

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

Notes	Equity attributable to equity shareholders of the Company											Total equity
	Share capital	Share premium	Capital reserve	Statutory			Exchange reserve	Other reserve	Retained earnings	Total	Non-controlling interests	
				surplus reserve	Specific reserve	Fair value reserve						
RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000 (note c)	RMB'000 (note d)	RMB'000 (note e)	RMB'000 (note f)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2017	6,926,018	4,529,310	1,852,461	951,760	178,525	47,118	38,589	(68,310)	12,117,958	26,573,429	474,353	27,047,782
Changes in equity for the year ended 31 December 2017												
Profit for the year	-	-	-	-	-	-	-	-	2,714,213	2,714,213	34,865	2,749,078
Other comprehensive expense for the year	-	-	-	-	-	(12,603)	(32,970)	-	-	(45,573)	(113)	(45,686)
Total comprehensive (expense)/ income for the year	-	-	-	-	-	(12,603)	(32,970)	-	2,714,213	2,668,640	34,752	2,703,392
Dividend declared	14(b)	-	-	-	-	-	-	-	(912,849)	(912,849)	-	(912,849)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(11,766)	(11,766)
Appropriation		-	-	-	99,496	-	-	-	(99,496)	-	-	-
Appropriation of specific reserve		-	-	-	478,174	-	-	-	(478,174)	-	-	-
Utilisation of specific reserve		-	-	-	(458,559)	-	-	-	458,559	-	-	-
Others		-	-	-	-	-	-	-	(122)	(122)	(6,786)	(6,908)
Balance as at 31 December 2017	6,926,018	4,529,310	1,852,461	1,051,256	198,140	34,515	5,619	(68,310)	13,800,089	28,329,098	490,553	28,819,651
Balance as at 1 January 2016	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
Changes in equity for the year ended 31 December 2016												
Profit for the year	-	-	-	-	-	-	-	-	2,536,249	2,536,249	16,946	2,553,195
Other comprehensive income for the year	-	-	-	-	-	2,392	38,155	-	-	40,547	113	40,660
Total comprehensive income for the year	-	-	-	-	-	2,392	38,155	-	2,536,249	2,576,796	17,059	2,593,855
Capital contribution from non-controlling interests		-	-	5,993	-	-	-	-	-	5,993	12,565	18,558
Dividend declared	14(b)	-	-	-	-	-	-	-	(770,173)	(770,173)	-	(770,173)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(4,067)	(4,067)
Appropriation		-	-	-	95,610	-	-	-	(95,610)	-	-	-
Appropriation of specific reserve		-	-	-	459,995	-	-	-	(459,995)	-	-	-
Utilisation of specific reserve		-	-	-	(418,847)	-	-	-	418,847	-	-	-
Balance as at 31 December 2016	6,926,018	4,529,310	1,852,461	951,760	178,525	47,118	38,589	(68,310)	12,117,958	26,573,429	474,353	27,047,782

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For the year ended 31 December 2017

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 mainly 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 and 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.
- (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 2017, the Company transferred RMB99 million (2016: RMB96 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 107 to 180 form part of these consolidated financial statements.

