

Consolidated Balance Sheet

As of 31 December 2001

(Expressed in thousands of RMB)

| | Note | As of 31 December | |
|---|-----------|--------------------|--------------------|
| | | 2001 | 2000 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | | 18,413,010 | 44,716,685 |
| Short-term bank deposits | | 24,921,943 | 7,838,935 |
| Trading securities | 16 | 203,832 | 373,405 |
| Accounts receivable, net | 17 | 2,498,063 | 1,545,051 |
| Inventories | 18 | 751,991 | 679,689 |
| Prepayments and other current assets | 19 | 969,561 | 1,665,661 |
| Amounts due from China Telecom | 34(b) | 199,460 | 376,246 |
| Amounts due from related parties | 33(c) | 1,430,818 | 539,321 |
| Current portion of deferred tax assets | 10 | 569,192 | 19,642 |
| Total current assets | | 49,957,870 | 57,754,635 |
| Non-current assets: | | | |
| Property, plant and equipment, net | 20 | 75,748,435 | 52,863,637 |
| Goodwill | 21 | 43,287 | 295,962 |
| Deferred expenditures | 22 | 1,015,438 | 805,869 |
| Deferred tax assets | 10 | 1,012,216 | 994,078 |
| Investment securities | 23 | 123,500 | 88,945 |
| Investment in associated companies | 25 | 4,146 | 25,700 |
| Total assets | | 127,904,892 | 112,828,826 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities: | | | |
| Payables and accrued liabilities | 26 | 15,329,436 | 12,521,167 |
| Short-term bank loans | 27 | 7,089,000 | 7,733,817 |
| Advances from customers | | 2,765,541 | 2,615,676 |
| Taxes payable | | 1,025,269 | 1,618,863 |
| Current portion of long-term bank loans | 28 | 843,603 | 766,875 |
| Current portion of obligations under finance leases | 29, 34(b) | 8,151 | — |
| Amounts due to Unicom Group | 33(e) | 947,934 | 821,797 |
| Amounts due to China Telecom | 34(b) | 742,366 | 1,276,965 |
| Amounts due to related parties | 33(c) | 135,724 | 53,153 |
| Dividends payable | | 29,847 | 59,224 |
| Total current liabilities | | 28,916,871 | 27,467,537 |

| | Note | As of 31 December | |
|-------------------------------------|-----------|--------------------|--------------------|
| | | 2001 | 2000 |
| Long-term liabilities: | | | |
| Long-term bank loans | 28 | 36,336,768 | 27,151,349 |
| Obligations under finance leases | 29, 34(b) | 100,757 | — |
| Other long-term liabilities | | 39,928 | 102,286 |
| Total liabilities | | 65,394,324 | 54,721,172 |
| Minority interests | | 829,405 | 883,252 |
| Capital and reserves: | | | |
| Share capital | 30 | 1,331,371 | 1,331,371 |
| Share premium | | 52,482,127 | 52,482,127 |
| Reserves | | 826,286 | 601,658 |
| Retained profits | | 7,041,379 | 2,809,246 |
| Shareholders' equity | | 61,681,163 | 57,224,402 |
| Total liabilities and equity | | 127,904,892 | 112,828,826 |

Approved by the Board of Directors on 27 March 2002 and signed on behalf of the Board by:

Yang Xian Zu

Director

Shi Cuiming

Director