

**BALANCE SHEET**

As at 31 December, 2003

(Prepared under PRC Accounting Rules and Regulations)

	Note	2003 RMB'000	2002 RMB'000
Assets			
Current assets			
Cash and cash equivalents	6	1,404,874	2,960,337
Trade receivables	7	683,206	476,532
Other receivables	8	754,381	244,635
Advance payments	9	67,537	9,439
Inventories	10	211,489	116,649
Prepaid expenses	11	114,317	109,893
Total current assets		3,235,804	3,917,485
Long-term equity investments	12	3,657,618	4,290,122
Fixed assets:			
Cost		31,795,443	26,416,967
Less: accumulated depreciation		8,972,242	6,856,976
Net book value of fixed assets	13	22,823,201	19,559,991
Construction materials	14	1,730	1,485
Construction in progress	15	1,543,420	637,770
Total fixed assets		24,368,351	20,199,246
Other assets:			
Lease and equipment deposits	16	2,228,754	2,065,192
Deferred expenditure	17	17,349	23,469
Total and other assets		2,246,103	2,088,661
Total assets		33,507,876	30,495,514

The notes on pages 116 to 182 form part of these financial statements.



BALANCE SHEET (Cont'd)

As at 31 December, 2003

(Prepared under PRC Accounting Rules and Regulations)

	Note	2003 RMB'000	2002 RMB'000
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	19	5,577,841	2,914,158
Bills payable	20	438,135	1,299,680
Trade accounts payable	21	1,447,804	451,497
Sales in advance of carriage	22	405,851	340,457
Wages payable		30,391	36,001
Staff welfare payable		–	24,387
Taxes payable	4	11,101	39,751
CAAC infrastructure development fund payable	23	293,223	201,476
Other creditors	24	689	979
Other payables	25	766,741	693,726
Accrued expenses	26	1,682,680	1,159,416
Long-term liabilities due within one year	27	1,678,982	2,131,862
Total current liabilities		12,333,438	9,293,390
Long-term liabilities:			
Long-term borrowings	28	3,670,499	4,628,372
Obligations under finance leases	29	5,543,084	6,631,751
Provision for major overhauls	30	130,992	63,389
Deferred credits	31	217,162	249,411
Total long-term liabilities		9,561,737	11,572,923
Deferred taxation:			
Deferred tax liabilities	32	62,852	734,607
Total liabilities		21,958,027	21,600,920

The notes on pages 116 to 182 form part of these financial statements.

**BALANCE SHEET (Cont'd)**

As at 31 December, 2003

(Prepared under PRC Accounting Rules and Regulations)

	Note	2003 RMB'000	2002 RMB'000
Shareholders' equity			
Share capital	33	4,374,178	3,374,178
Capital reserves	34	5,801,345	4,160,578
Surplus reserves	35	587,545	585,372
Including: Statutory public welfare fund		172,298	171,574
Retained profits		786,781	774,466
Total shareholders' equity		11,549,849	8,894,594
Total liabilities and shareholders' equity		33,507,876	30,495,514

These financial statements have been approved by the Board of Directors on 23 April, 2004

Yan Zhi Qing
Chairman of
Board of Directors

Wang Chang Shun
Vice Chairman of
Board of Directors and
President

Xu Jie Bo
Director and
Chief Financial Officer

Xiao Li Xin
General Manager of
Finance Department