

Supplementary Financial Information

附加財務資料

31 December 2006
二零零六年十二月三十一日

(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND PRC ACCOUNTING REGULATIONS

The Group's accounting policies, which conform with IFRS, differ in certain aspects from PRC Accounting Regulations. Differences between IFRS and PRC Accounting Regulations which have a significant effect on the consolidated (loss)/profit attributable to equity holders and consolidated net assets of the Group are summarised as follows:

(A) 國際財務報告準則與中國會計準則的重大差異

本集團採用國際財務報告準則及中國會計準則存若干方面的差異。國際財務報告準則及中國會計準則的差異對本公司權益持有人應佔綜合(虧損)/溢利及本集團綜合資產淨值的重大影響總括如下：

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
Consolidated (loss)/profit attributable to equity holders of the Company	本公司權益持有人應佔綜合(虧損)/溢利		
As stated in accordance with PRC Accounting Regulations	根據中國法定賬目列示	(2,779,979)	60,474
Impact of IFRS and other adjustments:	國際財務報告準則的影響及其他調整：		
Difference in depreciation charges for flight equipment due to different depreciation lives	由於不同可使用年限而造成飛行設備折舊的差異	(a) 239,467	115,086
Difference in depreciation charges for aircraft due to different depreciation lives, revaluation and component accounting	由於不同可使用年限、重估及組件會計造成飛機折舊的差異	(b) (676,820)	(611,368)
Provision for post-retirement benefits	退休後福利的準備	(c) (84,982)	(133,417)
Unrealised (losses)/gains on derivatives	衍生金融工具的未確認(損失)/收益	(d) (42,344)	27,779
Deficit on revaluation of property, plant and equipment	物業、機器及設備評估減值	(e) (235,046)	-
Recognition of gain on sales & leaseback	售後回租確認的收益	(f) 74,207	-
Equity investment difference amortisation under PRC GAAP	中國會計準則下股權投資差額的攤銷	(g) 42,010	-
Goodwill on acquisition of a subsidiary	收購附屬公司產生的商譽	(h) (85,119)	-
Reversal of revaluation surplus relating to land use right	沖銷土地使用權評估增值	(j) 8,420	8,420
Others	其他	(k) (7,988)	(89,488)
Minority interests	少數股東權益	(l) 58,585	6,957
Current and deferred tax adjustments	稅務及遞延稅項調整	(m) 176,164	148,250
As stated in accordance with IFRS	根據國際財務報告準則列示	(3,313,425)	(467,307)

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

(A) 國際財務報告準則與中國會計準則的重大差異(續)

		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
	Note 註釋		
Consolidated net assets	綜合資產淨值		
As stated in accordance with PRC Accounting Regulations	根據中國法定賬目列示	3,774,151	6,679,397
Impact of IFRS and other adjustments:	國際財務報告準則的影響及其他調整：		
Difference in depreciation charges for flight equipment due to different depreciation lives	由於不同可使用年限而造成飛行設備折舊的差異	(a) 1,536,627	1,297,160
Difference in depreciation charges for aircraft due to different depreciation lives, revaluation and component accounting	由於不同可使用年限、重估及組件會計造成飛機折舊的差異	(b) (997,831)	(321,011)
Provision for post-retirement benefits	退休後福利的準備	(c) (1,325,358)	(1,240,376)
Unrealised gains on derivatives	衍生金融工具的未確認收益	(d) 47,983	72,505
Deficit on revaluation of property, plant and equipment	物業、機器及設備評估減值	(e) (235,046)	-
Recognition of gain on sales and leaseback	售後回租確認的收益	(f) 74,207	-
Equity investment difference amortisation under PRC GAAP	中國會計準則下股權投資差額的攤銷	(g) 42,010	-
Goodwill on acquisition of a subsidiary	收購附屬公司產生的商譽	(h) (85,119)	-
Goodwill and negative goodwill	商譽及負商譽的攤銷	(i) 688,311	688,311
Reversal of revaluation surplus relating to land use right	沖銷土地使用權評估增值	(j) (340,931)	(349,351)
Others	其他	(k) 11,718	(3,232)
Minority interests	少數股東權益	(l) (18,351)	(42,350)
Current and deferred tax adjustments	稅務及遞延稅項調整	(m) 304,272	137,489
As stated in accordance with IFRS	根據國際財務報告準則列示	3,476,643	6,918,542

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

- (a) Under IFRS, rotables are accounted for as property, plant and equipment and is depreciated on a straight-line basis to write off the cost or revalued amount to their residual value over their estimated useful lives. Under PRC Accounting Regulations, rotables are classified as current assets and the costs are amortised on a straight-line basis over a period of 5 years.
- (b) Under IFRS, depreciation of aircraft is calculated to write off their costs or revalued amounts on a straight-line basis over their expected useful lives to their residual values. Under PRC Accounting Regulations, on or before 30 June 2001, depreciation of aircraft was calculated to write off their costs on a straight-line basis over their expected useful lives of 10 to 15 years to their residual values of 3%. With effect from 1 July 2001, depreciation of aircraft under PRC Accounting Regulations is calculated to write off their costs on a straight-line basis over their expected useful lives of 20 years to their residual values of 5% of costs and the change is applied prospectively.

(A) 國際財務報告準則與中國會計準則的重大差異(續)

- (a) 根據國際財務報告準則，高價周轉件作為固定資產列賬，並計提折舊。折舊之基準乃以成本／重估值減去估計殘值，並以直線法按相關飛機之預計可使用年限攤銷並每年提取報廢準備。根據中國會計準則，高價周轉件列為流動資產，並以5年按直線法予以攤銷。
- (b) 根據國際財務報告準則，飛機之折舊乃以其成本或重估值減去估計殘值後，按預計20年之預計可使用年限按直線法攤銷。根據中國會計準則，於二零零一年六月三十日前，飛機及發動機的折舊以其成本減去3%的殘值後按10至15年之預計可使用年限以直線法攤銷；從二零零一年七月一日起，根據中國會計準則，飛機及發動機的折舊乃以其成本減去5%殘值後，按20年之預計可使用年限以直線法攤銷，而此改變作了未來適用法的調整。

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

In addition, under IFRS, for owned aircraft and aircraft under finance leases, costs of overhaul are capitalised as a component of property, plant and equipment and are depreciated over the estimated period between overhauls, on a straight-line basis. Upon completion of an overhaul, any remaining carrying amount of the cost of the previous overhaul is derecognised and charged to the income statement.

Under PRC Accounting Regulations, prior to 2003, major overhaul costs for owned aircraft and aircraft under finance leases were provided at specific rates applicable to the related models of aircraft. Effective from January 2003, overhaul costs for owned aircraft and aircraft under finance lease were firstly offset against the provision brought forward as incurred. Overhaul costs are directly charged to the income statement after the provision is fully utilised.

(A) 國際財務報告準則與中國會計準則的重大差異(續)

此外，根據國際財務報告準則，自置及融資租賃飛機的大修費用會作為飛機重要組件予以資本化，並在預計大修周期以直線法計提折舊。當一項大修完成時，將以往資本化的大修費用的餘額全部沖減並記入損益表。

根據中國會計準則，於二零零三年以前，自置及融資租賃飛機的大修費用按機型以特定比率預提。自二零零三年一月開始，對於自置及融資租賃飛機的大修費用則在發生時首先沖減以往已計提的大修費用準備餘額，若準備餘額已沖銷，則大修費用發生時自經營溢利中扣除。

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

- (c) Under IFRS, employees’ post-retirement benefits under defined benefit schemes are required to be recognised over the employees’ service period. Under PRC Accounting Regulations, such benefits are recognised upon payment.

- (d) Under IFRS, change in fair value of the derivative financial instruments is recorded in reserve when the derivative financial instruments qualify for hedging accounting and such a change in fair value of the derivative financial instruments are recognised in the income statement if the derivative financial instruments do not qualify for hedging accounting. Under PRC Accounting Regulations, the gains and losses on derivative financial instruments are recognised in the income statement upon their maturities.

(A) 國際財務報告準則與中國會計準則的重大差異(續)

- (c) 根據國際財務報告準則，在定額福利計劃下，員工退休後福利需在員工服務年期內作出預提。根據中國會計準則，員工退休後福利於員工退休後付款時入賬。

- (d) 根據國際財務報告準則，衍生金融工具公允值變動在適用套期會計時記入儲備。不適用於套期會計的金融衍生工具，則其公允值變動於損益表中列示。根據中國會計準則，衍生金融工具的溢利及損失於到期時列示於損益表中。

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

(e) Under IFRS, non-current assets held for sale (including aircraft, engines and flight equipment) are stated at lower of carrying amount or fair value. Under PRC Accounting Regulations, impairment is provided against these assets after making reference to the net realisable values. In view of items (a) and (b) above, carrying amount of aircraft, engines and rotables under IFRS and PRC Accounting Regulations are different because of different useful lives applied and valuation. As a result, valuation deficit and impairment loss accounted for under IFRS and PRC Accounting Regulations respectively are different.

(f) In 2006, the Company entered into sale and leaseback transactions for certain aircraft resulting in operating leases. The sales proceeds less selling expenses was higher than the existing carrying cost. Under IFRS, the difference has been recognised immediately in the income statement. Under PRC Accounting Regulations, such a difference is deferred and amortised over the lease period.

(A) 國際財務報告準則與中國會計準則的重大差異(續)

(e) 根據國際財務報告準則，待出售飛機、發動機及高價周轉件按公允價值計價。中國會計準則下該等資產根據可變現淨值計提減值準備。同時如上述註釋一(a)及(b)所述，由於國際財務報告準則下與中國會計準則的飛機、發動機及高價周轉件因不同準則下折舊不同及重估結果致使該等資產的帳面淨值不同。於二零零六年十二月三十一日，該等資產在國際財務報告準則的公允值與在中國會計準則下，可變現淨值相近，從而導致國際財務報告準則下評估減值金額與中國會計準則下計提的減值準備的不同。

(f) 於二零零六年度，本公司將若干架飛機出售後以經營性租賃方式租回，相關售價與出售資產的帳面價值及有關出售費用存在差額。根據國際財務報告準則，該差額於交易發生當期計入損益。根據中國會計準則，該差額於租賃期內攤銷。

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

- (g) Under IFRS, the excess of the cost of the acquisition of an additional equity interests in China Eastern Airlines Wuhan Co., Ltd (“CEA Wuhan”) over the fair value of the Group’s share of the acquired net identifiable assets is recognised as goodwill. Goodwill is not amortised but tested annually for impairment. Under PRC Accounting Regulations, the excess of the cost of the acquisition over the carrying amount of the acquired net identifiable assets of CEA Wuhan is recognised as a long-term equity investment difference and amortised over 10 years.

In addition, the fair value of the acquired net identifiable assets under IFRS is different from the carrying amount under PRC Accounting Regulations. As a result, goodwill recognised under IFRS and the long-term equity investment difference recognised under PRC Accounting Regulations is different.

- (h) Under IFRS, the goodwill on acquisition of additional CEA Wuhan’s interests represent the difference between the purchase consideration and the fair value of net asset acquired. Under PRC GAAP, the goodwill on the acquisition is the difference between the purchase consideration and the carrying amount of the net asset acquired. As the fair value and carrying amount of the net asset acquired under IFRS and PRC GAAP respectively are different, hence the goodwill on the acquisition under IFRS and PRC GAAP are different.

(A) 國際財務報告準則與中國會計準則的重大差異(續)

- (g) 根據國際財務報告準則，本公司收購本公司一聯營公司中國東方航空武漢有限公司(「武漢航空」)時，收購款與所佔武漢航空淨資產公允價值之間的部分確認為商譽，並於每年末進行減值測試，但不作攤銷。根據中國會計準則，收購款超出所佔武漢航空帳面淨資產之間的部分確認為長期股權投資，股權投資差額並按10年攤銷。

此外，由於在收購時武漢航空在國際財務報告準則下所採用的公允價值與中國會計準則下的淨資產帳面淨值之間存在差異，故收購所產生的商譽和股權投資差額存有差異。

- (h) 在國際財務報告準則下，進一步收購東航武漢股權產生的商譽為收購作價及相關收購淨資產公允值之間的差額。在中國會計準則下，商譽為收購作價及相關收購淨資產賬面價值之間的差額。由於國際財務報告準則下公允價值和中國會計準則下賬面價值有所不同，所以在國際財務報告準則和中國會計準則下收購所產生的商譽也不相同。

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(A) SIGNIFICANT DIFFERENCES BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND PRC ACCOUNTING REGULATIONS (Cont’d)

- (i) The basis of recognising the value of the consideration payable for acquisitions and the underlying assets and liabilities is different under IFRS and PRC Accounting Regulations. Accordingly the amount of goodwill and negative goodwill is different. Moreover, under PRC Accounting Regulations, goodwill and negative goodwill are not presented as separate items but are allocated among the carrying value of assets and liabilities acquired. Accordingly part of the adjustments under goodwill and negative goodwill in the Net Asset analysis are offset by difference of the same amounts in other categories of assets or liabilities presented in the analysis.
- (j) Under IFRS, land use rights are recorded as prepaid operating leases at historical cost which was nil at the time of listing. Under PRC Accounting Regulations, land use rights injected by the parent company as capital contribution are stated at valuation less accumulated amortisation.
- (k) In addition to the above, the application of IFRS differs in certain other respects from PRC Accounting Regulations.
- (l) This represents the corresponding impact a minority interest related to the items above.
- (m) This represents the corresponding deferred tax effects related to the items above.

(A) 國際財務報告準則與中國會計準則的重大差異(續)

- (i) 在國際財務報告準則及中國會計準則下，對於確認收購作價及相關資產及負債的基準有所不同，因此商譽及負商譽的價值亦有所不同。此外，根據中國會計準則，商譽及負商譽會分配在購入資產及負債的帳面價值上，而不會分開列示。因此，在綜合資產淨值分析中，部分商譽及負商譽的調整會與其他列示在分析中其他資產及負債的調整抵銷。
- (j) 根據國際財務報告準則，土地使用權作為經營性租賃預付款以歷史成本列示。本公司重組上市時的土地使用權的歷史成本為零，故於國際財務報告準則下該等土地使用權帳面值為零。根據中國會計準則，本公司重組上市時母公司以折價入股投入本公司的土地使用權，以評估值減累計攤銷列賬。
- (k) 除以上所述外，由於國際財務報告準則及中國會計準則不同要求而導致的其他差異。
- (l) 此乃以上項目對少數股東權益／損益之影響。
- (m) 此乃以上項目及稅務虧損相關的遞延稅項影響。