

CONSOLIDATED CASH FLOW STATEMENT

year ended 31 December 2002

	Consolidated for the period from 25 December 2001 (date of establishment) to 31 December 2002 RMB'000	Pro forma combined for the year ended 31 December 2002 RMB'000	Pro forma combined for the year ended 31 December 2001 RMB'000
	(note a)	(note b)	(note b)
Cash Flows from Operating Activities			
Profit from operations	275,879	483,022	349,590
Adjustments for:			
Exchange losses, net	(869)	(973)	(561)
(Gain)/loss on disposal of property, plant and equipment	2,062	2,236	(16,360)
Depreciation of property, plant and equipment	406,043	552,523	383,037
Write back of doubtful debts	(3,489)	(1,040)	(7,023)
Provision for/(write back) of inventories	146	(911)	1,359
Gain on disposal of scrap materials	(2)	(2)	(1,177)
Provision for impairment of property, plant and equipment	—	—	38,000
Operating profit before working capital changes	679,770	1,034,855	746,865
Increase in inventories	(47,056)	(11,812)	(33,061)
Decrease/(increase) in accounts receivable	83,157	(172,521)	(46,186)
Decrease/(increase) in net balance with ultimate holding company	4,181	(82,894)	114,552
Increase/(decrease) in net balances with other CNOOC group companies	(12,435)	7,172	(26,822)
Decrease/(increase) in prepayments, deposits and other receivables	69,947	42,509	(46,106)
Increase/(decrease) in trade and other payables	(109,921)	(94,256)	149,639
Increase/(decrease) in salary and welfare payables	(740)	(9,774)	11,071
Cash generated from operations	666,903	713,279	869,952
Interest paid	(3,545)	(5,289)	(9,373)
Tax paid:			
Mainland China corporate income tax paid	—	(111,754)	(153,973)
Overseas taxes paid	(226)	(271)	(46)
Net Cash Inflow form Operating Activities	663,132	595,965	706,560

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Note	(note a)	(note b)	(note b)
Cash Flows from Investing Activities			
Purchases of property, plant and equipment	(621,285)	(763,492)	(864,936)
Proceeds from disposal of property, plant and equipment	29,212	144,587	158,549
Acquisition of jointly-controlled entities	—	—	(6,869)
Decrease/(increase) in net balances with jointly-controlled entities	8,341	51,906	(56,571)
Decrease in an amount due from an associate	—	—	8,200
Decrease in entrusted loans receivable	—	70,000	—
Decrease/(increase) in time deposits with original maturity of more than three months	(24,230)	73,343	134,129
Decrease/(increase) in pledged time deposits	(23,440)	125,430	(57,165)
Interest received	7,847	11,216	28,125
Dividend received from jointly-controlled entities	19,693	36,644	24,936
Net cash inflow in respect of the net assets acquired upon Reorganisation	6,880	—	—
	(596,982)	(250,366)	(631,602)
Net cash outflow from investing activities	66,150	345,599	74,958

Notes: a. The Company did not acquire the Relevant Businesses and the Relevant Companies as set out in note 1 to the financial statements until 30 April 2002. As such, there were no results of operations prior to 30 April 2002.

b. See basis of presentation in note 1 to the financial statements.

	Consolidated for the period from 25 December 2001 (date of establishment) to 31 December 2002 RMB'000	Pro forma combined for the year ended 31 December 2002 RMB'000	Pro forma combined for the year ended 31 December 2001 RMB'000
	(note a)	(note b)	(note b)
Cash Flows from Financing Activities			
New bank loans and other loans	—	35,000	30,000
Repayment of bank and other loans	(130,000)	(230,000)	(45,000)
Settlements of balance due to ultimate holding company	(238,000)	(926,000)	(135,644)
Advance from ultimate holding company	238,000	238,000	—
Capital contributions from CNOOC	300,000	—	210,563
Issue of shares	2,487,485	2,487,485	—
Shares issuing expenses	(115,709)	(115,709)	—
Net cash inflow from financing activities	2,541,776	1,488,776	59,919
Increase in Cash and Cash Equivalents	2,607,926	1,834,375	134,877
Cash and cash equivalents at beginning of year	—	773,551	638,674
Cash and Cash Equivalents at end of Year	2,607,926	2,607,926	773,551
Analysis of Balances of Cash and Cash Equivalents			
Cash and bank balances with banks and financial institutions	2,655,596	2,655,596	1,019,994
Less: Pledged time deposits for letter of credit facilities	(23,440)	(23,440)	(148,870)
Cash and Cash Equivalents for Balance Sheet	2,632,156	2,632,156	871,124
Less: Non-pledged time deposits with original maturity of more than three months when acquired:			
— bank deposits	—	—	(27,313)
— CNOOC Trust Company	(24,230)	(24,230)	(70,260)
Cash and Cash Equivalents for Cash Flow Statement	2,607,926	2,607,926	773,551

Notes: a. The Company did not acquire the Relevant Businesses and the Relevant Companies as set out in note 1 to the financial statements until 30 April 2002. As such, there were no results of operations prior to 30 April 2002.

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