

Report of Directors

董事會報告書





Report of Directors

董事會報告書

The board of directors (the "Board") of the Company is pleased to present the audited financial report of the Company and its subsidiaries ("the Group") for the year ended 31 December 2006.

GROUP ACTIVITIES AND RESULTS

The Company is one of the three largest air carriers in the PRC based on tonne kilometres and number of passengers carried in 2006 and is the primary air carrier serving Shanghai, the largest economic, trading and financial centre of the PRC. The results of the Group for the year ended 31 December 2006 and the financial position of the Company and the Group as at that date, prepared in accordance with International Financial Reporting Standards ("IFRS") and PRC Accounting Regulations, are set out in the financial statements.

Details of the Company's principal subsidiaries are set out in note 18 to the financial statements prepared in accordance with IFRS.

The geographical analysis of the Group's revenue from principal business is as follows:

		PRC Accounting Regulations 中華人民共和國 會計準則 (RMB'000) 人民幣千元	IFRS 國際 財務報告準則 (RMB'000) 人民幣千元
Domestic	中國國內	19,698,230	20,803,441
Hong Kong Special Administrative Region ("Hong Kong")	香港特別行政區 (「香港」)	3,299,823	3,244,846
International	國際	13,807,678	13,440,588
Total	總計	36,805,731	37,488,875

DIVIDENDS

As at 31 December 2006, according to the financial statements prepared in accordance with PRC Accounting Regulations, the operating results of the Company in the year 2006 declined significantly as compared to those in the year 2005. Having considered the Company's cash flow position in 2007, the Board does not recommend payment of any dividend for the financial year ended 31 December 2006. The balance of retained profits will be carried forward to next year. The Company will not convert funds from the common reserve to increase its share capital during this period.

本公司董事會(「董事會」)現欣然提呈本公司及其子公司(「本集團」)截至二零零六年十二月三十一日止年度，經審核之財務報告。

集團業務及業績

根據二零零六年噸公里總額及載運旅客人數計算，本公司是中國三家最大航空公司之一，同時也是服務於上海這一中國最大的經濟、貿易、金融中心的首要航空公司。本集團按國際財務報告準則及中華人民共和國會計準則編製之截至二零零六年十二月三十一日止年度業績，及本公司與本集團於該日之財務狀況，請參閱財務報告。

有關本公司之主要子公司之詳情，請參閱本集團根據國際財務報告準則編製之財務報告註釋18。

下表列出本集團各地區的主營業務收入：

股息

截至二零零六年十二月三十一日，根據中華人民共和國會計準則編製的財務報表，本集團二零零六年度經營業績較二零零五年度大幅下滑，結合公司二零零七年度現金流量狀況，董事會建議不派發截至二零零六年十二月三十一日止的年度股息，剩餘股東未分配利潤結轉下一年度，本期不進行資本公積金轉增股本。

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SHARE CAPITAL STRUCTURE

As at 31 December 2006, the share capital structure of the Company remained unchanged as follows:

股本結構

本公司股本結構於二零零六年度內無任何變動。截至二零零六年十二月三十一日止，本公司股本結構如下：

			At the beginning of the year (10,000 shares) 約佔股權期初數 (萬股)	Approximate percentage of total issued share capital (%) 本期百分比 (%)	Increase/ (Decrease) in shareholding during the year (10,000 shares) 增/減 (萬股)	At the end of the year (10,000 shares) 期末數 (萬股)	Approximate percentage of total issued share capital (%) 百分比 (%)
1.	Unlisted shares (a) A shares (unlisted State-owned legal person shares)	尚未流通股份 (a) A股(非上市國有法人股)	300,000	61.64	0	300,000	61.64
2.	Listed shares (a) H shares (b) A shares	已流通股份 (a) H股 (b) A股	156,695 30,000	32.20 6.16	0 0	156,695 30,000	32.20 6.16
3.	Total number of shares	股份總額	486,695	100	0	486,695	100

The Share Reform Plan of the Company was approved in the relevant shareholders' meeting of the holders of A shares of the Share Reform Plan of the Company held on 18 December 2006, and the trading in the A shares was resumed on 12 January 2007. After the completion of the Share Reform, the change in the shareholding structure was as follows:

公司股權分置改革方案已經二零零六年十二月十八日召開的股權分置改革A股市場相關股東會議審議通過，並於二零零七年一月十二日在A股市場復牌交易。股改完成以後，本公司的股本結構變更為：

			Total number of Shares 股份總額	Approximate percentage of shareholding (%) 約佔股權比例 (%)
1.	Domestic Shares (a) Listed Shares with trading moratorium (b) Listed Shares without trading moratorium	內資股 有限售條件流通股 無限售條件流通股	2,904,000,000 396,000,000	59.67 8.13
2.	H Shares	H股	1,566,950,000	32.20
3.	Total number of Shares	股份總額	4,866,950,000	100.00

For details of the Share Reform, please see the paragraph headed "Share Reform" below.

有關股權分置改革之詳情，見下文「股權分置改革」。

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SHARE REFORM

Pursuant to the “Guidelines for Promoting the Reform and Opening-up and Sustained Development of the Capital Market” promulgated by the State Council of the PRC and the provisions of relevant regulations promulgated by China Securities Regulatory Commission (“CSRC”), the Company published the “Indicative Announcement in Relation to Share Reform” on 20 November 2006 and the shares of the Company were suspended from trading for implementation of the Share Reform; the “Announcement on the Share Reform Proposal Plan” was published on 22 November 2006; the “Announcement on the Revised Share Reform Plan” was published on 1 December 2006; the “Revised Share Reform Plan approved by the State-owned Assets Supervision and Administration Commission” was published on 13 December 2006. On 18 December 2006, the Company convened the Relevant Shareholders’ Meeting of A Share Market in relation to the Share Reform to approve the Revised Share Reform Plan of the Company, and the “Announcement on the Results of the Relevant Shareholders’ Meeting in Relation to Share Reform” was published on the following day; the “Share Reform Proposal Approved by the Ministry of Commerce” was published on 5 January 2007. On 9 January 2007, the Company published the “Announcement on Implementation of Share Reform Plan”. The trading in shares of the Company was resumed on 12 January 2007 and its short name was changed from “S. CEA” to “Eastern Airlines” with effect from the same day.

Each holder of circulating A shares of the Company whose name appeared on the register of members on 10 January 2007 was offered 3.2 shares as a consideration by China Eastern Air Holding Company (“CEA Holding”) for every 10 circulating A shares held by it. The original non-circulating shares held by CEA Holding were granted the status of listing from 12 January 2007. However, there is currently no real circulation of shares due to the trading moratorium.

Other than statutory undertakings, CEA Holding undertook that it would not engage in the trading of the non-circulating shares held by it within 36 months from the day of granting listing status of non-circulating shares of the Company.

For details, please refer to the related announcements published by the Company.

股權分置改革

根據中國國務院《關於推進資本市場改革開放和穩定發展的若干意見》和中國證券監督管理委員會等發布的相關法規的規定，本公司於二零零六年十一月二十日刊登了《關於股權分置改革的提示性公告》，本公司股票開始停牌正式進行股權分置改革程序；二零零六年十一月二十二日刊登了《有關股權分置改革方案公告》；二零零六年十二月一日刊登了《調整股權分置改革方案的公告》；二零零六年十二月十三日刊登了《國有資產監督管理委員會批准調整股權分置改革方案》；二零零六年十二月十八日，本公司召開了股權分置改革A股市場相關股東大會，投票通過了本公司調整股權分置改革方案並於次日刊登了《股權分置改革相關股東會議表決結果公告》；二零零七年一月五日刊登了《股權分置改革方案獲得商務部批准》；二零零七年一月九日，本公司刊登了《股權分置改革方案實施公告》。目前本公司股票已於二零零七年一月十二日復牌上市交易，簡稱於同日由「S東航」變更為「東方航空」。

中國東方航空集團公司（「東航集團」）向二零零七年一月十日登記在冊的本公司流通A股股東每10股A股支付3.2股對價股份；自二零零七年一月十二日起，東航集團持有的原非流通股股份即獲得上市流通權，但由於有限售條件，目前暫時沒有實際流通。

除法定的承諾外，東航集團承諾於本公司非流通股股份取得上市地位後36個月內，不會涉及所持有的非流通股股份的買賣。

有關詳情，請參閱本公司刊發的相關公告。

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NUMBER OF SHAREHOLDERS

As at 31 December 2006, the total number of registered shareholders of the Company was 88,648, of which 86,866 are holders of A shares (including unlisted State-owned legal person shares and listed A shares), and 1,782 are holders of H shares.

SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company (the "Directors") are aware, each of the following persons, not being a Director, chief executive, supervisor of the Company ("Supervisor") or member of the Company's senior management, had, as at 31 December 2006, an interest and/or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise, as at 31 December 2006, interested in 5% or more of any class of the then issued share capital of the Company, or was otherwise, as at 31 December 2006, a substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) of the Company:

股東總數

於二零零六年十二月三十一日，本公司登記在冊的股東總數為88,648戶，其中A股(包括非上市國有法人股和已流通A股)股東86,866戶，H股股東1,782戶。

主要股東

據本公司董事(「董事」)所知，以下為並非本公司董事、行政總裁、監事及高級管理人員、而於二零零六年十二月三十一日在本公司股份或相關股份(視乎情況而定)中持有根據證券及期貨條例(「證券及期貨條例」)第XV部第2及3分部須向本公司及香港聯合交易所有限公司(「香港聯交所」)披露其於本公司的權益及／或淡倉的人士，或其他於二零零六年十二月三十一日在本公司當時任何類別已發行股本持有5%或以上權益的人士，或本公司於二零零六年十二月三十一日的其他主要股東(定義見香港聯合交易所有限公司證券上市規則(「上市規則」))：

Name of shareholder	Nature of shares held	Number of shares held	Interest			Short position
			As at 31 December 2006			
			權益			
			於二零零六年十二月三十一日約佔本公司			
			Approximate percentage shareholding in the Company's total issued share capital	Approximate percentage shareholding in the Company's total issued A shares	Approximate percentage shareholding in the Company's total issued H shares	
股東名稱	股份類別	所持股數	已發行總股本的股權比例	已發行A股總數的股權比例	已發行H股總數的股權比例	淡倉
China Eastern Air Holding Company 中國東方航空集團公司	A shares (unlisted State-owned legal person shares) A股(非上市國有法人股)	3,000,000,000	61.64%	90.91%	-	-
HKSCC Nominees Limited (Note) 香港中央結算(代理人)有限公司 (註釋)	H shares H股	1,494,139,799	30.70%	-	95.35%	-

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Note:

Based on the information available to the Directors (including such information as was available on the website of the Hong Kong Stock Exchange) and so far as they are aware and understand, as at 31 December 2006:

1. Among the 1,494,139,799 H shares held by HKSCC Nominees Limited, Halbis Capital Management (Hong Kong) Limited had an interest in an aggregate of 111,556,000 H shares of the Company (representing approximately 7.11% of its then total issued H shares).
2. Among the 1,494,139,799 H shares held by HKSCC Nominees Limited, Everest Capital Limited had an interest in an aggregate of 82,864,000 H shares of the Company (representing approximately 5.30% of its then total issued H shares).

Save as disclosed above and so far as the Directors are aware, as at 31 December 2006, among the 1,494,139,799 H shares held by HKSCC Nominees Limited, no other person had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

註釋：

根據董事於二零零六年十二月三十一日所獲悉的數據(包括在香港聯交所網站上可取得的資料)及據董事所知，於二零零六年十二月三十一日：

1. 在香港中央結算(代理人)有限公司所持有的1,494,139,799股H股中，Halbis Capital Management (Hong Kong) Limited 持有111,556,000股H股(佔本公司當時已發行H股總數約7.11%)權益。
2. 在香港中央結算(代理人)有限公司所持有的1,494,139,799股H股中，Everest Capital Limited 持有82,864,000股H股(佔本公司當時已發行H股總數約5.30%)權益。

除上述所披露外，根據董事獲得的資料及就董事所知，於二零零六年十二月三十一日，在香港中央結算(代理人)有限公司持有的1,494,139,799股H股中，概無人士於本公司股份或相關股份(視情況而定)中擁有權益或淡倉，而須按照及已按照證券及期貨條例第XV部第2及3分部向本公司及香港聯交所披露。

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According to the relevant disclosure requirements laid down by the CSRC, as at the end of the reporting period, the 10 largest registered shareholders and the 10 largest registered listed stock shareholders on the register of members and their respective shareholdings are as follows:

根據中華人民共和國證券監督管理委員會的有關披露規定，報告期末，本公司登記於股東名冊前10名記名股東及前10名記名流通股份股東持股情況如下：

The 10 largest registered shareholders of the Company and their respective shareholdings

本公司前10名記名股東持股情況

Name of shareholders	Increase/ (Decrease) in shareholding in the year	Shareholding at the end of year	Percentage (%)	Type of shares	Charged or locked-up shares	Nature of shares held
股東名稱	年度內增減	年末持股數量	比例 (%)	股份類別	質押或凍結的股份數量	股份性質
1 CHINA EASTERN AIR HOLDING COMPANY 中國東方航空集團公司	0	3,000,000,000	61.6402	unlisted 未流通	0	A shares (unlisted State-owned legal person shares) A股(非上市國有法人股)
2 HKSCC NOMINEES LIMITED 香港中央結算(代理人)有限公司	6,208,636	1,494,139,799	30.6997	listed 已流通	Unknown 未知	H shares H股
3 (BOC-JIASHI THEME SELECTION MIX SECURITIES INVESTMENT FUND) 中國銀行－嘉實主題精選混合型證券投資基金	11,796,255	11,796,255	0.2424	listed 已流通	Unknown 未知	A shares A股
4 (ICBC-JIANXIN EXCELLENCE SELECTION GROWTH SHARE SECURITIES INVESTMENT FUND) 中國工商銀行－建信優選成長股票型證券投資基金	10,903,620	10,903,620	0.2240	listed 已流通	Unknown 未知	A shares A股
5 (HAITONG-BOCOM-RIXING ASSET MANAGEMENT COMPANY LIMITED-RIXING AM CHINA RMB A SHARE PARENT FUND) 海通－交行－日興資產管理有限公司－日興AM中國人民幣A股母基金	9,999,985	9,999,985	0.2055	listed 已流通	Unknown 未知	A shares A股

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Name of shareholders	Increase/ (Decrease) in shareholding in the year	Shareholding at the end of year	Percentage (%)	Type of shares	Charged or locked-up shares	Nature of shares held
股東名稱	年度內增減	年末持股數量	比例 (%)	股份類別	質押或凍結的股份數量	股份性質
6 (HUABAO TRUST INVESTMENT COMPANY LIMITED – SINGLE CAPITAL TRUST YEAR 2006 NO. 7) 華寶信托投資有限責任公司 — 單一類資金信托2006年第7號	5,943,874	5,943,874	0.1221	listed 已流通	Unknown 未知	A shares A股
7 HSBC NOMINEES (HONG KONG) LIMITED	676,000	4,780,000	0.0982	listed 已流通	Unknown 未知	H shares H股
8 (HUABAO TRUST INVESTMENT COMPANY LIMITED – SINGLE CAPITAL TRUST YEAR 2006 NO. 8) 華寶信托投資有限責任公司 — 單一類資金信托2006年第8號	3,341,700	3,341,700	0.0687	listed 已流通	Unknown 未知	A shares A股
9 HSBC NOMINEES (HONG KONG) LIMITED <A/C BR-9>	0	3,000,000	0.0616	listed 已流通	Unknown 未知	H shares H股
10 (NATIONAL SOCIAL SECURITY FUND (GROUP 106)) 全國社保基金—零六組合	2,489,439	2,489,439	0.0511	listed 已流通	Unknown 未知	A shares A股

Description of any related party or concert party relationship among the 10 largest shareholders: The Company is not aware of any related party or concert party relationship among the above shareholders.

前10名股東關聯關係或一致行動的說明：本公司未知上述股東之間存在關聯關係或一致行動關係。

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The 10 largest registered listed stock shareholders of the Company and their respective shareholdings

前十名記名流通股股東持股情況

Name of shareholders 股東名稱		Shareholding of listed stocks at the end of year 年末持有流通股的數量	Nature of shares held 種類
HKSCC NOMINEES LIMITED (BOC-JIASHI THEME SELECTION MIX SECURITIES INVESTMENT FUND)	香港中央結算(代理人)有限公司 中國銀行－嘉實主題精選混合型證券投資基金	1,494,139,799	H shares 股
(ICBC-JIANXIN EXCELLENCE SELECTION GROWTH SHARE SECURITIES INVESTMENT FUND)	中國工商銀行－建信優選成長股票型證券投資基金	11,796,255	A shares 股
(HAITONG-BOCOM-RIXING ASSET MANAGEMENT COMPANY LIMITED-RIXING AM CHINA RMB A SHARE PARENT FUND)	海通－交行－日興資產管理有限公司 －日興AM中國人民幣A股母基金	10,903,620	A shares 股
(HUABAO TRUST INVESTMENT COMPANY LIMITED - SINGLE CAPITAL TRUST YEAR 2006 NO. 7)	華寶信託投資有限責任公司 －單一類資金信託2006年第7號	9,999,985	A shares 股
HSBC NOMINEES (HONG KONG) LIMITED (HAUBAO TRUST INVESTMENT COMPANY LIMITED - SINGLE CAPITAL TRUST YEAR 2006 NO. 8)	HSBC NOMINEES (HONG KONG) LIMITED 華寶信託投資有限責任公司 －單一類資金信託2006年第8號	5,943,874	A shares 股
HSBC NOMINEES (HONG KONG) LIMITED <A/C BR-9>	HSBC NOMINEES (HONG KONG) LIMITED <A/C BR-9>	4,780,000	H shares 股
(NATIONAL SOCIAL SECURITY FUND (GROUP 106))	全國社保基金－零六組合	3,341,700	A shares 股
HSBC NOMINEES (HONG KONG) LIMITED <A/C BR-43>	HSBC NOMINEES (HONG KONG) LIMITED <A/C BR-43>	3,000,000	H shares 股
		2,489,439	A shares 股
		2,256,000	H shares 股

Description of any related party or concert party relationship among the 10 largest listed stock shareholders: The Company is not aware of any related party or concert party relationship among the above listed stock shareholders.

前10名流通股股東關聯關係的說明：本公司未知上述流通股股東之間存在關聯關係或一致行動關係。

CONTROLLING SHAREHOLDER

There has been no change in the Company's controlling shareholder in the year.

控股股東情況介紹

本公司的控股股東在本年度內沒有變更。

CEA Holding is the parent company of the Company and its registered capital amounts to RMB2,558,441,000. Mr. Li Fenghua is the legal representative of CEA Holding. CEA Holding's scope of business includes manage all State-owned assets and State-owned equity of its group and its investment enterprises which are formed by State investment. As at 31 December 2006, no share of the Company held by CEA Holding was pledged.

東航集團是本公司的母公司。註冊資本為人民幣2,558,441,000元，法定代表人為李豐華先生，經營範圍：經營集團公司及其投資企業中由國家投資形成的全部國有資產和國有股權。截至二零零六年十二月三十一日，該公司擁有本公司的股票沒有質押情況。

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PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as otherwise disclosed, during the year ended 31 December 2006, neither the Company nor its subsidiaries had purchased, sold or redeemed any of its issued securities (as defined under Appendix 16(1) of the Listing Rules).

SIGNIFICANT DIFFERENCES BETWEEN THE CORPORATE GOVERNANCE PRACTICES OF THE COMPANY AND THE CORPORATE GOVERNANCE PRACTICES REQUIRED TO BE FOLLOWED BY U.S. COMPANIES UNDER THE NEW YORK STOCK EXCHANGE'S LISTING STANDARDS

As a company incorporated in the PRC and listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange (the "NYSE"), the Company is subject to not only applicable PRC laws and regulations, including the PRC Company Law, the PRC Securities Law, the Corporate Governance Standards for Listed Companies and Guidance Opinions regarding the Establishment of the Independent Director System in Listed Companies (the "Independent Director Guidance"), but also Hong Kong laws and regulations, including the Listing Rules, the Companies Ordinance and the SFO, as well as applicable U.S. Federal securities laws and regulations, including the U.S. Securities Exchange Act of 1934 including amendments and the Sarbanes-Oxley Act of 2002. The Company is also subject to the listing standards of the NYSE to the extent they apply to non-U.S. issuers. The Company is not required to completely comply with all of the corporate governance listing standards of the NYSE.

In accordance with the requirements of Section 303A.11 of the NYSE Listed Company Manual, the following is a summary of the significant differences between the Company's corporate governance practices and those required to be followed by U.S. companies under the NYSE's listing standards.

購買、出售或贖回證券

除另披露外，於二零零六年十二月三十一日止年度內，本公司及其各附屬公司概無購買、出售或贖回任何其已發行證券（「證券」一詞的涵義見上市規則附錄十六第1條）。

本公司企業管治實踐與美國公司應遵循的紐約股票交易所上市規則有關企業管治規定的主要差異

作為一家在中國設立的，同時在上海證券交易所、香港聯交所和紐約股票交易所（「紐約交易所」）上市的公司，本公司不僅受適用的中國法律法規的約束，包括《中國公司法》、《中國證券法》、《上市公司治理準則》以及《關於在上市公司建立獨立董事制度的指導意見》（「《獨立董事指導意見》」），還受到香港法律法規的約束，包括《上市規則》、《公司條例》和《香港證券和期貨條例》，同時亦受相應美國聯邦證券法律法規的約束，包括美國《證券交易法（一九三四年）》（含其修訂）和《薩奧法案（二零零二年）》。本公司還須遵守紐約交易所上市規則中適用於非美國公司的有關規定，但可不完全遵從紐約交易所所有有關企業管治的規定。

根據《紐約交易所上市公司手冊》第303A.11款的規定，本公司企業管治的實施與美國公司應遵循的紐約交易所上市規則有關規定的主要差異如下：

Report of Directors

董事會報告書

Section 303A.01 of the NYSE Listed Company Manual provides that listed companies must have a majority of independent Directors. As a company listed in the PRC, the Company is subject to the requirement under the Independent Director Guidance that at least one-third of its Board be independent as determined thereunder. As a company listed in Hong Kong, the Company is also subject to the requirement under the Listing Rules that at least three members of its Board be independent, and at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise. The Company currently has five independent Directors out of a total of eleven Directors. The standards for establishing independence set forth under either the Independent Director Guidance or the Listing Rules differ from those set forth in the NYSE Listed Company Manual.

Section 303A.03 of the NYSE Listed Company Manual provides that listed companies must schedule regular executive sessions in which non-management directors meet without management participation. The Company is not required, under either the applicable PRC law or the applicable Hong Kong law, to hold such executive sessions.

Section 303A.04 of the NYSE Listed Company Manual provides that listed companies must have a nominating/corporate governance committee composed entirely of independent directors. Currently, the Company does not have a nominating/corporate governance committee. The Company can choose to have one but is not required to have such a committee under either the applicable PRC law or Hong Kong law. Section 303A.04 of the NYSE Listed Company Manual also provides that the nominating/corporate governance committee of a listed company must have a written charter that addresses the committee's purpose and responsibilities, which include, among others, the development and recommendation of corporate governance guidelines to the listed company's board of directors. The Board is directly responsible for developing the Company's corporate governance guidelines.

《紐約交易所上市公司手冊》第303A.01款要求上市公司董事會大部分成員必須為獨立董事。本公司作為一家中國上市公司，應遵守《獨立董事指導意見》中要求至少三分之一的董事會成員為獨立董事的規定。本公司作為一家香港上市公司，還應遵守《上市規則》中要求公司的董事會成員中最少有三名獨立董事，並且至少其中一名應具備相應的專業資格或會計或相關財務管理專業知識的規定。本公司目前十一名董事中有五名為獨立董事。另外，《獨立董事指導意見》或《上市規則》所規定的獨立性標準也與《紐約交易所上市公司手冊》的規定不同。

《紐約交易所上市公司手冊》第303A.03款要求上市公司須定期安排僅非執行董事參加的會議。對此，適用的中國法律和香港法律皆無相應要求。

《紐約交易所上市公司手冊》第303A.04款要求上市公司必須設立全部由獨立董事組成的提名／企業管治委員會。目前本公司未設立提名／企業管治委員會。本公司可以選擇設立，但依照中國法律或香港法律並不必須設立該委員會。《紐約交易所上市公司手冊》第303A.04款還規定提名／企業管治委員會必須制定其章程，列明委員會的宗旨及職責，包括制定有關企業管治指引並向上市公司董事會推薦等。本公司企業管治指引由董事會直接負責制定。

Report of Directors

董事會報告書

Section 303A.05 of the NYSE Listed Company Manual provides that listed companies must have a compensation committee composed entirely of independent directors. The remuneration and appraisal committee of the Company is composed of three independent Directors.

Section 303A.10 of the NYSE Listed Company Manual provides that listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees. As required under the Sarbanes-Oxley Act of 2002, the Company has adopted a code of ethics that is applicable to the Company's Directors, Supervisors, President, Chief Financial Officer and other senior managers.

PRE-EMPTIVE RIGHTS

Under the articles of association of the Company and the PRC laws, no pre-emptive rights exist which require the Company to offer new shares to existing shareholders on a pro rata basis.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this Annual Report, the Directors believe that the Company has at all times during the year ended 31 December 2006 maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Listing Rules.

《紐約交易所上市公司手冊》第303A.05款要求上市公司必須設立全部由獨立董事組成的薪酬委員會。本公司的薪酬與考核委員會由三名獨立董事組成。

《紐約交易所上市公司手冊》第303A.10款要求上市公司須制定及披露適用於董事、管理層及所有員工的商業操守及道德準則。本公司已按照《薩奧法案(二零零二年)》的要求制定了適用於本公司董事、監事、總經理、財務總監和其他高級管理人員的職業道德準則。

優先購股權

根據本公司章程及中華人民共和國法律，並無優先購股權條款要求本公司需按現有股東持股百分比，向現在股東出售新股。

足夠之公眾持股量

根據於本年報發出前之最後可行日期，本公司可公開所得的資料以及就董事所知悉，董事相信本公司已於截至二零零六年十二月三十一日止年度內之所有時間維持上市規則第8.08條規定的有關適用最低上市證券百分比。

Report of Directors

董事會報告書

SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Names, relevant information of and shares held by the Directors, the Supervisors and members of senior management of the Company during the year and as at 31 December 2006 are as follows:

董事、監事及高級管理人員持股情況

本公司本年度及截至二零零六年十二月三十一日董事、監事及高級管理人員姓名、有關資料及持股情況如下：

Name	Position	Age	Number of listed A shares of the Company held – personal interest 所持本公司 流通A股 股數 – 個人權益	Capacity in which the A shares were held	Effective date and expiry date of appointment
姓名	職務	年齡	股數 – 個人權益	所持A股身份	任期起止日期
Li Fenghua 李豐華	Chairman of the Board 董事長	57	5,000 (Note 1) 5,000 (註釋1)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Cao Jianxiong* 曹建雄*	Director, President 董事、總經理	48	5,800 (Note 2) 5,800 (註釋2)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Luo Chaogeng* 羅朝庚*	Directors 董事	57	5,000 (Note 1) 5,000 (註釋1)	Beneficial Owner 實益擁有人	June 2005- June 2007 2004.9-2007.6
Wan Mingwu** 萬明武**	Director 董事	60	5,000 (Note 1) 5,000 (註釋1)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Zhong Xiong 鍾 雄	Director 董事	61	2,800 (Note 3) 2,800 (註釋3)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Luo Zhuping 羅祝平	Director, Secretary of the Board 董事、董事會秘書	54	8,800 (Note 4) 8,800 (註釋4)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Hu Honggao 胡鴻高	Independent Non-executive Director 獨立董事	53	0	-	June 2004-June 2007 2004.6-2007.6
Peter Lok 樂鞏南	Independent Non-executive Director 獨立董事	70	0	-	June 2004-June 2007 2004.6-2007.6

Report of Directors

董事會報告書

Name	Position	Age	Number of listed A shares of the Company held – personal interest 所持本公司 流通A股 股數 – 個人權益	Capacity in which the A shares were held 所持A股身份	Effective date and expiry date of appointment 任期起止日期
姓名	職務	年齡			任期起止日期
Wu Baiwang 吳百旺	Independent Non-executive Director 獨立董事	64	0	–	June 2004-June 2007 2004.6-2007.6
Zhou Ruijin 周瑞金	Independent Non-executive Director 獨立董事	68	0	–	June 2004-June 2007 2004.6-2007.6
Xie Rong 謝榮	Independent Non-executive Director 獨立董事	55	0	–	June 2004-June 2007 2004.6-2007.6
Li Wenxin 李文新	Chairman of the Supervisory Committee 監事會主席	58	6,000 (Note 5) 6,000 (註釋5)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Ba Shengji 巴勝基	Supervisor 監事	48	8,800 (Note 4) 8,800 (註釋4)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Yang Xingen 楊新根	Supervisor 監事	54	3,600 (Note 6) 3,600 (註釋6)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Yang Jie 楊潔	Supervisor 監事	37	5,000 (Note 1) 5,000 (註釋1)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Liu Jiashun 劉家順	Supervisor 監事	50	3,000 (Note 7) 3,000 (註釋7)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6
Wu Jiuhong** 吳九洪**	– –	55	5,000 (Note 1) 5,000 (註釋1)	Beneficial Owner 實益擁有人	June 2004-October 2006 2004.6-2006.10
Zhou Ligu** 周禮國**	– –	58	3,000 (Note 7) 3,000 (註釋7)	Beneficial Owner 實益擁有人	June 2004-December 2006 2004.6-2006.12

Report of Directors

董事會報告書

Name	Position	Age	Number of listed A shares of the Company held – personal interest 所持本公司 流通A股 股數 – 個人權益	Capacity in which the A shares were held	Effective date and expiry date of appointment
姓名	職務	年齡		所持A股身份	任期起止日期
Zhang Jianzhong 張建中	Vice President 副總經理	52	0	-	June 2004-June 2007 2004.6-2007.6
Li Yangmin 李養民	Vice President 副總經理	44	3,000 (Note 7) 3,000 (註釋7)	Beneficial Owner 實益擁有人	October 2005-June 2007 2005.10-2007.6
Tong Guozhao** 佟國照**	- -	48	5,000 (Note 1) 5,000 (註釋1)	Beneficial Owner 實益擁有人	April 2005-October 2006 2005.4-2006.10
Fan Ru** 樊儒**	Vice President 副總經理	58	2,800 (Note 3) 2,800 (註釋3)	Beneficial Owner 實益擁有人	November 2006-June 2007 2006.11-2007.6
Luo Weide 羅偉德	Chief Financial Officer 財務總監	51	3,000 (Note 7) 3,000 (註釋7)	Beneficial Owner 實益擁有人	June 2004-June 2007 2004.6-2007.6

Note 1: representing approximately 0.001667% of the Company's total issued listed A shares as at 31 December 2006

註釋1：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.001667%

Note 2: representing approximately 0.001933% of the Company's total issued listed A shares as at 31 December 2006

註釋2：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.001933%

Note 3: representing approximately 0.000933% of the Company's total issued listed A shares as at 31 December 2006

註釋3：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.000933%

Note 4: representing approximately 0.002667% of the Company's total issued listed A shares as at 31 December 2006

註釋4：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.002667%

Note 5: representing approximately 0.002% of the Company's total issued listed A shares as at 31 December 2006

註釋5：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.002%

Note 6: representing approximately 0.001091% of the Company's total issued listed A shares as at 31 December 2006

註釋6：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.001091%

Note 7: representing approximately 0.001% of the Company's total issued listed A shares as at 31 December 2006

註釋7：佔本公司於二零零六年十二月三十一日已發行流通A股總數約0.001%

*: Mr. Luo Chaogeng was no longer the President of the Company with effect from 12 October 2006 and Mr. Cao Jianxiong was appointed as the President of the Company with a term of office in line with that of the current session of the Board.

*: 羅朝庚先生自二零零六年十月十二日不再擔任本公司總經理職務，而曹建雄先生被委任為本公司總經理，任期與本屆董事會一致。

Report of Directors

董事會報告書

**： Mr. Wan Mingwu was no longer the Vice President of the Company with effect from 12 October 2006.

Each of Mr. Wu JiuHong and Mr. Tong Guozhou was no longer the Vice President of the Company with effect from 25 October 2006.

Mr. Fan Ru was appointed as the Vice President of the Company with effect from 21 November 2006, with a term of office in line with that of the current session of the Board.

Mr. Zhou LiguO was no longer the Vice President of the Company with effect from 19 December 2006.

As at the date of this report, brief biographical details in respect of each of the Directors, Supervisors and senior management officers of the Company are as follows:

Mr. Li Fenghua is the incumbent chairman of the Board, president and deputy party secretary of CEA Holding. Mr. Li joined the civil aviation industry in 1968 and was deputy head, and subsequently became head, of the 26th Fleet of the CAAC from 1987 to 1992. From 1992 to 1996, Mr. Li served as vice president, and then became president, of the Hubei branch of China Southern Airlines (Group). Since 1996, he became vice president of China Southern Airlines Company Limited and vice president of China Southern Airlines (Group). In 2000, Mr. Li became party secretary and vice president of China Southern Airlines Company Limited. From October 2002 to September 2004, he served as the president of the Company and vice president of CEA Holding. In September 2004, he became president and deputy party secretary of CEA Holding. Mr. Li graduated from the China Civil Aviation Senior Aviation School and holds the title of First Class Pilot.

Mr. Cao Jianxiong is the Company's president and is currently an executive Director. Mr. Cao joined the civil aviation industry in 1982. From 1992, he served as president of Shanghai Eastern Airlines Development Company and in 1994 he became president of Eastern Airlines Futures Brokerage Company. In early 1996 he served as assistant president of the Company. From 1997, he served as vice president and chief financial officer of the Company. Since December 1999, he has served as vice president of CEA Group. Since October 2002, he served as vice president of CEA Holding, and he also was the party secretary of China Eastern Air Northwest Company from December 2002 to September 2004. Since October 2006, he has served as president of the Company. Mr. Cao graduated from the Civil Aviation Management Institute with a major in labour economics. Mr. Cao also received a master degree in global economics from Eastern China Normal University's Department of International Finance. Mr. Cao holds the title of Economist.

**： 萬明武先生自二零零六年十月十二日不再擔任本公司副總經理職務。

吳九洪先生和儘國照先生自二零零六年十月二十五日分別不再擔任本公司副總經理職務。

樊儒先生自二零零六年十一月二十一日被委任為本公司副總經理，任期與本屆董事會一致。

周禮國先生自二零零六年十二月十九日不再擔任本公司副總經理職務。

截至本報告日期，本公司董事、監事及高級管理人員簡歷如下：

李豐華先生為公司現任董事長、東航集團總裁、黨組副書記。李先生於一九六八年加入民航業。一九八七年至一九九二年任民航第二十六飛行大隊副大隊長、大隊長，一九九二年至一九九六年任中國南方航空(集團)公司湖北分公司副總經理、總經理，一九九六年起任中國南方航空股份有限公司副總經理、南方航空(集團)副總裁，二零零零年起任中國南方航空股份有限公司黨委書記、副總經理，二零零二年十月至二零零四年九月任本公司總經理，東航集團副總裁，二零零四年九月起任東航集團總裁、黨組副書記。李先生畢業於民航高級航校，具有一級飛行員職稱。

曹建雄先生為公司總經理，現任執行董事。曹先生於一九八二年加入民航業，一九九二年起任上海東方航空發展公司總經理，一九九四年起任東方航空期貨經紀公司總經理，一九九六年初任本公司總經理助理，一九九七年起任本公司副總經理、財務總監，一九九九年十二月份起任東方航空集團公司副總裁，二零零二年十月起任東航集團副總裁，二零零二年十二月至二零零四年九月兼任中國東方航空西北公司黨委書記，二零零六年十月起任本公司總經理。曹先生畢業於民航管理幹部學院勞動經濟專業和華東師範大學國際金融系世界經濟專業，並獲得經濟學碩士學位。曹先生具有經濟師職稱。

Report of Directors

董事會報告書

Mr. Luo Chaogeng is currently an Executive Director of the Company. Mr. Luo joined the civil aviation industry in 1970. Mr. Luo was a flight mechanic of the instructing team of the Lanzhou Civil Aviation Administration Bureau from August 1970 to August 1972. From August 1972 to March 1989, he was the flight mechanic of the 8th Civil Aviation Flight Team. From March 1989 to August 1994, he was the deputy commissar, commissar and party secretary of the Xi'an Flight Team of China Northwest Airlines. From August 1994 to October 1996, he was the party secretary of the aircraft maintenance plant of China Northwest Airlines. From October 1996 to March 1997, he was the party secretary and deputy general manager of the aircraft maintenance base of China Northwest Airlines. From March 1997 to December 2000, he was the deputy director of the Civil Aviation Administration Bureau of China Northwest Airlines. From December 2000 to November 2001, Mr. Luo was the general manager of Yunnan Airlines and the director and deputy party secretary of Civil Aviation Administration Bureau of Yunan. From November 2001 to September 2002, he was the general manager and deputy party secretary of Yunnan Airlines. From September 2002 to present, he has been the party constitution member and vice president of CEA Holding. From September 2002 to September 2004, he has also been serving concurrently as the general manager of Yunan Airlines. From September 2004 to the present, he has been the party constitution member and vice president of China Airlines Group Company, and from September 2004 to October 2006 was President and deputy party secretary of China Airlines Corporation Limited. From September 1998 to June 2001, Mr. Luo studied a post-graduate course for incumbent leading cadres in professional economics and management at the Central Party School of Shaanxi. Mr. Luo has first class competency in flight mechanics.

Mr. Wan Mingwu is currently an Executive Director of the Company. Mr. Wan joined the civil aviation industry in 1968. From 1983 to 1990 he was the deputy section chief and section chief of the cadre section of the political department of the CAAC Shenyang Bureau. From 1990 to 1992 he was the section chief of the personnel section of China Northern Airlines. From 1992 to 1995 he was the deputy party secretary of China Northern Airlines and from 1995 to 2000 he was the party secretary of China Northern Airlines. From December 2000 to October 2006 he was the party secretary and vice president of the Company. Mr. Wan graduated from Civil Aviation Mechanics Vocational School. Mr. Wan is a college graduate and holds the title of Senior Political Work Instructor.

羅朝庚先生為公司現任執行董事。羅先生於一九七零年加入民航業。羅先生於一九七零年八月至一九七二年八月任民航蘭州管理局教導隊飛行機械員；一九七二年八月至一九八九年三月任民航第八飛行大隊飛行機械員、副教導員；一九八九年三月至一九九四年八月任中國西北航空公司西安飛行大隊副政委、政委、黨委書記。羅先生於一九九四年八月至一九九六年十月任中國西北航空公司飛機維修廠黨委書記；一九九六年十月至一九九七年三月任中國西北航空公司飛機維修基地黨委書記、副總經理；一九九七年三月至二零零零年十二月任民航西北管理局副局長。羅先生於二零零零年十二月至二零零一年十一月任雲南航空公司總經理、民航雲南省管理局局長、黨委副書記；二零零一年十一月至二零零二年九月任雲南航空公司總經理、黨委副書記；二零零二年九月至今任東航集團黨組成員、副總裁，二零零二年九月至二零零四年九月兼任中國東方航空雲南公司總經理；二零零四年九月至今任中國東方航空集團公司黨組成員、副總裁，二零零四年九月至二零零六年十月任中國東方航空股份有限公司總經理、黨委副書記。羅朝庚先生於一九九八年九月至二零零一年六月曾在中央黨校陝西省在職領導幹部研究生班經濟管理專業學習，羅先生具有一級飛行機械員職稱。

萬明武先生為公司現任執行董事。萬先生於一九六八年加入民航業，一九八三年至一九九零年任民航瀋陽管理局政治部幹部處副處長、處長，一九九零年至一九九二年任中國北方航空公司人事勞動處處長，一九九二年至一九九五年任中國北方航空公司黨委副書記，一九九五年至二零零零年任中國北方航空公司黨委書記，二零零零年十二月至二零零六年十月任中國東方航空股份有限公司黨委書記、副總經理。萬先生畢業於民航機械專科學校，具有大專學歷、高級政工師職稱。

Report of Directors

董事會報告書

Mr. Zhong Xiong is currently a Non-executive Director of the Company. Mr. Zhong joined the civil aviation industry in 1970. From 1986 to 1988, he was vice president of Transportation Services Company of the CAAC Shanghai Bureau and was president of the sales and transportation department of China Eastern Airlines from 1988 to 1992. From 1992 to April 1995, he was vice president of China Eastern Airlines. From May 1995 to April 2002, Mr. Zhong has been vice president of the Company, and was the Chairman of the workers' union of CEA Holding from April 2002 to March 2006. He graduated in 1970 from the English Department of Liaoning Teacher's College and holds the title of Economist.

Mr. Luo Zhuping is an Executive Director of the Company, the secretary of the Board and the head of the secretariat of the Board. Mr. Luo joined CEA in 1988. He was deputy chief and then chief of the enterprise management department of China Eastern Airlines from 1992 to 1997. He was deputy head of the share system office from 1993 to 1996. In 1997, he became the secretary of the Board and the head of the secretariat of the Board. He became a Director of the Company in June 2004. Mr. Luo graduated from the Faculty of Philosophy and the Faculty of Law of Anhui University in 1979 and 1985, respectively. In 1994, Mr. Luo received a Master degree from the Economics Department of Eastern China Normal University, majoring in global economics. In 1998, he participated in the training programme for senior managers of large state-owned enterprises organised in the U.S.A. by the State Economic and Trade Commission and Morgan Stanley.

Mr. Hu Honggao was appointed as an independent non-executive Director of the Company in 1996. He is the vice dean and professor of the School of Law at Fudan University as well as the head of the Civil and Commercial Law Research Centre of Fu Dan University, supervising doctoral students majoring in civil and commercial law at Fu Dan University. He is also a senior lawyer at the Shanghai Shen Yang Law Office. Mr. Hu is a managing director of China Commercial Law Research Society, a managing director of China Economic Law Research Society (中國經濟法研究會常務理事), a member of the Legislative Consultation Committee of the Shanghai Municipal Government, a member of the Legislative Profession Consultation Committee of the Shanghai Standing Committee of the People's Congress (上海市人大常委會立法專家諮詢委員會) vice chairman of the Shanghai Economic Law Research Society and an arbitrator of the Shanghai Arbitration Committee.

鍾雄先生為公司現任非執行董事。鍾先生於一九七零年加入民航業，一九八六年至一九八八年任民航上海管理局運輸服務公司副經理，一九八八年至一九九二年任中國東方航空公司營運部經理，一九九二年至一九九五年四月任中國東方航空公司副總經理，一九九五年五月至二零零二年四月任本公司副總經理。二零零二年四月至二零零六年三月任東航集團工會主席。鍾先生一九七零年畢業於遼寧師範學院英語專業，具有高級經濟師職稱。

羅祝平先生現任公司執行董事、董事會秘書、董事會秘書室主任。羅先生於一九八八年加入東航。一九九二年至一九九七年歷任中國東方航空公司企業管理處副處長、處長，一九九三年至一九九六年任股份制辦公室副主任，一九九七年起任中國東方航空股份有限公司董事會秘書、董事會秘書室主任，二零零四年六月當選公司董事。羅先生一九七九年畢業於安徽大學哲學系，一九八五年畢業於安徽大學法學專業，一九九四年獲得華東師範大學經濟學世界經濟專業碩士研究生學歷，一九九八年參加國家經濟貿易委員會與摩根士丹利公司在美國舉辦的國家大型企業高級管理人員培訓班。

胡鴻高先生於一九九六年獲委任為公司獨立非執行董事。胡先生現任復旦大學法學院副院長兼復旦大學民商法研究中心主任、教授，復旦大學民商法專業博士生導師。胡先生在上海申陽律師事務所兼任資深高級律師。胡先生亦為中國商法學研究會常務理事、中國經濟法研究會常務理事、上海市政府立法諮詢委員會成員、上海市人大常委會立法專家諮詢委員會委員、上海市經濟法研究會副會長、上海仲裁委員會仲裁員。

Report of Directors

董事會報告書

Mr. Peter Lok was appointed as an independent non-executive Director of the Company in 1998. Mr. Lok went to the College of Air Traffic Control in England for further studies after joining the Hong Kong Civil Aviation Department in December 1956. He studied air transport, air accident investigation and administration and management of civil aviation in England from 1968 to 1973. In 1982, he became assistant director of the Hong Kong Civil Aviation Department. From 1985, during his time in office at the air services division of the Hong Kong Civil Aviation Department, he participated in negotiations with various countries regarding air traffic rights. He became deputy director in 1988, and subsequently became director in 1990 of the Hong Kong Civil Aviation Department. Mr. Lok retired in 1996 and has served as a consultant at the Flights Standards Department of the CAAC. Mr. Lok is the first Chinese director of the Hong Kong Civil Aviation Department and was at one time an instructor at the College of Air Traffic Control of Hong Kong.

Mr. Wu Baiwang was appointed as an independent non-executive Director of the Company in 1998. Mr. Wu joined the civil aviation industry in 1959 and was deputy fleet leader and subsequently became fleet leader of the 12th Fleet of the CAAC from 1976 to 1984. From 1984 to 1992, Mr. Wu was deputy head and subsequently became head of the CAAC Jilin Bureau. From 1992 to 1995, Mr. Wu was the head and party secretary of the CAAC Northeastern Bureau. From September 1995 to 1998, he became president of China General Aviation Corporation. He was the party secretary and vice president of Guangzhou Baiyun International Airport Group Company and the Chairman of the Board of Directors of Guangzhou Baiyun International Airport Company Limited from 1998 to September 2003. Mr. Wu graduated from Chinese Civil Aviation School in 1965 and holds the title of First Class Pilot.

Mr. Zhou Ruijin was appointed as an independent non-executive director of the Company in 2000. Mr. Zhou was deputy editor-in-chief and the East China regional director of the People's Daily. From 1988 to 1993 Mr. Zhou was the party secretary and deputy editor-in-chief of the Liberation Daily. From April 1993 to 1996 he was deputy editor-in-chief of the People's Daily and from 1996 to 2000 he was deputy editor-in-chief and the East China regional director of the People's Daily. After retired, he became Vice chairman of the China Productivity Council and Chairman of the Shanghai Productivity Council. Mr. Zhou graduated from the journalism department of Fudan University in 1962.

樂鞏南先生於一九九八年獲委任為公司獨立非執行董事。樂先生一九五六年十二月加入香港民航處後前往英國航空管制學院航空管制專業深造。一九六八年至一九七三年前往英國學習航空運輸、航空意外調查及民航行政管理，一九八二年任香港民航處助理處長，一九八五年起在香港民航處航班事務分處任職，期間曾參與與多國的航權商談。一九八八年起任香港民航處副處長，一九九零年任香港民航處處長，一九九六年退休。樂先生曾任中國民航總局飛行標準司顧問。樂先生是香港首任華人民航處長，曾為香港民航航管學院導師。

吳百旺先生於一九九八年獲委任為公司非執行獨立董事。吳先生一九五九年加入民航業，一九七六年至一九八四年任民航第十二飛行大隊副大隊長、大隊長。一九八四年至一九九二年任民航吉林省局副局長、局長，一九九二年至一九九五年任民航東北管理局局長、黨委書記，一九九五年九月至一九九八年任中國通用航空公司總經理，一九九八年至二零零三年九月任廣州白雲國際機場集團公司黨委書記、副總裁，廣州白雲國際機場股份有限公司董事長。吳先生一九六五年畢業於民航飛行學院，具有一級飛行員職稱。

周瑞金先生於二零零零年獲委任為公司獨立非執行董事。周先生為《人民日報》原副總編輯、華東分社社長。周先生於一九八八年至一九九三年任《解放日報》黨委書記、副總編輯，一九九三年四月至一九九六年任《人民日報》副總編輯，一九九六年至二零零零年任《人民日報》副總編輯、華東分社社長，退休後任中國生產力學會副會長、上海生產力學會會長。周先生於一九六二年畢業於復旦大學新聞系。

Report of Directors

董事會報告書

Mr. Xie Rong was appointed as an independent non-executive Director of the Company in 2003. Mr. Xie is a certified accountant in the PRC. He is the deputy head of Shanghai National Accounting Institute. He taught at the faculty of accounting of Shanghai University of Finance and Economics from December 1985 to March 1997, and had been an assistant professor, a professor, a doctorate-tutor and the deputy dean of the faculty. Mr. Xie was a partner of KPMG Huazhen from December 1997 to October 2002, and has, since October 2002, been the deputy head of Shanghai National Accounting Institute. Mr. Xie graduated from Shanghai University of Finance and Economics and has a doctorate degree in Economics.

Mr. Li Wenxin is currently chairman of the Company's supervisory committee ("Supervisory Committee"). Mr. Li joined the civil aviation industry in 1970. From 1992 to 1995 he was the secretary of the disciplinary committee of China General Aviation Company. From 1995 to 1996 he was deputy party secretary of China General Aviation Corporation. From 1996 to 1998 he was deputy president of China General Aviation Corporation and from February 1998 to June 2000, he assumed the post of party secretary and executive deputy president of the Shanxi branch of the Company. From June 2000 to September 2002, he served as deputy party secretary and secretary of the disciplinary committee of CEA Group. From October 2002 to August 2006, he served as party secretary and vice president of CEA Holding. He has been the Chairman of the Supervisory Committee since June 2000. Mr. Li received university education and is a qualified Senior Political Work Instructor.

謝榮先生於二零零三年獲委任為公司獨立非執行董事。謝先生現任上海國家會計學院副院長，具有中國註冊會計師資格。謝先生一九八五年十二月至一九九七年三月任教於上海財經大學會計系，曾任副教授、教授、博士生導師和會計學系副主任。一九九七年十二月至二零零二年十月，任畢馬威華振會計師事務所合夥人。二零零二年十月起任上海國家會計學院副院長。謝先生畢業於上海財經大學，獲得經濟學博士學位。

李文新先生為現任本公司監事會（「監事會」）主席。李先生於一九七零年加入民航業。一九九二年至一九九五年任中國通用航空公司紀委書記，一九九五年至一九九六年任中國通用航空公司黨委副書記，一九九六年至一九九八年任中國通用航空公司副總經理，一九九八年二月至二零零零年六月任中國東方航空股份有限公司山西分公司黨委書記、常務副總經理，二零零零年六月至二零零二年九月任東方航空集團公司黨委副書記、紀委書記。二零零二年十月至二零零六年八月任東航集團黨組書記、副總裁。二零零零年六月至今任本公司監事會主席。李先生具有大學學歷，高級政工師資格。

Report of Directors

董事會報告書

Mr. Ba Shengji is currently a Supervisor. Mr. Ba joined the civil aviation industry in 1978. From 1980, Mr. Ba was an accountant at the Department of Finance of the CAAC Shanghai Bureau. From 1988, he served as the section head of the Department of Finance of China Eastern Airlines. In 1993, Mr. Ba became the deputy head of the Department of Finance of China Eastern Airlines. In March 1997, Mr. Ba became the chief officer of the auditing office of the Company. From December 1997 to September 2002, he served as the head of CEA Group's auditing department. From October 2002 to November 2006, he served as the head of CEA Holding's auditing department, and from January 2003 to November 2006, he concurrently served as the chief of CEA Holding's disciplinary committee's administrative office. Since November 2006, Mr. Ba has served as the secretary of the disciplinary committee of the Company. Mr. Ba received university education and is a qualified auditor.

Mr. Yang Xingen is currently a Supervisor. Mr. Yang was the deputy political committee member of the 1st flying battalion and political committee member of the 2nd battalion of 105th Regiment, 35th Division from July 1980 to July 1986. From July 1986 to October 1997, he was the party branch secretary and manager of China Eastern Airlines Advertisement Service Company, respectively. From October 1997 to April 2000, he was the party deputy secretary, secretary for the disciplinary committee and political director of the Shanghai flying squadron of the Company. From April 2000 to August 2002, he was the deputy secretary of the disciplinary committee cum director of the office of discipline committee and director of the supervision office. From August 2002 to October 2005, he has been the deputy secretary for the disciplinary committee of the Company. Since October 2005, he has been the party secretary and vice president of Jiangxi branch of the Company. Mr. Yang has been educated to the tertiary level. He was graduated from the faculty of mechanics of the Air Force Second Aviation Mechanics School.

巴勝基先生為公司現任監事。巴先生於一九七八年加入民航業，一九八零年任民航上海管理局財務處會計，一九八八年任中國東方航空公司財務處科長，一九九三年任中國東方航空公司財務處副處長，一九九七年三月起任中國東方航空股份有限公司審計室主任，一九九七年十二月至二零零二年九月任東方航空集團公司審計部部長，二零零二年十月至二零零六年十一月起任東航集團審計部部長，二零零三年一月至二零零六年十一月兼任東航集團紀委辦公室主任。二零零六年十一月起任本公司紀委書記。巴先生具有大學學歷，審計師資格。

楊新根先生為公司現任監事。楊先生於一九八零年七月至一九八六年七月任空軍35師105團飛行一大隊副政委、二大隊政委。一九八六年七月至一九九七年十月任東方航空廣告服務公司黨支部書記、經理。一九九七年十月至二零零零年四月任本公司上海飛行隊黨委副書記、紀委書記、政治處主任。二零零零年四月至二零零二年八月任中國東方航空股份有限公司紀委副書記兼紀委辦公室主任、監察室主任。二零零二年八月至二零零五年十月任本公司紀委副書記。二零零五年十月至今任本公司江西分公司黨委書記、副總經理。楊先生具有大專學歷，畢業於空軍第二航空機務學校機械系。

Report of Directors

董事會報告書

Ms. Yang Jie is currently a Supervisor. Ms. Yang joined the civil aviation industry in 1992. From 1996 to 1998 she was the electronic technology supervisor of the technology office and Communist Youth League secretary of the overhaul department at the aircraft maintenance base of the Company. From 1998 to September 2000 she was Communist Youth League deputy secretary of the aircraft maintenance base of the Company. She was the deputy secretary of the Company's Communist Youth League from September 2000 to July 2002, and the secretary of the Company's Communist Youth League from August 2002 to January 2003. Since January 2003, she has been the secretary of the Communist Youth League of CEA Holding, as well as the secretary of the Communist Youth League of the Company. Ms. Yang graduated with a major in aviation electronics from the China Civil Aviation Academy and a major in Business Administration from Sunny Management Academy (旭日管理學院工商管理) at Donghua University and she received a master degree in Business Administration. She is also a qualified engineer.

Mr. Liu Jiashun has been a Supervisor of the Company since 2000. From 1993 to 1999 Mr. Liu was party secretary, deputy president and secretary of the disciplinary committee secretary of China Aviation Fuel Hainan Company, as well as chairman of the board and president of Hainan Nanyang Air Transport Co., Ltd. From 1997 to 1999 he was also in charge of fuel supply engineering at Haikou's Meilan Airport and served as director of Meilan Airport Co., Ltd. and vice chairman of the board and president of Meilan Industrial Co., Ltd. From 1999 to 2000 he was deputy party secretary of China Aviation Fuel East China Company and he is currently deputy party secretary and secretary of the disciplinary committee of the East China branch of China Aviation Fuel Company. Mr. Liu received post-graduate education and is qualified as a political work instructor.

楊潔女士為公司現任監事。楊女士於一九九二年加入民航業，一九九六年至一九九八年任中國東方航空股份有限公司飛機維修基地大修部技術室電子技術主管、大修部團委書記，一九九八年至二零零零年九月任中國東方航空股份有限公司飛機維修基地團委副書記，二零零零年九月至二零零二年七月任中國東方航空股份有限公司團委副書記，二零零二年八月至二零零三年一月任中國東方航空股份有限公司團委書記，二零零三年一月至今任東航集團團委書記兼任本公司團委書記。楊女士畢業於中國民航學院航空電子專業和東華大學旭日管理學院工商管理專業，獲工商管理碩士學位，具有工程師資格。

劉家順先生二零零零年至今任本公司監事。劉先生於一九九三年至一九九九年擔任中國航空油料海南公司黨委書記、副總經理、紀委書記，同時擔任海南南洋航空運輸有限公司董事長、總經理，一九九七年至一九九九年還同時擔任海口美蘭機場供油工程總指揮長、美蘭機場有限責任公司董事和美蘭實業有限公司副董事長、總經理，一九九九年至二零零零年任中國航空油料華東公司黨委副書記，現任中國航空油料華東公司黨委副書記、紀委書記。劉先生具有研究生學歷，政工師資格。

Report of Directors

董事會報告書

Mr. Wu Jiuhong was a vice president of the Company. Mr. Wu joined the civil aviation industry in 1971. From 1968 to 1971 he served in the 60th division under the 20th army. From 1971 to 1973 he studied aviation machinery at the Civil Aviation College. From 1973 to 1981 he was with the 18th Fleet of the CAAC's 2nd General Fleet. From 1985 to 1988 he served as Communist Youth League secretary and deputy head of the political department of the CAAC Jiangxi Bureau. From 1988 to 1995 he concurrently served as deputy party secretary and disciplinary committee secretary of the Cabin Service Department of China Eastern Airlines. From 1995 to 1997 he served as head of the Company's publicity department. From 1997 to 2002, he served as party secretary and executive vice president of the Company's Jiangxi branch. From April 2002 to October 2006 he was vice president of the Company. He also served as the party secretary of China Eastern Air Northwest Company from September 2004 to November 2005. Mr. Wu received post-graduate education and is a qualified senior political work instructor.

Mr. Zhou Liguo was a vice president of the Company. He joined the civil aviation industry in 1981, and attended the Air Force Changchun First Reserve Flight School from 1966 to 1967 and the Air Force Harbin First Navigation School from 1967 to 1969. Mr. Zhou performed his military service with the 34th Division of the Air Force from 1969 to 1981, and served as squadron leader in the 5th Fleet of the Civil Aviation from 1984 to 1988. Mr. Zhou was deputy fleet leader of China Eastern Airlines' Shanghai Fleet from 1988 to 1992, and leader of the said fleet from 1992 to 1997. From 1997 to 2000, he served as general manager and deputy party secretary of the Company's General Flight Department. In 2000 he became assistant president of the Company, and from 2000 to 2003 he served as president and deputy party secretary of China Cargo Airlines Limited. Mr. Zhou was the Company's chief economic official from December 2003 to April 2004. He served as a vice president of the Company from April 2004 to December 2006. Mr. Zhou received university education and holds the title of First Class Pilot.

吳九洪先生曾任公司副總經理。吳先生於一九七一年加入民航業。一九六八年至一九七一年在陸軍二十軍六十師服役，一九七一年至一九七三年為民航飛行專科學校飛行機械學員，一九七三年至一九八一年工作於民航第二飛行總隊十八大隊，一九八五年至一九八八年歷任民航江西省局團委書記、政治部副主任，一九八八年至一九九五年任中國東方航空公司客艙服務部黨委副書記兼紀委書記，一九九五年至一九九七年任中國東方航空股份有限公司宣傳部長，一九九七年至二零零二年任中國東方航空股份有限公司江西分公司黨委書記兼常務副總經理，二零零二年四月至二零零六年十月任中國東方航空股份有限公司副總經理，二零零四年九月至二零零五年十一月兼任中國東方航空西北公司黨委書記。吳先生具有研究生學歷、高級政工師資格。

周禮國先生曾任公司副總經理。周先生於一九八一年加入民航業。一九六六年至一九六七年為空軍長春第一預備飛行學校學員，一九六七年至一九六九年為哈爾濱第一航校學員，一九六九年至一九八一年在空軍三十四師服役，一九八四年至一九八八年任民航第五飛行大隊中隊長，一九八八年至一九九二年任中國東方航空公司上海飛行大隊副隊長，一九九二年至一九九七年任中國東方航空公司上海飛行大隊隊長，一九九七年至二零零零年任中國東方航空股份有限公司飛行部總經理兼黨委副書記，二零零零年任中國東方航空股份有限公司總經理助理，二零零零年至二零零三年任中國貨運航空有限公司總經理、黨委副書記。二零零三年十二月至二零零四年四月任中國東方航空股份有限公司總經濟師，二零零四年四月至二零零六年十二月任中國東方航空股份有限公司副總經理。周先生具有大學學歷、一級飛行員職稱。

Report of Directors

董事會報告書

Mr. Zhang Jianzhong is a vice president of the Company. Mr. Zhang joined the civil aviation industry in 1982. From April 1982 to December 1987, he was an assistant of the CAAC Shanghai Planning Bureau. From December 1987 to April 1990, he was the deputy director of the planning department of Shanghai Hongqiao International Airport. From April 1990 to January 1996, he was the director of the planning department of China Eastern Airlines. From January 1996 to April 1999, he was the manager of the sales and marketing department of the Company. From April 1999 to April 2003, he was the assistant to the president of the Company. From September 2000 to December 2001, he served concurrently as the director of the office of strategic study of the Company. From December 2001 to May 2003, he served concurrently as the general manager of the computer information centre of the Company. From April 2003 to June 2004, he was the chief economic official of the Company. From May 2003 to June 2004, he served concurrently as the general manager of the sales and marketing department of the Company. From June 2004 to the present, he has been a vice president of the Company. Mr. Zhang graduated from the Faculty of Mechanical Engineering of Zhejiang University and also Economics and Management at Fudan University from which he obtained a master degree.

張建中先生為公司副總經理。張先生於一九八二年加入民航業。一九八二年四月至一九八七年十二月任民航上海管理局計劃處助理員；一九八七年十二月至一九九零年四月任上海虹橋國際機場計劃處副處長。一九九零年四月至一九九六年一月任東方航空公司計劃處處長。一九九六年一月至一九九九年四月任本公司市場經營部經理。一九九九年四月至二零零三年四月任本公司總經理助理，二零零零年九月至二零零一年十二月兼任公司戰略研究室主任、二零零一年十二月至二零零三年五月兼任公司電腦資訊中心總經理。二零零三年四月至二零零四年六月任本公司總經濟師，二零零三年五月至二零零四年六月兼任本公司市場營銷部總經理。二零零四年六月至今任本公司副總經理。張先生畢業於浙江大學機械系和復旦大學經濟管理專業，並獲得碩士學位。

Report of Directors

董事會報告書

Mr. Tong Guozhao was a vice president of the Company. Mr. Tong joined the civil aviation industry in 1980. From January 1980 to May 1992, Mr. Tong had been the deputy pilot, chief pilot and captain of the flight team of Urumqi Civil Aviation Bureau. From May 1992 to April 1997, he had been the captain, sub-team leader, deputy squadron leader and squadron leader of the Shanghai Flight Team of China Eastern Airlines. From April 1997 to May 1998, he was a vice president of the Shanghai Flight Team of the Company. From May 1998 to March 2001, he was the president of the Safety Monitoring Department of the Company. From March 2001 to January 2004, he was the president of the Anhui branch company of the Company. From January 2004 to September 2004, he was the president and deputy party secretary of the China Cargo Airlines Corporation Limited. From September 2004 to April 2005, he was the assistant to the president of the Company cum president of the Operation Control Centre. From April 2005 to October 2006, he served as the vice president of the Company. Mr. Tong graduated from the Civil Aviation School and Anhui School of Business and Administration (安徽工商管理學院). He received a master degree in business administration and holds the title of Second Class Pilot.

Mr. Li Yangmin is a vice president of the Company. Mr. Li joined the civil aviation industry in 1985. From July 1985 to October 1996, he was the Deputy Head of the aircraft maintenance workshop (飛機維修廠車間), Head of technology office and secretary of the workshop branch of Northwest Company (西北航空公司). From October 1996 to June 2002, he was the deputy general manager of the aircraft maintenance base and the manager of air route department (航線部) of Northwest Company (西北航空公司). From June 2002 to March 2004, he was the general manager of the aircraft maintenance base of China Eastern Air Northwest Company. From March 2004 to October 2005, he was the Vice President and a member of the standing committee to the party committee of China Eastern Air Northwest Company. Since October 2005, he has been Deputy General Manager of the Company. Mr. Li is a university graduate from China Civil Aviation Academy. He is a qualified senior engineer.

佟國照先生曾任公司副總經理。佟先生於一九八零年加入民航業。佟先生一九八零年一月至一九九二年五月任烏魯木齊民航局飛行大隊副駕駛、正駕駛、機長，一九九二年五月至一九九七年四月任東方航空公司上海飛行隊機長、分隊長、副中隊長、中隊長，一九九七年四月至一九九八年五月任本公司上海飛行隊副總經理，一九九八年五月至二零零一年三月任本公司安全監察部總經理，二零零一年三月至二零零四年一月任中國東方航空股份有限公司安徽分公司總經理，二零零四年一月至二零零四年九月任中國貨運航空股份有限公司總經理、黨委副書記，二零零四年九月至二零零五年四月任本公司總經理助理兼運行控制中心總經理，二零零五年四月至二零零六年十月任本公司副總經理。佟先生畢業於民航飛行學院和安徽工商管理學院，獲工商管理碩士學位，具有二級飛行員職稱。

李養民先生為公司副總經理。李先生於一九八五年加入民航業。一九八五年七月至一九九六年十月任西北航空公司飛機維修廠車間副主任、技術室主任、車間支部書記等；一九九六年十月至二零零二年六月任西北航空公司飛機維修基地副總經理兼航線部經理；二零零二年六月至二零零四年三月任中國東方航空西北公司飛機維修基地總經理；二零零四年三月至二零零五年十月任中國東方航空西北公司副總經理、黨委常委。二零零五年十月起任本公司副總經理。李先生具有大學學歷，業於中國民航學院，具有高級工程師資格。

Report of Directors

董事會報告書

Mr. Fan Ru is the Company's vice president. Mr. Fan started his civil aviation career in 1966. He was a deputy fleet leader of China Eastern Airlines' Shanghai Fleet since 1988 and was the head of aviation technology management office of China Eastern Airlines since 1995. He was appointed as the deputy chief pilot and the head of aviation technology management office of the Company since 1997. He was the chief pilot of the Company from 1999 to November 2006, and was appointed as the vice president of the Company since November 2006. Mr. Fan graduated from Advanced Aviation School for professional flying. He has received tertiary education and has obtained first class technical qualifications for pilots.

Mr. Luo Weide is the Company's chief financial officer. In 1976 Mr. Luo began his military service at the Air Force in Liuan Airport. From 1979 to 1991 he successively served as department head and deputy head of the Putuo branch of the Shanghai Municipal Tax Bureau. From 1991 to 1993 he concurrently served as head of the finance bureau and the state asset bureau of Putuo District, Shanghai. From 1993 to 1998 he successively served as deputy chief accountant, chief accountant and executive deputy president of Shanghai Jinqiao (Group) Co., Ltd. From 1998 to 2000, he was vice president of Shanghai Pudong Development (Group) Co., Ltd. and chairman of the board and president of Pudong Finance Company. Since 2000 he has been chief financial officer of the Company. Mr. Luo graduated from the Sino-European International Business School in 1999 with a Master's degree in business administration. He holds the titles of Senior Accountant and Senior Economist.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Listing Rules concerning his independence pursuant to Rule 3.15 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

樊儒先生為公司副總經理。樊先生於一九六六年加入民航業。一九八八年起任東方航空公司上海飛行大隊副大隊長，一九九五年起任東方航空公司飛行技術管理處處長，一九九七年起任本公司副總飛行師兼飛行技術管理處處長，一九九九年至二零零六年十一月任本公司總飛行師，二零零六年十一月起任本公司副總經理。樊先生畢業於民航高級航校飛機駕駛專業，大專學歷，樊先生具有一級飛行員專業技術資格。

羅偉德先生為公司財務總監。羅先生於一九七六年加入空軍航空兵六安機場服役，一九七九年至一九九一年歷任上海市稅務局普陀分局科長、副局長，一九九一年至一九九三年任上海市普陀區財政局局長兼國資局局長，一九九三年至一九九八年歷任上海金橋(集團)有限公司副總會計師、總會計師、常務副總經理，一九九八年至二零零零年任上海浦東發展(集團)有限公司副總裁、浦東財務公司董事長兼總經理，二零零零年起任中國東方航空股份有限公司財務總監。羅先生一九九九年畢業於中歐國際工商學院，獲工商管理碩士學位，具有高級會計師、高級經濟師職稱。

根據上市規則第3.15條，獨立非執行董事已根據上市規則第3.13條所載有關獨立性的規定出具確認函。本公司認為各獨立非執行董事均具有獨立性。

Report of Directors

董事會報告書

CHANGES IN THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT PERSONNEL

On 12 October 2006, the fourth session of the Board held the twenty-fourth meeting for 2006 to resolve by written resolution that Mr. Cao Jianxiong be appointed as President of the Company with a term of office in line with that of the current session of the Board, and that Mr. Luo Chaogeng would cease to be President of the Company and Mr. Wan Mingwu would cease to be Vice President of the Company. Mr. Cao Jianxiong would be redesignated as Executive Director of the Company, and both Mr. Luo Chaogeng and Mr. Wan Mingwu would remain as Directors of the Company.

On 25 October 2006, the fourth session of the Board held the twenty-fifth meeting for 2006 to resolve by written resolution that Mr. Wu Jiuhong and Mr. Tong Guozhao be removed as Vice President of the Company.

On 21 November 2006, the fourth session of the Board held the twenty-sixth meeting for 2006 to resolve by written resolution that, based on the nomination by Mr. Cao Jianxiong, President of the Company, Mr. Fan Ru be appointed as the Vice President of the Company to be in charge of aviation operations, with a term of office in line with that of the current session of the Board.

On 19 December 2006, the fourth session of the Board held the twenty-seventh meeting for 2006 to resolve by written resolution that Mr. Zhou Liguu would cease to be Vice President of the Company.

董事會和管理層人事變動情況

二零零六年十月十二日，本公司第四屆董事會二零零六年度第24次會議以簽字表決的方式通過決議，同意聘任董事曹建雄先生擔任公司總經理，任期與本屆董事會一致；同意羅朝庚先生不再擔任公司總經理，萬明武先生不再擔任公司副總經理。曹建雄先生調任為本公司執行董事，而羅朝庚先生及萬明武先生均會繼續擔任本公司董事。

二零零六年十月二十五日，本公司第四屆董事會二零零六年度第25次會議以簽字表決的方式通過決議，解除吳九洪先生和佟國照先生的副總經理職務。

二零零六年十一月二十一日，本公司第四屆董事會二零零六年度第26次會議以簽字表決的方式通過決議，根據公司總經理曹建雄先生的提名，決定聘任樊儒先生為公司副總經理，分管飛行業務，任期與本屆董事會一致。

二零零六年十二月十九日，本公司第四屆董事會二零零六年度第27次會議以簽字表決的方式通過決議，同意周禮國先生不再擔任公司副總經理。

Report of Directors

董事會報告書

SHAREHOLDINGS OF DIRECTORS, CHIEF EXECUTIVE, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, as at 31 December 2006, none of the Directors, chief executives, Supervisors or members of the Company's senior management and their respective associates had any other 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 provisions of Divisions 7 and 8 of Part XV of the SFO (including any interest or short position which any of such Directors, chief executives, Supervisors or members of the Company's senior management and their respective associates were taken or deemed to have under such provisions of the SFO) and as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applied to the Directors).

In 2006 and as at 31 December 2006, none of the Directors, chief executives, Supervisors, senior management of the Company and/or any of their spouses or children under the age of eighteen were granted any right, and the Company had not made any arrangement enabling any of them, to subscribe for share capital or debt securities of the Company.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

No Director or Supervisor has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

None of the Directors or Supervisors had a material interest directly or indirectly in any contract of significance to which the Company or any of its subsidiaries was a party during the year (the term 'contract of significance' having the meaning ascribed thereto in paragraph 15 of Appendix 16 to the Listing Rules).

董事、行政總裁、監事和高級管理人員持股情況

除以上所披露之董事、行政總裁、監事和高級管理人員持股情況之外，於二零零六年十二月三十一日，本公司董事、行政總裁、監事及高級管理人員及彼等各自之聯繫人概無於本公司及／或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及／或債券證(視乎情況而定)持有根據證券及期貨條例第XV部第7及8分部須向本公司及香港聯交所披露、並於根據證券及期貨條例第352條須予存置的登記冊中所記錄的權益或淡倉(包括本公司董事、行政總裁、監事及高級管理人員及彼等各自之聯繫人根據證券及期貨條例有關規定被假設或視為持有的權益或淡倉)，或根據上市規則附錄十《上市公司董事進行證券交易的標準守則》(「標準守則」)(對監事的應用範圍被視為與董事相同)須向本公司及香港聯交所披露的權益或淡倉。

在二零零六年度內及截至二零零六年十二月三十一日止，本公司並無授予或訂立任何安排，致使本公司董事、行政總裁、監事、高級管理人員及／或他們的配偶或未滿十八歲子女認購本公司股份證券或債券證券的權利。

董事及監事服務合約

各董事或監事與本公司概無訂立任何本公司在一年內不可在不予賠償(法定賠償除外)的情況下終止的服務合同。

董事及監事的合約權益

各董事或監事於本年度內概無在任何本公司或其子公司為合約一方的任何重要合約(定義見上市規則附錄十六第15段)中直接或間接擁有重大權益。

Report of Directors

董事會報告書

REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of the remuneration of Directors and Supervisors are set out in note 8 to the financial statements prepared in accordance with IFRS.

EMPLOYEES

As at 31 December 2006, the Group had 38,392 employees, a majority of whom worked in the PRC. Employee compensation is primarily composed of basic salary and performance-based bonus.

MEDICAL INSURANCE

In January 2001, the Group joined the medical insurance scheme promulgated by the Shanghai Municipal Government. The Group and its employees contribute approximately 12% and 2% respectively of the employees' basic salaries to the scheme. The Group has no other significant obligation for the payment of medical expenses other than the above-mentioned contributions. The Group believes that its contributions to such scheme will not have significant impact on the operations or financial position of the Group. For the year ended 31 December 2006, the Group's medical insurance contributions charged to the income statement amounted to RMB60 million (2005: RMB52 million).

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and the Group as at 31 December 2006 are set out in note 28 to the financial statements prepared in accordance with IFRS.

INTEREST CAPITALIZED

Interest capitalized by the Group as calculated in accordance with IFRS for the year ended 31 December 2006 was RMB424 million.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Company and the Group during the year are summarized in note 15 to the financial statements prepared in accordance with IFRS.

RESERVES

Details of movements in reserves of the Company and the Group, and profit appropriation by the Company for the year ended 31 December 2006 are set out in note 36 to the financial statements prepared in accordance with IFRS.

董事及監事薪酬

有關董事及監事之薪酬詳情，請參閱按國際財務報告準則編製的財務報告註釋8。

員工

於二零零六年十二月三十一日，本集團員工總數為38,392人，大部份於中國境內工作。本集團的員工工資基本上由基本工資和工作業績花紅構成。

醫療保險

於二零零一年一月，本集團參加了由上海市政府推出的有關職工醫療保險計劃。本集團及僱員分別按基本工資約12%及2%向計劃供款。除此供款外，本集團並無其他重大醫療費用責任。本集團相信此項計劃的實施不會對本集團在經營和財政方面產生重大影響。截至二零零六年十二月三十一日，本集團記錄於損益表的醫療保險供款為人民幣6,000萬元(2005：人民幣5,200萬元)。

銀行貸款及其他借款

本公司及本集團截至二零零六年十二月三十一日止之銀行貸款及其他借款詳情，請參閱按國際財務報告準則編製的財務報告註釋28。

利息資本化

本集團截至二零零六年十二月三十一日止年度按國際財務報告準則計算之資本化利息為人民幣424百萬元。

物業、機器及設備

本公司及本集團本年度之物業、機器及設備變動情況，已概述在按國際財務報告準則編製的財務報告註釋15內。

儲備

本公司及本集團截至二零零六年十二月三十一日止年度儲備變動及本公司溢利分配詳情，請參閱按國際財務報告準則編製的財務報告註釋36。

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董事會報告書

STATUTORY COMMON WELFARE FUND

Details in relation to the statutory common welfare fund, such as the nature and application of and movements in the fund, and the basis of its calculation, including the percentage used for calculating the amounts, are set out in note 36 to the financial statements prepared in accordance with IFRS.

DONATIONS

During the year, the Group made donations for charitable purposes amounting to RMB410 thousand.

EMPLOYEES' RETIREMENT SCHEME

Details of the Company's employee retirement scheme and post retirement benefits are set out in note 32 to the financial statements prepared in accordance with IFRS.

MAJOR SUPPLIERS AND CUSTOMERS

As at 31 December 2006, the cost of aircraft and related materials from the Group's largest and five largest suppliers combined accounted for approximately 16.25% and 35%, respectively, of the total purchases of the Group. The aggregate percentage of sales attributable to the Group's five largest customers combined accounted for 9.4% of the Group's total sales in 2006.

CEA Holding is interested in 55% of Shanghai Dongmei Aviation Travel Company Limited, one of the top five customers, since May 2003, whereas the Company is interested in 45%. In 2006, the air ticket sales for which the Group delegated Dongmei Air Travel Company Limited as its agent accounted for approximately 1.5% of the total sales of the Group.

Except as disclosed above, none of the Directors, Supervisors or any of their respective associates nor any shareholder to the knowledge of the Directors holding 5% or more of the Company's share capital had any interest in any of the above mentioned suppliers and customers.

法定公益金

有關法定公益金之詳情(如其性質,有無應用、變動及其計算基礎,包括用作計算該數據之百分比),請參閱按國際財務報告準則編製的財務報告註釋36。

捐款

本集團於本年度內慈善捐款合共為人民幣41萬元。

職工退休金制度

有關本公司職工退休金制度和退休後的福利之詳情,請參閱按國際財務報告準則編製的財務報告註釋32。

主要供應商及客戶

截至二零零六年十二月三十一日止,本集團最大供應商及五大供應商合計分別佔本集團飛機及有關原料開支約16.25%及35%。本集團五名最大客戶的合計營業額佔本集團二零零六年度營業額之9.4%。

五大客戶之一的上海東美航空旅遊有限公司,自二零零三年五月,東航集團持有其55%的股份,本公司持有其45%的股份,二零零六年本集團委託上海東美航空旅遊有限公司代理銷售的機票約佔本集團營業額的1.5%。

除上述披露外,各董事、監事或其聯系人或任何據本公司董事所知持有5%或以上本公司股份之股東概無在上述供應商及客戶擁有任何權益。

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MATERIAL CONTRACTS

- (1) On 10 April 2006, the Company entered into an aircraft purchase agreement in Shanghai with Boeing Company to purchase sixteen Boeing 737 NG series aircraft. Details are set out in the Company's announcements dated 11 April 2006 and 26 April 2006 and the circular dated 30 May 2006;
- (2) On 26 June 2006, the Company entered into an aircraft purchase agreement in Beijing with Airbus SAS to purchase thirty Airbus A320 series aircraft. Details are set out in the Company's announcements dated 26 June 2006 and 18 July 2006 and the circular dated 31 July 2006.

AGM AND BOARD MEETINGS

AGM

The 2005 Annual General Meeting of the Company was held on 28 June 2006 at Meeting Centre, Shanghai Home You Hotel, 2550 Hongqiao Road, Shanghai to consider the resolutions proposed by the Board, and approved by way of ordinary resolutions: the working report of the Board for 2005; the working report of the Supervisory Committee for 2005; the audited financial report for 2005; the appointment of PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the Company's PRC domestic auditors for 2006 and the appointment of PricewaterhouseCoopers as the Company's international auditors for 2006, and to authorize the Board to determine their remuneration.

重大合約

- (1) 本公司於二零零六年四月十日與波音公司在上海簽訂《飛機購買協議》，購買16架波音737NG系列飛機，詳情請參閱本公司於二零零六年四月十一日和二零零六年四月二十六日發出的公告及二零零六年五月三十日的通函。
- (2) 本公司於二零零六年六月二十六日與空客公司在北京簽訂《飛機購買協議》，購買30架空客A320型飛機，詳情請參閱本公司於二零零六年六月二十六日和二零零六年七月十八日發出的公告及二零零六年七月三十一日的通函。

年度股東大會、董事會會議情況 年度股東大會

本公司於二零零六年六月二十八日在上海市虹橋路2550號航友賓館會議中心召開了二零零五年度股東大會。大會審議了董事會提呈的各項議案。以普通決議通過以下議案：董事會二零零五年度工作報告；監事會二零零五年度工作報告；二零零五年度財務審計報告；聘任普華永道中天會計師事務所有限公司為公司二零零六年度國內審計師，聘任羅兵咸永道會計師事務所為公司二零零六年度國際審計師，並授權董事會決定其酬金。

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Extraordinary General Meeting

The Company held the first extraordinary general meeting of 2006 on 9 November 2006 at Meeting Centre, Shanghai Home You Hotel, 2550 Hongqiao Road, Shanghai, during which the resolution regarding the Company's purchase of thirty Airbus A320 series aircraft was considered and passed.

The Company held the relevant shareholders' meeting of the A share market in relation to the share reform plan on 18 December 2006 at Meeting Centre, Shanghai Home You Hotel, 2550 Hongqiao Road, Shanghai, during which the Company's share reform plan was passed.

Board Meetings

During 2006 the Company's Board held nineteen regular meetings and passed, among other resolutions, the following resolutions:

- 1) On 2 March 2006, the fourth session of the Board of the Company convened its sixteenth meeting, during which it was resolved that two B737-300 aircraft be sold and the president was authorized to determine the selling price.
- 2) On 10 March 2006, the fourth session of the Board of the Company convened its seventeenth meeting, during which it was resolved that the Joint Venture Agreement of Aviation Passenger Traffic for World Expo 2010 Shanghai to be signed with the Shanghai World Expo Bureau and the president was authorized to determine the specific details.
- 3) On 10 April 2006, the fourth session of the Board of the Company convened its eighteenth meeting, during which the resolution regarding the construction plan of the base in Hangzhou was approved in principal; the reforming plan of the maintenance engineering system was approved in principal, and the president was authorized to take charge of the overall implementation; it was resolved that an information technology management department to be established; and it was resolved that a passenger traffic marketing committee to be established.

臨時股東大會

本公司於二零零六年十一月九日在上海市虹橋路2550號上海航友賓館會議中心召開了二零零六年第一次臨時股東大會。審議通過了公司購買30架空客A320系列飛機的議案。

本公司於二零零六年十二月十八日在上海市虹橋路2550號上海航友賓館會議中心召開了股權分置改革A股市場相關股東會議。審議通過了公司股權分置改革的方案。

董事會

在二零零六年度公司董事會共召開十九次例會，作出的決議包括：

- 1) 公司於二零零六年三月二日召開第四屆董事會第16次董事會會議，同意出售兩架B737-300飛機，出售價格授權總經理確定。
- 2) 公司於二零零六年三月十日召開第四屆董事會第17次董事會會議，同意公司與上海世博局簽署中國二零一零年上海世博會航空客運合作夥伴協議，具體事宜授權總經理確定。
- 3) 公司於二零零六年四月十日召開第四屆董事會第18次董事會會議，(1)原則同意關於杭州基地建設規劃的議案。(2)原則同意維修工程系統組織轉型方案，具體實施授權總經理負責(3)同意設立信息技術管理部。(4)同意設立客運營銷委員會。

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- 4) On 25 April 2006, the fourth session of the Board of the Company convened its nineteenth meeting, during which the resolution regarding the selection and appointment of the Company's PRC domestic auditors and international auditors for 2006 from the four major international accounting firms by way of tender was approved in principal, and the result of the tender would be reported to the Board for approval and then be proposed to the 2005 AGM of the Company for consideration; and the resolution to be proposed to the 2005 AGM of the Company for consideration was approved and the secretary of the Board was authorized to dispatch the notice of the 2005 AGM before 15 May 2006.
- 5) On 12 May 2006, the fourth session of the Board of the Company convened its twentieth meeting, during which it was resolved to select and appoint the Company's PRC domestic auditors and international auditors for 2006 by way of tender and propose to convene the 2005 AGM of the Company.
- 6) On 28 June 2006, the fourth session of the Board of the Company convened its twenty-first meeting, during which it was resolved to enter into negotiations regarding the purchase of land lots W6 and W7 in the area of maintenance in Pudong Airport, and would report to the Board of Directors for approval after the overall price was confirmed.
- 7) On 28 August 2006, the fourth session of the Board of the Company convened its twenty-second meeting, during which it was resolved to sell three A310 aircraft and their spare parts and accessories, and the president was authorized to take charge of the specific matters regarding the selling and report the selling price to the Board of Directors for filing; the resolution regarding the removal and reconstruction project of Hefei Base, the Anhui Branch office, was in principal passed; to use a capital of approximately RMB5 million to purchase Shanghai Eastern Air Industrial Corporation on the basis of an asset valuation; to adjust the investment proportion on Air Logistics Information Platform Company (a provisional name); and to complete the Sarbanes project according to the original plan.
- 4) 公司於二零零六年四月二十五日召開第四屆董事會第19次董事會會議，(1)原則同意採用招標方式在國際四大會計師事務所範圍內選聘公司二零零六年度國內及國際審計師，招標結果報董事會審議批准後提請公司二零零五年度股東大會審議。(2)同意提交公司二零零五年度股東大會審議的議案，並授權董事會秘書於二零零六年五月十五日前發佈二零零五年度股東大會會議通知。
- 5) 公司於二零零六年五月十二日召開第四屆董事會第20次董事會會議，招標選聘公司二零零六年度國內、國際審計師及提議召開公司二零零五年度股東大會。
- 6) 公司於二零零六年六月二十八日召開第四屆董事會第21次董事會會議，同意就購買浦東機場機務區W6、W7地塊進行談判，待具體價格確定後報董事會審議批准。
- 7) 公司於二零零六年八月二十八日召開第四屆董事會第22次董事會會議，同意出售3架A310飛機及其備發、航材，具體出售事宜授權總經理負責實施，最終交易價格報董事會備案；原則通過關於安徽分公司合肥基地遷建項目的議案；同意收購上海東方航空實業有限公司5%股權，在資產評估的基礎上收購，約出資500萬人民幣；同意調整對航空物流信息平臺公司(名稱暫定)的投資比例；同意按原計劃完成薩班斯項目。

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- 8) On 25 September 2006, the fourth session of the Board of the Company convened its twenty-third meeting, during which it was resolved to convene the Company's first extraordinary general meeting of 2006 on 9 November 2006, Thursday, at Meeting Centre, Shanghai Home You Hotel, 2550 Hongqiao Road, Shanghai (situated at the South-Eastern side of Hongqiao International Airport), during which the resolution regarding the Company's purchase of thirty Airbus A320 series aircraft from Airbus SAS would be considered.
- 8) 公司於二零零六年九月二十五日召開第四屆董事會第23次董事會會議，決定於二零零六年十一月九日(星期四)上午9點在上海市虹橋路2550號航友賓館會議中心(位於虹橋國際機場廣場東南角)召開公司二零零六年第1次臨時股東大會。審議公司向空中客車公司購買30架空客A320系列飛機的議案。
- 9) On 12 October 2006, the fourth session of the Board of the Company convened its twenty-fourth meeting, during which it was resolved that Mr. Luo Chaogeng would cease to act as the president of the Company, Mr. Wan Mingwu would cease to act as the vice president of the Company, and that Mr. Cao Jianxiong would be appointed as the president of the Company.
- 9) 公司於二零零六年十月十二日召開第四屆董事會第24次董事會會議，同意羅朝庚先生不再擔任公司總經理職務、萬明武先生不再擔任公司副總經理職務；決定聘任曹建雄先生為公司總經理。
- 10) On 24 October 2006, the fourth session of the Board of the Company convened its twenty-fifth meeting, during which it was resolved that each of Mr. Wu Jiahong and Mr. Tong Guozhao to be removed as vice president of the Company due to investigation by the Communist Party in connection with allegations of their personal unlawful conduct, and other personnel designated by the president was authorized to be responsible for the job duties of Mr. Wu Jiahong and Mr. Tong Guozhao.
- 10) 公司於二零零六年十月二十四日召開第四屆董事會第25次董事會會議，因吳九洪、佟國照個人涉嫌違紀，現正接受組織審查，決定解除吳九洪、佟國照的副總經理職務，授權總經理指定專人負責吳九洪、佟國照原分管業務。
- 11) On 21 November 2006, the fourth session of the Board of the Company convened its twenty-sixth meeting, during which it was resolved that Mr. Fan Ru be appointed as vice president upon the nomination of Mr. Cao Jianxiong, president.
- 11) 公司於二零零六年十一月二十一日召開第四屆董事會第26次董事會會議，根據公司總經理曹建雄先生的提名，決定聘任樊儒先生為公司副總經理。
- 12) On 6 December 2006, the fourth session of the Board of the Company convened its twenty-seventh meeting, during which it was resolved that Mr. Zhou Liguu would cease to act as the vice president of the Company.
- 12) 公司於二零零六年十二月六日召開第四屆董事會第27次董事會會議，同意周禮國先生不再擔任公司副總經理職務。

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- 13) On 18 December 2006, the fourth session of the Board of the Company convened its twenty-eighth meeting, during which it was resolved to approve, authorize and ratify Mr. Luo Zhuping, a Director and company secretary, to sign the forms, acceptance letter and other related documents which were required to be submitted in relation with the registration of the Company in the electronic submission system; to approve and authorize Mr. Luo Zhuping, a Director and Company Secretary, to make all necessary amendments on the above documents; and to approve the forms and acceptance letters which were required to be submitted in relation with the registration of the Company in the electronic submission system.
- 14) On 27 December 2006, the fourth session of the Board of the Company convened its twenty-ninth meeting, during which the Code of Conduct for Securities Transactions by Employees of the Company (Provisional) was approved; the Accounting System of CEA was approved; it was agreed that the “high value turnover parts” will be treated as fixed assets, the depreciation is calculated over the useful lives of 10 years and the residual value rate is 0% in accordance with the new Accounting Standards for Enterprises; and it was agreed that the regulated price is used for the calculation of the initial price which meets the requirement of the materials management.
- 15) On 5 January 2006, the Board of the Company convened its first regular meeting for 2006, during which the following were considered and adopted: the financial statement for 2006; the investment plan for 2006; the report of the president; the selling and leaseback of five A330 standby engines was approved and the president was authorized to determine the selling and leasing prices.
- 13) 公司於二零零六年十二月十八日召開第四屆董事會第28次董事會會議，審議通過批准、授權和追認董事兼公司秘書羅祝平先生簽署有關公司登記電子遞交系統所須提交的表格、接受信和其他相關文件；審議通過批准和授權董事兼公司秘書羅祝平先生對上述文件作出一切所須的修改；審議通過批准有關公司登記電子遞交系統所須提交的表格和接受信。
- 14) 公司於二零零六年十二月二十七日召開第四屆董事會第29次董事會會議，審議通過《公司員工進行證券交易的行為守則(暫行)》；審議通過《東航會計制度》。同意根據新《企業會計準則》的規定，將「高價周轉件」按固定資產管理，按10年計提折舊，殘值率為0%；同時配合實物管理的需要初始價值的計量仍采用計劃價格。
- 15) 公司於二零零六年一月五日召開董事會二零零六年度第1次例會董事會會議，審議通過公司二零零六年度財務預算報告、二零零六年度投資方案、總經理工作報告、同意對5台A330備用發動機進行售後回租，出售及回租價格授權總經理確定。

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16) On 10 April 2006, the Board of the Company convened its second regular meeting for 2006, during which the following were considered and passed: the Company's audit report for 2005; the Company's capital settlement plan; the Company's profit appropriation proposal for 2005; the Company's draft results announcement for 2005 (H/A shares); the Interim Provisions on the Administration of Intermediary Agencies; and the Interim Provisions on the Treatment Procedures of Misconduct of the Employees.

17) On 25 April 2006, the Board of the Company convened its third regular meeting for 2006, during which the financial statements of the Company for the first quarter of 2006 were considered and passed.

18) On 28 August 2006, the Board of the Company convened its fourth regular meeting for 2006, during which the interim financial report of the Company for 2005 and the announcement draft of the interim financial report of the Company for 2006 were considered and passed.

19) On 26 October 2006, the Board of the Company convened its fifth regular meeting for 2006, during which the financial statements of the Company for the third quarter of 2006 were considered and passed.

Resolution No. 3 of the twenty-second meeting of the fourth session of the Board were resolutions on connected transactions, and directors involved in the connected transactions abstained from the vote.

16) 公司於二零零六年四月十日召開董事會二零零六年度第2次例會董事會會議，審議通過公司二零零五年度審計報告、公司資金清欠方案、公司二零零五年度利潤分配方案、公司二零零五年度業績公告稿(H/A股)、《仲介機構管理暫行規定》和《員工不正當行為處理程式的暫行規定》。

17) 公司於二零零六年四月二十五日召開董事會二零零六年度第3次例會董事會會議，審議通過二零零六年1季度財務報告。

18) 公司於二零零六年八月二十八日召開董事會二零零六年度第4次例會董事會會議，審議通過二零零五年中期財務報告，審議通過公司二零零六年中期報告公告稿。

19) 公司於二零零六年十月二十六日召開董事會二零零六年度第5次例會董事會會議，審議通過二零零六年3季度財務報告。

第四屆董事會第22次會議議案3係關連交易，關連董事迴避了表決。

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CONNECTED TRANSACTIONS

Transactions between the Company and its connected persons or their respective associates (as defined in the Listing Rules) are governed by and have to comply with the requirements for disclosure under the Listing Rules. The following table sets out the annual limits for the continuing connected transactions between the Group and members of CEA Holding for 2006:

關連交易

本公司與其關連人士或其各自聯系人(定義見上市規則)之間的交易需遵守及符合上市規則之須予披露要求。下表所載為本集團與東航集團若干成員公司就持續關連交易訂下的二零零六年度關連交易限額：

Transactions		Annual cap for the year ended 31 December 2006 2006年度 關連交易限額 (RMB'000) (人民幣千元)
1. Property leasing	物業租賃	60,000
2. Financial services	財務服務	
Deposit and other financial services	存款及其他 財務服務	1,100,000
3. Import/export agency services	進出口代理服務	55,000
4. Maintenance services	生產服務	36,000
5. Catering services	航空配餐服務	417,000
6. Sales agency services	機票銷售代理服務	88,683
7. Advertising services	廣告服務	16,000

Details of the Group's continuing connected transactions with the Company's connected persons (as defined in the Listing Rules) during the year ended 31 December 2006 are set out in note 41 to the financial statements prepared in accordance with IFRS.

For further details regarding the above continuing connected transactions, please refer to the Company's 2005 annual report.

本集團截至二零零六年十二月三十一日止年度，與本公司的關連人士(定義見上市規則)進行之持續關連交易詳情載列於按國際財務報告準則編製的財務報告註釋41。

有關上述之持續關連交易詳情載列於本公司二零零五年年度報告。

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The Company's independent non-executive Directors have reviewed such continuing connected transactions during the year 2006 and confirmed that:

- (a) the transactions have been entered into by the Group in the ordinary and usual course of its business;
- (b) the transactions have been entered into either (i) on normal commercial terms (by reference to transactions of a similar nature made by similar entities within China) or (ii) (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (c) the transactions have been entered into either (i) in accordance with the terms of the agreement governing each such connected transaction or (ii) (where there is no such agreement) on terms no less favorable than terms available to third parties.

In respect of each continuing connected transaction disclosed in note 41 to the financial statements prepared in accordance with IFRS, the Company confirms that it has complied with the relevant requirements under the Listing Rules.

Details of the other related party transactions entered by the Group during the year ended 31 December 2006 are set out in note 41 to the financial statements prepared in accordance with IFRS. These transactions do not constitute connected transactions under the Listing Rules.

本公司之獨立非執行董事已審核過在二零零六年此等持續關連交易，並確認：

- (a) 該等交易是本集團在一般正常業務範圍內訂立；
- (b) 該等交易以(i)一般商務條款(參考在中國同類單位進行性質相似的交易)或(ii)在無合適的比較情況下就本公司股東而言為公平及合理的條款進行；及
- (c) 該等交易以(i)遵照各關連交易的有關協議條款或(ii)(在沒有協議的情況下)則按不遜於向第三者提供的條款進行。

就各項載於按照國際財務報告準則編制的財務報告註釋41的持續關連交易，本公司確認已遵守上市規則下的有關規定。

本集團在截至二零零六年十二月三十一日止年度所進行的其他有關連人士交易之詳情載列於按國際財務報告準則編制的財務報告註釋41。此等交易並不屬於上市規則所指之關連交易。

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In relation to future deliveries of aircraft, as at 31 December 2006, the following are details of aircraft on order which are scheduled to be delivered:

關於將來付運的飛機，於二零零六年十二月三十一日，本公司未來付運的飛機詳情如下：

Type of aircraft 飛機類型	Number of aircraft 飛機數目	Year to be delivered 付運年份
A319	2	2007
A320	2	2007
A321	4	2007
A330-300	5	2007
A330-200	1	2007
B737-700	2	2007
EMB-145	3	2007
B747F	1	2007
A330-200	1	2008
A330-300	3	2008
A319	2	2008
A321	5	2008
A320	8	2008
B737-700	1	2008
B737-800	1	2008
B787	4	2008

As at the date of this report, the Directors are not aware of any aircraft which are subject to options exercisable during a period of not less than 12 months from 31 December 2006.

STAFF QUARTERS

Details of the Group's staff quarters are set out in note 33 to the financial statements prepared in accordance with IFRS.

MATERIAL LITIGATION

In 2005, the family members of certain victims in the aircraft accident (the aircraft was then owned and operated by China Eastern Air Yunnan Company), which occurred in Baotou on 21 November 2004, sued the Company in a U.S. court for compensation, the amount of which is yet to be determined. As at 31 December 2006, the Group had filed a motion to contest against the claim in the U.S. court, but the U.S. court has not yet rendered judgment. Save as the above-mentioned, the Company was not involved in any other new material litigation during the year 2006.

截至本年度報告的日期，據本公司董事所知，在二零零六年十二月三十一日後不少於十二個月的期間內，本公司沒有可予行使選擇權的飛機。

員工宿舍

本集團員工宿舍詳情請參閱本集團根據國際財務報告準則編製之財務報告註釋33。

重大訴訟

二零零五年，有部分在原中國東方航空雲南公司二零零四年十一月二十一日發生在包頭的空難的遇難者家屬在美國法院起訴東航，尋求金額待定的賠償。截至二零零六年十二月三十一日，本集團已在美國法院提起訴訟程序相關之抗辯，但美國法院尚未作出決定。除此之外，二零零六年本公司無其他新增的重大訴訟。

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SIGNIFICANT EVENTS

1. On 12 May 2006, the Board decided that 上海眾華滬銀會計師事務所 (Shanghai Zhonghua Certified Public Accountants), the Company's PRC domestic auditors for the financial year ended 31 December 2005, would not be re-appointed as its PRC domestic auditors for the financial year ending 31 December 2006, and that 普華永道中天會計師事務所有限公司 (PricewaterhouseCoopers Zhong Tian CPAs Limited Company) was selected based on the result of a tender and was proposed to be appointed as the Company's PRC domestic auditors. Such appointment was approved by shareholders of the Company at its 2005 Annual General Meeting held on 28 June 2006.
2. On 29 December 2006, the Board approved the Provisional Code of Conduct for Securities Transactions by Employees of the Company.

INDEPENDENT DIRECTORS' OPINION

Independent Directors of the Company have performed auditing work and issued an independent opinion on the guarantees the Company has provided, as required by the relevant requirements of the CSRC. The Company has strictly observed relevant laws and regulations as well as its articles of association while it has also imposed strict control on the guarantees provided. As at 31 December 2006, none of the Company and its subsidiaries included in the consolidated financial statements has provided any guarantee to the Company's controlling shareholder and other related parties, other non-legal person entity units and individuals.

重大事項

1. 董事會於二零零六年五月十二日決議截至二零零五年十二月三十一日止財政年度之中國境內核數師上海眾華滬銀會計師事務所將不再獲續聘為本公司截至二零零六年十二月三十一日止財政年度之中國境內核數師，而根據招標之結果，普華永道中天會計師事務所有限公司則獲選並獲建議委任出任該職位。該建議委任已於二零零六年六月二十八日召開之二零零五年股東周年大會獲得股東批准。
2. 董事會於二零零六年十二月二十九日通過《公司員工進行證券交易的行為守則(暫行)》。

獨立董事意見

公司獨立董事根據中華人民共和國證券監督管理委員會的有關規定，對公司對外擔保情況進行了核查，並發表了獨立意見：公司嚴格按照相關法律法規和公司章程的規定，嚴格控制對外擔保事項，截至二零零六年十二月三十一日公司及納入合併會計報表的子公司不存在為控股股東及其他關聯方、其他非法人單位、個人提供擔保的情況。

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AUDITORS

PricewaterhouseCoopers, Certified Public Accountants, Hong Kong and PricewaterhouseCoopers Zhong Tian CPAs Limited Company (registered accountants in the PRC) were the Company's international and domestic auditors in 2006, respectively.

On behalf of the Board

Li Fenghua
Chairman of the Board

Shanghai, China
19 April 2007

會計師

羅兵咸永道會計師事務所(香港執業會計師)及普華永道中天會計師事務所有限公司(中國註冊會計師)分別為本公司二零零六年度國際及中國核數師。

董事會代表

李豐華
董事長

中國上海
二零零七年四月十九日