

Consolidated Cash Flow Statement

for the year ended 31 December 2010
(Expressed in Renminbi)

	Note	2010 RMB million	2009 RMB million
Operating activities			
Profit before taxation		159,071	153,836
Adjustments for:			
– Depreciation of property, plant and equipment	14(a)	86,230	80,179
– Amortization of other intangible assets	5	62	56
– Amortization of land lease prepayments		298	261
– Loss on disposal of property, plant and equipment	5	–	11
– Write-off of property, plant and equipment	5	2,763	4,493
– Impairment loss of doubtful accounts	5	4,019	4,503
– Impairment loss of inventories	5	55	16
– Interest income		(5,658)	(5,940)
– Finance costs	8	902	1,243
– Dividend income from unlisted securities	7	(17)	(18)
– Share of profit of associate		(558)	–
– Share of loss of jointly controlled entity	20	18	8
– Unrealized exchange loss /(gain), net	7	6	(3)
Operating cashflow before changes in working capital			
Increase in inventories		(457)	(369)
Increase in accounts receivable		(5,232)	(3,945)
Decrease in other receivables		170	127
Increase in prepayments and other current assets		(1,087)	(1,423)
(Increase)/decrease in amount due from ultimate holding company		(268)	84
Increase in accounts payable		5,704	2,598
(Decrease)/increase in bills payable		(1)	25
Increase in deferred revenue		7,847	2,376
Increase in accrued expenses and other payables		16,369	11,946
Increase/(decrease) in amount due to ultimate holding company		11	(2)
Cash generated from operations			
Tax paid			
– Hong Kong profits tax paid		(99)	(80)
– PRC enterprise income tax paid		(38,769)	(42,859)
Net cash generated from operating activities carried forward			
		231,379	207,123

Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2010
(Expressed in Renminbi)

	Note	2010 RMB million	2009 RMB million
Net cash generated from operating activities brought forward		231,379	207,123
Investing activities			
Capital expenditure		(113,203)	(115,314)
Land lease prepayments		(1,135)	(1,361)
Acquisition of other intangible assets		(162)	(484)
Proceeds from disposal of property, plant and equipment		12	13
Increase in deposits with banks		(19,190)	(54,780)
Increase in pledged bank deposits		(162)	–
Increase in trust loan receivable		(2,700)	–
Interest received		4,588	5,988
Acquisition of investment in an associate		(39,617)	–
Acquisition of investment in a jointly controlled entity	20	(20)	(7)
Dividends received from unlisted securities	7	17	18
Net cash used in investing activities		(171,572)	(165,927)
Financing activities			
Proceeds from issuance of shares under share option scheme	36(c)(ii)	93	132
Interest paid		(919)	(1,292)
Dividends paid to the Company's equity shareholders	36(b)	(50,201)	(48,614)
Dividends paid to non-controlling interests		(24)	–
Net cash used in financing activities		(51,051)	(49,774)
Net increase/(decrease) in cash and cash equivalents		8,756	(8,578)
Cash and cash equivalents at beginning of year		78,894	87,426
Effect of changes in foreign exchange rate		(107)	46
Cash and cash equivalents at end of year	28	87,543	78,894

Significant non-cash transactions

The Group recorded payables of RMB61,457,000,000 (2009: RMB52,427,000,000) and RMB451,000,000 (2009: RMB591,000,000) to equipment suppliers and banks respectively as at 31 December 2010 for additions of construction in progress during the year then ended.

The notes on pages 73 to 132 form part of these financial statements.