

Consolidated Balance Sheet (Unaudited)

at 30 June 2008

(Amounts in millions)

	Note	30 June 2008 RMB	31 December 2007 RMB (restated)
ASSETS			
Non-current assets			
Property, plant and equipment, net	.	314,168	329,292
Construction in progress		19,530	13,626
Lease prepayments		5,395	5,451
Interests in associates		826	800
Investments		221	274
Deferred tax assets	10	9,126	9,281
Intangible assets		2,651	2,814
Other assets		6,968	7,683
Total non-current assets		358,885	369,221
Current assets			
Inventories		2,097	2,665
Accounts receivable, net	6	18,358	16,979
Prepayments and other current assets		3,346	2,817
Time deposits with maturity over three months		203	222
Cash and cash equivalents	7	29,204	21,427
Total current assets		53,208	44,110
Total assets		412,093	413,331
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt	8	54,352	67,767
Current portion of long-term debt	8	1,106	3,811
Accounts payable	9	27,654	29,013
Accrued expenses and other payables		34,182	30,670
Amount due to China Telecom in connection with the Fourth Acquisition	2	5,557	–
Income tax payable		2,243	3,314
Current portion of finance lease obligations		4	24
Current portion of deferred revenues		4,922	5,646
Total current liabilities		130,020	140,245
Net current liabilities		(76,812)	(96,135)
Total assets less current liabilities		282,073	273,086
Non-current liabilities			
Long-term debt	8	44,341	34,148
Finance lease obligations		3	5
Deferred revenues		8,482	9,840
Deferred tax liabilities	10	2,964	3,121
Total non-current liabilities		55,790	47,114
Total liabilities		185,810	187,359

The notes on pages 15 to 33 form part of these interim financial statements.

Consolidated Balance Sheet (Unaudited) (Continued)

at 30 June 2008
(Amounts in millions)

	30 June 2008 RMB	31 December 2007 RMB (restated)
Equity		
Share capital	80,932	80,932
Reserves	143,865	143,589
Total equity attributable to equity holders of the Company	224,797	224,521
Minority interests	1,486	1,451
Total equity	226,283	225,972
Total liabilities and equity	412,093	413,331

The notes on pages 15 to 33 form part of these interim financial statements.