

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2023 (Amounts in million)

	Notes	Six-month period ended 30 June	
		2023	2022
		RMB	RMB
<b>Net cash from operating activities</b>	(a)	<b>65,536</b>	65,097
<b>Cash flows used in investing activities</b>			
Capital expenditure		<b>(28,318)</b>	(27,183)
Purchase of investments		<b>(15)</b>	(85)
Payments for right-of-use assets		<b>(9)</b>	(104)
Proceeds from disposal of property, plant and equipment		<b>200</b>	169
Proceeds from disposal of right-of-use assets		<b>1</b>	10
Proceeds from disposal of investments		<b>54</b>	14
Payments for equity instruments at fair value through other comprehensive income		<b>(15)</b>	–
Purchase of short-term bank deposits		<b>(5,952)</b>	(1,709)
Maturity of short-term bank deposits		<b>1,105</b>	159
Short-term loans granted to China Telecom Group by Finance Company	(b)	<b>(6,100)</b>	(6,000)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	<b>6,071</b>	–
<b>Net cash used in investing activities</b>		<b>(32,978)</b>	(34,729)
<b>Cash flows used in financing activities</b>			
Repayments of principal of lease liabilities		<b>(6,553)</b>	(6,237)
Proceeds from bank and other loans		<b>2,071</b>	2,021
Repayments of bank and other loans		<b>(5,791)</b>	(7,555)
Payments of dividends		<b>(5,900)</b>	(13,197)
Distribution to non-controlling interests		<b>(1)</b>	(2)
Net deposits with Finance Company	(b)	<b>(5,495)</b>	(1,996)
Decrease/(Increase) in statutory deposit reserves placed by Finance Company	(b)	<b>268</b>	(175)
<b>Net cash used in financing activities</b>		<b>(21,401)</b>	(27,141)
<b>Net increase in cash and cash equivalents</b>		<b>11,157</b>	3,227
<b>Cash and cash equivalents as at 1 January</b>		<b>72,465</b>	73,281
<b>Effect of changes in foreign exchange rate</b>		<b>76</b>	328
<b>Cash and cash equivalents as at 30 June</b>		<b>83,698</b>	76,836

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

	<b>Six-month period</b>	
	<b>ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB</b>	RMB
<b>Profit before taxation</b>	<b>26,180</b>	23,925
Adjustment for:		
Depreciation and amortisation	<b>47,838</b>	46,735
Impairment losses for financial assets and contract assets, net of reversal	<b>2,646</b>	2,163
Write-down of inventories, net of reversal	<b>42</b>	73
Investment income and others	<b>(159)</b>	(9)
Share of profits of associates and joint ventures	<b>(996)</b>	(833)
Interest income	<b>(1,039)</b>	(805)
Net interest expense	<b>1,319</b>	940
Net foreign exchange gain or loss and others	<b>203</b>	(105)
Net loss on retirement and disposal of long-lived assets and others	<b>1,385</b>	2,204
	<b>77,419</b>	74,288
Increase in accounts receivable	<b>(25,088)</b>	(16,042)
Increase in contract assets	<b>(666)</b>	(1,061)
Increase in inventories	<b>(1,379)</b>	(921)
Decrease in prepayments and other current assets	<b>1,123</b>	1,267
Increase in restricted cash	<b>(78)</b>	(61)
Increase in other assets	<b>(356)</b>	(665)
Increase in accounts payable	<b>9,891</b>	7,275
Increase in accrued expenses and other payables	<b>14,113</b>	13,227
Decrease in contract liabilities	<b>(8,230)</b>	(10,598)
<b>Cash generated from operations</b>	<b>66,749</b>	66,709
Interest received	<b>943</b>	788
Interest paid	<b>(1,439)</b>	(1,114)
Investment income received	<b>1,313</b>	960
Income tax paid	<b>(2,030)</b>	(2,246)
<b>Net cash from operating activities</b>	<b>65,536</b>	65,097

## SECTION VIII INTERIM FINANCIAL INFORMATION

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 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 six-month periods ended 30 June 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.

The notes on pages 62 to 83 form part of the condensed consolidated interim financial information.