

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB millions)

	Note	Year ended 31 December	
		2016	2015
Cash flows from operating activities			
Cash generated from operations	(a)	81,168	91,169
Interest received		335	319
Interest paid		(4,938)	(4,943)
Income tax paid		(1,972)	(2,244)
Net cash inflow from operating activities		74,593	84,301
Cash flows from investing activities			
Purchase of property, plant and equipment		(98,293)	(88,465)
Proceeds from disposal of property, plant and equipment and other assets		6,390	2,336
Dividends received from financial assets at fair value through other comprehensive income		357	365
Proceeds from disposal of financial assets at fair value through profit and loss		68	19
Dividends received from associates		-	10
Decrease/(Increase) in short-term bank deposits and restricted deposits		2	(3)
Purchase of other assets		(4,092)	(4,542)
Acquisition of financial assets at fair value through profit and loss		(51)	(66)
Acquisition of financial asset at fair value through other comprehensive income		(18)	-
Acquisition of interest in associates		(48)	(8)
Acquisition of interest in joint ventures		(64)	(1,000)
Net cash outflow from investing activities		(95,749)	(91,354)
Cash flows from financing activities			
Proceeds from exercise of share options		-	1
Capital contributions from non-controlling interests		270	-
Proceeds from commercial papers		59,880	30,000
Proceeds from short-term bank loans		142,567	139,663
Proceeds from long-term bank loans		3,307	1,920
Proceeds from ultimate holding company loan		-	1,344
Proceeds from promissory notes		-	17,957
Proceeds from corporate bonds		17,965	-
Repayment of commercial papers		(44,000)	(20,000)
Repayment of short-term bank loans		(149,425)	(149,072)
Repayment of long-term bank loans		(84)	(45)
Repayment of related party loan		-	(473)
Repayment of ultimate holding company loan		(1,344)	(1,344)
Repayment of convertible bond		-	(11,664)
Repayment of finance lease		(406)	(217)
Repayment of promissory notes		(2,500)	-
Payment of issuing expense for promissory notes		(102)	-
Dividends paid to equity shareholders of the Company	29	(4,071)	(4,643)
Net deposits received by Finance Company		2,397	-
Statutory reserve deposits placed by Finance Company	25(i)	(1,577)	-
Net cash inflow from financing activities		22,877	3,427
Net increase/(decrease) in cash and cash equivalents		1,721	(3,626)
Cash and cash equivalents, beginning of year		21,755	25,308
Effect of changes in foreign exchange rate		157	73
Cash and cash equivalents, end of year	26	23,633	21,755
Analysis of the balances of cash and cash equivalents:			
Cash balances		1	1
Bank balances		23,632	21,754
		23,633	21,755

The notes on pages 93 to 161 are an integral part of these consolidated financial statements.

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(All amounts in RMB millions)

(a) The reconciliation of profit before income tax to cash generated from operations is as follows:

	Year ended 31 December	
	2016	2015
Profit before income tax	784	14,035
Adjustments for:		
Depreciation and amortisation	76,805	76,738
Interest income	(1,160)	(120)
Finance costs	4,832	6,641
Loss/(Gain) on disposal of property, plant and equipment and other assets	355	(7,280)
Impairment losses for doubtful debts and write-down of inventories	4,173	4,054
Impairment losses for property, plant and equipment	-	29
Dividends from financial assets at fair value through other comprehensive income	(357)	(397)
Share of net (profit)/loss of associates	(204)	759
Share of net (profit)/loss of joint ventures	(153)	42
Other investment (gain)/loss	(9)	8
Changes in working capital:		
Increase in accounts receivable	(2,664)	(3,666)
Decrease/(Increase) in inventories and consumables	1,354	(73)
Decrease/(Increase) in short-term bank deposits and restricted deposits	23	(146)
Increase in other assets	(4,763)	(6,142)
Decrease/(Increase) in prepayments and other current assets	4,171	(1,630)
(Increase)/Decrease in amounts due from related parties	(3,302)	2,905
(Increase)/Decrease in amounts due from domestic carriers	(1,914)	126
Decrease in accounts payable and accrued liabilities	(835)	(1,781)
(Decrease)/Increase in taxes payable	(1,176)	5,126
(Decrease)/Increase in advances from customers	(1,329)	1,465
Increase/(Decrease) in deferred revenue	395	(81)
Increase/(Decrease) in other obligations	69	(17)
Increase/(Decrease) in amounts due to ultimate holding company	73	(185)
Increase in amounts due to related parties	5,311	861
Increase/(Decrease) in amounts due to domestic carriers	689	(102)
Cash generated from operations	81,168	91,169