

中國東方航空股份有限公司

CHINA EASTERN AIRLINES CORPORATION LIMITED

equipment RMB'000

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

2000 Interim Results

FINANCIAL STATEMENTS

A.	Prepared in accordance with International Accounting Standards ("IAS")
	CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	(Unaudited) 2000 RMB	(Unaudited) As restated 1999 RMB	(Unaudited) 2000 US\$	2000 vs 1999 Increase/ (Decrease) %
Traffic revenues Passenger Cargo and mail Other operating revenues		4,160,833 989,384 192,993	3,757,195 753,838 204,415	502,637 119,520 23,314	10.74 31.25 (5.59)
Turnover	3	5,343,210	4,715,448	645,471	13.31
Operating expenses Wages, salaries and benefits Take-off and landing charges Aircraft fuel Food and beverages Aircraft depreciation and operating leases Other depreciation and operating leases Aircraft maintenance Commissions Office and administration Other	2, 5	358,528 766,221 951,257 246,902 1,044,394 134,409 405,436 308,715 377,545 230,216	340,433 757,009 798,798 211,670 988,231 94,591 314,778 259,796 325,872 192,899	43,311 92,561 114,914 29,826 126,165 16,237 48,978 37,293 45,608 27,811	5.32 1.22 19.09 16.64 5.68 42.09 28.80 18.83 15.86 19.35
Total operating expenses		4,823,623	4,284,077	582,704	12.59
Operating profit Interest expense, net Gain on disposal of aircraft Other income	5	519,587 (404,680) 98,413 100,855	431,371 (464,413) 63,521 109,481	62,767 (48,886) 11,888 12,183	20.45 (12.86) 54.93 (7.88)
Profit before taxation Taxation	4	314,175 (81,732)	139,960 (45,293)	37,952 (9,873)	124.47 80.45
Profit after taxation Minority interests		232,443 (28,766)	94,667 2,304	28,079 (3,475)	145.54 (1,348.52)
Profit attributable to shareholders		203,677	96,971	24,604	110.04
Earnings per share	7	RMB0.042	RMB0.020	US\$0.005	
CONDENSED CONSOLIDATED BALA! As at 30 June 2000 (Amounts in thousands unless otherwise states)					
	,	Note	(Unaudited) 30 June 2000 RMB	(Audited) As restated 31 December 1999 RMB	(Unaudited) 30 June 2000 US\$
Goodwill Fixed assets and Construction in progress Other non-current assets Current seeds		9	104,622 19,951,675 3,971,418	107,450 20,172,201 4,040,740	12,638 2,410,205 479,756

	23,4/1,5/.
Capital and reserves	7,217,17
Obligations under finance leases	9,911,90
Long-term loans	4,117,24
Other long term liabilities	2,225,25

urrent assets Flight equipment spare parts less allowance for obsolescence Receivables and prepayments Deposits with related companies Cash and bank balances

Current liabilities
Payables and accruals
Current portion of obligations under finance leases
Current portion of long-term loans
Loans from a related company
Short-term bank loans

For the six months ended 30 June 2000 (Amounts in thousands unless otherwise stated)	0111			
(Unaudited)	Share Capital RMB	Reserves RMB	Retained profits RMB	Total RMB
At 1 January 2000 As previously reported Effect of adopting IAS 37 (Note 2)	4,866,950	1,201,143	507,905 437,497	6,575,998 437,497
As adjusted Consolidated profit attributable to shareholders	4,866,950	1,201,143	945,402 203,677	7,013,495 203,677
At 30 June 2000	4,866,950	1,201,143	1,149,079	7,217,172
At 1 January 1999 As previously reported Effect of adopting IAS 37 (Note 2)	4,866,950	1,198,177	360,243 503,836	6,425,370 503,836
As adjusted	4,866,950	1,198,177	864,079	6,929,206

(556,143)

1,198,177

23,663,570

2,835,416

CONDENSED CONSOLIDATED CASH FLOW STATEMENT For the six months ended 30 June 2000

	(Unaudited)	(Unaudited)	(Unaudited)
	2000	1999	2000
	RMB	RMB	US\$
Net cash inflow from operating activities	969,914	583,637	117,168
Net cash outflow from investing activities	(550,156)	(679,528)	(66,460)
Net cash outflow from financing activities	(628,310)	(612,843)	(75,901)
Net cash outflows	(208,552)	(708,734)	(25,193)
Cash and cash equivalents at 31 December	1,315,172	1,792,824	158,876
Exchange adjustment	4,624	(13,287)	559
Cash and cash equivalents at 30 June Analysis of the balances of cash and cash equivalents	1,111,244	1,070,803	134,242
		(Unaudited)	(Andited)

	(Chaudited)	(Audited)
	30 June	31 December
	2000	1999
	RMB'000	RMB'000
Short-term deposits and bank balances	976,644	957,854
Deposits with related companies	140,575	364,166
Less: short-term deposits with original maturity over three months	(5,975)	(6,848)
	1,111,244	1,315,172
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		

Disso of preparation. The accompanying unaudited consolidated interim financial statements comprise the consolidated financial statements of the Company and all its subsidiaries are as at 30 June 2000 and of the results for the six months ended 30 June 2000. All significant transactions between and among the Company and its subsidiaries are liminated on consolidation.

among the Company and its substitutions are are Eminimated in Consortation.

The consolidated interim financial statements have been prepared in conformity with International Accounting Standards ("IAS"). This basis of accounting differs in certain material respects from that used in the preparation of the Group's statutory financial statements in the PRC. The statutory financial statements of the Group have been prepared in accordance with the accounting principles and the relevant regulations applicable to PRC joint stock limited companies ("PRC Accounting Regulations"). Differences between PRC Accounting Regulations and IAS on the unaudited consolidated profit attributable to shareholders for the six months ended 30 June 2000 and on the unaudited consolidated net assets as at 30 June 2000 are set out in Section C.

In addition, IAS differs in certain material respects from generally accepted accounting principles in the United States of America ("U.S. GAAP"). Differences between IAS and U.S. GAAP on the unaudited consolidated profit attributable to shareholders for the six months ended 30 June 2000 and on the unaudited consolidated net assets as at 30 June 2000 are set out in Section 5.

Accounting policies

During the period, the Group changed its accounting policy with respect to the recognition of major overhaul expenses for both owned aircraft and engines, as well as aircraft and engines held under finance leases. In previous years, the costs of major overhauls are estimated and charged to operating profit over the period between overhauls using the ratio of actual flying hours/cycles and estimated flying hours/cycles between overhauls. Differences between the estimated cost and the actual cost of the overhaul are included in the operating profit in the period of overhaul.

In 1998, the International Accounting Standards Committee issued a new accounting standard IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", which is effective for accounting periods beginning on or after 1 July 1999, Following the adoption of this new standard, major overhaul expenses for owned assets and assets held under finance leases are charged to the operating profit as and when incurred. Such new accounting policy has been applied retrospectively to these financial statements.

The effect of the above change in accounting policy is a decrease in aircraft maintenance expenses of RMB44,414,000 (1999: RMB48,792,000) and an increase in the consolidated profit attributable to shareholders of RMB43,157,000 (1999: RMB24,691,000) for the six months ended 30 June 2000. The retained profits as at 1 January 99 has been increased by RMB503,836,000 which represents the cumulative effect of change in accounting policy in respect of periods prior to 1999. Apart from the above, the accounting polices used in the preparation of these unaudited consolidated interim financial statements are consistent with those used in the annual audited financial statements for the year ended 31 December 1999.

Turnover
The Group is principally engaged in the provision of domestic, Hong Kong and international passenger, cargo and mail airline services. Turnover comprises revenues from airline and airline related services net of sales tax and civil aviation infrastructure levies. The turnover and operating profits/(losses) by geographical segments are analysed as follows:
For the six months ended 30 June (Unaudited)

			muis chucu 30 3		
	Domestic RMB'000	Hong Kong RMB'000	Japan RMB'000	Other countries* RMB'000	Total RMB'000
2000					
Traffic revenues Other operating revenues	2,067,664 192,993	1,012,186	730,796	1,339,571	5,150,217 192,993
Turnover	2,260,657	1,012,186	730,796	1,339,571	5,343,210
Operating profit/(loss)	165,064	272,896	183,062	(101,435)	519,587
1999					
Traffic revenues	2,003,516	939,003	528,823	1,039,691	4,511,033
Other operating revenues	204,415		-	-	204,415
Turnover	2,207,931	939,003	528,823	1,039,691	4,715,448
As restated					
Operating profit/(loss)	142,247	263,550	75,621	(50,047)	431,371

		(Unaudited) For the six months ended 30 June	
	2000 RMB'000	As restated 1999 RMB'000	
Provision for PRC income tax			
	16,242	-	
Deferred taxation	65,490	45,293	
	81,732	45,293	

Pursuant to the Circular (2000) no. 52 jointly issued by the Shanghai Municipal Financial Bureau and Shanghai Municipal State Tax Bureau, a subsidiary is exempt from and subject to a reduced income tax rate of 15% for the years ended 31 December 1999 and 2000 respectively. Except for the subsidiary, PRC income tax is calculated at the applicable tax rate of 33% (1999: 33%) on the estimated assessable profits for the period determined in accordance with the relevant PRC income tax rules and regulations. Essensive assessance promis for the period determined in accordance with the relevant PRC income tax rules and regulations. The Group operates international flights to certain overseas destinations. There was no material overseas taxation for the six months ended 30 June 2000 as there exist double tax reliefs between PRC and the corresponding jurisdictions (including Hong Kong Special Administrative Region of the PRC ("Hong Kong")). Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. Deferred tax assets are recognised only to the extent that the deductible temporary differences are expected to be realised in the foresceable future.

Fixed assets

In the previous year, the Company entered into a sales agreement with an independent third party to dispose of all its thirteen MD-82 aircraft. Three aircraft have been delivered during the six months ended 30 June 2000 (1999: Five aircraft) and the Company recognised gains totalled RMB98,413,000 (1999: RMB63,521,000) arising from the disposal which represents the difference between the sales proceeds and the net book value of these aircraft at the date of disposal. Repairs and maintenance costs amounting to RMB47,185,000 (1999: RMB71,710,000) were incurred to meet the delivery conditions as set out in the sales agreement upon disposal. These are charged to the consolidated profit and loss account.

Sound of Directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2000 (1999: Nil). Interim dividend

The calculation of earnings per share is based on the unaudited consolidated profit attributable to shareholders of RMB203.677,000 (1999: restated profit of RMB96,971,000) and the weighted average number of 4,866,950,000 shares (1999: 4,866,950,000 shares) in issue during the period.

Profit appropriation

(Unaudited)	and flight equipment RMB'000	Land use rights RMB'000	assets and equipment RMB'000	progress RMB'000	Total RMB'000
Cost					
At 1 January 2000	21,069,347	499,011	2,077,577	1,159,808	24,805,743
Additions	413,582	-	88,231	289,818	791,631
Disposals	(295,113)	-	(20,086)	-	(315,199)
Transfer from CIP to					
fixed assets			51,071	(51,071)	
At 30 June 2000	21,187,816	499,011	2,196,793	1,398,555	25,282,175
Accumulated depreciation/Provision					
At 1 January 2000	3,897,608	34,205	483,729	218,000	4,633,542
Charge/provision for					
the period	684,868	5,483	91,727	33,000	815,078
Disposals	(99,071)	-	(19,049)	-	(118,120)
Transfer from CIP to fixed assets	-	-	6,000	(6,000)	-
At 30 June 2000	4,483,405	39,688	562,407	245,000	5,330,500
Net book value at					
30 June 2000	16,704,411	459,323	1,634,386	1,153,555	19,951,675
Net book value at					
31 December 1999	17,171,739	464,806	1,593,848	941,808	20,172,201

10. Commitments and contingent liabilitie

(a)	As at 30 June 2000, the Group had capital commitments as follows:-		
		(Unaudited) 30 June 2000 RMB'000	(Audited) 31 December 1999 RMB'000
	Authorised and contracted for: -Aircraft and related equipment	12.614.717	11.466.474

13,084,215 11,950,367 624,220

The above commitments between 2000 and 2006. ag leases t.
(Unaudited)
30 June 2000
and Land and buildings
RMB'000
57,799 (Audited)
31 December 1999
ft and Land and oment buildings
3'000 RMB'000 Aircraft and ht equipment RMB'000 flight

Contingent liabilities
As at 30 June 2000, the Group had provided a guarantee to a bank amonting to RMB150,000,000 in respect of bank facilities
granted to Nanging Lu Kou International Airport Company ("Lu Kou International Airport"), a third party. In addition, the Group
had provided a guarantee to Citic Securities Co. Ltd. amounting to RMB160,000,000 in respect of a 3-year corporate debenture
issued by Jiangsu Aviation Property Group Co. Ltd., the holding company of Lu Kou International Airport.

814,592 922,296 3,665,794 6,587,378

issued by Jiangsu Aviation Property Group Co. Ltd., the holding company of Lu Kou International Airport.

Convenient translation

The unaudited consolidated profit and loss account and net assets have been prepared in Renminbi ("RMB"), the national currency of the PRC. Translations of amounts from RMB into United States dollars ("USS") solely for the convenience have been made at the rate of USS1.00 to RMB8.2780 being the average of the buying and selling rates as quoted by People's Bank of China at the close of business on 30 June 2000. No representation is made that RMB amounts could have been or could be converted into USS at that rate or at any other rate on 30 June 2000 or any other date.

Prepared in accordance with the PRC Accounting Regulations
Consolidated Balance Sheet

Asset	s	(Unaudited) 30 June 2000 RMB	(Audited) 31 Dec 1999 RMB
Net l Total Total	Current Assets Ong-term Investments Fixed Assets Intangible Assets & Other Assets Assets	7,121,123 714,389 17,675,099 763,110 26,273,721	7,316,340 724,687 18,112,088 806,632 26,959,747
Total Total Total Mino Total	lities & Shareholders' Equity Current Liabilities Long-term Liabilities Liabilities rity Interests Shareholders' Equity Liabilities & Shareholders' Equity	5,551,205 13,657,743 19,208,948 310,064 6,754,709 26,273,721	5,548,196 14,469,824 20,018,020 259,179 6,682,548 26,959,747
	olidated Profit and Loss Account unts in thousands unless otherwise stated)	(Unaudi For the six months 2000 RMB	
I.	Revenue from Main Operations: Less: Revenue from Civil Air Infrastructure Construction Fund	5,598,045 171,966	4,852,437 153,549
	Revenue from Main Operations, net Less: Operating Cost Business Taxes and Surtaxes	5,426,079 4,301,069 136,721	4,698,888 3,915,100 119,463
II.	Profit from Main Operations Add: Income from Other Operations Less: Allowance for Reduction of Inventory to Market Operating Expenses General & Administrative Expenses Financial Expenses	988,289 207,351 5,524 624,371 211,151 398,171	664,325 133,997 20,369 428,934 178,712 415,557
ш.	Profit from Operations Add: Income from Investments Subsidy Income Non-operating Income Less: Non-operating Expenses	(43,577) 27,756 210 142,383 8,910	(245,250) 27,754 7,600 288,358 24,142
IV.	Total Profit Less: Income Tax Minority Interest (for consolidated statements)	117,862 16,306 30,652	54,320 1,251
v.	Net Profit	70,904	53,069

adopts the Gregorian Calendar year as its accounting period, i.e., from 1 January to 31 December.

The Company adopts the accrual basis, double-entry system and historical cost as basis of accounting.

Translation of Poreign Currencies
The Company maintains its books and records in RMB.
Transactions in foreign currencies and records in RMB at the market medium exchange rate prevailing on the first day of the month in which the transactions take place. Monetary assets and liabilities in foreign currencies are translated into RMB at the market medium exchange rates prevailing enterpressions take place.

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Definition of Cash Equivalents

Cash equivalents refer to those assets having the features of short term, high liquidity, low risks of fluctuation in value and easy convertibility into a giver

ination of bad debts

When the debtor is bankrupted or dead, the accounts are yet unable to be recovered after the liquidation with the debtor's bankrupt estate or legacy.

With an aging over 3 years, the accounts are unable to be collected as the debtor's default in making repayment.

Determination, provisioning method and percentage of provision for bad debts. The Company adopts allowance method to account for provision for bad debts. The Company adopts allowance method to account for provision for bad debts. The Company makes provision for bad debts against receivable times, including Accounts Receivables and Coher Receivables, under aging method together with consideration of the actual situation of the debtor at the middle and end of the period. The aging and the corresponding provisioning percentages are listed as follows:

Within I Year In the Second Year In the Third Year In the Fourth Year In the Fifth Year After 5 Years

recognized as an investment gain or loss in the current period.

(2) Provision for loss on current investment
At the middle and end of the period, the Company should adjust the carrying amount of current amount to the lower of the cost and market value,
and make provision at the excess of carrying amount over the market value on an individual item basis.

Long-term Investment

(1) Long-term equity investment consists of securities investment and other equity investment. It is recorded at the aconsistion of the control of the

ong-term equity investment consists of securities investment and other equity investment. It is recorded at the acquisition cost actually paid or the price appraised or determined by relevant contract. The equity method is applied wherever the Company has 20% or more voting capital of e investee entities, or has less than 20% of the voting capital but has significant influence over the investee entities. The cost method is applied herever the Company's investment is less than 20% of the voting capital of the investee entities, or the investment is 20% or more but the ampany does not have significant influence. Long-term debt investment Long-term debt investment in bonds and lease. It is recorded at acquisition cost and the inve on the accrual basis.

Equity investment difference
The shortfall of investment cost over the investor's share of owner's equity of the investee enterprise as explained in paragraph (1), is generally amortized over a period of 10 years.

anontized over a period in Vycais.

Provision for loss on long-term investment
If the recoverable amount of a long-term investment is lower than its carrying amount as a result of deterioration in operating conditions of the
investee enterprise, and the devaluation is unrecoverable in the foreseeable future, the Company should record the difference between the recoverable
amount and the carrying amount as provision for loss on long-term investment at the middle and end of the period.

amount and the carrying amount as provision for loss on long-term invasions.

Fixed Assets and Depreciation
Fixed asset refers to those assets whose useful lives are more than 1 year, value more than RMB 2,000 and can be held physically to directly realize its benefits during the course of use. Fixed asset series asset series of the cost as residual value, depreciation is provided on a straight-line basis according to the useful lives as follows:

10.15 years
10.15 years

Buildings and Premise
Motor Vehicles and Electronic Device
Other Equipment

Construction-in-Progress
All facilities purchased and installed, self-made or subcontracted are accounted for in the account of <Construction-in-Progress Construction-in-Progress is recorded at acquisition cost, including cost of facilities, installation expenses and the interest capitalized during the course of construction for the purpose of financing the project.

Upon the completion and readiness for use of the project, the cost of construction-in-progress is to be transferred to the account of <Fixed Assets>. Valuation and Amortization of Intangible Assets
Intangible assets are recorded at the actual acquisition cost and are amortized over its expected beneficial period under straight-line method.

Amortization of Organization Expenses and Long-term Deferred Expenses
(1) Organization expenses are amortized over 5 years.

(2) Long-term deferred expenses are amortized over the estimated beneficial years under straight-line method.

Overhaul of Aircraft and Engines

Pursuant to the related regulations stipulated by the Finance Dept. of Civil Aviation Administration of China ("CAAC"), while arranging overhaul of aircraft and engines, the Company should make provisions at 2%—4% of the original value in consideration of the overhaul cycle and expected cost of various types of aircraft.

aircraft and engines, use Company arranged and a various types of aircraft.

Income Recognition
The Company's income from provision of transportation service of passengers, cargo and mails is recognized upon delivery of the service. Air-tickets sold in advance but not executed are listed as current liabilities, which are accounted for in the account of "Domestic Sales in Advance of Carriage» and "International Sales in Advance of Carriage». Those tickets sold by or executed by other than the Company are to be cleared through China Civil Aviation Settlement Center. «Transportation Income» is recorded with the uplifted coupons as evidence.

Commission income is to be recognized upon billing by other airline companies.

Ground service income is recognized when rendering services.

Income Tax

The income tax is accounted for using tax payable method.

Particular Consolidated Statements

Consolidated profit attributable to shareholders (All amounts in thousands unless otherwise stated)

of Consolidated Statements
Consolidated Statements
Consolidated scope
The Company prepares its financial statements in compliance with the <Provisional Regulations for the Consolidation of Financial Statements's issued by the Ministry of Finance, its Ref. No. CKZ (1995) 11. Wherever the equity investment made by the Company to the outside enterprise is over 50% of the invested enterprise's capital, or less than 50% but the Company has the real control, the investee entities should be included in the consolidation. However, those investee entities that have been established within a year, or have not formally commenced operations, or those have total assets, operating revenue and net profit all under 10% of the Company's total are exempted from consolidation.

Consolidation method
The consolidated financial statements are prepared on the basis of the financial statements of the Company and its subsidiaries within the consolidation scope and other relevant information. The equity investment and the corresponding portion of the owner's equity of the investee, the claims and liabilities, as well as the internal sales between or among them are to be offset when preparing the consolidated statements.

Significant Differences between IAS and PRC Accounting Regulations

For the six months ended 30 June As restated 1999 RMB 2000 RMB As stated in accordance with PRC statutory accounts impact of IAS and other adjustments: Allowance for obsolescence of flight equipment spare parts Difference in depreciation charges of flight equipment due to different useful lives Difference in gain/(toss) on disposal and depreciation charges of aircraft due to different useful lives 53,069 225,090 78,010

Provision for overhaul expenses	(35,795)	28,655
Reversal of additional charges of flight equipment spare parts	(,)	,
arising from revaluation surplus of such assets	5,396	11.804
Accrual of net interest income on subleases	(2,881)	12,973
Provision for post-retirement benefits	(53,270)	(50,434)
Provision for sale of staff quarters	(33,000)	(30,000)
Amortisation of goodwill	(2,828)	-
Other	72,854	8,399
Tax adjustments	(65,490)	(46,444)
As stated in accordance with IAS	203,677	96,971
Consolidated net assets		
(All amounts in thousands unless otherwise stated)		
		As restated
	30 June	31 December
	2000	1999
	RMB	RMB
As stated in accordance with PRC audited statutory accounts	6,754,709	6,682,548
Impact of IAS and other adjustments:		
Allowance for obsolescence of flight equipment spare parts	(49,211)	(39,464)
Difference in depreciation charges of flight equipment due to		
different useful lives	399,260	366,816
Difference in gain/(loss) on disposal and depreciation charges of		
aircraft due to different useful lives	1,377,739	1,152,649
Provision for overhaul expenses	(487,114)	(451,319)
Reversal of additional charges of flight equipment spare parts arising		
from revaluation surplus of such assets	(75,456)	(80,852)
Accrual of net interest income on subleases	(2,641)	240
Provision for post-retirement benefits	(481,296)	(428,026)
Disposition charge of Fokkers flight equipment	(38,750)	(38,750)
Provision for sale of staff quarters	(316,000)	(283,000)
Goodwill	104,622	107,450
Other	162,471	90,874
Tax adjustments	(131,161)	(65,671)
As stated in accordance with IAS	7,217,172	7,013,495
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Differences between IAS and U.S. GAAP, which have significant effects on the unaudited consolidated profit attributable to shareholders and the unaudited consolidated net assets are summarised below:
Consolidated profit attributable to shareholders.

Consolidated profit attributable to shareholders				
(All amounts in thousands unless otherwise stated)	For the six months ended 30 June			
			As restated	
		2000	1999	2000
	Note	RMB	RMB	US\$
As stated under IAS		203,677	96,971	24,605
U.S. GAAP adjustments:				
Reversal of additional depreciation charges				
arising from the revaluation surplus of fixed assets		77,376	81,320	9,347
Reversal of amortisation charge on land use rights		4,210	4,210	509
Reversal of amortisation charge on goodwill		2,828	-	342
Gain/(loss) on disposal of aircraft and related				
assets and accelerated depreciation		34,183	33,649	4,129
Change in accounting policy for aircraft overhaul expenses	(a)	652,981	(48,792)	78,881
Sales and leaseback of aircraft Post-retirement benefits		(66,111)	17.500	(7,986)
		21,233	17,560	2,565
Deferred tax effect on U.S. GAAP adjustments	_	(239,811)	(29,023)	(28,970)
Consolidated profit attributable to shareholders				
under U.S. GAAP	=	690,566	155,895	83,422
Earnings per share under U.S. GAAP	(b)	RMB0.14	RMB0.03	US\$0.017
Earnings per American Depository Share	_			
(ADS) under U.S. GAAP	(b)	RMB14.19	RMB3.20	US\$1.7141
	=			
Consolidated net assets				
(All amounts in thousands unless otherwise stated)			As restated	
		30 June	31 December	30 June
		2000	1999	2000
		RMB	RMB	US\$
As stated under IAS		7,217,172	7,013,495	871,850
U.S. GAAP adjustments:		,,21,,1,2	7,015,455	071,000
Reversal of revaluation surplus of fixed assets		(977,240)	(977,240)	(118,053)
Reversal of land use rights at valuation		(420,999)	(420,999)	(50,858)
Goodwill written off to equity		(113,105)	(113,105)	(13,663)
Reversal of difference in depreciation charges and				
accelerated depreciation and gain/(loss) on disposal				
arising from revaluation surplus of fixed assets		500,944	389,385	60,515
Change in accounting policy for aircraft overhaul expenses	(a)		(652,981)	
Sales and leaseback of aircraft		(95,433)	(29,322)	(11,529)
Reversal of amortisation charge on land use rights		33,680	29,470	4,069
Reversal of amortisation charge on goodwill		8,483	5,655	1,025
Post-retirement benefits		164,168	142,935	19,832
Deferred tax effect on U.S. GAAP adjustments	_	296,836	536,647	35,858
Consolidated net assets under U.S. GAAP	_	6,614,506	5,923,940	799,046
Note:-	-			

During the period, the Group changed its accounting policy with respect to the recognition of major overhaul expenses, see Section A Note 2 for details. Such change was reflected in the financial statements prepared under IAS on a retrospective basis with restatement of the relevant balances for 1999. Under U.S. GAAP, a change in accounting policy is recognised by including the cumulative effect, based on a retrospective computation, in the operating results in the period of change.

Effect of change in accounting policy on earnings per share Litect of change in accounting poncy on cannings per share and the earnings per American As a result of the adoption of IAS 37, the cumulative effect of the change in accounting policy on the earnings per share and the earnings per American Depository Share of the company for the 6 months ended 30th June 2000 is an increase of the per share amount by RMB0.88 (USS0.11) and RMB8.8 (USS1.1) respectively.

ECTED AIRLINE OPERATING DATA		
	For the six months e	
Capacity	2000	199
ASK (available seat-kilometers) (millions)	11,142.85	11,051.9
ATK (available tonne-kilometers) (millions)	1,737.98	1,599.9
Traffic	,	
Total tonne-kilometers (millions)	981.07	811.2
Passenger tonne-kilometers (millions)	581.74	534.2
Cargo tonne-kilometers (millions)	399.33	277.0
Passenger-kilometer (millions)	6,660.03	6,111.0
Hours flown (thousands)	86.03	85.1
Number of passengers carried (thousands)	4,307.93	4,039.4
Weight of cargo carried (kg) (millions)	128.48	108.€
Load Factor (%)		
Overall load factor	56.45	50.7
Passenger load factor	59.77	55.3
Break-even load factor (based on ATK)	52.87	48.7
Yield and Costs (RMB)		
Passenger yield (passenger revenues/passenger kilometers)	0.62	0.6
Cargo yield (cargo revenues/cargo tonne-kilometers)	2.48	2.7
Average yield (passenger and cargo revenues/tonne-kilometers)	5.25	5.5
Unit cost (operating expenses/ASK)	0.43	0.3
Unit cost (operating expenses/ATK)	2.78	2.7

Review of Operations
During the first half of 2000, the trends of development in the global economy were positive, the economy of the Asian region continued to recover, the Chinese economy continued to maintain good growth prospects and the macroeconomic environment in China further improved. Additionally, the domestic and international air traffic markets were also in a growth trend. The Group actively took a series of measures in response to aviation market demands, including promptly adjusting its air route structure and flight frequency. In accordance with market changes, the Group suspended the Shanghai to San Francisco route and increased the number of flights on routes to South Korea and Hong Kong and other Southeast Asian countries. The Group and effectible adjustments to its sales strategy by implementing the joint operation of 52 domestic routes, thereby increasing the Company's revenues. The Group actively developed business cooperation opportunities with foreign and domestic airlines to attract a stable passenger base. In response to the strong development prospects in the cargo market, the Group increased its cargo carrying capacity, but the passenger base. In response to the strong development prospects in the cargo market, the Group increased its cargo carrying capacity, but the passenger base. In response to the strong development prospects in the cargo market, the Group increased its cargo carrying capacity, but the passenger base. In response to the strong development prospects in the cargo market, the Group increased its cargo carrying capacity, but the structure of the passenger base. In response to the strong development prospects in the cargo market, the Group increased its cargo carrying capacity, but the structure of the passenger base. In response to the structure of the passenger base in the cargo market, the Group has capacity of the passenger of the

Group has 68 arcraft, including 52 passenger jet aircraft with a capacity of over 100 seats and 2 jet freighters.

As of 30 June 2000, traffic volume of the Group totalled 981 million tonne-kilometers, an increase of 20,96% over the same period last year, while total revenues amounted to RMB5.343 billion, an increase of 13.32% over the same period last year. The average aircraft daily utilization was 8 hours, an increase of 16.6 hours over the same period last year. The total passenger traffic volume was 6.660 billion passengers are some some period last year. The average aircraft daily utilization was 8 hours, an increase of 10.74% over the same period last year. Domestic passenger traffic volume reached 2.786 billion passenger-kilometers, an increase of 6.87% over the same period last year. Domestic passenger revenues were RMB1.937 billion, an increase of 3.59% over the same period last year, accounting for 46.55% of the Group's total passenger revenues.

Passenger traffic volume on Hong Kong routes amounted to 922 million passenger-kilometers, an increase of 5.13% over the same period last year. Hong Kong passenger revenues were RMB906 million, an increase of 7.32% over the same period of last year, accounting for 21.79% of the Group's total passenger revenues.

passenger revenues.
International passenger traffic volume reached 2.951 billion passenger-kilometers, an increase of 12.33% over the same period last year. International passenger revenues were RMB1.318 billion, an increase of 26.34% over the same period last year, accounting for 31.66% of the Group's passenger

cargo routes and the increased capacity.

The Group's total operating costs reached RMB4.824 billion, an increase of 12.59% over the same period last year. The increase in operating costs was primarily due to the continuing increase in the price of aviation fuel since April 1999 and the increased lease payments as a result of the addition of four Aribus A320 aircraft and the leaseback of three MD82 aircraft in the second half of 1999. The Group's increased operations at Shanghai Pudong's new airport also contributed to the increase of operating expenses, including increased depreciation on terrestrial fixed assets.

The Group's foreign currency exchange gain was approximately RMB30.86 million for the six months ended 30 June 2000, attributable primarily to the depreciation of the Japanese yen.

As a result of the above, the Group's net profit under IAS was approximately RMB204 million for the six months ended 30 June 2000.

Challot for the Second Half of 2000.

As a result of the above, the Group's net profit under IAS was approximately RMB204 million for the six months ended 30 June 2000. Outlook for the Second Half of 2000

The Company would like to caution readers that this interim report for the six months ended 30 June 2000 contains certain forward-looking statements, including without limitation the statements on the Company's work plan for the second half of 2000 and certain forward-looking statements and Chinese economies and aviation markets. These forward-looking statements are subject to significant uncertainties and risks and actual results may differ materially from those indicated in the forward looking statements,

The Company believes that during the second half of 2000, the Asian economy will continue to grow, primarily due to the influence of the favorable international economic environment resulting from the growth in the American and European economies. With China on the verge of acceding to the World Trade Organisation ("WTO"), the Chinese economy will become further globalized and demand in the domestic and international air traffic is expected to continue to grow. The CAAC has stated that it will continue to strengthen its control over certain macro aspects of the Chinese aviation market. The CAAC has indicated that it will:

market. The CAAC has indicated that it will:

strengthen its administration over routes and flights;
optimize the distribution of routes and duly plan the route network;
actively develop feeder routes to open the feeder route air traffic market;
further rectify the sales agent market;
solidify and develop the benefits gained from the joint operation of routes;
regulate the market, stabilize ticket prices for domestic routes and promote ticket price reform for domestic routes; and
duly carry out strategic adjustments and reorganizations of civil air carriers.

The Company believes that its operating environment will improve as a consequence of the CAAC's stated policies and the Chinese government's adoption of measures to increase domestic demand and regulate the travel market. Furthermore, as certain countries are expected to grant Chinese citizens access to more of their tourist spots during the second half of 2000, and with the coming of traditional holidays and festivals and the approach of the traffle peak, the Company's total traffle volume is expected to increase, resulting in an increase in the Company's operating revenues.

In light of the Company's current market environment, the Company will take the following steps in the second half of the year:

Rationalize the allocation of capacity and timely adjust its route structure.

Rationalize the allocation of capacity and timely adjust its route structure.

The Company plans to dispose of its one remaining MD82 aircraft and add four Airbus A320 aircraft under financial lease and four Airbus A319 aircraft under operating lease. The Company has completed the refitting of one of its MD11 passenger aircraft as its third cargo aircraft in August 2000. The Company intends to rationally allocate capacity and optimize the structure of its route network according to the market demand. The Company will also strengthen control over its flights and timely reduce or suspend flights with low passenger load factors.

Increase marketing efforts
The Company will continue to AIRCHING CHOITS
IN will continue to strengthen its sales efforts in the Chinese domestic market and Japan, South Korea and Hong Kong, enhance its ness on international long haul routes, fully use code sharing and increase marketing efforts to attract first class and business class and increase its share of the holiday traveler market. The Company also plans to develop an effective sales agent management system

Actively promote the Company's frequent flyer program to form a relatively stable passenger base. The Company's frequent flyer program covers all of the Company's routes. As of 30 June 2000, the members of the Company's Golden Swallow Club increased by 87% compared to its membership at the end of 1999. The Company will cooperate with other airlines and related industries to further develop this business and, in this effort, is currently discussing plans with relevant banks and internet companies. The Company will further simplify application procedures, including developing on-line applications, in order to maximize the convenience to membership applicants.

further simplify application procedures, including developing on-line applications, in order to maximize the convenience to membership applicants.

Strengthen the research and development of e-commerce and improve the on-line ticket reservation and payment system

Since October 1999, when the Company became the first civil airline in China to develop and use an integrated on-line ticket reservation and payment systems, it has recruited more than 11,000 on-line members. The Company's objective is to establis a comprehensive airline web site which combines services such as on-line seat reservation, on-line are reservation, on-line room reservation and self-service travel.

Actively develop cargo operations and develop the air cargo market

The Group's second refitted MD11 cargo aircraft commenced operation in August 2000, At present, the Group has three MD11 all-cargo aircraft and will increase investment in its cargo transport capacity according to the demand in the cargo transport market. The Group has plans to increase its flight frequency on cargo routes to Europe and North America and will devote major efforts to develop cargo markets outside Shanehai.

Shanghar.

Take strong measures to contain increases in costs

Uncontrollable factors such as increases in the price of aviation fuel, operations at two airports in one city and increased financial expenses for new aircraft have caused a rise in the Company's operating costs. The Company plans to take strong measures to strictly contain variable costs and limit cost increases. The measures include, without limitation, strengthening its investment planning management and gradually establishing an investment planning management computer system to enhance investment efficiency; strengthening its foreign exchange debt management and reducing foreign exchange risk and debt costs through debt restructuring; and, through a reorganization, strengthening the unified management and utilization of resources.

and utimization or resources.

Actively participate in strategic adjustments and reorganization and seek suitable cooperation partners.

In order to further restructure and optimize the Chinese civil aviation industry, the CAAC intends to create three large carriers which include the Company. Guided by the CAAC's new policy, the Company plans to participate in the restructuring of the Chinese civil aviation industry and formulate schemes and plans to further the Company's long-term development. The Company will also seek suitable cooperation partners.

Number of Shares

: Capital
Change in share capital
As of 30 June 2000, there was no change in the Company's share capital.

	A shares							
	Unlisted state-owned legal person shares	3,000,000,000	61.6					
	Listed shares	300,000,000	6.1					
	H shares	1,566,950,000	32.2					
	Total number of shares	4,866,950,000	100.0					
3.	Substantial shareholders							
٥.	As of 30 June 2000, the following shareholders held more than 10% of the issued shares of the Company:							
	and the company.							
	Name	Number of shares held	Percentage of shareholding (%					
	Eastern Air Group Company	3,000,000,000	61.6					
	HKSCC (Nominees) Limited	1,447,527,999	29.7					
4.	Directors, supervisors and senior management sl							
٠.	Directors, supervisors and senior management si	iare nothing statement	Number o					
	Name	Position	A Shares He					
	Li Zhongming	Chairman of the Board of Directors	2.80					
	Zhu Tonghai	Director	2,80					
	Shen Zejiang	Director, President	2,80					
	Xiao Liyuan	Director, Vice President	2,80					
	Zhong Xiong	Director, Vice President	2,80					
	Chen Quanxin	Director	2,80					
	Wu Baiwang	Director						
	Zhou Ruijin	Director						
	Gong Haocheng	Independent Non-executive Director						
	Hu Honggao	Independent Non-executive Director						
	Peter Lok	Independent Non-executive Director						
	Li Wenxin	Chairman of the Supervisory Committee						
	Ba Shengji	Supervisor	2,80					
	Zhou Rongcai	Supervisor						
	Feng Lei	Supervisor	2,80					
	Liu Jiashun	Supervisor						
	Wu Yulin	Vice President	2,80					
	Fan Ru	Chief Pilot	2,80					
	Yang Xu	Chief Engineer	2.00					
	I no Zhunino	Commons Constant						

Except as disclosed above, none of the Directors, Supervisors or any member of senior management of the Company had a beneficial the issued share capital of the Company as at 30 June 2000.

Material Matters

The Board of Directors does not recommend any payment of interim dividends for the six months ended 30 June 2000.

Influence of recent economic developments

The Company believes that during the second half of 2000, the Asian economy will continue to grow, due to the influence of the favorab economic environment resulting from the growth in the American and European economies. With China on the verge of acceding to Chinese economy will become further globalized and demand in the domestic and foreign air traffic markets is expected continue to

Chinese economy will recome natural goodantee and accusate the Acquisition and Merger
On 24 August 2000, to increase the Company's market share in the Chinese domestic passenger traffic market, the Board of Directors passed resolutions to acquire a 55% interest in Air Great Wall which is based in Ningbo, Zhejiang province. Air Great Wall is directly controlled and administered by the CAAC and operates over 30 domestic routes serving over 20 large and medium cities in China.

Staff quarters
Except as disclosed in the Group's 1999 Annual Report, the Group did not own, purchase or sell any staff quarters during six months ended 30

Purchase, Sale or Redemption of Listed Shares
There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares during the first half of 2000.

Inere was no purchase, sale of recemption of uncompany, or any of its subsidiaries, of the Company's shares during the first nair of 2000.

Compliance with Code of Best Practice

The Company complied with "The Code of Best Practice" set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the first half of 2000.

Material Litigation and Arbitration

The Group was not involved in any material litigation or arbitration in the first half of 2000.

Others

The Group has no designated deposits as of 30 June 2000 nor has it experienced any failures to collect fixed deposits upon maturity. The Company has at all times paid the full amount of income tax in accordance with the relevant tax regulations of the PRC and has ne the preferential 18% income tax refund from the government. Therefore, neither the unified income tax rate nor the cancellation of the tax refund by the Chinese government has had any significant impact on the Company. The Company has never been subject to the "levy first and refund later" tax policies formulated by local governments themselves; therefore, the cancellation of such policies by the Chinese government has not had any impact on the Company.

Documentation for review: Original copy of the interim report for the six months ended 30 June 2000 and financial report with the signature of the

Address for review: Secretary Office of the Board of Directors, China Eastern Airlines Corporation Limited, 2550 Hongqiao Road, Shanghai, the People's Republic of China.