

**CONSOLIDATED INCOME STATEMENT**for the year ended 31 December 2005  
(Amounts in millions, except per share data)

|   | Note | 2005<br>RMB      | 2004<br>RMB |
|---|------|------------------|-------------|
| <b>Operating revenues</b>                               | 21   | <b>169,310</b>   | 161,212     |
| <b>Operating expenses</b>                               |      |                  |             |
| Depreciation and amortisation                           |      | <b>(49,652)</b>  | (47,170)    |
| Network operations and support                          |      | <b>(47,793)</b>  | (43,070)    |
| Selling, general and administrative                     |      | <b>(27,393)</b>  | (27,003)    |
| Other operating expenses                                | 22   | <b>(5,518)</b>   | (4,139)     |
| <b>Total operating expenses</b>                         | 23   | <b>(130,356)</b> | (121,382)   |
| <b>Operating profit</b>                                 |      | <b>38,954</b>    | 39,830      |
| Deficit on revaluation of property, plant and equipment | 4    | –                | (1,262)     |
| Net finance costs                                       | 24   | <b>(4,895)</b>   | (5,340)     |
| Investment (loss)/income                                |      | <b>(7)</b>       | 6           |
| Share of profit from associates                         |      | <b>62</b>        | 29          |
| <b>Profit before taxation</b>                           |      | <b>34,114</b>    | 33,263      |
| Income tax  | 25   | <b>(6,160)</b>   | (5,187)     |
| <b>Profit for the year</b>                              |      | <b>27,954</b>    | 28,076      |
| <b>Attributable to:</b>                                 |      |                  |             |
| Equity holders of the Company                           |      | <b>27,912</b>    | 28,023      |
| Minority interests                                      | 3(i) | <b>42</b>        | 53          |
| <b>Profit for the year</b>                              |      | <b>27,954</b>    | 28,076      |
| <b>Basic earnings per share</b>                         | 30   | <b>0.34</b>      | 0.36        |
| <b>Weighted average number of shares</b>                | 30   | <b>80,932</b>    | 78,840      |

The notes on pages 81 to 122 form part of these financial statements.