

Financial Summary

(Amounts in millions, except per share data)

	2007 RMB	Year ended 31 December			
		2006 RMB (Note)	2005 RMB (Note)	2004 RMB (Note)	2003 RMB (Note)
Results of operation					
Upfront connection fees	3,294	4,971	6,781	8,458	9,771
Upfront installation fees	2,735	2,913	2,970	2,865	2,643
Monthly fees	25,346	28,973	30,351	29,827	27,499
Local usage fees	42,343	46,188	47,624	47,646	45,815
DLD	24,127	25,517	25,993	26,231	25,460
International, Hong Kong, Macau and Taiwan long distance	2,882	3,225	3,474	3,832	3,977
Internet	31,340	23,724	17,914	14,183	10,020
Managed data	3,013	3,080	2,990	3,015	3,210
Interconnections	13,879	14,095	12,838	10,719	8,365
Leased line	5,321	4,548	4,560	4,158	5,103
Value-added services and others	24,376	18,382	14,364	10,502	10,059
Operating revenues	178,656	175,616	169,859	161,436	151,922
Depreciation and amortisation	52,257	51,301	49,678	47,188	46,612
Network operations and support	31,622	31,055	30,792	27,805	31,636
Selling, general and administrative	23,667	22,259	19,919	19,256	16,815
Personnel expenses	27,242	26,210	25,101	23,340	20,915
Other operating expenses	6,857	6,255	5,518	4,139	3,176
Operating expenses	141,645	137,080	131,008	121,728	119,154
Operating profit	37,011	38,536	38,851	39,708	32,768
Deficit on revaluation of property, plant and equipment	(2,755)	–	–	(1,262)	(14,832)
Net finance costs	(4,300)	(4,489)	(4,886)	(5,329)	(3,349)
Investment income/(loss)	83	(25)	(8)	6	(42)
Share of profits of associates	212	61	62	29	35
Profit before taxation	30,251	34,083	34,019	33,152	14,580
Income tax	(6,452)	(6,759)	(6,155)	(5,182)	(467)
Profit for the year	23,799	27,324	27,864	27,970	14,113
Attributable to:					
Equity holders of the Company	23,702	27,241	27,822	27,917	14,057
Minority interests	97	83	42	53	56
Profit for the year	23,799	27,324	27,864	27,970	14,113
Basic earnings per share	0.29	0.34	0.34	0.35	0.19

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(Amounts in millions, except per share data)

	As at 31 December				
	2007 RMB	2006 RMB	2005 RMB	2004 RMB	2003 RMB
		(Note)	(Note)	(Note)	(Note)
Financial condition					
Property, plant and equipment, net	326,123	328,379	328,371	320,245	309,959
Construction in progress	13,208	18,426	23,567	29,468	31,617
Other non-current assets	25,993	27,860	28,701	29,471	29,391
Cash and bank deposits	20,556	22,445	18,863	14,603	18,199
Other current assets	22,124	21,761	21,582	19,839	20,278
Total assets	408,004	418,871	421,084	413,626	409,444
Current liabilities	138,537	157,629	157,707	152,284	149,630
Non-current liabilities	47,095	53,593	77,199	100,007	102,744
Total liabilities	185,632	211,222	234,906	252,291	252,374
Total equity attributable to equity holders of the Company	220,921	206,201	184,734	159,922	155,801
Minority interests	1,451	1,448	1,444	1,413	1,269
Total equity	222,372	207,649	186,178	161,335	157,070
Total liabilities and equity	408,004	418,871	421,084	413,626	409,444

Note: On 30 June 2007, we acquired the entire equity interests in China Telecom System Integration Co. Ltd., China Telecom (Hong Kong) International Limited and China Telecom (Americas) Corporation (formerly known as "China Telecom (USA) Corporation") (collectively the "Third Acquired Group") from China Telecommunications Corporation. As we and the Third Acquired Group were under the common control of China Telecommunications Corporation, our acquisition of the Third Acquired Group has been treated as a "combination of entities under common control", and was accounted for in a manner similar to a pooling-of-interests. Accordingly, the assets and liabilities of the Third Acquired Group 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 Third Acquired Group on a combined basis.