



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021 (Amounts in million)

	Notes	2021 RMB	2020 RMB
<b>Net cash from operating activities</b>	(a)	<b>137,533</b>	132,260
<b>Cash flows used in investing activities</b>			
Capital expenditure		<b>(84,847)</b>	(88,748)
Purchase of investments		<b>(206)</b>	(74)
Payments for right-of-use assets		<b>(327)</b>	(220)
Proceeds from disposal of property, plant and equipment		<b>1,637</b>	863
Proceeds from disposal of right-of-use assets		<b>82</b>	24
Proceeds from disposal of investments		<b>52</b>	47
Net cash inflow from disposal of subsidiaries		<b>3,764</b>	–
Payments for equity instruments at fair value through other comprehensive income		<b>(211)</b>	–
Purchase of short-term bank deposits		<b>(9,251)</b>	(4,664)
Maturity of short-term bank deposits		<b>11,020</b>	5,695
Short-term loans granted to China Telecommunications Corporation by Finance Company	(b)	<b>(2,000)</b>	–
<b>Net cash used in investing activities</b>		<b>(80,287)</b>	(87,077)
<b>Cash flows used in financing activities</b>			
Proceeds from A Shares Offering, net of issuing expenses		<b>47,516</b>	–
Repayments of principal of lease liabilities		<b>(14,035)</b>	(12,738)
Proceeds from bank and other loans		<b>38,922</b>	81,049
Repayments of bank and other loans		<b>(74,486)</b>	(106,982)
Payment of dividends		<b>(8,439)</b>	(9,262)
Distribution to non-controlling interests		<b>(112)</b>	(42)
Payment for the acquisition of non-controlling interests		–	(1)
Contribution from non-controlling interests		<b>99</b>	–
Advanced payment received in respect of contribution from non-controlling interest		–	978
Net deposits with Finance Company	(b)	<b>3,190</b>	5,728
Increase in statutory deposit reserves placed by Finance Company	(b)	<b>(177)</b>	(837)
<b>Net cash used in financing activities</b>		<b>(7,522)</b>	(42,107)
<b>Net increase in cash and cash equivalents</b>		<b>49,724</b>	3,076
<b>Cash and cash equivalents as at 1 January</b>		<b>23,684</b>	20,791
<b>Effect of changes in foreign exchange rate</b>		<b>(127)</b>	(183)
<b>Cash and cash equivalents as at 31 December</b>		<b>73,281</b>	23,684

The notes on pages 194 to 286 form part of these consolidated financial statements.



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for the year ended 31 December 2021 (Amounts in million)

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

	2021 RMB	2020 RMB
<b>Profit before taxation</b>	<b>33,864</b>	27,387
Adjustment for:		
Depreciation and amortisation	92,965	90,240
Impairment loss on property, plant and equipment	–	5,042
Impairment losses for financial assets and other items, net of reversal	1,985	1,512
Write down of inventories, net of reversal	69	35
Investment income and others	(2,244)	(60)
Share of profits of associates and joint ventures	(1,966)	(1,701)
Interest income	(1,104)	(582)
Interest expense	2,404	3,433
Net foreign exchange (gain)/loss	(7)	163
Net loss on retirement and disposal of long-lived assets	5,929	3,827
	<b>131,895</b>	129,296
Increase in accounts receivable	(3,327)	(1,771)
Increase in contract assets	(318)	(132)
Increase in inventories	(595)	(474)
Increase in prepayments and other current assets	(2,031)	(116)
Increase in restricted cash	(85)	(6,097)
Increase in other assets	(2,047)	(2,971)
Increase in accounts payable	4,227	5,689
Increase in accrued expenses and other payables	7,009	1,879
Increase in contract liabilities	7,140	9,516
<b>Cash generated from operations</b>	<b>141,868</b>	134,819
Interest received	1,045	594
Interest paid	(2,522)	(3,524)
Investment income received	860	603
Income tax paid	(3,718)	(232)
<b>Net cash from operating activities</b>	<b>137,533</b>	132,260

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for the year ended 31 December 2021 (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.

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

For the year ended 31 December 2021 and 2020, the Group did not have significant non-cash investing and financing activities, except the additions of right-of-use assets and lease liabilities.

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