

# Consolidated Income Statement

For the year ended 31 December 2006

(All amounts in RMB thousands, except per share data)

	Note	Year ended 31 December	
		2006	2005
Revenue (Turnover)			
GSM Business	5, 23, 33	59,290,421	52,135,528
CDMA Business	5, 23, 33	27,293,142	27,576,936
Data and Internet Business	5, 23, 33	2,375,316	3,049,967
Long Distance Business	5, 23, 33	1,068,422	1,524,573
Total service revenue		90,027,301	84,287,004
Sales of telecommunications products	5, 23, 33	4,267,192	2,761,827
Total revenue	5, 23	94,294,493	87,048,831
Leased lines and network capacities	24, 33	(8,763,865)	(8,747,317)
Interconnection charges	33	(9,595,622)	(8,372,370)
Depreciation and amortisation	24	(22,422,812)	(20,368,181)
Employee benefit expenses	25, 26, 27	(6,648,699)	(5,616,312)
Selling and marketing	24, 33	(19,251,704)	(20,557,878)
General, administrative and other expenses	24, 33	(13,415,568)	(11,741,560)
Cost of telecommunications products sold	24, 33	(4,929,988)	(3,575,316)
Finance costs	24	(654,220)	(1,099,321)
Interest income		259,040	96,196
Other gains – net		21,353	34,925
		8,892,408	7,101,697
Unrealised loss on changes in fair value of derivative component of convertible bonds	17	(2,396,592)	—
<b>Profit before income tax</b>		<b>6,495,816</b>	<b>7,101,697</b>
Income tax expenses	9	(2,763,885)	(2,170,411)
<b>Profit for the year</b>		<b>3,731,931</b>	<b>4,931,286</b>
<b>Attributable to:</b>			
Equity holders of the Company		3,731,824	4,931,052
Minority interest		107	234
		3,731,931	4,931,286
Proposed final dividend	31	2,282,578	1,383,169
Dividend paid during the year	31	1,384,146	1,256,924

		Year ended 31 December	
	Note	2006	2005
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic earnings per share (RMB)	30	0.296	0.392
Diluted earnings per share (RMB)	30	0.295	0.391
Number of shares outstanding for basic earnings (in thousands)	30	12,599,018	12,570,398
Number of shares outstanding for diluted earnings (in thousands)	30	12,649,306	12,607,476
Basic earnings per ADS (RMB)	30	2.962	3.923
Diluted earnings per ADS (RMB)	30	2.950	3.911
Number of ADS outstanding for basic earnings (in thousands)	30	1,259,902	1,257,040
Number of ADS outstanding for diluted earnings (in thousands)	30	1,264,931	1,260,748

The notes on pages 84 to 170 are an integral part of these consolidated financial statements.