

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB millions)

		Year ended 31 December	
	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	(a)	93,882	91,519
Interest received		1,688	807
Interest paid		(2,457)	(6,293)
Income tax paid		(726)	(979)
Net cash inflow from operating activities		92,387	85,054
Cash flows from investing activities			
Purchase of property, plant and equipment		(52,176)	(61,489)
Proceeds from disposal of Tower Assets and other property, plant and equipment		1,090	22,121
Dividend received from financial assets at fair value through other comprehensive income		203	167
Investment income received from financial assets at fair value through profit and loss		36	-
Proceeds from disposal of financial assets at fair value through profit and loss		-	60
Dividends received from associates		20	10
Decrease/(Increase) in short-term bank deposits and restricted deposits		3,094	(3,094)
Purchase of other assets		(4,590)	(4,204)
Acquisition of financial assets at fair value through profit and loss		(585)	(74)
Acquisition of financial assets at fair value through other comprehensive income		-	(8)
Acquisition of interest in associates		(67)	(5)
Acquisition of interest in joint ventures		(1,000)	(620)
Lending by Unicom Group Finance Company Limited ("Finance Company")		(13,558)	(700)
Repayment of loan lent by Finance Company		6,354	500
Net cash outflow from investing activities		(61,179)	(47,336)
Cash flows from financing activities			
Proceeds from shares issued		-	74,954
Capital contributions from non-controlling interests		7	-
Proceeds from commercial papers		-	26,941
Proceeds from short-term bank loans		53,306	117,571
Proceeds from long-term bank loans		-	1,549
Loans from ultimate holding company		-	5,237
Loans from related parties		3,090	535
Repayment of commercial papers		(9,000)	(54,000)
Repayment of short-term bank loans		(60,730)	(172,065)
Repayment of long-term bank loans		(435)	(2,686)
Repayment of related party loan		(475)	(60)
Repayment of ultimate holding company loan		(1,344)	(3,893)
Repayment of finance lease		(493)	(695)
Repayment of promissory notes		(18,000)	(19,000)
Repayment of corporate bonds		-	(2,000)
Payment of issuing expense for promissory notes		(67)	(82)
Dividends paid to equity shareholders of the Company	32	(1,591)	-
Net deposits/(withdrawal) with/from Finance Company		2,354	(100)
Increase in statutory reserve deposits placed by Finance Company	28(i)	(680)	(620)
Net cash outflow from financing activities		(34,058)	(28,414)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents, beginning of year		32,836	23,633
Effect of changes in foreign exchange rate		74	(101)
Cash and cash equivalents, end of year	29	30,060	32,836
Analysis of the balances of cash and cash equivalents:			
Cash balances		1	3
Bank balances		30,059	32,833
		30,060	32,836

Note: The Group has initially applied IFRS/HKFRS 15 and IFRS/HKFRS 9 (2014) at 1 January 2018. Under the transition method chosen, comparative information is not restated. See Note 2.

The notes on pages 102 to 193 are an integral part of these consolidated financial statements.

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

	Year ended 31 December	
	2018	2017
Profit before income tax	13,081	2,593
Adjustments for:		
Depreciation and amortisation	75,777	77,492
Interest income	(1,712)	(1,647)
Finance costs	1,676	5,363
Loss on disposal of property, plant and equipment	4,148	3,489
Credit loss allowance and write-down of inventories	3,846	3,955
Dividend from financial assets at fair value through other comprehensive income	(203)	(206)
Investment income from financial assets at fair value through profit and loss	(36)	-
Share of net profit of associates	(2,477)	(893)
Share of net profit of joint ventures	(598)	(574)
Expenses for restricted shares of A Share Company granted to the Group's employees	614	-
Other investment gain	(31)	(19)
Changes in working capital:		
Increase in accounts receivable	(4,887)	(3,667)
Decrease in contract assets	1,150	-
Increase in contract costs	(3,001)	-
(Increase)/Decrease in inventories and consumables	(385)	81
Increase in short-term bank deposits and restricted deposits	(581)	(58)
Decrease/(Increase) in other assets	1,584	(2,034)
Decrease in prepayments and other current assets	60	166
Increase in amounts due from ultimate holding company	(20)	(39)
Decrease in amounts due from related parties	2,339	112
Decrease/(Increase) in amounts due from domestic carriers	871	(775)
Increase in accounts payable and accrued liabilities	6,591	5,752
Increase in taxes payable	33	362
Increase in advances from customers	45	2,255
Decrease in contract liabilities	(4,322)	-
Increase in deferred revenue	1,474	365
Increase in other obligations	68	45
Increase/(Decrease) in amounts due to ultimate holding company	40	(203)
Decrease in amounts due to related parties	(868)	(945)
(Decrease)/Increase in amounts due to domestic carriers	(394)	549
Cash generated from operations	93,882	91,519