

Unaudited Condensed Consolidated Interim Accounts

Unaudited Condensed Consolidated Income Statement

For the six months ended 30 June 2004

(Expressed in thousands of Renminbi ("RMB"), except per share data)

	Note	Unaudited	
		Six months ended 30 June	
		2004	2003
Operating revenue (Turnover):			
GSM Business	3, 26, 28	23,546,365	20,041,009
CDMA Business	3, 16(a), 19, 26, 28	11,780,931	7,207,722
Data and Internet Business	3, 26, 28	1,818,907	1,576,865
Long Distance Business	3, 26, 28	793,973	1,095,777
Paging Business	3, 26, 28	—	726,932
Total service revenue		37,940,176	30,648,305
Sales of telecommunications products	3, 26, 28	1,431,862	1,318,939
Total operating revenue	3, 28	39,372,038	31,967,244
Operating expenses:			
Leased lines and network capacities	4, 26	(3,430,576)	(1,952,209)
Interconnection charges	26, 27	(3,561,882)	(2,577,430)
Depreciation and amortisation	4	(9,248,386)	(8,179,435)
Personnel	4, 8, 9	(2,108,110)	(2,224,348)
Selling and marketing	4, 16(a), 19, 26	(9,344,654)	(6,737,895)
General, administrative and other expenses	4, 5, 26	(5,141,884)	(4,589,162)
Cost of telecommunications products sold	4, 26	(1,589,583)	(1,428,650)
Total operating expenses		(34,425,075)	(27,689,129)
Operating profit		4,946,963	4,278,115
Interest income	4	44,337	104,909
Finance costs	4, 6	(961,447)	(1,019,344)
Other income (expense), net	4, 7	42,480	(9,985)
Profit before taxation	4	4,072,333	3,353,695
Taxation	10	(1,262,423)	(966,170)
Profit after taxation		2,809,910	2,387,525
Minority interests		—	(2,252)
Profit attributable to shareholders		2,809,910	2,385,273
Basic earnings per share (RMB)	12	0.224	0.190
Diluted earnings per share (RMB)	12	0.221	0.190