

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	1,786	2,002
Dividends receivable	6	33	50
Accounts receivable	7	1,204	1,155
Other receivables	8	1,453	1,594
Payments in advance	9	159	109
Inventories	10	1,089	1,096
Deferred expenses	11	338	301
Total current assets		6,062	6,307
Long-term equity investments	12	4,501	4,437
Fixed assets:			
Fixed assets, at cost		63,663	59,165
Less: Accumulated depreciation		17,354	14,182
Carrying amount	13	46,309	44,983
Construction in progress	14	493	559
Total fixed assets		46,802	45,542
Intangible assets and other assets:			
Lease and equipment deposits	15	8,410	6,290
Intangible assets	16	464	355
Long-term deferred expenses	17	4	16
Total intangible assets and other assets		8,878	6,661
Deferred taxation:			
Deferred tax assets	31	129	74
Total assets		66,372	63,021

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

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	18,982	13,286
Bills payable	20	–	896
Accounts payable	21	1,712	2,670
Sales in advance of carriage	22	1,246	1,154
Accrued payroll		295	114
Taxes payable	4(c)	297	180
Other creditors	23	558	707
Other payables	24	2,133	2,329
Accrued expenses	25	3,646	3,311
Long-term liabilities due within one year	26	6,285	4,710
Total current liabilities		35,154	29,357
Long-term liabilities:			
Long-term loans	27	7,371	10,464
Obligations under finance leases	28	12,307	12,418
Provision for major overhauls	29	556	186
Deferred credits	30	910	645
Total long-term liabilities		21,144	23,713
Deferred taxation:			
Deferred tax liabilities	31	–	–
Total liabilities		56,298	53,070

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

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	603	603
(Including: Statutory public welfare fund RMB0 (2005: RMB177 million))			
Accumulated losses	35	(801)	(919)
Total shareholders' equity		10,074	9,951
Total liabilities and shareholders' equity		66,372	63,021

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.