

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

(All amounts in RMB millions)

	Note	Year ended 31 December	
		2022	2021
Cash flows from operating activities			
Cash generated from operations		103,365	114,414
Interest received		1,747	1,215
Interest paid		(1,150)	(1,324)
Income tax paid		(3,425)	(3,669)
Net cash inflow from operating activities		100,537	110,636
Cash flows from investing activities			
Purchase of property, plant and equipment, right-of-use assets and other assets	(a)	(72,470)	(72,047)
Proceeds from disposal of property, plant and equipment and other assets		1,710	2,267
Acquisition of financial assets measured at fair value through profit or loss ("FVPL")		(1,741)	(2,294)
Proceeds from disposal of financial assets measured at FVPL		1,876	646
Acquisition of debt securities measured at FVOCI (recycling)		(17,630)	(28,930)
Acquisition of equity securities measured at FVOCI (non-recycling)		—	(8)
Proceeds from disposal of debt securities measured at FVOCI (recycling)		26,864	26,494
Proceeds from disposal of equity securities measured at FVOCI (non-recycling)		1	—
Net cash inflows from addition of subsidiaries		—	1,462
Acquisition of other financial assets measured at amortised cost		(21,328)	(61,463)
Proceeds from disposal of other financial assets measured at amortised cost		22,028	60,762
Dividends received from financial assets measured at FVOCI (non-recycling)		149	179
Acquisition of interest in associates		(1)	(2,328)
Acquisition of interest in joint ventures		—	(45)
Proceeds from disposal of associates and joint ventures		—	8
Dividends received from associates		998	813
Dividends received from joint venture		150	—
Increase in short-term bank deposits and restricted deposits		(2,518)	(400)
Lending by Unicom Group Finance Company Limited ("Finance Company") to a related party		(11,800)	(11,400)
Repayment of loans from a related party to Finance Company		17,600	11,500
Net cash outflow from investing activities		(56,112)	(74,784)

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(All amounts in RMB millions)

	Note	Year ended 31 December	
		2022	2021
Cash flows from financing activities			
Contributions from non-controlling interests		867	10
Proceeds from short-term bank loans and other obligations		330	685
Proceeds from commercial papers		5,000	6,800
Loans from related parties		471	207
Repayment of short-term bank loans		(385)	(740)
Repayment of long-term bank loans		(420)	(763)
Repayment of commercial papers		(6,800)	(7,000)
Repayment of related party loans		—	(2,507)
Repayment of promissory notes		(1,000)	—
Repayment of corporate bonds		(2,000)	(1,000)
Capital element of lease rentals paid		(13,373)	(12,727)
Payment of issuing expense for commercial papers		(5)	(5)
Dividends paid to equity shareholders of the Company		(7,986)	(8,690)
Net deposits with Finance Company by related parties		621	980
Decrease in statutory reserve deposits placed by Finance Company		870	171
Net cash outflow from financing activities		(23,810)	(24,579)
Net increase in cash and cash equivalents		20,615	11,273
Cash and cash equivalents, beginning of year		34,280	23,085
Effect of changes in foreign exchange rate		402	(78)
Cash and cash equivalents, end of year	29	55,297	34,280
Analysis of the balances of cash and cash equivalents:			
Cash balances		—	—
Bank balances		55,297	34,280
		55,297	34,280

- (a) Major non-cash transaction: On 13 December 2022, the Board of Directors of the Company approved China United Network Communications Corporation Limited (“CUCL”) and China Tower Corporation Limited (“Tower Company”) to sign a commercial pricing agreement and a service agreement, which constituted a lease modification under HKFRS 16, “Leases”. The transaction has no impact on the consolidated statement of cash flows for the year ended 31 December 2022. Details of this transaction are set out in Note 16 and Note 45.

The notes on pages 106 to 205 are an integral part of these consolidated financial statements.

The reconciliation of profit before income tax to cash generated from operations is as follows:

	Year ended 31 December	
	2022	2021
Profit before income tax	20,588	17,927
Adjustments for:		
Depreciation and amortisation	86,829	85,652
Interest income	(1,747)	(1,215)
Finance costs	1,046	1,308
Loss on disposal of property, plant and equipment	1,882	3,749
Impairment losses under expected credit loss ("ECL") model and write-down of inventories	6,918	3,301
Dividends from financial assets measured at FVOCI (non-recycling)	(149)	(179)
Gains on disposal of financial assets measured at FVPL	(72)	(15)
Investment income from debt securities measured at FVOCI (recycling)	(438)	(850)
Fair value (gains)/losses on financial assets measured at FVPL	(24)	39
Share of net profit of associates	(2,153)	(1,862)
Share of net profit of joint ventures	(1,593)	(1,448)
Expenses for restricted shares of A Share Company granted to the Group's employees	55	136
Changes in working capital:		
Increase in accounts receivable	(13,718)	(4,243)
Decrease in contract assets	147	454
Increase in contract costs	(5,529)	(3,038)
Increase in inventories	(338)	(359)
(Increase)/decrease in restricted deposits	(1,083)	250
Increase in other assets	(1,108)	(826)
Increase in prepayments and other current assets	(3,611)	(1,747)
Decrease/(increase) in amounts due from ultimate holding company	188	(88)
Increase in amounts due from related parties	(195)	(75)
Decrease in amounts due from domestic carriers	63	1,658
Increase in accounts payable and accrued liabilities	14,866	7,053
Increase/(decrease) in other taxes payable	742	(307)
Increase/(decrease) in advances from customers	266	(225)
(Decrease)/increase in contract liabilities	(990)	3,063
Increase in deferred revenue	980	1,108
Increase in other obligations	83	71
(Decrease)/increase in amounts due to ultimate holding company	(2,440)	2,388
Increase in amounts due to related parties	4,037	2,763
Decrease in amounts due to domestic carriers	(137)	(29)
Cash generated from operations	103,365	114,414

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