

Consolidated Statement of Changes in Equity — Unaudited

For the six months ended 30 June 2012
(Expressed in Renminbi)

Equity attributable to equity shareholders of the Company												
	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
Note	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 2012	5,771,682	2,727,647	1,846,468	—	428,707	22,654	(9,589)	33,918	5,222,342	16,043,829	121,260	16,165,089
Changes in equity for the six months ended 30 June 2012												
Consideration for the acquisition of the Target Interests (as defined in note 2)	2	—	—	—	—	—	—	(53,709)	—	(53,709)	—	(53,709)
Issuance of shares	19	1,154,336	1,801,663	—	—	—	—	—	—	2,955,999	—	2,955,999
Capital injection by non-controlling owners to subsidiaries		—	—	—	—	—	—	18,496	—	18,496	73,281	91,777
Dividend declared	12(b)	—	—	—	—	—	—	—	(846,359)	(846,359)	—	(846,359)
Others		—	—	—	—	—	—	47	—	47	—	47
Profit for the period		—	—	—	—	—	—	2,350	1,206,364	1,208,714	672	1,209,386
Other comprehensive income	11	—	—	—	—	2,618	(3,997)	—	—	(1,379)	—	(1,379)
Total comprehensive income for the period		—	—	—	—	2,618	(3,997)	2,350	1,206,364	1,207,335	672	1,208,007
Balance as at 30 June 2012	6,926,018	4,529,310	1,846,468	—	428,707	25,272	(13,586)	1,102	5,582,347	19,325,638	195,213	19,520,851
Balance as at 1 January 2011 as previously reported	5,771,682	2,727,647	932,621	415,557	326,318	40,959	(6,164)	57,809	3,954,613	14,221,042	132,802	14,353,844
Change in accounting policy		—	—	913,847	(415,557)	—	—	(85,205)	(17,513)	395,572	(168)	395,404
Adjustment in relation to the acquisition of the Target Interests (as defined in note 2)		—	—	—	—	—	—	19,236	—	19,236	—	19,236
Balance as at 1 January 2011 as adjusted	5,771,682	2,727,647	1,846,468	—	326,318	40,959	(6,164)	(8,160)	3,937,100	14,635,850	132,634	14,768,484
Changes in equity for the six months ended 30 June 2011												
Contribution from then shareholders in relation to the acquired Target Interests		—	—	—	—	—	—	13,234	—	13,234	—	13,234
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 owners		—	—	—	—	—	—	—	—	—	(1,522)	(1,522)
Profit for the period		—	—	—	—	—	—	1,587	1,042,938	1,044,525	(6,022)	1,038,503
Other comprehensive income	11	—	—	—	—	(9,075)	6,676	—	—	(2,399)	—	(2,399)
Total comprehensive income for the period		—	—	—	—	(9,075)	6,676	1,587	1,042,938	1,042,126	(6,022)	1,036,104
Balance as at 30 June 2011	5,771,682	2,727,647	1,846,468	—	326,318	31,884	512	5,902	4,252,806	14,963,219	122,199	15,085,418
Changes in equity for the six months ended 31 December 2011												
Contribution from then shareholders in relation to the acquired Target Interests		—	—	—	—	—	—	5,078	—	5,078	—	5,078
Capital injection by a non-controlling owner to a subsidiary		—	—	—	—	—	—	—	—	—	20,000	20,000
Acquisition of non-controlling interests		—	—	—	—	—	—	299	—	299	(878)	(579)
Appropriation		—	—	—	102,389	—	—	—	(102,389)	—	—	—
Others		—	—	—	—	—	—	21,512	—	21,512	—	21,512
Distribution to non-controlling owners		—	—	—	—	—	—	—	—	—	(17,092)	(17,092)
Profit for the period		—	—	—	—	—	—	1,127	1,071,925	1,073,052	(2,969)	1,070,083
Other comprehensive income		—	—	—	—	(9,230)	(10,101)	—	—	(19,331)	—	(19,331)
Total comprehensive income for the period		—	—	—	—	(9,230)	(10,101)	1,127	1,071,925	1,053,721	(2,969)	1,050,752
Balance as at 31 December 2011	5,771,682	2,727,647	1,846,468	—	428,707	22,654	(9,589)	33,918	5,222,342	16,043,829	121,260	16,165,089

The notes on pages 14 to 33 form part of this interim financial report.



Consolidated Statement of Changes in Equity — Unaudited (Continued)

For the six months ended 30 June 2012

(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 in 2006 and subsequent share issuances in 2008 and 2012 (see note 19) 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 the Target Business 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, the capital reserve has been restated.

(c) Revaluation reserve

As required by the relevant PRC rules and regulations with respect to the Restructuring and the acquisition of the Target Business, revaluations were carried out by independent valuers registered in the PRC, on a depreciated replacement cost basis. The revaluation reserve represents the surpluses arising from these valuations of the Group’s assets amounting to RMB294 million and RMB121 million in respect of the Restructuring and the acquisition of the Target Business, respectively, which have been credited to owner’s equity. As a result of the adoption of amendment to IFRS 1, the revaluation reserve has been reversed.

(d) 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.

(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.