

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six-month period ended 30 June 2026 (Amounts in million)

	Notes	Six-month period ended 30 June 2026 RMB	2025 RMB
Net cash from operating activities	(a)	61,375	47,307
Cash flows used in investing activities			
Capital expenditure		(26,354)	(27,227)
Investment in associates and joint ventures		(1,231)	(70)
Payments for right-of-use assets		(5)	(19)
Proceeds from disposal of property, plant and equipment		459	936
Proceeds from disposal of right-of-use assets		178	200
Payments for financial assets at fair value through profit or loss		(129,863)	(55,505)
Proceeds from disposal of financial assets at fair value through profit or loss		89,274	35,155
Payments for financial assets at fair value through other comprehensive income		(2,400)	–
Proceeds from disposal of financial assets at fair value through other comprehensive income		301	6
Placement of bank deposits and others		(9,660)	(34,585)
Maturity of bank deposits		21,154	18,511
Short-term loans granted to China Telecom Group by Finance Company	(b)	(2,000)	(2,051)
China Telecom Group's repayments of short-term loans granted by Finance Company	(b)	2,060	2,045
Net cash inflow from acquisition of subsidiary		–	1,455
Net cash used in investing activities		(58,087)	(61,149)
Cash flows used in financing activities			
Repayments of principal of lease liabilities		(3,915)	(6,955)
Proceeds from bank and other loans		2,530	5,599
Repayments of bank and other loans		(7,263)	(4,671)
Payments of dividends		(7,105)	(7,270)
Contribution from non-controlling interests		627	99
Net withdrawal of deposits by China Telecom Group to Finance Company	(b)	(9,449)	(1,856)
Decrease/(increase) in statutory deposit reserves placed by Finance Company	(b)	729	(351)
Others		–	19
Net cash used in financing activities		(23,846)	(15,386)
Net decrease in cash and cash equivalents		(20,558)	(29,228)
Cash and cash equivalents as at 1 January		61,394	82,207
Effect of changes in foreign exchange rate		(179)	(20)
Cash and cash equivalents as at 30 June		40,657	52,959

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

	Six-month period ended 30 June	
	2026	2025
	RMB	RMB
Profit before taxation	25,763	29,595
Adjustment for:		
Depreciation and amortisation	51,378	52,039
Impairment losses for financial assets and contract assets, net of reversal	6,431	5,521
Write-down of inventories, net of reversal	19	16
Investment income and others	(1,080)	(110)
Share of profits of associates and joint ventures	(1,803)	(1,233)
Interest income	(815)	(941)
Net interest expense	851	1,063
Net foreign exchange gain or loss and others	57	172
Net loss on retirement and disposal of long-lived assets and others	247	847
	81,048	86,969
Increase in accounts receivable	(24,917)	(32,571)
Increase in contract assets	(450)	(988)
Increase in inventories	(703)	(27)
Decrease in prepayments and other current assets	1,588	457
Decrease in restricted cash	34	93
Increase in other assets	(1,131)	(841)
Increase/(decrease) in accounts payable	4,686	(8,592)
Increase in accrued expenses and other payables	11,343	11,004
Decrease in contract liabilities	(6,859)	(5,771)
Cash generated from operations	64,639	49,733
Interest received	631	641
Interest paid	(777)	(1,007)
Investment income and dividends received	1,395	1,279
Income tax paid	(4,513)	(3,339)
Net cash from operating activities	61,375	47,307

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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 2026 and 30 June 2025, the Group did not have other significant non-cash investing and financing activities, except for the additions and modifications of right-of-use assets and lease liabilities, and the instalment purchase of equipment.