

(Amounts in millions, except per share data)

| | Year ended 31 December | | | | |
|---|------------------------|----------------|----------------|----------------|----------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| | RMB | RMB | RMB | RMB | RMB |
| | | (Note) | (Note) | (Note) | (Note) |
| Results | | | | | |
| Upfront connection fees | 8,458 | 9,771 | 10,564 | 10,942 | 10,882 |
| Upfront installation fees | 2,865 | 2,643 | 2,305 | 1,887 | 1,466 |
| Monthly fees | 29,827 | 27,499 | 25,338 | 20,491 | 14,452 |
| Local usage fees | 47,646 | 45,815 | 44,440 | 42,516 | 41,806 |
| DLD | 26,231 | 25,460 | 25,726 | 26,679 | 30,862 |
| ILD | 3,788 | 3,943 | 3,878 | 3,991 | 6,097 |
| Internet | 14,109 | 10,007 | 5,998 | 3,395 | 1,721 |
| Managed data | 3,015 | 3,210 | 3,147 | 2,660 | 2,779 |
| Interconnections | 10,719 | 8,365 | 7,524 | 6,712 | 7,508 |
| Leased line | 4,154 | 5,103 | 5,520 | 5,176 | 8,051 |
| Others | 10,400 | 9,737 | 6,466 | 5,632 | 4,041 |
| Operating revenues | 161,212 | 151,553 | 140,906 | 130,081 | 129,665 |
| Depreciation and amortisation | 47,170 | 46,597 | 45,810 | 41,777 | 36,683 |
| Network operations and support | 43,070 | 44,118 | 46,215 | 46,359 | 43,046 |
| Selling, general and administrative | 27,003 | 24,810 | 20,585 | 18,879 | 19,164 |
| Other operating expenses | 4,139 | 3,176 | 3,188 | 2,352 | 2,192 |
| Operating expenses | 121,382 | 118,701 | 115,798 | 109,367 | 101,085 |
| Operating profit | 39,830 | 32,852 | 25,108 | 20,714 | 28,580 |
| Deficit on revaluation of property, plant and equipment | (1,262) | (14,832) | (14,690) | (11,930) | — |
| Net finance costs | (5,340) | (3,606) | (4,071) | (2,228) | (1,450) |
| Investment income/(loss) | 6 | (42) | 50 | 261 | 257 |
| Share of profit from associates | 29 | 35 | 38 | 22 | 45 |
| Profit before taxation and minority interests | 33,263 | 14,407 | 6,435 | 6,839 | 27,432 |
| Taxation | (5,187) | (469) | 1,856 | 1,499 | (4,556) |
| Profit before minority interests | 28,076 | 13,938 | 8,291 | 8,338 | 22,876 |
| Minority interests | (53) | (56) | (72) | 14 | (75) |
| Profit attributable to shareholders | 28,023 | 13,882 | 8,219 | 8,352 | 22,801 |
| Basic earnings per share | 0.36 | 0.18 | 0.12 | 0.12 | 0.33 |

(Amounts in millions, except per share data)

| | | As at 31 December | | | |
|---|----------------|-------------------|----------------|----------------|----------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| | RMB | RMB | RMB | RMB | RMB |
| | | (Note) | (Note) | (Note) | (Note) |
| Financial condition | | | | | |
| Property, plant and equipment, net | 320,179 | 309,896 | 311,241 | 312,326 | 285,587 |
| Construction in progress | 29,450 | 31,617 | 37,192 | 42,180 | 52,401 |
| Other non-current assets | 29,409 | 29,336 | 32,290 | 31,388 | 27,738 |
| Cash and bank deposits | 13,780 | 13,194 | 24,254 | 15,993 | 25,832 |
| Other current assets | 19,752 | 19,899 | 18,724 | 21,547 | 28,641 |
| Total assets | 412,570 | 403,942 | 423,701 | 423,434 | 420,199 |
| Current liabilities | 151,944 | 149,135 | 147,478 | 144,060 | 129,222 |
| Non-current liabilities | 100,007 | 102,744 | 88,012 | 108,914 | 124,001 |
| Total liabilities | 251,951 | 251,879 | 235,490 | 252,974 | 253,223 |
| Minority interests | 1,413 | 1,269 | 1,186 | 988 | 991 |
| Shareholders' equity | 159,206 | 150,794 | 187,025 | 169,472 | 165,985 |
| Total liabilities and shareholders' equity | 412,570 | 403,942 | 423,701 | 423,434 | 420,199 |

Note: On 30 June 2004, we acquired the entire equity interests in Hubei Telecom Company Limited, Hunan Telecom Company Limited, Hainan Telecom Company Limited, Guizhou Telecom Company Limited, Yunnan Telecom Company Limited, Shaanxi Telecom Company Limited, Gansu Telecom Company Limited, Qinghai Telecom Company Limited, Ningxia Telecom Company Limited and Xinjiang Telecom Company Limited (the "Acquired Companies") from China Telecommunications Corporation. As we and the Acquired Companies were under the common control of China Telecommunications Corporation, our acquisition of the Acquired Companies has been treated as a "combination of entities under common control", which was accounted for in a manner similar to a pooling-of-interests ("as-if-pooling-of-interests accounting"). Accordingly, the assets and liabilities of the Acquired Companies have been accounted for at historical amounts and our financial statements for periods prior to the acquisition have been restated to include the financial position and results of operations of the Acquired Companies on a combined basis.