

# Financial Summary

(Amounts in millions, except per share data)

	Year ended 31 December				
	2008 RMB	2007 RMB (Note)	2006 RMB (Note)	2005 RMB (Note)	2004 RMB (Note)
<b>Results of operation</b>					
Wireline voice	96,331	111,625	121,689	123,897	121,564
Mobile voice	3,972	—	—	—	—
Internet	40,786	31,817	24,348	18,347	14,480
Managed data and leased line	10,231	9,183	7,920	7,741	7,245
Upfront connection fees	2,022	3,294	4,971	6,781	8,458
Value-added services, integrated information application services and others	33,459	24,963	18,557	14,450	10,526
<b>Operating revenues</b>	<b>186,801</b>	180,882	177,485	171,216	162,273
Depreciation and amortisation	53,880	52,607	51,690	49,980	47,362
Network operations and support	36,096	29,856	29,487	29,553	26,716
Selling, general and administrative	27,935	24,294	22,710	20,241	19,512
Personnel expenses	28,946	27,419	26,390	25,232	23,432
Other operating expenses	10,632	8,965	8,208	7,068	5,437
Impairment loss on property, plant and equipment	24,167	—	—	—	—
<b>Operating expenses</b>	<b>181,656</b>	143,141	138,485	132,074	122,459
<b>Operating profit</b>	<b>5,145</b>	37,741	39,000	39,142	39,814
Deficit on revaluation of property, plant and equipment	—	(2,755)	—	—	(1,262)
Net finance costs	(5,076)	(4,288)	(4,472)	(4,872)	(5,318)
Investment income/(loss)	5	83	(25)	(7)	7
Share of profits of associates	112	215	61	62	29
<b>Profit before taxation</b>	<b>186</b>	30,996	34,564	34,325	33,270
Income tax	793	(6,704)	(6,919)	(6,222)	(5,175)
<b>Profit for the year</b>	<b>979</b>	24,292	27,645	28,103	28,095
<b>Attributable to:</b>					
Equity holders of the Company	884	24,195	27,562	28,061	28,042
Minority interests	95	97	83	42	53
<b>Profit for the year</b>	<b>979</b>	24,292	27,645	28,103	28,095
<b>Basic earnings per share</b>	<b>0.01</b>	0.30	0.34	0.35	0.35

## Financial Summary

(Amounts in millions)

	2008 RMB	As at 31 December			
		2007 RMB (Note)	2006 RMB (Note)	2005 RMB (Note)	2004 RMB (Note)
<b>Financial condition</b>					
Property, plant and equipment, net	299,159	329,292	330,436	330,300	321,519
Construction in progress	13,615	13,626	19,563	24,923	30,654
Other non-current assets	72,064	26,303	28,187	28,774	29,542
Cash and bank deposits	28,263	21,649	23,492	19,898	15,984
Other current assets	27,236	22,461	22,179	21,949	20,016
<b>Total assets</b>	<b>440,337</b>	413,331	423,857	425,844	417,715
Current liabilities	176,790	140,245	159,451	159,437	153,694
Non-current liabilities	48,999	47,114	53,609	77,205	100,007
<b>Total liabilities</b>	<b>225,789</b>	187,359	213,060	236,642	253,701
Total equity attributable to equity holders of the Company	213,036	224,521	209,349	187,758	162,601
Minority interests	1,512	1,451	1,448	1,444	1,413
<b>Total equity</b>	<b>214,548</b>	225,972	210,797	189,202	164,014
<b>Total liabilities and equity</b>	<b>440,337</b>	413,331	423,857	425,844	417,715

Note: On 31 March 2008, we acquired the entire equity interests in China Telecom Group Beijing Corporation (the "Fourth Acquired Company") from China Telecommunications Corporation. As we and the Fourth Acquired Company were under the common control of China Telecommunications Corporation, our acquisition of the Fourth Acquired Company 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 Fourth Acquired Company 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 Fourth Acquired Company on a combined basis.