



The Board of Directors (the "Directors") of the Company hereby announces the audited results of the Group for the year ended 31st December, 2003:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 2003

	Note	2003 HK\$'000	2002 HK\$'000
Turnover	1	1,227,031	1,329,426
Other revenues	1	25,493	15,433
Total revenues		1,252,524	1,344,859
Staff costs		(215,410)	(188,414)
Passenger catering and service costs		(79,223)	(86,107)
Fuel costs		(191,125)	(149,060)
Route operating costs		(309,515)	(276,626)
Aircraft maintenance costs		(153,868)	(142,973)
Aircraft leases and equipment costs		(324,903)	(241,187)
Depreciation and amortisation costs		(87,497)	(64,261)
Sales and promotion costs		(50,328)	(67,171)
Other operating costs		(64,238)	(67,224)
Total operating expenses		(1,476,107)	(1,283,023)
Operating (loss)/profit	2	(223,583)	61,836
Finance costs		–	(8,426)
Share of profits less losses of associated companies		121,482	394,880
(Loss)/profit before taxation		(102,101)	448,290
Taxation credit/(charge)	3	13,944	(89,343)
(Loss)/profit after taxation		(88,157)	358,947
Minority interests		69,410	(41,530)
(Loss)/profit attributable to shareholders		(18,747)	317,417
Dividends	4	29,761	46,975
(Loss)/earnings per share	5	HK cents	HK cents
Basic		(0.57)	9.65
Diluted		N/A	9.48



RESULTS HIGHLIGHTS

Notes:

1. Turnover, revenues and segment information

The Group is principally engaged in provision of aviation related services. Revenues recognised during the year are as follows:

	2003 HK\$'000	2002 HK\$'000
Turnover		
Traffic revenues		
– Passenger services	984,211	1,171,504
– Cargo and mail services	242,820	152,278
Gross rental income from investment properties	–	5,644
	1,227,031	1,329,426
Other revenues		
Inflight sales commission	1,861	1,887
Interest income	9,172	13,546
Rental income from sub-lease of aircraft	14,460	–
	25,493	15,433
Total revenues	1,252,524	1,344,859

An analysis of the Group's revenues and results for the year by business segments is as follows:

Year ended 31st December, 2003

	Airline operation HK\$'000	Airport ground handling HK\$'000	Logistics and other businesses HK\$'000	Property holding HK\$'000	Group HK\$'000
Segment revenues	1,243,352	–	–	–	1,243,352
Segment results	(193,390)	–	–	–	(193,390)
Interest income					9,172
Unallocated costs					(39,365)
Operating loss					(223,583)
Share of profits less losses of associated companies	29,796	101,280	(9,594)	–	121,482
Loss before taxation					(102,101)
Taxation credit					13,944
Loss after taxation					(88,157)
Minority interests					69,410
Loss attributable to shareholders					(18,747)



Year ended 31st December, 2002

	Airline operation HK\$'000	Airport ground handling HK\$'000	Logistics and other businesses HK\$'000	Property holding HK\$'000	Group HK\$'000
Segment revenues	<u>1,325,669</u>	<u>–</u>	<u>–</u>	<u>5,644</u>	<u>1,331,313</u>
Segment results	<u>77,783</u>	<u>–</u>	<u>–</u>	<u>4,719</u>	82,502
Interest income					13,546
Unallocated costs					<u>(34,212)</u>
Operating profit					61,836
Finance costs					<u>(8,426)</u>
Share of profits less losses of associated companies	291,535	107,490	(4,145)	–	<u>394,880</u>
Profit before taxation					448,290
Taxation charge					<u>(89,343)</u>
Profit after taxation					358,947
Minority interests					<u>(41,530)</u>
Profit attributable to shareholders					<u>317,417</u>

An analysis of the Group's revenues and contribution to operating results for the year by geographical segments is as follows:

	Segment revenues		Segment results	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
China mainland	489,377	539,489	(106,745)	(28,145)
Taiwan	651,251	702,899	(9,838)	133,449
Hong Kong	–	5,644	–	4,719
Others regions	102,724	83,281	(76,807)	(27,521)
Total	<u>1,243,352</u>	<u>1,331,313</u>	<u>(193,390)</u>	82,502
Interest income			9,172	13,546
Unallocated costs			(39,365)	<u>(34,212)</u>
Operating (loss)/profit			<u>(223,583)</u>	<u>61,836</u>

Note: Other regions mainly include Macau, Thailand and the Philippines.



RESULTS HIGHLIGHTS

2. Operating (loss)/profit

Operating (loss)/profit is stated after charging the following:

	2003 HK\$'000	2002 HK\$'000
Amortisation of intangible assets		
– Goodwill	18,840	14,130
– Trademarks	–	18
– Deferred expenditure	138	270
Cost of inventories expensed	43,560	31,487
Depreciation of fixed assets	68,519	49,843
Outgoings in respect of investment properties	–	925
	<u> </u>	<u> </u>

3. Taxation credit/(charge)

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the year. Macau complementary tax has been provided at the rate of 15.75% (2002: 15.75%) on the estimated assessable profit for the year. Taxation outside Hong Kong and Macau has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions in which the Group operates.

The amount of taxation credited/(charged) to the consolidated profit and loss account represents:

	2003 HK\$'000	2002 HK\$'000
Company and subsidiaries:		
Hong Kong profits tax	–	(379)
Macau complementary tax	–	(9,153)
Taxation outside Hong Kong and Macau	(613)	(609)
Over provisions in prior years	468	–
Deferred taxation	30,333	–
	<u> </u>	<u> </u>
	30,188	(10,141)
Associated companies	(16,244)	(79,202)
	<u> </u>	<u> </u>
	13,944	(89,343)



4. Dividends

	2003 HK\$'000	2002 HK\$'000
Interim dividend, paid, of HK0.3 cent (2002: HK0.6 cent) per share	9,938	19,916
Final dividend, proposed, of HK0.6 cent (2002: HK0.8 cent) per share	19,876	26,554
Additional 2001 final dividend paid on shares issued under share options	–	505
Adjustment on 2002 final dividend due to repurchase of shares	(53)	–
	<u>29,761</u>	<u>46,975</u>

5. (Loss)/earnings per share

The calculations of basic and diluted (loss)/earnings per share are based on the Group's loss attributable to shareholders of HK\$18,747,000 (2002: profit of HK\$317,417,000).

The basic (loss)/earnings per share is based on the weighted average of 3,314,824,000 (2002: 3,290,728,000) shares in issue during the year. No diluted loss per share for the year ended 31st December, 2003 is presented as the exercise of options is anti-dilutive. The diluted earnings per share for the year ended 31st December, 2002 was based on 3,346,872,000 shares representing the weighted average of 3,290,728,000 shares in issue during the year plus the weighted average of 56,144,000 shares which would be issued at no consideration on the exercise of all dilutive options.