

Consolidated Balance Sheet

As at 31 December 2006
(Prepared under PRC Accounting Rules and Regulations)

| | Notes | 2006 RMB million | 2005 RMB million |
|---|-------|---------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash at bank and on hand | 5 | 2,462 | 3,130 |
| Dividends receivable | 6 | – | 4 |
| Accounts receivable | 7 | 1,766 | 1,698 |
| Other receivables | 8 | 940 | 994 |
| Payments in advance | 9 | 363 | 144 |
| Inventories | 10 | 1,458 | 1,476 |
| Deferred expenses | 11 | 447 | 350 |
| Total current assets | | 7,436 | 7,796 |
| Long-term equity investments | 12 | 618 | 551 |
| Fixed assets: | | | |
| Fixed assets, at cost | | 78,623 | 73,112 |
| Less: Accumulated depreciation | | 21,490 | 17,864 |
| Carrying amount | 13 | 57,133 | 55,248 |
| Construction in progress | 14 | 633 | 726 |
| Total fixed assets | | 57,766 | 55,974 |
| Intangible assets and other assets: | | | |
| Lease and equipment deposits | 15 | 9,458 | 7,266 |
| Intangible assets | 16 | 723 | 580 |
| Long-term deferred expenses | 17 | 24 | 36 |
| Long-term receivables | 18 | 29 | 16 |
| Total intangible assets and other assets | | 10,234 | 7,898 |
| Deferred taxation: | | | |
| Deferred tax assets | 31 | 142 | 85 |
| Total assets | | 76,196 | 72,304 |

The notes on pages 127 to 194 form part of these financial statements.

Consolidated Balance Sheet (Cont'd)

As at 31 December 2006
(Prepared under PRC Accounting Rules and Regulations)

| | Notes | 2006 RMB million | 2005 RMB million |
|---|-------|---------------------|---------------------|
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Short-term loans | 19 | 20,136 | 14,478 |
| Bills payable | 20 | – | 896 |
| Accounts payable | 21 | 2,179 | 3,223 |
| Sales in advance of carriage | 22 | 1,436 | 1,413 |
| Accrued payroll | | 337 | 142 |
| Staff welfare payable | | 39 | 73 |
| Taxes payable | 4(c) | 533 | 402 |
| Other creditors | 23 | 693 | 828 |
| Other payables | 24 | 2,489 | 2,903 |
| Accrued expenses | 25 | 4,294 | 3,756 |
| Long-term liabilities due within one year | 26 | 7,034 | 5,240 |
| Total current liabilities | | 39,170 | 33,354 |
| Long-term liabilities: | | | |
| Long-term loans | 27 | 10,381 | 13,130 |
| Obligations under finance leases | 28 | 12,307 | 12,418 |
| Provision for major overhauls | 29 | 805 | 315 |
| Deferred credits | 30 | 917 | 655 |
| Total long-term liabilities | | 24,410 | 26,518 |
| Deferred taxation: | | | |
| Deferred tax liabilities | 31 | 370 | 340 |
| Total liabilities | | 63,950 | 60,212 |
| Minority interests | | 2,172 | 2,141 |

The notes on pages 127 to 194 form part of these financial statements.

Consolidated Balance Sheet (Cont'd)

As at 31 December 2006
(Prepared under PRC Accounting Rules and Regulations)

| | Notes | 2006 RMB million | 2005 RMB million |
|---|-------|---------------------|---------------------|
| Shareholders' equity: | | | |
| Share capital | 32 | 4,374 | 4,374 |
| Capital reserve | 33 | 5,898 | 5,893 |
| Surplus reserves | 34 | 732 | 691 |
| (Including: Statutory public welfare fund RMB0 (2005: RMB198 million)) | | | |
| Accumulated losses | 35 | (930) | (1,007) |
| Total shareholders' equity | | 10,074 | 9,951 |
| Total liabilities and shareholders' equity | | 76,196 | 72,304 |

These financial statements have been approved by the Board of Directors of the Company on 16 April 2007.

Liu Shao Yong
Chairman

Si Xian Min
Director and President

Xu Jie Bo
Director and
Chief Financial Officer

Xiao Li Xin
General Manager of
Finance Department

The notes on pages 127 to 194 form part of these financial statements.