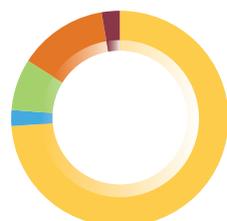


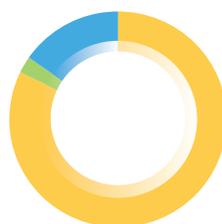
Financial Highlights



Total Revenue

2006
RMB million

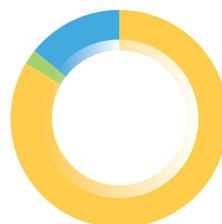
- Domestic passenger revenue 34,174 (73.9%)
- Hong Kong and Macau passenger revenue 1,230 (2.7%)
- International passenger revenue 6,145 (13.3%)
- Cargo & mail 3,538 (7.7%)
- Other revenue 1,132 (2.4%)



Passenger Traffic Capacity Available Seat Kilometres ("ASK")

2006
million

- Domestic 79,773 (82.2%)
- Hong Kong and Macau 2,459 (2.5%)
- International 14,827 (15.3%)



Passenger Traffic Revenue Passenger Kilometres ("RPK")

2006
million

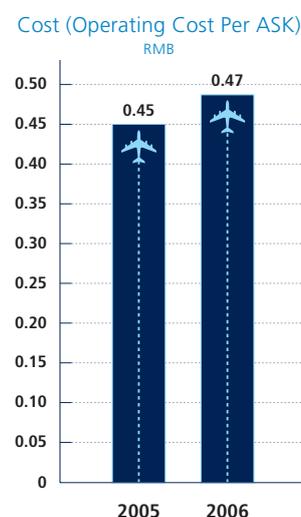
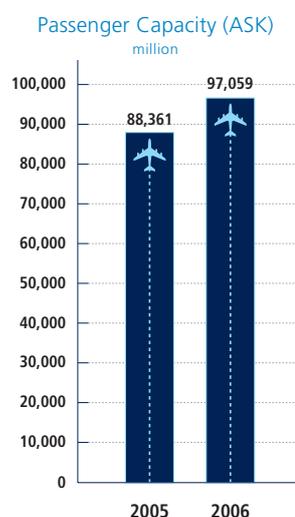
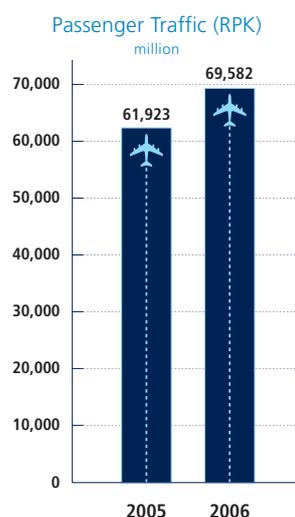
- Domestic 58,128 (83.5%)
- Hong Kong and Macau 1,541 (2.2%)
- International 9,913 (14.3%)

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 2006, prepared in accordance with International Financial Reporting Standards ("IFRSs"), together with the comparative figures for the corresponding period in 2005. 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				2006 vs 2005
	2006	2005	2006	2006	Increase/ (decrease)
	RMB million	RMB million	HK\$ million	US\$ million	%
Traffic revenue:					
Passenger	41,549	34,328	41,355	5,321	21.0
Cargo and mail	3,538	3,091	3,521	453	14.5
	45,087	37,419	44,876	5,774	20.5
Other operating revenue	1,132	874	1,127	145	29.5
Total operating revenue	46,219	38,293	46,003	5,919	20.7
Operating expenses:					
Flight operations	24,667	19,394	24,552	3,159	27.2
Maintenance	3,999	4,589	3,980	512	(12.9)
Aircraft and traffic servicing	6,219	5,759	6,190	796	8.0
Promotion and sales	2,811	2,780	2,798	360	1.1
General and administrative	3,140	2,457	3,125	402	27.8
Depreciation and amortisation	4,971	4,440	4,948	637	12.0
Others	100	179	100	13	(44.1)
Total operating expenses	45,907	39,598	45,693	5,879	15.9
Operating profit/(loss)	312	(1,305)	310	40	123.9

Financial Highlights (Cont'd)



	For the year ended 31 December				2006 vs 2005 Increase/ (decrease) %
	2006 RMB million	2005 RMB million	2006 HK\$ million	2006 US\$ million	
Non-operating income/(expenses):					
Interest income	41	55	41	5	(25.5)
Interest expense	(2,070)	(1,616)	(2,060)	(265)	28.1
Share of associates' results	5	(285)	5	1	101.8
Share of jointly controlled entities' results	115	36	114	15	219.4
Loss on derivatives financial instruments, net	(19)	–	(19)	(2)	N/A
Gain/(loss) on sale of property, plant and equipment	335	(32)	334	43	1,146.9
Exchange gain, net	1,492	1,220	1,485	191	22.3
Others, net	146	74	145	18	97.3
Total net non-operating income/(expenses)	45	(548)	45	6	108.2
Profit/(Loss) before taxation	357	(1,853)	355	46	119.3
Income tax (expense)/benefit	(153)	7	(152)	(20)	(2,285.7)
Profit/(loss) for the year	204	(1,846)	203	26	111.1
Attributable to equity shareholders of the Company	188	(1,848)	187	24	110.2
Minority interests	16	2	16	2	700.0
Profit/(Loss) for the year	204	(1,846)	203	26	111.1
Earnings/(loss) per share					
Basic	RMB0.04	RMB(0.42)	HK\$0.04	USD0.005	109.5
Diluted	RMB0.04	RMB(0.42)	HK\$0.04	USD0.005	109.5

Note:

- (1) 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 RMB1.0047 and US\$1.00 to RMB7.8087, 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 2006. 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 2006 or on any other date.