

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB millions)

	Year ended 31 December	
	2020	2019
<b>Cash flows from operating activities</b>		
Cash generated from operations	107,428	94,952
Interest received	1,309	1,551
Interest paid	(1,832)	(2,521)
Income tax paid	(1,354)	(304)
<b>Net cash inflow from operating activities</b>	<b>105,551</b>	<b>93,678</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and right-of-use assets	(53,981)	(56,187)
Purchase of other assets	(4,675)	(4,355)
Proceeds from disposal of property, plant and equipment and other assets	1,647	1,512
Acquisition of financial assets measured at FVPL	(5,751)	(423)
Proceeds from disposal of financial assets measured at FVPL	4,268	531
Acquisition of debt securities measured at FVOCI (recycling)	(42,650)	—
Proceeds from disposal of debt securities measured at FVOCI (recycling)	19,511	—
Acquisition of other financial assets measured at amortised cost	(9,050)	—
Proceeds from disposal of other financial assets measured at amortised cost	9,050	—
Dividend received from financial assets measured at FVOCI (non-recycling)	210	205
Acquisition of interest in associates	(1,349)	(15)
Acquisition of interest in joint ventures	(117)	(137)
Proceeds from disposal of associates and a joint venture	19	—
Dividends received from associates	546	82
(Increase)/Decrease in short-term bank deposits and restricted deposits	(6,900)	34
Lending by Unicom Group Finance Company Limited ("Finance Company") to a related party	(16,500)	(11,434)
Repayment of loans from related parties to Finance Company	13,704	11,134
<b>Net cash outflow from investing activities</b>	<b>(92,018)</b>	<b>(59,053)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB millions)

	Note	Year ended 31 December	
		2020	2019
<b>Cash flows from financing activities</b>			
Capital contributions from non-controlling interests		66	508
Proceeds from short-term bank loans		2,740	28,784
Proceeds from commercial papers		8,000	8,995
Proceeds from promissory notes		—	992
Proceeds from corporate bonds		—	2,000
Loans from a related party		—	50
Repayment of short-term bank loans		(7,564)	(38,290)
Repayment of long-term bank loans		(395)	(418)
Repayment of commercial papers		(10,000)	—
Repayment of related party loans		(50)	(48)
Repayment of corporate bonds		—	(17,000)
Capital element of lease rentals paid		(11,696)	(11,123)
Payment of issuing expense for commercial papers		(7)	—
Dividends paid to equity shareholders of the Company	32	(5,447)	(4,100)
Net deposits with Finance Company by related parties		283	236
Increase in statutory reserve deposits placed by Finance Company		(1,140)	(351)
<b>Net cash outflow from financing activities</b>		<b>(25,210)</b>	<b>(29,765)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,677)</b>	<b>4,860</b>
Cash and cash equivalents, beginning of year		34,945	30,060
Effect of changes in foreign exchange rate		(183)	25
<b>Cash and cash equivalents, end of year</b>	29	<b>23,085</b>	<b>34,945</b>
<b>Analysis of the balances of cash and cash equivalents:</b>			
Cash balances		1	1
Bank balances		23,084	34,944
		<b>23,085</b>	<b>34,945</b>

The notes on pages 102 to 185 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	
	2020	2019
Profit before income tax	16,027	14,167
Adjustments for:		
Depreciation and amortisation	83,017	83,080
Interest income	(1,366)	(1,272)
Finance costs	1,564	1,991
Loss on disposal of property, plant and equipment	2,365	2,179
Credit loss allowance and write-down of inventories	5,584	3,663
Dividend from financial assets measured at FVOCI (non-recycling)	(210)	(205)
Gains on disposal of financial assets measured at FVPL	(87)	(24)
Investment income from debt securities measured at FVOCI (recycling)	(174)	—
Fair value gains on financial assets measured at FVPL	(154)	(96)
Share of net profit of associates	(1,588)	(1,359)
Share of net profit of joint ventures	(787)	(646)
Expenses for restricted shares of A Share Company granted to the Group's employees	375	571
Changes in working capital:		
Increase in accounts receivable	(4,151)	(5,928)
Decrease/(Increase) in contract assets	1,125	(122)
Increase in contract costs	(1,371)	(2,188)
Decrease/(Increase) in inventories and consumables	59	(335)
(Increase)/Decrease in restricted deposits	(233)	321
Increase in other assets	(1,694)	(796)
Increase in prepayments and other current assets	(4,178)	(1,876)
Increase in amounts due from ultimate holding company	(36)	(7)
(Increase)/Decrease in amounts due from related parties	(5)	745
(Increase)/Decrease in amounts due from domestic carriers	(217)	364
Increase in accounts payable and accrued liabilities	8,210	2,386
Increase in taxes payable	1,271	623
Increase in advances from customers	29	2
Increase/(Decrease) in contract liabilities	1,993	(2,002)
Increase in deferred revenue	1,076	1,164
Decrease in other obligations	(198)	(16)
(Decrease)/Increase in amounts due to ultimate holding company	(11)	322
Increase in amounts due to related parties	1,076	216
Increase in amounts due to domestic carriers	117	30
Cash generated from operations	107,428	94,952