

(Amounts in millions, except per share data)

	Year ended 31 December				
	2004 RMB	2003 RMB	2002 RMB	2001 RMB	2000 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)

	2004	As at 31 December			
		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.