

HUMAN RESOURCES DEVELOPMENT

Looking forward, we will continue our commitment to perfecting our corporate culture of “people-oriented and employee focus”. The concept will also become part of our core development strategies.





“Employees are always the foundation for a company. Without the dedication and contributions of our employees, CNOOC Ltd would never have been able to achieve the remarkable performance today and the rosy prospects for tomorrow. Looking forward, we will continue our commitment to perfecting our corporate culture of “people-oriented and employee focus”. The concept will also become part of our core development strategies.”

Mr. Fu Chengyu, *Chairman and Chief Executive Officer*

To ensure healthy and stable development of the company, we place strong emphasis on human resources development and management to realize the capabilities, enthusiasm and creativity of our employees.

Employment and remuneration systems reform completed

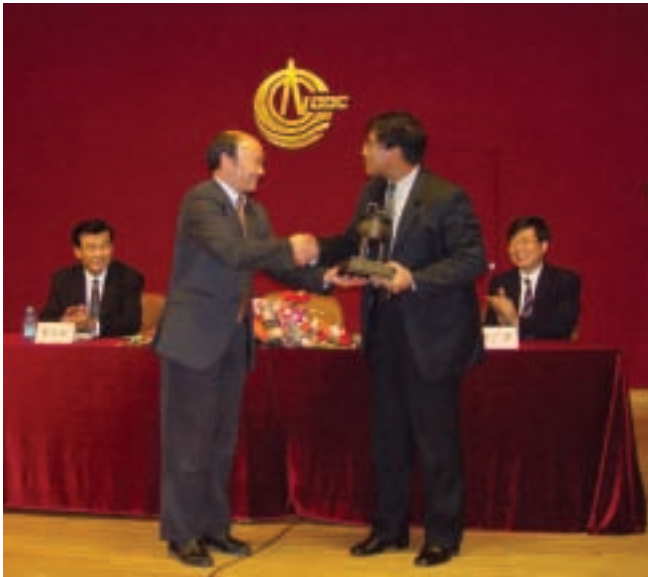
The Company’s rapid development has resulted in new requirements towards our corporate structure, job positioning and management process. The establishment of an effective, competitive and practical job delegation and remuneration system has become one of the top priorities of the Company to attract and retain high calibre employees.

In 2003, we undertook a systematic and in-depth reform of our job delegation and remuneration system, which focused on the Company’s overall performance and future development. We invited a group of external and internal consultants to analyze and restructure the Company’s management process, which included the clarification of the authorities and responsibilities of different departments. Based on the restructuring, we also reviewed the functions of each department and job descriptions, and carried out a recruitment campaign.



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This revolutionary reform has restructured the Company's management process, aligning organization of all departments and subsidiaries with the Company's overall strategy and positioning. With a more linear corporate structure, our operating efficiency is enhanced through the streamlining of the management chain. The creation and ranking of positions have also become more objective, logical and systematic. We have also developed a more open recruitment procedure, which allows the Company to absorb real talents and optimize the location of its manpower. The implementation of such competitive mechanism has effectively implanted a competitive mindset among the employees. The newly established "market-oriented" remuneration system not only lays a concrete foundation to attract, retain and motivate our people, but also enables the flexibility in taking rewards and penalizing actions.



Establishment of overseas human resources system

To ensure smooth implementation of our overseas development strategies, we have established an international human resources and remuneration system to attract and retain our management and technical talents. This system consolidates the best practices of other international oil companies, covering remuneration, annual leave, overseas medical policy, relocation, emergency retreat and service process.

Establishment and improvement on appraisal systems

We have also strengthened our internal human resources system to evaluate the results of the reform. During the year, we introduced a simple and practical appraisal system focusing on the harmonization of individual and company development. With reference to international standards, we have included goal setting, individual development plan, performance tracking and reward,



results assessment and employees' potential and value identification in the system. An effective appraisal system can help enhance employees' performance while improving the overall performance and management of the Company. The system can also identify and retain talents, help formulate reward and training system. We believe the new system would further strengthen a results-oriented and learning culture, which is essential in attaining the Company's strategic targets.

Strengthening human resources development

Through the establishment and implementation of an individual development system, we are able to organize specific trainings on various technical or general topics. During the year, a total of 325 training workshops were held with 6,980 participants.

Training for senior and mid-level executives on management skills has been a key focus in our training system. Last year, three groups of senior executives attended a seminar jointly held with the China Europe International Business School. Among these executives, some were also selected to join the overseas exchange program in association with our business partner. The participants were invited to attend the management training organized by a tertiary institution and a world renowned company, visit several prominent international companies and our foreign partner's headquarters in the U.S. During the tour, the executives were able to learn the latest management theories and production techniques.



In addition, the Company has organized a "Carnegie Leadership Training Program" for managers in order to strengthen their management skills and internal management quality. This program mainly focused on leadership, planning, communication, team building, innovation, motivation, delegation and effective decision-making skills.

