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The *airline's extensive network of international and domestic routes guarantees an effortless transition to all the most popular destinations.*

Review of Operations and Management's Discussion and Analysis

While constantly striving to be the best we can be and operating with a spirit of innovation, we strengthened our management, further developed our corporate culture, transformed our image and surpassed many of our goals.

Liu Shaoyong, *President*

The Group is one of the three largest air carriers in China based on tonne-kilometres and number of passengers carried in 2001, and is the primary air carrier serving Shanghai, China's largest economic, trading and financial center. In 2001, the Group operated 200 routes, including 155 domestic routes (among which 13 routes are to Hong Kong) and 45 international routes (including 7 international cargo routes). As at 31 December 2001, the Group operated about 2,400 scheduled flights per week, serving a total of 76 domestic and foreign cities. During 2001, the Group wet leased one A320 Airbus aircraft on a short-term basis to Sichuan Airlines. The Group also purchased three A320 Airbus aircraft, acquired four A319 Airbus aircraft under operating leases and, through its acquisition of Air Great Wall, acquired three Boeing 737 aircraft. As at 31 December 2001, the Group had a fleet of 72 aircraft, including 67 passenger jet aircraft with a capacity of over 100 seats and three jet freighters.

In 2001, traffic volume of the Group totalled 2,373 million tonne-kilometers, an increase of 9.6% over last year. The Group's revenues from its main operations were RMB 11,679 million, an increase of 8.45% over last year. The average aircraft daily utilization rate was 9.1 hours, an increase of 0.4 hours over last year.

2001 Compared to 2000

In 2001, global economy showed signs of weakening development as the economies of the United States and Europe entered recession and as the recession in Japan deepened. In the second half of the year, the terrorist attacks of September 11 plunged the global economy further into recession, with the airlines industry being one of the most severely impacted industries. Due to these external factors, the Chinese economy also experienced declining growth toward the end of 2001. However, the Chinese government's macroeconomic policies aimed at stimulating domestic demand ensured that gross national product in 2001 reached the target growth rate of 7.4%. In addition, since the Group only operates one passenger route (Shanghai to Los Angeles) and two cargo routes to the United States, the events of September 11 only had a limited impact on the Group's international revenues. The Group's regional and other international routes, such as Hong Kong, Japan, Korea and Southeast Asia, were minimally affected.

Faced with increasing competition in the domestic air transport market and the weakening international market, the Group formulated a number of strategies, including centralizing its transport capabilities, capitalizing on its strengths and building a good brand name. To carry out these strategies, the Group implemented a series of measures during 2001, including:

- allocating flights between Shanghai's Hong Qiao Airport and Pudong Airport in accordance with market demand and establishing a separate sales division in Shanghai to strengthen the Group's sales activities and to increase its share of the Shanghai market,

- adjusting and re-allocating its transport capacity and, by launching the "China Eastern Express" service, optimizing its route network and increasing profitability on its routes,

- increasing competitive advantage on various international routes by making timely adjustments to the Group's flight schedule, adjusting and bolstering its flights to Europe and the U.S., adding destinations in South Korea, expanding its cooperation with American Airlines and remodeling the entertainment system on the Group's A340 Airbus aircraft,

- improving the Group's sales network and strengthening the management of its sales activities,

- joining the "Asia Miles" frequent flyer programme at the end of April 2001 as part of the Group's frequent flyer service strategy, thus ensuring a more stable passenger traffic,

- completing the Group's acquisition of Air Great Wall in June 2001 and establishing China Eastern Airlines Ningbo Co., Ltd. using the assets purchased from Air Great Wall,

- committing to invest in Qingdao's Liuting Airport to strengthen the development of the Group's principal operations, and

- improving the Group's online reservation and payment capabilities by stepping up its e-commerce research and development efforts and launching the "Great Wall China Eastern Airlines Co-Branded Card" with the Shanghai branch of the Bank of China.

During the Asia Pacific Economic Cooperation (APEC) meeting held in Shanghai in October 2001, the Group received much praise for its successful operation of 98 chartered, commercial and official flights.

The domestic passenger traffic volume increased significantly due to increased business travel resulting from the continuing growth of China's economy. The Group cancelled certain low-traffic, less profitable domestic flights, while increasing capacity on selected high traffic and high-yielding domestic routes by increasing flight frequencies on these routes. As a result, the Group's revenues increased by 8.3%. The Group's operating profit increased from RMB 778 million in 2000 to RMB 875 million in 2001, or 12.4%, reflecting the effectiveness of the Group's efforts to control costs such as commission expenses. The decrease in operating expenses was also due to the curtailment of the Group's medical benefits expenditures with respect to retirees and the drop in aviation fuel expenses during 2001. During the same period, the Group's net interest expense remained at RMB 814 million and the Group's other income decreased by 26.98%. As a result, the Group's profit before taxation increased from RMB 304 million in 2000 to RMB 314 million in 2001, or 3%. Profit attributable to shareholders increased by 2.1 times from RMB 176 million in 2000 to RMB 542 million in 2001.

Revenues. The Group's total revenues increased from RMB 11,220 million in 2000 to RMB 12,153 million in 2001, or 8.31%, reflecting increases in domestic and international passenger revenues. These revenues were net of the applicable PRC sales tax and civil aviation infrastructure levies.

Passenger revenues, which accounted for 79% of the Group's total revenues in 2001, increased from RMB 8,644 million in 2000 to RMB 9,587 million in 2001, or 10.9%, reflecting increases in domestic passenger revenues resulting from increasing domestic passenger traffic.

The Group's domestic passenger revenues, which accounted for 49% of the Group's passenger revenues, increased from RMB 3,946 million in 2000 to RMB 4,701 million in 2001, or 19.2% primarily due to higher passenger demand. In 2001, the Group replaced low traffic and low-yielding domestic routes with new routes and increased capacity on selected high traffic and high-yielding domestic routes by increasing flight frequencies on these routes with a view towards improving its competitiveness. In addition, the Group reallocated its flights between Shanghai's Hong Qiao Airport and Pudong Airport according to passenger demand and traffic

volume. The Group also established a separate sales division in Shanghai focused on increasing the Group's market share in Shanghai as a part of the Group's efforts to optimize its sales network. Moreover, the Group initiated the "China Eastern Express" services which increased the frequency of flights on the Shanghai-Beijing routes. As a result, the Group's domestic passenger traffic increased by 18.71% in 2001 and the Group's domestic passenger load factor increased from 58% in 2000 to 61% in 2001. However, the Group's domestic passenger yield decreased from RMB 0.67 in 2000 to RMB 0.63 in 2001 per passenger-kilometer, primarily due to increasing competition in the domestic market and a change in the statistical standards used to measure passenger traffic. Increasing competition in the domestic market prompted the Group to lower average airfares for its flights originating or terminating at the Pudong International Airport. Pudong International Airport is further away from downtown Shanghai and less convenient than Hong Qiao International Airport. As a result, airlines including the Group reduced airfares to attract passengers to take flights terminating or originating from Pudong International Airport. The change in the statistical standards was mandated by Order No. 88 of the Civil Aviation Administration of China (CAAC) with effect from 1 January 2001. Under the new standards, a passenger on a scheduled international flight with a domestic connection is now counted twice, as a domestic and an international passenger (accounting of a passenger on non-scheduled international flights with domestic connections remains unchanged, as one international passenger). Without this change in statistical standards, the domestic passenger yield would have been RMB 0.65 in 2001.

Hong Kong passenger revenues, which accounted for 20% of the Group's passenger revenues, increased from RMB 1,873 million in 2000 to RMB 1,921 million in 2001, or 2.6%, reflecting primarily increases in Hong Kong passenger traffic. Hong Kong passenger traffic increased by 6.96% in 2001 over that of 2000 as a result of higher passenger demand and the successful implementation of the "China

Eastern Express" services which increased the frequency of flights on the Shanghai-Hong Kong routes. The passenger capacity on the Group's Hong Kong routes increased by 15.85%. Our Hong Kong passenger load factor decreased from 61% in 2000 to 56.21% in 2001 and the Group's Hong Kong passenger yield decreased from RMB 0.99 in 2000 to RMB 0.95 in 2001 per passenger-kilometer. The decrease in passenger load factor and passenger yield on Hong Kong routes was due to competition from Dragon Air, lower-than-expected demand resulting from the global economic downturn in 2001, which was compounded by the events of September 11, and a slight over-capacity on the Hong Kong routes.

International passenger revenues, which accounted for 31% of the Group's passenger revenues, increased from RMB 2,826 million in 2000 to RMB 2,965 million in 2001, or 4.9%, despite the global economic downturn and the events of September 11. The increase in international passenger revenues reflected increased international passenger traffic and increased yield per passenger-kilometer. International passenger traffic increased by 8.31% in 2001 over that of 2000 as a result of higher passenger demand on the Group's Japanese, European and Southeast Asian routes (including South Korea). In particular, passenger traffic on the Group's Japanese routes continued to increase because the Group's competitors have moved their flights to and from Japan to Pudong International Airport which is further away from downtown Shanghai and relatively less convenient than Hong Qiao International Airport. However, the Group's advantage over its competitors on these routes will be gradually eliminated as the Shanghai municipal government gradually moves all international and regional flights to and from Shanghai to Pudong International Airport, starting in April 2002. The Group's passenger traffic on Korean and European routes also increased due to increased Chinese tourists travelling to Korea and Europe. The Group's international passenger capacity decreased slightly by 0.6% in 2001, international passenger load factor increased from 67% in 2000 to 68.68% in 2001, and international passenger yield increased from RMB 0.45 in 2000 to RMB 0.48 in 2001 per passenger-kilometer primarily as a result of the Group's timely adjustments to its international flight schedule to meet market changes. The adjustments included increasing flight frequencies and re-adjusting flight routes on the Group's high-yielding European routes and adjusting U.S. flights after the events of September 11.

The Group generates cargo and mail revenues from the transport of cargo and mail on the Group's designated cargo aircraft as well as from the carriage of cargo and mail on passenger aircraft. Revenues from cargo and mail operations, which accounted for 17.21% of the Group's total revenues, decreased from RMB 2,124 million in 2000 to RMB 2,092 million in 2001, or 1.53%. The decrease in cargo revenues was primarily the result of the global economic downturn (which affected cargo revenues particularly since the majority of the Group's cargo traffic is on its international routes), increased competition from domestic and international carriers (such as UPS and Fedex), and the decrease of the Group's revenues on the Japanese and Korean cargo and mail routes as a result of the devaluation of the Japanese yen and the Korean won. The Group's cargo and mail traffic (as measured in cargo tonne-kilometres, or TKs) increased from 904 million TKs in 2000 to 950 million TKs in 2001, or 5%, primarily due to the increase of the Group's international cargo and mail traffic. To meet the increased cargo and mail traffic demand, the Group increased the flight frequency on routes to major destinations, implemented nationwide, multiple-location cargo flight coverage in the U.S. (Shanghai-Anchorage-Seattle-Chicago-New York), and entered new markets such as the Shanghai-Xiamen-Japan cargo route. Cargo yield decreased from RMB 2.35 in 2000 to RMB 2.20 in 2001 per cargo tonne-kilometer primarily as a result of increasingly intense competition on the Group's international cargo routes from such competitors as UPS, Fedex and China Southern Airlines.

Other operating revenues are primarily generated from airport ground services and ticket handling services. Airport ground services include loading and unloading, aircraft cleaning, fueling and ground transportation of cargo and passenger luggage for airlines operating to or from Hong Qiao International Airport and Pudong International Airport. Other operating revenues increased from RMB 452 million in 2000 to RMB 474 million in 2001, or 5%, which is lower than the 29% growth rate achieved in 2000. The surge in other operating revenues in 2000 was due to the opening of the Pudong International Airport in that year. The Group currently is the principal provider of airport ground services at both Hong Qiao International Airport and Pudong International Airport.

Operating Expenses. The Group's total operating expenses increased from RMB 10,442 million in 2000 to RMB 11,278 million in 2001, or 8%, primarily due to the increase in the number of flights which resulted in increases in expenses such as aircraft fuel expenses, aircraft maintenance expenses and takeoff and landing charges. However, operating expenses did not increase as fast as they did in 2000 due to effective cost control by the Group. Operating expenses as a percentage of revenues decreased from 93.1% in 2000 to 92.8% in 2001.

Aircraft fuel expenses increased from RMB 2,327 million in 2000 to RMB 2,613 million in 2001, or 12.3%. Fuel expenses increased primarily as a result of increased fuel usage offset by decreased domestic and international fuel prices. In 2001, the weighted average domestic and international fuel prices paid by the Group decreased by approximately 2% and 1%, respectively.

Aircraft depreciation and operating lease expenses increased from RMB 2,168 million in 2000 to RMB 2,404 million in 2001, or 10.9%. Other depreciation and operating lease expenses increased from RMB 321 million in 2000 to RMB 358 million in 2001, or 11.6%, primarily reflecting the addition of buildings, facilities and equipment and other assets at Pudong International Airport. Take-off and landing charges increased from RMB 1,572 million in 2000 to RMB 1,703 million in 2001, or 8.3%. Aircraft maintenance expenses were RMB 967 million in 2001, compared to RMB 820 million in 2000, an increase of 17.9%.

Commission expenses decreased from RMB 645 million in 2000 to RMB 487 million in 2001, or 24.5%, primarily due to the adoption of a new settlement policy under which commissions received from and paid to other airlines for regional and international flights are netted off periodically with the other airlines (rather than recording each receipt and payment separately as commission income and commission expense, respectively) and revenues received by the Group from sales and travel agents for tickets on regional and international flights are net of commissions. Under this policy, the Group not only reduced its liability for sales taxes, but also avoided having to pay commissions before receiving payment for its ticket sales.

Wages, salaries and benefits decreased from RMB 798 million in 2000 to RMB 773 million in 2001, or 3.1%. This decrease was attributable primarily to a write-back in the amount of approximately RMB 96 million as a result of the curtailment of the Group's obligations to provide medical benefits to retirees. At the end of 2000, the Shanghai Municipal Government promulgated the detailed policies and regulations regarding its medical insurance scheme in accordance with a State Council directive issued in 1998. The Group joined the scheme in January 2001. Other than the annual contributions made to the scheme, the Group now has no other obligation for payment of medical expenses, thereby reducing its medical benefits expenses. (see Note 33 to the Financial Statements prepared under IAS).

Food and beverage expenses increased from RMB 499 million in 2000 to RMB 567 million in 2001, or 13.7%, due to the increased number of passengers resulting from increasing flights and expanding operations. Office and administration expenses increased from RMB 724 million in 2000 to RMB 849 million in 2001, or 17.3%.

Other operating expenses decreased from RMB 568 million in 2000 to RMB 557 million in 2001, or 1.9%. Other operating expenses included provision for obsolescence of flight equipment spare parts, maintenance expenses of other fixed assets, computer and telecommunications expenses and other expenses. The decrease was attributable to effective cost management by the Group.

Net Interest Expense and Net Other Income. Net interest expenses remained at RMB 814 million in 2001. Net other income decreased from RMB 341 million in 2000 to RMB 249 million in 2001. The primary reason for the decrease in other income was that while the Group received RMB 110 million from its disposition of four MD82 aircraft in 2000, no such income was generated in 2001.

Provision for Taxation. The Group had an effective tax rate of 14.3% in 2001, compared to 32.7% in 2000. The effective tax rate in 2001 was lower because the Group changed its legal address to Pudong on July 1, 2001, which allowed the Group to enjoy the lower income tax rate of 15%. See Note 9 to the Financial Statements prepared under IAS regarding the recognition of a net tax credit in the amount of RMB 306 million as a result of the reduction of the income tax rate applicable to the Group.

Liquidity and Capital Resources

The Group finances its working capital requirements through a combination of funds generated from operations and short-term bank loans. The Group had cash and cash equivalents as at 31 December 2000 and 2001 of RMB 1,423 million and RMB 1,331 million, respectively. Net cash provided by operating activities in 2000 and 2001 was RMB 2,130 million and RMB 2,401 million, respectively. During the last two years, the Group's primary cash requirements had been for additions of and upgrades on aircraft and flight equipment and payments on related indebtedness.

Net cash used by the Group in investing activities in 2000 and 2001 was RMB 1,156 million and RMB 2,554 million, respectively. In 2000 and 2001, payment of advances on aircraft and flight equipment were RMB 630 million and RMB 992 million, respectively, while additions of aircraft and flight equipment were RMB 237 million and RMB 1,024 million, respectively. The Group financed the additions to the Group's aircraft and flight equipment primarily through lease arrangements, bank loans, funds generated from operations and by trading old aircraft for new ones. Funds generated from disposal of old aircraft and flight equipment and other fixed assets and equipment (including by way of exchange) totalled RMB 325 million and RMB 73 million in 2000 and 2001, respectively. The Group also received RMB 276 million and RMB 62 million as return of advances on aircraft and flight equipment in 2000 and 2001, respectively. Additions of construction in progress, which included primarily facilities at the Pudong International Airport, were RMB 540 million and RMB 371 million in 2000 and 2001, respectively.

Net cash used by the Group in financing activities was RMB 846 million in 2000 and

was primarily used for repayments of long-term and short-term loans as well as principal repayments on finance lease obligations. Net cash generated by the Group's financing activities in 2001 was RMB 80 million, mainly from short-term bank loans.

Pursuant to certain of the Group's finance or operating leases, the Group is required to indemnify the lessors against any withholding or similar taxes that may be imposed on the lessors by taxing authorities in China with regard to payments made under these leases. All but one of the Group's current leases have been exempted from withholding or similar taxes under Chinese tax regulations. Although the Group cannot assure that it will be able to obtain any exemption in respect of future leases, the amount of withholding taxes are generally subject to and limited by bilateral taxation treaties.

The Group generally operates with a working capital deficit. As at 31 December 2001, the Group's current liabilities exceeded the Group's current assets by RMB 3,163 million. The increase in working capital deficit in 2001 was due to a number of measures taken by the Group to decrease financing costs. The Group terminated several costly aircraft leases prior to the expiration of their terms and acquired aircraft using low-interest loans provided by various domestic banks, thereby increasing the Group's current liabilities in 2001. The final lease payments under certain long-term, Japanese-yen-denominated leveraged aircraft leases due to expire in 2002, comprising a significant portion of total payments under these leases, was transferred to current liabilities in 2001, thereby also contributing to the growth in current liabilities. To ensure operational consistency, the Group took several initiatives, including entering into working capital credit facility agreements with PRC banks to meet the Group's future capital needs. The Group has generally been able to arrange short-term bank loans with domestic and foreign banks in China as necessary to meet the Group's working capital requirements. The Group believes that it can obtain these short-term bank loans when required because of the Group's continuing relationships with various lenders, although the Group cannot assure that it will be able to continue to do so in the future. See Note 41 to the Financial Statements prepared under IAS for a description of bank loan facilities obtained since 31 December 2001. Short-term loans outstanding totalled RMB 600 million and RMB 1,288 million as at 31 December 2000 and 2001, respectively. Long-term loans outstanding totalled RMB 4,804 million and RMB 5,301 million as at 31 December 2000 and 2001, respectively. Long-term loans payable within two years, from three to five years and beyond five years were RMB 917 million, RMB 2,518 million and RMB 1,866 million, respectively, as at 31 December 2001, as compared to RMB 867 million, RMB 2,048 million and RMB 1,890 million, respectively, as at 31 December 2000. The total lease obligations outstanding under the Group's finance leases as at 31 December 2000 and 2001 were RMB 11,308 million and RMB 9,871 million, respectively. The

Group's lease obligations payable within two years, from three to five years and beyond five years were RMB 4,166 million, RMB 3,091 million and RMB 2,614 million, respectively, as at 31 December 2001, as compared to RMB 3,154 million, RMB 4,078 million and RMB 4,076 million, respectively, as at 31 December 2000. The Group expects that cash from operations and short-term bank borrowings will be sufficient to meet the Group's operating cash flow requirements, although events that materially affect the Group's operating

results can also have a negative impact on liquidity. The Group has, and in the future may continue to have, substantial indebtedness. As at 31 December 2000 and 2001, the Group's long-term debt to equity ratio was 2.36 and 1.93, respectively. The interest expenses associated with these indebtedness might impair the Group's future profitability and cause the Group's earnings to be subject to a higher degree of volatility.

The Group's aircraft orders as at 31 December 2001 included commitments to acquire eleven Boeing 737 aircraft, two A319 Airbus aircraft and five A340 Airbus aircraft to be delivered between 2002 and 2004. The Group expects its capital expenditures for aircraft and related equipment, including deposits, through 2004 to be in aggregate approximately RMB 9,187 million, including RMB 2,199 million in 2002, RMB 4,928 million in 2003 and RMB 2,060 million in 2004, in each case subject to contractually stipulated increases related to inflation and any discounts available upon delivery of the aircraft. Construction of the Group's facilities at the Pudong International Airport and the purchase of maintenance equipment and other property and equipment will continue to require additional capital expenditure in 2002. In June 2001, the Group completed its acquisition of Air Great Wall for an aggregate consideration of RMB 270 million, to be paid on an installment basis over 9 years. On 9 June 2001, the Group established China Eastern Airlines Ningbo Co., Ltd. using the assets purchased from Air Great Wall. The Group has preliminarily agreed in principle with Wuhan Airlines and other partners to establish a joint venture in which the Group is expected to hold a 40% interest. The aggregate investment by the Group is expected to be approximately RMB 280 million. The plan to establish this joint venture was approved by the CAAC in early 2002. The capital contribution to the joint venture will be paid in cash. The Group plans to finance the Group's aircraft acquisitions, the Group's investment in the joint venture with Wuhan Airlines and other partners and other capital commitments through a combination of funds generated from operations, existing credit facilities, bank loans, leasing arrangements and other external financing arrangements.

In the past, the Group has obtained, with the assistance of the CAAC, guarantees from the Bank of China and other Chinese banks in respect of payments under the Group's foreign loan and finance lease obligations. While the Group believes that the Group will continue to be able to obtain bank guarantees in the future, the Group cannot assure that the Group will be able to do so. The unavailability of guarantees from Bank of China or other acceptable banks or the increased cost of these guarantees could adversely affect the Group's ability to borrow internationally or enter into international aircraft lease financings on acceptable terms. The Group's ability to obtain financing may also be affected by the Group's financial position and leverage, as well as by prevailing economic conditions and the cost of financing generally. If the Group was unable to obtain financing for a significant portion of the Group's capital requirements, the Group's ability to acquire new aircraft or to expand its operations could be impaired.

Foreign Currency Transactions

All of the Group's finance lease obligations and aircraft operating leases are denominated in U.S. dollars, Japanese yen and German deutschemarks (as converted into the Euro as of 1 January 2002), and certain other expenses of the Group are denominated in currencies other than Renminbi. Although the Group generates foreign currency revenues, including Japanese yen, Hong Kong dollar and U.S. dollar revenues, from ticket sales made in overseas offices, the Group may generate a deficit or surplus of revenues in foreign currencies over payments in these currencies from period to period. The resulting foreign currency exchange rate exposure can have an adverse effect on the Group's results of operations if, for example, the value of the Renminbi weakens against the U.S. dollar or the relevant foreign currencies and the effective cost of the Group's aircraft financing and other foreign currency-denominated liabilities increase. The Group is not able to hedge effectively against the devaluation of the Renminbi, other than by retaining the Group's foreign exchange-denominated earnings and receipts to the extent permitted by the Chinese State Administration of Foreign Exchange. The Group's results of operations may also be affected by changes in the value of currencies other than the Renminbi, depending on the currencies of the Group's foreign currency-denominated receipts and obligations. The Group has previously entered into various short-term hedging arrangements, for periods of under 3 months, with Chinese banks for the exchange of Japanese yen into U.S. dollars in order to hedge against the devaluation of the Japanese yen. In 2001, the Group began entering into longer-term hedging transactions, for periods of four to five years, for the exchange of Japanese yen into U.S. dollars. The Group also began short term hedging arrangements for the exchange of Korean won into U.S. dollars in 2001. In 2001, the Group had a net foreign exchange gain of RMB 126 million as compared to a net foreign exchange gain of RMB 120 million in 2000 primarily as a result of the depreciation of the Japanese yen against the Renminbi in 2001.

Employees

As at 31 December 2001, the Group had approximately 13,500 employees, a majority of whom worked in the PRC. The Group normally pays a basic salary and a performance bonus to each of its employees. The Group has not experienced any significant difficulty in recruiting employees or any significant turnover in the number of its employees or any labour dispute with its employees. Apart from the basic salary and performance bonus, the details of retirement and post-retirement benefits and staff housing benefits are set out in Notes 33 and 34 of the financial statements prepared under IAS.

Charges on Asset and Contingent Liabilities

For the acquisition of aircraft, the Group generally pledges its assets, including the aircraft and its long-term bank deposits, to secure its obligations under finance leases and bank loans for these acquisitions. As at 31 December 2000 and 2001, the total carrying value of assets pledged was RMB 5,396 million and RMB 5,216 million, respectively.

As at 31 December 2001, China Eastern Airlines Jiangsu Co., Ltd. had provided a guarantee to a bank in respect of bank facilities granted to Nanjing Lu Kou International Airport Company, an independent third party, amounting to RMB 150 million.