

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022 (Amounts in million)

	Notes	2022 RMB	2021 RMB (restated)
<b>Net cash from operating activities</b>	(a)	<b>136,432</b>	137,533
<b>Cash flows used in investing activities</b>			
Capital expenditure		<b>(89,705)</b>	(84,848)
Purchase of investments		<b>(175)</b>	(206)
Payments for right-of-use assets		<b>(1,807)</b>	(327)
Proceeds from disposal of property, plant and equipment		<b>1,422</b>	1,637
Proceeds from disposal of right-of-use assets		<b>142</b>	82
Proceeds from disposal of investments		<b>200</b>	52
Net cash inflow from disposal of subsidiaries		<b>-</b>	3,764
Payments for equity instruments at fair value through other comprehensive income		<b>(15)</b>	(211)
Purchase of short-term bank deposits		<b>(2,537)</b>	(9,251)
Maturity of short-term bank deposits		<b>1,750</b>	11,020
Short-term loans granted to China Telecom Group by Finance Company	(b)	<b>(8,105)</b>	(2,000)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	<b>2,034</b>	-
<b>Net cash used in investing activities</b>		<b>(96,796)</b>	(80,288)
<b>Cash flows used in financing activities</b>			
Proceeds from A Shares Offering, net of issuing expenses		<b>-</b>	47,516
Repayments of principal of lease liabilities		<b>(15,897)</b>	(14,035)
Proceeds from bank and other loans		<b>3,692</b>	38,922
Repayments of bank and other loans		<b>(9,615)</b>	(74,486)
Payment of dividends		<b>(26,537)</b>	(8,439)
Distribution to non-controlling interests		<b>(90)</b>	(112)
Payment for the acquisition of non-controlling interests		<b>(1)</b>	-
Contribution from non-controlling interests		<b>3,675</b>	100
Net deposits with Finance Company	(b)	<b>4,411</b>	3,190
Increase in statutory deposit reserves placed by Finance Company	(b)	<b>(541)</b>	(177)
(Consideration paid)/Contribution from shareholders for entity combination under common control		<b>(3)</b>	3
<b>Net cash used in financing activities</b>		<b>(40,906)</b>	(7,518)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,270)</b>	49,727
<b>Cash and cash equivalents as at 1 January</b>		<b>73,284</b>	23,684
<b>Effect of changes in foreign exchange rate</b>		<b>451</b>	(127)
<b>Cash and cash equivalents as at 31 December</b>		<b>72,465</b>	73,284

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**(a) RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FROM OPERATING ACTIVITIES**

	<b>2022</b>	2021
	<b>RMB</b>	RMB
		(restated)
<b>Profit before taxation</b>	<b>35,714</b>	33,865
Adjustment for:		
Depreciation and amortisation	<b>96,932</b>	92,966
Impairment losses for financial assets, net of reversal	<b>2,340</b>	1,819
Write-down of inventories, net of reversal	<b>(61)</b>	69
Investment income and others	<b>(243)</b>	(2,244)
Share of profits of associates and joint ventures	<b>(2,051)</b>	(1,966)
Interest income	<b>(1,808)</b>	(1,104)
Net interest expense	<b>1,881</b>	2,404
Net foreign exchange gain and others	<b>(66)</b>	(7)
Net loss on retirement and disposal of long-lived assets and others	<b>6,158</b>	6,095
	<b>138,796</b>	131,897
Increase in accounts receivable	<b>(3,842)</b>	(3,327)
Increase in contract assets	<b>(2,185)</b>	(318)
Decrease/(Increase) in inventories	<b>370</b>	(595)
Increase in prepayments and other current assets	<b>(4,302)</b>	(2,031)
Increase in restricted cash	<b>(496)</b>	(85)
Increase in other assets	<b>(449)</b>	(2,047)
Increase in accounts payable	<b>9,683</b>	4,225
Increase in accrued expenses and other payables	<b>4,293</b>	7,009
(Decrease)/Increase in contract liabilities	<b>(3,165)</b>	7,140
<b>Cash generated from operations</b>	<b>138,703</b>	141,868
Interest received	<b>1,754</b>	1,045
Interest paid	<b>(1,993)</b>	(2,522)
Investment income received	<b>1,208</b>	860
Income tax paid	<b>(3,240)</b>	(3,718)
<b>Net cash from operating activities</b>	<b>136,432</b>	137,533

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**(b)** “Finance Company” refers to China Telecom Group Finance Co., Ltd., a subsidiary of the Company established on 8 January 2019, which provides capital and financial management services to the member units of China Telecommunications Corporation, the parent and ultimate holding company of the Company. These transactions are conducted on normal commercial terms or better.

### **(c) SIGNIFICANT NON-CASH TRANSACTIONS**

For the year ended 31 December 2022 and 2021, the Group did not have significant non-cash investing and financing activities, except for the additions of right-of-use assets and lease liabilities (including increases in right-of-use assets and lease liabilities arising from the Company’s entering into Commercial Pricing Agreement and Service Agreement with China Tower Corporation Limited (“China Tower”) this year, which was accounted for as lease modification, further information is set out in Note 43(b)).

The notes on pages 193 to 287 form part of these consolidated financial statements.