

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB millions)

	Note	Year ended 31 December	
		2019	2018
			Note
Cash flows from operating activities			
Cash generated from operations	2, (a)	94,952	93,882
Interest received		1,551	1,688
Interest paid		(2,521)	(2,457)
Income tax paid		(304)	(726)
Net cash inflow from operating activities	2	93,678	92,387
Cash flows from investing activities			
Purchase of property, plant and equipment and right-of-use assets		(56,187)	(52,176)
Purchase of other assets		(4,355)	(4,590)
Proceeds from disposal of property, plant and equipment and other assets		1,512	1,090
Dividend received from financial assets at fair value through other comprehensive income		205	203
Investment income received from financial assets at fair value through profit and loss		24	36
Proceeds from disposal of financial assets at fair value through profit and loss		507	—
Dividends received from associates		82	20
Decrease in short-term bank deposits		34	3,094
Acquisition of financial assets at fair value through profit and loss		(423)	(585)
Acquisition of financial assets at fair value through other comprehensive income		(3)	—
Acquisition of interest in associates		(12)	(67)
Acquisition of interest in joint ventures		(137)	(1,000)
Lending by Unicom Group Finance Company Limited (“Finance Company”) to related parties		(11,434)	(13,558)
Repayment of loans from a related party to Finance Company		11,134	6,354
Net cash outflow from investing activities		(59,053)	(61,179)

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(All amounts in RMB millions)

	Note	Year ended 31 December	
		2019	2018
			Note
Cash flows from financing activities			
Capital contributions from non-controlling interests		508	7
Proceeds from short-term bank loans		28,784	53,306
Proceeds from commercial papers		8,995	—
Proceeds from promissory notes		992	—
Proceeds from corporate bonds		2,000	—
Loans from related parties		50	3,090
Repayment of short-term bank loans		(38,290)	(60,730)
Repayment of long-term bank loans		(418)	(435)
Repayment of commercial papers		—	(9,000)
Repayment of related party loans		(48)	(475)
Repayment of ultimate holding company loan		—	(1,344)
Repayment of promissory notes		—	(18,000)
Repayment of corporate bonds		(17,000)	—
Repayment of finance lease		—	(493)
Capital element of lease rentals paid	2	(11,123)	—
Payment of issuing expense for promissory notes		—	(67)
Dividends paid to equity shareholders of the Company	33	(4,100)	(1,591)
Net deposits with Finance Company by related parties		236	2,354
Increase in statutory reserve deposits placed by Finance Company	29(i)	(351)	(680)
Net cash outflow from financing activities	2	(29,765)	(34,058)
Net increase/(decrease) in cash and cash equivalents		4,860	(2,850)
Cash and cash equivalents, beginning of year		30,060	32,836
Effect of changes in foreign exchange rate		25	74
Cash and cash equivalents, end of year	30	34,945	30,060
Analysis of the balances of cash and cash equivalents:			
Cash balances		1	1
Bank balances		34,944	30,059
		34,945	30,060

The notes on pages 102 to 197 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	
	2019	2018
		<i>Note</i>
Profit before income tax	14,167	13,081
Adjustments for:		
Depreciation and amortisation	83,080	75,777
Interest income	(1,272)	(1,712)
Finance costs	1,991	1,676
Loss on disposal of property, plant and equipment	2,179	4,148
Credit loss allowance and write-down of inventories	3,663	3,846
Dividend from financial assets at fair value through other comprehensive income	(205)	(203)
Investment income from financial assets at fair value through profit and loss	(24)	(36)
Other investment gains	(96)	(31)
Share of net profit of associates	(1,359)	(2,477)
Share of net profit of joint ventures	(646)	(598)
Expenses for restricted shares of A Share Company granted to the Group's employees	571	614
Changes in working capital:		
Increase in accounts receivable	(5,928)	(4,887)
(Increase)/Decrease in contract assets	(122)	1,150
Increase in contract costs	(2,188)	(3,001)
Increase in inventories and consumables	(335)	(385)
Decrease/(Increase) in restricted deposits	321	(581)
(Increase)/Decrease in other assets	(796)	1,584
(Increase)/Decrease in prepayments and other current assets	(1,876)	60
Increase in amounts due from ultimate holding company	(7)	(20)
Decrease in amounts due from related parties	745	2,339
Decrease in amounts due from domestic carriers	364	871
Increase in accounts payable and accrued liabilities	2,386	6,591
Increase in taxes payable	623	33
Increase in advances from customers	2	45
Decrease in contract liabilities	(2,002)	(4,322)
Increase in deferred revenue	1,164	1,474
(Decrease)/Increase in other obligations	(16)	68
Increase in amounts due to ultimate holding company	322	40
Increase/(Decrease) in amounts due to related parties	216	(868)
Increase/(Decrease) in amounts due to domestic carriers	30	(394)
Cash generated from operations	94,952	93,882

Note: The Group has initially applied IFRS/HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.