

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

for the six-month period ended 30 June 2005
(Amounts in millions, except per share data)

| | Note | Six-month periods ended 30 June | |
|--|------|------------------------------------|-------------|
| | | 2005 RMB | 2004 RMB |
| | | | (Note 3) |
| Operating revenues | 9 | 84,023 | 80,217 |
| Operating expenses | | | |
| Depreciation and amortisation | | (24,178) | (23,255) |
| Network operations and support | | (22,224) | (20,325) |
| Selling, general and administrative | | (13,354) | (14,105) |
| Other operating expenses | | (2,524) | (1,796) |
| Total operating expenses | | (62,280) | (59,481) |
| Operating profit | | 21,743 | 20,736 |
| Net finance costs | 10 | (2,468) | (2,341) |
| Investment loss | | (9) | — |
| Share of profit from associates | | 3 | 6 |
| Profit before taxation | 11 | 19,269 | 18,401 |
| Income tax | 12 | (4,556) | (3,681) |
| Profit for the period | | 14,713 | 14,720 |
| Attributable to: | | | |
| Equity holders of the Company | | 14,696 | 14,708 |
| Minority interests | | 17 | 12 |
| Profit for the period | | 14,713 | 14,720 |
| Basic earnings per share | 14 | 0.18 | 0.19 |
| Weighted average number of shares | 14 | 80,932 | 76,725 |

The notes on pages 12 to 29 form part of these interim financial statements.