

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB millions)

	Note	Year ended 31 December	
		2017	2016
Cash flows from operating activities			
Cash generated from operations	(a)	91,519	81,168
Interest received		807	335
Interest paid		(6,293)	(4,938)
Income tax paid		(979)	(1,972)
Net cash inflow from operating activities		85,054	74,593
Cash flows from investing activities			
Purchase of property, plant and equipment		(61,489)	(98,293)
Proceeds from disposal of Tower Assets and other property, plant and equipment		22,121	6,390
Dividends received from financial assets at fair value through other comprehensive income		167	357
Proceeds from disposal of financial assets at fair value through profit and loss		60	68
Dividends received from associates		10	–
(Increase)/Decrease in short-term bank deposits and restricted deposits		(3,094)	2
Purchase of other assets		(4,204)	(4,092)
Acquisition of financial assets at fair value through profit and loss		(74)	(51)
Acquisition of financial assets at fair value through other comprehensive income		(8)	(18)
Acquisition of interest in associates		(5)	(48)
Acquisition of interest in joint ventures		(620)	(64)
Lending by China Unicom Finance Company Limited (“Finance Company”)		(700)	–
Repayment of loan lent by Finance Company		500	–
Net cash outflow from investing activities		(47,336)	(95,749)
Cash flows from financing activities			
Proceeds from shares issued		74,954	–
Capital contributions from non-controlling interests		–	270
Proceeds from commercial papers		26,941	59,880
Proceeds from short-term bank loans		117,571	142,567
Proceeds from long-term bank loans		1,549	3,307
Loans from ultimate holding company		5,237	–
Loans from related parties		535	–
Proceeds from corporate bonds		–	17,965
Repayment of commercial papers		(54,000)	(44,000)
Repayment of short-term bank loans		(172,065)	(149,425)
Repayment of long-term bank loans		(2,686)	(84)
Repayment of related party loan		(60)	–
Repayment of ultimate holding company loan		(3,893)	(1,344)
Repayment of finance lease		(695)	(406)
Repayment of promissory notes		(19,000)	(2,500)
Repayment of corporate bonds		(2,000)	–
Payment of issuing expense for promissory notes		(82)	(102)
Dividends paid to equity shareholders of the Company	30	–	(4,071)
Net (withdrawal)/deposits by Unicom Group and its subsidiaries from/with Finance Company		(112)	2,397
Net deposits from a joint venture with Finance Company		12	–
Increase in statutory reserve deposits placed by Finance Company	26(i)	(620)	(1,577)
Net cash (outflow)/inflow from financing activities		(28,414)	22,877
Net increase in cash and cash equivalents			
Cash and cash equivalents, beginning of year		9,304	1,721
Effect of changes in foreign exchange rate		23,633	21,755
		(101)	157
Cash and cash equivalents, end of year	27	32,836	23,633
Analysis of the balances of cash and cash equivalents:			
Cash balances		3	1
Bank balances		32,833	23,632
		32,836	23,633

The notes on pages 111 to 187 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

(All amounts in RMB millions)

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

	Year ended 31 December	
	2017	2016
Profit before income tax	2,593	784
Adjustments for:		
Depreciation and amortisation	77,492	76,805
Interest income	(1,647)	(1,160)
Finance costs	5,363	4,832
Loss on disposal of property, plant and equipment	3,489	355
Impairment losses for doubtful debts and write-down of inventories	3,955	4,173
Dividends from financial assets at fair value through other comprehensive income	(206)	(357)
Share of net profit of associates	(893)	(204)
Share of net profit of joint ventures	(574)	(153)
Other investment gain	(19)	(9)
Changes in working capital:		
Increase in accounts receivable	(3,667)	(2,664)
Decrease in inventories and consumables	81	1,354
(Increase)/Decrease in short-term bank deposits and restricted deposits	(58)	23
Increase in other assets	(2,034)	(4,763)
Decrease in prepayments and other current assets	166	4,171
Increase in amounts due from ultimate holding company	(39)	-
Decrease/(Increase) in amounts due from related parties	112	(3,302)
Increase in amounts due from domestic carriers	(775)	(1,914)
Increase/(Decrease) in accounts payable and accrued liabilities	5,752	(835)
Increase/(Decrease) in taxes payable	362	(1,176)
Increase/(Decrease) in advances from customers	2,255	(1,329)
Increase in deferred revenue	365	395
Increase in other obligations	45	69
(Decrease)/Increase in amounts due to ultimate holding company	(203)	73
(Decrease)/Increase in amounts due to related parties	(945)	5,311
Increase in amounts due to domestic carriers	549	689
Cash generated from operations	91,519	81,168