

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

Equity attributable to equity shareholders of the Company

Notes	Share capital RMB'000	Share premium RMB'000 (note a)	Capital reserve RMB'000 (note b)	Statutory		Fair value reserve RMB'000 (note e)	Exchange reserve RMB'000 (note f)	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				surplus reserve RMB'000 (note c)	Specific reserve RMB'000 (note d)							
Balance as at 1 January 2014	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
Changes in equity for the year ended 31 December 2014												
Profit for the year	-	-	-	-	-	-	-	-	2,150,258	2,150,258	17,540	2,167,798
Other comprehensive income	-	-	-	-	-	-	829	-	-	829	114	943
Total comprehensive income	-	-	-	-	-	-	829	-	2,150,258	2,151,087	17,654	2,168,741
Dividend declared	15(b)	-	-	-	-	-	-	-	(895,534)	(895,534)	-	(895,534)
Distribution to non-controlling owners		-	-	-	-	-	-	-	-	-	(19,599)	(19,599)
Appropriation		-	-	-	86,283	-	-	-	(86,283)	-	-	-
Appropriation of maintenance and production funds		-	-	-	-	333,274	-	-	(333,274)	-	-	-
Utilisation of maintenance and production funds		-	-	-	-	(301,966)	-	-	301,966	-	-	-
Others		-	-	-	-	-	-	-	1,557	1,557	-	1,557
Balance as at 31 December 2014	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
Balance as at 1 January 2013	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
Changes in equity for the year ended 31 December 2013												
Profit for the year	-	-	-	-	-	-	-	-	2,238,351	2,238,351	47,029	2,285,380
Other comprehensive income	-	-	-	-	-	8,307	(14,057)	-	-	(5,750)	-	(5,750)
Total comprehensive income	-	-	-	-	-	8,307	(14,057)	-	2,238,351	2,232,601	47,029	2,279,630
Dividend declared	15(b)	-	-	-	-	-	-	-	(962,717)	(962,717)	-	(962,717)
Distribution to non-controlling owners		-	-	-	-	-	-	-	-	-	(31,190)	(31,190)
Appropriation		-	-	-	123,422	-	-	-	(123,422)	-	-	-
Appropriation of maintenance and production funds		-	-	-	-	322,342	-	-	(322,342)	-	-	-
Utilisation of maintenance and production funds		-	-	-	-	(288,416)	-	-	288,416	-	-	-
Others		-	-	-	-	-	-	-	140	140	-	140
Balance as at 31 December 2013	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

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For the year ended 31 December 2014

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.

(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 People's Republic of China (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 2014, the Company transferred 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 for maintenance and production funds

Pursuant to the relevant PRC regulations, provision for production maintenance, production safety and other related expenditures are accrued 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 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.