

Balance Sheet

As of 31st December, 1997

(Amounts expressed in thousands of Renmibi)

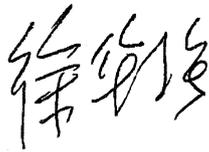
	Note	1997 (Note 1)	1996 (Note 1, 23)
Fixed assets, net	11	9,268,587	6,242,781
Investment in subsidiaries	12	711,080	—
Investment in an associated company	13	29,671	23,806
Pre-operating expenses, net	14	26,133	33,866
CURRENT ASSETS:			
Cash and cash equivalents	9	2,015,356	135,469
Prepayments and other receivables	10	55,544	21,805
Inventories and supplies		15,768	10,796
Due from Jiangsu Communications Investment Corporation	18	—	10,000
Due from related companies	18	1,888	6,653
Total current assets		2,088,556	184,723
CURRENT LIABILITIES:			
Short-term bank loans	15(a)	(605,000)	(100,000)
Current portion of long-term loans	15(b)	(132,328)	(242,850)
Current portion of long-term debentures payable	15(c)	(125,608)	(133,050)
Payables on construction project		(155,301)	(381,762)
Due to a related company	18	(5,149)	(11,472)
Other payables and accruals		(69,761)	(137,419)
Due to Jiangsu Communications Investment Corporation	18	(3,000)	—
Taxes payable	6	(5,265)	(3,472)
Dividends payable	7	(198,514)	(2,639)
Total current liabilities		(1,299,926)	(1,012,664)
NET CURRENT ASSETS (LIABILITIES)		788,630	(827,941)

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	Note	1997 (Note 1)	1996 (Note 1, 23)
NON-CURRENT LIABILITIES			
Long-term loans, non-current portion	15(b)	(320,966)	(833,868)
Long-term debentures payable, non-current portion	15(c)	(200,000)	(125,608)
Shareholder's loan and advances	18	—	(2,424,200)
		(520,966)	(3,383,676)
		10,303,135	2,088,836
REPRESENTING:			
SHARE CAPITAL	16	4,887,748	1,916,533
RESERVES	17	5,415,387	172,303
SHAREHOLDERS' EQUITY		10,303,135	2,088,836

The financial statements were approved by the Board of Directors on 16th April, 1998.



Xu Hua Qiang
Chairman



Cai Jia Fan
Vice Chairman and General Manager

The accompanying notes form an integral part of these financial statements.