



FOR IMMEDIATE RELEASE

China Eastern Reported Its Interim Results 2004

- **Turnover increased by 69.27% to RMB9,272 million**
- **Profits attributable to shareholders were RMB480 million**
- **Traffic volume totaled 1,990 million tonne-kilometers, up 67.87%**

Hong Kong, 25 August 2004 – China Eastern Airlines Corporation Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (“the Group”) for the six months ended 30 June 2004. During the period, revenues were RMB9,272 million, up 69.27% from the same period last year. Total traffic revenue was RMB 8,793 million, up 72.27%. Profits attributable to shareholders were RMB 480 million and the profits per share were RMB0.10.

Commenting on its interim results, Mr. Ye Yigan, the Chairman of the Company, said, “I am pleased to see the growth in our interim results. This proves that our collective efforts has not only led us to rapidly overcome the adverse conditions faced in the same period last year, but also achieved the best results of operation in the past eight years since our listing. During the period, we saw a marked recovery in the global economy and a continued strong growth in China’s national economy. The growing consolidation of Shanghai as the country’s economic and financial centre further provided us with a great business development opportunity.”

During the first half of the year, the Group’s scheduled flights reached 41.10% and 31.10%, respectively of all scheduled flights at Honqiao Airport and Pudong Airport. The increase was due to the exercise of measures such as intensive adjustment of its route structure and flight schedules and optimisation of its capacity while the Group saw a higher demand of aviation services in Shanghai. The average daily aircraft utilization rate reached 9.8 hours, an increase of 2.6 hours compared to the same period last year.

The Group introduced new international routes such as Shanghai – London – Shanghai and Shanghai – Vancouver – Shanghai, in order to enhance the function of the Shanghai airports as the Group’s passenger hub. In addition, the Group actively deployed a series of marketing policies with a view to increase its market share. These included the establishment of 23 new domestic and

international sales offices as well as electronic ticketing sales points in 20 domestic cities, realising the integration of its marketing and sales systems and actively developing its transfer and connection operations.

Besides, the Group had completed the conversion of MD11 passenger aircrafts to freighters, thus further increase the capacity of its high-yielding cargo routes, such as those operating between China and other regions such as: U.S.A., Japan, South Korea and Europe.

Operating Focus

Traffic volume of the Group was 1,990 million tonne-kilometers, up 67.87% from the same period last year, while total operating revenues were RMB8,793 million, up 72.27%. The total passenger traffic volume was 12,603 million passenger-kilometers, up 86.05%, while total passenger revenues amounted to RMB 6,837 million, up 84.50%, accounting for 77.76% of the Group's total operating revenues.

Domestic passenger traffic volume was 6,877 million passenger-kilometers, up 89.05% from the same period last year. Passenger load factor during the period was 67.77% while the revenues were 3,703 million, up 90.79%, accounting for 54.16% of the Group's passenger revenues.

International passenger traffic volume was 4,310 million passenger-kilometers, up 74.41% from the same period last year. Passenger load factor was 58.45% while the passenger revenues were RMB 2,087 million, up 74.93%, accounting for 30.52% of the Group's passenger revenues.

Passenger traffic volume for Hong Kong routes reached 1,415 million passenger-kilometers, up 112.84% from the same period last year. Passenger load factor during the period was 57.46% while the revenues were RMB1,047 million, up 83.09%, accounting for 15.32% of the Group's passenger revenues.

During the period, the Group's cargo and mail traffic volume was 862 million tonne-kilometers, up 48.87% from the same period last year. Freight revenues were RMB1,956 million, accounting for 22.24% of the Group's total operating revenues and representing an increase of 39.86% over the same period last year.

The Group's total operating costs was RMB8,519 million, up 36.74% from the same period last year, mainly due to the increase in expenditure of salary costs, depreciation of aircraft and leasing fee, takeoff and landing charges and consumption of aviation fuel.

During the period, aviation fuel expenditure increased by 65.76% from the same period last year, mainly due to global aviation fuel price increase. Consumption of aviation fuel increased by 59.29% from the same period last year, mainly due to the huge increase in both passenger and cargo traffic volume.

Outlook for the second half of Year 2004

With China's continuing integration into the WTO, China will experience a broader range of international economic and technical cooperation and competition. The increase of foreign trade, consumption and other economic indicators will continue to drive the continued high growth in passenger and cargo volume for Chinese airline industry.

Regionally, the Yangtze River Delta has become the nation's fastest growing economic region. In 2003, the passenger volume, cargo and mail volume and takeoffs and landings in the region already accounted for 19.60%, 30.80% and 15.80% of the respective national totals. To utilise the favourable opportunities arising from the strong demand in the market, the Group will deploy three Airbus A320 medium-haul passenger aircraft, two Airbus A321 medium-haul passenger aircraft and one Airbus A340-600 long-haul passenger aircraft. These aircrafts will be put into operations during the second half of the year.

The Company will face intense competition from domestic and international airlines as the aviation market in Shanghai gradually opens up. As an airline based primarily in Shanghai, the Company will make efforts to steadfastly increase the Group's market share in the region and enhance Shanghai's function as the Group's transport hub through the optimisation of its route network, the provision of even more customer oriented products and services and the increase of investments into operational base.

The contents of this press release may contain certain forwarding-looking statements, including those regarding the Company's work plans for future periods and the international and domestic economies and aviation market. These forward-looking statements are subject to significant uncertainties and risk. The actual events or results may differ materially from the information contained in the Group's forward-looking statements.

About China Eastern

Listed on the Hong Kong Stock Exchange and the New York Stock Exchange in February 1997 and on the Shanghai Stock Exchange in November 1997, China Eastern Airlines Corporation Limited is one of the three largest airlines in China and the primary airline serving Shanghai, China's eastern gateway. As of 30 June 2004, the Group operated 229 routes, of which 164 were domestic routes, 15 were Hong Kong routes and 50 were international routes (including 13 international cargo routes). The Group operated approximately 3,890 scheduled flights per week, serving 88 foreign and domestic cities. At present, the Group is operating 100 aircraft, including 92 passenger jet aircraft with a capacity of over 100 seats, 6 jet freighters and 2 CRJ200 aircraft for feeder routes.

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CHINA EASTERN AIRLINES CORPORATION LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the six month ended 30 June	
	2004	2003
	(unaudited)	(unaudited)
	(RMB'000)	(RMB'000)
Traffic revenues		
Passenger	6,837,191	3,705,884
Cargo and mail	1,955,581	1,398,192
Other operating revenues	<u>479,276</u>	<u>373,632</u>
Turnover	<u><u>9,272,048</u></u>	<u><u>5,477,708</u></u>
Other operating income	183,550	10,722
Operating expenses		
Wages, salaries and benefits	755,914	491,635
Take-off and landing charges	1,484,032	944,160
Aircraft fuel	2,305,524	1,390,905
Food and beverages	346,398	211,647
Aircraft depreciation and operating leases	1,650,166	1,349,622
Other depreciation and operating leases	228,812	227,948
Aircraft maintenance	590,140	610,367
Commissions	241,739	181,376
Office and administration	509,040	525,873
Other	<u>407,372</u>	<u>296,735</u>
Total operating expenses	<u><u>8,519,137</u></u>	<u><u>6,230,268</u></u>
Operating profit/ (loss)	936,461	(741,838)
Finance costs, net	(339,149)	(379,068)
Exchange profit/ (loss), net	2,351	(2,400)
Share of results of associates before tax	<u>8,989</u>	<u>(34,295)</u>
Profit/ (loss) before taxation	608,652	(1,157,601)
Taxation	<u>(75,143)</u>	<u>(52,966)</u>
Profit/ (loss) after taxation	533,509	(1,210,567)
Minority interests	<u>(53,648)</u>	<u>(41,818)</u>
Profit/ (loss) attributable to shareholders	479,861	(1,252,385)
Earnings/ (loss) per share	<u><u>RMB0.099 元</u></u>	<u><u>(RMB0.257)</u></u>