

Consolidated Statement of Changes in Equity

Year ended 31 December 2005

	Attributable to equity holders of the parent									
	Owners' equity	Issued share capital	Capital reserve	Reserve funds	Retained earnings	Foreign exchange translation reserve	Proposed final dividend	Total	Minority interests	Total equity
As at 1 January 2004	6,892,869	-	-	-	-	-	-	6,892,869	1,422,380	8,315,249
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
Dividend 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(b))	-	-	-	-	-	-	-	-	(79,915)	(79,915)
Transfer to reserve funds (note 13)	-	-	-	93,020	(93,020)	-	-	-	-	-
Issue of new shares upon listing (note 37(e))	-	2,550,618	5,536,678	-	-	-	-	8,087,296	-	8,087,296
Share issue expenses (note 37(e))	-	-	(486,457)	-	-	-	-	(486,457)	-	(486,457)
As at 31 December 2004 and 1 January 2005	-	9,050,618	6,942,422	93,020	462,195	-	-	16,548,255	1,480,287	18,028,542
Profit for the year	-	-	-	-	2,406,256	-	-	2,406,256	64,124	2,470,380
Transfer to reserve funds (note 13)	-	-	-	269,864	(269,864)	-	-	-	-	-
Proposed final dividend (note 13(d))	-	-	-	-	(224,793)	-	224,793	-	-	-
Issue of new shares (note 37(b))	-	382,593	830,414	-	-	-	-	1,213,007	-	1,213,007
New capital contribution by a minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	2,940	2,940
Share issue expenses (note 37(b))	-	-	(40,910)	-	-	-	-	(40,910)	-	(40,910)
Dividends paid to minority shareholders by subsidiaries	-	-	-	-	-	-	-	-	(68,611)	(68,611)
Exchange realignment	-	-	-	-	-	(34,367)	-	(34,367)	(20,375)	(54,742)
As at 31 December 2005	-	9,433,211	7,731,926	362,884	2,373,794	(34,367)	224,793	20,092,241	1,458,365	21,550,606

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Year ended 31 December 2005

Notes:

- a. In September 2004, China National Aviation Holding Company ("CNAHC") made a cash contribution of approximately RMB561 million 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 a payable of 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 (the English title is a direct translation of the Chinese title of the notice) 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 13(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 13 (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 the BAACL Agreement, SWACL Agreement and HKSACL Agreement, details of which are set out in note 13(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.