

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

for the year ended 31 December 2002
 (Amounts in millions)

	Note	Share capital RMB	Capital reserve RMB	Share premium RMB	Revaluation reserve RMB	Surplus reserves RMB	Statutory common welfare fund RMB	Other reserves RMB	Retained earnings RMB	Total shareholders' equity RMB
Balance as at 1 January 2001		—	—	—	—	—	—	—	101,619	101,619
Net profit		—	—	—	—	—	—	—	6,883	6,883
Contributions from China Telecom		—	—	—	—	—	—	—	3,003	3,003
Distributions to China Telecom		—	—	—	—	—	—	—	(15,835)	(15,835)
Assets distributed to China Telecom in connection with the Restructuring	1	—	—	—	—	—	—	—	(11,285)	(11,285)
Revaluation surplus	3	—	—	—	4,154	—	—	—	—	4,154
Recognition of deferred tax assets	8	—	—	—	—	—	—	4,059	—	4,059
Elimination of net deferred tax liabilities	8	—	—	—	—	—	—	—	4,887	4,887
Balance as at 31 December 2001		—	—	—	4,154	—	—	4,059	89,272	97,485
Capitalisation as share capital upon incorporation of the Company	18, 19	68,317	20,955	—	—	—	—	—	(89,272)	—
Issue of shares, net of issuing expenses of RMB796 million	18	7,297	—	3,362	—	—	—	—	—	10,659
Net profit		—	—	—	—	—	—	—	16,864	16,864
Appropriations	19	—	—	—	—	8,121	1,624	—	(9,745)	—
Revaluation surplus realised		—	—	—	(10)	—	—	—	10	—
Deferred tax on amortisation of land use rights realised		—	—	—	—	—	—	(75)	75	—
Balance as at 31 December 2002		75,614	20,955	3,362	4,144	8,121	1,624	3,984	7,204	125,008

The notes on pages 71 to 109 form part of these financial statements.