

# Financial Summary

## Financial Summary

(Amounts expressed in millions of Rmb)

### Consolidated Income Statements

	Year ended December 31			
	1997	1998	1999	2000
Turnover	12,373	9,312	15,311	24,224
Total expenses	(7,137)	(8,048)	(10,490)	(12,023)
Share of (loss) profit of associated company	(10)	—	13	218
Non-operating profit (loss), net	3	580	(1)	(196)
Profit before tax	5,229	1,844	4,833	12,223
Provision for taxation	(329)	(294)	(722)	(1,926)
Net profit	4,900	1,550	4,111	10,297

### Consolidated Balance Sheets

	As at December 31			
	1997	1998	1999	2000
Current assets	2,820	2,102	4,987	9,472
Property, plant and equipment, net	17,334	18,963	20,908	22,654
Investment in associated company	260	260	274	471
Total assets	20,414	21,325	26,169	32,597
Current liabilities	(3,821)	(2,813)	(9,177)	(8,767)
Long-term liabilities	(11,785)	(12,153)	(8,608)	(7,708)
Total liabilities	(15,606)	(14,966)	(17,785)	(16,475)
Shareholders' equity	4,808	6,359	8,384	16,122

*Note:*

Prior to the Reorganisation, the Company and its subsidiaries (the "Group") did not exist as separate legal entities and their business operations were conducted by CNOOC and its various affiliates. In connection with the Reorganisation, CNOOC's oil and gas exploration, development, production and sales businesses and operations conducted both inside and outside of the PRC were transferred to the Group.

As CNOOC controlled the businesses and operations transferred to the Group before the Reorganisation and continues to control the Group after the Reorganisation, accordingly, the transfer of the businesses and operations has been accounted for as reorganisation of companies under common control in a manner similar to a pooling of interests.

On the basis described above, the financial statements have been prepared to present results of operations of the Group for the years ended 31 December, 1997, 1998 and 1999 and the financial positions of the Company and the Group as of 31 December, 1997 and 1998 as if the businesses and operations had been transferred to the Group at the beginning of the period presented.



# Operating Summary

	Year ended December 31			
	1997	1998	1999	2000
<b>Production Data</b>				
Net production of crude and liquids (barrels/day)				
Bohai Bay	34,472	45,139	45,205	63,787
Western South China Sea	23,708	20,359	35,163	46,434
Eastern South China Sea	112,316	105,539	88,052	90,097
East China Sea	0	273	3,249	3,557
Overseas	4,148	4,715	3,077	2,462
Total	174,644	176,022	174,745	206,347
Net production of natural gas (mmcf/day)				
Bohai Bay	35.7	39.1	43.1	45.8
Western South China Sea	123.8	146.0	156.8	144.3
Eastern South China Sea	0.0	0.0	0.0	0.0
East China Sea	0.0	0.0	4.5	7.8
Overseas	0.0	0.0	0.0	0.0
Total	159.5	185.2	204.4	197.9
Total net production (BOE)	201,229	206,884	208,815	239,337
<b>Reserves at Year-End</b>				
Net proved crude and liquids reserves (mmbbls)				
Bohai Bay	740.5	827.7	915.5	923.9
Western South China Sea	77.6	197.7	190.4	141.1
Eastern South China Sea	141.3	125.6	117.4	136.8
East China Sea	10.2	10.7	8.2	4.5
Overseas	10.2	14.7	10.1	9.5
Total	979.8	1,176.4	1,241.6	1215.8
Net proved natural gas reserves (bcf)				
Bohai Bay	569.4	604.0	605.7	591.4
Western South China Sea	2,210.0	2,715.3	2,647.8	2593.0
Eastern South China Sea	0.0	0.0	0.0	0.0
East China Sea	70.0	77.0	67.2	65.3
Overseas	0.0	0.0	0.0	0.0
Total	2,849.4	3,396.4	3,320.6	3429.7
Total net proved reserves (BOE)				
Bohai Bay	835.4	928.4	1,016.5	1022.4
Western South China Sea	445.9	650.2	631.7	573.2
Eastern South China Sea	141.3	125.6	117.4	136.8
East China Sea	21.8	23.5	19.4	15.4
Overseas	10.2	14.7	10.1	9.5
Total	1,454.7	1,742.5	1,795.1	1757.4
<b>Others</b>				
Reserve life (years)	19.8	23.1	23.6	20.1
Reserve replacement ratio	1080%	480%	170%	104%
Average sales price				
Crude oil (US\$ per barrel)	18.75	11.71	18.91	28.21
Natural gas (US\$ per mcf)	2.55	2.69	2.88	3.09