

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012
(Expressed in Renminbi)

Equity attributable to equity shareholders of the Company												
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Specific reserve	Fair value reserve	Exchange reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2012 as previously reported	5,771,682	2,727,647	1,846,468	428,707	-	22,654	(9,589)	(6,344)	5,222,342	16,003,567	121,260	16,124,827
Adjustment in relation to the acquisitions of the Target Interests and SBSS (as defined in note 1)	1(c)	-	-	-	-	-	84	206,688	73,769	280,541	230,856	511,397
Balance as at 1 January 2012 as adjusted	5,771,682	2,727,647	1,846,468	428,707	-	22,654	(9,505)	200,344	5,296,111	16,284,108	352,116	16,636,224
Changes in equity for the year ended 31 December 2012												
Profit for the year	-	-	-	-	-	-	-	24,739	2,382,053	2,406,792	39,072	2,445,864
Other comprehensive income	-	-	-	-	-	(100)	(4,308)	-	-	(4,408)	-	(4,408)
Total comprehensive income	-	-	-	-	-	(100)	(4,308)	24,739	2,382,053	2,402,384	39,072	2,441,456
Consideration for the acquisitions of the Target Interests and SBSS (as defined in note 1)	-	-	-	-	-	-	-	(340,701)	-	(340,701)	-	(340,701)
Issuance of shares	38	1,154,336	1,801,663	-	-	-	-	-	-	2,955,999	-	2,955,999
Capital injection by non-controlling owners to subsidiaries	-	-	-	-	-	-	-	47,261	-	47,261	124,538	171,799
Dividend declared	15(b)	-	-	-	-	-	-	-	(846,359)	(846,359)	-	(846,359)
Distribution to non-controlling owners	-	-	-	-	-	-	-	-	-	-	(16,306)	(16,306)
Appropriation	-	-	-	112,672	-	-	-	-	(112,672)	-	-	-
Appropriation of maintenance and production funds	-	-	-	-	271,340	-	-	-	(271,340)	-	-	-
Utilisation of maintenance and production funds	-	-	-	-	(233,124)	-	-	-	233,124	-	-	-
Others	-	-	-	-	-	-	-	47	-	47	-	47
Balance as at 31 December 2012	6,926,018	4,529,310	1,846,468	541,379	38,216	22,554	(13,813)	(68,310)	6,680,917	20,502,739	499,420	21,002,159
Balance as at 1 January 2011 as previously reported	5,771,682	2,727,647	1,846,468	326,318	-	40,959	(6,164)	(27,396)	3,937,100	14,616,614	132,634	14,749,248
Adjustment in relation to the acquisitions of the Target Interests and SBSS (as defined in note 1)	1(c)	-	-	-	-	-	84	185,661	62,135	247,880	219,679	467,559
Balance as at 1 January 2011 as adjusted	5,771,682	2,727,647	1,846,468	326,318	-	40,959	(6,080)	158,265	3,999,235	14,864,494	352,313	15,216,807
Changes in equity for the year ended 31 December 2011												
Profit for the year	-	-	-	-	-	-	-	2,715	2,126,497	2,129,212	2,186	2,131,398
Other comprehensive income	-	-	-	-	-	(18,305)	(3,425)	-	-	(21,730)	-	(21,730)
Total comprehensive income	-	-	-	-	-	(18,305)	(3,425)	2,715	2,126,497	2,107,482	2,186	2,109,668
Contribution from the then shareholders in relation to the acquisitions of the Target Interests and SBSS	-	-	-	-	-	-	-	18,312	-	18,312	-	18,312
Capital injection by a non-controlling owner to a subsidiary	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(460)	-	(460)	(3,769)	(4,229)
Dividend declared	15(b)	-	-	-	-	-	-	-	(727,232)	(727,232)	-	(727,232)
Distribution to non-controlling owners	-	-	-	-	-	-	-	-	-	-	(18,614)	(18,614)
Appropriation	-	-	-	102,389	-	-	-	-	(102,389)	-	-	-
Others	-	-	-	-	-	-	-	21,512	-	21,512	-	21,512
Balance as at 31 December 2011	5,771,682	2,727,647	1,846,468	428,707	-	22,654	(9,505)	200,344	5,296,111	16,284,108	352,116	16,636,224

The notes on pages 120 to 182 form part of these financial statements.

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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 (see note 38) 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. As a result of the adoption of amendment to IFRS 1 in 2011, the capital reserve has been restated.

(c) Statutory surplus reserve

According to the Company's Article of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its 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 Company's 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.

For the year ended 31 December 2012, the Company transferred RMB113 million being 10% of the current year's net profit as determined in accordance with the PRC Accounting Rules and Regulations, to this reserve.

(d) Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, provision for production maintenance, production safety and other related expenditures are accrued by the Group at fixed rates based on production volume (the "maintenance and production funds"). The Group is required to make a transfer for the provision of maintenance and production funds from retained earnings to a specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds 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 in other investments held at the balance sheet date.

(f) Exchange reserve

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

The notes on pages 120 to 182 form part of these financial statements.