

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015 (Amounts in millions)

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	Note	2015 RMB	2014 RMB
Net cash from operating activities	(a)	108,750	96,405
Cash flows used in investing activities			
Capital expenditure		(101,898)	(80,273)
Lease prepayments		(124)	(184)
Purchase of investments	(b)	(10)	(2,990)
Proceeds from disposal of property, plant and equipment		755	710
Proceeds from disposal of lease prepayments		58	121
Proceeds from disposal of Investments		2	–
Purchase of short-term bank deposits		(3,764)	(2,566)
Maturity of short-term bank deposits		2,731	3,474
Net cash used in investing activities		(102,250)	(81,708)
Cash flows from/(used in) financing activities			
Principal element of finance lease payments		(14)	(1)
Proceeds from bank and other loans		67,875	53,022
Repayment of bank and other loans		(56,862)	(56,819)
Payment of dividends		(6,160)	(6,198)
Payment for the acquisition of non-controlling interests		(7)	–
Contribution from non-controlling interests		127	–
Payment of the acquisition price of the Seventh Acquisition	(c)	–	(278)
Net cash distributions to non-controlling interests		(150)	(53)
Net cash from/(used in) financing activities		4,809	(10,327)
Net increase in cash and cash equivalents		11,309	4,370
Cash and cash equivalents at 1 January		20,436	16,070
Effect of changes in foreign exchange rate		124	(4)
Cash and cash equivalents at 31 December		31,869	20,436

The notes on pages 128 to 193 form part of these consolidated financial statements.

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

	2015 RMB	2014 RMB
Profit before taxation	26,693	23,257
Adjustments for:		
Depreciation and amortisation	67,664	66,345
Impairment losses for doubtful debts	2,231	2,084
Impairment losses for long-lived assets	51	–
Write down of inventories	147	151
Investment income	(8)	(6)
Share of losses/(profits) of associates	698	(34)
Interest income	(375)	(304)
Interest expense	4,573	5,650
Foreign exchange loss/(gain)	75	(55)
Net loss on retirement and disposal of long-lived assets	1,573	2,287
Gain from Tower Assets Disposal	(5,214)	–
Operating profit before changes in working capital	98,108	99,375
Increase in accounts receivable	(1,778)	(3,594)
(Increase)/decrease in inventories	(2,199)	2,280
Increase in prepayments and other current assets	(5,854)	(2,359)
Increase in other assets	(87)	(2)
Increase in accounts payable	22,156	6,473
Increase in accrued expenses and other payables	7,119	6,571
Decrease in deferred revenues	(417)	(573)
Cash generated from operations	117,048	108,171
Interest received	375	305
Interest paid	(4,601)	(5,693)
Investment income received	27	29
Income tax paid	(4,099)	(6,407)
Net cash from operating activities	108,750	96,405

- (b)** Major non-cash transaction: The Company completed the disposal of certain telecommunications towers and related assets and injecting cash to China Tower Corporation limited (“China Tower”) in return for new shares issued by China Tower on 31 October 2015. The cash injection was not paid by 31 December 2015, therefore the transaction has no impact on the consolidated statement of cash flows for the year ended 31 December 2015.
- (c)** The Seventh Acquisition represents the acquisition of the 100% equity interest in China Telecom (Europe) Limited, a wholly owned subsidiary of China Telecommunications Corporation, by China Telecom Global Limited (“CT Global”, a subsidiary of the Company) from China Telecommunications Corporation on 31 December 2013.

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