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## **China Eastern Airlines Corporation Limited Announces 2001 Interim Results**

- **Total revenues increased by 8.7% to RMB5.81 billion**
- **Attributable profits to shareholders were RMB70.33 million, down 65.5%**
- **Traffic volume totaled 1.13 billion tonne-kilometers, up 13.2%**
- **Average aircraft daily utilization rose 1.1 hours to 9.1 hours**

**Hong Kong, 28 August 2001** – China Eastern Airlines Corporation Limited announced the unaudited consolidated interim results of the Company and its subsidiaries (China Eastern Airlines or “the Group”) for the six months ended 30 June 2001. During the period, the Group reported a 65.5% decrease in net profit, to RMB70.33 million compared with RMB203.68 million in the same period last year. Turnover increased 8.7% to RMB5.81 billion while traffic revenue increased 8.2% to RMB5.57 billion, compared to the same period last year. Earnings per share were RMB0.014, a decrease of 65.5% from the first half of last year. The Board of Directors did not recommend any interim dividend for the six months ended 30 June 2001.

During the first half of 2001, air traffic demand in the PRC aviation industry was adversely affected by the global economic slowdown. The persistently high fuel prices and intensified competition in both domestic and international air traffic markets also added to the pressure.

During the period, traffic volume amounted to 1.13 billion tonne-kilometers, representing an increase of 13.2% over the same period last year. Total traffic revenues increased 8.2%, from RMB5.15 billion in the first half of 2000 to RMB5.57 billion this year.

The average aircraft daily utilization was 9.1 hours, increased by 1.1 hours from the corresponding period. Total passenger traffic volume surged by 11.8%, to 7.45 billion passenger-kilometers while total passenger revenues reached RMB4.61 billion, representing a 10.8% increase over the first half last year.

Domestic passenger traffic volume amounted to 3.41 billion passenger-kilometers, up 12.9%. Domestic passenger revenues, which accounted for 47.8% of the Group's total passenger revenues, increased 13.9% to RMB2.21 billion.

Passenger traffic volume on Hong Kong routes reached 996 million passenger-kilometers. Hong Kong passenger revenues, which accounted for 21.5% of the Group's total passenger revenues, were up 9.4% to RMB991 million.

International passenger traffic volume increased 11.8% over the same period last year, to 3.04 billion passenger-kilometers. International passenger revenues were RMB1.41 billion, increased by 7.3%. This accounted for 30.7% of the Group's total passenger revenues.

Mr. Ye Yigan, Chairman of the Group, said "for the first six months this year, the Group's operating costs increased 12.6% from the same period last year, amounted to RMB5.43 billion. The addition of new aircrafts and related equipments led to an increase in the Group's operating lease payments and engine depreciation expenses. Moreover, the continuing high fuel prices also increased the Group's aviation fuel cost by RMB346 million from the first half last year."

Mainly due to the depreciation of Japanese yen, the Group reported an approximately RMB85.64 million gain in foreign exchange in the first six months this year.

"Looking ahead in the second half of this year, China Eastern Airlines believes the competition in the China aviation industry will remain intense. Nevertheless, being a leading airline in the PRC market, the Group plans to implement several measures to improve operating efficiency and enhance competitiveness." Mr. Ye added.

Upcoming measures to address the fierce competition in the aviation market include rationalizing the allocation of capacity and optimizing the distribution of routes, strengthening exchanges and operation with other airlines and improving the route network, developing the frequent flyer incentive program and increasing sales channels, improving sales networks for air cargo transportation and market expansion, reducing cost and expenses and the alliances and restructurings.

In addition to the APEC meeting, China's national day and the New Year Holiday, the expected entry of China into World Trade Organization and Beijing's successful bid

to host the Olympic Games in the year 2008 are expected to boost demand in both domestic and international air traffic markets. In addition, the Group's operating environment is expected to further improve as a result of CAAC's stated policies and the Chinese government's adoption of measures to increase domestic demand.

Listed on the Hong Kong Stock Exchange and the New York Stock Exchange since February 1997 and on the Shanghai Stock Exchange November 1997, China Eastern Airlines Corporation Limited is one of the largest air carriers in China. As of 30 June 2001, the Group operated 188 routes, of which 149 were domestic routes (including 13 routes to Hong Kong) and 39 international routes. It operated 2,200 scheduled flights per week, covering 94 domestic and international cities. The Group had a fleet of 75 aircraft, including 61 passenger jet aircraft over 100 seats each and 3 jet freighters.

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Issued by : China Eastern Airlines Corporation Limited  
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**Contact :**

Daniel Song (Eastern Airlines)

Jessica Woo (Skylink)

Tel: 8621 6268-6268

Tel: 852 2123-9939

Fax: 8921 6268 6116

Fax: 852 2123 9940

Email: danielsong@ce-air.com

Email: jesswoo@skylinkcomm.com

This information can be accessed through the Internet at  
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