

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six-month period ended 30 June 2007
(Amounts in millions)

	Attributable to equity holders of the Company												
	Note	Share capital RMB	Capital reserve RMB	Share premium RMB	Re-valuation reserve RMB	Surplus reserves RMB	Statutory common welfare fund RMB	Other reserves RMB	Exchange reserves RMB	Retained earnings RMB	Total RMB	Minority interests RMB	Total equity RMB
Balance as at 1 January 2006, as previously reported		80,932	(2,804)	10,746	7,451	35,138	7,078	7,501	—	35,475	181,517	1,444	182,961
Adjusted for the Third Acquisition	2	—	—	—	—	—	—	3,408	(170)	—	3,238	—	3,238
Balance as at 1 January 2006, as adjusted		80,932	(2,804)	10,746	7,451	35,138	7,078	10,909	(170)	35,475	184,755	1,444	186,199
Gains and losses recognised directly in equity:													
Effect of change in tax rate		—	—	—	—	—	—	5	—	—	5	—	5
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	—	—	—	—	—	(99)	—	(99)	—	(99)
		—	—	—	—	—	—	5	(99)	—	(94)	—	(94)
Profit for the six-month period ended 30 June 2006		—	—	—	—	—	—	—	—	14,155	14,155	33	14,188
Total recognised income and expenses		—	—	—	—	—	—	5	(99)	14,155	14,061	33	14,094
Deferred tax on revaluation surplus of property, plant and equipment realised		—	—	—	—	—	—	7	—	(7)	—	—	—
Revaluation surplus realised		—	—	—	(17)	—	—	—	—	17	—	—	—
Deferred tax on land use rights realised		—	—	—	—	—	—	(94)	—	94	—	—	—
Distribution to minority interests		—	—	—	—	—	—	—	—	—	—	(19)	(19)
Transfer from statutory welfare fund to surplus reserves		—	—	—	—	7,078	(7,078)	—	—	—	—	—	—
Dividends	16	—	—	—	—	—	—	—	—	(6,283)	(6,283)	—	(6,283)
Contribution from China Telecom		—	—	—	—	—	—	272	—	—	272	—	272
Transfer from retained earnings to other reserves		—	—	—	—	—	—	71	—	(71)	—	—	—
Balance as at 30 June 2006		80,932	(2,804)	10,746	7,434	42,216	—	11,170	(269)	43,380	192,805	1,458	194,263
Gains and losses recognised directly in equity:													
Change in fair value of available-for-sale equity securities (net of deferred tax of RMB22 million)		—	—	—	—	—	—	44	—	—	44	—	44
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	—	—	—	—	—	(210)	—	(210)	—	(210)
		—	—	—	—	—	—	44	(210)	—	(166)	—	(166)
Profit for the six-month period ended 31 December 2006		—	—	—	—	—	—	—	—	13,092	13,092	50	13,142

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

for the six-month period ended 30 June 2007
(Amounts in millions)

Note	Attributable to equity holders of the Company												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	Exchange reserves RMB	Retained earnings RMB	Total RMB	Minority interests RMB		
Total recognised income and expenses	—	—	—	—	—	—	44	(210)	13,092	12,926	50	12,976	
Deferred tax on revaluation surplus of property, plant and equipment realised	—	—	—	—	—	—	26	—	(26)	—	—	—	
Revaluation surplus realised	—	—	—	(77)	—	—	—	—	77	—	—	—	
Deferred tax on land use rights realised	—	—	—	—	—	—	(88)	—	88	—	—	—	
Distribution to minority interests	—	—	—	—	—	—	—	—	—	—	(60)	(60)	
Appropriations	—	—	—	—	7,602	—	—	—	(7,602)	—	—	—	
Contribution from China Telecom	—	—	—	—	—	—	497	—	—	497	—	497	
Transfer from retained earnings to other reserves	—	—	—	—	—	—	34	—	(34)	—	—	—	
Balance as at 31 December 2006	80,932	(2,804)	10,746	7,357	49,818	—	11,683	(479)	48,975	206,228	1,448	207,676	
Gains and losses recognised directly in equity:													
Effect of change in tax rate	10	—	—	—	—	—	(1,581)	—	—	(1,581)	—	(1,581)	
Change in fair value of available-for-sale equity securities (net of deferred tax of RMB24 million)	—	—	—	—	—	—	48	—	—	48	—	48	
Exchange difference on translation of financial statements of foreign subsidiaries	—	—	—	—	—	—	—	(60)	—	(60)	—	(60)	
	—	—	—	—	—	—	(1,533)	(60)	—	(1,593)	—	(1,593)	
Profit for the six-month period ended 30 June 2007	—	—	—	—	—	—	—	—	13,482	13,482	27	13,509	
Total recognised income and expenses	—	—	—	—	—	—	(1,533)	(60)	13,482	11,889	27	11,916	
Deferred tax on revaluation surplus of property, plant and equipment realised	—	—	—	—	—	—	14	—	(14)	—	—	—	
Revaluation surplus realised	—	—	—	(46)	—	—	—	—	46	—	—	—	
Deferred tax on land use rights realised	—	—	—	—	—	—	(89)	—	89	—	—	—	
Distributions to minority interests	—	—	—	—	—	—	—	—	—	—	(14)	(14)	
Dividends	16	—	—	—	—	—	—	—	(6,741)	(6,741)	—	(6,741)	
Distribution to China Telecom	—	—	—	—	—	—	(2,890)	—	—	(2,890)	—	(2,890)	
Transfer from retained earnings to other reserves	—	—	—	—	—	—	156	—	(156)	—	—	—	
Adjustment to surplus reserves	20	—	—	—	(306)	—	—	—	306	—	—	—	
Consideration for the acquisition of the Third Acquired Group	2	—	—	—	—	—	(1,408)	—	—	(1,408)	—	(1,408)	
Balance as at 30 June 2007	80,932	(2,804)	10,746	7,311	49,512	—	5,933	(539)	55,987	207,078	1,461	208,539	

The notes on pages 14 to 30 form part of these interim financial statements.