

Consolidated Cash Flow Statement

for the year ended 31 December 2011

(Expressed in Renminbi)

	Note	2011 RMB million	2010 RMB million
Operating activities			
Profit before taxation		166,582	159,071
Adjustments for:			
– Depreciation of property, plant and equipment	14(a)	97,113	86,230
– Amortization of other intangible assets	5	54	62
– Amortization of land lease prepayments		325	298
– Loss on disposal of property, plant and equipment	5	3	–
– Write-off of property, plant and equipment	5	5,853	2,763
– Impairment loss of doubtful accounts	5	3,548	4,019
– Impairment loss of inventories	5	87	55
– Interest income		(8,413)	(5,658)
– Finance costs	8	565	902
– Dividend income from unlisted securities	7	(13)	(17)
– Share of profit of associates		(4,306)	(558)
– Share of loss of jointly controlled entity		1	18
– Unrealized exchange loss, net	7	9	6
Operating cashflow before changes in working capital			
Increase in inventories		(3,492)	(457)
Increase in accounts receivable		(4,865)	(5,232)
(Increase)/decrease in other receivables		(258)	170
Increase in prepayments and other current assets		(2,613)	(1,087)
Decrease/(increase) in amount due from ultimate holding company		123	(268)
Increase in accounts payable		651	5,704
Increase/(decrease) in bills payable		614	(1)
Increase in deferred revenue		8,277	7,847
Increase in accrued expenses and other payables		6,719	16,369
Increase in amount due to ultimate holding company		270	11
Cash generated from operations			
Tax paid			
– Hong Kong profits tax paid		(134)	(99)
– PRC enterprise income tax paid		(39,944)	(38,769)
Net cash generated from operating activities carried forward			
		226,756	231,379

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	Note	2011 RMB million	2010 RMB million
Net cash generated from operating activities brought forward		226,756	231,379
Investing activities			
Capital expenditure		(123,331)	(113,203)
Land lease prepayments		(1,083)	(1,135)
Acquisition of other intangible assets		(85)	(162)
Proceeds from disposal of property, plant and equipment		123	12
Increase in deposits with banks		(41,884)	(19,190)
Increase in pledged bank deposits		–	(162)
Trust loan granted		(14,000)	(2,700)
Cash receipt from repayment of trust loan		2,700	–
Interest received		7,593	4,588
Acquisition of investment in an associate		–	(39,617)
Acquisition of investment in a jointly controlled entity		–	(20)
Proceeds from acquisition of a subsidiary (net of cash and cash equivalents acquired)		140	–
Dividends received from an associate		458	–
Dividends received from unlisted securities		13	17
Net cash used in investing activities		(169,356)	(171,572)
Financing activities			
Proceeds from issuance of shares under share option scheme	36(c)(ii)	136	93
Interest paid		(651)	(919)
Dividends paid to the Company's equity shareholders	36(b)	(52,575)	(50,201)
Dividends paid to non-controlling interests		–	(24)
Repayments of bonds and other loans		(5,330)	–
Net cash used in financing activities		(58,420)	(51,051)
Net (decrease)/increase in cash and cash equivalents		(1,020)	8,756
Cash and cash equivalents at beginning of year		87,543	78,894
Effect of changes in foreign exchange rate		(264)	(107)
Cash and cash equivalents at end of year	28	86,259	87,543

Significant non-cash transactions

The Group recorded payables of RMB60,357,000,000 (2010: RMB61,457,000,000) and RMB835,000,000 (2010: RMB451,000,000) to equipment suppliers and banks respectively as at 31 December 2011 for additions of construction in progress during the year then ended.

The notes on pages 77 to 140 form part of these financial statements.