in other receivables.

	12-month ECLs	Lifetime ECLs		Total RMB million
	Stage 1	Stage 2	Stage 3	
	RMB million	RMB million	RMB million	
As at 1 January 2025	27	121	229	377
Transferred – to stage 3	–	(63)	63	–
Transferred – to stage 2	(2)	2	–	–
Addition	8	6	103	117
Impairment losses reversed	–	(13)	(93)	(106)
As at 31 December 2025	33	53	302	388

	12-month ECLs	Lifetime ECLs		Total RMB million
	Stage 1	Stage 2	Stage 3	
	RMB million	RMB million	RMB million	
As at 1 January 2024	15	116	223	354
Transferred – to stage 3	–	(22)	22	–
Transferred – to stage 2	(2)	2	–	–
Addition	14	25	43	82
Impairment losses reversed	–	–	(59)	(59)
As at 31 December 2024	27	121	229	377

33. Cash and cash equivalents and restricted bank deposits

	2025 RMB million	2024 RMB million
Cash at bank and on hand	7,227	4,133
Less: restricted bank deposits	(63)	(61)
Cash and cash equivalents (a)	7,164	4,072

(a) Cash and cash equivalents earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks and financial institutions with no recent history of default.



34. Trade and bills payables

The ageing analysis of the trade and bills payables, as at the end of the reporting period, based on the transaction date, was as follows:

	2025 RMB million	2024 RMB million
Within 90 days	13,031	3,388
91 to 180 days	6,393	10,838
181 to 365 days	3,813	33
1-2 years	25	46
Over 2 years	173	210
	23,435	14,515

Balances with related parties included in trade and bills payables are summarised in Note 46(c)(ii).

As at 31 December 2025, bills payables of the Group amounted to RMB20,513 million (2024: RMB12,802 million).

35. Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	2025 RMB million	2024 RMB million
SIAC	9,251	8,839
Frequent flyer programme	1,973	1,518
Advances from customers	1,080	953
	12,304	11,310
Analysed into:		
Current portion	11,396	10,678
Non-current portion	908	632

As at 1 January 2024, contract liabilities amounted to RMB8,008 million.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 RMB million	2024 RMB million
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Passenger transportation services	8,658	6,333



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35. Contract liabilities (continued)

The table below presents the activity of the contract liabilities for frequent flyer programme.

	2025 RMB million	2024 RMB million
At 1 January	1,669	1,405
Deferred during the year	1,412	1,483
Recognised as revenue during the year	(913)	(1,219)
At 31 December	2,168	1,669
Less: the related pending output value added tax therein	(195)	(151)
	1,973	1,518

36. Other payables and accruals

	2025 RMB million	2024 RMB million
Salaries, wages and benefits	3,617	3,184
Take-off and landing charges	2,607	2,810
Expenses related to aircraft overhaul conducted	1,844	2,305
Duties and levies payable	1,892	2,014
Other accrued operating expenses	2,256	1,888
Fuel cost	2,056	1,882
Payable for system services	1,794	1,199
Food and beverages	1,254	854
Payable for purchase of property, plant and equipment	515	533
Other deposit	496	557
Pending output value added tax	382	402
Current portion of other long-term liabilities (Note 40)	205	341
Deposits received from ticket sales agents	291	290
Amounts due to related parties (Note 46(c)(ii))	105	157
Current portion of post-retirement benefit obligations (Note 39(b))	188	151
Others	2,877	1,660
Total	22,379	20,227



37. Borrowings

	2025 RMB million	2024 RMB million
Non-current:		
Long-term bank borrowings		
– secured (note (a))	14,899	16,740
– unsecured	26,010	29,702
Guaranteed bonds (note (b))	–	4,156
Unsecured bonds (note (b))	11,500	3,000
	52,409	53,598
Current:		
Current portion of non-current borrowings		
– secured (note (a))	1,860	1,781
– unsecured	13,065	8,365
Current portion of guaranteed bonds (note (b))	4,262	34
Current portion of unsecured bonds (note (b))	3,164	3,668
Short-term bank borrowings		
– unsecured	22,038	35,728
Short-term debentures	5,022	–
	49,411	49,576
	101,820	103,174

The borrowings are repayable as follows:

	2025 RMB million	2024 RMB million
Within one year	49,411	49,576
In the second year	8,928	29,537
Between third and fifth years, inclusive	34,883	13,338
After the fifth year	8,598	10,723
	101,820	103,174



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37. Borrowings (continued)

Notes:

- (a) As at 31 December 2025, the secured bank borrowings of the Group were secured by the related aircrafts with a net carrying amount of RMB20,108 million (2024: RMB23,483 million) (Note 17).
- (b) Detailed bonds are listed below:

	Issue date	Principal	Notes	Interest rate
Ten-year corporate bonds	2016/10/24	RMB1,500 million	(i)	3.30%
Ten-year corporate bonds	2021/03/11	RMB3,000 million	(ii)	3.95%
Five-year credit enhanced bonds	2021/07/15	SGD500 million	(iii)	2.00%
Three-year medium-term bonds	2022/04/13	RMB2,000 million	(iv)	2.92%
Three-year medium-term bonds	2022/04/19	RMB1,500 million	(v)	2.92%
Three-year medium-term bonds	2025/02/25	RMB2,000 million	(vi)	1.89%
Three-year medium-term bonds	2025/04/21	RMB2,000 million	(vii)	1.74%
Three-year medium-term bonds	2025/11/19	RMB2,000 million	(viii)	1.79%
Three-year medium-term bonds	2025/11/21	RMB2,000 million	(ix)	1.80%
Three-year medium-term bonds	2025/11/24	RMB1,500 million	(x)	1.80%
Three-year medium-term bonds	2025/12/05	RMB2,000 million	(xi)	1.88%

- (i) On 24 October 2016, the Company issued ten-year corporate bonds with a total principal amount of RMB1.5 billion. The bonds bear interest at the rate of 3.30% per annum. Which is payable annually. The principal of the bonds will mature and become repayable on 24 October 2026. CEA Holding has unconditionally and irrevocably guaranteed the due payment and performance of the above bonds (Note 46(d)).
- (ii) On 11 March 2021, the Company issued ten-year corporate bonds with a principal amount of RMB3 billion. The bonds bear interest at the rate of 3.95% per annum which is payable annually. The principal of the bonds will mature and become repayable on 12 March 2031 (callable 2026).
- (iii) On 15 July 2021, Eastern Air Overseas issued five-year credit enhanced bonds with a principal amount of SGD0.5 billion. The bonds bear interest at the rate of 2.00% per annum which is payable semi-annually. The principle of the bonds will mature and become repayable on 15 July 2026. The bonds are secured by a standby letter of credit issued by Industrial and Commercial Bank of China Limited Shanghai Municipal Branch.
- (iv) On 13 April 2022, the Company issued three-year medium-term bonds with a principal amount of RMB2 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 2.92% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 13 April 2025.
- (v) On 19 April 2022, the Company issued three-year medium-term bonds with a principal amount of RMB1.5 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 2.92% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 19 April 2025.
- (vi) On 25 February 2025, the Company issued three-year medium-term bonds with a principal amount of RMB2.0 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 1.89% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 26 February 2028.
- (vii) On 21 April 2025, the Company issued three-year medium-term bonds with a principal amount of RMB2.0 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 1.74% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 22 April 2028.
- (viii) On 19 November 2025, the Company issued three-year medium-term bonds with a principal amount of RMB2.0 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 1.79% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 20 November 2028.
- (ix) On 21 November 2025, the Company issued three-year medium-term bonds with a principal amount of RMB2.0 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 1.80% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 24 November 2028.



37. Borrowings (continued)

Notes: (continued)

(b) Detailed bonds are listed below: (continued)

- (x) On 24 November 2025, the Company issued three-year medium-term bonds with a principal amount of RMB1.5 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 1.80% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 25 November 2028.
- (xi) On 5 December 2025, the Company issued three-year medium-term bonds with a principal amount of RMB2.0 billion, at an issue price equal to the face value of the bonds. The bonds bear interest at the rate of 1.88% per annum, which is payable annually. The principal of the bonds will mature and become repayable on 8 December 2028.

The terms of the long-term borrowings and bonds were summarised as follows:

Interest rate and final maturities		2025 RMB million	2024 RMB million
Long-term bank borrowings			
RMB denominated	Interest rates ranging from 1.80% to 2.90% with final maturities through 2045 (2024: 1.87% to 2.85%)	55,834	56,588
Guaranteed bonds			
RMB denominated	Interest rate at 3.30% with final maturities through 2026 (2024: 3.30%)	1,510	1,510
SGD denominated	Interest rate at 2.00% with final maturities through 2026 (2024: 2.00%)	2,752	2,680
Unsecured bonds			
RMB denominated	Interest rates ranging from 1.74% to 3.95% with final maturities through 2031 (2024: from 2.92% to 3.95%)	14,664	6,668
		74,760	67,446

Short-term borrowings of the Group are repayable within one year. As at 31 December 2025, the interest rates relating to such borrowings were 1.79% to 2.11% (2024: 0.90% to 3.15%).



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38. Provision for lease return costs for aircraft and engines

	2025 RMB million	2024 RMB million
At 1 January	9,558	9,088
Addition	823	1,137
Utilisation	(1,056)	(667)
At 31 December	9,325	9,558
Less: current portion	(390)	(1,939)
Non-current portion	8,935	7,619

38.1 Accounting policies of provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provision for lease return costs for aircraft and engines relates to the estimated cost of return agreed to be carried out for the Group's major customers. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

For the contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, the present obligation under the contract is recognised and measured as a provision.

39. Post-retirement benefit obligations

(a) Pension – defined contribution

The group companies participate in defined contribution retirement schemes organised by municipal governments of various provinces in which the group companies operate. Substantially all of the Group's PRC employees are eligible to participate in these defined contribution retirement schemes. Therefore, the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. In addition, the group companies have implemented an additional defined contribution retirement pension scheme for eligible employees since 2014.

For the year ended 31 December 2025 and 2024, no forfeited contributions were used to reduce its contributions to the pension schemes.



39. Post-retirement benefit obligations (continued)**(b) Post-retirement benefits**

In addition to the above schemes, the Group provides eligible retirees with other post-retirement benefits, including retirement subsidies, transportation allowance as well as other welfare. The expected cost of providing these post-retirement benefits is actuarially determined and recognised by using the projected unit credit method, which involves a number of assumptions and estimates, including inflation rate, discount rate, annual increase rate of post-retirement medical expenses and mortality rate.

The plan is exposed to interest rate risk and the risk of changes in the life expectancy for pensioners.

The most recent actuarial valuation of the post-retirement benefit obligations was carried out at 31 December 2025 with assistance from a third-party consultant using the projected unit credit actuarial valuation method.

The post-retirement benefit obligations recognised in the consolidated statement of financial position are as follows:

	2025	2024
	RMB million	RMB million
Post-retirement benefit obligations	2,179	2,391
Less: current portion include in other payables and accruals (Note 36)	(188)	(151)
Non-current portion	1,991	2,240

The principal actuarial assumptions utilised as at the end of the reporting period are as follows:

	2025	2024
Discount rates for post-retirement benefits	2.00%	1.75%
Mortality rate	China Insurance Life Mortality Table (2010-2013). CL5 for Male and CL6 for Female	China Insurance Life Mortality Table (2010-2013). CL5 for Male and CL6 for Female
Annual increase rate of post-retirement medical expenses	6.50%	6.50%
Inflation rate of pension benefits	2.50%	2.50%



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Year ended 31 December 2025

39. Post-retirement benefit obligations *(continued)*

(b) Post-retirement benefits *(continued)*

A quantitative sensitivity analysis for significant assumptions at the end of the reporting period is shown below:

	Increase in rate %	(Decrease)/ increase in post-retirement benefit obligations RMB million	Decrease in rate %	Increase/ (decrease) in post-retirement benefit obligations RMB million
2025				
Discount rate for post-retirement benefits	0.25	(53)	0.25	56
Annual increase rate of pension benefits	1.00	183	1.00	(159)
Annual increase rate of medical expenses	1.00	27	1.00	(23)
2024				
Discount rate for post-retirement benefits	0.25	(62)	0.25	65
Annual increase rate of pension benefits	1.00	223	1.00	(193)
Annual increase rate of medical expenses	1.00	35	1.00	(29)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net post-retirement benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Expected contributions to be made in the future years out of the post-retirement benefit obligations were as follows:

	2025 RMB million	2024 RMB million
Within the next 12 months	188	151
Between 2 and 5 years	564	587
Between 6 and 10 years	641	678
Over 10 years	1,343	1,496
Total expected payments	2,736	2,912

The average duration of the post-retirement benefit obligations at the end of 2025 was 11 years (2024: 11 years).



39. Post-retirement benefit obligations (continued)

(b) Post-retirement benefits (continued)

	1 January 2025 RMB million	Disposal of subsidiaries Actuarial changes arising from disposal of subsidiaries RMB million	Pension cost charged to profit or loss			Remeasurement gains in other comprehensive income			Benefit settled RMB million	31 December 2025 RMB million
			Service cost RMB million	Net interest RMB million	Sub-total profit or loss RMB million	Actuarial changes arising from changes in financial assumptions RMB million	Actuarial changes arising from changes in demographic assumptions RMB million	Sub-total included in other comprehensive income RMB million		
Defined benefit obligations/ benefit liability	2,391	-	-	39	39	(61)	-	(61)	(190)	2,179

	1 January 2024 RMB million	Disposal of subsidiaries Actuarial changes arising from disposal of subsidiaries RMB million	Pension cost charged to profit or loss			Remeasurement losses in other comprehensive income			Benefit settled RMB million	31 December 2024 RMB million
			Service cost RMB million	Net interest RMB million	Sub-total profit or loss RMB million	Actuarial changes arising from changes in financial assumptions RMB million	Actuarial changes arising from changes in demographic assumptions RMB million	Sub-total included in other comprehensive income RMB million		
Defined benefit obligations/ benefit liability	2,360	-	-	59	59	152	-	152	(180)	2,391



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39. Post-retirement benefit obligations *(continued)*

39.1 Accounting Policies of retirement benefits

(i) Defined contribution plans

The Group participates in schemes regarding pension and medical benefits for employees organised by the municipal governments of the relevant provinces. Contributions to these schemes are expensed as incurred.

The Group also implements an additional defined contribution pension benefit scheme (annuity) for voluntary eligible employees. Contributions are made based on a percentage of the employees' total salaries and are charged to profit or loss as incurred.

(ii) Defined benefit plan

The Group provides eligible retirees with certain post-retirement benefits including retirement subsidies, transportation allowance as well as other welfare. The defined post-retirement benefits are unfunded. The cost of providing benefits under the post-retirement benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from the post-retirement benefit plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to equity through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "Wages, salaries and benefits" and "Finance costs" in profit or loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense



40. Other long-term liabilities

	2025 RMB million	2024 RMB million
Long-term duties and levies payable relating to finance leases	283	432
Deferred income relating to government grants	202	46
Provision for early retirement benefit obligations and other benefit obligations	301	326
Other long-term payables	720	783
	1,506	1,587
Less: current portion included in other payables and accruals (Note 36)	(205)	(341)
Non-current portion	1,301	1,246

41. Share capital

	2025 RMB million	2024 RMB million
Registered, issued and fully paid of RMB1.00 each		
A shares listed on the Shanghai Stock Exchange ("A Shares")	17,025	17,114
– Tradable shares with trading moratorium	–	–
– Tradable shares without trading moratorium	17,025	17,114
H shares listed on the Stock Exchange of Hong Kong Limited ("H Shares")	5,063	5,177
– Tradable shares with trading moratorium	–	–
– Tradable shares without trading moratorium	5,063	5,177
Total	22,088	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.

42. Perpetual Bond

During the year ended 31 December 2025, the Company has not issued perpetual bonds that are redeemable solely at the Company's discretion (2024: RMB5 billion), the Company may elect to defer interest payments and are not subject to any limit as to the number of times of deferral of interest payments.

As the perpetual bond only impose contractual obligations on the Company to repay principals or to pay any distribution under certain circumstances, which were at the Company's discretion, they had in substance offered the Company an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations. Therefore the net proceeds of the perpetual bonds were presented in the equity of the Group.



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43. Reserves

	Share premium RMB million	Capital reserve RMB million (note (a))	Hedging reserve RMB million	Statutory reserve RMB million (note (b))	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
Balance at 1 January 2024	55,917	(767)	25	782	(3,166)	(52,185)	606
Unrealised gains on cash flow hedges	-	-	5	-	-	-	5
Fair value movements in equity investments designated at FVTOCI	-	-	-	-	(75)	-	(75)
Fair value changes of equity investments designated at FVTOCI held by an associate	-	-	-	-	2	-	2
Actuarial losses on post-retirement benefit obligations	-	-	-	-	(147)	-	(147)
Loss for the year	-	-	-	-	-	(4,226)	(4,226)
Transactions with non-controlling interest	(3)	-	-	-	-	-	(3)
Distribution to holders of perpetual bond	-	-	-	-	-	(600)	(600)
Business combination under common control	(126)	-	-	-	-	-	(126)
At 31 December 2024	55,788	(767)	30	782	(3,386)	(57,011)	(4,564)
Balance at 1 January 2025	55,788	(767)	30	782	(3,386)	(57,011)	(4,564)
Unrealised losses on cash flow hedges	-	-	(60)	-	-	-	(60)
Fair value movements in equity investments designated at FVTOCI	-	-	-	-	(4)	-	(4)
Fair value changes of equity investments designated at FVTOCI held by an associate	-	-	-	-	(2)	-	(2)
Actuarial gains on post-retirement benefit obligations	-	-	-	-	60	-	60
Loss for the year	-	-	-	-	-	(1,633)	(1,633)
Repurchase and cancellation of treasury shares	(420)	-	-	-	-	-	(420)
Others	169	-	-	-	-	-	169
Distribution to holders of perpetual bond	-	-	-	-	-	(700)	(700)
At 31 December 2025	55,537	(767)	(30)	782	(3,332)	(59,344)	(7,154)

Notes:

(a) Capital reserve

Capital reserve mainly represents the difference between the fair value of the net assets injected and the nominal amount of the Company's share capital issued in respect of the Group restructuring carried out in June 1996 for the purpose of the Company's listing.

(b) Statutory reserve

According to the PRC Company Law, the Company is required to transfer a portion of the profits to the statutory reserve. The transfer to this reserve must be made before distribution of dividends to shareholders and when there are retained profits at the end of the financial year.

44. Notes to the consolidated statement of cash flows

(a) Cash generated from operations

	2025 RMB million	2024 RMB million
Profit/(loss) before income tax	274	(3,904)
Adjustments for:		
Depreciation of property, plant and equipment	12,511	11,151
Depreciation of right-of-use assets	14,248	14,586
Depreciation of investment properties	9	17
Amortisation of intangible assets	155	166
Amortisation of other non-current assets	971	724
Gain on disposal of property, plant and equipment and right-of-use assets, net	(198)	(372)
Dividend income from equity investments designed at FVTOCI	(17)	(32)
Dividend income from a financial asset at FVTPL	(4)	(3)
Disposal of an associate	(235)	–
Disposal of a joint venture	(367)	–
Share of result of associates	(245)	(225)
Share of result of joint ventures	(32)	(49)
Net foreign exchange (income)/loss	(205)	99
Fair value changes of financial assets at FVTPL	(21)	(36)
Impairment charges	30	44
Impairment losses on financial assets, net	4	38
Interest expense	4,185	5,148
Operating profit before working capital changes	31,063	27,352
Changes in working capital		
Flight equipment spare parts	(968)	(83)
Trade and bills receivables	12	305
Prepayments and other receivables	(1,769)	(1,616)
Contract liabilities	665	3,255
Trade and bills payables	9,372	8,820
Other payables and accruals	989	544
Other long-term liabilities	(101)	(166)
Post-retirement benefit obligations	(215)	31
Provision for lease return costs for aircraft and engines	(1,061)	(921)
Cash generated from operations	37,987	37,521



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44. Notes to the consolidated statement of cash flows (continued)

(b) Major non-cash transactions

	2025 RMB million	2024 RMB million
Additions to right-of-use assets and lease liabilities	26,225	14,667

(c) Reconciliation of liabilities arising from financing activities

	2025 RMB million	2024 RMB million
Lease liabilities	80,303	72,849
Borrowings	101,820	103,174

	Borrowings RMB million	Lease liabilities RMB million
At 1 January 2024	111,028	84,175
Changes from financing cash flows	(7,613)	(25,777)
Other (reduction)/addition	(216)	46
Foreign exchange movement	(25)	134
New leases	–	14,271
At 31 December 2024	103,174	72,849
At 1 January 2025	103,174	72,849
Changes from financing cash flows	(1,450)	(19,345)
Other addition	28	1,779
Foreign exchange movement	68	(567)
New leases	–	25,587
At 31 December 2025	101,820	80,303



44. Notes to the consolidated statement of cash flows (continued)

(d) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB million	2024 RMB million
Within operating activities	(395)	(26)
Within investing activities	(2,988)	(3,212)
Within financing activities	(19,345)	(28,137)

45. Commitments

- (a) The Group had the following capital expenditure in respect of the acquisition of property, plant and equipment and investments but not provided in the consolidated financial statements:

	2025 RMB million	2024 RMB million
Contracted for:		
– Aircraft, engines and flight equipment (note i)	78,867	81,464
– Other property, plant and equipment	5,152	5,252
– Investments	3	174
	84,022	86,890

Note:

- (i) 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:

	2025 RMB million	2024 RMB million
Within one year	22,548	27,736
In the second year	15,101	21,518
In the third year	24,075	15,191
Over three years	17,143	17,019
	78,867	81,464

The above capital commitments represent the future outflows of cash or other resources.

- (b) The Group has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are RMB10 million (2024: RMB74 million) due within one year, RMB125 million (2024: RMB296 million) due in the second to fifth years and RMB239 million due over five years (2024: RMB365 million).
- (c) As at 31 December 2025, lease commitments for short-term leases amounted to RMB33 million (2024: RMB38 million).



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46. Related party transactions

The Group is controlled by CEA Holding, which directly owns 40.11% of the Company's shares as at 31 December 2025 (31 December, 2024: 39.74%). 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 12.58% and 2.07% respectively as at 31 December 2025 (31 December 2024: 12.46% 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 party	Relationship with the Group
Eastern Air Finance Company	Associate of the Company
Shanghai P&W	Associate of the Company
Collins Aviation	Associate of the Company
Shanghai Airlines Tours	Associate of the Company
China Eastern Air Catering Investment Co., Limited and its subsidiaries ("Eastern Air Catering")	Associate of the Company
Xian Kaiya	Associate of the Company
China Kaiya	Joint venture of the Company
Xi An Cea Safran Landing Systems Services Co., Ltd. ("XIESA")	Joint venture of the 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")	Controlled by the same parent company
CES International Financial Leasing Corporation Limited and its subsidiaries ("CES Lease Company")	Controlled by the same parent company
CES Finance Holding Co., Ltd. ("CES finance")	Controlled by the same parent company
China Eastern Airlines (Hangzhou) Flight Training Co., Ltd. ("CES Hangzhou Training")	Controlled by the same parent company
TravelSky Technology Limited ("TravelSky")	A key management personnel of the Company is a director of TravelSky
Sichuan Airlines Co., Ltd. ("Sichuan Air")	A key management personnel of the Company is a director of Sichuan Air
Air France-KLM Group ("AFK")	A key management personnel of the Company is a director of AFK
Juneyao Airlines Co., Ltd and its subsidiaries ("Juneyao Air")	Shareholder who hold more than 5% of the company's voting shares
China Aviation Supplies Holding Company and its subsidiaries ("CASC")	A key management personnel of the Company is a director of CASC
Air Ground Internet Technology Co., Ltd. ("Air Ground Internet")	Associate of the parent company



46. Related party transactions *(continued)*

(b) Related party transactions

Nature of transaction	Related party	Pricing policy and decision process	2025	2024
			RMB million	RMB million
Purchase of goods and services				
Payments on food and beverages	Eastern Air Catering	(i)	3,019	3,161
Repairs and maintenance expense for aircraft and engines	Shanghai P&W	(i)	4,292	4,187
	Technologies Aerospace	(i)	231	228
	XIESA	(i)	241	230
Payments on conference and training services	CES Hangzhou Training	(i)	19	3
Payments on system services	China Kaiya	(i)	8	13
	Xian Kaiya	(i)	1	1
Equipment maintenance fee	Collins Aviation	(i)	31	27
Payments on hosting services	CES Lease Company	(i)	-	1
Automobile maintenance service, aircraft maintenance, providing transportation automobile and other products	Eastern Investment	(i)	85	90
Property management and green maintenance expenses	Eastern Investment	(i)	171	403
Payments on hotel accommodation service	Eastern Investment	(i)	203	268
	Shanghai Airlines Tours	(i)	64	95
Payments on construction and management agent	Eastern Investment	(i)	10	6
Civil aviation information network services*	TravelSky	(i)	697	773



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Year ended 31 December 2025

46. Related party transactions (continued)

(b) Related party transactions (continued)

Nature of transaction	Related party	Pricing policy and decision process	2025	2024
			RMB million	RMB million
Purchase of goods and services (continued)				
Payments on aviation transportation cooperation and support services*	AFK	(i)	7	5
Financial services fees	Eastern Air Finance Company	(i)	14	12
Flight equipment spare parts maintenance and support services	AFK	(i)	46	69
Aviation Internet services	Air Ground Internet	(i)	85	74
Cargo terminal business support services	Eastern Logistics	(i)	453	426
Bellyhold container management	Eastern Logistics	(i)	15	15
Transfer of pilots	Eastern Logistics	(i)	2	–
Payments on logistics services	Eastern Logistics	(i)	165	134
Sale of goods and provision of services				
Exclusive operation transportation in relation to the passenger aircraft cargo business (note)	Eastern Logistics	(i)	5,457	5,331
Freight logistics support services	Eastern Logistics	(i)	284	330
Software system and support services	Eastern Logistics	(i)	11	13
Transfer of pilots	Eastern Logistics	(i)	243	142
	Juneyao Air	(i)	–	22
Aviation transportation cooperation and support services*	AFK	(i)	58	63
Aviation transportation cooperation and support services	Juneyao Air	(i)	11	23
Flight equipment spare parts maintenance and support services	Juneyao Air	(i)	29	36



46. Related party transactions (continued)

(b) Related party transactions (continued)

Nature of transaction	Related party	Pricing policy and decision process	2025	2024
			RMB million	RMB million
Sale of goods and provision of services (continued)				
Aviation transportation cooperation services	Sichuan Air	(i)	22	23
Sale of Goods	Eastern Air Catering	(i)	70	75
	Air Ground Internet	(i)	13	14
Provision of services	Eastern Investment	(i)	38	33
	Eastern Air Catering	(i)	6	8
	Shanghai Airlines Tours	(i)	2	2
	Technologies Aerospace	(i)	7	10
Sale of Goods and Provision of services	CEA Holding	(i)	3	2
	Technologies Aerospace	(i)	2	–
Provision of aviation material import services	XIESA	(i)	16	23
Rental income				
Rental income for land and buildings under short-term leases	Eastern Air Catering	(ii)	23	31
	Sichuan Air	(ii)	13	19
	Juneyao Air	(ii)	3	3
	CEA Holding	(ii)	8	6
	CASC	(ii)	1	–
Rental income for Intangible assets	Eastern Logistics	(ii)	6	5
Rental income for cargo terminal	Eastern Logistics	(ii)	92	93
Lease Payments				
Lease Payments for land and buildings	Eastern Investment	(ii)	188	148
	Eastern Air Catering	(ii)	2	8
	CEA Holding	(ii)	–	30
	Eastern Logistics	(ii)	2	2
	CASC	(ii)	1	–
Lease payments for special vehicle and equipment	Eastern Investment	(ii)	115	258
Settlements of lease liabilities on aircraft and engines	CES Lease Company	(ii)	6,574	13,010
Addition in right-of-use assets on new leases				
Aircraft and engines	CES Lease Company	(ii)	14,178	6,681
Ground assets	Eastern Investment	(ii)	126	271
	CEA Holding		50	7
Land and buildings	Eastern Air Catering	(ii)	2	8
	Eastern Investment	(ii)	311	–
	Eastern Logistics	(ii)	3	–
	CASC	(ii)	2	–
	Shanghai Airlines Tours	(ii)	1	–



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Year ended 31 December 2025

46. Related party transactions (continued)

(b) Related party transactions (continued)

Nature of transaction	Related party	Pricing policy and decision process	2025	2024
			RMB million	RMB million
Interest on lease liabilities				
Aircraft and engines	CES Lease Company	(ii)	645	952
Ground assets	Eastern Investment	(ii)	8	15
Land and buildings	Eastern Investment	(ii)	9	7
	Eastern Air Catering	(ii)	-	3
Interest expense				
Interest expense on loans	CEA Holding	(iii)	186	154
	Eastern Air Finance Company	(iii)	81	27
Interest income				
Interest income on deposits	Eastern Air Finance Company	(iii)	42	62
Perpetual bond				
Interest expense on perpetual bond	CEA Holding	(iii)	700	600
Issue of perpetual bond – Principal	CEA Holding	(iii)	-	5,000
interest payment of perpetual bond	CEA Holding	(iii)	700	590

Notes:

- (i) The Group's pricing policies on goods and services purchased from and provided to related parties are mutually agreed between contract parties.

To address the business competition between the passenger aircraft cargo business of the Company and the all-cargo aircraft business of China Cargo Airlines Co., Limited ("China Cargo Airlines"), a subsidiary of Eastern Logistics, the Company gave China Cargo Airlines a long term contractual operation to operate and manage the passenger aircraft bellyhold space cargo business with independence and autonomy. Pursuant to which China Cargo Airlines will have exclusive operation to independently operate and manage the Group's passenger aircraft cargo business. The exclusive operation agreement was entered into by both parties on 29 September 2020 which was deemed to have become effective on 1 January 2020.

- (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.

* 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 year ended 31 December 2025 and 2024, 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.



46. Related party transactions *(continued)*

(c) Balances with related parties

(i) Amounts due from related parties

	2025	2024
	RMB million	RMB million
Trade and bills receivables		
Eastern Logistics	687	682
Eastern Air Catering	30	33
Juneyao Air	6	7
Others	21	26
	744	748

	2025	2024
	RMB million	RMB million
Prepayments and other receivables		
Eastern Air Finance Company	332	379
TravelSky	219	230
CEA Holding	-	30
Technologies Aerospace	-	20
Juneyao Air	1	8
Others	6	24
	558	691

	2025	2024
	RMB million	RMB million
Other Non-current Assets		
XIESA	4	4



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46. Related party transactions *(continued)*

(c) Balances with related parties *(continued)*

(ii) Amounts due to related parties

	2025 RMB million	2024 RMB million
Trade and bills payables, Other payables and accruals		
TravelSky	1,895	985
Shanghai P&W	851	642
Eastern Air Catering	508	405
Eastern Investment	250	50
Air Ground Internet	99	114
XIESA	22	55
Collins Aviation	13	5
Juneyao Air	1	4
Technologies Aerospace	–	82
CEA Holding	–	57
China Kaiya	–	1
Others	6	23
	3,645	2,423

	2025 RMB million	2024 RMB million
Lease liabilities		
CES Lease Company	37,666	29,882
Eastern Investment	699	567
CEA Holding	65	36
Eastern Logistics	3	2
Eastern Air Catering	3	3
	38,436	30,490



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

	2025 RMB million	2024 RMB million
Perpetual bond		
CEA Holding	25,067	25,067
Other long-term liabilities		
Eastern Air Catering	76	63
Contract liabilities		
Eastern Air Catering	-	13
Juneyao Air	-	1
	-	14

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



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Year ended 31 December 2025

46. Related party transactions *(continued)*

(c) Balances with related parties *(continued)*

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

	Average interest rate for the year		31 December 2025	31 December 2024
	ended 31 December			
	2025	2024	RMB million	RMB million
Short-term deposits (included in cash and cash equivalents)				
Eastern Air Finance Company	1.00%	0.20%	4,172	2,774
Short-term borrowings (included in borrowings)				
Eastern Air Finance Company	1.84%	2.30%	1,500	1,600
CES Finance	-	3.15%	-	7
CEA Holding	-	2.00%	-	1,701
Eastern Investment	-	2.00%	-	1,000
Long-term borrowings (included in borrowings)				
CEA Holding	2.00%	2.00%	12,500	1,001

(d) Guarantees by the holding company

As at 31 December 2025, bonds of the Group guaranteed by CEA Holding amounted to RMB1,510 million (31 December 2024: RMB1,510 million).

(e) Key management compensation

The compensation paid or payable to key management for employee services mainly comprising salaries and other short-term employee benefits were analysed as follows:

	2025	2024
	RMB million	RMB million
Other payables and accruals		
Directors and supervisors	-	2
Senior management	1	1
	1	3



47. Financial instruments by category

The Group holds the following financial instruments:

Financial assets	Notes	2025 RMB million	2024 RMB million
Financial assets at amortised cost			
Trade and bills receivables	30	2,091	1,949
Prepayments and other receivables	32	3,542	4,019
Cash and cash equivalents	33	7,164	4,072
Restricted bank deposits	33	63	61
Financial assets included in other non-current assets		29	251
Equity investments designated at FVTOCI	25	1,543	1,417
Financial assets at FVTPL	31	124	101
Derivative financial instruments	26	3	56
		14,559	11,926
Financial liabilities	Notes	2025 RMB million	2024 RMB million
Liabilities at amortised cost			
Trade and bills payables	34	23,435	14,515
Financial liabilities included in other payables and accruals	36	4,435	14,488
Borrowings	37	101,820	103,174
Derivative financial instruments	26	28	–
		129,718	132,177

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48. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, were as follows:

	2025		2024	
	Carrying amount RMB million	Fair value amount RMB million	Carrying amount RMB million	Fair value amount RMB million
Financial liability				
Long-term borrowings	52,409	51,974	53,598	53,682
Total	52,409	51,974	53,598	53,682

The Group has assessed that the fair values of cash and cash equivalents, restricted bank deposits, Trade and bills 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 debentures approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the deposits relating to aircraft held under leases included in other non-current assets and long-term borrowings have been measured using significant observable inputs and calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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.



48. Fair value and fair value hierarchy of financial instruments (continued)

Derivative financial instruments are measured using valuation techniques similar to forward pricing and swap models, 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, fuel hedging contracts and interest rate swaps are the same as their fair values.

As at 31 December 2025, 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 FVTOCI 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 book ("P/B") 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.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Discount for lack of marketability	21% (31 December 2024: 28%)	1% (31 December 2024: 1%) increase/decrease in multiple would result in increase/ decrease in fair value by RMB11 million (31 December 2024: RMB3 million)

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.



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Year ended 31 December 2025

48. Fair value and fair value hierarchy of financial instruments *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets and liabilities measured at fair value:

As at 31 December 2025

	Quoted prices in active markets (Level 1) RMB million	Fair value measurement using		Total RMB million
		Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	
Assets				
Equity investments designated at FVTOCI	198	–	1,345	1,543
Derivative financial instruments				
– Jet fuel hedging	–	3	–	3
Financial assets at FVTPL	124	–	–	124
Total	322	3	1,345	1,670
Liabilities				
Derivative financial instruments				
– Foreign exchange swaps	–	28	–	28

As at 31 December 2024

	Quoted prices in active markets (Level 1) RMB million	Fair value measurement using		Total RMB million
		Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	
Assets				
Equity investments designated at FVTOCI	204	–	1,213	1,417
Derivative financial instruments				
– Interest rate swaps	–	9	–	9
– Foreign exchange swaps	–	47	–	47
Financial assets at FVTPL	101	–	–	101
Total	305	56	1,213	1,574



48. Fair value and fair value hierarchy of financial instruments (continued)**Fair value hierarchy (continued)**

Assets and liabilities measured at fair value: (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 (2024: Nil) and no transfers into or out of Level 3 for both financial assets and financial liabilities during the year of 2025.

The following table presents the changes in level 3 items for the year ended 31 December 2025:

	Equity investments designated at FVTOCI RMB million
Opening balance as at 1 January 2025	1,213
Addition	132
Loss recognised in other comprehensive income	-
Closing balance as at 31 December 2025	1,345

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB million
	Quoted prices in active markets (Level 1) RMB million	Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	
Liability				
Long-term borrowings	-	51,974	-	51,974



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48. Fair value and fair value hierarchy of financial instruments *(continued)*

Fair value hierarchy *(continued)*

Liabilities for which fair values are disclosed: *(continued)*

As at 31 December 2024

Liability	Fair value measurement using			Total RMB million
	Quoted prices in active markets (Level 1) RMB million	Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	
Long-term borrowings	–	53,682	–	53,682

48.1 Accounting policies of fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



48. Fair value and fair value hierarchy of financial instruments *(continued)*

48.1 Accounting policies of fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

49. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, fuel price risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage risk exposures whenever management considers necessary.

Risk management is carried out by a central treasury department (the "Group Treasury") under policies approved by the Board. The Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The overall risk management strategies, as well as written policies covering specific areas such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, were approved by the Board.

49.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group generates its revenue in different currencies, and the amount of its foreign currency liabilities at the end of the period is much higher than that of its foreign currency assets. The Group's major liability items (mainly resulting from purchases of aircraft) are mainly priced and settled in foreign currencies, primarily USD. The Group is exposed to currency risks from fluctuations in various foreign currency exchange rates against RMB.

In addition, fluctuations in foreign currency exchange rates will affect the Group's future costs for purchases of aircraft, flight equipment and aviation fuel, and take-off and landing charges in foreign airports.



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49. Financial risk management *(continued)*

49.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

The following tables detail the Group's exposure to major currency risk at the reporting date:

	2025			
	USD RMB million	EUR RMB million	SGD RMB million	JPY RMB million
Trade and bills receivables	36	64	-	47
Cash and cash equivalents	1,875	190	453	115
Other receivables	56	14	-	9
Other non-current assets	887	-	-	-
Derivative financial instruments	3	-	-	-
Trade and other payables	(417)	(22)	(7)	(3)
Lease liabilities	(19,221)	(42)	-	(21)
Borrowings	(984)	-	(2,752)	-
Other long-term liabilities	(12)	-	-	-
Derivative financial instruments	(28)	-	-	-

	2024			
	USD RMB million	EUR RMB million	SGD RMB million	JPY RMB million
Trade and bills receivables	47	44	-	50
Cash and cash equivalents	687	115	37	11
Other receivables	62	9	-	10
Other non-current assets	1,079	-	-	-
Trade and other payables	(345)	(2)	(4)	(2)
Lease liabilities	(25,166)	(11)	(3)	(24)
Borrowings	-	-	(2,680)	-
Other long-term liabilities	(93)	-	-	-



49. Financial risk management *(continued)*

49.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

The following tables indicate the approximate change in the Group's consolidated statement of profit or loss in response to a 1% appreciation or depreciation of the RMB against the following major currencies at the reporting date:

	2025		2024	
	Effect on profit or loss RMB million	Effect on other comprehensive income RMB million	Effect on profit or loss RMB million	Effect on other comprehensive income RMB million
If RMB (weakens)/strengthens against USD	(178)/178	-	(237)/237	-
If RMB (weakens)/strengthens Against EUR	2/(2)	-	1/(1)	-
If RMB (weakens)/strengthens against SGD	(23)/23	-	(27)/27	-

(ii) Interest rate risk

The Group's interest rate risk primarily arises from borrowings and lease liabilities. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings and finance leases issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings and finance leases issued at variable rates and fixed rates based on the market environment.

The Group's finance department has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings and finance leases issued at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group has entered into certain interest rate swaps to swap variable rates into fixed rates. The interest rates and terms of repayment of borrowings made to the Group and interest rate swaps are disclosed in Notes 37 and 26 to the consolidated financial statements.



Notes to the Consolidated Financial Statements

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49. Financial risk management *(continued)*

49.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk *(continued)*

The following tables detail the interest rate profiles of the Group's interest-bearing financial instruments at the reporting date:

	2025 RMB million	2024 RMB million
Floating rate instruments		
Cash and cash equivalents	7,164	4,072
Restricted bank deposits	10	14
Borrowings	(34,997)	(48,586)
Lease liabilities	(56,147)	(46,402)
Interest rate swaps at notional amount	-	378
Foreign exchange swaps at notional amount	-	1,553

	2025 RMB million	2024 RMB million
Fixed rate instruments		
Restricted bank deposits	53	47
Borrowings	(66,823)	(54,588)
Lease liabilities	(24,156)	(26,447)

The following table indicates the approximate change in the Group's profit or loss and other comprehensive income, taking the interest rate swap into consideration, if interest rate had been 25 basis points higher with all other variables held constant:

	2025		2024	
	Effect on profit or loss RMB million	Effect on other comprehensive income RMB million	Effect on profit or loss RMB million	Effect on other comprehensive income RMB million
Floating rate instruments	(157)	-	(170)	5



49. Financial risk management (continued)

49.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Fuel price risk

Jet fuel is a major component of the Group's operating expenses and the Group's results are significantly affected by the volatility in the price of jet fuel. For the year ended 31 December 2025, if fuel price had been 5% lower/higher with all other variables held constant, the Group's fuel cost would have been RMB2,184 million lower/higher (2024: RMB2,275 million lower/higher).

(iv) Equity price risk

The Group is exposed to equity price risk arising from individual equity investments included in financial assets at FVTPL (Note 31) and equity investments designated at FVTOCI (Note 25) as at 31 December 2025. The Group's listed investments are listed on the Hong Kong and Shanghai stock exchanges and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2025	High/Low 2025	31 December 2024	High/Low 2024
Hong Kong – Hang Seng Index	25,631	27,382/18,671	20,060	23,242/14,794
Shanghai – A Share Index	3,969	4,034/3,040	3,352	3,674/2,635

The following table demonstrates the sensitivity to every 20% change in the fair values of the equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the equity investments designated at FVTOCI, the impact is deemed to be on the fair value reserve as at 31 December 2025.

2025	Carrying amount of equity investment RMB million	Increase/ (decrease) in profit or loss RMB million	Increase/ (decrease) in comprehensive income RMB million
Investments listed in:			
Hong Kong – Equity investment designated at FVTOCI	198	-	30/(30)
Shanghai – Financial assets at FVTPL	124	19/(19)	-
Unlisted investments at fair value:			
– Equity investment designated at FVTOCI	1,345	-	202/(202)



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Year ended 31 December 2025

49. Financial risk management (continued)

49.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Equity price risk (continued)

2024	Carrying amount of equity investment RMB million	Increase/ (decrease) in profit or loss RMB million	Increase/ (decrease) in comprehensive income RMB million
Investments listed in:			
Hong Kong – Equity investment designated at FVTOCI	204	–	30/(30)
Shanghai – Financial assets at FVTPL	101	8/(8)	–
Unlisted investments at fair value:			
– Equity investment designated at FVTOCI	1,213	–	92/(92)

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, deposits and derivative financial instruments with banks and financial institutions, as well as credit exposures to sales agents.

Credit risk concentration

A significant portion of the Group's air tickets is sold by sales agents participating in the Billing and Settlements Plan ("BSP"), a clearing system between airlines and sales agents organised by the International Air Transportation Association. The balance due from BSP agents amounted to approximately RMB871 million as at 31 December 2025 (2024: approximately RMB789 million). The credit risk exposure to BSP agents and the remaining trade receivables are maintained by the Group on an on-going basis and the allowance for impairment of doubtful debts is within management's expectations.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for other receivables are insignificant and recognised loss allowance.

Cash and cash equivalents

The Group's cash management policy is to deposit cash and cash equivalents mainly in state-owned banks and other reputable banks and financial institutions. The Group also deposits cash and cash equivalents in an associate financial institution owned by its holding company (Note 46(c)(iii)). Management does not expect any loss to arise from non-performance by these banks and the financial institution.

Derivative financial instruments

Transactions in relation to derivative financial instruments are only carried out with reputable banks and financial institutions. The Group has policies that limit the amount of credit exposure to any bank and financial institution. Management does not expect any losses from non-performance by these banks and financial institutions.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.



49. Financial risk management (continued)

49.1 Financial risk factors (continued)

(b) Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

As at 31 December 2025	12-month ECLs		Lifetime ECLs		Total RMB million
	Stage 1 RMB million	Stage 2 RMB million	Stage 3 RMB million	Simplified approach RMB million	
Trade receivables*	-	-	44	2,139	2,183
Financial assets included in prepayments and other receivables					
– Normal **	2,504	361	408	-	3,273
Restricted bank deposits					
– Not yet past due	63	-	-	-	63
Cash and cash equivalents					
– Not yet past due	7,164	-	-	-	7,164

As at 31 December 2024	12-month ECLs		Lifetime ECLs		Total RMB million
	Stage 1 RMB million	Stage 2 RMB million	Stage 3 RMB million	Simplified approach RMB million	
Trade receivables*	-	-	42	1,946	1,988
Financial assets included in prepayments and other receivables					
– Normal **	2,558	455	291	-	3,304
Restricted bank deposits					
– Not yet past due	61	-	-	-	61
Cash and cash equivalents					
– Not yet past due	4,072	-	-	-	4,072

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 30 to the financial statements, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 30 to the financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

49. Financial risk management *(continued)*

49.1 Financial risk factors *(continued)*

(c) Liquidity risk

The Group's primary cash requirements are for day-to-day operations, additions of and upgrades to aircraft, engines and flight equipment and repayments of related borrowings. The Group finances its working capital requirements through a combination of funds generated from operations and borrowings including bank loans, debentures and bonds (both short-term and long-term). The Group generally finances the acquisition of aircraft through leases or bank loans.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2025	Less than			Over	Total
	1 year	1 to 2 years	2 to 5 years	5 years	
	RMB million	RMB million	RMB million	RMB million	RMB million
Borrowings	51,032	9,980	36,132	9,642	106,786
Lease liabilities	16,994	15,490	29,771	20,405	82,660
Trade, bills and other payables	39,520	-	-	-	39,520
Other long-term liabilities	165	122	95	-	382
Total	107,711	25,592	65,998	30,047	229,348

At 31 December 2024	Less than			Over	Total
	1 year	1 to 2 years	2 to 5 years	5 years	
	RMB million	RMB million	RMB million	RMB million	RMB million
Borrowings	50,845	30,694	14,673	12,039	108,251
Lease liabilities	17,413	14,153	35,205	15,584	82,355
Trade, bills and other payables	29,037	-	-	-	29,037
Other long-term liabilities	304	175	171	-	650
Total	97,599	45,022	50,049	27,623	220,293



49. Financial risk management (continued)

49.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital on the basis of the debt ratio, which is calculated as total liabilities divided by total assets. The debt ratios as at the end of the reporting periods were as follows:

	31 December 2025	31 December 2024
	RMB million	RMB million
Total liabilities	252,916	235,191
Total assets	294,006	278,842
Debt ratio	86%	84%

50. Summary of other accounting policies

50.1 Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of financial position respectively.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.1 Principles of consolidation *(continued)*

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

Investments in associates are accounted for using the equity method (see (iv) below), after initially being recognised at cost.

(iii) Joint ventures

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated statement of financial position.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 17.2.



50. Summary of other accounting policies *(continued)*

50.1 Principles of consolidation *(continued)*

(v) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

50.2 Business combinations

(i) Business combinations under common control

The historical financial information incorporate the financial information of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interests.

The consolidated income statement include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the historical financial information are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to owners, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the period in which it is incurred.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.2 Business combinations *(continued)*

(ii) Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations (except for business combination under common control), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.



50. Summary of other accounting policies *(continued)*

50.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

50.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in "RMB, which is the functional and presentation currency of the Company and the Group's entities.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and lease liabilities are presented in profit or loss within "finance income" or "finance costs".

50.5 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.6 Maintenance and overhaul costs

Overhaul costs that meet specific recognition criteria are capitalised as a component of property, plant and equipment or right-of-use assets and are depreciated over the appropriate maintenance cycles.

Certain lease arrangements contain provisions for the Group's obligations to fulfil certain return conditions at the end of lease term. The Group estimated lease return costs for aircraft and engines and recognised such costs as part of the right-of-use asset and are depreciated over their respective lease term.

All other repairs and maintenance costs are charged to profit or loss as and when incurred.

50.7 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

50.8 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

50.9 Intangible assets

(i) Goodwill

Goodwill is measured as described in note 20. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGU for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Computer software costs

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives of 3-5 years. Costs associated with developing or maintaining computer software programs are recognised as expenses when incurred.

50.10 Deferred pilot recruitment costs

Deferred pilot recruitment costs represent the costs borne by the Group in connection with securing a certain minimum period of employment of pilots and are amortised on a straight-line basis over the anticipated beneficial period of 5 years, starting from the date the pilot joins the Group.



50. Summary of other accounting policies *(continued)*

50.11 Advanced payments on acquisition of aircraft

Advanced payments on acquisition of aircraft represent payments to aircraft manufacturers to secure deliveries of aircraft in future years, including attributable borrowing costs, and are included in non-current assets. The balance is transferred to property, plant and equipment upon delivery of the aircraft.

50.12 Flight equipment spare parts

Flight equipment spare parts are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of flight equipment spare parts comprises the purchase price (net of discounts), freight charges, duty and other miscellaneous charges. Net realisable value is the estimated selling price of the flight equipment spare parts in the ordinary course of business, less applicable selling expenses.

50.13 Investments and other financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and FVTPL.

The classification of financial asset at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition".

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.13 Investments and other financial assets *(continued)*

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on equity investments classified as financial assets at FVTPL are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.



50. Summary of other accounting policies *(continued)*

50.13 Investments and other financial assets *(continued)*

(ii) Subsequent measurement *(continued)*

Financial assets at FVTPL *(continued)*

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

(iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) the rights to receive cash flows from the asset have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.13 Investments and other financial assets *(continued)*

(iv) Impairment

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward looking information.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVTOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs



50. Summary of other accounting policies *(continued)*

50.13 Investments and other financial assets *(continued)*

(iv) Impairment *(continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

50.14 Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, borrowings.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

50.16 Derivatives and hedging activities

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and fuel forward contracts, to hedge its foreign currency risk, interest rate risk and fuel price risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.



50. Summary of other accounting policies *(continued)*

50.16 Derivatives and hedging activities *(continued)*

Initial recognition and subsequent measurement *(continued)*

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.16 Derivatives and hedging activities *(continued)*

Initial recognition and subsequent measurement *(continued)*

(ii) Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expenses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss as other expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit or loss. The changes in the fair value of the hedging instrument are also recognised in the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.



50. Summary of other accounting policies *(continued)*

50.17 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 30 for further information about the Group's accounting for trade receivables and note 49.1 for a description of the Group's impairment policies.

50.18 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including assets similar in nature to cash, which are not restricted as to use.

50.19 Borrowings

Borrowings are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements

Year ended 31 December 2025

50. Summary of other accounting policies *(continued)*

50.20 Research and development

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Other development costs that do not meet those criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.



51. Statement of financial position of the Company

(a) Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	31 December 2025 RMB million	31 December 2024 RMB million
Non-current assets			
Property, plant and equipment		72,440	74,676
Investment properties		46	60
Right-of-use assets		91,914	75,028
Intangible assets		11,658	11,560
Advanced payments on acquisition of aircraft		11,215	14,986
Investments in subsidiaries		27,811	25,887
Investments in associates		2,241	2,474
Investments in joint ventures		135	428
Financial assets at FVTOCI		1,485	1,359
Deferred tax assets		4,488	5,589
Other non-current assets		5,505	6,789
		228,938	218,836
Current assets			
Flight equipment spare parts		15	17
Trade receivables		1,636	1,463
Prepayments and other receivables		63,614	56,355
Financial assets at FVTPL		122	101
Derivative financial instruments		3	56
Restricted bank deposits		7	12
Cash and cash equivalents		3,422	1,023
		68,819	59,027
Total assets		297,757	277,863
Current liabilities			
Trade and bills payables		26,448	16,416
Other payables and accruals		34,832	31,312
Contract liabilities		10,592	9,806
Current portion of borrowings		47,870	52,681
Current portion of Lease liabilities		11,866	11,989
Current portion of provision for lease return costs for aircraft and engines		270	–
Derivative financial instruments		28	–
		131,906	122,204
Net current liabilities		(63,087)	(63,177)
Total assets less current liabilities		165,851	155,659



Notes to the Consolidated Financial Statements

Year ended 31 December 2025

51. Statement of financial position of the Company (continued)

(a) Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	Note	31 December 2025 RMB million	31 December 2024 RMB million
Non-current liabilities			
Borrowings		52,390	50,943
Lease liabilities		51,309	40,965
Provision for lease return costs for aircraft and engines		4,262	3,649
Contract liabilities		660	418
Post-retirement benefit obligations		1,536	1,732
Other long-term liabilities		648	595
		110,805	98,302
Net assets			
		55,046	57,357
Equity			
Capital and reserves			
– Share capital		22,088	22,291
– Perpetual Bond		25,067	25,067
– Reserves	(b)	7,891	10,019
– Treasury Shares		–	(20)
Total equity			
		55,046	57,357



51. Statement of financial position of the Company (continued)

(b) A summary of the Company's reserves is as follows:

	Share premium RMB million	Capital reserve RMB million	Hedging reserve RMB million	Statutory reserve RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
Balance at 1 January 2024	57,475	(720)	26	752	(2,530)	(39,343)	15,660
Unrealised gains on cash flow hedges	-	-	5	-	-	-	5
Fair value movements in equity investments designated at FVTOCI	-	-	-	-	(66)	-	(66)
Actuarial losses on post-retirement benefit obligations	-	-	-	-	(107)	-	(107)
Loss for the year	-	-	-	-	-	(4,873)	(4,873)
Distribution to holders of perpetual bond	-	-	-	-	-	(600)	(600)
At 31 December 2024	57,475	(720)	31	752	(2,703)	(44,816)	10,019
Balance at 1 January 2025	57,475	(720)	31	752	(2,703)	(44,816)	10,019
Unrealised losses on cash flow hedges	-	-	(59)	-	-	-	(59)
Fair value movements in equity investments designated at FVTOCI	-	-	-	-	(5)	-	(5)
Actuarial gains on post-retirement benefit obligations	-	-	-	-	42	-	42
Loss for the year	-	-	-	-	-	(1,406)	(1,406)
Distribution to holders of perpetual bond	-	-	-	-	-	(700)	(700)
At 31 December 2025	57,475	(720)	(28)	752	(2,666)	(46,922)	7,891



Supplementary Financial Information

Year ended 31 December 2025

The following consolidated financial information is extracted from the consolidated financial statements of the Group, prepared under the PRC Accounting Standards.

Significant Differences Between IFRSs and PRC Accounting Standards

The Group's accounting policies adopted in the financial statements prepared by management in accordance with IFRSs differ in certain aspects from those adopted in the financial statements prepared by management in accordance with the PRC Accounting Standards. The aforesaid differences which have a significant effect on the consolidated profit attributable to owners of the Company and consolidated net assets attributable to owners of the Company are summarised as follows:

	2025 RMB million	2024 RMB million
Consolidated loss attributable to owners of the Company		
As stated in accordance with PRC Accounting Standards	(1,633)	(4,226)
As stated in accordance with IFRSs	(1,633)	(4,226)

	2025 RMB million	2024 RMB million
Consolidated net assets attributable to owners of the Company		
As stated in accordance with the PRC Accounting Standards	37,759	40,532
Impact of IFRSs and other adjustments:		
– Intangible assets (goodwill) (a)	2,242	2,242
As stated in accordance with IFRSs	40,001	42,774

- (a) The recognition and measurement of the fair values of the acquisition costs and identifiable assets and liabilities of Shanghai Airlines acquired are different under IFRSs and the PRC Accounting Standards, which result in a difference in the intangibles/goodwill recognised arising from the acquisition.





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