

Consolidated Statement of Changes in Equity (Unaudited)

for the six-month period ended 30 June 2008

(Amounts in millions)

	Note	Attributable to equity holders of the Company									Minority interests	Total equity
		Share capital	Capital reserve	Share premium	Re-valuation reserve	Statutory reserves	Other reserves	Exchange reserves	Retained earnings	Total		
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January 2007, as previously reported		80,932	(2,804)	10,746	7,357	49,818	11,656	(479)	48,975	206,201	1,448	207,649
Adjusted for the Fourth Acquisition	2	-	-	-	-	-	3,148	-	-	3,148	-	3,148
Balance as at 1 January 2007, as restated		80,932	(2,804)	10,746	7,357	49,818	14,804	(479)	48,975	209,349	1,448	210,797
Gains and losses recognised directly in equity:												
Effect of change in tax rate		-	-	-	-	-	(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 subsidiaries outside mainland PRC		-	-	-	-	-	-	(60)	-	(60)	-	(60)
Profit for the six-month period ended 30 June 2007, as restated		-	-	-	-	-	(1,533)	(60)	-	(1,593)	-	(1,593)
Profit for the six-month period ended 30 June 2007, as restated		-	-	-	-	-	-	-	13,756	13,756	27	13,783
Total recognised income and expenses		-	-	-	-	-	(1,533)	(60)	13,756	12,163	27	12,190
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	-	-	-
Distribution to minority interests		-	-	-	-	-	-	-	-	-	(14)	(14)
Dividends	16	-	-	-	-	-	-	-	(6,741)	(6,741)	-	(6,741)
Distribution to China Telecom		-	-	-	-	-	(2,897)	-	-	(2,897)	-	(2,897)
Transfer from retained earnings to other reserves		-	-	-	-	-	430	-	(430)	-	-	-
Adjustment to surplus reserves		-	-	-	-	(306)	-	-	306	-	-	-
Consideration for the acquisition of the Third Acquired Group		-	-	-	-	-	(1,408)	-	-	(1,408)	-	(1,408)
Balance as at 30 June 2007, as restated		80,932	(2,804)	10,746	7,311	49,512	9,321	(539)	55,987	210,466	1,461	211,927
Gains and losses recognised directly in equity:												
Effect of change in tax rate		-	-	-	-	-	4	-	-	4	-	4
Surplus on revaluation of property, plant and equipment		-	-	-	4,809	-	-	-	-	4,809	-	4,809
Deferred tax on revaluation surplus		-	-	-	-	-	(1,136)	-	-	(1,136)	-	(1,136)
Change in fair value of available-for-sale equity securities (net of deferred tax of RMB10 million)		-	-	-	-	-	16	-	-	16	-	16
Exchange difference on translation of financial statements of subsidiaries outside mainland PRC		-	-	-	-	-	-	(43)	-	(43)	-	(43)
Profit for the six-month period ended 31 December 2007, as restated		-	-	-	4,809	-	(1,116)	(43)	-	3,650	-	3,650
Profit for the six-month period ended 31 December 2007, as restated		-	-	-	-	-	-	-	10,439	10,439	70	10,509

The notes on pages 15 to 33 form part of these interim financial statements.

Consolidated Statement of Changes in Equity (Unaudited) (Continued)

for the six-month period ended 30 June 2008
(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	Statutory reserves RMB	Other reserves RMB	Exchange reserves RMB	Retained earnings RMB	Total RMB	Minority interests RMB	
Total recognised income and expenses		-	-	-	4,809	-	(1,116)	(43)	10,439	14,089	70	14,159
Deferred tax on revaluation surplus of property, plant and equipment realised		-	-	-	-	-	17	-	(17)	-	-	-
Revaluation surplus realised		-	-	-	(148)	-	-	-	148	-	-	-
Deferred tax on land use rights realised		-	-	-	-	-	(80)	-	80	-	-	-
Distribution to minority interests		-	-	-	-	-	-	-	-	-	(80)	(80)
Appropriations		-	-	-	-	5,388	-	-	(5,388)	-	-	-
Distribution to China Telecom		-	-	-	-	-	(34)	-	-	(34)	-	(34)
Transfer from retained earnings to other reserves		-	-	-	-	-	219	-	(219)	-	-	-
Adjustment to statutory reserves		-	-	-	-	(2,533)	-	-	2,533	-	-	-
Balance as at 31 December 2007, as restated		80,932	(2,804)	10,746	11,972	52,367	8,327	(582)	63,563	224,521	1,451	225,972
Gains and losses recognised directly in equity:												
Change in fair value of available-for-sale equity securities (net of deferred tax of RMB21 million)		-	-	-	-	-	(62)	-	-	(62)	-	(62)
Exchange difference on translation of financial statements of subsidiaries outside mainland PRC		-	-	-	-	-	-	(79)	-	(79)	-	(79)
Profit for the six-month period ended 30 June 2008		-	-	-	-	-	(62)	(79)	-	(141)	-	(141)
		-	-	-	-	-	-	-	12,634	12,634	43	12,677
Total recognised income and expenses		-	-	-	-	-	(62)	(79)	12,634	12,493	43	12,536
Deferred tax on revaluation surplus of property, plant and equipment realised		-	-	-	-	-	62	-	(62)	-	-	-
Revaluation surplus realised		-	-	-	(296)	-	-	-	296	-	-	-
Deferred tax on land use rights realised		-	-	-	-	-	(65)	-	65	-	-	-
Distributions to minority interests		-	-	-	-	-	-	-	-	-	(8)	(8)
Dividends	16	-	-	-	-	-	-	-	(6,125)	(6,125)	-	(6,125)
Transfer from retained earnings to other reserves		-	-	-	-	-	425	-	(425)	-	-	-
Distribution to China Telecom		-	-	-	-	-	(535)	-	-	(535)	-	(535)
Adjustment to statutory reserves		-	-	-	-	3,718	-	-	(3,718)	-	-	-
Consideration for the acquisition of the Fourth Acquired Company	2	-	-	-	-	-	(5,557)	-	-	(5,557)	-	(5,557)
Balance as at 30 June 2008		80,932	(2,804)	10,746	11,676	56,085	2,595	(661)	66,228	224,797	1,486	226,283

The notes on pages 15 to 33 form part of these interim financial statements.