

Financial Summary

Financial Highlight

(Amounts expressed in millions of Rmb)

Consolidated Income Statement

	Year ended December 31				2001
	1997	1998	1999	2000	
Total revenue	12,373	9,312	15,311	24,224	20,820
Total expenses	(7,137)	(8,048)	(10,490)	(12,023)	(10,160)
Share of profit of an associated company	(10)	-	13	218	90
Investment income	-	-	-	-	221
Non-operating income (loss), net	3	580	(1)	(196)	35
Profit before taxation	5,229	1,844	4,833	12,223	11,006
Provision for taxation	(329)	(295)	(722)	(1,926)	(3,048)
Net profit	4,900	1,549	4,111	10,297	7,958

Consolidated Balance Sheet

	As at December 31				2001
	1997	1998	1999	2000	
Current assets	2,820	2,102	4,987	9,472	20,030
Property, plant and equipment, net	17,334	18,963	20,908	22,654	23,828
Investment In an associated company	260	260	274	471	462
Total assets	20,414	21,325	26,169	32,597	44,320
Current liabilities	3,821	2,813	9,177	8,768	4,392
Non-current liabilities	11,785	12,153	8,608	7,707	6,617
Total Liabilities	15,606	14,966	17,785	16,475	11,009
Shareholders' Equity	4,808	6,359	8,384	16,122	33,311

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 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

Operations Highlights

Production	Year ended December 31				2001
	1997	1998	1999	2000	
Net production of crude and liquids (barrels/day)					
Bohai Bay	34,472	45,139	45,205	63,797	99,978
Western South China Sea	23,708	20,356	35,163	46,434	41,277
Eastern South China Sea	112,316	105,539	88,052	90,097	81,404
East China Sea	0	273	3,249	3,557	3,967
Overseas	4,148	4,715	3,077	2,462	2,247
Total	174,644	176,022	174,745	206,347	228,874
Net production of natural gas (mmcf/day)					
Bohai Bay	35.7	39.1	43.1	45.8	46.3
Western South China Sea	123.8	146.0	156.8	144.3	139.0
Eastern South China Sea	0	0	0	0	0
East China Sea	0	0	4.5	7.8	9.8
Overseas	0	0	0	0	0
Total	159.5	185.2	204.4	197.9	195.0
Total net production (BOE/day)	201,229	206,884	208,815	239,337	261,379
Reserves at year end					
Net proved crude and liquids reserves (mm barrels)					
Bohai Bay	740.5	827.7	915.5	923.9	961.3
Western South China Sea	77.6	197.7	190.4	141.1	131.6
Eastern South China Sea	141.3	125.6	117.4	136.8	132.2
East China Sea	10.2	10.7	8.2	4.5	12.4
Overseas	10.2	14.7	10.1	9.5	8.4
Total	979.8	1,176.4	1,241.6	1,215.8	1,245.9
Net proved natural gas reserves (bcf)					
Bohai Bay	569.4	604.0	605.7	591.4	629.1
Western South China Sea	2,210.0	2,715.3	2,647.8	2,593.0	2,421.5
Eastern South China Sea	0	0	0	0	0
East China Sea	70.0	77.0	67.2	65.3	197.0
Overseas	0	0	0	0	0
Total	2,849.4	3,396.4	3,320.6	3,429.7	3,247.6
Total net proved reserves (million BOE)					
Bohai Bay	835.4	928.4	1,016.5	1,022.4	1,066.2
Western South China Sea	445.9	650.2	631.7	573.2	535.2
Eastern South China Sea	141.3	125.6	117.4	136.8	132.2
East China Sea	21.8	23.5	19.4	15.4	45.2
Overseas	10.2	14.7	10.1	9.5	8.4
Total	1,454.7	1,742.5	1,795.1	1,757.4	1,787.1
Others					
Reserve life (years)	19.8	23.1	23.6	20.1	18.7
Reserve replacement ratio (%)	1,080	480	170	104	131
Average realized price					
Crude oil (US\$/barrel)	18.75	11.71	18.91	28.21	23.34
Natural gas (US\$/mcf)	2.55	2.69	2.88	3.09	3.08