

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2024 (Amounts in million)

	Notes	Six-month period ended 30 June	
		2024 RMB	2023 RMB
Net cash from operating activities	(a)	58,700	65,536
Cash flows used in investing activities			
Capital expenditure		(34,985)	(28,318)
Purchase of investments		(109)	(15)
Payments for right-of-use assets		(50)	(9)
Proceeds from disposal of property, plant and equipment		706	200
Proceeds from disposal of right-of-use assets		58	1
Proceeds from disposal of investments		6	54
Payments for equity instruments at fair value through other comprehensive income		(30)	(15)
Purchase of bank deposits		(27,058)	(5,952)
Maturity of bank deposits		7,308	1,105
Short-term loans granted to China Telecom Group by Finance Company	(b)	(2,029)	(6,100)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	6,080	6,071
Net cash used in investing activities		(50,103)	(32,978)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(6,556)	(6,553)
Proceeds from bank and other loans		2,833	2,071
Repayments of bank and other loans		(4,057)	(5,791)
Payments of dividends		(7,082)	(5,900)
Distribution to non-controlling interests		–	(1)
Net deposits by China Telecom Group with Finance Company	(b)	638	(5,495)
(Increase)/decrease in statutory deposit reserves placed by Finance Company		(359)	268
Net cash used in financing activities		(14,583)	(21,401)
Net (decrease)/increase in cash and cash equivalents		(5,986)	11,157
Cash and cash equivalents as at 1 January		81,046	72,465
Effect of changes in foreign exchange rate		12	76
Cash and cash equivalents as at 30 June		75,072	83,698

SECTION VIII INTERIM FINANCIAL INFORMATION

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

	Six-month period ended 30 June 2024 RMB	2023 RMB
Profit before taxation	28,239	26,180
Adjustment for:		
Depreciation and amortisation	49,532	47,838
Impairment losses for financial assets and contract assets, net of reversal	3,863	2,646
Write-down of inventories, net of reversal	25	42
Investment income and others	(106)	(159)
Share of profits of associates and joint ventures	(1,145)	(996)
Interest income	(1,042)	(1,039)
Net interest expense	1,192	1,319
Net foreign exchange gain or loss and others	100	203
Net loss on retirement and disposal of long-lived assets and others	886	1,385
	81,544	77,419
Increase in accounts receivable	(27,522)	(25,088)
Increase in contract assets	(1,453)	(666)
Increase in inventories	(1,272)	(1,379)
(Increase)/decrease in prepayments and other current assets	(985)	1,123
Decrease/(increase) in restricted cash	108	(78)
Decrease/(increase) in other assets	603	(356)
Increase in accounts payable	6,147	9,891
Increase in accrued expenses and other payables	10,931	14,113
Decrease in contract liabilities	(8,661)	(8,230)
Cash generated from operations	59,440	66,749
Interest received	992	943
Interest paid	(1,162)	(1,439)
Investment income received	1,521	1,313
Income tax paid	(2,091)	(2,030)
Net cash from operating activities	58,700	65,536

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(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.

China Telecommunications Corporation together with its subsidiaries other than the Group are referred to as "China Telecom Group".

(c) SIGNIFICANT NON-CASH TRANSACTIONS

For the six-month periods ended 30 June 2024 and 30 June 2023, 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.