

# Consolidated Statement of Cash Flows

for the year ended 31 December 2013 (Amounts in millions)

	Note	2013 RMB	2012 RMB (restated)
<b>Net cash from operating activities</b>	(a)	<b>88,351</b>	70,722
<b>Cash flows used in investing activities</b>			
Capital expenditure		(70,921)	(50,071)
Lease prepayments		(111)	(133)
Proceeds from disposal of property, plant and equipment		1,538	2,696
Proceeds from disposal of lease prepayments		360	255
Net cash inflow/(outflow) from disposal of a subsidiary	1	512	(116)
Purchase of time deposits with maturity over three months		(2,750)	(2,730)
Maturity of time deposits with maturity over three months		3,193	1,804
Payment for the payable to China Telecommunications Corporation related to the Mobile Network Acquisition (as defined in Note 16)		(14,269)	–
Payment for the first installment of the Mobile Network Acquisition		(25,500)	–
<b>Net cash used in investing activities</b>		<b>(107,948)</b>	(48,295)
<b>Cash flows from/(used in) financing activities</b>			
Principal element of finance lease payments		(2)	–
Proceeds from bank and other loans		54,983	9,702
Repayment of bank and other loans		(44,053)	(24,133)
Payment of dividends		(5,433)	(5,625)
Payment for the acquisition price of the Fifth Acquisition	1	–	(29)
Payment for the acquisition price of the Sixth Acquisition	1	–	(48)
Net cash contributions from non-controlling interests		142	331
<b>Net cash from/(used in) financing activities</b>		<b>5,637</b>	(19,802)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13,960)</b>	2,625
<b>Cash and cash equivalents at 1 January</b>		<b>30,099</b>	27,475
<b>Effect of changes in foreign exchange rate</b>		<b>(69)</b>	(1)
<b>Cash and cash equivalents at 31 December</b>		<b>16,070</b>	30,099

The notes on pages 118 to 185 form part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2013 (Amounts in millions)

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

	2013 RMB	2012 RMB (restated)
<b>Profit before taxation</b>	<b>23,088</b>	<b>19,817</b>
Adjustments for:		
Depreciation and amortisation	69,083	49,666
Impairment losses for doubtful debts	1,744	1,612
Write down of inventories	360	235
Investment income	(670)	(93)
Share of profits of associates	(103)	(78)
Interest income	(361)	(591)
Interest expense	5,511	2,154
Unrealised foreign exchange loss/(gain)	3	(1)
Gain on retirement and disposal of property, plant and equipment	(1,021)	(2,429)
<b>Operating profit before changes in working capital</b>	<b>97,634</b>	<b>70,292</b>
Increase in accounts receivable	(3,156)	(2,124)
Increase in inventories	(955)	(1,185)
Increase in prepayments and other current assets	(1,077)	(1,045)
Decrease in other assets	294	484
Increase in accounts payable	3,210	5,016
Increase in accrued expenses and other payables	3,148	6,245
Decrease in deferred revenues	(1,014)	(1,360)
<b>Cash generated from operations</b>	<b>98,084</b>	<b>76,323</b>
Interest received	358	587
Interest paid	(5,573)	(2,200)
Investment income received	21	23
Income tax paid	(4,539)	(4,011)
<b>Net cash from operating activities</b>	<b>88,351</b>	<b>70,722</b>

The notes on pages 118 to 185 form part of these financial statements.