

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2006

	Issued share capital <i>RMB million</i>	Share premium account <i>RMB million</i>	Available- for-sale financial instrument revaluation reserve <i>RMB million</i>	Cash flow hedging <i>RMB million</i>	Statutory surplus reserve <i>RMB million</i>	(Note) Statutory public welfare fund <i>RMB million</i>	Retained profits <i>RMB million</i>	Total <i>RMB million</i>
At 1 January 2005								
As previously reported	11,142	4,739	(452)	–	6	3	715	16,153
Prior year adjustment – change in an accounting policy	–	–	–	–	–	–	1,135	1,135
As restated	11,142	4,739	(452)	–	6	3	1,850	17,288
Net fair value gain of available-for-sale financial instruments	–	–	188	–	–	–	–	188
Realised on disposals of available-for-sale financial instruments	–	–	120	–	–	–	–	120
Impairment loss	–	–	245	–	–	–	–	245
Change of deferred tax assets recognised	–	–	(181)	–	–	–	–	(181)
Net gain for the year recognised directly in equity	–	–	372	–	–	–	–	372
Profit for the year (as restated)	–	–	–	–	–	–	940	940
2005 Interim dividend	–	–	–	–	–	–	(802)	(802)
Transfer from/(to) reserves	–	–	–	–	95	48	(143)	–
At 31 December 2005	11,142	4,739	(80)	–	101	51	1,845	17,798
At 1 January 2006								
As previously reported	11,142	4,739	(80)	–	101	51	883	16,836
Prior year adjustment – change in an accounting policy	–	–	–	–	–	–	962	962
As restated	11,142	4,739	(80)	–	101	51	1,845	17,798
Net fair value gain of available-for-sale financial instruments	–	–	1,295	–	–	–	–	1,295
Net fair value gain of cash flow hedging	–	–	–	6	–	–	–	6
Realised on disposals of available-for-sale financial instruments	–	–	(38)	–	–	–	–	(38)
Change of deferred tax assets recognised	–	–	(414)	(2)	–	–	–	(416)
Net gain for the year recognised directly in equity	–	–	843	4	–	–	–	847
Profit for the year	–	–	–	–	–	–	2,082	2,082
Transfer from/(to) reserves	–	–	–	–	51	(51)	–	–
At 31 December 2006	11,142	4,739*	763*	4*	152*	–	3,927*	20,727

Note: As a result of the adoption of amendments to the PRC Company Law, the balance of statutory public welfare fund was transferred to the statutory surplus reserve on 1 January 2006.

\* These reserve accounts comprise the consolidated reserves of RMB9,585 million (2005: RMB6,656 million) in the consolidated balance sheet.