

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

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 surplus reserve RMB'000 (note c)	Specific reserve RMB'000 (note d)	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
Balance as at 31 December 2018 (audited)	6,926,018	4,529,310	1,851,936	1,219,710	225,299	2,197,233	15,575	(68,310)	15,434,552	32,331,323	497,538	32,828,861
Adjustments	3	-	-	-	-	-	-	-	(32,754)	(32,754)	(341)	(33,095)
Balance as at 1 January 2019 (restated)	6,926,018	4,529,310	1,851,936	1,219,710	225,299	2,197,233	15,575	(68,310)	15,401,798	32,298,569	497,197	32,795,766
Changes in equity for the six months ended 30 June 2019												
Profit for the period		-	-	-	-	-	-	-	1,711,578	1,711,578	(10,433)	1,701,145
Other comprehensive income for the period	11	-	-	-	-	357,655	3,171	-	-	360,826	20	360,846
Total comprehensive income/(expense) for the period		-	-	-	-	357,655	3,171	-	1,711,578	2,072,404	(10,413)	2,061,991
Dividend declared	12(b)	-	-	-	-	-	-	-	(1,044,444)	(1,044,444)	-	(1,044,444)
Appropriation of specific reserve		-	-	-	309,787	-	-	-	(309,787)	-	-	-
Utilisation of specific reserve		-	-	-	(278,959)	-	-	-	278,959	-	-	-
Balance as at 30 June 2019	6,926,018	4,529,310	1,851,936	1,219,710	256,127	2,554,888	18,746	(68,310)	16,038,104	33,326,529	486,784	33,813,313
Balance as at 1 January 2018	6,926,018	4,529,310	1,852,461	1,051,256	198,140	2,402,299	5,619	(68,310)	13,706,102	30,602,895	490,166	31,093,061
Changes in equity for the six months ended 30 June 2018												
Profit for the period		-	-	-	-	-	-	-	1,595,476	1,595,476	8,022	1,603,498
Other comprehensive (expense)/income for the period	11	-	-	-	-	(202,355)	3,046	-	-	(199,309)	(39)	(199,348)
Total comprehensive (expense)/income for the period		-	-	-	-	(202,355)	3,046	-	1,595,476	1,396,167	7,983	1,404,150
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(9,933)	(9,933)
Dividend declared	12(b)	-	-	-	-	-	-	-	(977,261)	(977,261)	-	(977,261)
Appropriation of specific reserve		-	-	-	250,626	-	-	-	(250,626)	-	-	-
Utilisation of specific reserve		-	-	-	(232,857)	-	-	-	232,857	-	-	-
Others		-	-	-	-	-	-	-	-	-	(5,766)	(5,766)
Balance as at 30 June 2018	6,926,018	4,529,310	1,852,461	1,051,256	215,909	2,199,944	8,665	(68,310)	14,306,548	31,021,801	482,450	31,504,251
Changes in equity for the six months ended 31 December 2018												
Profit for the period		-	-	-	-	-	-	-	1,305,848	1,305,848	18,553	1,324,401
Other comprehensive (expense)/income for the period		-	-	-	-	(2,711)	6,910	-	-	4,199	51	4,250
Total comprehensive (expense)/income for the period		-	-	-	-	(2,711)	6,910	-	1,305,848	1,310,047	18,604	1,328,651
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,656)	(3,656)
Appropriation		-	-	168,454	-	-	-	-	(168,454)	-	-	-
Appropriation of specific reserve		-	-	-	320,322	-	-	-	(320,322)	-	-	-
Utilisation of specific reserve		-	-	-	(310,932)	-	-	-	310,932	-	-	-
Others		-	(525)	-	-	-	-	-	-	(525)	140	(385)
Balance as at 31 December 2018 (audited)	6,926,018	4,529,310	1,851,936	1,219,710	225,299	2,197,233	15,575	(68,310)	15,434,552	32,331,323	497,538	32,828,861

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

For the six months ended 30 June 2019

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 equity instruments at fair value through other comprehensive income 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 17 to 46 form part of this interim financial report.