

The Board of Directors of the Company hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 June, 2001, prepared in accordance with the basis of preparation set out in note 1, together with the comparative figures for the corresponding period of 2000 as follows:

### Consolidated profit and loss account (unaudited)

For the six months ended 30 June, 2001

(Expressed in Renminbi)

	Note	For the six months ended 30 June,				2001 vs 2000
		2001 RMB'000	2000 RMB'000	2001 HK\$'000	2001 US\$'000	Increase/ (decrease) %
Traffic revenue:						
Passenger		7,206,817	6,181,699	6,791,196	870,704	16.6
Cargo and mail		693,449	596,585	653,457	83,780	16.2
		7,900,266	6,778,284	7,444,653	954,484	16.6
Other revenue		170,106	283,833	160,296	20,552	(40.1)
Turnover	2	8,070,372	7,062,117	7,604,949	975,036	14.3
Operating expenses:						
Flight operations		3,432,021	2,624,832	3,234,094	414,647	30.8
Maintenance		851,458	709,964	802,354	102,870	19.9
Aircraft and traffic servicing		1,122,367	995,443	1,057,640	135,601	12.8
Promotion and sales		692,943	602,971	652,981	83,719	14.9
General and administrative		387,175	359,506	364,846	46,777	7.7
Depreciation and amortisation		973,183	963,364	917,059	117,577	1.0
Other		5,947	7,288	5,604	718	(18.4)
Total operating expenses		7,465,094	6,263,368	7,034,578	901,909	19.2
Operating profit		605,278	798,749	570,371	73,127	(24.2)
Non-operating income/(expenses):						
Share of associated companies' results		24,057	23,703	22,670	2,906	1.5
Profit on sale of fixed assets		17,656	183,523	16,638	2,133	(90.4)
Interest income		28,034	37,803	26,417	3,387	(25.8)
Interest expense	3	(477,636)	(542,355)	(450,090)	(57,706)	(11.9)
Exchange gain, net		205,564	106,255	193,708	24,836	93.5
Other, net		1,335	5,809	1,258	161	(77.0)
Total net non-operating expenses		(200,990)	(185,262)	(189,399)	(24,283)	8.5
Profit before taxation and minority interests	3	404,288	613,487	380,972	48,844	(34.1)
Taxation	4	(130,297)	(188,880)	(122,782)	(15,742)	(31.0)
Profit before minority interests		273,991	424,607	258,190	33,102	(35.5)
Minority interests		(72,500)	(76,636)	(68,319)	(8,759)	(5.4)
Profit attributable to shareholders		201,491	347,971	189,871	24,343	(42.1)
Basic earnings per share	5	RMB0.06	RMB0.10	HK\$0.06	US\$0.01	(42.1)

The notes on pages 14 to 19 form part of this interim financial report.