

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

*for the six-month period ended 30 June 2004
(Amounts in millions, except per share data)*

	<i>Note</i>	Six-month periods ended 30 June	
		2004	2003
		RMB	RMB
Operating revenues	11	80,217	74,068
Operating expenses			
Depreciation and amortisation		(23,255)	(22,666)
Network operations and support		(20,325)	(20,767)
Selling, general and administrative		(14,105)	(10,866)
Other operating expenses		(1,796)	(1,541)
Total operating expenses		(59,481)	(55,840)
Operating profit		20,736	18,228
Net finance costs	12	(2,341)	(1,728)
Investment loss		—	(85)
Share of profit from associates		6	—
Profit before taxation and minority interests	13	18,401	16,415
Taxation	14	(3,681)	(3,333)
Profit before minority interests		14,720	13,082
Minority interests		(12)	(24)
Profit attributable to shareholders		14,708	13,058
Basic earnings per share	16	0.19	0.17
Weighted average number of shares		76,725	75,614

The notes on pages 15 to 30 form part of these interim financial statements.