



中國東方航空股份有限公司
China Eastern Airlines Corporation Limited

China Eastern Reports 2010 Interim Results

**Record Year-on-Year Growth on the back of Synergy with
Shanghai Airlines and Steady Progress in Strategic Hub
Construction**

【Hong Kong, 29 August 2010】China Eastern Airlines Corporation Limited (“China Eastern” or the “Company”), today announced its unaudited financial results for the six months ended 30 June 2010.

During the first half of 2010, especially since the start of the second quarter, the air transportation market rapidly recovered with sustained growth. Financial forecast for the global air transportation industry for 2010 was substantially increased by the International Air Transport Association in June this year. With the gradual recovery of the domestic as well as international economies, the PRC airline industry grew faster than in the rest of the world. The low season was not as severe as in the same period in 2009, whilst the high season started sooner and was marked by greater volumes across various sectors compared to the same period in 2009. During the first half of 2010, the PRC airline industry recorded substantial growth in the number of passengers carried and freight volume transported. The integration of the Company and Shanghai Airlines gradually yielded synergies and the construction of the Company’s strategic hub progressed steadily. The World Expo 2010 Shanghai has been drawing customers to the Shanghai market since its opening in May 2010.

During the first half of 2010, the Company recorded outstanding results in passenger and freight marketing, enhancement of services and brand image, cost control, structural realignment, and achieved record level results compared with the corresponding period in the past years. Overall load factor increased by 8.6 percentage points year on year to 69.12%. Revenues rose by 93.38% year on year to RMB33.127 billion. Profit attributable to equity holders of the Company increased by 78.80% year on year to RMB1.761 billion.

In terms of passenger traffic, the Company focused its capacity on key markets in line with evolving demand. We also restructured our routes and enhanced our operating capability on international routes, including resuming certain international long-haul routes and

increasing flight frequency, cancelling and revamping routes with low or negative margins, enhancing revenue management, monitoring sales on a real-time basis, and adjusting the allocation of cabin settings in a timely manner. It also commenced online marketing, expanded sales channels, strengthened controls over market penetration, took innovative approaches to marketing, and promoted pre-sales. Adding to the list are the creation of a customer-oriented sales and marketing system to expand the development of frequent flyers and corporate customers; the establishment of an e-commerce platform to increase the proportion of direct sales; stepped-up efforts in marketing for the Shanghai World Expo, whereby flights became more frequent and capacity was adjusted to focus on the event; the steady progression of hub construction whereby a “three-in-three-out” flight frequency was initially established at Pudong Airport to greatly increase the effectiveness of flight connections between the Pudong and Hongqiao airports. Meanwhile, the number of passengers transferring at the Pudong hub greatly increased with the two-way automatic transfer of checked baggage for connecting flights.

In terms of freight transport, the Company strengthened its market research to more accurately understand market demand. Its prices for freight transport substantially increased compared with the corresponding period in 2009. It actively pursued pre-sales and bundled sale programmes for backhauling in international flights, increasing backhauling sales. Also, cooperation with various parties was strengthened to attract and secure a business in freight transport. For the first half of 2010, various benchmarks for our freight transport business recorded substantial increases from the same period last year.

Operating revenues

During the first half of 2010, the total traffic volume of the Group was 5,934 million tonne-kilometres, representing an increase of 61.98% from the same period last year, while traffic revenues amounted to RMB30,148 million, representing an increase of 86.44% from the same period last year. It was primarily due to the merger with Shanghai Airlines by the Company and the rise of per-unit revenue under the Company’s development model of organic growth.

During the first half of 2010, passenger traffic volume was 42,743 million passenger kilometres, representing an increase of 48.16% from the same period last year. Compared to the same period last year, passenger revenues increased by 77.19% to RMB25,938 million, accounting for 86.03% of the Group’s transportation revenues. It was primarily due to the merger with Shanghai Airlines by the Company and the increase in ticket prices and passenger load factor.

Passenger traffic volume on domestic routes was 30,908 million passenger-kilometres, representing an increase of 46.27% from the same period last year. Compared to the same period last year, domestic passenger revenues increased by 78.77% to RMB18,799 million, accounting for 72.48% of total passenger revenues.

Passenger traffic volume on international routes was 9,950 million passenger-kilometres, representing an increase of 54.82% from the same period last year. Compared to the same period last year, international passenger revenues increased by 70.38% to RMB5,706 million, accounting for 22% of total passenger revenues.

Passenger traffic volume on regional routes was 1,885 million passenger-kilometres, representing an increase of 46.02% from the same period last year. Compared to the same period last year, regional passenger revenues increased by 85.16% to RMB1,433 million, accounting for 5.52% of total passenger revenues.

During the first half of 2010, cargo and mail traffic volume was 2,122 million tonne-kilometres, representing an increase of 95.08% from the same period last year. The freight transport revenues were RMB4,210 million, accounting for 13.96% of the Group's transportation revenue, representing an increase of 174.83% from the same period last year. This was primarily due to the increase in price and freight volume driven by the strong recovery in the freight market especially the international freight market.

Prospects

The Company believes that the global economy is gradually recovering and the foundation for performance of the PRC economy is further strengthening and contributing to the stable development of the economy. With the recovery in demand for air transportation, the civil aviation market of the PRC is expected to grow at an accelerated pace.

In the second half of 2010, the Company will seize the favorable opportunities brought by the high season as well as the Shanghai World Expo. We will optimize our market allocation, strengthen cost control and enhance our operating capability to strive for better profitability.

In response to the current market, operating environment and the particular situation of the Company, during the second half of 2010, China Eastern will:

1. focus on safety for the Shanghai World Expo and enhance the overall level of safety management by strengthening the

- management and practical implementation of safety standards;
2. Continue its fleet optimization and actively realign its route structure according to changes in market demand, continually explore new markets, enhance marketing and consolidate its hub and network construction;
 3. stringently control cost and expenses and enhance capital utilization efficiency;
 4. accelerate transformation of service delivery and strengthen control over irregular flights by taking advantage of the opportunity of serving the Shanghai World Expo, and develop a comprehensive range of products; and
 5. take advantage of the synergies between the Company and Shanghai Airlines through integration.

(End)

About China Eastern

China Eastern Airlines Corporation Limited, the first listed company in the PRC civil aviation industry, conducts the core business of China Eastern Air Holding Company. In 1997, it listed on the New York Stock Exchange, the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively. China Eastern is one of the three largest air carriers in the PRC based on the ATK and the number of passengers carried and is the primary air carrier serving Shanghai, the largest economic, trading and financial center of the PRC. As at 30 June 2010, China Eastern operated a fleet of 338 aircraft, including 320 passenger aircraft and 18 cargo aircraft. China Eastern operated approximately 9,167 scheduled flights per week, including 7,697 domestic flights, 1,011 international flights and 459 regional flights, to 28 countries and regions, serving a total of 171 domestic and foreign cities. For further details, please visit China Eastern's website: www.ceair.com.

Remarks

The Company will post the explanatory material about its 2010 interim results on its website at www.ceair.com after 20:30 on 30 August 2010 Hong Kong time.

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