

Balance Sheet

As at 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Assets			
Current assets:			
Cash at bank and on hand	5	2,302	1,405
Short-term investments	6	487	–
Trade receivables	7	1,297	683
Other receivables	8	1,395	754
Advance payments	9	118	68
Inventories	10	999	211
Prepaid expenses	11	199	114
Total current assets		6,797	3,235
Long-term equity investments	12	4,227	3,658
Fixed assets:			
Fixed assets, at cost		49,899	31,795
Less: Accumulated depreciation		10,775	8,972
Net book value of fixed assets	13	39,124	22,823
Construction materials	14	–	2
Construction in progress	15	219	1,543
Total fixed assets		39,343	24,368
Other assets:			
Lease and equipment deposits	16	4,674	2,229
Long-term deferred expenditure	17	109	17
Intangible assets	18	296	–
Total other assets		5,079	2,246
Deferred taxation:			
Deferred tax assets	33	55	–
Total assets		55,501	33,507

The notes on pages 119 to 182 form part of these financial statements.



Balance Sheet (Cont'd)

As at 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	20	9,220	5,578
Bills payable	21	136	438
Trade payables	22	2,331	1,448
Receipts in advance		5	–
Sales in advance of carriage	23	806	406
Wages payable		152	30
Staff welfare payable		8	–
Taxes payable	3	141	11
CAAC infrastructure development fund payable	24	108	293
Other creditors	25	271	1
Other payables	26	3,752	766
Accrued expenses	27	3,191	1,683
Long-term liabilities due within one year	28	3,223	1,679
Total current liabilities		23,344	12,333
Long-term liabilities:			
Long-term loans	29	10,540	3,670
Obligations under finance leases	30	9,538	5,543
Provision for major overhauls	31	186	131
Deferred credits	32	240	217
Total long-term liabilities		20,504	9,561
Deferred taxation:			
Deferred tax liabilities	33	–	63
Total liabilities		43,848	21,957

The notes on pages 119 to 182 form part of these financial statements.

Balance Sheet (Cont'd)

As at 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB'000	2003 RMB'000
Shareholders' equity:			
Share capital	34	4,374	4,374
Capital reserve	35	5,801	5,801
Surplus reserves	36	603	588
Including: Statutory public welfare fund		177	172
Retained profits		875	787
Total shareholders' equity		11,653	11,550
Total liabilities and shareholders' equity		55,501	33,507

Approved by the Board of Directors on 25 April, 2005.

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