

# 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	—	—	—
Balance as at 30 June 2004		80,932	(2,804)	10,746	6,416	15,461	3,372	8,230	22,761	145,114	1,349	146,463
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	—	—	—
Balance as at 31 December 2004		80,932	(2,804)	10,746	7,585	25,629	5,793	7,683	23,642	159,206	1,413	160,619
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	—	—	—
Balance as at 30 June 2005		80,932	(2,804)	10,746	7,564	25,629	5,793	7,590	32,856	168,306	1,438	169,744

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