

## SECTION VIII FINANCIAL REPORTS

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023 (Amounts in million)

	Notes	2023 RMB	2022 RMB
<b>Net cash from operating activities</b>	(a)	<b>137,508</b>	136,432
<b>Cash flows used in investing activities</b>			
Capital expenditure		(89,866)	(89,705)
Purchase of investments		(109)	(175)
Payments for right-of-use assets		(307)	(1,807)
Proceeds from disposal of property, plant and equipment		1,223	1,422
Proceeds from disposal of right-of-use assets		89	142
Proceeds from disposal of investments		124	200
Payments for equity instruments at fair value through other comprehensive income		(30)	(15)
Purchase of short-term bank deposits		(13,349)	(2,537)
Maturity of short-term bank deposits		6,742	1,750
Short-term loans granted to China Telecom Group by Finance Company	(b)	(8,100)	(8,105)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	8,091	2,034
<b>Net cash used in investing activities</b>		<b>(95,492)</b>	(96,796)
<b>Cash flows used in financing activities</b>			
Repayments of principal of lease liabilities		(14,647)	(15,897)
Proceeds from bank and other loans		5,988	3,692
Repayments of bank and other loans		(11,239)	(9,615)
Payments of dividends		(20,059)	(26,537)
Distribution to non-controlling interests		(79)	(90)
Payment for the acquisition of non-controlling interests		—	(1)
Contribution from non-controlling interests		—	3,675
Net deposits with Finance Company	(b)	6,680	4,411
Increase in statutory deposit reserves placed by Finance Company	(b)	(121)	(541)
Consideration paid for entity combination under common control		—	(3)
<b>Net cash used in financing activities</b>		<b>(33,477)</b>	(40,906)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,539</b>	(1,270)
<b>Cash and cash equivalents as at 1 January</b>		<b>72,465</b>	73,284
<b>Effect of changes in foreign exchange rate</b>		<b>42</b>	451
<b>Cash and cash equivalents as at 31 December</b>		<b>81,046</b>	72,465

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for the year ended 31 December 2023 (Amounts in million)

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

	2023 RMB	2022 RMB
<b>Profit before taxation</b>	<b>39,204</b>	35,714
Adjustment for:		
Depreciation and amortisation	<b>99,702</b>	96,932
Impairment losses for financial assets and contract assets, net of reversal	<b>3,419</b>	2,340
Write-down of inventories, net of reversal	<b>7</b>	(61)
Investment income and others	<b>(295)</b>	(243)
Share of profits of associates and joint ventures	<b>(2,116)</b>	(2,051)
Interest income	<b>(2,368)</b>	(1,808)
Net interest expense	<b>2,545</b>	1,881
Net foreign exchange gain or loss and others	<b>155</b>	(66)
Net loss on retirement and disposal of long-lived assets and others	<b>4,046</b>	6,158
	<b>144,299</b>	138,796
Increase in accounts receivable	<b>(11,067)</b>	(3,842)
Increase in contract assets	<b>(1,813)</b>	(2,185)
Decrease in inventories	<b>90</b>	370
Decrease/(Increase) in prepayments and other current assets	<b>130</b>	(4,302)
Increase in restricted cash	<b>(182)</b>	(496)
Increase in other assets	<b>(683)</b>	(449)
Increase in accounts payable	<b>10,176</b>	9,683
Increase in accrued expenses and other payables	<b>1,657</b>	4,293
Decrease in contract liabilities	<b>(2,432)</b>	(3,165)
<b>Cash generated from operations</b>	<b>140,175</b>	138,703
Interest received	<b>2,225</b>	1,754
Interest paid	<b>(2,646)</b>	(1,993)
Investment income received	<b>1,530</b>	1,208
Income tax paid	<b>(3,776)</b>	(3,240)
<b>Net cash from operating activities</b>	<b>137,508</b>	136,432

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023 (Amounts in million)

**(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 years ended 31 December 2023 and 2022, the Group did not have significant non-cash investing and financing activities, except for the additions of right-of-use assets and lease liabilities, and the additions of equipment in instalment purchase of equipment.