

# Consolidated Balance Sheet

As at 31 December 2006

(All amounts in Renminbi ("RMB") thousands)

|  |       | As at 31 December  |                    |
|--|-------|--------------------|--------------------|
|  | Note  | 2006               | 2005               |
| <b>ASSETS</b>  |       |                    |                    |
| <b>Non-current assets</b>  |       |                    |                    |
| Property, plant and equipment  | 6, 36 | 111,381,505        | 112,373,285        |
| Goodwill   | 7     | 3,143,983          | 3,143,983          |
| Other assets   | 8, 36 | 11,176,569         | 11,501,730         |
| Deferred income tax assets   | 9     | 309,668            | 335,234            |
|  |       | 126,011,725        | 127,354,232        |
| <b>Current assets</b>  |       |                    |                    |
| Inventories  | 10    | 2,333,902          | 2,107,812          |
| Accounts receivable, net   | 11    | 3,419,343          | 4,548,429          |
| Prepayments and other current assets                                     | 12    | 1,988,019          | 2,342,467          |
| Amounts due from related parties   | 33.1  | 168,548            | 384,531            |
| Amounts due from Domestic Carriers                                       | 33.2  | 138,521            | 138,485            |
| Short-term bank deposits   | 13    | 195,820            | 282,457            |
| Cash and cash equivalents  | 14    | 12,182,108         | 5,471,576          |
|  |       | 20,426,261         | 15,275,757         |
| <b>Total assets</b>  |       | <b>146,437,986</b> | <b>142,629,989</b> |
| <b>EQUITY</b>  |       |                    |                    |
| <b>Capital and reserves attributable to the Company's equity holders</b> |       |                    |                    |
| Share capital  | 15    | 1,344,440          | 1,333,621          |
| Share premium  | 15    | 53,222,976         | 52,601,014         |
| Reserves   |       | 3,554,930          | 2,827,331          |
| Retained profits   |       |                    |                    |
| – Proposed final dividend  | 31    | 2,282,578          | 1,383,169          |
| – Others   |       | 19,003,893         | 18,139,210         |
|  |       | 79,408,817         | 76,284,345         |
| <b>Minority interest</b>   | 22(a) | <b>2,841</b>       | <b>2,734</b>       |
| <b>Total equity</b>  |       | <b>79,411,658</b>  | <b>76,287,079</b>  |

| As at 31 December                                   |      |                     |              |
|---|------|---------------------|--------------|
|   | Note | 2006                | 2005         |
| <b>LIABILITIES</b>                                  |      |                     |              |
| <b>Non-current liabilities</b>                      |      |                     |              |
| Long-term bank loans                                | 16   | 4,139,349           | 11,981,518   |
| Convertible bonds                                   | 17   | 10,324,949          | —            |
| Obligations under finance leases                    | 18   | 10,230              | 145,367      |
| Deferred income tax liabilities                     | 9    | 5,879               | 5,613        |
| Deferred revenue                                    |      | 2,243,384           | 3,348,232    |
|   |      | <b>16,723,791</b>   | 15,480,730   |
| <b>Current liabilities</b>                          |      |                     |              |
| Payables and accrued liabilities                    | 19   | 26,290,074          | 18,526,628   |
| Taxes payable                                       |      | 1,632,195           | 1,016,128    |
| Amounts due to Unicom Group                         | 33.1 | 45,081              | 38,094       |
| Amounts due to related parties                      | 33.1 | 325,308             | 116,621      |
| Amounts due to Domestic Carriers                    | 33.2 | 850,975             | 822,006      |
| Short-term bonds                                    | 20   | 7,087,217           | 9,865,900    |
| Short-term bank loans                               | 21   | —                   | 7,024,358    |
| Current portion of long-term bank loans             | 16   | 3,984,350           | 5,145,190    |
| Current portion of obligations under finance leases | 18   | 99,566              | 420,631      |
| Advances from customers                             |      | 9,987,771           | 7,886,624    |
|   |      | <b>50,302,537</b>   | 50,862,180   |
| <b>Total liabilities</b>                            |      | <b>67,026,328</b>   | 66,342,910   |
| <b>Total equity and liabilities</b>                 |      | <b>146,437,986</b>  | 142,629,989  |
| <b>Net current liabilities</b>                      |      | <b>(29,876,276)</b> | (35,586,423) |
| <b>Total assets less current liabilities</b>        |      | <b>96,135,449</b>   | 91,767,809   |

The notes on pages 84 to 170 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 29 March 2007 and signed on behalf of the Board by

**Chang Xiaobing**

Director

**Tong Jilu**

Director