

Condensed Consolidated Statement of Cash Flows (Unaudited)

for the six-month period ended 30 June 2021 (Amounts in million)

	Notes	Six-month period ended 30 June	
		2021 RMB	2020 RMB
Net cash from operating activities	(a)	67,635	65,286
Cash flows used in investing activities			
Capital expenditure		(26,843)	(31,118)
Purchase of investments		(83)	(21)
Payments for right-of-use assets		(1)	(82)
Proceeds from disposal of property, plant and equipment		448	264
Proceeds from disposal of right-of-use assets		26	1
Proceeds from disposal of investments		37	36
Net cash inflow from disposal of subsidiaries		3,764	—
Payments for equity instruments at fair value through other comprehensive income		(93)	—
Purchase of short-term bank deposits		(7,235)	(2,712)
Maturity of short-term bank deposits		8,812	3,988
Net cash used in investing activities		(21,168)	(29,644)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(5,769)	(4,964)
Proceeds from bank and other loans		27,403	32,755
Repayments of bank and other loans		(46,519)	(62,320)
Payment of dividends		(8,439)	—
Contribution from non-controlling interests		79	—
Net deposits with Finance Company	(b)	(1,472)	204
Increase in statutory reserve deposits placed by Finance Company	(b)	(237)	(196)
Net cash used in financing activities		(34,954)	(34,521)
Net increase in cash and cash equivalents		11,513	1,121
Cash and cash equivalents at 1 January		23,684	20,791
Effect of changes in foreign exchange rate		(67)	31
Cash and cash equivalents at 30 June		35,130	21,943

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for the six-month period ended 30 June 2021 (Amounts in million)

(a) Reconciliation of profit before taxation to net cash from operating activities

	Six-month period ended 30 June	
	2021	2020
	RMB	RMB
Profit before taxation	23,415	18,246
Adjustment for:		
Depreciation and amortisation	45,097	44,176
Impairment losses for financial assets and other items, net of reversal	1,719	1,715
Write down of inventories, net of reversal	12	2
Investment income and others	(2,224)	(53)
Share of profits of associates	(1,019)	(787)
Interest income	(306)	(280)
Interest expense	1,397	1,848
Net foreign exchange (gain)/loss	(12)	4
Net loss on retirement and disposal of long-lived assets	1,729	2,112
Operating profit before changes in working capital	69,808	66,983
Increase in accounts receivable	(12,923)	(12,672)
Increase in contract assets	(508)	(327)
Increase in inventories	(1,423)	(183)
Decrease in prepayments and other current assets	7	593
Increase in restricted cash	(9)	—
Decrease in other assets	396	237
Increase in accounts payable	6,014	6,146
Increase in accrued expenses and other payables	13,039	9,353
Decrease in contract liabilities	(4,016)	(2,943)
Decrease in deferred revenues	(11)	(30)
Cash generated from operations	70,374	67,157
Interest received	296	290
Interest paid	(1,567)	(1,972)
Investment income received	820	576
Income tax paid	(2,288)	(765)
Net cash from operating activities	67,635	65,286

- (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.

The notes on pages 22 to 42 form part of the condensed consolidated interim financial information.