



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2004

	Attributable to equity holders of the Company							Minority interests	Total equity
	Owners' equity	Issued share capital	Capital reserve	Statutory reserve funds	Retained profits	Total	Total equity		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2003	5,020,263	—	—	—	—	5,020,263	1,508,125	6,528,388	
Profit for the year	159,604	—	—	—	—	159,604	(71,106)	88,498	
Capital contributions	2,055,845	—	—	—	—	2,055,845	—	2,055,845	
Dividends paid	(26,690)	—	—	—	—	(26,690)	(14,639)	(41,329)	
Distributions (note 14)	(316,153)	—	—	—	—	(316,153)	—	(316,153)	
<b>As at 31 December 2003 and 1 January 2004</b>	<b>6,892,869</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6,892,869</b>	<b>1,422,380</b>	<b>8,315,249</b>	
Capital contribution of cash (note a)	560,782	—	—	—	—	560,782	—	560,782	
Capital contribution of land use rights (note b)	885,626	—	—	—	—	885,626	—	885,626	
Capitalisation of amount payable to CNAHC (note c)	17,965	—	—	—	—	17,965	—	17,965	
Deferred taxation (note 22)	793,755	—	—	—	—	793,755	—	793,755	
Profit from 1 January 2004 to 30 September 2004	1,758,879	—	—	—	—	1,758,879	117,506	1,876,385	
Dividends paid	(29,074)	—	—	—	—	(29,074)	(24,909)	(53,983)	
Distributions (note d)	(2,182,921)	—	—	—	—	(2,182,921)	—	(2,182,921)	
Capitalisation upon reorganisation of the Company	(8,697,881)	6,500,000	1,892,201	—	305,680	—	—	—	
Profit from 1 October 2004 to 31 December 2004	—	—	—	—	627,085	627,085	45,225	672,310	
Distributions (note e)	—	—	—	—	(377,550)	(377,550)	—	(377,550)	
Dilution of interest (note 9)	—	—	—	—	—	—	(79,915)	(79,915)	
Transfer to statutory reserve funds (note 14)	—	—	—	93,020	(93,020)	—	—	—	
Issue of new shares upon listing (note 37 (c))	—	2,550,618	5,536,678	—	—	8,087,296	—	8,087,296	
Share issuing expenses (note 37 (c))	—	—	(486,457)	—	—	(486,457)	—	(486,457)	
<b>As at 31 December 2004</b>	<b>—</b>	<b>9,050,618</b>	<b>6,942,422</b>	<b>93,020</b>	<b>462,195</b>	<b>16,548,255</b>	<b>1,480,287</b>	<b>18,028,542</b>	

*Notes:*

- a. In September 2004, China National Aviation Holding Company ("CNAHC") made a cash contribution of RMB560,782,100 to the Company.
- b. Upon incorporation of the Company, CNAHC effected the transfer of certain land use rights in an aggregate amount of approximately RMB885,626,000 to the Company.
- c. This represented payable of approximately RMB17,965,000 of the Company assumed by CNAHC in 2004 which was accounted for as a capital contribution.
- d. In accordance with the (財政部關於印發《企業公司制改建有關國有資本管理與財務處理的暫行規定》)的通知 "Provisional Regulations Relating to Corporate Reorganisation of Enterprises and Related Management of State-owned Capital and Financial Treatment" notice issued by the Ministry of Finance and pursuant to the Restructuring as set out in note 1 to these financial statements, after the Company's incorporation, the Company is required to make a distribution to CNAHC and China National Aviation Corporation (Group) Limited ("CNACG" and which is a Hong Kong incorporated company wholly owned by CNAHC), details of which are set out in note 14 (b) to these financial statements. The total amount of distributions made to CNAHC and CNACG pursuant to this notice is approximately RMB2,143,785,000. Details of the distributions are set out in note 14 (b) to these financial statements.  
  
In addition, the distributions include an amount of approximately RMB39,136,000 which represents the net assets which have been carved-out and treated as deemed distribution pursuant to the Restructuring as set out in note 1 to these financial statements.
- e. As a result of the completion of BAACL Agreement, SWACL Agreement and HKSACL Agreement, details of which are set out in note 14 (a) to these financial statements, the Group made a payment of approximately RMB377,550,000 to CNAHC. This payment has been made to CNAHC and accounted for as a special distribution to CNAHC by the Company.