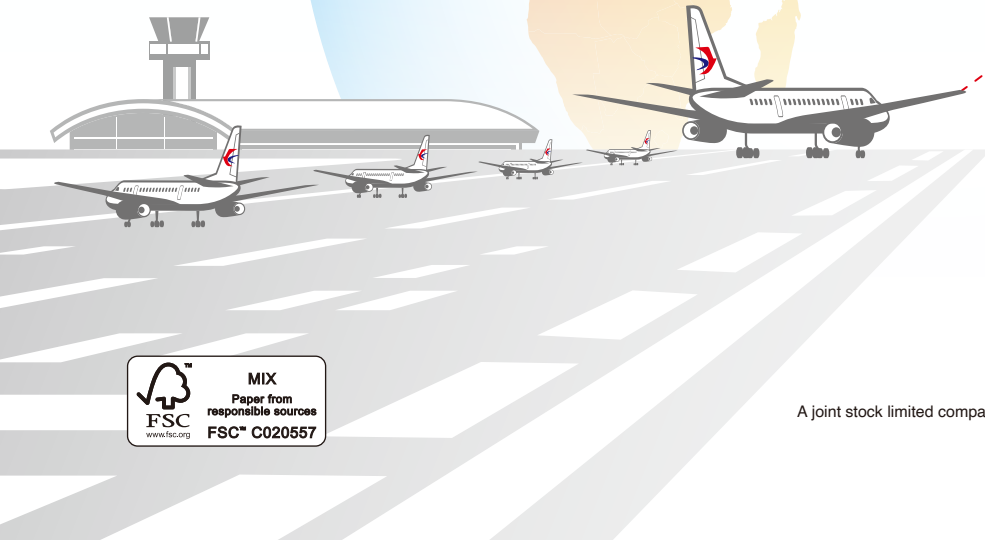




中國東方航空  
CHINA EASTERN



世界品位 东方魅力



2023

INTERIM REPORT



A joint stock limited company incorporated in the People's Republic of China with limited liability  
Stock Code : A Share : 600115 | H Share : 00670





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## Definitions

In this report, unless the context otherwise requires, the following expressions have the following meanings:

AFK	means Air France-KLM. Official website: <a href="https://www.airfranceklm.com/">https://www.airfranceklm.com/</a>
Airbus	means Airbus S.A.S., a European aircraft manufacturing and R&D company. Official website: <a href="https://www.airbus.com/en">https://www.airbus.com/en</a>
Articles of Association	means the Articles of Association of the Company currently in force
Audit and Risk Management Committee	means the audit and risk management committee of the Board of the Company
Available freight tonne-kilometres (AFTK)	means the sum of the maximum tonnes of capacity available for the carriage of cargo and mail multiplied by the distance flown for every route
Available seat-kilometres (ASK)	means the sum of the maximum number of seats made available for sale multiplied by the distance flown for every route
Available tonne-kilometres (ATK)	means the sum of capacity available for the carriage multiplied by the distance flown for every route
Board	means the board of directors of the Company
Boeing	means the Boeing Company, an American aerospace manufacturer. Official website: <a href="https://www.boeing.com/">https://www.boeing.com/</a>
CAAC	means the Civil Aviation Administration of China. Official website: <a href="http://www.caac.gov.cn/">http://www.caac.gov.cn/</a>
CEA Holding	means 中國東方航空集團有限公司 (China Eastern Air Holding Company Limited*), the controlling shareholder and a connected person of the Company
CES Finance	means 東航金控有限責任公司 (CES Finance Holding Co., Limited), a wholly-owned subsidiary of CEA Holding and a shareholder and connected person of the Company
CES Global	means 東航國際控股(香港)有限公司 (CES Global Holdings (Hong Kong) Limited), a wholly-owned subsidiary of CES Finance and a shareholder and connected person of the Company
China Cargo Airlines	means 中國貨運航空有限公司 (China Cargo Airlines Co., Limited), a controlled subsidiary of Eastern Logistics and a connected person of the Company
China Eastern Airlines, CEA, or the Company	means 中國東方航空股份有限公司 (China Eastern Airlines Corporation Limited)
China United Airlines	means 中國聯合航空有限公司 (China United Airlines Co., Limited), a wholly-owned subsidiary of the Company
COMAC	means 中國商用飛機有限責任公司 (Commercial Aircraft Corporation of China, Ltd.), a Chinese civil aircraft manufacturing and R&D company. Official website: <a href="http://www.comac.cc/">http://www.comac.cc/</a>
CSRC	means the China Securities Regulatory Commission. Official website: <a href="http://www.csrc.gov.cn/">http://www.csrc.gov.cn/</a>
Delta	means Delta AirLines Inc (IATA Code: DL), a shareholder of the Company. Official website: <a href="https://www.delta.com/">https://www.delta.com/</a>
Directors	means the directors of the Company
Eastern Air Jiangsu	means 中國東方航空江蘇有限公司 (China Eastern Airlines Jiangsu Co., Limited*), a controlled subsidiary of the Company
Eastern Air Overseas	means 東航海外(香港)有限公司 (Eastern Air Overseas (Hong Kong) Corporation Limited), a wholly-owned subsidiary of the Company
Eastern Air Wuhan	means 中國東方航空武漢有限責任公司 (China Eastern Airlines Wuhan Limited*), a controlled subsidiary of the Company



## Definitions

Eastern Air Yunnan	means 東方航空雲南有限公司 (China Eastern Airlines Yunnan Co., Limited*), a controlled subsidiary of the Company
Eastern Airlines Industry Investment	means 東方航空產業投資有限公司 (Eastern Airlines Industry Investment Company Limited*), a wholly-owned subsidiary of CEA Holding and a connected person of the Company
Eastern Logistics	means 東方航空物流股份有限公司 (Eastern Airline Logistics Co., Limited*), a controlled subsidiary of Eastern Airlines Industry Investment and a connected person of the Company
Eastern Miles	means 東方萬里行, an award scheme for global frequent flyer designed by the Company
Eastern Technology	means 東方航空技術有限公司 (Eastern Airlines Technology Co., Limited), a wholly-owned subsidiary of the Company
End of the Reporting Period	means 30 June 2023
Freight load factor	means the ratio of freight traffic volume to AFTK
Freight tonne-kilometres yield	means the ratio of the sum of freight transportation and related revenue to freight traffic volume
Group	means the Company and its subsidiaries
HKSCC	means Hong Kong Securities Clearing Company Ltd., which operates the Central Clearing and Settlement System (CCASS) of Hong Kong. HKSCC is a wholly-owned subsidiary of the Hong Kong Stock Exchange, and the shares of H share investors are deposited in HKSCC
Hong Kong Stock Exchange	means The Stock Exchange of Hong Kong Limited. Official website: <a href="http://www.hkex.com.hk/">http://www.hkex.com.hk/</a>
IATA	means the International Air Transport Association, a major international organisation formed by airlines of different countries worldwide, which coordinates and communicates government policies through aviation transportation enterprises and deals with actual operations issues. Official website: <a href="http://www.iata.org/">http://www.iata.org/</a>
Japan Airlines	means Japan Airlines Co., Ltd (IATA Code: JL). Official website: <a href="http://www.jal.com/">http://www.jal.com/</a>
Juneyao Airlines	means 上海吉祥航空股份有限公司 (Juneyao Airlines Co., Ltd) (IATA Code: HO). Official website: <a href="http://www.juneyaoair.com/">http://www.juneyaoair.com/</a>
Juneyao Group	means 上海均瑤(集團)有限公司 (Shanghai Juneyao (Group) Co., Ltd.), the controlling shareholder of Juneyao Airlines and a connected person of the Company
Juneyao Hong Kong	means 上海吉祥航空香港有限公司 (Shanghai Juneyao Airline Hong Kong Limited), a wholly-owned subsidiary of Juneyao Airlines and a connected person of the Company
Listing Rules	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
OTT Airlines	means 一二三航空有限公司 (One Two Three Airlines Co., Ltd.), a wholly-owned subsidiary of the Company
Overall load factor	means the ratio of total traffic volume to ATK
Passenger load factor	means the ratio of passenger traffic volume to ASK
Passenger-kilometres yield	means the ratio of the sum of passenger traffic and related revenue to passenger traffic volume
Qantas	means Qantas Airways Ltd (IATA Code: QF). Official website: <a href="https://www.qantas.com/">https://www.qantas.com/</a>
Regional	means Hong Kong, China; Macau, China; and Taiwan, China, per routes categorization
Reporting Period	means from 1 January 2023 to 30 June 2023
Revenue freight tonne-kilometres (RFTK)	means the freight traffic volume, the sum of cargo and mail load in tonnes multiplied by the distance flown for every route

## Definitions

Revenue passenger-kilometres (RPK)	means the passenger traffic volume, the sum of the number of passengers carried multiplied by the distance flown for every route
Revenue tonne-kilometres (RTK)	means the total traffic volume, the sum of load (passenger and cargo) in tonnes multiplied by the distance flown for every route
Revenue tonne-kilometres yield	means the ratio of the sum of transportation and related revenue to total traffic volume
SFO	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shanghai Airlines	means 上海航空有限公司 (Shanghai Airlines Co., Limited*), a wholly-owned subsidiary of the Company
Shanghai Jidaohang	means Shanghai Jidaohang Enterprise Management Company Limited (上海吉道航企業管理有限公司), a wholly-owned subsidiary of Juneyao Airlines and a connected person of the Company
Shanghai Stock Exchange	means the Shanghai Stock Exchange. Official website: <a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a>
SkyTeam Airline Alliance	means the SkyTeam Alliance, one of the three major international airline alliances in the world. Official website: <a href="http://www.skyteam.com/">http://www.skyteam.com/</a>
Supervisor	means the supervisor of the Company
Supervisory Committee	means the Supervisory Committee of the Company
The PRC	means the People's Republic of China
United States	means the United States of America
Weight of freight carried	means the actual weight of freight carried

The Board of the Company hereby presents the interim financial information of the Group for the six months ended 30 June 2023 prepared in accordance with International Financial Reporting Standards (which were reviewed and approved by the Board and the Audit and Risk Management Committee of the Company on 30 August 2023), with comparative figures for the corresponding period in 2022.

The interim financial information of the Group for the six months ended 30 June 2023 is not necessarily indicative of annual or future results of the Group. Investors should not place undue reliance on the interim financial information of the Group for the six months ended 30 June 2023.



## Company Business Introduction

The scope of principal business of the Company includes: domestic and approved international and regional business for air transportation of passengers, cargo, mail, luggage and extended services. In addition, the Company is allowed to conduct the following business operations: general aviation business; maintenance of aviation equipment and machinery; manufacture and maintenance of aviation equipment; agency business for domestic and overseas airlines and other businesses related to air transportation; insurance by-business agency services; e-commerce; in-flight supermarket; wholesale and retail of goods.

The Group has established a streamlined and efficient modern fleet. By operating 785 passenger aircraft (including 3 business aircraft) with an average age of approximately 8.4 years, the Company focuses on the core hubs of Shanghai and Beijing and the regional hubs of Xi'an and Kunming to provide high-quality and convenient air transportation and extended services for passengers and customers around the world.

# Company Profile

## Company Information

Chinese name of the Company	中國東方航空股份有限公司
English name of the Company	China Eastern Airlines Corporation Limited
Abbreviated English name of the Company	CEA
Legal representative of the Company	Liu Shaoyong

Note: Mr. Liu Shaoyong, the chairman of the Company, has resigned as the chairman and director of the Company on 12 August 2022 and Mr. Li Yangmin, the Vice Chairman, to act as the Chairman and the legal representative.

## Basic Profile

Registered address of the Company	66 Airport Street, Pudong International Airport, Pudong New District, Shanghai
Postal code of the Company's registered address	201202
Place of business of the Company	36 Hongxiang 3rd Road, Minhang District, Shanghai
Postal code of the Company's place of business	201100
The Company's website	www.ceair.com
Mobile application (APP)	東方航空
Mobile website	m.ceair.com
Email address	ir@ceair.com
Service hotline	+86 95530
Sina Weibo	http://weibo.com/ceair
Weixin/WeChat mini program	中國東方航空
Weixin public subscription ID	東方航空訂閱號
Weixin ID	donghang_gw
Weixin QR code	

## Shares of the Company

A shares listing venue: The Shanghai Stock Exchange	Abbreviation: 中國東航	Code: 600115
H shares listing venue: The Hong Kong Stock Exchange	Abbreviation: China East Air	Code: 00670

## Contact Person and Contact Method

	<b>Board Secretary, Company Secretary and Authorised Representative</b>	<b>Securities Affairs Representative</b>
Contact person	Wang Jian	Yang Hui
Contact address	36 Hongxiang 3rd Road, Minhang District, Shanghai	36 Hongxiang 3rd Road, Minhang District, Shanghai
Telephone number	021-22330935	021-22330935
Fax number	021-62686116	021-62686116
Email address	ir@ceair.com	ir@ceair.com





## As at the publication date of this report

### DIRECTORS

Li Yangmin (Vice Chairman, President)  
Tang Bing (Director)  
Lin Wanli (Director)  
Cai Hongping (Independent non-executive Director)  
Dong Xuebo (Independent non-executive Director)  
Sun Zheng (Independent non-executive Director)  
Lu Xiongwen (Independent non-executive Director)  
Jiang Jiang (Employee Representative Director)

### SUPERVISORS

Guo Lijun (Chairman of the Supervisory Committee)  
Fang Zhaoya (方照亞) (Supervisor)  
(Former name: Fang Zhaoya as 方召亞)  
Zhou Huaxin (Employee Representative Supervisor)

### SENIOR MANAGEMENT

Li Yangmin (Vice Chairman, President)  
Zhou Qimin (Vice President, Chief Financial Officer)  
Feng Dehua (Vice President)  
Cheng Guowei (Vice President)  
Liu Tiexiang (Vice President)  
Wang Jian (Board Secretary, Company Secretary)

### COMPANY SECRETARY

Wang Jian

### AUTHORISED REPRESENTATIVES

Li Yangmin  
Wang Jian

### LEGAL ADVISERS

Hong Kong, China: Baker & McKenzie  
Mainland China: Beijing Commerce & Finance Law Office

### PRINCIPAL BANKS

Industrial and Commercial Bank of China, Shanghai Branch  
China Construction Bank, Shanghai Branch  
The Bank of China, Shanghai Branch  
Agricultural Bank of China, Shanghai Branch

### SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Hong Kong

China Securities Depository and Clearing Corporation Limited,  
Shanghai Branch  
188 South Yanggao Road, Pudong New District, Shanghai

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room D, 19/F, United Centre, 95 Queensway, Hong Kong

### BUSINESS LICENCE RELATED INFORMATION

The unified social credit code of business licence of the Company is:  
913100007416029816

# Interim Financial Information

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Revenue</b>	6	<b>49,425</b>	19,354
Other operating income and gains	7	<b>2,627</b>	1,813
<b>Operating expenses</b>			
Aircraft fuel		<b>(17,432)</b>	(8,960)
Depreciation and amortisation		<b>(12,205)</b>	(10,656)
Wages, salaries and benefits		<b>(10,922)</b>	(9,645)
Take-off and landing charges		<b>(6,682)</b>	(2,896)
Aircraft maintenance		<b>(2,132)</b>	(1,430)
Selling and marketing expenses		<b>(1,340)</b>	(308)
Food and beverages		<b>(1,280)</b>	(439)
Civil aviation development fund		<b>(497)</b>	(226)
Ground services and other expenses		<b>(288)</b>	(213)
Low value and short-term lease rentals		<b>(107)</b>	(288)
Impairment losses on financial assets		<b>(44)</b>	(8)
Fair value changes of financial asset at fair value through profit or loss		<b>(1)</b>	(6)
Indirect operating expenses		<b>(1,719)</b>	(1,808)
<b>Total operating expenses</b>		<b>(54,649)</b>	(36,883)
<b>Operating loss</b>		<b>(2,597)</b>	(15,716)
Share of result of associates		<b>18</b>	7
Share of result of joint ventures		<b>(6)</b>	(30)
Finance costs	8	<b>(4,656)</b>	(4,466)
Finance income		<b>275</b>	210
<b>Loss before tax</b>		<b>(6,966)</b>	(19,995)
Income tax credit	9	<b>389</b>	21
<b>Loss for the period</b>		<b>(6,577)</b>	(19,974)
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(6,249)</b>	(18,736)
Non-controlling interests		<b>(328)</b>	(1,238)
		<b>(6,577)</b>	(19,974)
<b>Loss per share attributable to the equity holders of the Company:</b>			
— Basic and diluted (expressed in RMB per share)	11	<b>(0.28)</b>	(0.99)

Interim Financial Information

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Loss for the period</b>		<b>(6,577)</b>	(19,974)
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Effective portion of changes in fair value of hedging instruments arising during the period, net of tax		(9)	119
<i>Items that may not be subsequently reclassified to profit or loss</i>			
Fair value changes of equity investments designated at fair value through other comprehensive income, net of tax		—	(63)
Actuarial losses on the post-retirement benefit obligations, net of tax		(47)	13
<b>Other comprehensive income, net of tax</b>		<b>(56)</b>	69
<b>Total comprehensive income for the period</b>		<b>(6,633)</b>	(19,905)
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		(6,305)	(18,662)
Non-controlling interests		(328)	(1,243)
		<b>(6,633)</b>	(19,905)

The notes on pages 15 to 44 are an integral part of this interim condensed consolidated financial information.

# Interim Financial Information

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	91,579	89,208
Investment properties		237	243
Right-of-use assets	14	123,227	128,179
Intangible assets	15	11,623	11,652
Advanced payments on acquisition of aircraft		14,204	13,970
Investments in associates		2,286	2,282
Investments in a joint venture		431	434
Equity investments designed at fair value through other comprehensive income		444	452
Derivative financial instruments		76	94
Deferred tax assets		10,323	9,858
Other non-current assets		4,238	4,199
		<b>258,668</b>	260,571
<b>Current assets</b>			
Flight equipment spare parts		1,701	1,626
Trade receivables	16	2,226	754
Prepayments and other receivables		8,807	7,407
Financial assets at fair value through profit or loss		71	72
Derivative financial instruments		7	1
Restricted bank deposits		12	12
Cash and cash equivalents		20,112	17,541
		<b>32,936</b>	27,413
<b>Current liabilities</b>			
Trade and bills payables	17	3,861	2,310
Other payables and accruals		21,541	17,862
Contract liabilities		7,294	3,166
Current portion of borrowings	18	63,777	64,008
Current portion of lease liabilities		18,288	18,614
Income tax payable		14	26
Current portion of provision for lease return costs for aircraft and engines		—	460
		<b>114,775</b>	106,446
<b>Net current liabilities</b>		<b>(81,839)</b>	(79,033)
<b>Total assets less current liabilities</b>		<b>176,829</b>	181,538

Interim Financial Information  
Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Note	<b>30 June 2023 RMB million (Unaudited)</b>	31 December 2022 RMB million (Audited)
<b>Non-current liabilities</b>			
Borrowings	18	<b>65,053</b>	57,939
Lease liabilities		<b>72,623</b>	78,387
Provision for lease return costs for aircraft and engines		<b>8,715</b>	8,008
Contract liabilities		<b>801</b>	743
Post-retirement benefit obligations		<b>2,203</b>	2,212
Other long-term liabilities		<b>1,724</b>	1,906
		<b>151,119</b>	149,195
<b>Net assets</b>			
		<b>25,710</b>	32,343
<b>Equity</b>			
<b>Equity attributable to equity holder of the Company</b>			
— Share capital	19	<b>22,291</b>	22,291
— Reserves		<b>2,726</b>	9,031
		<b>25,017</b>	31,322
<b>Non-controlling interests</b>			
		<b>693</b>	1,021
<b>Total equity</b>			
		<b>25,710</b>	32,343

The notes on pages 15 to 44 are an integral part of this interim condensed consolidated financial information.

# Interim Financial Information

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Company				Non-controlling interests	Total equity	
	Note	Share capital	Other reserves	Accumulated losses			Total
		RMB million	RMB million	RMB million	RMB million	RMB million	
<b>At 1 January 2023 (Audited)</b>		<b>22,291</b>	<b>53,247</b>	<b>(44,216)</b>	<b>31,322</b>	<b>1,021</b>	<b>32,343</b>
<b>Comprehensive income:</b>							
Loss for the period		–	–	(6,249)	(6,249)	(328)	(6,577)
Other comprehensive income		–	(57)	1	(56)	–	(56)
<b>Total comprehensive income</b>		<b>–</b>	<b>(57)</b>	<b>(6,248)</b>	<b>(6,305)</b>	<b>(328)</b>	<b>(6,633)</b>
<b>At 30 June 2023 (Unaudited)</b>		<b>22,291</b>	<b>53,190</b>	<b>(50,464)</b>	<b>25,017</b>	<b>693</b>	<b>25,710</b>
<b>At 1 January 2022 (Audited)</b>		18,874	41,571	(6,830)	53,615	3,537	57,152
<b>Comprehensive income:</b>							
Loss for the period		–	–	(18,736)	(18,736)	(1,238)	(19,974)
Other comprehensive income		–	74	–	74	(5)	69
<b>Total comprehensive income</b>		<b>–</b>	<b>74</b>	<b>(18,736)</b>	<b>(18,662)</b>	<b>(1,243)</b>	<b>(19,905)</b>
<b>At 30 June 2022 (Unaudited)</b>		18,874	41,645	(25,566)	34,953	2,294	37,247

The notes on pages 15 to 44 are an integral part of this interim condensed consolidated financial information.

# Interim Financial Information

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Cash flow from operating activities</b>			
Cash generated from operations	23	16,137	(1,518)
Income tax paid		(24)	(57)
<b>Net cash generated from/(used in) operating activities</b>		<b>16,113</b>	<b>(1,575)</b>
<b>Cash flow from investing activities</b>			
Payments for property, plant and equipment and other non-current assets		(8,453)	(2,490)
Proceeds from disposal of property, plant and equipment		34	137
Dividends received		36	6
Proceeds from disposal of an equity investment		2	—
Repayment of loan by a joint venture		—	2
Proceeds from novation of purchase rights		1,870	474
<b>Net cash used in investing activities</b>		<b>(6,511)</b>	<b>(1,871)</b>

Interim Financial Information  
Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	For the six months ended 30 June	
		2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Cash flows from financing activities</b>			
Repayments of short-term debentures		(10,000)	(22,000)
Repayments of short-term bank loans		(24,600)	(30,469)
Proceeds from issuance of short-term debentures		21,500	35,500
Proceeds from draw-down of short-term bank loans		14,000	32,800
Proceeds from draw-down of long-term bank loans		14,500	14,300
Repayments of principal of lease liabilities		(10,991)	(8,531)
Proceeds from issuance of long-term debentures and bonds		—	3,500
Repayments of long-term debentures		(6,800)	(3,000)
Interest paid		(3,134)	(2,872)
Repayments of long-term bank loans		(1,538)	(890)
Net settlement relating to derivative financial instruments		26	(24)
<b>Net cash (used in)/generated from financing activities</b>		<b>(7,037)</b>	18,314
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		17,541	12,950
Exchange differences on cash and cash equivalents		6	7
<b>Cash and cash equivalents at the end of the period</b>		<b>20,112</b>	27,825

The notes on pages 15 to 44 are an integral part of this interim condensed consolidated financial information.



# Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 1. Corporate Information

China Eastern Airlines Corporation Limited (the “Company”), a joint stock company limited by shares was established in the People’s Republic of China (the “PRC”) on 14 April 1995. The address of the Company’s registered office is 66 Airport Street, Pudong International Airport, Shanghai, the PRC. The Company and its subsidiaries (together, the “Group”) are principally engaged in the operation of civil aviation, including the provision of passenger, cargo, mail delivery and other extended transportation services.

In the opinion of the directors of the Company, the holding company and ultimate holding company of the Company is China Eastern Air Holding Company Limited (“CEA Holding”), a state-owned enterprise established in the PRC.

The A shares and H shares of the Company are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited respectively.

These financial statements were approved and authorised for issue by the Company’s Board of Directors (the “Board”) on 30 August 2023.

This condensed consolidated interim financial information has not been audited.

## 2. Basis of Preparation

The unaudited interim condensed consolidated financial information, comprising interim condensed consolidated statement of financial position as at 30 June 2023, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2023 (collectively referred to as the “interim financial information”), has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS as issued by the International Accounting Standard Board (“IASB”).

For the six months ended 30 June 2023, the Group incurred net loss of RMB6.58 billion. As at 30 June 2023, the Group’s current liabilities exceeded its current assets by approximately RMB81.84 billion. In preparing the financial statements, the Board has conducted a detailed review over the Group’s going concern ability based on its financial condition and operating results. The Board has also considered the following factors:

- Sufficient unutilised banking facilities as at 30 June 2023;
- The Group’s sound credit standing and history of cooperation with banks and other financial institutions; and
- The Group’s expected net cash inflows from operating activities for not less than 12 months starting from the period end of the financial statements, considering the recovery of flights and the Group’s major operating costs including fuel prices during such period.

The Board believes that the Group has sufficient source of financing to enable it to operate, as well as to meet its liabilities as and when they become due, and to support its the capital expenditures in the foreseeable future of not less than twelve months starting from the period end of the financial statements. Accordingly, the Board continued to prepare the Group’s financial statements as of and for six months ended 30 June 2023 on a going concern basis.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 3. Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial information for the year ended 31 December 2022, as described therein, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the following revised International Financial Reporting Standards ("IFRSs") effective for the six months ended 30 June 2023 as described below.

#### (a) New and amended standards adopted by the Group

The IASB has issued the following amendments to IFRS for the current accounting period of the Group.

- IFRS 17 – Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definitions of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above new amendments starting from 1 January 2023 did not give rise to significant impact on the Group's result of operations and financial position for the six months ended 30 June 2023.

#### (b) Impact of standards issued but not yet applied

Certain new accounting standards, amendments and interpretations have been published but are not mandatory for the financial year beginning 1 January 2023 and have not been early adopted by the Group.

### 4. Significant Accounting Judgements and Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

## 5. Segment Information

- (a) The chief operating decision-maker (“CODM”), office of the General Manager, reviews the Group’s internal reporting in order to assess performance and allocate resources.

The Group has one reportable operating segment, reported as “airline transportation operations”, which comprises the provision of passenger, cargo, mail delivery and ground service.

Other services including primarily tour operations, air catering and other miscellaneous services are not included within the airline transportation operations segment, as their internal reports are separately provided to the CODM. The results of these operations are included in the “other segments” column.

Inter-segment transactions are entered into under normal commercial terms and conditions that would be available to unrelated third parties.

In accordance with IFRS 8, segment disclosure has been presented in a manner that is consistent with the information used by the Group’s CODM. The Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment based on financial results prepared under the PRC Accounting Standards for Business Enterprises, which differ from IFRSs in certain aspects. The amount of each material reconciling item from the Group’s reportable segment revenues and profit/(loss) before income tax, arising from different accounting policies is set out in Note 5(c) below.

The segment results for the six months ended 30 June 2023 were as follows:

	Airline transportation operations RMB million (Unaudited)	Other segments RMB million (Unaudited)	Eliminations RMB million (Unaudited)	Unallocate* RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Segment revenue</b> (Note 6)					
Reportable segment revenue from external customers	49,307	118	–	–	49,425
Inter-segment sales	–	538	(538)	–	–
Reportable segment revenue	49,307	656	(538)	–	49,425
Reportable segment loss before income tax	(7,140)	155	–	19	(6,966)
<b>Other segment information</b>					
Depreciation and amortisation	12,076	129	–	–	12,205
Impairment losses on financial assets	43	1	–	–	44
Interest income	293	4	(22)	–	275
Interest expenses	3,329	22	(22)	–	3,329
Capital expenditure	12,113	34	–	–	12,147

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 5. Segment Information (continued)

- (a) The chief operating decision-maker (“CODM”), office of the General Manager, reviews the Group’s internal reporting in order to assess performance and allocate resources. (continued)

The segment results for the six months ended 30 June 2022 were as follows:

	Airline transportation operations RMB million (Unaudited)	Other segments RMB million (Unaudited)	Eliminations RMB million (Unaudited)	Unallocate* RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Segment revenue</b> (Note 6)					
Reportable segment revenue from					
external customers	19,277	77	—	—	19,354
Inter-segment sales	—	358	(358)	—	—
Reportable segment revenue	19,277	435	(358)	—	19,354
Reportable segment loss before income tax	(19,958)	(9)	—	(28)	(19,995)
<b>Other segment information</b>					
Depreciation and amortisation	10,526	130	—	—	10,656
Impairment losses on financial assets	8	—	—	—	8
Interest income	216	—	(6)	—	210
Interest expenses	3,051	11	(6)	—	3,056
Capital expenditure	4,570	24	—	—	4,594

The segment assets and liabilities as at 30 June 2023 and 31 December 2022 were as follows:

	Airline transportation operations RMB million	Other segments RMB million	Eliminations RMB million	Unallocated* RMB million	Total RMB million
<b>At 30 June 2023 (Unaudited)</b>					
Reportable segment assets	284,005	4,133	(2,091)	3,315	289,362
Reportable segment liabilities	265,951	2,034	(2,091)	—	265,894
<b>At 31 December 2022 (Audited)</b>					
Reportable segment assets	280,269	3,860	(1,722)	3,335	285,742
Reportable segment liabilities	255,471	1,892	(1,722)	—	255,641

\* Unallocated assets primarily represent investments in associates and joint ventures, derivative financial instruments, financial asset at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income. Unallocated results primarily represent the share of results of associates and joint ventures, fair value changes of financial asset at fair value through profit or loss and dividend income relating to equity investments at fair value through profit or loss.

**5. Segment Information** (continued)

- (b) The Group's business operates in three main geographical areas, even though they are managed on a worldwide basis.

The Group's revenues by geographical area are analysed based on the following criteria:

- (1) Traffic revenue from services within Mainland China (the PRC excluding the Hong Kong Special Administrative Region ("Hong Kong"), Macau Special Administrative Region ("Macau") and Taiwan, collectively known as "Regional") is classified as domestic operations. Traffic revenue from inbound and outbound services between overseas markets excluding Regional is classified as international operations.
- (2) Revenue from ticket handling services, ground services and other miscellaneous services are classified on the basis of where the services are performed.

	<b>For the six months ended 30 June</b>	
	<b>2023</b> RMB million (Unaudited)	2022 RMB million (Unaudited)
Domestic	<b>41,749</b>	14,104
Regional	<b>1,117</b>	180
International	<b>6,559</b>	5,070
	<b>49,425</b>	19,354

- (3) The major revenue-earning assets of the Group are its aircraft, all of which are registered in the PRC. Since the Group's aircraft are deployed flexibly across its route network, there is no suitable basis of allocating such assets and the related liabilities by geographic area and hence segment non-current assets and capital expenditure by geographic area are not presented. Except the aircraft, most non-current assets (except financial instruments) are registered and located in the PRC.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 5. Segment Information (continued)

- (c) Reconciliation of reportable segment revenues, profit, assets and liabilities to the consolidated figures as reported in the consolidated financial statements:

	For the six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Revenue</b>		
Reportable segment revenue	49,425	19,354
Consolidated revenue	49,425	19,354

	For the six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Loss before income tax</b>		
Reportable segment loss	(6,966)	(19,995)
Consolidated loss before income tax	(6,966)	(19,995)

	Note	30 June 2023		31 December 2022	
		RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Audited)	RMB million (Audited)
<b>Assets</b>					
Reportable segment assets		289,362		285,742	
— Difference in intangible asset arising from the acquisition of Shanghai Airlines	(i)	2,242		2,242	
Consolidated assets		291,604		287,984	

**5. Segment Information** (continued)

- (c) Reconciliation of reportable segment revenues, profit, assets and liabilities to the consolidated figures as reported in the consolidated financial statements: (continued)

	<b>30 June 2023</b> RMB million (Unaudited)	31 December 2022 RMB million (Audited)
<b>Liabilities</b>		
Reportable segment liabilities	<b>265,894</b>	255,641
Consolidated liabilities	<b>265,894</b>	255,641

Notes:

- (i) The difference represents the different measurement of the fair value of acquisition cost of the shares from Shanghai Airlines Co., Limited ("Shanghai Airlines") between the PRC Accounting standards and IFRSs, which results in the different measurement of goodwill.

(d) **Seasonality of operations**

The civil aviation industry is subject to seasonal fluctuations, with peak demand during the holiday season in the second half of the year. As such, the revenues and results of the Group in the first half of the year are generally lower than those in the second half of the year.

**6. Revenue**

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b> RMB million (Unaudited)	2022 RMB million (Unaudited)
Revenue from contracts with customers	<b>49,318</b>	19,254
Revenue from other sources		
Gross rental income	<b>107</b>	100
	<b>49,425</b>	19,354

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 6. Revenue (continued)

Disaggregated revenue information for revenue from contracts with customers:

**For the six months ended 30 June 2023**

Segments	Airline transportation operations RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Types of goods or services</b>			
Traffic revenues			
— Passenger	45,378	—	45,378
— Cargo and mail	1,487	—	1,487
Ticket cancellation and commission	1,106	—	1,106
Ground service income	287	—	287
Others	942	118	1,060
Total revenue from contracts with customers	49,200	118	49,318
<b>Geographical markets</b>			
Domestic	41,524	118	41,642
Regional	1,117	—	1,117
International	6,559	—	6,559
Total revenue from contracts with customers	49,200	118	49,318



**6. Revenue** (continued)

Disaggregated revenue information for revenue from contracts with customers: (continued)

**For the six months ended 30 June 2022**

Segments	Airline transportation operations RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Types of goods or services</b>			
Traffic revenues			
— Passenger	13,899	—	13,899
— Cargo and mail	3,910	—	3,910
Ticket cancellation and commission	462	—	462
Ground service income	275	—	275
Others	631	77	708
<b>Total revenue from contracts with customers</b>	<b>19,177</b>	<b>77</b>	<b>19,254</b>
<b>Geographical markets</b>			
Domestic	13,927	77	14,004
Regional	180	—	180
International	5,070	—	5,070
<b>Total revenue from contracts with customers</b>	<b>19,177</b>	<b>77</b>	<b>19,254</b>

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 7. Other Operating Income and Gains

	For the six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Co-operation routes income (Note (a))	1,639	1,010
Routes subsidy income (Note (b))	272	438
Other subsidy income (Note (c))	587	284
Gain on disposal of items of property, plant and equipment and right-of-use assets	8	12
Compensation from ticket sales agents	68	3
Others	53	66
	<b>2,627</b>	<b>1,813</b>

- (a) Co-operation routes income represents subsidies granted by various local authorities and other parties, with which the Group developed certain routes to support the development of local economy. The amounts granted are calculated based on the agreements entered into by all parties.
- (b) Routes subsidy income represents subsidies granted by various authorities to support certain international and domestic routes operated by the Group.
- (c) Other subsidy income represents subsidies granted by various local authorities based on certain amounts of tax paid and other government grants.
- (d) There are no unfulfilled conditions and other contingencies related to subsidies that were recognised for the six months ended 30 June 2023 and 2022.

### 8. Finance costs

	For the six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Interest relating to lease liabilities	1,746	1,689
Interest on borrowings	1,327	843
Interest on bonds and debentures	471	656
Interest relating to post-retirement benefit obligations	34	35
Interest relating to interest rate swap contracts	(26)	24
Less: amount capitalised into advanced payments on acquisition of aircraft	(223)	(191)
	<b>3,329</b>	<b>3,056</b>
Foreign exchange losses, net (Note (b))	1,327	1,410
	<b>4,656</b>	<b>4,466</b>

Notes:

- (a) The weighted average interest rate used for interest capitalisation is 3.40% per annum for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 3.57%).
- (b) The exchange losses primarily related to the translation of the Group's foreign currency denominated borrowings and lease liabilities.

## 9. Income Tax

The amounts of income tax (credit)/expense recognised in the consolidated income statements represent:

	For the six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
Current income tax	71	19
Deferred income tax	(460)	(40)
	(389)	(21)

Pursuant to the “Notice on the continuation of the Income Tax Policies for Enhancing the Implementation of Western Region Development Strategy.” (Ministry of Finance Announcement [2020] No. 23), and other series of tax regulations, enterprises located in the western regions and engaged in the industrial activities as listed in the “Catalogue of Encouraged Industries in Western Regions”, will be entitled to a reduced corporate income tax rate of 15% from 2021 to 2030 upon approval from the tax authorities. CEA Yunnan, a subsidiary of the Company, obtained approval from the tax authorities and has been entitled to a reduced corporate income tax rate of 15% from 1 January 2011. The Company’s Sichuan branch, Gansu branch and Xibei branch also obtained approvals from the respective tax authorities and are entitled to a reduced corporate income tax rate of 15%. The subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax rate of 16.5% (2022: 16.5%). China Eastern Airlines E-Commerce Co., Ltd. (“Eastern E-Commerce”), a subsidiary of the Company, qualified for High and New Technology Enterprise (HNTE) status with HNTE certificate No.GR202231007540 issued by the relative authorities, has been entitled to a reduced corporate income tax rate of 15% from 1 January 2022 as approved by the tax authorities.

The Company and its subsidiaries, except for CEA Yunnan, Eastern E-Commerce, Sichuan branch, Gansu branch, Xibei branch and those incorporated in Hong Kong, are generally subject to the PRC standard corporate income tax rate of 25% (2022: 25%).

## 10. Dividend

The Board has not recommended any dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

## 11. Loss Per Share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders of the Company of approximately RMB6,249 million and the weighted average number of shares of 22,291 million in issue during the six months ended 30 June 2023. The Company had no potentially dilutive ordinary shares in issue for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

## 12. Profit Appropriation

No appropriation to the statutory reserves has been made for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil). Such appropriations will be made at year end in accordance with the relevant PRC regulations and the Articles of Association of individual group companies.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 13. Property, Plant and Equipment

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Carrying amount at 1 January 2023</b>	<b>70,083</b>	<b>19,125</b>	<b>89,208</b>
Additions	4,342	494	4,836
Transfer from right-of-use assets (Note 14)	2,651	—	2,651
Depreciation charges	(3,978)	(583)	(4,561)
Disposals	(181)	(374)	(555)
<b>Carrying amount at 30 June 2023</b>	<b>72,917</b>	<b>18,662</b>	<b>91,579</b>

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Carrying amount at 1 January 2022</b>	73,058	20,184	93,242
Additions	887	285	1,172
Transfer from right-of-use assets (Note 14)	195	—	195
Depreciation charges	(3,464)	(642)	(4,106)
Disposals	(51)	(103)	(154)
<b>Carrying amount at 30 June 2022</b>	<b>70,625</b>	<b>19,724</b>	<b>90,349</b>

**14. Right-of-Use Assets**

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Carrying amount at 1 January 2023</b>	<b>124,453</b>	<b>3,726</b>	<b>128,179</b>
Additions	4,488	295	4,783
Transfer to property, plant and equipment (Note 13)	(2,651)	—	(2,651)
Depreciation provided during the period	(6,466)	(618)	(7,084)
<b>Carrying amount at 30 June 2023</b>	<b>119,824</b>	<b>3,403</b>	<b>123,227</b>

	Aircraft, engines and flight equipment RMB million (Unaudited)	Others RMB million (Unaudited)	Total RMB million (Unaudited)
<b>Carrying amount at 1 January 2022</b>	122,811	4,064	126,875
Additions	1,813	325	2,138
Transfer to property, plant and equipment (Note 13)	(195)	—	(195)
Disposals	(206)	(33)	(239)
Depreciation provided during the period	(5,668)	(425)	(6,093)
<b>Carrying amount at 30 June 2022</b>	<b>118,555</b>	<b>3,931</b>	<b>122,486</b>

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 15. Intangible Assets

	Goodwill (Note)	Others	Total
	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Unaudited)
<b>Carrying amount at 1 January 2023</b>	<b>11,270</b>	<b>382</b>	<b>11,652</b>
Additions	—	71	71
Amortisation	—	(100)	(100)
<b>Carrying amount at 30 June 2023</b>	<b>11,270</b>	<b>353</b>	<b>11,623</b>
	Goodwill (Note)	Others	Total
	RMB million (Unaudited)	RMB million (Unaudited)	RMB million (Unaudited)
<b>Carrying amount at 1 January 2022</b>	11,270	443	11,713
Additions	—	62	62
Amortisation	—	(97)	(97)
<b>Carrying amount at 30 June 2022</b>	11,270	408	11,678

Note:

The balance represents goodwill arising from the acquisition of Shanghai Airlines. The value of the goodwill is attributable to strengthening the competitiveness of the Group's airline transportation operations, attaining synergy through integration of the resources and accelerating the development of international air transportation in Shanghai. For the purpose of impairment assessment, goodwill was allocated to the cash-generating unit ("CGU") of airline transportation operations that the Group operates and benefits from the acquisition.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 16. Trade Receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice/billing date and net of loss allowance, is as follows:

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Trade receivables	2,340	836
Less: Impairment	(114)	(82)
	<b>2,226</b>	754

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Within 90 days	1,914	669
91 to 180 days	217	26
181 to 365 days	90	53
Over 365 days	5	6
	<b>2,226</b>	754

### 17. Trade and Bills Payable

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Within 90 days	3,633	2,116
91 to 180 days	80	35
181 to 365 days	50	51
1-2 years	21	40
Over 2 years	77	68
	<b>3,861</b>	2,310

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 18. Borrowings

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
<b>Non-current:</b>		
Long-term bank borrowings (Note(a))		
— secured	13,739	14,549
— unsecured	37,646	23,810
Guaranteed bonds (Note(b))	4,169	4,084
Unsecured bonds (Note(b))	9,499	15,496
	<b>65,053</b>	57,939
<b>Current:</b>		
Current portion of non-current borrowings (Note(a))		
— secured (Note(a))	1,941	1,914
— unsecured	5,432	5,422
Current portion of guaranteed bonds (Note(b))	54	5,025
Current portion of unsecured bonds (Note(b))	6,215	2,418
Short-term bank borrowings (Note(c))		
— unsecured	38,621	49,229
Short-term debentures (Note(d))	11,514	—
	<b>63,777</b>	64,008
	<b>128,830</b>	121,947



**18. Borrowings (continued)**

## Note

(a) As at 30 June 2023, the secured bank borrowings of the Group were secured by the related aircrafts with a net carrying amount of RMB19,684 million. The borrowings are repayable from 2023 to 2045. The interest rates relating to the long-term bank borrowings were 2.00% to 3.98%.

(b) For the six months ended 30 June 2023, the Company has repaid the following bonds with the total principal amount of RMB6.8 billion:

	Issue date	Principal	Interest rate
Ten-year guaranteed bonds	2013/3/18	RMB4.8 billion	5.05%
Three-year corporate bonds	2020/4/24	RMB2.0 billion	2.39%

(c) The interest rates relating to the short-term bank borrowings were 1.99% to 2.64%.

(d) As at 30 June 2023, detailed short-term debentures were listed below:

	Principal	Maturity	Issue date	Interest rate
China Eastern Airlines Corporation Limited 2023 5th Short-term debentures	RMB2.5 billion	180 days	2023/4/26	2.28%
China Eastern Airlines Corporation Limited 2023 6th Short-term debentures	RMB3 billion	178 days	2023/6/19	2.01%
China Eastern Airlines Corporation Limited 2023 7th Short-term debentures	RMB2 billion	90 days	2023/6/20	2.03%
China Eastern Airlines Corporation Limited 2023 8th Short-term debentures	RMB2 billion	88 days	2023/6/25	2.03%
China Eastern Airlines Corporation Limited 2023 9th Short-term debentures	RMB2 billion	90 days	2023/6/27	2.05%

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 19. Share Capital

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Registered, issued and fully paid of RMB1.00 each		
A shares listed on The Shanghai Stock Exchange ("A Shares")	17,114	17,114
H shares listed on The Stock Exchange of Hong Kong Limited ("H Shares")	5,177	5,177
	<b>22,291</b>	22,291

Pursuant to articles 50 and 51 of the Company's articles of association, both the listed A shares and H shares are registered ordinary shares and carry equal rights.

### 20. Commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Contracted for:		
– Aircraft, engines and flight equipment (Note)	66,957	66,968
– Other property, plant and equipment	4,589	4,589
– Investments	1,207	1,207
	<b>72,753</b>	72,764

Note:

Contracted expenditures for the above aircraft, engines and flight equipment, including deposits prior to delivery, subject to future inflation increase built into the contracts were expected to be paid as follows:

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
Within one year	14,308	12,741
In the second year	17,347	27,851
In the third year	21,604	13,516
Over three years	13,698	12,860
	<b>66,957</b>	66,968

## 21. Related Party Transactions

The Group is controlled by CEA Holding, which directly owns 39.06% of the Company's shares as at 30 June 2023 (2022: 39.06%). In addition, through CES Global Holdings (Hong Kong) Limited and CES Finance Holding Co., Limited, two wholly-owned subsidiaries of CEA Holding, CEA Holding indirectly owns additional shares of the Company of approximately 11.78% and 2.05% respectively as at 30 June 2023 (2022: 11.78% and 2.05%).

The Company is a state-owned enterprise established in the PRC and is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 "Related Party Disclosures", government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include CEA Holding and its subsidiaries (other than the Group), other government-related entities and their subsidiaries ("Other State-owned Enterprises"), other entities and corporations over which the Company is able to control or exercise significant influence and key management personnel of the Company as well as their close family members.

For the purpose of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

### (a) Nature of related parties that do not control or controlled by the Group:

Name of related party	Relationship with the Group
Eastern Air Group Finance Co., Ltd. ("Eastern Air Finance Company")	Associate of the Company
Shanghai Collins Aviation Maintenance Service Co., Ltd. ("Collins Aviation")	Associate of the Company
Eastern Aviation Import & Export Co., Ltd. and its subsidiaries ("Eastern Import & Export")	Associate of the Company
Shanghai Pratt & Whitney Aircraft Engine Maintenance Co., Ltd. ("Shanghai P&W")	Associate of the Company
Eastern Aviation Advertising Service Co., Ltd. and its subsidiaries ("Eastern Advertising")	Associate of the Company
Shanghai Airlines Tours International (Group) Co., Ltd. and its subsidiaries ("Shanghai Airlines Tours")	Associate of the Company
China Eastern Air Catering Investment Co., Limited and its subsidiaries ("Eastern Air Catering")	Associate of the Company
CAE Melbourne Flight Training Pty Limited ("CAE Melbourne")	Joint venture of the Company
Shanghai Technologies Aerospace Co., Ltd. ("Technologies Aerospace")	Joint venture of the Company
Eastern China Kaiya System Integration Co., Ltd. ("China Kaiya")	Joint venture of the Company
Xi An Cea Safran Landing Systems Services Co., Ltd. ("XIESA")	Joint venture of the Company
CEA Development Co., Limited and its subsidiaries ("CEA Development")	Controlled by the same parent company
Eastern Air Logistics Co., Ltd. and its subsidiaries ("Eastern Logistics")	Controlled by the same parent company
Shanghai Eastern Airlines Investment Co., Ltd. and its subsidiaries ("Eastern Investment")	Controlled by the same parent company
CES International Financial Leasing Corporation Limited and its subsidiaries ("CES Lease Company")	Controlled by the same parent company
Eastern Airlines Industry Investment Company Limited and its subsidiaries ("Eastern Airlines Industry Investment")	Controlled by the same parent company
TravelSky Technology Limited ("TravelSky")	A key management personnel of the Company is a director of Travelsky
Air France-KLM Group ("AFK")	A key management personnel of the Company is a director of AFK
Sichuan Airlines Co.,Ltd. ("Sichuan Air")	A key management personnel of the Company is a director of Sichuan Air
Juneyao Airlines Co., Ltd and its subsidiaries ("Juneyao Air")	Shareholder who hold more than 5% of the company's voting shares

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 21. Related Party Transactions (continued)

#### (b) Related party transactions

Nature of transaction	Related party	Pricing policy and decision process	For the six months ended 30 June	
			2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Purchase of goods and services</b>				
Payments on food and beverages*	Eastern Air Catering	(i)	1,279	438
	Eastern Import & Export	(i)	1	1
Handling charges for purchase of aircraft, flight equipment, flight equipment spare parts, other property, plant and flight equipment and repairs for aircraft and engines*	Eastern Import & Export	(i)	95	34
Repairs and maintenance expense for aircraft and engines	Shanghai P&W	(i)	1,188	436
	Technologies Aerospace	(i)	124	37
	XIESA	(i)	90	—
Advertising expense*	Eastern Advertising	(i)	1	7
Payments on system services	China Kaiya	(i)	4	6
Equipment maintenance fee*	Collins Aviation	(i)	17	8
	CEA Development	(i)	3	21
Automobile maintenance service, aircraft maintenance, providing transportation automobile and other products*	CEA Development	(i)	180	3
Property management and green maintenance expenses*	CEA Development	(i)	137	89
Payments on hotel accommodation service*	CEA Development	(i)	82	69
	Shanghai Airlines Tours	(i)	15	7
Aviation airborne communication expenses*	Eastern Industry Investment	(i)	29	—
Payments on construction and management agent*	Eastern Investment	(i)	5	5
Civil aviation information network services**	TravelSky	(i)	279	107
Payments on Flight Training services	CAE Melbourne	(i)	35	—

**21. Related Party Transactions** (continued)

## (b) Related party transactions (continued)

Nature of transaction	Related party	Pricing policy and decision process	For the six months ended 30 June	
			2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Purchase of goods and services (continued)</b>				
Payments on aviation transportation cooperation and support services**	AFK	(i)	2	13
Payments on aviation transportation cooperation services	Juneyao Air	(i)	11	1
Flight equipment spare parts maintenance and support services	AFK	(i)	27	15
Payments on logistics services	Eastern Logistics	(i)	55	38
Cargo terminal business support services*	Eastern Logistics	(i)	160	115
Bellyhold container management	Eastern Logistics	(i)	7	7
<b>Provision of services</b>				
Exclusive operation transportation in relation to the passenger aircraft cargo business*	Eastern Logistics	(i)	1,487	3,910
Freight logistics support services*	Eastern Logistics	(i)	113	87
Media royalty fee	Eastern Advertising	(i)	7	7
Aviation transportation cooperation and support services**	AFK	(i)	8	3
	Juneyao Air	(i)	10	4
Flight equipment spare parts maintenance and support services	Juneyao Air	(i)	25	11
Aviation transportation cooperation services	Sichuan Air	(i)	7	2
Sale of Goods	Eastern Air Catering	(i)	28	11
Software system and support services	Eastern Logistics	(i)	5	3
Transfer of pilots	Eastern Logistics	(i)	23	31
	Juneyao Air	(i)	4	—

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 21. Related Party Transactions (continued)

#### (b) Related party transactions (continued)

Nature of transaction	Related party	Pricing policy and decision process	For the six months ended 30 June	
			2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Rental Income</b>				
Rental income from cargo stations*	Eastern Logistics	(ii)	47	46
Rental income from land and buildings*	Eastern Air Catering	(ii)	12	5
	Sichuan Air	(ii)	7	5
	CEA Holding	(ii)	2	13
	Juneyao Air	(ii)	2	2
	CEA Development	(ii)	1	2
	Eastern Import & Export	(ii)	1	1
Rental income from intangible assets	Eastern Logistics	(ii)	2	2
<b>Addition in right-of-use assets on new leases</b>				
Aircraft and engines*	CEA Lease Company	(ii)	—	1,139
<b>Interest on lease liabilities</b>				
Aircraft and engines*	CEA Lease Company	(ii)	686	642
Land and buildings*	Eastern Investment	(ii)	4	5
Ground assets*	CEA Development	(ii)	4	4
<b>Interest expense</b>				
Interest expense on loans	CEA Holding	(iii)	116	56
	Eastern Air Finance Company	(iii)	19	26
	Eastern Investment	(iii)	18	8
<b>Interest income</b>				
Interest income on deposits	Eastern Air Finance Company	(iii)	7	24

(i) The Group's pricing policies on goods and services purchased from and provided to related parties are mutually agreed between contract parties.

(ii) The Group's pricing policies on related party lease payments are mutually agreed between contract parties.

(iii) The Group's pricing policies on related party interest rates are mutually agreed based on benchmark interest rates.

\* These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

\*\* This related party transaction constitutes a continuing connected transaction pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

During the six months ended 30 June 2023 and 2022, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include most of its bank deposits/borrowings and the corresponding interest income/expense and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed.

**21. Related Party Transactions** (continued)

## (c) Balances with related parties

## (i) Amounts due from related parties

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
<b>Trade receivables</b>		
Eastern Logistics	363	242
Eastern Air Catering	18	8
Juneyao Air	12	18
Others	2	2
	<b>395</b>	270
<b>Prepayments and other receivables</b>		
CEA Development	450	450
Eastern Air Finance Company	378	52
Eastern Air Catering	135	72
Eastern Import & Export	82	47
TravelSky	75	32
CEA Holding	21	20
Juneyao Air	11	7
Technologies Aerospace	3	3
Eastern Advertising	—	9
Others	10	13
	<b>1,165</b>	705
<b>Other Non-current Asset</b>		
TravelSky	72	72

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 21. Related Party Transactions (continued)

#### (c) Balances with related parties (continued)

##### (ii) Amounts due to related parties

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
<b>Trade and bills payables</b>		
Shanghai P&W	555	503
Eastern Import & Export	347	302
Eastern Air Catering	307	335
CEA Development	113	92
Technologies Aerospace	55	55
CEA Holding	44	39
XIESA	42	18
TravelSky	24	7
Collins Aviation	9	3
Eastern Advertising	2	4
Eastern Investment	1	8
Others	3	7
	<b>1,502</b>	<b>1,373</b>



**21. Related Party Transactions** (continued)

## (c) Balances with related parties (continued)

## (ii) Amounts due to related parties (continued)

	30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
<b>Other payables and accruals</b>		
Eastern Investment	82	75
CEA Holding	23	27
CEA Development	12	36
Eastern Import & Export	2	—
Eastern Air Catering	2	2
Others	5	9
	<b>126</b>	149
<b>Lease liabilities</b>		
CES Lease Company	38,930	42,931
CEA Development	181	207
Eastern Investment	160	237
Eastern Air Catering	5	6
	<b>39,276</b>	43,381
<b>Other long-term liabilities</b>		
Eastern Air Catering	66	66

Except the amounts due to CES Lease Company, which are related to the aircraft under leases, all other amounts due to related parties are interest-free and payable within normal credit terms given by trade creditors.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 21. Related Party Transactions (continued)

#### (c) Balances with related parties (continued)

##### (iii) Short-term deposits, loan and borrowings with related parties

	Average interest rate		30 June 2023 RMB million (Unaudited)	31 December 2022 RMB million (Audited)
	2023 (Unaudited)	2022 (Unaudited)		
<b>Short-term deposits (included in cash and cash equivalents)</b>				
Eastern Air Finance Company	0.25%	0.18%	10,261	6,632
<b>Short-term borrowings</b>				
Eastern Air Finance Company	2.64%	2.96%	1,000	2,800
CEA Holding	—	2.07%	—	18,500
Eastern Investment	—	2.80%	—	7,500
<b>Long-term borrowings</b>				
CEA Holding	2.00%	2.00%	10,000	10,000

#### (d) Guarantees by the holding company

As at 30 June 2023, bonds of the Group guaranteed by CEA Holding amounted to RMB1,535 million (31 December 2022: RMB6,500 million).

### 22. Fair Value Measurement of Financial Instruments

#### (a) Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2023 and 31 December 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**22. Fair Value Measurement of Financial Instruments** (continued)

## (a) Fair value hierarchy (continued)

As at 30 June 2023 and 31 December 2022, the Group had certain financial assets carried at fair value, including equity investments designated at fair value through other comprehensive income, listed equity investments recorded as financial assets at fair value through profit or loss, and the derivative financial instruments.

**As at 30 June 2023**

	Fair value measurement using			Total RMB million (Unaudited)
	Quoted prices in active markets (Level 1) RMB million (Unaudited)	Significant observable inputs (Level 2) RMB million (Unaudited)	Significant unobservable inputs (Level 3) RMB million (Unaudited)	
<b>Assets</b>				
Equity investments designated at fair value through other comprehensive income	261	—	183	444
Derivative financial instruments	—	83	—	83
Financial asset at fair value through profit or loss	71	—	—	71
<b>Total</b>	<b>332</b>	<b>83</b>	<b>183</b>	<b>598</b>

**As at 31 December 2022**

	Fair value measurement using			Total RMB million
	Quoted prices in active markets (Level 1) RMB million	Significant observable inputs (Level 2) RMB million	Significant unobservable inputs (Level 3) RMB million	
<b>Assets</b>				
Equity investments designated at fair value through other comprehensive income	313	—	139	452
Derivative financial liabilities — Interest rate swaps	—	95	—	95
Financial asset at fair value through profit or loss	72	—	—	72
<b>Total</b>	<b>385</b>	<b>95</b>	<b>139</b>	<b>619</b>

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 22. Fair Value Measurement of Financial Instruments (continued)

#### (a) Fair value hierarchy (continued)

The Group enters into derivative financial instruments, including interest rate swaps contracts with various counterparties, principally financial institutions with high credit ratings.

Derivative financial instruments are measured using valuation techniques similar to swap models and using present value calculations. The models incorporate various market observable inputs. The carrying amounts of interest rate swaps are the same as their fair values.

As at 30 June 2023, the marked to market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to book (“P/B”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2023 and 31 December 2022:

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range</b>	<b>Sensitivity of fair value to the input</b>
Unlisted equity investments	Valuation multiples	Discount for lack of marketability	30 June 2023: 20% (2022: 20%)	1% (2022: 1%) increase/decrease in multiple would result in increase/decrease in fair value by RMB2 million (2022: RMB3 million)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

**22. Fair Value Measurement of Financial Instruments** (continued)

## (a) Fair value hierarchy (continued)

The following table presents the changes in level 3 items for the six months ended 30 June 2023:

	Equity investments designated at fair value through other comprehensive income RMB million
As at 31 December 2022 (Audited)	139
Recognised in other comprehensive income — net	44
As at 30 June 2023 (Unaudited)	183

During the period, there were no transfers among levels of the fair value hierarchy.

## (b) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet.

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits and short-term bank deposits, trade receivables, trade and bills payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, short-term bank borrowings and short-term guaranteed bonds approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Significant differences were identified for the following instruments as at 30 June 2023.

	Carrying amount RMB million (Unaudited)	Fair value RMB million (Unaudited)
<b>Financial liabilities —</b>		
Long-term borrowings	65,053	63,529
Lease liabilities	72,623	71,547
Other long-term liabilities	1,724	1,673
	139,400	136,749

The fair values of long-term borrowings, lease liabilities and other long-term liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

## Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

### 23. Cash Generated from Operations

(a) Reconciliation of profit before income tax to net cash generated from operations

	For six months ended 30 June	
	2023 RMB million (Unaudited)	2022 RMB million (Unaudited)
<b>Loss for the year before income tax</b>	<b>(6,966)</b>	(19,995)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	4,561	4,106
Depreciation of right-of-use assets (Note 14)	7,084	6,093
Depreciation of investment properties	6	4
Amortisation of other long-term assets	454	356
Amortisation of intangible assets (Note 15)	100	97
Gains on disposals of property, plant and equipment and intangible assets	(5)	(9)
Fair value losses on financial assets at fair value through profit or loss	1	6
Loss allowance for trade and other receivables	44	3
Provision for impairment of flight equipment spare parts	—	5
Interest expense	3,317	3,056
Net foreign exchange losses	1,327	1,410
Share of results of a joint venture and an associate	(12)	23
Dividend income from Equity investments designed at fair value through other comprehensive income	(8)	(1)
Changes in working capital:		
Increase in flight equipment spare parts	(75)	(37)
(Increase)/decrease in operating receivables	(2,875)	4,155
Increase/(decrease) in operating payables	9,184	(790)
Cash generated/(used in) from operations	16,137	(1,518)
Income tax paid	(24)	(57)
<b>Net cash flows generated/(used in) from operating operations</b>	<b>16,113</b>	(1,575)



## Summary of Operating Data

	For the six months ended 30 June		
	2023	2022	Change
<b>Passenger transportation data</b>			
<b>ASK (available seat-kilometres) (millions)</b>	<b>108,605.29</b>	44,554.26	143.76%
– Domestic routes	<b>95,779.17</b>	42,976.03	122.87%
– International routes	<b>10,941.75</b>	1,344.98	713.53%
– Regional <sup>1</sup> routes	<b>1,884.37</b>	233.25	707.88%
<b>RPK (revenue passenger-kilometres) (millions)</b>	<b>77,934.58</b>	27,012.42	188.51%
– Domestic routes	<b>69,436.15</b>	26,237.24	164.65%
– International routes	<b>7,156.32</b>	645.42	1,008.78%
– Regional routes	<b>1,342.11</b>	129.76	934.30%
<b>Number of passengers carried (thousands)</b>	<b>51,945.79</b>	18,667.47	178.27%
– Domestic routes	<b>49,405.34</b>	18,482.38	167.31%
– International routes	<b>1,595.96</b>	97.56	1,535.88%
– Regional routes	<b>944.50</b>	87.53	979.06%
<b>Passenger load factor (%)</b>	<b>71.76</b>	60.63	11.13pts
– Domestic routes	<b>72.50</b>	61.05	11.45pts
– International routes	<b>65.40</b>	47.99	17.41pts
– Regional routes	<b>71.22</b>	55.63	15.59pts
<b>Passenger-kilometres yield (RMB)<sup>Note</sup></b>	<b>0.603</b>	0.552	9.24%
– Domestic routes	<b>0.582</b>	0.507	14.79%
– International routes	<b>0.766</b>	2.340	-67.26%
– Regional routes	<b>0.816</b>	0.778	4.88%

1 In order to facilitate data statistics and analysis, the business is divided into “domestic routes”, “international routes” and “regional routes” in conjunction with industry practices. Among them, the term “regional” refers to Hong Kong, China; Macau, China; and Taiwan, China.

## Summary of Operating Data

	For the six months ended 30 June		
	2023	2022	Change
<b>Freight transportation data</b>			
<b>AFTK (available freight tonne-kilometres) (millions)</b>	<b>3,140.91</b>	3,275.93	-4.12%
– Domestic routes	<b>2,039.31</b>	678.93	200.37%
– International routes	<b>1,020.34</b>	2,576.67	-60.40%
– Regional routes	<b>81.26</b>	20.33	299.70%
<b>RFTK (revenue freight tonne-kilometres) (millions)</b>	<b>945.35</b>	1,270.58	-25.60%
– Domestic routes	<b>394.43</b>	254.70	54.86%
– International routes	<b>544.70</b>	1,010.88	-46.12%
– Regional routes	<b>6.22</b>	4.99	24.65%
<b>Weight of freight carried (million kg)</b>	<b>346.62</b>	310.42	11.66%
– Domestic routes	<b>259.16</b>	168.03	54.23%
– International routes	<b>81.96</b>	137.39	-40.35%
– Regional routes	<b>5.50</b>	5.00	10.00%
<b>Freight load factor (%)</b>	<b>30.10</b>	38.79	-8.69pts
– Domestic routes	<b>19.34</b>	37.52	-18.18pts
– International routes	<b>53.38</b>	39.23	14.15pts
– Regional routes	<b>7.65</b>	24.56	-16.91pts
<b>Freight tonne-kilometres yield (RMB)<sup>Note</sup></b>	<b>1.573</b>	3.077	-48.88%
– Domestic routes	<b>0.796</b>	1.064	-25.19%
– International routes	<b>2.095</b>	3.522	-40.52%
– Regional routes	<b>5.145</b>	15.832	-67.50%





## Summary of Operating Data

	For the six months ended 30 June		
	2023	2022	Change
<b>Consolidated data</b>			
<b>ATK (available tonne-kilometres) (millions)</b>	<b>12,915.39</b>	7,285.81	77.27%
– Domestic routes	<b>10,659.43</b>	4,546.77	134.44%
– International routes	<b>2,005.10</b>	2,697.72	-25.67%
– Regional routes	<b>250.85</b>	41.32	507.09%
<b>RTK (revenue tonne-kilometres) (millions)</b>	<b>7,821.89</b>	3,667.69	113.26%
– Domestic routes	<b>6,521.76</b>	2,583.96	152.39%
– International routes	<b>1,176.22</b>	1,067.32	10.20%
– Regional routes	<b>123.92</b>	16.41	655.15%
<b>Overall load factor (%)</b>	<b>60.56</b>	50.34	10.22pts
– Domestic routes	<b>61.18</b>	56.83	4.35pts
– International routes	<b>58.66</b>	39.56	19.10pts
– Regional routes	<b>49.40</b>	39.72	9.68pts
<b>Revenue tonne-kilometres yield (RMB)<sup>Note</sup></b>	<b>6.201</b>	5.131	20.85%
– Domestic routes	<b>6.249</b>	5.251	19.01%
– International routes	<b>5.631</b>	4.750	18.55%
– Regional routes	<b>9.095</b>	10.969	-17.08%

Note: In calculating unit revenue index, the relevant revenue includes incomes generated from co-operation routes and fuel subcharge.

## Fleet Structure

In recent years, the Group continues to implement its green development philosophy while optimising its fleet structure. In the first half of 2023, the Group centered around the major models, introduced a total of 12 aircraft and 5 aircraft retired. The Group's fleet age structure continues to remain young. As the world's first user of the domestic C919 passenger aircraft, the Company officially launched the world's first commercial passenger flight of the C919 on 28 May 2023.

As at 30 June 2023, the Group operated a total of 785 aircraft, which included 782 passenger aircraft and 3 business aircraft.

Fleet structure as at 30 June 2023								
No.	Model	Manufacturer	Net increase		Self-owned	Under finance lease	Under operating lease	Average fleet age (years)
			in the first half of 2023	Sub-total				
1	B777-300ER	Boeing	0	20	10	10	0	7.4
2	B787-9	Boeing	0	10	3	7	0	4.4
3	A350-900	Airbus	2	17	4	13	0	2.5
4	A330 Series	Airbus	0	56	30	21	5	9.6
<b>Total number of wide-body aircraft</b>			<b>2</b>	<b>103</b>	<b>47</b>	<b>51</b>	<b>5</b>	<b>7.5</b>
5	A320 Series	Airbus	10	382	125	136	121	8.7
6	B737 Series	Boeing	-5	279	102	72	105	8.7
7	C919	COMAC	0	1	0	1	0	0.6
<b>Total number of narrow-body aircraft</b>			<b>5</b>	<b>662</b>	<b>227</b>	<b>209</b>	<b>226</b>	<b>8.7</b>
8	ARJ21	COMAC	0	17	8	9	0	1.3
<b>Total number of regional passenger aircraft</b>			<b>0</b>	<b>17</b>	<b>8</b>	<b>9</b>	<b>0</b>	<b>1.3</b>
<b>Total number of aircraft</b>			<b>7</b>	<b>782</b>	<b>282</b>	<b>269</b>	<b>231</b>	<b>8.4</b>

Notes:

1. A330 series aircraft include A330-200 and A330-300 aircraft;
2. A320 series aircraft include A319, A320, A320NEO and A321 aircraft;
3. B737 series aircraft include B737-700, B737-800 and B737-8 aircraft.



# Management Discussion and Analysis

## Current Development of the Industry

In the first half of 2023, the global civil aviation industry faced multiple pressures such as high uncertainty in the global economic, continuous geopolitical conflicts and high jet fuel costs. However, with the gradual lifting of travel restrictions in major global civil aviation markets, travelling willingness of passengers increased, and the transportation demand in the global civil aviation passenger transportation market has shown a continuous recovery trend. According to the forecast of International Air Transport Association (IATA), the global civil aviation passenger traffic volume in 2023 is expected to recover to 87.80% of that in 2019; the passenger revenue is expected to reach USD546,000 million, recovering to 90% of that in 2019.

China's civil aviation industry resumed transportation and production in a safe and orderly manner. In the first half of the year, the total traffic volume amounted to 53.130 billion tonne-kilometres, and served 284 million passengers, returning to 84.60% and 88.20% of the same period in 2019. The busy schedule of domestic passenger transportation market and the increase in passenger flow reflected the gradual recovery of domestic consumption demand and the strong resilience of China's civil aviation relying on the super-large domestic market. However, the recovery of the international passenger transportation market of domestic airlines was lagging behind than that of China due to factors such as the coordination of flight schedules and the efficiency of visa processing. In the second half of the year, as the recovery of the national economy continues to improve, the foundation for the recovery and development of civil aviation will be more consolidated, and the recovery of the international aviation passenger transportation market is expected to accelerate.

## Discussion and Analysis on operating conditions

In the first half of 2023, affected by factors such as high global inflation, tightening monetary policies of major economies and geopolitical tensions, the pace of global economic recovery was slowing down, and the gap between economic sectors and regions continued to expand. The International Monetary Fund predicts that the global economic growth will decline from 3.5% in 2022 to 3.0% in 2023. With the gradual lifting of travel restrictions in most countries around the world, the global air passenger

demand has shown a strong recovery trend, but at the same time, it is under the pressure of persistently high international oil prices and labor shortages in some countries' aviation markets.

Facing the complex and severe external environment, China's economy continued to recover and the overall recovery was positive. The demand for air passenger transportation in China rebounded sharply, showing a steady recovery trend in general, but at the same time, it also faced challenges such as the delay in the recovery of international routes and the depreciation of RMB against USD.

With a high sense of responsibility, the Group's management made scientific research and judgment, grasped the opportunities of industry recovery, and coordinated and promoted various tasks such as safe operation, production and operation, products and services, reform and development, and social responsibility. In the first half of 2023, the overall production and operation of the Group showed a rapid recovery trend, completing a total traffic volume of 7.822 billion tonne-kilometres, and served 51.9458 million passengers, realising an operating income of RMB49.425 billion, representing an increase of 113.26%, 178.27% and 155.37%, respectively when compared with the first half of 2022; and a net loss attributable to shareholders of the Company of RMB6.249 billion, significantly reducing losses by RMB12.487 billion when compared with the first half of 2022.

## Safe Operation

The Group adheres to the spirit of the important instructions for civil aviation safety such as "ensuring the absolute safety of aviation operations and people's lives", continues to implement the concept of safety development throughout the entire process of production and operation of the Group, and makes it our top priority to adhere to the bottom line of safety. In the first half of 2023, the Group completed 1,045.4 thousand hours of safe flight and 446.6 thousand take-offs and landings, representing a year-on-year increase of 104.70% and 116.60%, returning to 87.42% and 91.80% of the same period in 2019.

Continuing to promote the construction of the "four systems" to consolidate the foundation for safe operation. The Group strengthened the construction of the safety management system, revised and improved the safety management manual and the

safety risk classification control working mechanism; strengthened the construction of the production and operation system, and continuously improved operational decision-making and flight deployment capabilities; strengthened the construction of the training system, and continuously improved the quality of flight training; strengthened the construction of the aircraft maintenance system, and strengthened the control measures for failure of important systems of various models.

Solidly carrying out special rectification of risks and hidden dangers, and firmly guarding the bottom line of safe operation. The Group attaches great importance to the research, deployment and promotion of special investigation and rectification actions for major safety hazards and annual enhancement actions for safety management, and has compiled and implemented a list of self-inspection and self-correction measures; Focusing on multiple dimensions such as rapid flight recovery, seasonal operation, the Group carried out special safety inspections to effectively prevent various kinds of risks and hidden dangers; Focusing on the commercial operation of C919, the Group strengthened the communication and coordination with our manufacturer COMAC and ensured the safe and stable operation of C919.

Strictly implementing safety responsibilities and strengthening the construction of safety work style. The Group comprehensively sorted out the implementation of safety production responsibilities, established a responsibility list, and strictly implemented the safety responsibilities of all parties; enhanced safety education and work style training, improved the quality of safety training, and significantly improved the safety awareness of all employees.

### Production and Operation

The Group actively seized the opportunities arising from the recovery of the industry and seized the peak seasons such as “Spring Festival Travel” and “Labour Day Festival” to increase transportation capacity deployment and strengthen cost control, resulting in a significant improvement in performance.

Optimising the allocation of route resources and transportation capacity deployment, and coordinating and promoting the construction of aviation network and the linkage of intermodal transportation. The Group actively connected with domestic and overseas civil aviation regulatory authorities, adjusted flight

plans in a timely manner according to the approval policies and supporting resources, and resumed domestic and international flight operations in an orderly manner; Starting from aspects such as new routes and flights, wide-body aircraft deployment, route optimisation and transformation, and aircraft route matching, the Group spared no effort to increase capacity deployment. In the first half of 2023, new routes such as from Beijing Daxing to Seoul, Beijing Daxing to Moscow, and Wenzhou to Rome were opened; The Group adhered to the construction strategy of “four beams and eight pillars” for core key cities and hubs, and actively coordinated and strived for slots resources; The Group strengthened the revenue management of key routes, optimised the pricing mechanism structure, and made full use of code sharing, transit and other means to increase passenger load factor; The Group consolidated the strategic synergy with Delta, AFK, Qantas and Japan Airlines to actively restore the daily linkage mechanism and deepen business cooperation.

Deepening sales cooperation and strengthening channel control. The Group conducted differentiated and classified management of agency fees according to sales demand and type of routes; The Group focused on motivating the sales channels of the Group’s customers, and studied and formulated special incentive plans for high-value passengers and incentive policies for important routes; The Group grasped the opportunities arising from the recovery of business travel demand of international routes, quickly launched corresponding products according to travel policies, and rapidly increased the sales amount of the Team Tour Passengers; The Group deepened the sales cooperation of air-rail intermodal transportation and launched international air-rail intermodal transportation products to bring a more plentiful, convenient and efficient travel service experience to passengers.

Deepening the integration of business and finance and strengthening cost control. A total of 143 projects were established to improve quality and efficiency in the first half of 2023. The Group improved the business-finance integration mechanism, clarified work responsibilities and evaluation indicators, and formed a special work assessment mechanism; The Group strictly controlled fuel conservation, and reduced fuel consumption costs by implementing various measures such as matching flight routes with aircraft models, re-evaluating the weight standard of food in-flight supplies, optimising the flight altitude, and airspeed management;



The Group actively communicated with suppliers to adjust the delivery time of some aircraft, explored the value at the end of the whole life cycle of aircraft, and explored new solutions for cost reduction and efficiency improvement.

### Products and Services

The Group implemented the “Four Fines” service concept of “exquisite, refine, precise and wonderful” to continuously meet the diversified and personalised needs of passengers for air travel and continuously improve the brand image of China Eastern.

Enriching service products and strengthening brand building. The Group continued to optimise and improve products such as “At One Go<sup>2</sup>”, “Air Express” and “WIFI to Enjoy”, and piloted the “random flight” (隨機飛) blind box products of China United Airlines; the Group continued to promote the concept of “healthy, fashionable and eye-catching” on-board dining, and deeply cultivated the catering brands of “Food on the Cloud, Drink on the Cloud” and “MU Tea” and “MU Noodles”; the Group enriched the connotation of the “Lingyan<sup>3</sup>” brand, created the “Lingyan” demonstration standard, implemented the normalised scheduling of “Lingyan” flight attendants of the Beijing-Shanghai routes, and further improved the recognition of the service brand.

Improving service capabilities and optimising passenger experience. The Group continued to strengthen the publicity and training of service standards, revised the cabin service manual, clarified 11 major service projects and 24 specific tasks, and further improved the “Four Fines” service; The Group focused on key passenger contact points such as welcoming guests and cabin tour, and continuously met the personalised service needs of passengers on the basis of standardised service process; The Group clarified the requirements for delay information transmission and cabin safety monitoring, and improved the service quality of irregular flights; With the significant increase in the number of short-term flights, the Group maintained a high level of passenger satisfaction.

### Reform and Development

The Group adheres to goal-oriented and problem driven strategies, serving national strategies, deepening industry reforms, and stimulating the vitality of the enterprise.

Serving the strategy of building a strong transportation country. The Group took the initiative to serve the construction of the Shanghai International Shipping Center and established strategic cooperation with the Shanghai Municipal Government to jointly build a world-class aviation hub and a “super carrier”; The Group fully supported the domestic made large aircraft business, introduced the world’s first C919 domestic large aircraft and commenced high-quality commercial operation, accumulating practical experience for the large-scale commercial operation of C919.

Continuing to deepen industrial reform. The Group focused on improving its core competitiveness, promoted the integration of relevant business segments, planned to optimise and adjust the industry chain of aviation material guarantee and asset operation with Eastern Airlines Technology as the core, established a new technology and innovation company with the Company’s information department as the main body, formed a centralised and unified management model of large e-commerce business with e-commerce companies as the core, and accelerated the transformation of China United Airlines into an innovative economical airline to meet the diversified needs of passengers.

### Social Responsibility

With a high sense of social responsibility, the Group implements the ecological development concept of “low carbon flight and protect environment with technology” with practical actions, and makes dedicated efforts to help rural revitalisation and continuously improve the happiness of employees.

- 2 At One Go: The Company launched the service on pilot routes from December 2021. The direct sales channel supports seat selection and check-in function, with payment to be made after seat selection during the ticket purchase process; tickets purchased via distribution channels will be automatically assigned seats (without check-in) by the system after issuance of the tickets, and seats can be changed and check-in can be done via the direct sales channel.
- 3 Lingyan: The “Lingyan” flight attendant demonstration team of the Company was established in May 1989. Currently, it has become a well-known excellent air service brand that won the “Shanghai Brand” certification and was listed in the “2021–2022 National Civil Aviation Youth Civilisation”.

## Management Discussion and Analysis

Focusing on sustainable development and promoting green flight. The Group implemented the national dual-carbon deployment and completed the Group's "Peak Carbon Dioxide Emissions Action Plan"; The Group promoted the replacement of APU<sup>4</sup> with electric vehicles and corridor bridge equipment; The Group promoted the promotion and application of sustainable aviation fuel (SAF), and purchased and injected 15% SAF hybrid fuel for delivery flight.

Promoting industrial assistance and promoting rural revitalisation. The Company and CEA Holding, the controlling shareholder of the Company, promoted the targeted assistance in Cangyuan and Shuangjiang counties in Lincang City, Yunnan Province. In the first half of 2023, a total of over RMB26,600,000 in free assistance funds were invested; The Company boosted the debut of Cangyuan honey products at the 3rd China International Consumer Goods Expo; Relying on the "MU Tea" brand, the Company promoted the Shuangjiang Good Tea to the world; In cooperation with universities and scientific research institutions, the Group continued to train local bee farmers and tea farmers through industrial support and education support and expanded sales channels for the high-quality agricultural products.

Strengthening employee care and building a happy China Eastern. The Group fully connected medical resources, built a mental health service system for employees, and established a cloud outpatient service station; The Group organised various cultural and sports activities to promote the construction of associations and societies and enriched the spiritual and cultural life of employees; The Group continued to carry out the "Love in China Eastern" public welfare project. In the first half of 2023, the Company organised 186 large-scale public welfare activities such as sending warmth to deaf-mute children, helping college entrance examination students, youth volunteer lecturer, and sending medical services to rural areas. Over 68,000 employees participated in the activities, which were widely acclaimed by all sectors of the community.

### Financial Overview Operating Revenue

In the first half of 2023, the Group's revenue amounted to RMB49,425 million, representing an increase of 155.37% from

the same period last year. In particular, traffic revenue amounted to RMB46,865 million, representing an increase of 163.15% from the same period last year, and other revenue amounted to RMB2,560 million, representing an increase of 65.70% from the same period last year.

The Group's traffic revenue includes passenger revenue and cargo revenue.

In the first half of 2023, the Group's passenger revenue amounted to RMB45,378 million, representing an increase of 226.48% from the same period last year, and accounted for 96.83% of the Group's traffic revenue. Passenger traffic volume was 77,934.58 million passenger-kilometres, representing an increase of 188.51% from the same period last year.

The passenger revenue of domestic routes amounted to RMB38,875 million, representing an increase of 216.37% from the same period last year, and accounted for 85.67% of the passenger revenue. The passenger traffic volume was 69,436.15 million passenger-kilometres, representing an increase of 164.65% from the same period last year.

The passenger revenue of international routes amounted to RMB5,418 million, representing an increase of 258.81% from the same period last year, and accounted for 11.94% of the passenger revenue. The passenger traffic volume was 7,156.32 million passenger-kilometres, representing an increase of 1,008.78% from the same period last year.

The passenger revenue of regional routes amounted to RMB1,085 million, representing an increase of 974.26% from the same period last year, and accounted for 2.39% of the passenger revenue. The passenger traffic volume was 1,342.11 million passenger-kilometres, representing an increase of 934.30% from the same period last year.

In the first half of 2023, the Group's cargo and mail traffic revenues amounted to RMB1,487 million, decreasing by 61.97% when compared to the same period last year and accounting

4 APU (Auxiliary Power Unit) : A small auxiliary power unit that can independently output compressed air or power supply outside the main power unit (engine) on the aircraft, generally a small gas turbine engine which provides power and compressed air independently to the aircraft, and a small amount of APU can provide additional thrust to the aircraft.



for 3.17% of the Group's traffic revenue. Cargo and mail traffic volume was 945.35 million tonne-kilometres, representing a decrease of 25.60% from the same period last year. The decrease in the Group's cargo revenue was mainly due to the weakening of global air cargo demand during the reporting period, decrease in freight rates when compared to the same period last year, and the decrease in freight turnover.

### Operating Expenses

In the first half of 2023, the Group's total operating expenses amounted to RMB54,649 million, representing an increase of 48.17% from the same period last year. In the first half of 2023, analysis of the changes in items under operating expenses of the Group is set out as follows:

In the first half of 2023, the Group's aircraft fuel costs amounted to RMB17,432 million, representing an increase of 94.55% from the same period last year, and was primarily due to the increase in the number of flights and flight hours. The volume of refuelling increased by 92.46% from the same period last year, leading to an increase in aircraft fuel costs by RMB8,284 million. As crude oil prices rose, the average price of aircraft fuel increased by 1.09% from the same period last year, leading to an increase in aircraft fuel cost by RMB188 million.

In the first half of 2023, the Group's take-off and landing charges amounted to RMB6,682 million, representing an increase of 130.73% from the same period last year, and was primarily due to the recovery of demand for air passenger transportation and the increase in the number of take-offs and landings.

In the first half of 2023, the Group's depreciation and amortisation amounted to RMB12,205 million, representing an increase of 14.54% from the same period last year, and was primarily due to the increase in the transportation capacity and the increase in the depreciation of components.

In the first half of 2023, the Group's wages, salaries and benefits amounted to RMB10,922 million, representing an increase of 13.24% from the same period last year, and was primarily due to the increase in the number of flights and the increase in the flight hour fees of aircrew members of the Group.

In the first half of 2023, the Group's aircraft maintenance expenses amounted to RMB2,132 million, representing an increase of 49.09% from the same period last year, and was primarily due to the increase in the number of flights, and the increase in the aircraft and daily engine maintenance expenses.

In the first half of 2023, the Group's catering supply expenses amounted to RMB1,280 million, representing an increase of 191.57% from the same period last year, and was primarily due to the significant increase in the number of passengers, leading to an increase in meals and supplies.

In the first half of 2023, the Group's sale and marketing expenses amounted to RMB1,340 million, representing an increase of 335.06% from the same period last year, and was primarily due to the increase in the number of passengers, leading to an increase in the administration expenses of the agency business and system reservation fees, etc.

In the first half of 2023, the Group's civil aviation development fund paid to the CAAC amounted to RMB497 million, representing an increase of 119.91% year-on-year, primarily due to the recovery of the passenger transport market and the increase in the Group's traffic volume.

### Other Operating Income

In the first half of 2023, the Group's other operating income amounted to RMB2,627 million, representing an increase of 44.90% from the same period last year, and was primarily due to the significant increase in the number of passengers, increased investment in transportation capacity and the increase in income from co-operation routes.

### Net Loss

In the first half of 2023, net loss attributable to equity holders of the Company amounted to RMB6,249 million and in the first half of 2022, net loss attributable to equity holders of the Company amounted to RMB18,736 million. In the first half of 2023, the loss per share attributable to equity holders of the Company was RMB0.28.

## Liquidity and Capital Structure

As at 30 June 2023, the Group had total assets of RMB291,604 million, representing an increase of 1.26% from 31 December 2022. Its debt ratio was 91.18%, representing an increase of 2.41 percentage points from 31 December 2022. This ratio is calculated as total liabilities divided by total assets.

In particular, total current assets amounted to RMB32,936 million, accounted for 11.29% of the total assets and represented an increase of 20.15% from 31 December 2022. Non-current assets amounted to RMB258,668 million, accounted for 88.71% of the total assets and represented a decrease of 0.73% from 31 December 2022.

As at 30 June 2023, the Group had total liabilities of RMB265,894 million, comprising current liabilities of RMB114,775 million which accounted for 43.17% of total liabilities, and non-current liabilities of RMB151,119 million which accounted for 56.83% of total liabilities.

Among the current liabilities, interest-bearing liabilities (short-term bank borrowings, super short-term debentures, long-term bank borrowings due within one year, bonds payable due within one year and lease liabilities due within one year) amounted to RMB81,204 million, representing a decrease of 1.25% from 31 December 2022.

Among the non-current liabilities, interest-bearing liabilities (long-term bank borrowings, bonds payable and lease liabilities) amounted to RMB137,967 million, representing an increase of 0.41% from 31 December 2022.

As at 30 June 2023, the breakdown of the Group's interest-bearing obligations by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent		As at 31 December 2022	Movement (%)	
	As at 30 June 2023	As at 31 December 2022			
	Amount	(%)	Amount	(%)	
RMB	181,705	82.91	182,428	83.06	-0.40
USD	33,235	15.16	32,840	14.95	1.20
Others	4,231	1.93	4,366	1.99	-3.09
<b>Total</b>	<b>219,171</b>	<b>100.00</b>	219,634	100.00	-0.21

As at 30 June 2023, the Group's interest-bearing liabilities included long-term and short-term bank borrowings, bonds payable and super short-term debentures equivalent to RMB128,471 million, representing an increase of 5.97% from RMB121,231 million as at 31 December 2022. The breakdown by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent		Movement (%)
	As at 30 June 2023	As at 31 December 2022	
RMB	124,398	117,094	6.24
SGD	2,664	2,582	3.18
EUR	1,409	1,555	-9.39
<b>Total</b>	<b>128,471</b>	121,231	5.97

As at 30 June 2023, the Group's interest-bearing liabilities included lease liabilities equivalent to RMB90,700 million, representing a decrease of 7.83% from RMB98,403 million as at 31 December 2022. The breakdown by currencies is as follows:

Unit: RMB million

Currency	RMB equivalent		Movement (%)
	As at 30 June 2023	As at 31 December 2022	
RMB	57,307	65,334	-12.29
USD	33,235	32,840	1.20
HKD	104	172	-39.53
JPY	7	12	-41.67
SGD	5	6	-16.67
Other	42	39	7.69
<b>Total</b>	<b>90,700</b>	98,403	-7.83

## Interest Rate Fluctuation

The interest-bearing liabilities of the Group include short-term interest-bearing liabilities and long-term interest-bearing liabilities, of which the proportion of interest-bearing liabilities with fixed interest rates is 56.56%, and the proportion of interest-bearing liabilities with floating interest rates is 43.44%. The





Group's total interest-bearing liabilities as at 30 June 2023 and 31 December 2022 were equivalent to RMB219,171 million and RMB219,634 million (including long-term and short-term bank borrowings, lease liabilities, bonds payable and super short-term debentures), of which short-term interest-bearing liabilities accounted for 37.05% and 37.44%, respectively.

The Group's interest-bearing liabilities were primarily denominated in USD and RMB. As at 30 June 2023 and 31 December 2022, the Group's interest-bearing liabilities denominated in USD accounted for 15.16% and 14.95%, respectively, of total interest-bearing liabilities while the Group's interest-bearing liabilities denominated in RMB accounted for 82.91% and 83.06%, respectively, of total interest-bearing liabilities. Fluctuations in the USD and RMB interest rates have a relatively significant impact on the Group's finance costs. Through interest rate swap contracts, the Group may lock in interest rates to reduce the exposure to fluctuations in floating rate of the USD-denominated debts.

In the first half of 2023, the Group made careful assessments based on the derivatives market conditions and did not enter into any new interest rate swap contract transactions. As at 30 June 2023, the outstanding interest rate swap contracts held by the Group amounted to a notional amount of approximately USD258 million, which will expire between the second half of 2023 and 2025. As at 31 December 2022, such amount was approximately USD327 million.

### Exchange Rate Fluctuation

As at 30 June 2023, the Group's total interest-bearing liabilities denominated in foreign currencies amounted to RMB37,466 million, of which interest-bearing liabilities denominated in USD accounted for 88.71% of all interest-bearing liabilities denominated in foreign currencies. In the case of significant fluctuations in the USD exchange rate, USD assets and liabilities will generate a larger amount of foreign exchange gains and losses, which will affect the Company's profitability and assets and liabilities. The Group can lock the exchange rate through forward currency contracts to hedge against the impact of fluctuations in the USD exchange rate.

In the first half of 2023, the Group made careful assessments based on the derivatives market conditions and did not carry out any foreign exchange hedging transactions. As at 30 June 2023, the Group had no outstanding foreign exchange forward contracts.

### Fluctuation of Jet Fuel Prices

As one of the largest operating costs of the Group, the fluctuation of jet fuel prices has a significant impact on the efficiency of the Group. The Group can lock in jet fuel costs through crude oil swap contracts, crude oil call options, collar options portfolios, crude oil futures contracts etc. to reduce the adverse impact of jet fuel price fluctuations.

In the first half of 2023, the Group made careful assessments based on the derivatives market conditions and did not carry out any jet fuel hedging transactions. As at 30 June 2023, the Group had no outstanding jet fuel hedging contracts.

### Pledges on Assets and Contingent Liabilities

As at 30 June 2023, the value of the Group's assets used to secure certain bank loans was equivalent to RMB31,633 million, representing an increase of 0.01% from RMB31,629 million as at 31 December 2022.

As at 30 June 2023, the Group had no significant contingent liabilities.

### Human Resources

As at 30 June 2023, the Group had 79,626 employees, the majority of whom were located in China. The wages of the Group's employees primarily consisted of basic salaries and performance bonuses.

## Investment in securities

Unit: RMB'000

Type of securities	Stock Code	Stock abbreviation	Initial investment cost	Source of capital	Carrying amount at the beginning of the period	Profit and loss from changes in fair value in the period	Cumulative fair value changes included in equity	Purchase during the period	Sale during the period	Investment profit and loss for the period	Carrying amount at the end of the period	Accounting item
Share	00696	TravelSky	18,503	Equity acquisition	312,615	-52,530	241,582	—	—	0	260,085	Other equity instruments
Share	600000	Pudong Development Bank	122,144	Equity replacement	71,276	-392	—	—	—	0	70,884	Financial assets held for trading
Share	600221	Hainan Airlines Holding	68	Debt-to equity swap	68	-11	—	—	—	0	57	Financial assets held for trading
<b>Total</b>	/	/	140,715	/	383,959	-52,933	241,582	—	—	0	331,026	/

## Financial assets measured at fair value

Unit: RMB'000

Type of assets	Amount at the beginning of the period	Profit and loss from changes in fair value in the period	Cumulative fair value changes included in equity	Impairment provision for the period	Purchase during the period	Sale/redemption during the period	Other changes	Amount at the end of the period
Interest rate swap contracts	94,335	-11,976	82,359	—	—	—	—	82,359
Financial assets held for trading	71,759	-403	—	—	—	—	—	71,356
Investment in other equity instruments	451,588	-5,710	309,701	—	—	2,456	—	443,422
<b>Total</b>	617,682	-18,089	392,060	—	—	2,456	—	597,137



## Analysis on major controlled subsidiaries and investee companies

Unit: RMB million

Name of the company	Date of establishment	Registered capital (100 million)	Revenue	Net loss	Total assets	Net assets	Gearing ratio (%)
Eastern Air Jiangsu	1993	20.00	4,308	241	13,140	-2,235	117.01
Eastern Air Wuhan	2002	17.50	1,789	148	6,487	1,476	77.25
Eastern Air Yunnan	2010	36.62	4,512	498	16,501	3,633	77.98
Shanghai Airlines	2010	55.00	4,592	971	22,283	-2,843	112.76
China United Airlines	1984	33.20	3,105	218	12,413	2,063	83.38
OTT Airlines	2008	15.00	226	207	2,831	563	80.11
Eastern Technology	2014	43.00	4,642	3	7,499	940	87.46

**1. Eastern Air Jiangsu**

In the first half of 2023, Eastern Air Jiangsu recorded revenue of RMB4,308 million, representing a 142.70% increase from last year. Its net loss amounted to RMB241 million, as compared to RMB1,419 million in the same period last year. Passenger traffic volume was 7,981.15 million passenger-kilometres, representing a 125.75% increase from last year. Number of passengers carried was 5,429,300, representing a 130.90% increase from last year. As at 30 June 2023, Eastern Air Jiangsu operated a total of 72 A320 series aircraft.

**2. Eastern Air Wuhan**

In the first half of 2023, Eastern Air Wuhan recorded revenue of RMB1,789 million, representing a 201.69% increase from last year. Its net loss amounted to RMB148 million, as compared to RMB608 million in the same period last year. Passenger traffic volume was 3,113.44 million passenger-kilometres, representing a 159.88% increase from last year. Number of passengers carried was 2,779,300, representing a 154.91% increase from last year. As at 30 June 2023, Eastern Air Wuhan operated a total of 32 B737 series aircraft.

**3. Eastern Air Yunnan**

In the first half of 2023, Eastern Air Yunnan recorded revenue of RMB4,512 million, representing a 147.23% increase from last year. Its net loss amounted to RMB498 million, as compared to RMB1,310 million in the same period last year. Passenger traffic volume was 7,381.11 million passenger-

kilometres, representing a 142.63% increase from last year. Number of passengers carried was 5,399,000, representing a 117.50% increase from last year. As at 30 June 2023, Eastern Air Yunnan operated 79 B737 and B787-9 series aircraft in aggregate.

**4. Shanghai Airlines**

In the first half of 2023, Shanghai Airlines recorded revenue of RMB4,592 million, representing a 222.93% increase from last year. Its net loss amounted to RMB971 million, as compared to RMB1,952 million in the same period last year. Passenger traffic volume was 7,240.65 million passenger-kilometres, representing a 228.72% increase from last year. Number of passengers carried was 5,008,700, representing a 236.88% increase from last year. As at 30 June 2023, Shanghai Airlines operated 88 B737, B787-9 and A330 series aircraft in aggregate.

**5. China United Airlines**

In the first half of 2023, China United Airlines recorded revenue of RMB3,105 million, representing a 267.46% increase from last year. Its net loss amounted to RMB218 million, as compared to RMB1,312 million in the same period last year. Passenger traffic volume was 6,488.89 million passenger-kilometres, representing a 236.10% increase from last year. Number of passengers carried was 4,550,000, representing a 237.00% increase from last year. As at 30 June 2023, China United Airlines operated a total of 57 B737 series aircraft.

### 6. OTT Airlines

In the first half of 2023, OTT Airlines recorded revenue of RMB226 million, representing a 162.79% increase from last year. Its net loss amounted to RMB207 million, as compared to RMB157 million in the same period last year. Passenger traffic volume was 341.34 million passenger-kilometres, representing a 503.39% increase from last year. Number of passengers carried was 347,800, representing a 430.18% increase from last year. As at 30 June 2023, OTT Airlines operated a total of 17 ARJ21 series aircraft and 3 business aircraft.

### Compliance with the Relevant Laws and Regulations which may have a Significant Impact on the Company

As at 30 June 2023, the Board was not aware of any significant matters which may cause impact on the Group or any non-compliance with the laws and regulations which may have a significant impact on the Group.

### Core competitiveness

1. Advantages of being located in prosperous developed area in Shanghai and the Yangtze River Delta
2. Flight hub and network layout with unique advantages
3. Streamlined and efficient fleet structure
4. A brand with strong oriental scent and high-quality services
5. High-quality customer cluster and outstanding partners
6. High-quality fulfillment of social responsibility

### Risk Analysis

#### 1. Risk related to Economic and Trade Environment, Geopolitical Situation and Public Health Affairs

The air transportation industry is closely connected to the economic and trade environment. The civil aviation transportation industry is more sensitive to macro-economic climate, which directly affects the development of economic activities, disposable income of residents and changes in the amount of import and export activities. These factors will in turn affect the demand for air transportation. Meanwhile, international economic and trade relations, geopolitical conflict or war

will bring a relatively significant impact on the demand of aviation market in such location and its surrounding areas. In addition, above-mentioned risks may drive large fluctuations in the prices of energy and other large commodities, thereby affecting the global economic activities and causing greater impacts on the Group's operating results and financial condition. Public health emergencies may have a great impact on the demand of air travel and normal operation of the Group.

The Group pays close attention to the impacts caused by changes in the domestic and overseas macro-economic situation, international economic and trade relations, the geopolitical situation, public health emergencies and related policies and flexibly adjusts its transportation capacity deployment and market sales, so as to actively respond to such impacts.

#### 2. Policy and Regulation Risk

Airlines have business operations around the world. Hence, the aviation industry is largely affected by domestic and overseas economic policies and laws and regulations. The adjustments of and changes in relevant domestic and foreign laws and regulations, industrial policies, and regulatory policies may bring certain uncertainties to the future business development and operating results of the Group. At the same time, as the Company is a public company listed in several places around the world, the changes in the securities regulatory laws and regulations of the places of listing may have impact and bring uncertainties on the shareholder structure, liquidity, price and continuity of the shares of the Company.

With respect to industrial policies and regulations, the Group has played an active role in various discussions concerning their formulation and revision, and promptly analysed and considered their latest changes and impact on the Group, so as to seize the development opportunities arising from such updates and prudently respond to the risks, challenges and uncertainties arising from the changes in policies and regulations.



### 3. Operational Safety Risk

Flight safety is the pre-condition and foundation for aviation companies to maintain normal operations and good reputation. Bad weather, mechanical failure, human errors, aircraft irregularities, national and international terrorism and other force majeure events may have an adverse impact on the flight safety, aviation security and operational safety of the Group.

The Group solidly promoted the construction of safe work practices, strictly executed rules, regulations and operating standards, implemented the accountability system for safe operation, strengthened the investigation and management of security risks, enhanced its safety and risk prevention and control system, and strengthened safety management and control capabilities, so as to actively respond to operational safety risk.

### 4. Core Resources Risk

The rapid growth of the industry has provoked competition among airlines for core human resources (such as management personnel in key positions and professional technical staff), air traffic rights and time slots. If the Group's reserve of core resources fails to adequately support the rapid growth in operational scale of the Group, the business and operations of the Group may be adversely affected.

The Group has promoted the building of corporate culture of "Love at CEA", further improved its incentive scheme for core technical staff, and proactively developed a core backup workforce through providing training programs to a pool of multi-tier backup management personnel and launching a core technical staff recruitment scheme. Meanwhile, the Group has coordinated with industry regulators with respect to air traffic rights and time slots, and proactively participated in the marketised competition for time slot resources.

### 5. Competition Risk

Along with the opening-up of the domestic aviation market, development of low-cost airlines and increased investment in the Chinese market by international airlines, future

competition in the domestic air transportation industry may intensify, which may bring uncertainties to the Group's air traffic rights and time slot resources, ticket price level and market share, and therefore have an impact on the Group's operating results. In addition, there is a certain level of overlap between railway, highway and ship transportation and air transportation in certain markets. Certain routes of the Group may experience higher competitive pressure.

The Group has actively responded to industry competition, proactively strived for new air traffic rights and time slots in hub markets and core markets, continuously refined its route network, steadily improved and consolidated its market share in the hubs and core markets. Through improving service quality and enhancing flight punctuality rate, the passenger experience was enhanced, which further strengthened the Group's competitiveness.

### 6. Risk Associated with the Fluctuation of Jet Fuel Prices

Jet fuel costs is one of the major expenses of airlines. Significant fluctuations of international oil prices will significantly impact jet fuel prices and the Group's revenue from fuel surcharge, and accordingly the Group's operating results.

Without considering adjustment in fuel surcharge and other factors and on the basis of the fuel consumption of flights operated in the first half of 2023, if the average jet fuel price increases or decreases by 5%, jet fuel costs of the Company in the first half of the year will increase or decrease by approximately RMB872 million.

The Group has optimised its transportation capacity allocation, strengthened marketing and strove to increase passenger load factor and unit yield level, so as to respond to the pressure of rising jet fuel prices. The Group will proactively analyse the trend of oil prices, and, as authorised by the Board, prudently conduct jet fuel hedging activities. Under the premise of ensuring safety, The Group will carry out fuel-saving control through dynamic control of airborne equipment, flight level optimization, APU replacement measures, etc.

## 7. Exchange Rate Fluctuation Risk

The Group has sizeable currency liabilities. As the Group's foreign currency liabilities are mainly USD-denominated, if the exchange rate of USD against RMB fluctuates significantly, USD-denominated liabilities will generate a large amount of foreign exchange loss/gain, which will directly affect the Company's profit for that period and result in a relatively great impact on the Company's operating results.

As at 30 June 2023, if USD had strengthened or weakened by 1% against RMB with all other variables held constant, the effect on the Group's net profit and other comprehensive income would have been as follows:

*Unit: RMB million*

	Effect on net profit		Effect on other comprehensive income	
	Appreciation	Depreciation	Appreciation	Depreciation
	USD exchange rates	-321	321	-

In the first half of 2023, the Group expanded its financing channels by means of issuing super short-term debentures and corporate bonds and acquiring RMB borrowings to bring in RMB financing, and proactively optimised the mix of currency denomination of the Group's debts. In the future, the Group will further reinforce its research and judgment on the foreign exchange market, expand the variety of its financing instruments such as RMB instruments and continuously improve the Group's debts and currency structure in order to minimise the adverse impact arising from exchange rate fluctuations on the Group's operations.

## 8. Interest Rate Fluctuation Risk

The majority of the Company's liabilities are attributable to USD-denominated liabilities and RMB-denominated liabilities generated from introduction of aircraft, engines and aviation equipment. The adjustment in interest rates of USD and RMB may cause changes in the borrowing costs of the Company's existing loans that carry floating interest rates, as well as future finance costs, which in turn may affect the Company's finance expenses.

As at 30 June 2023, assuming all other variables remain constant, if the interest rate had increased or decreased by 25 basis points, the effect on the Company's net profit and other comprehensive income would have been as follows:

*Unit: RMB million*

	Effect on net profit		Effect on other comprehensive income	
	Increase	Decrease	Increase	Decrease
	Floating rate	-238	238	5

The Company intends to launch transactions in derivatives to further optimise the proportion of floating-rate debts to the USD-denominated debts in the future. At the same time, the Company will actively seize the opportunity to issue super short-term debentures and corporate bonds to minimise RMB finance costs.

## 9. Digital and Information Security Risk

The development of various businesses during the Group's operation is closely related to the information network system. If there is any design defect, operational failure in the network information system of the Group or inadequate training and education on compliance and lack of security awareness on the part of internal staff, or if the system experiences external network attacks, the Group's business and operations may be affected, and customer data and information of the Group may be leaked. The occurrence of any of the foregoing may have an adverse impact on the operating results and brand image of the Group.

The Group has continuously promoted the construction of information and network security projects, iteratively modified rules and regulations such as the "Network Security Management Manual", established a sound information and network security-related technical protection and security management mechanism, and strengthened information network security management capabilities. The Group has appointed a "data protection officer" and established a customer data system based on identification information such as ID cards, so as to improve data and information security protection capabilities.



## 10. Development and Transformation Risk

During the process of expanding into new international markets, conducting external investments, mergers and acquisitions and restructuring existing businesses and assets, the Group may face risks associated with decisionmaking, management, legal, regulation and interference of competitors, which may affect the results of the development strategies of the Group. There remain certain risks associated with the failure of achieving expected goals of transformation projects or business adjustments in the future.

The Group has made continuous improvements to the monitoring and management of the whole process of external investment, and will enhance the research of projects, strictly monitor various investment activities and refine its risk management mechanism through due diligence and asset valuation during its expansion into new international markets, commencement of external investments, mergers and acquisitions and restructuring existing businesses and assets.

## 11. Suppliers Risk

Air transportation enterprises require essential facilities and equipment including aircraft, engines and aviation equipment and flight, maintenance and operation systems that are suitable for operation and core technologies for their normal operations, and the suppliers available for providing the relevant essential facilities and equipment and core technologies are relatively limited. If there is any abnormality in the operation of the Group's suppliers for essential facilities and equipment and core technologies, or under special circumstances, the suppliers are unable to provide essential facilities and equipment and core technological services support required for the Group's operations normally, the Group's normal operations may be adversely or materially adversely affected.

The Group regularly assesses the contractual performance capacity of suppliers of essential facilities and equipment and core technological services that are closely related to its business and operations. The Group has also continuously paid close attention to the changes in the market price and

the policies and regulations for the introduction of essential facilities and equipment and core technological services, and proactively responds to the risks related to the suppliers of essential facilities and equipment and core technological services support.

## 12. Securities Market Fluctuations Risks

The share price of a listed company is not only dependent on the Company's current results and projection for future operations, but also on factors including laws and requirements of the place of listing, policy environment, macro-economics, flow of market capital and investor structure and sentiment, etc. The Company's share price may be subject to significant changes due to the aforementioned factors, which may directly or indirectly result in loss to the investors.

The Company has continuously enhanced its corporate governance standards, earnestly fulfilled its obligations of information disclosure, constantly improved its operational management capability and strove for outstanding operating results. In the meantime, the Company has strengthened the communication between capital markets and various investors, paid close attention to the Company's share price performance and media coverage, gave timely response to the market and strove to avoid abnormal fluctuations in the Company's share price.

## 13. Risk Associated with the Changes in Environmental Policy

The increasing importance attached to environmental policies including carbon emissions and noise control globally and changes in consumption behavior caused by passengers' low carbon travel may impose restrictions on airline operations. In order to meet the changes in regulatory requirements of environmental policies, airlines may increase its investment in issues related to saving energy and reducing emissions and noise control, which in turn increases operating costs.

The Group adheres to the basic concept of sustainable development while strictly abiding by relevant policies and regulations on environmental protection. It implements

refined management and control of aircraft fuel saving through the introduction of advance fuel-saving and noise reducing models and promotes the use of ground facilities and equipment to replace auxiliary power units and the “diesel-to-electric” transformation plan of ground vehicles while actively conducting works related to saving energy and reducing emissions as well as noise control through continuously promoting energy-saving and environmental protection technologies. The Group abides by international and domestic carbon emission regulatory requirements by participating in EU carbon emission trading and Shanghai local pilot carbon trading mechanism, with an aim to fulfill carbon emission obligations through market-oriented mechanisms, and explore ways to improve carbon emission management capabilities. In addition, the Group continues to study the application of sustainable aviation fuel and explores the carbon emission reduction model of the aviation industry, with an aim to continuously improve the level of ecological environment governance and green and low-carbon development.

#### 14. Other Force Majeure and Unforeseeable Risks

The aviation transportation industry is highly sensitive to external factors. Apart from above-mentioned risks, natural disasters and the navigational or personnel restrictions imposed by countries may also affect market demand and the normal operation of airlines. Flight suspension, decrease in passenger volume and income, as well as increase in safety and insurance costs may adversely affect the business and operations of the Group.

The Group strengthened risk management and control and actively responded to unexpected risks to minimise the relevant losses and protect the interests of the shareholders.

#### Outlook for the Second Half of 2023

The current global economy is affected by multiple factors and the outlook is uncertain. IATA predicts that the global civil aviation industry will achieve a strong recovery in 2023, but the recovery will be significantly differentiated by region. The recovery in North America, Europe and the Middle East is leading, and

the Asia-Pacific region with delayed recovery is expected to see a significant increase, and the gap with other regions will be narrowed. With the arrival of the summer peak season and the National Day Golden Week, China’s civil aviation industry is expected to recover and grow rapidly, but at the same time, it is under the pressure of imbalanced domestic supply and demand and the lagging recovery of international routes.

In the second half of 2023, the Group will adhere to the general tone of seeking progress while maintaining stability, focus on stabilising safety and improving efficiency, concentrate on service and brand building, promoting reform and fulfilling responsibilities.

#### Safe Operation

The Group will unswervingly implement the overall national safety concept, firmly establish the concept of safe development, and continuously improve the safety operation level of the Group. The Group will strengthen the implementation of safety responsibilities and continue to strengthen the whole-process management of safety work; The Group will strengthen the construction of safety system and continuously improve the effective operation of the four safety systems, namely safety management, production operation, training and aircraft maintenance; The Group will strengthen risk management and control, focusing on risks such as production and operation, extreme weather and flight technology status; The Group will strengthen safety supervision and rectification and the construction of work style culture to create a good safety culture atmosphere.

#### Production and Operation

The Group will strive to seize market recovery opportunities such as the summer peak season and strive to improve business performance. The Group will continuously improve route revenue by optimising route network, scientifically coordinating slots resources and adjusting aircraft models; The Group will increase efforts in the recovery of routes from Japan, Korea and Southeast Asia, coordinate the orderly resumption of long-haul routes from Europe and America, and lay out the routes to the Middle East; The Group will strengthen channel management, expand cross-industry cooperation, strengthen air-rail transport sales cooperation, and build a more complete aviation sales ecosystem; The Group will continue to deepen the working mechanism for the integration of business and finance, and promote the implementation of projects.





## Products and Services

The Group will take the opportunity of the theme activity of “Civil Aviation Services Help the Industry Recovery Year” of the CAAC to promote brand building, optimise product system and strengthen service quality. The Group will accelerate systematic brand planning and design to enhance the brand image of China Eastern; The Group will plan the research and development of innovative products in an orderly manner, enrich product categories, and provide passengers with diversified product choices; The Group will improve the “Four Fines” service, strengthen the management and control of service standards, and continuously meet the personalised service needs of passengers.

## Reform and Development

The Group will serve the national strategies more effectively and efficiently, and deepen reform and innovation. The Group will build a global competitive aviation transportation super carrier to ensure

the high-quality commercial operation of C919 domestic large aircraft; The Group will steadily promote the integration and reform of business segments such as aviation material guarantee and asset operation, information technology and technological innovation, and centralised coordination of big e-commerce business.

## Social Responsibility

The Group will continue to promote various sustainable development measures, help rural revitalisation, and strengthen employee care. The Group will continue to carry out special work on pollution and carbon reduction and plastic restriction; The Group will follow up on domestic and foreign environmental sustainable development policies, and promote the application of SAF; The Group will carry out targeted poverty alleviation work to help rural industries, talents, culture, ecology, and organisational revitalisation; The Group will continue to strengthen the construction of “Happy China Eastern” and refine the building measures.

## Fleet Plan

### Introduction and Retirement Plan of Aircraft for the Second Half of 2023 to 2025

(Units)

Model	Second Half of 2023		2024		2025	
	Introduction	Retirement	Introduction	Retirement	Introduction	Retirement
C919	4	0	0	0	0	0
ARJ21	9	0	9	0	0	0
Total number of COMAC aircraft	13	0	9	0	0	0
A350-900	3	0	0	0	0	0
A320 Series	4	6	21	14	31	23
Total number of Airbus aircraft	7	6	21	14	31	23
B787 Series	0	0	7	0	4	0
B737 Series	2	3	6	9	0	14
Total number of Boeing aircraft	2	3	13	9	4	14
<b>Total number of aircraft</b>	<b>22</b>	<b>9</b>	<b>43</b>	<b>23</b>	<b>35</b>	<b>37</b>

Note:

The Group does not rule out that the aircraft introduction and retirement plans will be optimised and adjusted in a timely manner based on changes in the external environment and market conditions and the capacity planning of the Group and an announcement will be made in accordance with the Listing Rules.

## Significant Events

### 1. As at 30 June 2023, the shareholding structure of the Company is set out as follows:

	Total number of shares	Approximate percentage in shareholding (%)
<b>I A Shares</b>	17,114,518,793	76.78
1. Listed shares with trading moratorium	5,911,787,367	26.52
2. Listed shares without trading moratorium	11,202,731,426	50.26
<b>II H Shares</b>	5,176,777,777	23.22
1. Listed shares with trading moratorium	0	0.00
2. Listed shares without trading moratorium	5,176,777,777	23.22
<b>III Total number of shares</b>	22,291,296,570	100.00

Note:

As at 30 June 2023, the total number of A shares of the Company amounted to 17,114,518,793 shares, of which 5,911,787,367 shares were listed shares with trading moratorium, 11,202,731,426 shares were listed shares without trading moratorium. The total number of H shares of the Company was 5,176,777,777 shares, of which 0 share was listed shares with trading moratorium, 5,176,777,777 shares were listed shares without trading moratorium. The total number of shares issued by the Company amounted to 22,291,296,570 shares.

### 2. Total Number of Shareholders

As at 30 June 2023, the total number of registered shareholders of the Company was 171,463.



### 3. Non-public Offering of A Shares

In 2022, the Company has non-publicly issued 3,416,856,492 A shares, with an issue price of RMB4.39 per share and the par value per share was RMB1.00. The total amount of funds raised was approximately RMB15,000 million. The net price to the Company of each security was RMB4.39, and the closing price of A shares as at the date on which the terms of offering were fixed (i.e., 10 May 2022) was RMB4.60. The target subscribers were 20 legal persons, natural persons or other legal investment organizations that meet the requirements of the CSRC and other conditions stipulated by relevant laws and regulations, including CEA Holding, the controlling shareholder of the Company. Apart from CEA Holding, other subscribers and their respective ultimate beneficial owners were and continued to be third parties independent of the Company and its connected persons after the completion of the non-public offering of A shares. The proceeds were in place and verified on 29 December 2022. On 12 January 2023, the procedures for registration, custody and lock-up of the new shares with the China Securities Depository and Clearing Corporation Limited, Shanghai Branch were completed. The shares under this non-public offering shall not be transferred within 6 months or 18 months from the closing date of the offering.

The proceeds raised from the non-public offering of A shares by the Company will be used for introduction of 38 aircraft and supplementary working capital. Upon the introduction of 38 aircraft using the proceeds from the non-public issuance of A shares, the Company will expand the size of its fleet and enhance its transportation capacity. At the same time, the Company will continue to optimize its fleet structure to adapt to the development plan and purchase plan of the fleet of the Company, which is in compliance with the development direction of the Company in constructing a streamlined and efficient modernized fleet, thereby enhancing the core competence of the Company further. Meanwhile, after supplementing working capital through the non-public issuance financing, the Company can improve its capital structure, reduce gearing ratio, supplement the working capital required for its daily operations and improve its financial stability.

The use of proceeds is in line with the planned use of the raised proceeds disclosed by the Company, and there is no material change.

As at 30 June 2023, the Company utilized proceeds of RMB4,864 million during the reporting period. The accumulated amount of utilized proceeds was RMB9,364 million, including the supplementary working capital of RMB4,500 million and the introduction of aircraft of RMB4,864 million. The unused balance of proceeds is RMB5,603 million. The unused proceeds will be used for the introduction of 38 aircraft. The Company will pay for the aircraft according to the introduction pace in the future and is expected to be utilized by the end of 2025. The difference from the balance of the fundraising account as at 30 June 2023 is the issuance fee of RMB30,759,244.31 and the interest on the deposit in the fundraising account of RMB99,379,752.69.

The use of the proceeds from the non-public offering of A shares by the Company is as follows:

No.	Project name	Total investment amount	Intended amount of raised
		RMB (hundred million)	proceeds to be invested RMB (hundred million)
1	Introduction of 38 aircraft	289.24	105
2	Supplementary working capital	45	45
<b>Total</b>		<b>334.24</b>	<b>150</b>

#### 4. Substantial Shareholders

So far as the Directors are aware, as at 30 June 2023, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares and/or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange:

Name of substantial shareholder	Class of shares	Number of shares held	Capacity	Percentage in the relevant class of issued shares	Percentage in total issued shares
CEA Holding	A shares	8,706,805,967(L) <sup>Note 2</sup>	Beneficial owner	50.87%(L)	39.06%(L)
		457,317,073(L) <sup>Note 2</sup>	Interests of controlled corporation	2.67%(L)	2.05%(L)
	H shares	2,626,240,000(L) <sup>Note 3</sup>	Interests of controlled corporation	50.73%(L)	11.78%(L)
CES Global	H shares	2,626,240,000(L) <sup>Note 3</sup>	Beneficial owner	50.73%(L)	11.78%(L)
Juneyao Group	A shares	155,916,009(L) <sup>Note 4</sup>	Beneficial owner	0.91%(L)	0.70%(L)
		808,441,233(L) <sup>Note 4</sup>	Interests of controlled corporation	4.72%(L)	3.63%(L)
	H shares	559,889,777(L) <sup>Note 5</sup>	Interests of controlled corporation	10.82%(L)	2.51%(L)
Juneyao Airlines	A shares	219,400,137(L) <sup>Note 4</sup>	Beneficial owner	1.28%(L)	0.98%(L)
		589,041,096(L) <sup>Note 4</sup>	Interests of controlled corporation	3.44%(L)	2.64%(L)
		155,916,009(L) <sup>Note 4</sup>	Others	0.91%(L)	0.70%(L)
	H shares	12,000,000(L) <sup>Note 5</sup>	Beneficial owner	0.23%(L)	0.05%(L)
		547,889,777(L) <sup>Note 5</sup>	Interests of controlled corporation	10.58%(L)	2.46%(L)
Juneyao Hong Kong	H shares	547,889,777(L) <sup>Note 5</sup>	Beneficial owner	10.58%(L)	2.46%(L)
Shanghai Jidaohang	A shares	589,041,096(L) <sup>Note 4</sup>	Beneficial owner	3.44%(L)	2.64%(L)
Wang Junjin	A shares	964,357,242(L) <sup>Note 4</sup>	Interests of controlled corporation	5.63%(L)	4.33%(L)
	H shares	546,769,777(L) <sup>Note 5</sup>	Interests of controlled corporation	10.56%(L)	2.45%(L)
Wang Han	A shares	964,357,242(L) <sup>Note 4</sup>	Interests of controlled corporation	5.63%(L)	4.33%(L)
	H shares	546,769,777(L) <sup>Note 5</sup>	Interests of controlled corporation	10.56%(L)	2.45%(L)
Ye Jinqi	A shares	964,357,242(L) <sup>Note 4</sup>	Interests of spouse	5.63%(L)	4.33%(L)
	H shares	546,769,777(L) <sup>Note 5</sup>	Interests of spouse	10.56%(L)	2.45%(L)



### Notes:

1. The letter (L) denotes a long position. The data disclosed above is mainly based on the information provided on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).
2. 8,706,805,967 A shares were held directly by CEA Holding; and 457,317,073 A shares were held directly by CES Finance, which in turn was entirely held by CEA Holding. Therefore, CEA Holding is deemed to be interested in the 457,317,073 A shares held directly by CES Finance.
3. CES Global directly held 2,626,240,000 H shares in the capacity of beneficial owner through HKSCC, and CEA Holding indirectly owned the entire interests of CES Global through CES Finance. Therefore, CEA Holding is deemed to be interested in the 2,626,240,000 H shares held directly by CES Global.

As at 30 June 2023, CES Global had pledged 1,670,000,000 H shares. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 15 October 2021.

4. 155,916,009 A shares were held directly by Juneyao Group; 219,400,137 A shares were held directly by Juneyao Airlines; and 589,041,096 A shares were held directly by Shanghai Jidaohang. Each of Mr. Wang Han and Mr. Wang Junjin were interested in 71.77% of shares of Juneyao Group; Juneyao Group is the controlling shareholder of Juneyao Airlines; and Juneyao Airlines owned the entire equity interests of Shanghai Jidaohang. Ms. Ye Jinqi is the spouse of Mr. Wang Junjin. Therefore, Juneyao Group is deemed to be interested in 219,400,137 A shares and 589,041,096 A shares held by Juneyao Airlines and Shanghai Jidaohang, respectively; Juneyao Airlines is deemed to be interested in 589,041,096 A shares held directly by Shanghai Jidaohang; Mr. Wang Han and Mr. Wang Junjin are deemed to be interested in 155,916,009 A shares, 219,400,137 A shares and 589,041,096 A shares held directly by Juneyao Group, Juneyao Airlines and Shanghai Jidaohang, respectively.

On 29 October 2019, Juneyao Group and Juneyao Airlines signed a Voting Rights Proxy Agreement to delegate the voting rights of 311,831,909 A shares held directly by Juneyao Group to Juneyao Airlines. Therefore, Juneyao Airlines is also deemed to be interested in the 155,916,009 A shares held directly by Juneyao Group.

As at 30 June 2023, Juneyao Group had pledged 108,369,871 A shares. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 10 April 2023.

5. Juneyao Airlines directly held 12,000,000 H shares; and Juneyao Hong Kong directly held 547,889,777 H shares in the capacity of beneficial owner through HKSCC. Each of Mr. Wang Han and Mr. Wang Junjin was interested in 71.77% of shares of Juneyao Group; Juneyao Group is the controlling shareholder of Juneyao Airlines; and Juneyao Airlines owned the entire equity interests of Juneyao Hong Kong. Ms. Ye Jinqi is the spouse of Mr. Wang Junjin. Therefore, Juneyao Group, Mr. Wang Han and Mr. Wang Junjin are deemed to be interested in 12,000,000 H shares and 547,889,777 H shares held directly by Juneyao Airlines and Juneyao Hong Kong; Juneyao Airlines is deemed to be interested in 547,889,777 H shares held directly by Juneyao Hong Kong; and Ms. Ye Jinqi is deemed to be interested in 546,769,777 H shares held indirectly by Mr. Wang Junjin.

Shareholders who are interested in 5% or more of any class of voting shares in the Company are obliged to disclose their interests, and short positions, in voting shares of the Company when (but not limited to) there is any change in the percentage of their respective share interests or the nature of their interests pursuant to the SFO.

## 5. Shareholdings of Directors, Supervisors and Senior Management

Names, relevant information and shares of the Company held by the Directors, Supervisors and members of senior management of the Company as at 30 June 2023 are as follows:

Name	Position	Number of A shares of the Company held – personal interests (share)	Capacity in A shares
Li Yangmin	Vice Chairman, President	3,960 <sup>(Note 1)</sup>	Beneficial owner
Tang Bing	Director	—	—
Lin Wanli	Director	—	—
Cai Hongping	Independent non-executive Director	—	—
Dong Xuebo	Independent non-executive Director	—	—
Sun Zheng	Independent non-executive Director	—	—
Lu Xiongwen	Independent non-executive Director	—	—
Jiang Jiang	Employee representative Director	—	—
Guo Lijun	Chairman of the Supervisory Committee	—	—
Fang Zhaoya	Supervisor	—	—
Zhou Huaxin	Employee representative Supervisor	—	—
Zhou Qimin	Vice President, Chief Financial Officer	—	—
Feng Dehua	Vice President	—	—
Cheng Guowei	Vice President	—	—
Liu Tiexiang	Vice President	—	—
Wang Jian	Board Secretary, Company Secretary and authorised representative	—	—
<b>Total</b>	/	3,960	—

Note:

- Mr. Li Yangmin directly held 3,960 A shares in the capacity of beneficial owner.



Save as disclosed above, as at 30 June 2023, none of the Directors, chief executive, Supervisors or members of senior management of the Company and their associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the SFO (including any interest or short position which were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in the Appendix 10 to the Listing Rules.

### 6. Dividends

The Board does not recommend the payment of a dividend for the six months ended 30 June 2023.

### 7. Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2023, the Group did not purchase, sell or redeem any of its listed securities ("securities", having the meaning ascribed thereto under section 1 of Appendix 16 to the Listing Rules).

### 8. Material Litigation

During the six months ended 30 June 2023, the Group was not involved in any material litigation, arbitration or claim.

### 9. Corporate Governance

The Board has reviewed the relevant provisions under the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules and the corporate governance practices adopted by the Company, and took the view that the Company's corporate governance standards for the six months ended 30 June 2023 met the requirements under the Part 2 of the Code, except for the following deviation from the Code provisions:

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Yangmin, the chief executive of the Company, acting as chairman, enhanced the execution of the Company's development strategy

and facilitated the communication between the Board and senior management. Despite deviating from code provision C.2.1 of the Listing Rules, under the supervision of the Board which comprised of two Directors, four independent non-executive Directors and one employee representative Director, the Board is appropriately structured with balance of power to provide sufficient restriction to protect the interests of the Company and the Shareholders.

To further strengthen the awareness of compliance among the directors, supervisors and senior management of the Company, and to enhance their understanding and application of the relevant rules, the Company has comprehensively reviewed and implemented written monitoring rules for the operation of listed companies promulgated by regulatory bodies including the China Securities Regulatory Commission, the Shanghai Stock Exchange and Hong Kong Stock Exchange, as well as the latest development of the relevant laws, rules and regulations regarding the duties and responsibilities of directors, supervisors and senior management of a listed company, and arranged training and learning sessions.

During the six months ended 30 June 2023, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the securities transactions code for the Directors. Having made specific enquiries to all the Directors, it is the Company's understanding that the Directors have complied with the requirements as set forth in the Model Code regarding Directors' securities transactions.

### 10. Audit and Risk Management Committee

The Audit and Risk Management Committee has reviewed the accounting principles and methods adopted by the Group with the management of the Group, and has discussed with the Board the internal controls and financial reporting issues, including a review of the consolidated results for the six months ended 30 June 2023 prepared in accordance with IFRSs.

The Audit and Risk Management Committee has no disagreement with the accounting treatment adopted by the Group.

## 11. Changes in Personnel

### Cessation

Name	Date of Cessation	Reason for Change	Position
Xi Sheng	21 April 2023	Work arrangement	Vice president

For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 21 April 2023.

## 12. Change of Particulars of Directors or Supervisors under Rule 13.51B(1) of the Listing Rules

Name	Name of other entities	Position(s) held	Date of appointment	Date of cessation
Li Yangmin	Juneyao Airlines Co., Ltd	Director	November 2019	August 2023
Cai Hongping	COSCO SHIPPING Development Co., Ltd.	Independent director	June 2016	February 2023
Dong Xuebo	China National Machinery Industry Corporation	External director	December 2019	May 2023
Sun Zheng	Industrial Bank Co., Ltd.	External supervisor	May 2023	
Guo Lijun	Eastern Air Logistics Co., Ltd.	Acting as president	July 2023	
Fang Zhaoya	CEA Development Co., Limited	Director	June 2019	January 2023
	Eastern Airlines Industry Investment Co., Ltd.	Director	June 2019	January 2023
	CES International Financial Leasing Corporation Limited	Director	August 2021	January 2023
Xi Sheng	China Eastern Air Holding Company Limited	Chief auditor	September 2009	April 2023
	China Eastern Air Holding Company Limited	Vice president	January 2018	April 2023
	China Eastern Air Holding Company Limited	Party member	January 2018	March 2023
Feng Dehua	Juneyao Airlines Co., Ltd	Director	August 2023	





### 13. Provision of Guarantees

Unit: RMB million

#### Guarantees provided by the Company and its subsidiaries for subsidiaries

Total amount of guarantees provided for subsidiaries during the Reporting Period	—
Total amount of guarantees for subsidiaries outstanding at the end of the Reporting Period	1,943.74

#### Total amount of guarantees of the Company (including those provided for subsidiaries)

Total amount of guarantees	1,943.74
Total amount of guarantees as a percentage of the Company's net assets (%)	8.28%
including:	
Guarantees provided for shareholders, de facto controllers and related parties	—
Amount of debt guarantees provided directly or indirectly for companies with debt ratio of over 70%	1,943.74
The amount of guarantees in excess of 50% of the net assets	—

<b>Total amount of the above three guarantee items</b>	<b>1,943.74</b>
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Note: The debt guarantees provided by the Company directly or indirectly for companies with debt ratio of over 70% as described above amounted to approximately RMB1.944 billion and were provided by the Company to its wholly-owned SVP companies. The amount of guarantees is within the mandate limit granted at the general meeting.

As at the date of disclosure of this report, guarantees provided by the Company to SVP companies are as follows:

Serial no.	Established SVP companies	Guaranteed amounts (in USD million)
1	東津天一（天津）飛機租賃有限公司	16.93
2	東津天三（天津）飛機租賃有限公司	3.94
3	東津天四（天津）飛機租賃有限公司	7.22
4	東津天五（天津）飛機租賃有限公司	3.42
5	東津天六（天津）飛機租賃有限公司	2.87
6	東津天七（天津）飛機租賃有限公司	7.87
7	東津天八（天津）飛機租賃有限公司	4.11
8	東津天九（天津）飛機租賃有限公司	4.12
9	東津天十（天津）飛機租賃有限公司	9.54
10	東津天十一（天津）飛機租賃有限公司	10.73
11	東津天十二（天津）飛機租賃有限公司	16.20
12	東滬天一（上海）飛機租賃有限公司	123.56
13	東滬天二（上海）飛機租賃有限公司	7.53
14	東滬天三（上海）飛機租賃有限公司	8.21
15	東滬天四（上海）飛機租賃有限公司	9.50
16	東滬天五（上海）飛機租賃有限公司	12.58
17	東滬天六（上海）飛機租賃有限公司	20.67
<b>Total</b>		<b>269.00</b>

As at the end of the Reporting Period, the actual amount of guarantees provided by the Company to the above 17 SPV was USD269 million, which was approximately RMB1.944 billion based on the exchange rate of US dollar to RMB of 7.2258. The amount of guarantees is within the mandate limit granted at the general meeting.

### 14. Future Plans for Material Investments and Capital Assets

Not applicable

## 15. Miscellaneous

The Company wishes to highlight the following information:

- (1) On 12 January 2023, the procedures of registration, custody and trading moratorium for the non-public issuance of 3,416,856,492 A shares by the Company with China Securities Depository and Clearing Corporation Limited, Shanghai Branch were completed. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 13 January 2023.
- (2) On 13 January 2023, the Company has notified the New York Stock Exchange of its proposed application for voluntary delisting of its American depositary shares (the “**ADSs**”) from the New York Stock Exchange and deregistration of such ADSs and the underlying overseas listed foreign shares under the U.S. Securities Exchange Act of 1934, as amended. The delisting of ADSs became effective on 3 February 2023 (U.S. Eastern Time) and deregistration of such ADSs and the underlying overseas listed foreign shares became effective on 8 May 2023 (U.S. Eastern Time). The ADSs program was terminated on 8 May 2023 (U.S. Eastern Time). For details, please refer to the announcements of the Company published on the website of the Hong Kong Stock Exchange on 13 January and 9 May 2023.
- (3) On 6 July 2023, the Company announced that the non-public issuance of 2,277,904,327 A shares with trading moratorium by the Company will be listed on 12 July 2023. For details, please refer to the announcement of the Company published on the website of the Hong Kong Stock Exchange on 6 July 2023.
- (4) The estimated transaction caps for the continuing connected transactions, which were considered and approved by the Board and at the general meetings of the Company, and their actual amounts incurred up to 30 June 2023, are set out as follows:

*Unit: million Currency: RMB*

Approved category	Actual amount incurred up to 30 June 2023	2023 estimated transaction caps
Financial services		
— maximum balance of deposits per day	10,261	15,000
Financial services		
— maximum balance of comprehensive credit line per day (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	2,000	15,000
Financial services		
— total amounts of the service fees of other financial services (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	4	39
Catering-related services and on-board supplies support services		
— amount paid	1,279	4,000
Businesses related to catering support services		
— as a lessor — amount of annual rent and on-board supplies		
— amount received	40	220
Businesses related to catering support services		
— as a lessee — annual rent of properties leasing — amount paid	1	8



## Management Discussion and Analysis

Approved category	Actual amount incurred up to 30 June 2023	2023 estimated transaction caps
Businesses related to catering support services		
— as a lessee — total value of right-of-use assets of property leasing	5	160
Aviation ancillary services		
— amount paid	402	1,750
Aviation ancillary services		
— total value of right-of-use assets <sup>1</sup>	156	2,070
Import and export services		
— amount paid	95	800
Properties leasing and construction and management agency services		
— as a lessor — annual rent of properties — leasing — amount received	2	6
Properties leasing and construction and management agency services		
— as a lessee — annual rent of properties leasing and fees for construction and management agency services — amount paid	60	400
Properties leasing and construction and management agency services		
— as a lessee — total value of right-of-use assets of property leasing <sup>2</sup>	148	735
Advertising agency services		
— amount paid	11	80
Total amount for leasing of aircraft and engines		USD1,500 million or RMB equivalent
— amount paid <sup>3</sup>	—	
Total value of right-of-use assets of leasing of aircraft and engines <sup>4</sup>	—	USD1,250 million or RMB equivalent
Freight logistics business support services		
— amount received	163	690
Cargo terminal business support services		
— amount paid	160	820
Transportation service fees of exclusive operation service for passenger aircraft cargo business		
— amount received	1,487	8,900
Aviation Internet services		
— amount paid	29	72
Aviation information technology services		
— amount paid		
(pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	279	850

## Management Discussion and Analysis

Approved category	Actual amount incurred up to 30 June 2023	2023 estimated transaction caps
AIR FRANCE-KLM aviation transportation cooperation and support services — amount paid (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	2	310
AIR FRANCE-KLM aviation transportation cooperation and support services — amount received (pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange)	8	130

Notes:

1. The total value of right-of-use assets for the involved vehicle equipment leasing at the end of the reporting period;
2. The total value of right-of-use assets for the involved property leasing under properties leasing and construction and management agency services at the end of the reporting period;
3. The total amount includes the total lease amount, interest and arrangement charge for the newly-introduced finance lease aircraft, operating lease aircraft and engines;
4. The total value of right-of-use assets for the newly-introduced finance lease aircraft, operating lease aircraft and engines for the reporting period.