

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 December 2002
(Amounts in millions)

	Note	2002 RMB	2001 RMB
Cash flows from operating activities	(a)	37,102	32,761
Cash flows from investing activities			
Capital expenditure		(28,169)	(34,610)
Purchase of investments		(50)	(290)
Lease prepayments		(74)	(437)
Proceeds from disposal of property, plant and equipment		41	72
Increase in time deposits with maturity over three months		(1,312)	(473)
Maturity of time deposits with maturity over three months		469	339
Net cash used in investing activities		(29,095)	(35,399)
Cash flows from financing activities			
Proceeds from initial public offering, net of issuing expenses		10,659	—
Capital element of finance lease payments		(49)	(305)
Proceeds from bank debt		25,749	21,423
Repayments of bank debt		(29,278)	(16,979)
Cash distributions to minority interests		(12)	—
Cash contributions from China Telecom		—	3,003
Cash distributions to China Telecom		(2,535)	(14,483)
Net cash from/(used in) financing activities		4,534	(7,341)
Net increase/(decrease) in cash and cash equivalents		12,541	(9,979)
Cash and cash equivalents at beginning of year		3,882	13,861
Cash and cash equivalents at end of year		16,423	3,882

The notes on pages 71 to 109 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW (CONTINUED)

for the year ended 31 December 2002
 (Amounts in millions)

(a) Reconciliation of profit before taxation and minority interests to cash flows from operating activities

	2002 RMB	2001 RMB
Profit before taxation and minority interests	20,785	6,793
Adjustments for:		
Depreciation and amortisation	20,882	19,451
Deficit on revaluation of property, plant and equipment	—	11,930
Provision for doubtful accounts	345	186
Investment income	(4)	(310)
Share of profit from associates	(35)	(22)
Interest income	(140)	(246)
Interest expense	1,321	1,415
Unrealised foreign exchange losses/(gains)	227	(325)
Loss on retirement and disposal of property, plant and equipment	410	1,720
(Increase)/decrease in accounts receivable	(698)	1,336
Decrease/(increase) in inventories	347	(99)
Decrease/(increase) in prepayments and other current assets	1,149	(550)
Increase in other non-current assets	(588)	(1,139)
(Decrease)/increase in accounts payable	(78)	1,231
Increase/(decrease) in accrued expenses and other payables	157	(373)
Decrease in deferred revenues	(5,170)	(3,691)
Cash generated from operations	38,910	37,307
Interest received	140	246
Interest paid	(1,315)	(1,408)
Investment income received	33	255
Income tax paid	(666)	(3,639)
Cash flows from operating activities	37,102	32,761

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