

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

(All amounts in RMB millions)

	Note	Year ended 31 December	
		2023	2022
Cash flows from operating activities			
Cash generated from operations		106,022	103,365
Interest received		2,105	1,747
Interest paid		(1,906)	(1,150)
Income tax paid		(3,830)	(3,425)
Net cash inflow from operating activities		102,391	100,537
Cash flows from investing activities			
Purchase of property, plant and equipment, right-of-use assets and other assets	(a)	(79,375)	(72,470)
Proceeds from disposal of property, plant and equipment and other assets		1,388	1,710
Acquisition of financial assets measured at fair value through profit or loss ("FVPL")		(1,230)	(1,741)
Proceeds from disposal of financial assets measured at FVPL		1,707	1,876
Acquisition of debt securities measured at FVOCI (recycling)		(22,980)	(17,630)
Proceeds from disposal of debt securities measured at FVOCI (recycling)		17,397	26,864
Proceeds from equity securities measured at FVOCI (non-recycling)		—	1
(Increase)/decrease in other financial assets measured at amortised cost		(5,424)	700
Dividends received from financial assets measured at FVOCI (non-recycling)		159	149
Acquisition of interest in associates		(776)	(1)
Acquisition of interest in joint ventures		(5)	—
Proceeds from disposal of associates and joint ventures		400	—
Dividends received from associates		1,246	998
Dividends received from joint venture		150	150
Placement of short-term bank deposits and restricted deposits		(11,015)	(9,818)
Release of short-term bank deposits and restricted deposits		12,815	7,300
Lending by Unicom Group Finance Company Limited ("Finance Company") to a related party		(5,700)	(11,800)
Repayment of loans from a related party to Finance Company		5,700	17,600
Net cash outflow from investing activities		(85,543)	(56,112)

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	Note	Year ended 31 December	
		2023	2022
Cash flows from financing activities			
Capital contributions from non-controlling interests		386	867
Proceeds from bank loans and other obligations		711	330
Proceeds from commercial papers		—	5,000
Loans from related parties		583	471
Repayment of short-term bank loans		(330)	(385)
Repayment of long-term bank loans		(385)	(420)
Repayment of commercial papers		(5,000)	(6,800)
Repayment of related party loans		(913)	—
Repayment of promissory notes		—	(1,000)
Repayment of corporate bonds		—	(2,000)
Capital element of lease rentals paid		(12,103)	(13,373)
Payment of issuing expense for commercial papers		—	(5)
Dividends paid to equity shareholders of the Company		(9,546)	(7,986)
Net deposits with Finance Company		949	621
Decrease in statutory reserve deposits placed by Finance Company		1,542	870
Repayment of other obligations		(409)	—
Net cash outflow from financing activities		(24,515)	(23,810)
Net (decrease)/increase in cash and cash equivalents		(7,667)	20,615
Cash and cash equivalents, beginning of year		55,297	34,280
Effect of changes in foreign exchange rate		103	402
Total cash and cash equivalents, end of year	29	47,733	55,297
Analysis of the balances of cash and cash equivalents:			
Cash balances		—	—
Bank balances		47,733	55,297
		47,733	55,297

- (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 the commercial pricing agreement and the 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 102 to 201 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	
	2023	2022
Profit before income tax	22,945	20,588
Adjustments for:		
Depreciation and amortisation	84,847	86,829
Interest income	(2,105)	(1,747)
Finance costs	1,956	1,046
Loss on disposal of property, plant and equipment	1,181	1,882
Impairment losses under expected credit loss (“ECL”) model and write-down of inventories	6,356	6,918
Dividends from financial assets measured at FVOCI (non-recycling)	(159)	(149)
Gains on disposal of financial assets measured at FVPL	(14)	(72)
Gains on disposal of financial assets measured at FVOCI (recycling)	(1)	—
Dividends from financial assets at FVPL	(2)	—
Investment income from debt securities measured at FVOCI (recycling)	(424)	(438)
Fair value gains on financial assets measured at FVPL	(114)	(24)
Share of net profit of associates	(2,519)	(2,153)
Share of net profit of joint ventures	(1,803)	(1,593)
Expenses for restricted shares of A Share Company granted to the Group’s employees	282	55
Changes in working capital:		
Increase in accounts receivable	(18,212)	(13,718)
(Increase)/decrease in contract assets	(28)	147
Increase in contract costs	(8,498)	(5,529)
Increase in inventories	(94)	(338)
Decrease/(increase) in restricted deposits	278	(1,083)
Increase in other assets	(199)	(1,108)
Increase in prepayments and other current assets	(193)	(3,611)
(Increase)/decrease in amounts due from ultimate holding company	(4)	188
Increase in amounts due from related parties	(123)	(195)
(Increase)/decrease in amounts due from domestic carriers	(323)	63
Increase in accounts payable and accrued liabilities	12,124	14,866
Increase in other taxes payable	515	742
(Decrease)/increase in advances from customers	(100)	266
Increase/(decrease) in contract liabilities	1,465	(990)
Increase in deferred revenue	1,464	980
(Decrease)/increase in other obligations	(49)	83
Increase/(decrease) in amounts due to ultimate holding company	25	(2,440)
Increase in amounts due to related parties	6,714	4,037
Increase/(decrease) in amounts due to domestic carriers	834	(137)
Cash generated from operations	106,022	103,365

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