



Consolidated Statement of Cash Flow

For the year ended December 31, 2006

	Note	Year ended December 31	
		2006	2005
		RMB million	RMB million Restated Note 2
Cash flows from operating activities			
Net cash inflows from operations	37(a)	41,050	40,632
Interest received		132	131
Dividends received		—	29
Interest paid		(3,564)	(3,244)
Profits tax paid		(3,668)	(4,065)
Cash inflow from operating activities of continuing operations		33,950	33,483
Cash inflow from operating activities of discontinued operations	25	183	74
Net cash inflow from operating activities		34,133	33,557
Cash flows from investing activities			
Purchase of fixed assets and construction in progress		(25,978)	(26,967)
Prepayments for leased network capacity		(318)	—
Prepayments for leased land		(178)	(280)
Sale of fixed assets		126	49
Sale of other investments		—	2,874
Net decrease in time deposits with maturity over three months		—	28
Other income		375	—
Cash outflow from investing activities of continuing operations		(25,973)	(24,296)
Cash inflow/(outflow) from investing activities of discontinued operations	25	982	(312)
Net cash outflow from investing activities		(24,991)	(24,608)
Cash flows from financing activities			
New bank loans and other loans		89,002	77,578
Issuance of short term commercial papers		9,676	—
Repayment of bank loans		(98,512)	(85,289)
Capital element of finance lease payments		(1,347)	(909)
Payment of prior year distribution to owner		(600)	(1,566)
Payment to ultimate holding company for the Acquisition of New Horizon		(1,960)	(3,000)
Dividends payment		(3,196)	(259)
Loans to fellow subsidiaries and related parties		—	(1,319)
Issuance of shares upon exercise of share options		490	—
Cash outflow from financing activities of continuing operations		(6,447)	(14,764)
Cash inflow from financing activities of discontinued operations	25	—	108
Net cash outflow from financing activities		(6,447)	(14,656)

The notes on pages 86 to 144 are an integral part of these consolidated financial statements.



Consolidated Statement of Cash Flow (continued)

For the year ended December 31, 2006

	Note	Year ended December 31	
		2006	2005
		RMB million	RMB million Restated Note 2
Cash flows from continuing operations		1,530	(5,577)
Cash flows from discontinued operations		1,165	(130)
Increase/(decrease) in cash and cash equivalents		2,695	(5,707)
Cash and cash equivalents at beginning of year		4,874	10,581
Cash and cash equivalents at end of year	16	7,569	4,874

The notes on pages 86 to 144 are an integral part of these consolidated financial statements.