

FINANCIAL SUMMARY

(Amounts expressed in millions of RMB)

Consolidated Income Statement

	Year ended 31 December				
	1999	2000	2001	2002	2003
Total revenue	15,311	24,224	20,820	26,374	40,950
Total expenses	(9,490)	(12,166)	(10,596)	(13,626)	(25,267)
Interest income (expenses), net	(568)	(238)	201	(147)	(171)
Exchange gain/(loss), net	(432)	381	235	(114)	(7)
Share of profit of an associate	13	218	90	165	220
Short term investment income	-	-	221	193	123
Non-operating income (expenses), net	(1)	(196)	35	(71)	315
Profit before taxation	4,833	12,223	11,006	12,774	16,163
Provision for taxation	(722)	(1,926)	(3,048)	(3,541)	(4,628)
Net profit	4,111	10,297	7,958	9,233	11,535

Consolidated Balance Sheet

	As at 31 December				
	1999	2000	2001	2002	2003
Current assets	4,987	9,472	20,030	24,486	29,263
Property, plant and equipment, net	20,908	22,654	23,828	36,072	43,124
Investment in associates	274	471	462	537	1,117
Total assets	26,169	32,597	44,320	61,095	73,504
Current liabilities	(9,177)	(8,768)	(4,392)	(7,134)	(9,307)
Non-current liabilities	(8,608)	(7,707)	(6,617)	(13,393)	(17,461)
Total Liabilities	(17,785)	(16,475)	(11,009)	(20,527)	(26,768)
Shareholders' Equity	8,384	16,122	33,311	40,568	46,736

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 1999 to 2003 and the financial positions of the Group as at 31 December 1999 as if the businesses and operations had been transferred to the Group at the beginning of the period presented.