

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2015
(Expressed in RMB)

	Note	2015 Million	2014 As restated (Note 2(b)) Million
Operating activities			
Profit before taxation		143,734	142,522
Adjustments for:			
– Depreciation of property, plant and equipment		136,832	122,805
– Amortization of other intangible assets	6	274	112
– Amortization of land lease prepayments	16	426	407
– Gain on the transfer of Tower Assets	7	(15,525)	–
– Gain on disposal of property, plant and equipment	6	(4)	(1)
– Write-off and impairment of property, plant and equipment	6	7,614	2,383
– Impairment loss of doubtful accounts	6	4,839	5,536
– Write-down of inventories	6	272	293
– Interest income		(15,852)	(16,270)
– Finance costs	9	455	487
– Dividend income from unlisted securities	8	(11)	–
– Share of profit of investments accounted for using the equity method	19	(8,090)	(8,248)
– Unrealized exchange loss, net		182	80
– Impairment loss of goodwill	6	–	1,594
– Gain on disposal of other financial assets		(14)	–
Operating cash flows before changes in working capital		255,132	251,700
Increase in inventories		(1,005)	(271)
Increase in accounts receivable		(5,830)	(8,165)
Increase in other receivables		(1,341)	(960)
Decrease/(increase) in prepayments and other current assets		276	(8,010)
Increase in amount due from ultimate holding company		(135)	(18)
(Decrease)/increase in accounts payable		(6,832)	8,191
Increase/(decrease) in bills payable		12	(144)
Increase in deferred revenue		14,005	1,200
Increase in accrued expenses and other payables		18,633	7,722
(Decrease)/increase in amount due to ultimate holding company		(32)	4,249
Cash generated from operations		272,883	255,494
Tax paid			
– Hong Kong profits tax paid		(232)	(272)
– PRC enterprise income tax paid		(37,562)	(38,784)
Net cash generated from operating activities		235,089	216,438

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2015
(Expressed in RMB)

	Note	2015 Million	2014 As restated (Note 2(b)) Million
Investing activities			
Capital expenditure		(172,243)	(174,673)
Land lease prepayments		(1,450)	(1,028)
Acquisition of other intangible assets		(212)	(23)
Proceeds from disposal of property, plant and equipment		7	2
Decrease in bank deposits		30,177	21,620
Decrease/(increase) in restricted bank deposits		4,877	(2,609)
Interest received		15,655	14,513
Payment for investment accounted for using the equity method	19	(376)	(9,508)
Dividends received from associates	19	2,842	2,476
Dividends received from unlisted securities	8	11	–
Purchase of available-for-sale financial assets		(24,965)	(2,000)
Maturity of available-for-sale financial assets		8,294	–
Short-term loans granted by China Mobile Finance and other investments	25	(5,500)	–
Proceeds from disposal of other financial assets		140	–
Net cash used in investing activities		(142,743)	(151,230)
Financing activities			
Proceeds from issuance of shares under share option scheme	35(c)	1,024	8,215
Capital injection from non-controlling shareholders of a subsidiary		870	–
Interest paid		(442)	(480)
Dividends paid to the Company's equity shareholders	35(b)	(47,912)	(50,924)
Dividends paid to non-controlling shareholders of subsidiaries		(21)	(10)
Consideration for business combination under common control	2(b)	(31,880)	–
Proceeds from entrusted loans	37(a)	8,592	10,242
Repayment of entrusted loans	37(a)	(18,834)	(9,573)
Short-term deposits placed by ultimate holding company	37(a)	7,274	–
Maturity of short-term deposits placed by ultimate holding company	37(a)	(4,181)	–
Repayment of bonds	33	(1,000)	–
Net cash used in financing activities		(86,510)	(42,530)
Net increase in cash and cash equivalents		5,836	22,678
Cash and cash equivalents at beginning of year		73,812	51,180
Effect of changes in foreign exchange rate		194	(46)
Cash and cash equivalents at end of year	29	79,842	73,812

Significant non-cash transactions

The Group recorded payables of RMB125,210,000,000 (2014: RMB120,327,000,000) to equipment suppliers as at 31 December 2015 for additions of construction in progress during the year then ended.

On 31 October 2015, the Group completed the transfer of its telecommunications towers and related assets to China Tower Corporation Limited ("China Tower"). In addition to 45,151,000,000 equity shares at a par value of RMB1 per share issued to the Group by China Tower to pay the consideration, China Tower would also pay cash consideration of RMB57,585,000,000. In February 2016, China Tower has paid RMB5,000,000,000, and the remaining balance of cash consideration is deferred and will be settled before 31 December 2017. See note 7 for details.

The notes on pages 81 to 142 are an integral part of these consolidated financial statements.