

Consolidated Statement of Cash Flows

for the year ended 31 December 2016 (Amounts in millions)

	Note	2016 RMB	2015 RMB
Net cash from operating activities	(a)	101,130	108,750
Cash flows used in investing activities			
Capital expenditure		(96,673)	(101,898)
Lease prepayments		(99)	(124)
Purchase of investments	(b)	(3,099)	(10)
Proceeds from disposal of property, plant and equipment		1,560	755
Proceeds from disposal of lease prepayments		10	58
Proceeds from disposal of Investments		-	2
Net cash outflow from disposal of a subsidiary		(50)	-
Purchase of short-term bank deposits		(3,237)	(3,764)
Maturity of short-term bank deposits		2,550	2,731
Net cash used in investing activities		(99,038)	(102,250)
Cash flows (used in)/from financing activities			
Principal element of finance lease payments		(59)	(14)
Proceeds from bank and other loans		110,446	67,875
Repayment of bank and other loans		(113,366)	(56,862)
Payment of dividends		(6,489)	(6,160)
Payment for the acquisition of non-controlling interests		-	(7)
Contribution from non-controlling interests		-	127
Distribution to non-controlling interests		(87)	(150)
Net cash (used in)/from financing activities		(9,555)	4,809
Net (decrease)/increase in cash and cash equivalents		(7,463)	11,309
Cash and cash equivalents at 1 January		31,869	20,436
Effect of changes in foreign exchange rate		211	124
Cash and cash equivalents at 31 December		24,617	31,869

The notes on pages 133 to 195 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2016 (Amounts in millions)

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

	2016 RMB	2015 RMB
Profit before taxation	24,097	26,693
Adjustments for:		
Depreciation and amortisation	67,938	67,664
Impairment losses for doubtful debts	2,277	2,231
Impairment losses for long-lived assets	62	51
Write down of inventories	175	147
Investment income	(40)	(8)
Share of (profits)/losses of associates	(91)	698
Interest income	(353)	(375)
Interest expense	3,701	4,573
Foreign exchange (gain)/loss	(113)	75
Net loss on retirement and disposal of long-lived assets	1,867	1,573
Gain from Tower Assets Disposal (as defined in Note 18)	–	(5,214)
Operating profit before changes in working capital	99,520	98,108
Increase in accounts receivable	(2,348)	(1,778)
Decrease/(increase) in inventories	1,033	(2,199)
Increase in prepayments and other current assets	(3,731)	(5,854)
Decrease/(increase) in other assets	366	(87)
Increase in accounts payable	3,779	22,156
Increase in accrued expenses and other payables	10,864	7,119
Decrease in deferred revenues	(418)	(417)
Cash generated from operations	109,065	117,048
Interest received	365	375
Interest paid	(3,736)	(4,601)
Investment income received	57	27
Income tax paid	(4,621)	(4,099)
Net cash from operating activities	101,130	108,750

- (b) The amount for the year ended 31 December 2016 includes the payment for the cash injection amounting to RMB2,966 million (“Cash Consideration”) to China Tower Corporation Limited (“China Tower”) in relation to the Tower Assets Disposal. The Cash Consideration was paid in February 2016.

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