

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Equity attributable to equity shareholders of the Company											Non-controlling interests	Total equity
	Notes	Share capital	Share premium	Capital reserve	Statutory			Exchange reserve	Other reserve	Retained earnings	Total		
					surplus reserve	Specific reserve	Fair value reserve						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance as at 31 December 2018</b> (audited)		6,926,018	4,529,310	1,851,936	1,219,710	225,299	2,197,233	15,575	(68,310)	15,434,552	32,331,323	497,538	32,828,861
<b>Adjustments</b>	3	-	-	-	-	-	-	-	-	(32,754)	(32,754)	(341)	(33,095)
<b>Balance as at 1 January 2019</b> (restated)		6,926,018	4,529,310	1,851,936	1,219,710	225,299	2,197,233	15,575	(68,310)	15,401,798	32,298,569	497,197	32,795,766
<b>Changes in equity for the year ended 31 December 2019</b>													
Profit for the year		-	-	-	-	-	-	-	-	3,049,229	3,049,229	(19,430)	3,029,799
Other comprehensive income/ (expense) for the year		-	-	-	-	-	263,452	(2,708)	-	-	260,744	62	260,806
Total comprehensive income/ (expense) for the year		-	-	-	-	-	263,452	(2,708)	-	3,049,229	3,309,973	(19,368)	3,290,605
Dividend declared	14(b)	-	-	-	-	-	-	-	-	(1,044,444)	(1,044,444)	-	(1,044,444)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(4,155)	(4,155)
Appropriation		-	-	-	119,831	-	-	-	-	(119,831)	-	-	-
Appropriation of specific reserve		-	-	-	-	681,925	-	-	-	(681,925)	-	-	-
Utilisation of specific reserve		-	-	-	-	(636,950)	-	-	-	636,950	-	-	-
Others		-	-	(188)	-	-	-	-	-	-	(188)	188	-
<b>Balance as at 31 December 2019</b>		6,926,018	4,529,310	1,851,748	1,339,541	270,274	2,460,685	12,867	(68,310)	17,241,777	34,563,910	473,862	35,037,772
<b>Balance as at 1 January 2018</b>		6,926,018	4,529,310	1,852,461	1,051,256	198,140	2,402,299	5,619	(68,310)	13,706,102	30,602,895	490,166	31,093,061
<b>Changes in equity for the year ended 31 December 2018</b>													
Profit for the year		-	-	-	-	-	-	-	-	2,901,324	2,901,324	26,575	2,927,899
Other comprehensive (expense)/ income for the year		-	-	-	-	-	(205,066)	9,956	-	-	(195,110)	12	(195,098)
Total comprehensive (expense)/ income for the year		-	-	-	-	-	(205,066)	9,956	-	2,901,324	2,706,214	26,587	2,732,801
Dividend declared	14(b)	-	-	-	-	-	-	-	-	(977,261)	(977,261)	-	(977,261)
Distribution to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(13,589)	(13,589)
Appropriation		-	-	-	168,454	-	-	-	-	(168,454)	-	-	-
Appropriation of specific reserve		-	-	-	-	570,948	-	-	-	(570,948)	-	-	-
Utilisation of specific reserve		-	-	-	-	(543,789)	-	-	-	543,789	-	-	-
Others		-	-	(525)	-	-	-	-	-	-	(525)	(5,626)	(6,151)
<b>Balance as at 31 December 2018</b>		6,926,018	4,529,310	1,851,936	1,219,710	225,299	2,197,233	15,575	(68,310)	15,434,552	32,331,323	497,538	32,828,861

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

## Notes:

### (a) Share premium

The share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the initial public offering in 2006 and subsequent share issuance in 2008 and 2012 respectively.

### (b) Capital reserve

The capital reserve mainly represents the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from China Telecommunications Corporation ("CTC"), Guangdong Telecom Industry Group Corporation and Zhejiang Telecom Industry Corporation upon the formation of the Company and the difference between the consideration for the acquisition of Target Business (as defined in note 1(b)) and the net assets value of the Target Business in 2007.

### (c) Statutory surplus reserve

According to the People's Republic of China (the "PRC") Company Law and the Articles of Association of the Company and its PRC subsidiaries, these companies are required to transfer 10% of their respective net profit as determined in accordance with the PRC Accounting Rules and Regulations to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, or to expand the business, and may be converted into share capital by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The amount represents the statutory surplus reserve appropriated by the Company and the statutory surplus reserve appropriated by the Company's subsidiaries is not presented.

For the year ended 31 December 2019, the Company transferred RMB120 million (2018: RMB168 million) being 10% of the profit for the current year as determined in accordance with the PRC Accounting Rules and Regulations to this reserve.

### (d) Specific reserve

Pursuant to the relevant PRC regulations, the Group appropriated and utilised the provision for production safety. The Group is required to make a transfer for the provision for production safety from retained earnings to a specific reserve. The provision for production safety could be utilised when expenses or capital expenditures on production safety measures are incurred. The amount of the provision for production safety utilised would be transferred from the specific reserve back to retained earnings.

### (e) Fair value reserve

The fair value reserve represents the net change in the fair value of equity instruments at fair value through other comprehensive income held at the end of the reporting period.

### (f) Exchange reserve

The exchange reserve represents all foreign exchange differences arising from the translation of the financial statements of subsidiaries located outside Mainland China.

The notes on pages 142 to 234 form part of these consolidated financial statements.