This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in our Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risks Factors" in this Prospectus. You should read that section carefully before you decide to invest in our Offer Shares.

OUR COMPANY

We are the leading provider of oilfield services in the offshore China market. Our services cover each phase of the exploration, development and production of offshore oil and natural gas. We offer our services separately and on an integrated project basis. Our operations are divided into the following four segments:

- drilling services;
- well services;
- marine support and transportation services; and
- geophysical services.

We are the leading provider of drilling services to the offshore China market. We owned and operated a fleet of 12 drilling rigs, including nine jackups and three semi-submersibles, as of June 30, 2002, and have plans to acquire two second-hand jackup rigs. Our rig fleet is designed and equipped to accommodate the various water depths, weather and downwell conditions typically encountered offshore China. In addition to our drilling operations, we operate and maintain over 30 workover rigs on our customers' production platforms. We have been drilling offshore China since 1967, and have increased our drilling activity in terms of wells drilled at a compound annual growth rate of 17.8% over the last five years. Drilling is our largest business segment and, for the year ended December 31, 2001, accounted for 41.6% of our turnover.

To support our drilling operations, we offer a full range of well services, including logging and downhole services, such as drilling fluids, directional drilling, cementing, well completion and well workovers. Well services accounted for 25.2% of our turnover for the year ended December 31, 2001.

We own and operate the largest and most diverse fleet of marine support vessels offshore China. Our fleet included 55 offshore support vessels and six oil tankers as of June 30, 2002. We have expanded our fleet by 12 vessels, or 24.5%, since 1997 and have plans to add 16 newbuild offshore support vessels to our marine support and transportation fleet by 2004. For the year ended December 31, 2001, marine support and transportation accounted for 20.2% of our turnover.

We also offer geophysical services for offshore oil and natural gas exploration projects. Our line of geophysical services includes offshore seismic data collection, marine geotech surveying and data processing. Our geophysical services accounted for 13.0% of our turnover for the year ended December 31, 2001.

OUR COMPETITIVE STRENGTHS

We believe that our success and future prospects are bolstered by a combination of our strengths, including the following:

- We have the leading position in our core market of offshore China.
- We stand to benefit from growing demand for oilfield services offshore China.
- We provide integrated offshore oilfield services across exploration, development and production activities.
- We provide our services under a competitive cost structure.
- We have an experienced management and skilled technical team.

Leading position in our core market of offshore China. We are the leading provider of drilling, well, marine support and geophysical services offshore China. In this market, we own and operate the largest and most diverse fleet of rigs and support vessels, which provides us with economies of scale and the capacity to serve all of offshore China. We have operated in this market for over 20 years during which time we have established strong relationships with CNOOC Limited and other international oil and gas companies. These relationships are central to our continued leadership in the PRC domestic market and represent an opportunity to facilitate our selective international expansion.

Stand to benefit from a growing demand for oilfield services offshore China. Numerous recent discoveries, particularly in the Bohai Bay area, have led to increasing levels of drilling and other development activities offshore China. Our core customers, such as CNOOC Limited and various international oil and gas companies, are well capitalized operators capable of funding drilling and development activities throughout the oil price cycle. Moreover, offshore China continues to show sizeable exploration and development potential and is relatively underexplored compared to other offshore exploration areas. The offshore China exploration area is approximately 1.3 million square kilometers (501,800 square miles) in size, about twice the size of the U.S. Gulf of Mexico. As of June 30, 2002, over 700 exploration wells have been drilled offshore China, compared to over 14,000 exploration wells in the U.S. Gulf of Mexico.

Integrated offshore oilfield services across exploration, development and production activities. We offer our customers a wide range of integrated oilfield services. In particular, we are able to provide well services and offshore support vessels in conjunction with our drilling operations. This integration allows us to provide strategic and comprehensive coverage of our customer's offshore service needs, from the early stages of exploration to the support of producing projects. It also allows us to apply value-added expertise across different business lines when working on a given project. We believe integration differentiates us from our competitors offshore China, and helps us to achieve cost savings and higher margins. By offering a variety of major service lines, we are also able to diversify our revenue streams across different business segments and different stages of the exploration, development and production of offshore oil and gas.

Competitive cost structure. Our geographic concentration, lower labor costs and scale of operations enable us to offer our core services under a competitive cost structure. This competitive advantage should enable us to maintain our leading position in the offshore China market for drilling and marine support and some well and geophysical services, even in the wake of China's recent entry into the WTO. Moreover, we believe our competitive cost structure will provide us with a strong platform for our selective expansion into international markets in the areas of offshore drilling, marine support and some of our well and geophysical services.

Experienced management and skilled technical team. Our senior management team and key operating personnel have in-depth experience in the offshore China oilfield services sector. They have been working with international oil companies since 1982, including several oilfield services joint ventures with foreign parties. Our chief executive officer and chief financial officer have held senior management positions with CNOOC Limited, a publicly listed company in Hong Kong and New York. We have established a solid reputation among our customers for quality service and high safety standards. Our management is focused on achieving high operating efficiency and returns.

OUR BUSINESS STRATEGY

We intend to solidify our leading market position offshore China and selectively pursue opportunities to expand our operations outside the PRC. The implementation of our strategy consists of five main components:

Expand our operating capacity. The expansion of our operating capacity will enable us to meet new and increased demand for oilfield services offshore China and to pursue additional business opportunities in overseas markets. Specifically, we intend to:

- acquire two second-hand jackup rigs by 2004;
- expand our support vessel fleet by 16 ships by 2004 to support new operating activities, especially offshore production;
- acquire a newbuild geotech survey vessel capable of performing submarine pipeline surveying; and
- purchase additional advanced logging tools and surface systems to target more advanced logging assignments.

Further integrate our service lines. Further integration of our drilling, well, marine support and transportation and geophysical service lines will enable us to offer our customers a more convenient and cost efficient platform of oilfield services. We intend to further coordinate the marketing efforts of our four main business lines and to strengthen our Integrated Project Management program. We believe this strategy will improve our operating margins and differentiate us from our competitors.

Increase our technical capabilities. Increasing our technical capabilities will strengthen our competitiveness in certain areas and enable us to perform additional services for our customers. Specifically, we intend to:

- purchase advanced MWD and LWD tools to improve our directional drilling capabilities;
- acquire HTHP and horizontal well logging tools to strengthen our logging service line;
- add new marine support vessels with dynamic positioning capabilities; and
- leverage our joint ventures with international oilfield services companies to strengthen our technological capabilities.

Strengthen and expand our client relationships. Strengthening and expanding our client relationships will enable us to solidify our market position in China and facilitate our expansion into overseas markets. In particular, we intend to continue focusing on serving our largest customers, CNOOC Limited and its PSC partners operating offshore China. We also plan to begin targeting market opportunities in shallow water areas offshore China and additional customers located onshore China.

Selectively pursue international opportunities. Focusing our international marketing efforts on oil and natural gas projects operated by current customers, such as CNOOC Limited, and in less developed offshore markets, such as Southeast Asia, the Middle East and Africa, will enable us to expand our level of international business activities. We believe that this strategy will help us diversify our revenue streams and improve our operating margins.

RISK FACTORS

There are risks involved in our business and in your investment in our H Shares. These risks may be summarized as follows:

Risks relating to our business

- Demand for our services, the prices we charge for our services and our profit margins and cash flow depend on oil and gas industry activity and expenditure levels that are directly affected by trends in oil and natural gas prices.
- Our business, results of operations and financial condition depend in large part on our relationship with CNOOC Limited.
- As our controlling shareholder, CNOOC will continue to have substantial influence over our company, including our dividend policy.
- We will continue to engage in connected transactions with CNOOC and its associates, including CNOOC Limited and CNOOC Finance Corporation Limited.
- Since we have only recently been consolidated into a single operating entity, our business operations are subject to some measure of uncertainty.
- We face an increasingly competitive oilfield services market offshore China.
- Our business requires us to make significant capital expenditures, which depend on our ability to secure financing that is acceptable to us.
- The execution of our capital expenditure plan is subject to some uncertainty.
- Our well services and geophysical businesses rely heavily on technology that is subject to rapid and significant change and some of this technology may be owned by our competitors.
- Our operations are subject to seasonal variations.
- Our drilling and marine support and transportation businesses are subject to significant operational risks that may not be fully covered by our insurance policies.
- We may encounter unexpected difficulties in implementing our strategy to compete in offshore oilfield services markets outside China.
- We face increased competition for qualified personnel.
- Our rights and interests as lessee of certain real property are subject to some uncertainty.

Risks relating to the offshore oilfield services industry

- Failure to comply with existing or future environmental laws and regulations could adversely affect us.

Risks relating to the PRC

- Our Shareholders may not receive the same level of shareholder protection and access to information as shareholders of companies incorporated in other countries.

- PRC economic and political conditions may adversely affect our operations.

- Our business operations require substantial foreign currency, which makes us vulnerable to a devaluation of the Renminbi and other exchange rate fluctuations.

- We must obtain the PRC Government's permission to convert Renminbi into other currencies.

- The interpretation and enforcement of PRC laws and regulations is subject to some uncertainty.

Risks relating to our Global Offering

- There has been no prior public market for our Shares; the liquidity and market price of our Offer Shares may be volatile.

- Sales of substantial amounts of our Shares in the public market after the Global Offering could adversely affect the prevailing market price of our Offer Shares.

- We cannot guarantee the accuracy of facts and statistics with respect to certain information in the Industry Overview section contained in this Prospectus.

TRADING RECORD

The following tables present our selected combined financial data as of and for the fiscal years ended December 31, 1999, 2000 and 2001 and the six-month periods ended June 30, 2001 (unaudited) and 2002. The selected income statement data and cash flow data for the years ended December 31, 1999, 2000 and 2001 and for the six-month periods ended June 30, 2001 (unaudited) and June 30, 2002, and the selected balance sheet data as of December 31, 1999, 2000 and 2001 and June 30, 2002, have been derived from the Accountants' Report set out in Appendix I to this Prospectus. Our combined financial statements have been prepared on the basis of our Reorganization as a reorganization of companies under common control similar to a pooling/merger of interests. Although we did not complete our Reorganization until April 30, 2002, our combined balance sheets have been prepared to present our assets and liabilities as if our Reorganization had been completed on January 1, 1999. Similarly, our combined statements of income and cash flow include our results of operations and cash flow as if our business and operations had been transferred to us on January 1, 1999. Therefore, the financial information included herein may not necessarily reflect our results of operations, financial position and cash flows in the future or what they would have been had we been a separate, stand-alone entity during the periods presented. You should read the Accountants' Report and the financial statements for more detailed financial information.

	Year ended December 31,			Six months ended June 30,	
	1999	2000	2001	2001	2002
	Rmb '000	Rmb '000	Rmb '000	Rmb '000 (unaudited)	Rmb '000
Selected Income Statement Data:					
Turnover	1,662,031	2,178,449	2,365,566	1,075,505	1,303,393
Drilling	644,376	906,103	985,484	458,619	509,219
Well services	413,109	606,834	595,072	282,366	352,831
Marine support & transportation	357,571	428,050	476,924	215,041	296,613
Geophysical	246,975	237,462	308,086	119,479	144,730
Other revenues	1,556	3,196	20,996	7,883	1,079
Operating expenses					
Consumption of supplies, materials, fuel, services and others	(611,023)	(719,617)	(793,213)	(336,965)	(393,838)
Depreciation of property, plant and equipment	(388,291)	(377,894)	(383,037)	(198,420)	(242,625)
Repair and maintenance costs	(207,337)	(246,230)	(235,003)	(83,740)	(52,673)
Employee compensation costs	(237,705)	(309,791)	(455,480)	(209,296)	(235,826)
Other selling, general and administrative expenses	(33,632)	(22,765)	(21,903)	(11,412)	(18,416)
Other operating expenses	(99,538)	(109,655)	(110,336)	(52,304)	(55,871)
Provision for impairment of long-term investments	(12,023)	—	—	—	—
Provision for impairment of property, plant and equipment	—	(30,800)	(38,000)	(38,000)	—
Total operating expenses	(1,589,549)	(1,816,752)	(2,036,972)	(930,137)	(999,249)
Profit from operations	74,038	364,893	349,590	153,251	305,223
Finance costs					
Exchange gain/(loss), net	(468)	277	(561)	(232)	(210)
Interest expenses	(2,390)	(6,340)	(9,373)	(5,585)	(5,115)
Interest income	19,535	30,505	28,125	13,597	5,409
Total finance costs	16,677	24,442	18,191	7,780	84
Share of profit of jointly-controlled entities	24,242	30,961	47,837	15,490	21,066
Share of loss of an associate	—	(33,781)	(3,434)	(3,434)	—
Profit before tax	114,957	386,515	412,184	173,087	326,373
Tax	(26,750)	(99,659)	(139,106)	(59,229)	(109,225)
Net profit	88,207	286,856	273,078	113,858	217,148
Net profit per Share (H.K. cents)[1]	3.18	10.39	9.90	4.13	7.87

	As of December 31,			As of June 30,
	1999	2000	2001	2002
	Rmb ’000	Rmb ’000	Rmb ’000	Rmb ’000
Selected Balance Sheet Data:				
Cash and cash equivalents	935,072	870,376	871,124	164,315
Current assets	1,519,200	1,678,897	1,787,195	1,492,348
Property, plant and equipment, net	2,480,273	2,721,901	3,048,945	4,134,958
Interests in jointly-controlled entities	69,270	81,149	193,922	155,310
Interest in an associate	—	36,487	—	—
Total assets	4,074,938	4,518,434	5,030,062	5,782,616
Current liabilities	1,039,708	1,371,992	1,721,057	850,735
Long-term bank and other loans, net of current portion	4,500	55,000	30,000	—
Total long-term liabilities	329,500	422,000	374,000	1,260,300
Total liabilities	1,369,208	1,793,992	2,095,057	2,111,035
Owner’s/shareholder’s equity	2,705,730	2,724,442	2,935,005	3,671,581

	Year ended December 31,			Six months ended June 30,	
	1999	2000	2001	2001	2002
	Rmb ’000	Rmb ’000	Rmb ’000	Rmb ’000 (unaudited)	Rmb ’000
Other Selected Financial Data:					
Capital expenditures	409,976	664,329	924,789	426,348	214,857
Cash provided by (used for):					
Operating activities	601,805	720,793	706,560	125,947	(24,950)
Investing activities	(415,929)	(721,871)	(631,602)	(293,478)	25,714
Financing activities	(15,602)	13,415	59,919	88,179	(610,000)
Distributions declared	88,207	286,856	273,078	113,858	344,921
EBITDA(2):					
Drilling	155,913	309,994	396,680	225,868	258,232
Well services	143,975	266,241	177,629	107,847	141,822
Marine support and transportation	132,957	167,546	173,900	85,559	134,282
Geophysical	80,550	82,847	43,595	(21,523)	35,480
Total EBITDA	513,395	826,628	791,804	397,751	569,816
EBITDA margin(3)	31%	38%	33%	37%	44%

(1) Net profit per Share for the years ended December 31, 1999, 2000 and 2001 and for the six-month periods ended June 30, 2001 and 2002 have been calculated by dividing net profit by the number of Shares of 2,600,000,000 outstanding immediately after our Reorganization and prior to this Global Offering.

(2) EBITDA refers to earnings, including share of profit from jointly-controlled entities but excluding other revenues, before interest income, interest expense, income taxes, share of loss of an associate, exchange losses or gains, depreciation and amortization, provisions for inventories and doubtful debt, impairment of long-term investments and impairment of property, plant and equipment as computed under Hong Kong GAAP. EBITDA is not a generally accepted accounting measure under Hong Kong GAAP and should not be considered in isolation or construed as an alternative to operating income, operating cash flows or any other measure of performance or as an indicator of our operating performance, liquidity or profitability or cash flows generated by operating, investing and financing activities. EBITDA fails to account for taxes, interest expense and other non-operating cash expenses. EBITDA does not consider any functional or legal requirements of the business that may require us to conserve and allocate funds for purposes other than debt service or funding of oilfield service activities. EBITDA measures presented in this Prospectus may not be comparable to similarly titled measures of other companies.

(3) EBITDA margin represents EBITDA as a percentage of our turnover as computed under Hong Kong GAAP.

Drilling is our largest segment in terms of EBITDA. For the year 2001, our drilling segment accounted for 50.1% of our EBITDA, while our well services, marine support and transportation services and geophysical services accounted for 22.4%, 22.0% and 5.5% of our EBITDA, respectively.

SELECTED OPERATING DATA

The following table sets forth selected operating data relating to our drilling and marine support and transportation operations for the periods indicated.

	Year ended December 31,					Six months ended June 30,
	1997	1998	1999	2000	2001	2002
Drilling operations						
Wells drilled by rigs						
Jackup	75	43	172	109	146	51
Semi-submersible	7	22	14	35	12	15
Total wells drilled	82	65	186	144	158	66
Total operating days						
Jackup	3,417	2,843	2,395	2,941	2,665	1,222
Semi-submersible	823	684	818	815	867	500
Total operating days	4,240	3,527	3,213	3,756	3,532	1,722
Rig utilization rates (%/year)(1)						
Jackup	100.0%	93.2%	82.6%	98.1%	97.9%	89.7%
Semi-submersible	100.0%	100.0%	100.0%	100.0%	100.0%	93.5%
Average	100.0%	94.4%	86.4%	98.5%	98.4%	90.7%
Average realized day rates (US$/day)(2)						
Jackup	—	—	14,927	20,101	26,655	26,245
Semi-submersible	—	—	41,322	48,621	50,019	47,380
Marine support and transportation						
Operating days						
Standby vessels	7,966	7,580	7,675	7,661	7,469	4,235
AHTS vessels	4,955	4,770	4,961	4,897	5,358	2,669
PSVs	628	941	1,041	899	1,397	1,118
Utility vessels	997	1,039	1,787	1,999	1,894	849
Total operating days	14,546	14,331	15,464	15,456	16,118	8,871
Support vessel utilization rates(3)						
Standby vessels	98.2%	96.9%	96.6%	99.0%	95.4%	96.1%
AHTS vessels	97.1%	94.0%	97.9%	96.2%	98.3%	95.4%
PSVs	96.6%	95.3%	95.7%	97.5%	96.0%	90.4%
Utility vessels	98.5%	98.6%	93.7%	97.8%	91.2%	81.8%
Average	97.8%	95.9%	96.6%	97.8%	95.9%	93.6%
Support vessel average realized rates (in US$/day per kW)(4)						
Standby vessels	—	—	0.57	0.64	0.62	0.79
AHTS vessels	—	—	0.64	0.66	0.69	0.79
PSVs	—	—	0.65	0.71	0.76	0.75
Utility vessels	—	—	0.76	0.61	0.51	0.63
Tankers						
Tons transported	555,333	531,275	586,420	1,382,922	1,356,379	620,190

(1) Drilling rig utilization rates are calculated by dividing the total number of operating days in a particular year by the total number of days of availability in such year. The total number of days of availability is calculated by subtracting the total number of preparation days in a particular year from the total number of days in that year. Since 2000 was a leap year, there were 366 days in that year.

(2) The average realized day rates for our drilling rigs are calculated by dividing total revenue by total operating days.

(3) Support vessel utilization rates are calculated by dividing the total number of operating days in a particular year by the total number of days of availability in such year. The total number of days of availability is calculated by subtracting the total number of preparation days in a particular year from the total number of days in that year.

(4) The average realized rates for our support vessels are calculated by first dividing total contract revenues by total operating days and then by dividing this figure by total capacity as measured in kW.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2002

Forecast combined profit after taxation but before extraordinary items[1][2]	not less than Rmb 354.0 million (HK$333.6 million)
Forecast earnings per Share[2]	
(a) weighted average[3]	Rmb 0.1292 (HK$0.1218)
(b) pro forma fully diluted[4]	Rmb 0.0928 (HK$0.0875)

(1) The bases on which we have prepared the profit forecast are set out in Appendix II to this Prospectus.

(2) Forecast combined profit after taxation but before extraordinary items and forecast earnings per Share are converted into Hong Kong dollars at PBOC rate of HK$1.00 to Rmb 1.0610 prevailing on November 5, 2002.

(3) The calculations assume no exercise of the Over-allotment Option. The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast combined profit after taxation but before extraordinary items for the year ending December 31, 2002 and a weighted average total of 2,739,614,904 Shares assumed to be in issue during the entire year.

(4) The calculation of the forecast earnings per Share on a fully diluted basis is based on the forecast combined profit after taxation but before extraordinary items for the year ending December 31, 2002 and a total of 3,813,320,000 Shares assumed to be in issue during the entire year.

OFFERING STATISTICS[1]

Except where otherwise indicated, we have compiled the Global Offering statistics on the assumption that the Over-allotment Option is not exercised. We have calculated these offering statistics by translating Renminbi amounts into Hong Kong dollars at the rate of HK$1.00 = Rmb 1.0606, being the PBOC Rate on June 30, 2002. The Offer Prices of HK$1.40 and HK$1.70 per H Share do not include the 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.007% SFC transaction levy which are payable by applicants under the Global Offering.

	Based on an Offer Price of HK$1.40 per H Share	**Based on an Offer Price of HK$1.70 per H Share**
Market capitalization of our H Shares[2]	HK$1,868.5 million	HK$2,268.9 million
Prospective price/earnings multiple on a		
(a) weighted average[3]	11.5 times	14.0 times
(b) pro forma fully diluted basis[4]	16.0 times	19.4 times
Adjusted net tangible asset value per Share[5]	HK$1.34	HK$1.43

(1) All statistics in this table are on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on 1,334,652,000 H Shares expected to be in issue following the Global Offering.

(3) The prospective price/earnings multiple on a weighted average basis is based on the assumed Offer Price and the forecast earnings per Share on a weighted average basis.

(4) The prospective price/earnings multiple on a pro forma fully diluted basis is based on the assumed Offer Price and the forecast earnings per Share on a pro forma fully diluted basis.

(5) The adjusted net tangible asset value per Share is calculated after the adjustments referred to in the section headed "Financial Information—Adjusted Net Tangible Assets" in this Prospectus and on the basis of a total of 3,813,320,000 Shares in issue and expected to be issued as a part of the Global Offering but takes no account of any H Shares which may be issued upon the exercise of the Over-allotment Option.

Reasons for the Global Offering and the Use of Proceeds

We estimate that our portion of the net proceeds of the Global Offering, after deducting related expenses payable by us, will be approximately HK$1,787.2 million (US$229.0 million) (assuming an Offer Price of HK$1.55 per H Share, being the mid-point of the estimated Offer Price range of HK$1.40 and HK$1.70). If the Over-allotment Option is exercised in full, our net proceeds will increase to approximately HK$2,059.4 million (US$263.9 million). We plan to use our net proceeds from the Global Offering principally to fund our capital expenditure program. For further details of our capital expenditure program, see the sections headed "Business," "Future Plans and Use of Proceeds" and "Financial Information—Liquidity and Capital Resources—Capital Expenditures and Investments."

To the extent that our net proceeds from the Global Offering are not immediately required for the above purposes, we intend to place them in short-term, interest-bearing, foreign currency deposits at the Bank of China, Industrial and Commercial Bank of China or other commercial banks in China.

The net proceeds from the Global Offering accruing to CNOOC (after deducting underwriting fees payable by CNOOC in relation to the Global Offering, assuming an Offer Price of HK$1.55 per H Share, being the mid-point of the estimated Offer Price range of HK$1.40 to HK$1.70 per H Share) are estimated to be approximately HK$181.5 million (US$23.3 million). CNOOC has informed us that it intends to contribute its portion of the net proceeds from the Global Offering to the national social security fund in accordance with relevant PRC Government requirements. For further details, see Appendix VII "Statutory and General Information—Other Information—Particulars of CNOOC, Our Selling Shareholder" to this Prospectus.