

SHARE CAPITAL

Assuming the Over-allotment Option is not exercised, our share capital, issued and to be issued as fully paid or credited as fully paid, immediately after completion of the Global Offering will be as follows:

	Aggregate amount of capital	Approximate percentage of issued share capital
	Rmb '000	
<i>Issue and to be issued, fully paid or credited as fully paid upon completion of the Global Offering:</i>		
(*000 Shares)		
2,478,668	Domestic Shares in issue (Shares held by CNOOC)	2,478,668
1,334,652	H Shares under the Global Offering	1,334,652
3,813,320		3,813,320
		65%
		35%
		100%

Assuming the Over-allotment Option is exercised in full, our share capital, issued and to be issued as fully paid or credited as fully paid, immediately after completion of the Global Offering will be as follows:

	Aggregate amount of capital	Approximate percentage of issued share capital
	Rmb '000	
<i>Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering:</i>		
(*000 Shares)		
2,460,468	Domestic Shares in issue (Shares held by CNOOC)	2,460,468
1,534,852	H Shares under the Global Offering	1,534,852
3,995,320		3,995,320
		61.6%
		38.4%
		100%

We and CNOOC have each given certain undertakings in respect of the issuance of shares and other securities. See “Underwriting—Underwriting Arrangements and Expenses—Undertakings.”

ASSUMPTION

The table above assumes that the Global Offering becomes unconditional and is completed.

RANKING

Both our Domestic Shares and H Shares are ordinary shares in our share capital. However, H Shares may only be subscribed for by, and traded in Hong Kong dollars between, legal or natural persons of Hong Kong, Macau, Taiwan or any other country or territory outside the PRC. Domestic

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Shares, on the other hand, may only be subscribed for by, and traded between, legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in Renminbi. All dividends in respect of the H Shares are to be declared in Renminbi and paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi.

A total of 2.6 billion of our existing Domestic Shares are held by CNOOC as promoter shares (as defined in the PRC Company Law). Other than the Sale Shares, such promoter Shares may not be transferred within a period of three years from the date of our establishment as a joint stock limited liability company. This period will expire on September 26, 2005. As at the date of this Prospectus, CNOOC has not sold any Domestic Shares held by it except the Sale Shares in this Global Offering. Our Domestic Shares are not admitted for listing on any stock exchange and no arrangement has been made for the Domestic Shares to be traded or dealt with on any other authorized trading facility in or outside the PRC.

Except as described above and in relation to the despatch of notices and financial reports to our Shareholders, dispute resolution, registration of our Shares on different parts of the register of Shareholders, the method of Share transfer and the appointment of dividend receiving agents, which are all provided for in our Articles of Association and summarized in Appendix VI to this Prospectus, our Domestic Shares and our H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. However, the transfer of our Domestic Shares is subject to restrictions under PRC law.

Save for the Global Offering, we do not propose to carry out a public or private issue or to place securities simultaneously with the Global Offering or within the next six months. We have not approved any share issue plan other than the Global Offering.

We have given certain undertakings in respect of the issuance of our Shares and other securities. See “Underwriting—Underwriting Arrangements and Expenses—Undertakings.”