

Consolidated Income Statement

For the year ended 31 December 2004
(Expressed in thousands of Renminbi ("RMB"), except per share data)

	Note	2004	2003
Operating revenue (Turnover):			
GSM Business	6, 30, 33	46,579,235	40,303,611
CDMA Business	3(f), 6, 19(a), 22, 30, 33	24,219,602	16,623,518
Data and Internet Business	6, 30, 33	3,662,734	3,437,083
Long Distance Business	6, 30, 33	1,848,009	2,273,148
Paging Business	6, 30, 33	—	1,403,053
Total service revenue		76,309,580	64,040,413
Sales of telecommunications products	6, 30, 33	3,022,031	3,595,912
Total operating revenue	6, 33	79,331,611	67,636,325
Operating expenses:			
Leased lines and network capacities	7, 8, 30	(7,398,128)	(4,320,382)
Interconnection charges	8, 30	(7,516,586)	(5,920,793)
Depreciation and amortisation	7	(19,063,074)	(16,385,293)
Personnel	7, 8, 12, 13	(4,526,100)	(4,574,546)
Selling and marketing	7, 19(a), 22, 30	(18,944,348)	(15,156,835)
General, administrative and other expenses	7, 8, 30	(10,448,241)	(9,112,385)
Cost of telecommunications products sold	30	(3,478,989)	(3,652,045)
Total operating expenses		(71,375,466)	(59,122,279)
Operating profit		7,956,145	8,514,046
Loss on sale of discontinued operation (Guoxin Paging)	5	—	(663,279)
		7,956,145	7,850,767
Interest income	7	102,907	173,033
Finance costs	9	(1,688,418)	(1,936,022)
Other income, net	10	95,990	8,071
Profit before taxation	7	6,466,624	6,095,849
Taxation	14	(2,079,625)	(1,888,381)
Profit after taxation		4,386,999	4,207,468
Minority interests		—	9,629
Profit attributable to shareholders	15	4,386,999	4,217,097
Proposed final dividend	15	1,256,349	1,255,317
Dividend paid	15	1,256,160	1,255,300

	Note	2004	2003
Basic earnings per share (RMB)	16	0.349	0.336
Diluted earnings per share (RMB)	16	0.348	0.336
Number of shares outstanding for basic earnings (in thousands)	16	12,561,242	12,553,010
Number of shares outstanding for diluted earnings (in thousands)	16	12,607,241	12,568,683
Basic earnings per ADS (RMB)	16	3.492	3.359
Diluted earnings per ADS (RMB)	16	3.480	3.355
Number of ADS outstanding for basic earnings (in thousands)	16	1,256,124	1,255,301
Number of ADS outstanding for diluted earnings (in thousands)	16	1,260,724	1,256,869