

## Financial Summary

### Financial highlight

(Amounts expressed in millions of RMB)

### Consolidated Income Statement

	Year ended 31 December				<b>2002</b>
	1998	1999	2000	2001	
Total revenue	9,312	15,311	24,224	20,820	<b>26,374</b>
Total expenses	(7,254)	(9,490)	(12,166)	(10,596)	<b>(13,626)</b>
Interest, net	(491)	(568)	(238)	201	<b>(147)</b>
Exchange gain/(loss), net	(303)	(432)	381	235	<b>(114)</b>
Share of profit of an associate	-	13	218	90	<b>165</b>
Investment Income	-	-	-	221	<b>193</b>
Non-operating income (loss), net	580	(1)	(196)	35	<b>(71)</b>
Profit before taxation	1,844	4,833	12,223	11,006	<b>12,774</b>
Provision for taxation	(295)	(722)	(1,926)	(3,048)	<b>(3,541)</b>
Net profit	1,549	4,111	10,297	7,958	<b>9,233</b>

### Consolidated Balance Sheet

	As at 31 December				<b>2002</b>
	1998	1999	2000	2001	
Current assets	2,102	4,987	9,472	20,030	<b>24,486</b>
Property, plant and equipment, net	18,963	20,908	22,654	23,828	<b>36,072</b>
Investment in an associate	260	274	471	462	<b>537</b>
Total assets	21,325	26,169	32,597	44,320	<b>61,095</b>
Current liabilities	(2,813)	(9,177)	(8,768)	(4,392)	<b>(7,134)</b>
Non-current liabilities	(12,153)	(8,608)	(7,707)	(6,617)	<b>(13,393)</b>
Total Liabilities	(14,966)	(17,785)	(16,475)	(11,009)	<b>(20,527)</b>
Shareholders' Equity	6,359	8,384	16,122	33,311	<b>40,568</b>

*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 1998 to 2002 and the financial positions of the Group as at 31 December 1998 as if the businesses and operations had been transferred to the Group at the beginning of the period presented.