## **Consolidated Cash Flow Statement**

For the year ended 31 December 2003

Interest received   204,025   599,5     Interest paid   (2,540,513)   (1,868,2     Dividends received   2,573   24,5     Dividends paid to minority owners of subsidiaries   (4,689)   (31,5     PRC income tax paid   (1,545,907)   (1,345,2     Net cash inflow from operating activities   22,565,259   13,054,2     Investing activities   (21,184,245)   (21,184,245)     Purchase of property, plant and equipment   (21,184,245)   (21,152,1     Purchase of minority interests   - (257,3     Decrease in short-term bank deposits   3,832,411   20,096,7     Purchase of Unicom New Century, net of cash acquired   - (3,692,6     Payment of direct acquisition cost of   (10,062)   (2,326,449)     Purchase of Unicom New World, net of cash acquired   4(b)   (2,326,449)     Purchase of trading securities   (87,956)   (14,5     Sale of trading securities   (10,062)   (2,1     Sale of investment in associated companies   (10,062)   (2,1     Sale of investment in associated companies   35,3     Sale of Guoxin Paging, net of cash disposed   5   1,259,159     Purchase of other assets   (708,379)   (226,5     Net cash outflow from investing activities   (19,051,303)   (5,166,0     Financing activities   (13,93,44,127)   (1,393,44,127)	xpressed in thousands of RMB)	Note	2003	2002
Interest received   204,025   599,5     Interest paid   (2,540,513)   (1,868,2     Dividends received   2,573   24,5     Dividends paid to minority owners of subsidiaries   (4,689)   (31,5     PRC income tax paid   (1,545,907)   (1,345,2     Net cash inflow from operating activities   22,565,259   13,054,2     Investing activities   22,565,259   13,054,2     Investing activities   22,565,259   13,054,2     Purchase of property, plant and equipment   (21,184,245)   (21,152,1     Sale of property, plant and equipment   94,804   24,5     Purchase of minority interests   - (257,3     Decrease in short-term bank deposits   3,832,411   20,096,7     Purchase of Unicom New Century, net of cash acquired   - (3,692,6     Payment of direct acquisition cost of   (59,767)     Purchase of Unicom New World, net of cash acquired   4(b)   (2,326,449)     Purchase of trading securities   (87,956)   (14,5     Sale of trading securities   (10,062)   (2,1     Sale of investment in associated companies   (10,062)   (2,1     Sale of investment in associated companies   (10,062)   (2,1     Sale of investment in associated companies   (19,753   35,3     Sale of Guoxin Paging, net of cash disposed   5   1,259,159     Purchase of other assets   (708,379)   (226,5     Net cash outflow from investing activities   (19,051,303)   (5,166,0     Financing activities   (13,158   14				
Interest paid		(a)		15,675,105
Dividends received         2,573         24,5           Dividends paid to minority owners of subsidiaries         (4,689)         (31,5           PRC income tax paid         (1,545,907)         (1,345,2           Net cash inflow from operating activities         22,565,259         13,054,2           Investing activities         22,565,259         13,054,2           Purchase of property, plant and equipment         (21,184,245)         (21,152,1           Sale of property, plant and equipment         94,804         24,5           Purchase of minority interests         - (257,3           Decrease in short-term bank deposits         3,832,411         20,096,7           Purchase of Unicom New Century, net of cash acquired         - (3,692,6           Payment of direct acquisition cost of         (59,767)           Unicom New Century         (59,767)           Purchase of Unicom New World, net of cash acquired         4(b)         (2,326,449)           Purchase of trading securities         (87,956)         (14,5           Sale of trading securities         (11,557)         18,6           Purchase of investment in associated companies         (10,062)         (2,1           Sale of investment in associated companies         853         4,2           Sale of investment in associated companies <td>Interest received</td> <td></td> <td></td> <td>599,506</td>	Interest received			599,506
Dividends paid to minority owners of subsidiaries (4,689) (31,5 PRC income tax paid (1,545,907) (1,345,25) (1,545,907) (1,345,25) (1,545,907) (1,345,25) (1,545,907) (1,345,25) (1,545,907) (1,345,25)	·			(1,868,208)
PRC income tax paid         (1,345,907)         (1,345,257)           Net cash inflow from operating activities         22,565,259         13,054,257           Investing activities         22,565,259         13,054,257           Purchase of property, plant and equipment         (21,184,245)         (21,152,152,152,152,152,152,152,152,152,1				24,978
Net cash inflow from operating activities    Purchase of property, plant and equipment   (21,184,245)   (21,152,1				(31,902)
Purchase of property, plant and equipment Sale of property, plant and equipment Purchase of minority interests Purchase of Unicom New Century, net of cash acquired Purchase of Unicom New Century, net of cash acquired Purchase of Unicom New World, net of cash acquired Purchase of Unicom New World, net of cash acquired Purchase of trading securities Sale of trading securities Purchase of investment in associated companies Sale of investment securities Sale of investment securities Sale of Guoxin Paging, net of cash disposed Purchase of other assets Purchase of other assets Proceeds from exercise of share options Proceeds from exercise of share options Decrease of payables to Unicom Group  (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (24,127) (24,127) (24,127) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (21,184,245) (24,127) (24,127) (24,127) (25,152,152,152,152 (25,152,152,152 (21,152,152,152 (21,152,152,152 (21,152,152,152 (21,152,152 (21,152,152 (21,152,152 (21,152,152 (21,152,152 (21,152,152 (21,152,152 (21,152,15) (22,145,15) (23,26,449) (24,25,26,449) (24	PRC income tax paid		(1,545,907)	(1,345,201)
Purchase of property, plant and equipment  Sale of property, plant and equipment  Purchase of minority interests  Decrease in short-term bank deposits  Decrease in short-term bank deposits  Purchase of Unicom New Century, net of cash acquired  Payment of direct acquisition cost of  Unicom New Century  Purchase of Unicom New World, net of cash acquired  Purchase of trading securities  Sale of trading securities  Purchase of investment in associated companies  Sale of investment in associated companies  Sale of investment securities  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  (21,184,245)  94,804  94,804  24,5  94,804  94,804  24,5  94,804  96,97,67)  97,767)  97,767)  97,767)  97,767)  11,80,804  97,804	et cash inflow from operating activities		22,565,259	13,054,278
Sale of property, plant and equipment Purchase of minority interests Decrease in short-term bank deposits Purchase of Unicom New Century, net of cash acquired Payment of direct acquisition cost of Unicom New Century Purchase of Unicom New World, net of cash acquired Purchase of trading securities Sale of trading securities Purchase of investment in associated companies Sale of investment in associated companies Sale of Guoxin Paging, net of cash disposed Purchase of other assets Purchase of other assets Proceeds from exercise of share options Decrease of payables to Unicom Group  94,804 24,5 25,7 25,7 25,7 38,832,411 20,096,7	vesting activities			
Purchase of minority interests — (257,3 20,096,7	Purchase of property, plant and equipment		(21,184,245)	(21,152,102)
Decrease in short-term bank deposits  Purchase of Unicom New Century, net of cash acquired Payment of direct acquisition cost of Unicom New Century Purchase of Unicom New World, net of cash acquired Purchase of trading securities Sale of trading securities Purchase of investment in associated companies Sale of investment in associated companies Sale of investment securities Sale of of univestment securities Sale of univestment securities Sale of univestment securities Sale of univestment in associated companies Sale of univestment in associated companies Sale of univestment in associated companies Sale of investment in associated compan	Sale of property, plant and equipment		94,804	24,552
Purchase of Unicom New Century, net of cash acquired Payment of direct acquisition cost of Unicom New Century Purchase of Unicom New World, net of cash acquired Purchase of trading securities Sale of trading securities Purchase of investment in associated companies Sale of investment in associated companies Sale of investment in associated companies Sale of investment securities Sale of Guoxin Paging, net of cash disposed Purchase of other assets  Net cash outflow from investing activities Proceeds from exercise of share options Decrease of payables to Unicom Group  (3,692,6 (3,692,6 (3,692,6 (3,692,6 (59,767) (59,767) (14,5 (87,956) (114,5 (10,062) (114,5 (10,062) (114,5 (10,062) (114,5 (10,062) (114,5 (11	Purchase of minority interests		_	(257,337)
Payment of direct acquisition cost of Unicom New Century  Purchase of Unicom New World, net of cash acquired  Purchase of trading securities  Sale of trading securities  Purchase of investment in associated companies  Sale of investment in associated companies  Sale of investment securities  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  (59,767)  (59,767)  (59,767)  (59,767)  (14,5  (87,956)  (114,5  (10,062)  (2,1  (10,062)  (10,062)  (2,1  (10,062)  (2,1  (10,062)  (2,1  (10,062)  (2,1  (10,062)  (2,1  (10,062)  (10,062)  (2,1  (10,062)  (10,062)  (2,1  (10,062)  (2,1  (10,062)  (10,062)  (2,1  (10,062)  (10,062)  (2,1  (10,062)  (10,062)  (10,062)  (2,1  (10,062)  (10,062)  (10,062)  (2,1  (10,062)	Decrease in short-term bank deposits		3,832,411	20,096,738
Unicom New Century Purchase of Unicom New World, net of cash acquired Purchase of trading securities Sale of trading securities Purchase of investment in associated companies Sale of investment in associated companies Sale of investment securities Sale of investment securities Sale of Guoxin Paging, net of cash disposed Purchase of other assets  Net cash outflow from investing activities Proceeds from exercise of share options Decrease of payables to Unicom Group  (59,767) (2,10 (2,326,449) (114,5 (10,062) (114,5 (10,062) (10,062) (2,11 (10,062) (10,062) (2,11 (10,062) (10,062) (2,11 (10,062) (10,062) (114,5 (10,062) (10,062) (114,5 (10,062) (10,062) (114,5 (10,062) (10,062) (114,5 (10,062) (10,062) (10,062) (114,5 (10,062) (10,			_	(3,692,687)
Purchase of Unicom New World, net of cash acquired  Purchase of trading securities  Sale of trading securities  Purchase of investment in associated companies  Sale of investment in associated companies  Sale of investment securities  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  (2,326,449)  (87,956)  (14,5  (10,062)  (2,1  (10,062)  (10,062)  (2,1  (10,062)  (10,0				
Purchase of trading securities  Sale of trading securities  Purchase of investment in associated companies  Sale of investment in associated companies  Sale of investment in associated companies  Sale of investment securities  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  (14,5  118,575  118,6  (10,062)  (2,1  853  4,2  19,753  35,3  (708,379)  (226,9  (19,051,303)  (5,166,0  (14,55  (10,062)  (11,062)  (11,062)  (12,062)  (12,063)  (12,063)  (13,073)  (13,93,4)				_
Sale of trading securities Purchase of investment in associated companies Sale of investment in associated companies Sale of investment in associated companies Sale of investment securities Sale of Guoxin Paging, net of cash disposed Purchase of other assets Securities Substituting Securities Substituting Securities Substituting	•	4(b)		_
Purchase of investment in associated companies  Sale of investment in associated companies  Sale of investment in associated companies  Sale of investment securities  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Financing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  (10,062)  (2,1  (10,062)  (11,062)  (11,259,159  (708,379)  (226,9  (19,051,303)  (5,166,00)  (1,393,40)				(14,557)
Sale of investment in associated companies  Sale of investment securities  19,753  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Financing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  853  4,2  19,753  35,3  (708,379)  (226,9  (19,051,303)  (5,166,0)  (1,393,4)				18,865
Sale of investment securities  Sale of Guoxin Paging, net of cash disposed  Purchase of other assets  Net cash outflow from investing activities  Financing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  19,753  35,3  (226,9  (708,379)  (19,051,303)  (5,166,0  (19,051,303)  (1,393,4	·			(2,105)
Sale of Guoxin Paging, net of cash disposed Purchase of other assets  Net cash outflow from investing activities  Financing activities  Proceeds from exercise of share options Decrease of payables to Unicom Group  5 1,259,159 (708,379) (226,9) (19,051,303) (5,166,0) (19,051,303) (5,166,0) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303) (19,051,303)	·			4,241
Purchase of other assets (708,379) (226,97)  Net cash outflow from investing activities (19,051,303) (5,166,07)  Financing activities  Proceeds from exercise of share options Decrease of payables to Unicom Group (724,127) (1,393,47)				35,300
Net cash outflow from investing activities (19,051,303) (5,166,000)  Financing activities  Proceeds from exercise of share options 1,158  Decrease of payables to Unicom Group (724,127) (1,393,400)	The state of the s	5		(00 ( 0.47)
Financing activities  Proceeds from exercise of share options  Decrease of payables to Unicom Group  1,158  (724,127)  (1,393,4				(226,947)
Proceeds from exercise of share options 1,158  Decrease of payables to Unicom Group (724,127)			(19,051,303)	(5,166,039)
Decrease of payables to Unicom Group (724,127) (1,393,4				
	·			_
Proceeds from short-term bank loans 10,901,425 9,623,4				(1,393,434)
7.757				9,623,438
				7,757,005
				(7,928,938)
· · ·				(19,925,822)
Dividends paid (Note 15(b)) (1,255,300)				
	_			(11,867,751)
· ·	•			(3,979,512)
Cash and cash equivalents, beginning of year 14,433,498 18,413,0	ash and cash equivalents, beginning of year		14,433,498	18,413,010
Cash and cash equivalents, end of year 9,169,936 14,433,4	ash and cash equivalents, end of year		9,169,936	14,433,498
Analysis of the balances of cash and cash equivalents:	nalysis of the balances of cash and cash equivalents:			
Cash balances 4,610 5,9	Cash balances		4,610	5,942
Bank balances 9,215,326 14,427,5	Bank balances		9,215,326	14,427,556
Less: Restricted bank deposits (i) (50,000)	Less: Restricted bank deposits	(i)	(50,000)	_
9,169,936 14,433,4			9,169,936	14,433,498

Note (i): As of 31 December 2003, approximately RMB50 million bank balances (2002: Nil) was restricted by the bank to secure for long-term bank loans.

## (a) The reconciliation of profit before taxation to net cash inflow from operations was as follows:

(Expressed in thousands of RMB)	2003	2002
Profit before taxation	6,095,849	6,303,166
Adjustments for:		
Depreciation and amortisation	16,385,293	11,255,724
Amortisation of deferred customer acquisition costs of		
contractual CDMA subscribers	5,836,587	1,385,424
Interest income	(173,033)	(470,282)
Interest expense	1,919,375	1,456,736
Loss on sale of Guoxin Paging	663,279	_
Loss on disposal of property, plant and equipment	49,940	82,467
Provision for impairment loss of property, plant and equipment		
and goodwill	528,048	38,797
Provision for doubtful debts	1,749,887	971,989
Share of losses/(profits) from associated companies	2,275	(553)
Dividends from investment securities	(2,573)	(24,978)
Realised gains on trading securities	(12,045)	(1,876)
Unrealised (gains)/ losses on trading securities	(10,129)	27,461
Realised gains on investment securities	(13,268)	(18,098)
Realised gains in associated companies	_	(1,251)
Provision of impairment loss of investment securities	_	650
Operating profit before working capital changes	33,019,485	21,005,376
Increase in accounts receivable	(2,650,625)	(2,085,863)
Decrease/(increase) in inventories	1,263,299	(1,276,602)
Increase in other assets	(3,169,766)	(5,478,259)
Increase in prepayments and other current assets	(1,342,086)	(1,142,810)
(Increase)/decrease in amounts due from domestic carriers	(22,227)	8,599
Decrease in amounts due from related parties	553,354	280,216
(Decrease)/increase in payables and accrued liabilities	(35,732)	1,488,449
(Decrease)/increase in advances from customers	(55,497)	1,978,456
(Decrease)/increase in amounts due to domestic carriers	(161,937)	221,196
(Decrease)/increase in amounts due to related parties	(948,498)	676,347
Net cash inflow from operations	26,449,770	15,675,105

## (b) Supplemental information:

Payables to equipment suppliers for construction-in-progress during 2003 decreased by approximately RMB3,234 million (2002: approximately RMB2,201 million).