



中國東方航空股份有限公司

CHINA EASTERN AIRLINES CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China (the "PRC") with limited liability)
(Stock code: 670)

THIRD QUARTERLY REPORT 2004

This announcement is made by China Eastern Airlines Corporation Limited (the "Company") pursuant to the disclosure requirement under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements of the Company for the third quarter of 2004 were not audited, and were prepared in accordance with the PRC Accounting Regulations.

1. IMPORTANT NOTICE

This announcement was made by the Company pursuant to the disclosure requirement under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This quarterly report was prepared in accordance with the regulations as prescribed by the China Securities Regulatory Commission in relation to disclosure of information in quarterly reports for listed companies, and is published simultaneously in Shanghai and Hong Kong. The financial statements of the Company for the third quarter of 2004 were not audited, and were prepared in accordance with the PRC Accounting Regulations.

The board of directors of the Company (the "Board") hereby confirms that the information set out in this report does not contain any false information, misleading statement or material omission, and accepts joint and several responsibility for the truthfulness, accuracy and completeness of the contents of this report.

This quarterly report was considered and approved at the fifth ordinary meeting of 2004 of the Board. Mr. Cao Jianxiang, Director, was absent from the meeting with reason and appointed Mr. Li Fenghua, Director, as his proxy to vote on his behalf, Mr. Hu Honggao and Mr. Xie Rong, Independent non-executive Directors, were absent from the meeting with reason and appointed Mr. Zhou Ruijin, Independent non-executive Director, as their proxy to vote on their behalf.

Mr. Li Fenghua, Chairman of the Board, Mr. Luo Chaogeng, President of the Company, Mr. Luo Weide, Chief Financial Officer, Mr. Jia Shaojun, General Manager of the Financial Department and officer-in-charge of the accounting department, hereby represent that the financial report forming part of this quarterly report is true and complete.

2. BASIC PARTICULARS OF THE COMPANY

2.1 Basic Company information

| | |
|----------------------------|---|
| Abbreviation: | Eastern Airlines |
| Code: | 600115 (A Share) 670 (H Share) |
| Secretary of the Board: | Luo Zhuping |
| Telephone: | 8621-62686268 |
| Securities representative: | Lu Shaojun |
| Telephone: | 8621-62686268-30928 |
| Contact address: | 2550, Hongqiao Road Shanghai The People's Republic of China |
| Facsimile: | 8621-62686116 |
| e-mail address: | ir@ce-air.com |

2.2 Financial information

2.2.1 Main accounting data and financial indicators

| | End of reporting period (RMB) | End of last year (RMB) | Increase/decrease |
|--|-------------------------------------|--|---|
| | | | between end of reporting period and end of last year (%) |
| Total assets | 39,813,424,174.85 | 36,687,479,347.08 | 8.52 |
| Shareholder equity (excluding that of minority shareholders) | 6,291,987,233.53 | 5,226,913,511.64 | 20.38 |
| Net assets per share | 1.29 | 1.07 | 20.56 |
| Adjusted net assets per share | 1.2317 | 1.0001 | 23.16 |
| | Reporting period (July – September) | Beginning of year to end of reporting period (January – September) | Increase/decrease between this reporting period and the same period last year (%) |
| Net cash flow from operating activities | 1,321,167,569.64 | 3,258,809,607.22 | -10.59 |
| Earnings per share | 0.0615 | 0.1812 | 31.13 |
| Yield on net assets | 4.77% | 14.01% | Increased 0.37% |
| Yield on net assets net of non-recurring loss or gain | 4.70% | 10.66% | Increased 0.97% |
| Non-recurring loss gain items (January – September) | | Amount (RMB) | |
| Gain on transfer of long term equity investment | | 600,126.14 | |
| Subsidy income | | 51,046,006.17 | |
| Non-operating income | | 164,843,715.06 | |
| Non-operating expenses | | -5,485,248.76 | |
| Total | | 211,004,598.61 | |

2.2.2 Profit statement

Profit statement (July – September) Unit: RMB

| Item | This period (July – September) | | Corresponding period of last year (July – September) | |
|---|--------------------------------|------------------|--|------------------|
| | Consolidated | Parent company | Consolidated | Parent company |
| 1. Revenue from main operations | 5,835,608,641.71 | 4,600,590,692.56 | 3,804,513,877.41 | 3,014,903,473.76 |
| Less: Revenue for civil aviation infrastructure construction fund | - | - | - | - |
| Revenue from main operations | 5,835,608,641.71 | 4,600,590,692.56 | 3,804,513,877.41 | 3,014,903,473.76 |
| Less: Main operation cost | 4,586,741,871.53 | 3,636,087,111.86 | 2,863,155,298.70 | 2,322,215,532.57 |
| Business taxes and additional | 150,026,930.77 | 114,651,823.31 | 37,317,077.01 | 31,912,859.58 |
| 2. Profit from main operations (deficit shown in negative) | 1,098,839,839.41 | 849,851,757.39 | 904,041,501.70 | 660,775,081.61 |
| Add: Other operating profit (deficit shown in negative) | 131,510,588.75 | 74,706,991.93 | 86,234,731.07 | 43,179,318.99 |
| Less: Operating expenses | 391,526,585.81 | 340,455,675.09 | 324,901,888.51 | 283,084,927.40 |
| General and administration expenses | 264,289,643.56 | 203,836,552.04 | 184,667,304.56 | 138,870,740.89 |
| Financial expenses | 162,230,205.25 | 141,059,993.51 | 188,153,957.23 | 173,713,063.41 |
| 3. Profit from operations (deficit shown in negative) | 412,303,993.54 | 239,206,528.68 | 292,553,082.47 | 108,285,668.90 |
| Add: Investment income (deficit shown in negative) | 18,739,358.09 | 101,344,220.29 | 31,532,022.18 | 122,354,570.19 |
| Subsidy income | 7,054,600.00 | 7,054,600.00 | 37,943,962.02 | 37,943,962.02 |
| Non-operating income | 9,116,866.95 | 8,621,948.38 | 1,661,989.32 | 227,228.18 |
| Less: Non-operating expenses | 39,142,803.36 | 39,009,527.04 | 4,689,256.70 | 4,350,370.77 |
| 4. Total profit (deficit shown in negative) | 408,072,015.22 | 317,217,770.31 | 359,001,799.29 | 264,461,058.52 |
| Less: Income tax | 70,172,181.87 | 18,000,000.00 | 80,185,561.12 | 29,389,031.61 |
| Less: Gain or loss of minority shareholders | 38,571,941.33 | - | 50,478,933.39 | - |
| 5. Net profit (deficit shown in negative) | 299,327,892.02 | 299,217,770.31 | 228,337,304.78 | 235,072,026.91 |

Profit statement (January – September)

Unit: RMB

| Item | Beginning of year to reporting period (January – September) | | Corresponding period of last year (January – September) | |
|---|---|-------------------|---|-------------------|
| | Consolidated | Parent company | Consolidated | Parent company |
| 1. Revenue from main operations | 15,006,200,211.50 | 11,865,684,750.81 | 9,277,505,524.07 | 7,322,046,964.24 |
| Less: Revenue for civil aviation infrastructure construction fund | - | - | 129,645,221.01 | 106,247,709.61 |
| Revenue from main operations | 15,006,200,211.50 | 11,865,684,750.81 | 9,147,860,303.06 | 7,215,799,254.63 |
| Less: Main operation cost | 11,926,931,747.72 | 9,481,830,037.78 | 8,384,176,646.35 | 6,876,462,256.04 |
| Business taxes and additional | 393,879,984.07 | 301,764,142.02 | 156,565,388.37 | 125,790,692.16 |
| 2. Profit from main operations (deficit shown in negative) | 2,685,388,479.71 | 2,082,090,571.01 | 607,118,268.34 | 213,546,306.43 |
| Add: Other operating profit (deficit shown in negative) | 496,078,978.45 | 273,964,576.72 | 316,093,812.32 | 171,303,608.02 |
| Less: Operating expenses | 1,052,195,794.43 | 916,234,527.83 | 744,101,398.43 | 660,155,549.20 |
| General and administration expenses | 726,811,039.64 | 546,195,436.85 | 649,622,135.39 | 538,865,581.30 |
| Financial expenses | 506,196,318.95 | 444,652,274.84 | 576,711,985.03 | 530,656,184.48 |
| 3. Profit from operations (deficit shown in negative) | 896,264,305.14 | 448,972,908.21 | -1,047,223,438.19 | -1,344,827,400.53 |
| Add: Investment income (deficit shown in negative) | 30,487,294.68 | 259,302,800.37 | 21,826,587.23 | 204,151,450.38 |
| Subsidy income | 60,054,124.91 | 60,054,124.91 | 67,143,635.35 | 67,143,635.35 |
| Non-operating income | 203,016,076.12 | 201,372,560.41 | 3,982,338.05 | 803,189.48 |
| Less: Non-operating expenses | 42,497,451.87 | 47,337,975.58 | 18,904,742.37 | 18,098,136.10 |
| 4. Total profit (deficit shown in negative) | 1,147,324,348.98 | 922,364,418.32 | -973,175,619.93 | -1,090,827,261.42 |
| Less: Income tax | 162,564,159.10 | 46,771,409.37 | 141,009,756.88 | 71,870,111.36 |
| Less: Gain or loss of minority shareholders | 102,966,159.29 | - | 78,642,354.43 | - |
| 5. Net profit (deficit shown in negative) | 881,794,030.59 | 875,593,008.95 | -1,192,827,731.24 | -1,162,697,372.78 |

2.3 The total number of the Company's shareholders as at the end of the reporting period and the shareholdings of the 10 largest holders of listed shares outstanding

| | | |
|--|---|----------------------------------|
| Total number of shareholders as at the end of the reporting period | 103,492 | |
| Shareholding of the 10 largest holders of listed shares outstanding | | |
| Name of shareholders (in full) | Number of listed shares outstanding held at the end of the period | Class (A, B, H Shares or others) |
| 1 HKSCC NOMINEES LIMITED | 1,479,837,363 | H |
| 2 Bank of China – Hai Fu Tung Income Growth Securities Investment Fund | 24,328,360 | A |
| 3 Industrial and Commercial Bank of China – 國聯安德盛小盤精選證券投資基金 | 8,744,868 | A |
| 4 Bank of China – Huaxia Repaying Securities Investment Fund | 5,192,199 | A |
| 5 Tongqian Securities Investment Fund | 3,608,652 | A |
| 6 HSBC NOMINEES (HONG KONG) LIMITED | 3,524,000 | H |
| 7 HSBC NOMINEES (HONG KONG) LIMITED (A/C BR-9) | 3,000,000 | H |
| 8 Industrial and Commercial Bank of China – 德盛穩健證券投資基金 | 2,993,269 | A |
| 9 Baoying Hongli Profit Securities Investing Fund | 2,983,947 | A |
| 10 China Everbright Bank Company Limited – 泰信先行策略開放式證券投資基金 | 2,441,783 | A |

3. DISCUSSION AND ANALYSIS OF MANAGEMENT

3.1 Brief analysis of the Company's overall operational activities during the reporting period

For the third quarter of 2004, the Company completed an aggregate of 1.232 billion tonne-kilometres in traffic-turnover, an increase of 49.64% over the same period of last year; the number of passengers carried was 5,112,200 persons, an increase of 33.25% over the same period of last year; the occupancy rate was 72.06%, an increase of 4.15% over the same period of last year; the total quantity of cargoes and mails carried was 178,200 tonnes, an increase of 42.75%; the total flying hours were 96,800, an increase of 36.33% over the same period of last year. In the third quarter, the revenue from the Company's main operations was approximately RMB5.836 billion, the profit from the Company's main operations was approximately RMB1.099 billion and the net profit was approximately RMB299 million, which was mainly attributable to the continual development of the national economy of China and the strong demand of the market for air cargo and passenger transport.

3.2 Information on the principal industry or products which accounted for more than 10% of the total of the revenue or profit from the Company's main business

| Industry or product | Revenue from main business (RMB'0000) unaudited | Cost of main business (RMB'0000) unaudited | Gross margin (%) |
|----------------------------------|---|--|------------------|
| Transport revenue | 5,835,608,641.71 | 4,586,741,871.53 | 21.40 |
| Of which: connected transactions | 54,294,000.00 | - | - |

3.3 Warning or explanation of the causes of any negative accrued profit, or any substantial change in profit over the same period of last year, which may be recorded during the period between the beginning of the year and the end of the next reporting period.

In 2003, as a result of the significant impact resulting from the outbreak of the severe acute respiratory syndrome, the Company and its subsidiaries (the "Group") recorded a total loss of approximately RMB826 million, determined in accordance with the PRC Accounting Regulations. For the year 2004, in view of the expected continual development of the economy of China and the significant demand in the air transportation market, the Company estimates that the Group will remain profitable throughout 2004.

The above estimate was made in accordance with the relevant regulations stipulated by the China Securities Regulatory Commission and is subject to a number of uncertainties. The Company cannot make any assurance that such estimate will necessarily materialise. The shareholders of the Company and investors shall exercise caution and should not rely unduly on such estimate.

By order of the Board
CHINA EASTERN AIRLINES CORPORATION LIMITED
Li Fenghua
Chairman of the Board

The Board as at the date hereof comprises of:

Li Fenghua (Chairman, Executive Director)
Ye Yigan (Non-executive Director)
Cao Jianxiang (Non-executive Director)
Wan Mingwu (Vice President, Executive Director)
Zhong Xiong (Non-executive Director)
Luo Zhuping (Executive Director)
Hu Honggao (Independent non-executive Director)
Peter Lok (Independent non-executive Director)
Wu Baiwang (Independent non-executive Director)
Zhou Ruijin (Independent non-executive Director)
Xie Rong (Independent non-executive Director)

Shanghai, the PRC
28th October, 2004