

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December, 2000
(Expressed in thousands of RMB)

	Note	Year ended 31 December,	
		2000	1999
Net cash inflows from operating activities	(a)	10,228,880	6,855,710
Returns on investments and servicing of finance			
Interest received		1,083,148	105,595
Interest paid		(1,331,326)	(852,114)
Dividend received		258	6,202
Dividends paid to minority owners of subsidiaries		(153,316)	(102,922)
Distributions to owners		—	(963,241)
Net cash outflows from return on investments and servicing of finance		(401,236)	(1,806,480)
Taxation			
PRC income tax paid		(483,777)	(538,285)
Investing activities			
Purchase of property, plant and equipment		(21,352,609)	(12,696,729)
Acquisition of minority interests		(1,525,536)	(228,112)
Purchase of investment in associated companies		(10,696)	—
Proceeds from disposals of associated companies		6,446	21,618
Increase in short-term bank deposits		(7,630,435)	(208,500)
Purchase of trading securities		(570,905)	(456,385)
Proceeds from disposal of trading securities		689,463	50,000
Purchase of investment securities		(10,903)	(4,321)
Proceeds from disposal of investment securities		—	7,184
Addition of deferred expenditures		(145,771)	(414,360)
Net cash outflows from investing activities		(30,550,946)	(13,929,605)
Financing activities			
Proceeds from issue of ordinary shares, net of expenses		45,275,152	—
Capital contributions from owners		—	2,254,518
Proceeds of loans from CCF joint ventures		—	302,674
Repayment of loans from CCF joint ventures		(7,393,940)	(2,361,693)
Proceeds of loans from Unicom Group		—	7,475,258
Increase in amounts due to Unicom Group		316,430	529,843
Proceeds from short-term and long-term bank loans		23,360,879	3,123,210
Repayment of short-term and long-term bank loans		(1,637,118)	(239,539)
Net cash inflows from financing activities		59,921,403	11,084,271
Increase in cash and cash equivalents		38,714,324	1,665,611
Cash and cash equivalents, beginning of year		6,002,361	4,336,750
Cash and cash equivalents, end of year		44,716,685	6,002,361
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		44,716,685	6,002,361

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the year ended 31 December, 2000
(Expressed in thousands of RMB)

- (a) The reconciliation of income before taxation and minority interests to net cash inflows from operating activities is as follows:

	Year ended 31 December,	
	2000	1999
Income before taxation and minority interests	4,482,731	1,759,006
Depreciation and amortisation	5,734,315	3,691,019
Interest income	(1,748,805)	(105,595)
Interest expense	1,353,746	808,806
Loss on disposal of property, plant and equipment	319,659	129,347
Write-off or provision for doubtful debts	444,831	286,666
Share of profits from associated companies	(258)	(6,202)
Dividend from investment securities	(9,321)	—
Realised gain on trading securities	(64,956)	(3,387)
Unrealised gain on trading securities	(31,855)	(1,357)
Realised gain on investment securities	—	(11,274)
Provision for impairment in value of associated companies	7,501	12,468
Provision for impairment in value of investment securities	6,812	3,390
Loss arising from terminations of CCF arrangements	1,193,838	224,270
Increase in accounts receivable	(993,069)	(468,909)
Decrease in inventories	54,717	383,418
Increase in prepayments and other current assets	(424,133)	(258,129)
Decrease in amounts due from China Telecom	798,537	877,586
Increase in amounts due from related parties	(433,506)	(57,086)
Decrease in payables and accrued liabilities	(164,854)	(251,015)
Increase in tax payable	—	2,367
(Decrease) increase in advances from customers	(31,970)	304,966
Decrease in amounts due to China Telecom	(276,355)	(498,097)
Increase in amounts due to related parties	11,275	33,452
Net cash inflows from operating activities	10,228,880	6,855,710

- (b) Significant non-cash transactions:

The Group incurred additional payables of approximately RMB3,828 million (1999: RMB4,402 million) to equipment suppliers for construction-in-progress during the year ended 31 December, 2000.

During 2000, long-term bank loans of approximately RMB10,502 million which were previously borrowed by Unicom Group were restructured into long-term bank loans borrowed directly by China Unicom (see Note 32(b)).