



Consolidated Statement of Cash Flows

for the year ended 31 December 2010 (Amounts in millions)

	Note	2010 RMB	2009 RMB
Net cash from operating activities	(a)	75,571	74,988
Cash flows from/(used in) investing activities			
Capital expenditure		(41,597)	(40,311)
Purchase of investments		(41)	(23)
Lease prepayments		(111)	(94)
Proceeds from disposal of property, plant and equipment		2,738	393
Proceeds from disposal of lease prepayments		176	380
Proceeds from disposal of investments		1	735
Purchase of time deposits with maturity over three months		(1,968)	(442)
Maturity of time deposits with maturity over three months		442	397
Payment of purchase price for the acquisition of CDMA business, net of cash acquired		(5,374)	(4,290)
Net cash used in investing activities		(45,734)	(43,255)
Cash flows from/(used in) financing activities			
Principal element of finance lease payments		(18)	(22)
Proceeds from bank and other loans		53,518	88,958
Proceeds from issuance of medium-term notes		–	29,906
Repayments of bank and other loans		(86,001)	(111,084)
Repayment of short-term commercial papers		–	(10,000)
Repayment of amount due to China Telecommunications Corporation in connection with the Second Acquisition	1	–	(15,150)
Payment of dividends		(5,608)	(6,493)
Distribution to China Telecommunications Corporation in connection with the Fourth Acquisition		(535)	–
Payment for acquisition of non-controlling interests		(27)	–
Net cash distributions to non-controlling interests		(100)	(908)
Net cash used in financing activities		(38,771)	(24,793)
Net (decrease)/increase in cash and cash equivalents		(8,934)	6,940
Cash and cash equivalents at 1 January		34,804	27,866
Effect of changes in foreign exchange rate		(46)	(2)
Cash and cash equivalents at 31 December		25,824	34,804



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(a) Reconciliation of profit before taxation to net cash from operating activities

	2010 RMB	2009 RMB
Profit before taxation	20,908	19,175
Adjustments for:		
Depreciation and amortisation	51,656	52,243
Impairment loss on property, plant and equipment	139	753
Impairment losses for doubtful debts	1,593	1,791
Write down of inventory	87	108
Investment income	(361)	(791)
Share of profits of associates	(131)	(101)
Interest income	(287)	(282)
Interest expense	3,795	4,724
Unrealised foreign exchange loss/(gain)	92	(67)
(Gain)/loss on retirement and disposal of property, plant and equipment	(435)	1,352
Operating profit before changes in working capital	77,056	78,905
Increase in accounts receivable	(1,475)	(1,906)
Increase in inventories	(629)	(175)
Increase in prepayments and other current assets	(1,203)	(78)
Decrease in other assets	928	1,290
Increase in accounts payable	4,120	2,178
Increase in accrued expenses and other payables	6,003	7,105
Decrease in deferred revenues	(2,259)	(2,982)
Cash generated from operations	82,541	84,337
Interest received	292	271
Interest paid	(3,824)	(5,053)
Investment income received	10	58
Income tax paid	(3,448)	(4,625)
Net cash from operating activities	75,571	74,988