

Supplementary Information for North American Shareholders

Oil and Gas Producing Activities (Unaudited)

The following disclosures are included in accordance with the United States Statements of Financial Accounting Standards No. 69, "Disclosures about Oil and Gas Producing Activities".

(a) Reserve quantity information

Crude oil and natural gas reserve estimates are determined through analysis of geological and engineering data which appear, with reasonable certainty, to be recoverable at commercial rates in the future from known oil and natural gas reservoirs under existing economic and operating conditions.

The Group's net proved reserves consist of its percentage interest in reserves, comprised a 100% interest in its independent oil and gas properties and its participating interest in the properties covered under the production sharing contracts, less (a) an adjustment for the Group's share of royalties payable by the Group to the PRC government and the Group's participating interest in share oil payable to the PRC government under the production sharing contracts, and less (b) an adjustment for production allocable to foreign partners under the production sharing contracts as reimbursement for exploration expenses attributable to the Group's participating interest.

Proved developed and undeveloped reserves (net of royalties and government share oil):

	Oil*	Natural gas
	(mmbbls)	(bcf)
31 December, 1997	980	2,849
Discoveries and extensions	425	676
Sales of reserves	(98)	-
Production	(64)	(68)
Revisions of prior estimates	(67)	(61)
31 December, 1998	1,176	3,396
Discoveries and extensions	144	14
Production	(64)	(74)
Revisions of prior estimates	(14)	(4)
31 December, 1999	1,242	3,332
Discoveries and extensions	76	5
Sales of reserves	(41)	-
Production	(75)	(72)
Revisions of prior estimates	14	(15)
31 December, 2000	<u>1,216</u>	<u>3,250</u>

* Crude oil and natural gas liquids

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(a) Reserve quantity information (Cont'd)

Proved developed reserves:

	Oil*	Natural gas
	(mmbbls)	(bcf)
31 December, 1998	378	676
31 December, 1999	358	608
31 December, 2000	546	558

* Crude oil and natural gas liquids

(b) Results of operations

	2000	1999	1998
	RMB'000	RMB'000	RMB'000
Net sales to customers	18,819,323	11,397,873	7,814,373
Operating expenses	(2,124,078)	(1,855,309)	(1,954,489)
Production taxes	(1,036,729)	(578,878)	(382,667)
Exploration costs	(552,869)	(246,402)	(584,067)
Depreciation, depletion and amortisation	(2,577,882)	(2,373,380)	(1,954,396)
Results of operations before tax	12,527,765	6,343,904	2,938,754
Income taxes	(2,265,847)	(1,307,593)	(807,370)
Results of operations	<u>10,261,918</u>	<u>5,036,311</u>	<u>2,131,384</u>

(c) Capitalised costs

	2000	1999	1998
	RMB'000	RMB'000	RMB'000
Proved oil and gas properties	36,323,472	33,045,347	24,997,798
Unproved oil and gas properties	996,452	711,113	4,762,426
Accumulated depreciation, depletion and amortisation	(15,482,082)	(13,216,562)	(10,963,278)
Net capitalised costs	<u>21,837,842</u>	<u>20,539,898</u>	<u>18,796,946</u>

(d) Costs incurred

	2000	1999	1998
	RMB'000	RMB'000	RMB'000
Acquisition costs	-	-	-
Exploration costs	610,159	474,210	1,067,377
Development costs	4,176,555	3,877,367	3,156,361
Total costs incurred	<u>4,786,714</u>	<u>4,351,577</u>	<u>4,223,738</u>

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(e) Standardised measure of discounted future net cash flows and changes therein

In calculating the standardised measure of discounted future net cash flows, year-end constant price and cost assumptions were applied to the Group's estimated annual future production from proven reserves to determine future cash inflows. Future development costs are estimated based upon constant price assumptions and assume the continuation of existing economic, operating, and regulatory conditions. Future income taxes are calculated by applying the year-end statutory rate to estimated future pre-tax cash flows after provision for the tax cost of the oil and natural gas properties based upon existing laws and regulations. The discount was computed by application of a 10% discount factor to the estimated future net cash flows.

Management believes that this information does not represent the fair market value of the oil and natural gas reserves or the present value of estimated cash flows since no economic value is attributed to potential reserves, the use of a 10% discount rate is arbitrary, and prices change constantly from year-end levels.

Present value of estimated future net cash flows:

	Note	2000	1999	1998
		RMB'000	RMB'000	RMB'000
Future cash inflows	(1)	326,513,363	335,668,012	191,075,614
Future production costs		(73,402,341)	(75,159,191)	(56,585,205)
Future development costs	(2)	(31,279,348)	(34,712,865)	(28,208,205)
Future income taxes		(30,833,803)	(34,632,334)	(14,885,006)
Future net cash flows	(3)	190,997,871	191,163,622	91,397,198
10% discount factor		(97,607,274)	(103,441,165)	(52,950,352)
Standardised measure		93,390,597	87,722,457	38,446,846

(1) Future cash flows consist of the Group's 100% interest in the independent oil and gas properties and the Group's participating interest in the properties under production sharing contracts less (a) an adjustment for the royalties payable to the PRC government and share oil payable to the PRC government under production sharing contracts and (b) an adjustment for production allocable to foreign partners under the production sharing contracts for exploration costs attributable to the Group's participating interest.

(2) Future development costs include the estimated costs of drilling future development wells and building the production platforms.

(3) Future net cash flows have been prepared taking into consideration estimated future dismantlement and site restoration costs of dismantling offshore oil platforms and oil and gas properties.

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(e) Standardised measure of discounted future net cash flows and changes therein (Cont'd)

Changes in the standardised measure of discounted future net cash flows:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
	RMB'000	RMB'000	RMB'000
Standardised measure, beginning of year:	87,722,457	38,446,846	54,197,005
Sales of production, net of royalties and production costs	(15,658,516)	(8,963,686)	(5,477,217)
Net change in prices, net of royalties and production costs	578,121	53,656,976	(22,513,105)
Extensions, discoveries and improved recovery, net of related future costs	5,417,977	9,742,935	17,434,070
Change in estimated future development costs	3,433,517	(6,512,940)	(688,573)
Development costs incurred during the year	4,176,555	3,877,367	3,156,361
Revisions in quantity estimates	830,236	(932,128)	(2,498,565)
Accretion of discount	10,361,478	4,469,855	6,534,112
Net change in income taxes	815,779	(9,640,963)	3,311,213
Sales of property	(2,865,132)	-	(10,943,204)
Changes in timing and other	(1,421,875)	3,578,195	(4,065,251)
Standardised measure, end of year	<u>93,390,597</u>	<u>87,722,457</u>	<u>38,446,846</u>