

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020 (Amounts in millions)

	Notes	2020 RMB	2019 RMB
Net cash from operating activities	(a)	132,260	112,600
Cash flows used in investing activities			
Capital expenditure		(88,748)	(82,853)
Purchase of investments		(74)	(478)
Payments for right-of-use assets		(220)	(310)
Proceeds from disposal of property, plant and equipment		863	2,514
Proceeds from disposal of right-of-use assets		24	115
Proceeds from disposal of investments		47	296
Purchase of short-term bank deposits		(4,664)	(5,119)
Maturity of short-term bank deposits		5,695	8,621
Net cash used in investing activities		(87,077)	(77,214)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(12,738)	(10,699)
Proceeds from bank and other loans		81,049	103,315
Repayments of bank and other loans		(106,982)	(120,107)
Payment of dividends		(9,262)	(8,891)
Distribution to non-controlling interests		(42)	(181)
Payment for the acquisition of non-controlling interests		(1)	(8)
Contribution from non-controlling interests		–	1,590
Advanced payment received in respect of contribution from non-controlling interest		978	–
Net deposits with Finance Company	(b)	5,728	4,098
Increase in statutory reserve deposits placed by Finance Company	(b)	(837)	(405)
Net cash used in financing activities		(42,107)	(31,288)
Net increase in cash and cash equivalents		3,076	4,098
Cash and cash equivalents at 1 January		20,791	16,666
Effect of changes in foreign exchange rate		(183)	27
Cash and cash equivalents at 31 December		23,684	20,791

The notes on pages 171 to 244 form part of these consolidated financial statements.

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for the year ended 31 December 2020 (Amounts in millions)

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

	2020 RMB	2019 RMB
Profit before taxation	27,387	27,034
Adjustment for:		
Depreciation and amortisation	90,240	88,145
Impairment loss on property, plant and equipment	5,042	–
Impairment losses for financial assets and other items, net of reversal	1,512	1,695
Write down of inventories, net of reversal	35	61
Investment income	(60)	(30)
Share of profits of associates	(1,701)	(1,573)
Interest income	(582)	(492)
Interest expense	3,433	4,090
Net foreign exchange loss	163	41
Net loss on retirement and disposal of long-lived assets	3,827	2,710
Operating profit before changes in working capital	129,296	121,681
Increase in accounts receivable	(1,771)	(2,601)
(Increase)/decrease in contract assets	(132)	4
(Increase)/decrease in inventories	(474)	1,891
(Increase)/decrease in prepayments and other current assets	(116)	1,045
(Increase)/decrease in restricted cash	(6,097)	89
(Increase)/decrease in other assets	(2,971)	414
Increase/(decrease) in accounts payable	5,689	(2,657)
Increase in accrued expenses and other payables	1,934	614
Increase/(decrease) in contract liabilities	9,516	(1,412)
Decrease in deferred revenues	(55)	(90)
Cash generated from operations	134,819	118,978
Interest received	594	474
Interest paid	(3,524)	(4,200)
Investment income received	603	133
Income tax paid	(232)	(2,785)
Net cash from operating activities	132,260	112,600

(b) “Finance Company” refers to China Telecom Group Finance Co., Ltd., a subsidiary of the Company established on 8 January 2019, providing capital and financial management services to the member units of China Telecommunications Corporation.

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