

# Consolidated Statement of Cash Flows

Years ended December 31, 2004

	Note	For the year ended December 31,	
		2004	2003
		RMB million	RMB million
<b>Cash flows from operating activities</b>			
Net cash inflows generated from operations	35(a)	<b>29,706</b>	28,807
Interest received		<b>75</b>	79
Dividends received		<b>17</b>	45
Interest paid		<b>(2,921)</b>	(2,668)
Profits tax paid		<b>(7)</b>	(931)
Net cash inflow from operating activities		<b>26,870</b>	25,332
<b>Cash flows from investing activities</b>			
Purchase of fixed assets and construction in progress		<b>(21,239)</b>	(28,528)
Sales of fixed assets		<b>893</b>	735
Sales of other investments		<b>1,528</b>	1,195
Net decrease in time deposits			
with maturity over three months		<b>13</b>	78
Investment in Asia Netcom	35(c)	<b>—</b>	(507)
Purchase of additional interest in Asia Netcom	35(c)	<b>—</b>	55
Purchase of other investments		<b>(2,902)</b>	(29)
Net cash outflow from investing activities		<b>(21,707)</b>	(27,001)
<b>Cash flows from financing activities</b>			
New bank loans and other loans		<b>50,194</b>	63,033
Repayment of bank loans		<b>(51,818)</b>	(64,614)
Capital element of finance lease payments		<b>(603)</b>	(101)
Advance from owners		<b>—</b>	4,750
Contribution received from owners		<b>201</b>	—
Payment of distribution to owner		<b>(7,310)</b>	(1,806)
Loans to fellow subsidiaries and related parties	34(a)	<b>(1,021)</b>	—
Issues of shares through Global Offering, net of issue expenses	32(d)	<b>8,944</b>	—
Net cash (outflow)/inflow from financing activities		<b>(1,413)</b>	1,262
Increase/(Decrease) in cash and cash equivalents		<b>3,750</b>	(407)
Cash and cash equivalents at beginning of year		<b>6,283</b>	6,690
Cash and cash equivalents at end of year	13	<b>10,033</b>	6,283