

# Consolidated Statement of Cash Flows

For the Year Ended 31 December 2001

(Expressed in thousands of RMB)

	Note	Year ended 31 December	
		2001	2000
<b>Net cash inflows from operating activities</b>	(a)	13,249,360	10,228,880
<b>Returns on investments and servicing of finance</b>			
Interest received		2,605,507	1,083,148
Interest paid		(2,576,822)	(1,331,326)
Dividends received		22,864	258
Dividends paid to minority owners of subsidiaries		(29,377)	(153,316)
Net cash inflows (outflows) from return on investments and servicing of finance		22,172	(401,236)
<b>Taxation</b>			
PRC income tax paid		(2,193,657)	(483,777)
<b>Investing activities</b>			
Purchase of property, plant and equipment		(28,547,009)	(21,352,609)
Proceeds from disposal of property, plant and equipment		131,692	—
Acquisition of minority interests		(18,537)	(1,525,536)
Purchase of investment in associated companies		—	(10,696)
Proceeds from disposal of associated companies		—	6,446
Increase in short-term bank deposits		(17,083,008)	(7,630,435)
Purchase of trading securities		—	(570,905)
Proceeds from disposal of trading securities		144,976	689,463
Purchase of investment securities		(21,426)	(10,903)
Proceeds from disposal of investment securities		5,139	—
Addition of deferred expenditures		(736,844)	(145,771)
Net cash outflows from investing activities		(46,125,017)	(30,550,946)
<b>Net cash outflows before financing activities</b>		(35,047,142)	(21,207,079)
<b>Financing activities</b>			
Proceeds from issue of ordinary shares, net of expenses		—	45,275,152
Repayment of loans from CCF joint ventures		—	(7,393,940)
Increase in amounts due to Unicom Group		126,137	316,430
Proceeds from short-term and long-term bank loans		21,243,410	23,360,879
Repayment of short-term and long-term bank loans		(12,626,080)	(1,637,118)
Net cash inflows from financing activities		8,743,467	59,921,403
(Decrease) increase in cash and cash equivalents		(26,303,675)	38,714,324
Cash and cash equivalents, beginning of year		44,716,685	6,002,361
Cash and cash equivalents, end of year		18,413,010	44,716,685

# Consolidated Statement of Cash Flows (Cont'd)

For the Year Ended 31 December 2001

(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	
	2001	2000
Income before taxation and minority interests	5,462,588	4,482,731
Adjustments for:		
Depreciation and amortisation	8,262,296	5,734,315
Interest income	(2,096,972)	(1,748,805)
Interest expense	1,907,148	1,353,746
Loss on disposal of property, plant and equipment	54,475	319,659
Provisions for impairment in value of property, plant and equipment and goodwill	632,511	—
Provision for doubtful debts	540,954	444,831
Share of losses (profits) from associated companies	24,773	(258)
Dividends from investment securities	(22,864)	(9,321)
Realised gains on trading securities	(31,979)	(64,956)
Unrealised losses (gains) on trading securities	56,576	(31,855)
Realised gains on investment securities	(944)	—
(Write-back) provision for impairment in value of associated companies	(3,219)	7,501
(Write-back) provision for impairment in value of investment securities	(12,490)	6,812
Loss arising from terminations of CCF Arrangements	—	1,193,838
Increase in accounts receivable	(1,493,966)	(993,069)
(Increase) decrease in inventories	(72,302)	54,717
Decrease (increase) in prepayments and other current assets	187,565	(424,133)
Decrease in amounts due from China Telecom	176,786	798,537
Increase in amounts due from related parties	(891,497)	(433,506)
Increase (decrease) in payables and accrued liabilities	872,084	(164,854)
Increase (decrease) in advances from customers	149,865	(31,970)
Decrease in amounts due to China Telecom	(534,599)	(276,355)
Increase in amounts due to related parties	82,571	11,275
<b>Net cash inflows from operating activities</b>	<b>13,249,360</b>	<b>10,228,880</b>

- (b) Significant non-cash transactions:

Payables to equipment suppliers for construction-in-progress during the year ended 31 December 2001 increased by approximately RMB2,706 million (2000: RMB3,828 million).

During 2000, long-term bank loans of approximately RMB10,502 million previously borrowed by Unicom Group were restructured into long-term bank loans borrowed directly by China Unicom (See Note 33(b)).