

Supplementary Information on Oil and Gas Producing Activities (Unaudited)

(All amounts expressed in Renminbi unless otherwise stated)

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.

Estimates of crude oil and natural gas reserve have been made by independent engineers. The Group's net proved reserves consist of its percentage interest in reserves, comprised of a 100% interest in its independent oil and gas properties and its participating interest in the properties covered under the production sharing contracts in PRC, 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 PRC production sharing contracts as reimbursement for exploration expenses attributable to the Group's participating interest, plus its participating interest in the properties covered under the production sharing contracts in Indonesia less an adjustment of share oil attributable to Indonesian government and the domestic market obligation.

The proved developed and undeveloped reserves for Indonesia in 2000 and 2001 were less than 1% to the total and no separate disclosure was presented.

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

	PRC		Indonesia		Total	
	Oil (Mmbls)	Natural gas (Bcf)	Oil (Mmbls)	Natural gas (Bcf)	Oil (Mmbls)	Natural gas (Bcf)
31 December 1999	1,242	3,332	–	–	1,242	3,332
Discoveries and extensions	76	5	–	–	76	5
Sales of reserves	(41)	–	–	–	(41)	–
Production	(75)	(72)	–	–	(75)	(72)
Revisions of prior estimates	14	(15)	–	–	14	(15)
31 December 2000	1,216	3,250	–	–	1,216	3,250
Discoveries and extensions	199	166	–	–	199	166
Production	(84)	(71)	–	–	(84)	(71)
Revisions of prior estimates	(52)	(97)	–	–	(52)	(97)
31 December 2001	1,279	3,248	–	–	1,279	3,248
Purchase of reserves	–	–	143	241	143	241
Discoveries and extensions	150	169	–	–	150	169
Production	(96)	(79)	(13)	(26)	(109)	(105)
Revisions of prior estimates	(46)	(5)	8	–	(38)	(5)
31 December 2002	1,287	3,333	138	215	1,425	3,548

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(a) Reserve quantity information (continued)

Proved developed reserves:

	PRC		Indonesia		Total	
	Oil (Mmbls)	Natural gas (Bcf)	Oil (Mmbls)	Natural gas (Bcf)	Oil (Mmbls)	Natural gas (Bcf)
31 December 2000	546	558	–	–	546	558
31 December 2001	582	765	–	–	582	765
31 December 2002	542	724	115	101	657	825

(b) Results of operations

	2000	2001	2002		
	PRC RMB'000	PRC RMB'000	PRC RMB'000	Indonesia RMB'000	Total RMB'000
Net sales to customers	18,819,323	17,560,788	20,280,746	3,498,548	23,779,294
Operating expenses	(2,124,078)	(2,329,130)	(2,440,210)	(1,335,124)	(3,775,334)
Production taxes	(1,036,729)	(883,768)	(1,023,049)	–	(1,023,049)
Exploration	(552,869)	(1,039,297)	(1,286,670)	(31,653)	(1,318,323)
Depreciation, depletion and amortisation	(2,577,882)	(2,566,920)	(3,121,381)	(898,151)	(4,019,532)
	12,527,765	10,741,673	12,409,436	1,233,620	13,643,056
Income tax expenses	(2,265,847)	(3,992,578)	(3,816,008)	(592,138)	(4,408,146)
Result of operations	10,261,918	6,749,095	8,593,428	641,482	9,234,910

(c) Capitalised costs

	2000	2001	2002		
	PRC RMB'000	PRC RMB'000	PRC RMB'000	Indonesia RMB'000	Total RMB'000
Proved oil and gas properties	36,323,472	40,748,848	46,426,684	9,605,744	56,032,428
Unproved oil and gas properties	996,452	428,611	521,880	–	521,880
Accumulated depreciation, depletion and amortisation	(15,482,082)	(18,154,653)	(21,161,905)	(993,316)	(22,155,221)
Net capitalised costs	21,837,842	23,022,806	25,786,659	8,612,428	34,399,087

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(d) Costs incurred

	2000	2001	2002		
	PRC RMB'000	PRC RMB'000	PRC RMB'000	Indonesia RMB'000	Total RMB'000
Acquisition costs	–	–	–	4,735,826	4,735,826
Exploration costs	610,159	996,121	1,519,683	32,405	1,552,088
Development costs	4,176,555	3,958,357	5,458,199	750,532	6,208,731
Total costs incurred	4,786,714	4,954,478	6,977,882	5,518,763	12,496,645

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

In calculating the standardized 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. Year end average realised oil prices used in the estimation of proved reserves and calculation of the standardized measure were US\$28 as at 31 December 2002 (2001:US\$17; 2000: US\$22). 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 estimate 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:

	Notes	2000	2001	2002		
		PRC RMB'000	PRC RMB'000	PRC RMB'000	Indonesia RMB'000	Total RMB'000
Future cash inflows	(1)	326,513,363	261,339,180	389,025,791	37,242,644	426,268,435
Future production costs		(73,402,341)	(74,404,378)	(89,657,677)	(22,386,603)	(112,044,280)
Future development costs	(2)	(31,279,348)	(38,640,756)	(44,699,729)	(5,381,081)	(50,080,810)
Future income taxes		(30,833,803)	(39,097,483)	(73,757,925)	(4,301,926)	(78,059,851)
Future net cash flows	(3)	190,997,871	109,196,563	180,910,460	5,173,034	186,083,494
10% discount factor		(97,607,274)	(58,114,105)	(84,478,856)	(1,463,589)	(85,942,445)
Standardised measure		93,390,597	51,082,458	96,431,604	3,709,445	100,141,049

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

- (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 in PRC less (a) an adjustment for the royalties payable to the PRC government and share oil payable to the PRC under production sharing contracts and (b) an adjustment for production allocable to foreign partners under the PRC production sharing contracts for exploration costs attributable to the Group's participating interest, plus its participating interest in the properties covered under the production sharing contracts in Indonesia less an adjustment of share oil attributable to Indonesian government and the domestic market obligation.
- (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 costs of dismantling offshore oil platforms and gas properties.

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

	2000 RMB'000	2001 RMB'000	2002 RMB'000
Standardised measure, beginning of year	87,722,457	93,390,597	51,082,458
Sales of production, net of royalties and production costs	(15,658,516)	(14,347,890)	(18,980,911)
Net change in prices, net of royalties and production costs	578,121	(32,289,445)	58,471,355
Extensions discoveries and improved Recovery, net of related future costs	5,417,977	9,985,707	14,603,893
Change in estimated future development costs	3,433,517	(9,651,681)	(13,947,849)
Development costs incurred during the year	4,176,555	3,958,357	6,208,731
Revisions in quantity estimates	830,236	(3,272,326)	(3,301,510)
Accretion of discount	10,361,478	10,846,714	6,873,378
Net change in income taxes	815,779	(3,241,861)	(23,296,206)
Purchase of properties	-	-	15,899,375
Sales of property	(2,865,132)	-	-
Changes in timing and other	(1,421,875)	(4,295,714)	6,528,335
Standardised measure, end of year	<u>93,390,597</u>	<u>51,082,458</u>	<u>100,141,049</u>