Statement of Financial Position

at 31 December 2011 (Amounts in millions)

Note			31 December	31 December	1 January
Property, plant and equipment, net					
Property, plant and equipment, net		Note			
Non-current assets				(restated)	(restated)
Property, plant and equipment, net 4 266,848 271,077 280,851 Construction in progress 5 18,174 14,243 11,475 Lease prepayments 26,262 27,072 29,877 Goodwill 6 29,877 29,877 29,877 Integration assets 7 7,534 9,852 12,201 Investments in subcidaries 8 6,178 5,272 8,555 Intressts in associates 9 619 777 7,56 Investments 10 644 849 148 Deferred tax assets 11 2,945 4,923 6,771 Other assets 19 3,546 4,903 6,771 Other assets 12 2,364 4,900 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,923 16,230 Prepayments and other current assets 14 4,172 4,720 3,865 Time deposi	ASSETS				
Construction in progress 5 18,174 14,243 11,475 Lease prepayments 26,262 27,072 27,691 Goodwill 6 29,877 28,877 29,877 Intrangible assets 7 7,534 9,852 12,201 Investments in subsidiaries 8 6,173 5,272 8,555 Interests in associates 9 619 7,773 736 Investments 10 644 849 148 Deferred tax assets 11 2,945 4,923 6,771 Other assets 19 3,546 4,367 5,272 Current assets 19 3,546 4,367 5,272 Current assets 12 2,364 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 1,523 1,620 Prepayments and other current assets 14 4,172 4,720 3,836 Time deposits with original maturi	Non-current assets				
Lease prepayments	Property, plant and equipment, net	4	266,848	271,077	280,851
Goodwill 6 29,877 29,877 29,877 Intagible assets 7 7,534 9,852 12,201 Investments in subsidiaries 8 6,178 5,272 8,555 Interests in associates 9 619 777 736 Investments 10 644 849 148 Deferred tax assets 11 2,945 4,923 6,771 Other assets 19 3,546 4,967 5,272 Total non-current assets 19 3,546 4,967 5,272 Total non-current assets 12 2,364 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,993 16,230 Prepayments and other current assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivilents 15 19,905 19,939 27,526 <tr< td=""><td>Construction in progress</td><td>5</td><td>18,174</td><td>14,243</td><td>11,475</td></tr<>	Construction in progress	5	18,174	14,243	11,475
Intragible assets 7 7,534 9,852 12,201 Investments in subsidiaries 8 6,178 5,272 8,555 Interests in associates 9 619 7,77 736 Investments 10 644 849 148 Deferred tax assets 11 2,945 4,923 6,771 Other assets 19 3,546 4,367 5,272 Total non-current assets 19 3,546 4,367 5,272 Use assets 19 3,546 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,923 16,230 Time deposits with original maturity over three months 375 373 135 Type assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,393 27,526 Total	Lease prepayments		26,262	27,072	27,691
Investments in subsidiaries 8	Goodwill	6	29,877	29,877	29,877
Interests in associates 9	Intangible assets	7	7,534	9,852	12,201
Investments 10 644 849 148 Deferred tax assets 11 2,945 4,923 6,771 Other assets 19 3,546 4,367 5,272 Total non-current assets 362,627 368,309 383,577 Current assets 12 2,364 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,923 16,230 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 46,305 44,833 51,146 Total current assets 408,932 413,142 434,723 LIABILITIES AND EQUITY 20,675 51,650 Current portion of long-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 <td< td=""><td>Investments in subsidiaries</td><td>8</td><td>6,178</td><td>5,272</td><td>8,555</td></td<>	Investments in subsidiaries	8	6,178	5,272	8,555
Deferred tax assets	Interests in associates	9	619	777	736
Other assets 19 3,546 4,367 5,272 Total non-current assets 362,627 368,309 383,577 Current assets Inventories 12 2,364 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,923 16,230 Prepayments and other current assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY 2 46,305 44,833 51,465 Total assets 16 9,187 20,675 51,650 Current portion of long-term debt 16 9,187 20,675 51,650 Current portion of finance lease obligations 18 57,363 51,225<	Investments	10	644	849	148
Total non-current assets 362,627 368,309 383,577 Current assets Inventories 12 2,364 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,923 16,230 Prepayments and other current assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY Current liabilities 8 50,505 51,650 Current portion of long-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198	Deferred tax assets	11	2,945	4,923	6,771
Current assets 12 2,364 2,000 1,739 Income tax recoverable 2,375 1,878 1,711 Accounts receivable, net 13 17,114 15,923 16,230 Prepayments and other current assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY 40,803 413,142 434,723 Short-term debt 16 9,187 20,675 51,650 Current protion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 19,25 3,412 Current por	Other assets	19	3,546	4,367	5,272
Inventories 12	Total non-current assets		362,627	368,309	383,577
Income tax recoverable	Current assets				
Accounts receivable, net 13 17,114 15,923 16,230 Prepayments and other current assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY Virent liabilities 50,1650 51,650 Current debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - - 18 Current portion of deferred revenues 19 2,091 2,645 <	Inventories	12	2,364	2,000	1,739
Prepayments and other current assets 14 4,172 4,720 3,805 Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY 20,675 51,650 Current liabilities 5 11,766 10,352 1,487 Accounts payable 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations — — — 18 Current portion of deferred revenues 19 2,091 2,645 3,412	Income tax recoverable		2,375	1,878	1,711
Time deposits with original maturity over three months 375 373 135 Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY Current liabilities Short-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities 287,649 290,427 293,045 Non-current debt 16	Accounts receivable, net	13	17,114	15,923	16,230
Cash and cash equivalents 15 19,905 19,939 27,526 Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY Current liabilities Short-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accorust payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities 287,649 290,427 293,045 Non-current liabilities 287,649 290,427 293,045 Non-current debt 16	Prepayments and other current assets	14	4,172	4,720	3,805
Total current assets 46,305 44,833 51,146 Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY Current liabilities 8 5000 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558	· · · · · · · · · · · · · · · · · · ·		375	373	135
Total assets 408,932 413,142 434,723 LIABILITIES AND EQUITY Current liabilities 5 51,650 51,650 Short-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations — — — 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712	Cash and cash equivalents	15	19,905	19,939	27,526
Current liabilities	Total current assets		46,305	44,833	51,146
Current liabilities Short-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations — — — 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Non-current liabilities 287,649 290,427 293,045 Non-current debt 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383	Total assets		408,932	413,142	434,723
Short-term debt 16 9,187 20,675 51,650 Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398	LIABILITIES AND EQUITY				
Current portion of long-term debt 16 11,766 10,352 1,487 Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 287,649 290,427 293,045 Non-current debt 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Current liabilities				
Accounts payable 17 40,523 37,620 32,183 Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations - - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Short-term debt		9,187	20,675	51,650
Accrued expenses and other payables 18 57,363 51,225 52,713 Income tax payable 353 198 215 Current portion of finance lease obligations — — — 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Current portion of long-term debt	16	11,766	10,352	1,487
Income tax payable 353 198 215 Current portion of finance lease obligations — — — 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	· ·	17	40,523	37,620	32,183
Current portion of finance lease obligations - - 18 Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211		18	57,363	51,225	52,713
Current portion of deferred revenues 19 2,091 2,645 3,412 Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Income tax payable		353	198	215
Total current liabilities 121,283 122,715 141,678 Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 52,768 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Current portion of finance lease obligations		_	_	18
Net current liabilities (74,978) (77,882) (90,532) Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Current portion of deferred revenues	19	2,091	2,645	3,412
Total assets less current liabilities 287,649 290,427 293,045 Non-current liabilities Ung-term debt 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Total current liabilities		121,283	122,715	141,678
Non-current liabilities Long-term debt 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Net current liabilities		(74,978)	(77,882)	(90,532)
Long-term debt 16 31,150 42,549 52,768 Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Total assets less current liabilities		287,649	290,427	293,045
Deferred revenues 19 2,712 3,558 5,045 Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Non-current liabilities				
Deferred tax liabilities 11 1,002 1,276 1,398 Total non-current liabilities 34,864 47,383 59,211	Long-term debt	16	31,150	42,549	52,768
Total non-current liabilities 34,864 47,383 59,211	Deferred revenues	19	2,712	3,558	5,045
	Deferred tax liabilities	11	1,002	1,276	1,398
Total liabilities 156,147 170,098 200,889	Total non-current liabilities		34,864	47,383	59,211
	Total liabilities		156,147	170,098	200,889

Statement of Financial Position

at 31 December 2011 (Amounts in millions)

	Note	31 December 2011 RMB	31 December 2010 RMB (restated)	1 January 2010 RMB (restated)
Equity				
Share capital	20	80,932	80,932	80,932
Reserves	21	171,853	162,112	152,902
Total equity		252,785	243,044	233,834
Total liabilities and equity		408,932	413,142	434,723

Approved and authorised for issue by the Board of Directors on 20 March 2012.

Wang Xiaochu
Chairman
and
Chief Executive Officer

Yang Jie
Executive Director,
President
and
Chief Operating Officer

Wu Andi
Executive Director,
Executive Vice President
and
Chief Financial Officer