

# CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)

*for the six-month period ended 30 June 2005  
(Amounts in millions)*

Note	Attributable to equity holders of the Company										Minority interests RMB (Note 3)	Total equity RMB
	Share capital RMB	Capital reserve RMB	Share premium RMB	Re-valuation reserve RMB	Surplus reserves RMB	Statutory common welfare fund RMB	Other reserves RMB	Retained earnings RMB	Total RMB			
Balance as at 1 January 2004	75,614	6,567	3,362	6,424	15,461	3,372	24,246	15,748	150,794	1,269	152,063	
Issue of shares, net of issuing expenses of RMB294 million	5,318	—	7,384	—	—	—	—	—	12,702	—	12,702	
Profit for the six-month period ended 30 June 2004	—	—	—	—	—	—	—	14,708	14,708	12	14,720	
Contributions from minority interests	—	—	—	—	—	—	—	—	—	68	68	
Contributions from China Telecom	—	—	—	—	—	—	—	100	100	—	100	
Transfer from retained earnings to other reserves	—	—	—	—	—	—	2,653	(2,653)	—	—	—	
Consideration for the acquisition of the Second Acquired Group	1	—	—	—	—	—	(27,800)	—	(27,800)	—	(27,800)	
Transfer from other reserves to capital reserve	—	(9,371)	—	—	—	—	9,371	—	—	—	—	
Dividends	13	—	—	—	—	—	—	(5,224)	(5,224)	—	(5,224)	
Effect of change in tax rate	—	—	—	—	—	—	(166)	—	(166)	—	(166)	
Revaluation surplus realised	—	—	—	(8)	—	—	—	8	—	—	—	
Deferred tax on land use rights realised	—	—	—	—	—	—	(74)	74	—	—	—	
<b>Balance as at 30 June 2004</b>	<b>80,932</b>	<b>(2,804)</b>	<b>10,746</b>	<b>6,416</b>	<b>15,461</b>	<b>3,372</b>	<b>8,230</b>	<b>22,761</b>	<b>145,114</b>	<b>1,349</b>	<b>146,463</b>	
Profit for the six-month period ended 31 December 2004	—	—	—	—	—	—	—	13,315	13,315	41	13,356	
Contributions from minority interests	—	—	—	—	—	—	—	—	—	23	23	
Appropriations	—	—	—	—	10,168	2,421	—	(12,589)	—	—	—	
Revaluation surplus	—	—	—	1,233	—	—	—	—	1,233	—	1,233	
Deferred tax on revaluation surplus of property, plant and equipment	—	—	—	—	—	—	(378)	—	(378)	—	(378)	
Effect of change in tax rate	—	—	—	—	—	—	(78)	—	(78)	—	(78)	
Revaluation surplus realised	—	—	—	(64)	—	—	—	64	—	—	—	
Deferred tax on land use rights realised	—	—	—	—	—	—	(91)	91	—	—	—	
<b>Balance as at 31 December 2004</b>	<b>80,932</b>	<b>(2,804)</b>	<b>10,746</b>	<b>7,585</b>	<b>25,629</b>	<b>5,793</b>	<b>7,683</b>	<b>23,642</b>	<b>159,206</b>	<b>1,413</b>	<b>160,619</b>	
Profit for the six-month period ended 30 June 2005	—	—	—	—	—	—	—	14,696	14,696	17	14,713	
Contributions from minority interests	—	—	—	—	—	—	—	—	—	8	8	
Deferred tax on revaluation surplus of property, plant and equipment realised	—	—	—	—	—	—	6	(6)	—	—	—	
Dividends	13	—	—	—	—	—	—	(5,596)	(5,596)	—	(5,596)	
Revaluation surplus realised	—	—	—	(21)	—	—	—	21	—	—	—	
Deferred tax on land use rights realised	—	—	—	—	—	—	(99)	99	—	—	—	
<b>Balance as at 30 June 2005</b>	<b>80,932</b>	<b>(2,804)</b>	<b>10,746</b>	<b>7,564</b>	<b>25,629</b>	<b>5,793</b>	<b>7,590</b>	<b>32,856</b>	<b>168,306</b>	<b>1,438</b>	<b>169,744</b>	

The notes on pages 12 to 29 form part of these interim financial statements.