



Three wellhead platforms in Suizhong 36-1 Oil Field Phase II were successfully put into production in 2000



Wellhead platform C in Weizhou 11-4 Oil Field



CNOOC LIMITED Annual Report 2000

Chairman's Statement



Technicians at Suizhong 30-1 Oil Field conducting oil transmission tests

" In the year 2000, our operating and financial performances have reached record-high levels, allowing the Company to maintain its leading position among our international peers, and exceeding our commitments to our shareholders."

Chairman's Statement



Liucheng WEI
Chairman and Chief Executive Officer

Dear Shareholders,

The year 2000 witnessed significant achievements in all aspects of the development of CNOOC Limited. As a result of the joint effort made by the management and staff, our operating and financial performances have reached record-high levels, allowing the Company to maintain its leading position among our international peers. The Company's profitability has benefited from continued two-digit growth in production, further cost reductions, as well as a high oil price environment. Net profit for the year more than doubled as compared to 1999, setting a new record. With these accomplishments, we believe we have not only met, but also exceeded, our commitments to our shareholders.

The Company's management was further improved during 2000. We standardized our management functions by following the benchmarks set by major public companies listed on international stock markets. In areas such as cost reduction, human resources management, and health, safety and environmental protection, various initiatives were undertaken and excellent results were achieved.

The year 2000 was a landmark year in the Company's history.

Following a period of extensive and careful preparation, CNOOC Limited was successfully dual listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited on February 27 and 28, 2001, respectively. We now have access to international capital markets, which will allow the Company to sustain its efficient and fast-paced development into the future.

In this first year of a new century, we will endeavour to:

- maintain high production growth through the development of our vast proved undeveloped reserves;
- further expand our independent exploration activities and cooperation with international partners through production sharing contracts. Through methodical planning, we aim to build on our past exploration success and make significant breakthroughs in oil and gas discoveries;
- continue to implement our natural gas strategy and capitalise on the growing demand for natural gas in coastal provinces of China; and
- improve operating efficiency and reduce production cost through the application of advanced technologies.

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Our optimism and confidence going forward are based on the following factors:

Firstly, the expeditious advancement of China's economy and the growing demand for energy will underpin the development of the energy industry and create ample opportunities for our future development. Having a vast reserve base and significant growth potential, the Company is poised to play a more important role in this exciting development.

Secondly, the Company's outstanding exploration success achieved in the past two years has laid a solid foundation for sustainable and efficient production growth in the future. As of December 31, 2000, we had net proved undeveloped reserves of approximately 1.1 billion BOE, which will allow for significant increases in our production in future years.

Thirdly, we have acquired advanced technologies and management experience from years of cooperation with international partners and operating in a competitive

market. In addition, we have a staff with excellent technical and managerial expertise. Such human resources are invaluable assets to the Company and are instrumental to the Company's future development.

Furthermore, we have a strong financial position as a result of having pursued a low cost strategy to gradually reduce costs per barrel in the past few years, maintaining our competitiveness over international peers. Recently, Moody's Investors Service and Standard & Poor's have given the Company ratings of Baa2 and BBB, respectively, which are the highest credit ratings for a Chinese enterprise, bearing testament to our sound financial status.

In 2001, I firmly believe that, with the hard work and perseverance of our management and staff, we will demonstrate to the world CNOOC Limited's exceptional qualities and ability to provide our investors satisfactory returns as well as meaningful contributions to our society.



Liucheng WEI

Chairman and Chief Executive Officer
Hong Kong, April 11, 2001