

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Notes	Equity attributable to equity shareholders of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000 (note a)	Capital reserve RMB'000 (note b)	Statutory surplus reserve RMB'000 (note c)	Specific reserve RMB'000 (note d)	Fair value reserve RMB'000 (note e)	Exchange reserve RMB'000 (note f)	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance as at 1 January 2015</b>	6,926,018	4,529,310	1,846,468	751,084	103,450	30,861	(27,041)	(68,310)	8,938,033	23,029,873	513,314	23,543,187
<b>Changes in equity for the year ended 31 December 2015</b>												
Profit for the year	—	—	—	—	—	—	—	—	2,334,412	2,334,412	3,105	2,337,517
Other comprehensive income	—	—	—	—	—	13,865	27,475	—	—	41,340	36	41,376
<b>Total comprehensive income</b>	—	—	—	—	—	13,865	27,475	—	2,334,412	2,375,752	3,141	2,378,893
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	1,563	1,563
Dividend declared	—	—	—	—	—	—	—	—	(644,812)	(644,812)	—	(644,812)
Distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(69,222)	(69,222)
Appropriation	—	—	—	105,066	—	—	—	—	(105,066)	—	—	—
Appropriation of specific reserve	—	—	—	—	399,553	—	—	—	(399,553)	—	—	—
Utilisation of specific reserve	—	—	—	—	(365,626)	—	—	—	365,626	—	—	—
<b>Balance as at 31 December 2015</b>	6,926,018	4,529,310	1,846,468	856,150	137,377	44,726	434	(68,310)	10,488,640	24,760,813	448,796	25,209,609
<b>Balance as at 1 January 2014</b>	6,926,018	4,529,310	1,846,468	664,801	72,142	30,861	(27,870)	(68,310)	7,799,343	21,772,763	515,259	22,288,022
<b>Changes in equity for the year ended 31 December 2014</b>												
Profit for the year	—	—	—	—	—	—	—	—	2,150,258	2,150,258	17,540	2,167,798
Other comprehensive income	—	—	—	—	—	—	829	—	—	829	114	943
<b>Total comprehensive income</b>	—	—	—	—	—	—	829	—	2,150,258	2,151,087	17,654	2,168,741
Dividend declared	—	—	—	—	—	—	—	—	(895,534)	(895,534)	—	(895,534)
Distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(19,599)	(19,599)
Appropriation	—	—	—	86,283	—	—	—	—	(86,283)	—	—	—
Appropriation of specific reserve	—	—	—	—	333,274	—	—	—	(333,274)	—	—	—
Utilisation of specific reserve	—	—	—	—	(301,966)	—	—	—	301,966	—	—	—
Others	—	—	—	—	—	—	—	—	1,557	1,557	—	1,557
<b>Balance as at 31 December 2014</b>	6,926,018	4,529,310	1,846,468	751,084	103,450	30,861	(27,041)	(68,310)	8,938,033	23,029,873	513,314	23,543,187

Notes:

## (a) Share premium

The share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the initial public offering in 2006 and subsequent share issuance in 2008 and 2012 respectively.

## (b) Capital reserve

The capital reserve represents the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from China Telecommunications Corporation ("CTC"), Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation upon the formation of the Company. Then, the capital reserve was net off by the difference between the consideration for the acquisition of Target Business (as defined in note 1(b)) and the net assets value of the Target Business in 2007 and subsequent common control acquisition net balances.

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For the year ended 31 December 2015

Notes: (Continued)

(c) Statutory surplus reserve

According to the People's Republic of China (the "PRC") Company Law and the Articles of Association of the Company and its PRC subsidiaries, these companies are required to transfer 10% of their respective net profit as determined in accordance with the PRC Accounting Rules and Regulations to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, or to expand the business, and may be converted into share capital by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The amount represents the statutory surplus reserve appropriated by the Company and the statutory surplus reserve appropriated by the Company's subsidiaries is not presented.

For the year ended 31 December 2015, the Company transferred RMB105 million (2014: RMB86 million) being 10% of the profit for the current year as determined in accordance with the PRC Accounting Rules and Regulations to this reserve.

(d) Specific reserve

Pursuant to the relevant PRC regulations, the Group appropriated and utilised the provision for production safety. The Group is required to make a transfer for the provision for production safety from retained earnings to a specific reserve. The provision for production safety could be utilised when expenses or capital expenditures on production safety measures are incurred. The amount of the provision for production safety utilised would be transferred from the specific reserve back to retained earnings.

(e) Fair value reserve

The fair value reserve represents the net change in the fair value of available-for-sale securities held at the end of the reporting period.

(f) Exchange reserve

The exchange reserve represents all foreign exchange differences arising from the translation of the financial statements of subsidiaries located outside Mainland China.

The notes on pages 102 to 170 form part of these consolidated financial statements.