

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021
(All amounts in RMB millions)

	Year ended 31 December	
	2021	2020
Cash flows from operating activities		
Cash generated from operations	114,414	107,428
Interest received	1,215	1,309
Interest paid	(1,324)	(1,832)
Income tax paid	(3,669)	(1,354)
Net cash inflow from operating activities	110,636	105,551
Cash flows from investing activities		
Purchase of property, plant and equipment, right-of-use assets and other assets	(72,047)	(58,656)
Proceeds from disposal of property, plant and equipment and other assets	2,267	1,647
Acquisition of financial assets measured at fair value through profit and loss ("FVPL")	(2,294)	(5,751)
Proceeds from disposal of financial assets measured at FVPL	646	4,268
Acquisition of debt securities measured at FVOCI (recycling)	(28,930)	(42,650)
Acquisition of equity securities measured at FVOCI (non-recycling)	(8)	—
Proceeds from disposal of debt securities measured at FVOCI (recycling)	26,494	19,511
Net cash inflows from addition of subsidiaries	1,462	—
Acquisition of other financial assets measured at amortised cost	(61,463)	(9,050)
Proceeds from disposal of other financial assets measured at amortised cost	60,762	9,050
Dividends received from financial assets measured at FVOCI (non-recycling)	179	210
Acquisition of interest in associates	(2,328)	(1,349)
Acquisition of interest in joint ventures	(45)	(117)
Proceeds from disposal of associates and joint ventures	8	19
Dividends received from associates	813	546
Increase in short-term bank deposits and restricted deposits	(400)	(6,900)
Lending by Unicom Group Finance Company Limited ("Finance Company") to a related party	(11,400)	(16,500)
Repayment of loans from a related party to Finance Company	11,500	13,704
Net cash outflow from investing activities	(74,784)	(92,018)

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	Note	Year ended 31 December	
		2021	2020
Cash flows from financing activities			
Contribution from non-controlling interests		10	66
Proceeds from short-term bank loans and other obligations		685	2,740
Proceeds from commercial papers		6,800	8,000
Loans from a related party		207	—
Repayment of short-term bank loans		(740)	(7,564)
Repayment of long-term bank loans		(763)	(395)
Repayment of commercial papers		(7,000)	(10,000)
Repayment of related party loans		(2,507)	(50)
Repayment of corporate bonds		(1,000)	—
Capital element of lease rentals paid		(12,727)	(11,696)
Payment of issuing expense for commercial papers		(5)	(7)
Dividends paid to equity shareholders of the Company		(8,690)	(5,447)
Net deposits with Finance Company by related parties		980	283
Decrease/(increase) in statutory reserve deposits placed by Finance Company		171	(1,140)
Net cash outflow from financing activities		(24,579)	(25,210)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents, beginning of year		23,085	34,945
Effect of changes in foreign exchange rate		(78)	(183)
Cash and cash equivalents, end of year	29	34,280	23,085
Analysis of the balances of cash and cash equivalents:			
Cash balances		—	1
Bank balances		34,280	23,084
		34,280	23,085

The notes on pages 106 to 199 are an integral part of these consolidated financial statements.

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

	Year ended 31 December	
	2021	2020
Profit before income tax	17,927	16,027
Adjustments for:		
Depreciation and amortisation	85,652	83,017
Interest income	(1,215)	(1,366)
Finance costs	1,308	1,564
Loss on disposal of property, plant and equipment	3,749	2,365
Impairment losses under expected credit loss ("ECL") model and write-down of inventories	3,301	5,584
Dividends from financial assets measured at FVOCI (non-recycling)	(179)	(210)
Gains on disposal of financial assets measured at FVPL	(15)	(87)
Investment income from debt securities measured at FVOCI (recycling)	(850)	(174)
Fair value losses/(gains) on financial assets measured at FVPL	39	(154)
Share of net profit of associates	(1,862)	(1,588)
Share of net profit of joint ventures	(1,448)	(787)
Expenses for restricted shares of A Share Company granted to the Group's employees	136	375
Changes in working capital:		
Increase in accounts receivable	(4,243)	(4,151)
Decrease in contract assets	454	1,125
Increase in contract costs	(3,038)	(1,371)
(Increase)/decrease in inventories	(359)	59
Decrease/(increase) in restricted deposits	250	(233)
Increase in other assets	(826)	(1,694)
Increase in prepayments and other current assets	(1,747)	(4,178)
Increase in amounts due from ultimate holding company	(88)	(36)
Increase in amounts due from related parties	(75)	(5)
Decrease/(increase) in amounts due from domestic carriers	1,658	(217)
Increase in accounts payable and accrued liabilities	7,053	8,210
(Decrease)/increase in other taxes payable	(307)	1,271
(Decrease)/increase in advances from customers	(225)	29
Increase in contract liabilities	3,063	1,993
Increase in deferred revenue	1,108	1,076
Increase/(decrease) in other obligations	71	(198)
Increase/(decrease) in amounts due to ultimate holding company	2,388	(11)
Increase in amounts due to related parties	2,763	1,076
(Decrease)/increase in amounts due to domestic carriers	(29)	117
Cash generated from operations	114,414	107,428

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