

# Consolidated Cash Flow Statement

for the year ended 31 December 2007  
(Expressed in Renminbi)



071

	Note	2007 RMB million	2006 RMB million
<b>Operating activities</b>			
Profit before taxation		129,238	96,176
Adjustments for:			
— Depreciation of property, plant and equipment	15	67,354	64,574
— Amortization of other intangible assets	5	258	203
— Amortization of land lease prepayments		322	176
— (Gain)/loss on disposal of property, plant and equipment	5	(11)	46
— Write-off of property, plant and equipment	5	2,788	2,857
— Impairment loss for doubtful accounts	5	3,872	3,852
— Interest income		(4,015)	(2,604)
— Finance costs	8	1,825	1,510
— Dividend income from unlisted securities	7	(31)	(39)
— Equity-settled share-based payment expenses	4	806	2,264
— Unrealized exchange loss, net	7	22	212
<b>Operating profit before changes in working capital</b>		<b>202,428</b>	<b>169,227</b>
Increase in inventories		(288)	(626)
Increase in accounts receivable		(3,679)	(4,310)
Increase in other receivables		(320)	(313)
Increase in prepayments and other current assets		(1,067)	(1,030)
Decrease/(increase) in amount due from ultimate holding company		227	(242)
Increase in accounts payable		796	6,556
Decrease in bills payable		(46)	(3)
Increase in deferred revenue		1,606	4,455
Increase in accrued expenses and other payables		4,730	6,033
Decrease in amount due to ultimate holding company		(103)	(140)
<b>Cash generated from operations</b>		<b>204,284</b>	<b>179,607</b>
Tax paid			
— Hong Kong profits tax paid		(12)	(21)
— PRC enterprise income tax paid		(35,660)	(30,240)
<b>Net cash generated from operating activities carried forward</b>		<b>168,612</b>	<b>149,346</b>

## Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2007

(Expressed in Renminbi)

072

	Note	2007 RMB million	2006 RMB million
<b>Net cash generated from operating activities brought forward</b>		<b>168,612</b>	<b>149,346</b>
<b>Investing activities</b>			
Payment for acquisition of a subsidiary (net of cash and cash equivalents acquired)		–	(3,410)
Capital expenditure		(98,523)	(76,969)
Land lease prepayments		(1,028)	(597)
Payment for purchase of other intangible assets		(28)	(45)
Proceeds from disposal of property, plant and equipment		20	80
Increase in deposits with banks		(27,391)	(40,369)
Interest received		3,880	2,430
Dividends received from unlisted securities	7	31	39
<b>Net cash used in investing activities</b>		<b>(123,039)</b>	<b>(118,841)</b>
<b>Financing activities</b>			
Proceeds from issue of shares under share option scheme	35(c)(ii)	1,614	4,093
Redemption of bonds	30(c)(ii)	(3,000)	–
Repayments of bank and other loans		–	(104)
Interest paid		(1,802)	(1,414)
Dividends paid	13	(34,088)	(26,162)
<b>Net cash used in financing activities</b>		<b>(37,276)</b>	<b>(23,587)</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,297</b>	<b>6,918</b>
Cash and cash equivalents at beginning of year		71,167	64,461
Effect of changes in foreign exchange rate		(605)	(212)
<b>Cash and cash equivalents at end of year</b>	27	<b>78,859</b>	<b>71,167</b>

### Notes to the consolidated cash flow statement

#### Significant non-cash transactions

The Group incurred payables of RMB39,006,000,000 (2006: RMB36,851,000,000) and RMB1,830,000,000 (2006: RMB2,143,000,000) to equipment suppliers and banks respectively for additions of construction in progress during the year ended 31 December 2007.