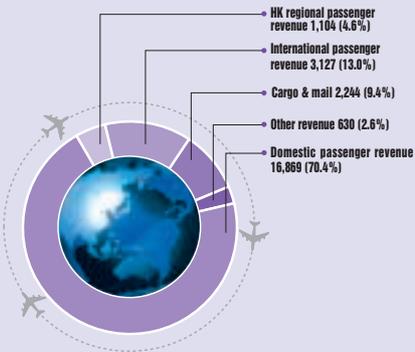


Financial Highlights

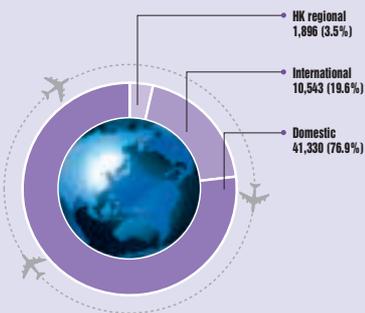
Total Revenue

2004
RMB' million



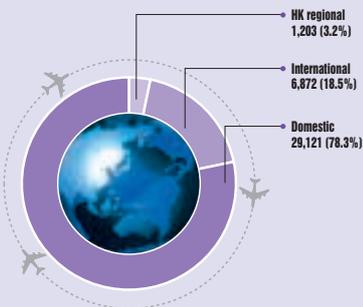
Passenger Traffic Capacity (Available Seat Kilometres ("ASK"))

2004
ASK million



Passenger Traffic (Revenue Passenger Kilometres ("RPK"))

2004
RPK million



The board (the "Board") of directors (the "Directors") of the Company hereby presents below the consolidated results of the Group for the year ended 31 December, 2004, prepared in accordance with International Financial Reporting Standards ("IFRS"), together with the comparative figures for the corresponding period in 2003. The following consolidated results should be read in conjunction with the financial statements and the Report of the International Auditors contained in this annual report (the "Annual Report").

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December,				2004 vs 2003 Increase/ (decrease) %
	2004	2003	2004	2004	
	RMB million	RMB million	HK\$ million	US\$ million	
Traffic revenue:					
Passenger	21,100	15,010	19,889	2,550	40.6
Cargo and mail	2,244	1,955	2,115	271	14.8
	23,344	16,965	22,004	2,821	37.6
Other operating revenue	630	505	594	76	24.8
Total operating revenue	23,974	17,470	22,598	2,897	37.2
Operating expenses:					
Flight operations	10,418	7,070	9,820	1,259	47.4
Maintenance	3,459	2,589	3,261	418	33.6
Aircraft and traffic servicing	3,503	2,767	3,302	423	26.6
Promotion and sales	1,940	1,480	1,829	234	31.1
General and administrative	1,323	1,053	1,247	160	25.6
Depreciation and amortisation	2,413	2,038	2,274	292	18.4
Other	9	17	8	1	(47.1)
Total operating expenses	23,065	17,014	21,741	2,787	35.6
Operating profit	909	456	857	110	99.3

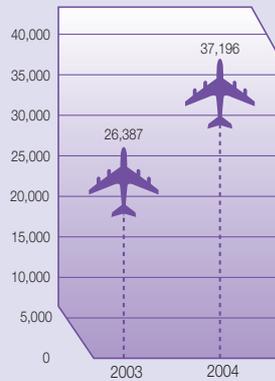


Financial Highlights (Cont'd)

2004 vs 2003

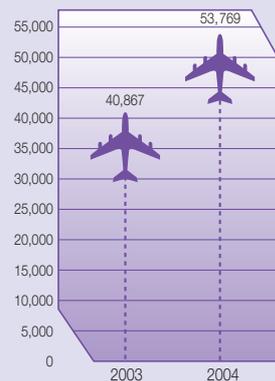
Passenger Traffic (RPK)

million



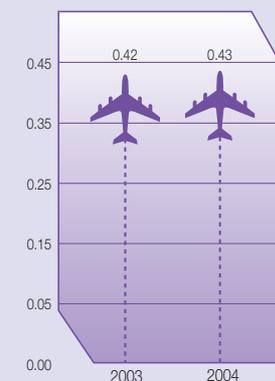
Passenger Capacity (ASK)

million



Cost (Operating Cost Per ASK)

RMB



For the year ended 31 December,

	2004	2003	2004	2004	Increase/ (decrease) %
	RMB million	RMB million	HK\$ million	US\$ million	
Non-operating income/(expenses):					
Interest income	22	13	21	3	69.2
Interest expense	(691)	(824)	(651)	(84)	(16.1)
Share of associates' results	12	48	11	1	(75.0)
Share of jointly controlled entities' results	(5)	(39)	(5)	(1)	(87.2)
Loss on disposal of property, plant and equipment	(1)	(22)	(1)	-	(95.5)
Exchange loss, net	(59)	(164)	(56)	(7)	(64.0)
Other, net	46	21	44	6	119.0
Total net non-operating expenses	(676)	(967)	(637)	(82)	(30.1)
Profit/(loss) before taxation and minority interests	233	(511)	220	28	(145.6)
Income tax (expense)/credit	(78)	324	(74)	(9)	(124.1)
Profit/(loss) before minority interests	155	(187)	146	19	(182.9)
Minority interests	(203)	(171)	(191)	(25)	18.7
Loss attributable to shareholders	(48)	(358)	(45)	(6)	(86.6)
Basic loss per share	RMB(0.01)	RMB(0.09)	HK\$(0.01)	US\$(0.001)	(88.9)

Note: The above consolidated income statement has been prepared in Renminbi ("RMB"), the national currency of the PRC. Translations of amounts from RMB into Hong Kong dollars ("HK\$") and United States dollars ("US\$") solely for the convenience of readers have been made at the rates of HK\$1.00 to RMB1.0609 and US\$1.00 to RMB8.2765 respectively, being the average of the buying and selling rates as quoted by the People's Bank of China at the close of business on 31 December, 2004. No representation is made that the RMB amounts could have been or could be converted into HK\$ or US\$ at these rates or at any other certain rates on 31 December, 2004 or on any other date.