

Balance Sheet

At 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)
(Expressed in Renminbi)



	Note	2005 RMB million	2004 RMB million
Assets			
Current assets:			
Cash at bank and on hand	4	2,002	2,302
Dividends receivable	5	50	44
Short-term investments	6	–	487
Trade receivables	7	1,155	1,297
Other receivables	8	1,594	1,283
Advance payments	9	109	118
Inventories	10	1,096	999
Prepaid expenses	11	301	199
Total current assets		6,307	6,729
Long-term equity investments	12	4,437	4,399
Fixed assets:			
Fixed assets, at cost		59,165	49,899
Less: Accumulated depreciation		14,182	10,775
Net book value of fixed assets	13	44,983	39,124
Construction in progress	14	559	219
Total fixed assets		45,542	39,343
Intangible assets and other assets:			
Lease and equipment deposits	15	6,290	4,674
Intangible assets	16	355	296
Long-term deferred expenditure	17	16	109
Total intangible assets and other assets		6,661	5,079
Deferred taxation:			
Deferred tax assets	31	74	55
Total assets		63,021	55,605

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

Balance Sheet (Cont'd)

At 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)
(Expressed in Renminbi)

	Note	2005 RMB million	2004 RMB million
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	19	13,286	9,220
Bills payable	20	896	136
Trade payables	21	2,670	2,331
Receipts in advance		–	5
Sales in advance of carriage	22	1,154	806
Wages payable		114	152
Staff welfare payable		–	8
Taxes payable	3(c)	180	141
Other compulsory payables	23	615	379
Other payables	24	2,329	3,856
Accrued expenses	25	3,403	3,191
Long-term liabilities due within one year	26	4,710	3,223
Total current liabilities		29,357	23,448
Long-term liabilities:			
Long-term loans	27	10,464	10,540
Obligations under finance leases	28	12,418	9,538
Provision for major overhauls	29	186	186
Deferred credits	30	645	240
Total long-term liabilities		23,713	20,504
Total liabilities		53,070	43,952

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

Balance Sheet (Cont'd)

At 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)
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	Note	2005 RMB million	2004 RMB million
Shareholders' equity:			
Share capital	32	4,374	4,374
Capital reserve	33	5,893	5,801
Surplus reserves	34	603	603
Including: Statutory public welfare fund		177	177
(Accumulated losses)/retained profits	35	(919)	875
Total shareholders' equity		9,951	11,653
Total liabilities and shareholders' equity		63,021	55,605

Approved by the Board of Directors on 19 April 2006.

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*