

FINANCIAL SUMMARY

(Amounts in millions)

	Year ended 31 December				
	2003	2002	2001	2000	1999
	RMB	RMB	RMB	RMB	RMB
		(Note)	(Note)	(Note)	(Note)
Results					
Upfront connection fees	7,885	8,554	8,896	8,877	8,391
Upfront installation fees	1,831	1,575	1,264	971	751
Monthly fees	20,429	18,998	15,300	11,071	9,505
Local usage fees	35,761	34,433	32,502	31,800	28,282
DLD	19,888	20,123	20,625	23,853	21,551
ILD	3,770	3,694	3,785	5,787	6,819
Internet	8,160	4,914	2,800	1,455	544
Managed data	2,540	2,431	2,052	2,261	1,888
Interconnections	6,444	5,921	5,316	6,247	5,876
Leased line	3,915	4,214	4,040	6,302	6,264
Other	7,828	4,707	3,917	2,809	2,236
Operating revenues	118,451	109,564	100,497	101,433	92,107
Depreciation and amortisation	(32,921)	(33,005)	(30,175)	(26,606)	(22,444)
Network operations and support	(31,883)	(32,228)	(31,890)	(29,419)	(24,871)
Selling, general and administrative	(18,303)	(15,461)	(13,951)	(14,410)	(11,543)
Other operating expenses	(2,896)	(2,873)	(1,865)	(1,735)	(1,188)
Operating expenses	(86,003)	(83,567)	(77,881)	(72,170)	(60,046)
Operating profit	32,448	25,997	22,616	29,263	32,061
Deficit on revaluation of property, plant and equipment	—	(14,690)	(11,930)	—	—
Net finance costs	(1,814)	(2,144)	(876)	(452)	(1,020)
Investment income	7	63	301	159	106
Share of profit from associates	34	37	22	45	20
Profit before taxation and minority interests	30,675	9,263	10,133	29,015	31,167
Taxation	(5,933)	582	(161)	(5,596)	(6,409)
Profit before minority interests	24,742	9,845	9,972	23,419	24,758
Minority interests	(56)	(72)	14	(75)	(101)
Profit attributable to shareholders	24,686	9,773	9,986	23,344	24,657
Basic earning per share	0.33	0.14	0.15	0.34	0.36

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	As at 31 December				
	2003	2002	2001	2000	1999
	RMB	RMB	RMB	RMB	RMB
		(Note)	(Note)	(Note)	(Note)
Financial condition					
Property, plant and equipment, net	235,211	220,761	221,333	202,659	180,807
Construction in progress	22,790	27,969	32,764	39,615	37,712
Other non-current assets	22,100	21,181	21,195	19,926	15,133
Cash and bank deposits	10,547	20,037	8,247	18,737	22,342
Other current assets	14,957	13,663	15,549	20,313	20,550
Total assets	305,605	303,611	299,088	301,250	276,544
Current liabilities	96,666	99,548	96,209	83,616	70,626
Non-current liabilities	76,398	50,029	66,735	82,485	85,868
Total liabilities	173,064	149,577	162,944	166,101	156,494
Minority interests	1,269	1,186	988	991	922
Shareholders' equity	131,272	152,848	135,156	134,158	119,128
Total liabilities and shareholders' equity	305,605	303,611	299,088	301,250	276,544

Note: On 31 December 2003, we acquired the entire equity interests in 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.