

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2017

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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Notes		(note a)	(note b)	(note c)	(note d)	(note e)	(note f)					
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 six months ended 30 June 2017												
Profit for the period	–	–	–	–	–	–	–	–	1,468,668	1,468,668	6,507	1,475,175
Other comprehensive expense for the period 11	–	–	–	–	–	(3,126)	(18,427)	–	–	(21,553)	(44)	(21,597)
Total comprehensive (expense)/income for the period	–	–	–	–	–	(3,126)	(18,427)	–	1,468,668	1,447,115	6,463	1,453,578
Dividend declared 12(b)	–	–	–	–	–	–	–	–	(912,849)	(912,849)	–	(912,849)
Appropriation of specific reserve	–	–	–	–	201,661	–	–	–	(201,661)	–	–	–
Utilisation of specific reserve	–	–	–	–	(179,193)	–	–	–	179,193	–	–	–
Balance as at 30 June 2017	6,926,018	4,529,310	1,852,461	951,760	200,993	43,992	20,162	(68,310)	12,651,309	27,107,695	480,816	27,588,511
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 six months ended 30 June 2016												
Profit for the period	–	–	–	–	–	–	–	–	1,386,347	1,386,347	4,669	1,391,016
Other comprehensive (expense)/income for the period 11	–	–	–	–	–	(10,919)	9,214	–	–	(1,705)	34	(1,671)
Total comprehensive (expense)/income for the period	–	–	–	–	–	(10,919)	9,214	–	1,386,347	1,384,642	4,703	1,389,345
Dividend declared 12(b)	–	–	–	–	–	–	–	–	(770,173)	(770,173)	–	(770,173)
Appropriation of specific reserve	–	–	–	–	197,962	–	–	–	(197,962)	–	–	–
Utilisation of specific reserve	–	–	–	–	(172,239)	–	–	–	172,239	–	–	–
Balance as at 30 June 2016	6,926,018	4,529,310	1,846,468	856,150	163,100	33,807	9,648	(68,310)	11,079,091	25,375,282	453,499	25,828,781
Changes in equity for the six months for the six months ended 31 December 2016												
Profit for the period	–	–	–	–	–	–	–	–	1,149,902	1,149,902	12,277	1,162,179
Other comprehensive income for the period	–	–	–	–	–	13,311	28,941	–	–	42,252	79	42,331
Total comprehensive income for the period	–	–	–	–	–	13,311	28,941	–	1,149,902	1,192,154	12,356	1,204,510
Capital contribution from non-controlling interests	–	–	5,993	–	–	–	–	–	–	5,993	12,565	18,558
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(4,067)	(4,067)
Appropriation	–	–	–	95,610	–	–	–	–	(95,610)	–	–	–
Appropriation of specific reserve	–	–	–	–	262,033	–	–	–	(262,033)	–	–	–
Utilisation of specific reserve	–	–	–	–	(246,608)	–	–	–	246,608	–	–	–
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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONTINUED)

For the six months ended 30 June 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 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 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 the 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.

(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 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.

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.

(d) Specific reserve

Pursuant to the relevant PRC regulations, the Group appropriated and utilized 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 16 to 35 form part of this interim financial report.