



## Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2011  
(Expressed in Renminbi)

Equity attributable to equity shareholders of the Company												
Note	Share capital	Share premium	Capital reserve	Revaluation reserve	Statutory surplus reserve	Fair value reserve	Exchange reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<b>5,771,682</b>	<b>2,727,647</b>	<b>932,621</b>	<b>415,557</b>	<b>326,318</b>	<b>40,959</b>	<b>(6,164)</b>	<b>57,809</b>	<b>3,954,613</b>	<b>14,221,042</b>	<b>132,802</b>	<b>14,353,844</b>
<b>Balance as at 1 January 2011</b>												
<b>Changes in equity for the six months ended 30 June 2011</b>												
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(759)	-	(759)	(2,891)	(3,650)
Dividend declared	12(b)	-	-	-	-	-	-	-	(727,232)	(727,232)	-	(727,232)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,522)	(1,522)
Profit for the period		-	-	-	-	-	-	-	1,053,281	1,053,281	(6,022)	1,047,259
Other comprehensive income	11	-	-	-	-	(9,075)	6,676	-	-	(2,399)	-	(2,399)
Total comprehensive income for the period		-	-	-	-	(9,075)	6,676	-	1,053,281	1,050,882	(6,022)	1,044,860
<b>Balance as at 30 June 2011</b>	<b>5,771,682</b>	<b>2,727,647</b>	<b>932,621</b>	<b>415,557</b>	<b>326,318</b>	<b>31,884</b>	<b>512</b>	<b>57,050</b>	<b>4,280,662</b>	<b>14,543,933</b>	<b>122,367</b>	<b>14,666,300</b>
<b>Balance as at 1 January 2010</b>												
	5,771,682	2,727,647	932,621	415,557	239,377	57,993	(6,772)	67,330	2,863,251	13,068,686	108,546	13,177,232
<b>Changes in equity for the six months ended 30 June 2010</b>												
Capital injection by non-controlling owner to subsidiary		-	-	-	-	-	-	-	-	-	68,276	68,276
Acquisition of non-controlling interests		-	-	-	-	-	-	(9,669)	-	(9,669)	(31,427)	(41,096)
Dividend declared	12(b)	-	-	-	-	-	-	-	(639,502)	(639,502)	-	(639,502)
Profit for the period		-	-	-	-	-	-	-	905,684	905,684	3,987	909,671
Other comprehensive income	11	-	-	-	-	2,116	280	-	-	2,396	-	2,396
Total comprehensive income for the period		-	-	-	-	2,116	280	-	905,684	908,080	3,987	912,067
<b>Balance as at 30 June 2010</b>	<b>5,771,682</b>	<b>2,727,647</b>	<b>932,621</b>	<b>415,557</b>	<b>239,377</b>	<b>60,109</b>	<b>(6,492)</b>	<b>57,661</b>	<b>3,129,433</b>	<b>13,327,595</b>	<b>149,382</b>	<b>13,476,977</b>
<b>Changes in equity for the six months ended 31 December 2010</b>												
Capital injection by non-controlling owner to subsidiary		-	-	-	-	-	-	-	-	-	1,000	1,000
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(12,179)	(12,179)
Profit for the period		-	-	-	-	-	-	-	912,121	912,121	(5,401)	906,720
Other comprehensive income		-	-	-	-	(19,150)	328	148	-	(18,674)	-	(18,674)
Total comprehensive income for the period		-	-	-	-	(19,150)	328	148	912,121	893,447	(5,401)	888,046
Appropriation		-	-	-	86,941	-	-	-	(86,941)	-	-	-
<b>Balance as at 31 December 2010</b>	<b>5,771,682</b>	<b>2,727,647</b>	<b>932,621</b>	<b>415,557</b>	<b>326,318</b>	<b>40,959</b>	<b>(6,164)</b>	<b>57,809</b>	<b>3,954,613</b>	<b>14,221,042</b>	<b>132,802</b>	<b>14,353,844</b>

## Consolidated Statement of Changes in Equity – Unaudited (continued)

For the six months ended 30 June 2011  
(Expressed in Renminbi)

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 and subsequent share issuance.

(b) Statutory surplus reserve

According to the Company's Articles 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.

(c) 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, Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation upon the formation of the Company. Then, the capital reserve was netted off by the difference between the consideration for the acquisition of the telecommunications infrastructure services, business process outsourcing services and applications, content and other services located in Jiangsu Province, Anhui Province, Jiangxi Province, Hunan Province, Guangxi Zhuang Autonomous Region, Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province, and Xinjiang Uygur Autonomous Region, together with equity interests in Guangdong Nanfang Communication GSM Intelligent Card System Co., Ltd and Ningbo Public Information Industry Co., Ltd (the "Target Business") and the net assets value of the Target Business in 2007 and subsequent common control acquisition net balances.

(d) Fair value reserve

The fair value reserve represents the net change in the fair value of available-for-sale securities in other investments at the balance sheet date.

(e) Exchange reserve

The exchange reserve represents all foreign exchange differences arising from the translation of the financial statements of subsidiaries located in Hong Kong and overseas.

The notes on pages 14 to 28 form part of this interim financial report.