



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

(Amounts in millions)

		Attributable to equity holders of the Company										
		Share capital	Capital reserve	Share premium	Re-valuation reserve	Surplus reserves	Statutory common welfare fund	Other reserves	Retained earnings		(Note 3(ii)) Minority interests	Total equity
	Note	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	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
Net income recognised directly in equity:												
Revaluation surplus of property, plant and equipment	4	-	-	-	1,233	-	-	-	-	1,233	-	1,233
Deferred tax on revaluation surplus of property, plant and equipment	9	-	-	-	-	-	-	(378)	-	(378)	-	(378)
Effect of change in tax rate	9	-	-	-	-	-	-	(244)	-	(244)	-	(244)
Revaluation surplus realised		-	-	-	(72)	-	-	-	72	-	-	-
Deferred tax on land use rights realised		-	-	-	-	-	-	(165)	165	-	-	-
Profit for the year		-	-	-	1,161	-	-	(787)	237	611	-	611
		-	-	-	-	-	-	-	28,023	28,023	53	28,076
Total recognised income and expenses		-	-	-	1,161	-	-	(787)	28,260	28,634	53	28,687
Issue of shares, net of issuing expenses of RMB294 million		5,318	-	7,384	-	-	-	-	-	12,702	-	12,702
Contributions from minority interests		-	-	-	-	-	-	-	-	-	91	91
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	-	-	-	-
Appropriations	20	-	-	-	-	10,168	2,421	-	(12,589)	-	-	-
Dividends		-	-	-	-	-	-	-	(5,224)	(5,224)	-	(5,224)
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
Net income recognised directly in equity:												
Effect of change in tax rate	9	-	-	-	-	-	-	(5)	-	(5)	-	(5)
Revaluation surplus realised		-	-	-	(134)	-	-	-	134	-	-	-
Deferred tax on revaluation surplus of property, plant and equipment realised		-	-	-	-	-	-	12	(12)	-	-	-
Deferred tax on land use rights realised		-	-	-	-	-	-	(189)	189	-	-	-
Profit for the year		-	-	-	(134)	-	-	(182)	311	(5)	-	(5)
		-	-	-	-	-	-	-	27,912	27,912	42	27,954
Total recognised income and expenses		-	-	-	(134)	-	-	(182)	28,223	27,907	42	27,949
Contributions from minority interests		-	-	-	-	-	-	-	-	-	12	12
Distributions to minority interests		-	-	-	-	-	-	-	-	-	(23)	(23)
Appropriations	20	-	-	-	-	9,509	1,285	-	(10,794)	-	-	-
Dividends	29	-	-	-	-	-	-	-	(5,596)	(5,596)	-	(5,596)
Balance as at 31 December 2005		80,932	(2,804)	10,746	7,451	35,138	7,078	7,501	35,475	181,517	1,444	182,961

The notes on pages 81 to 122 form part of these financial statements.