

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

The following table provides information about our seven Directors, three Supervisors, other senior management and our Company Secretary.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Fu Chengyu (傅成玉)	51	Chairman of Board of Directors and Chief Executive Officer
Yuan Guangyu (袁光宇)	43	Director, President and Chief Operating Officer
Yang Yexin (楊業新)	46	Director and Executive Vice President
Wang Zhongan (王中安)	39	Non-executive Director
Gordon Che Keung Kwong (鄭志強)	53	Independent Non-executive Director
Richard Paul Margolis (馬德克)	52	Independent Non-executive Director
Andrew Y. Yan (閻焱)	45	Independent Non-executive Director
Liu Shoude (劉守德)	58	Supervisor and Chairman of our Labor Union
Tu Zhimin (涂志民)	45	Supervisor
Zhang Benchun (張本春)	52	Supervisor
Wu Mengfei (吳孟飛)	47	Executive Vice President and Chief Financial Officer
Jin Xiaojian (金曉劍)	43	Executive Vice President
Chen Weidong (陳衛東)	47	Vice President and Company Secretary

DIRECTORS AND SUPERVISORS

Our Board of Directors consists of seven Directors, three of whom are independent non-executive Directors. Our Directors are elected at a meeting of our Shareholders for a term of three years, renewable upon re-election. An independent Director cannot concurrently hold the position of a Supervisor, manager or financial controller. The functions and duties conferred on our Board of Directors include: convening Shareholders' meetings and reporting its work to the Shareholders' meetings, implementing the resolutions of the Shareholders' meetings, determining our business plans and investment plans, formulating proposals for dividend and bonus distributions and for increasing or reducing our capital as well as exercising other powers, functions and duties as conferred by our Articles of Association.

The PRC Company Law requires us to establish a supervisory committee and this requirement is reflected in our Articles of Association. The supervisory committee is responsible for monitoring our financial matters and overseeing actions of our Board of Directors and our management personnel. The supervisory committee consists of three Supervisors, two of whom represent our Shareholders and are elected and may be removed by our Shareholders in a general meeting, one of whom represents our staff and workers and is elected and may be removed by our staff and workers. The term of office of our Supervisors is three years, renewable upon re-election. A Supervisor cannot concurrently hold the position of a Director, manager or financial controller. The functions and powers conferred on the supervisory committee include: attending our Board of Directors meetings, examining our financial affairs, verifying financial reports, business reports, profit distribution proposals and other financial information proposed at our Shareholders' general meetings by our Directors from time to time and overseeing the actions of our Directors and other senior management personnel in carrying out their duties. In the case of any conflict of interest between our Directors and us, the Supervisors may confer with, or initiate legal proceedings against, such Directors on behalf of us. A resolution proposed at any meeting of the supervisory committee may be adopted only if it is approved by more than two-thirds of all our Supervisors.

Six of our current Directors, including two of our independent non-executive Directors, were elected on September 20, 2002 at our first Shareholders' meeting. Gordon Che Keung Kwong, an independent non-executive Director, was elected on October 30, 2002 at a Shareholders' special meeting. The following sets forth certain information relating to our Directors and Supervisors.

Executive Directors

Fu Chengyu (傅成玉), aged 51, is the Chairman of our Board of Directors and our Chief Executive Officer. He is also a Vice President of CNOOC. Mr. Fu is a senior economist and holds a master's degree of petroleum engineering from the University of Southern California in the United States. He has 28 years of experience in the PRC oil and gas industry. Mr. Fu served as an executive director of CNOOC Limited from September 1999 until August 2002 and was its President from December 2000 until August 2002. Mr. Fu remains a non-executive director of CNOOC Limited. From 1995 to 1999, Mr. Fu served as Vice President and General Manager of the Xijiang operations of Phillips Petroleum International (Asia Pacific). From 1994 to 1995, he served as Deputy General Manager of China Offshore Oil Eastern South China Sea Corporation. Mr. Fu joined CNOOC in 1982.

Yuan Guangyu (袁光宇), aged 43, is a Director of our company and also serves as our President and Chief Operating Officer. Mr. Yuan graduated from East China Petroleum Institute in the PRC with a bachelor's degree in drilling engineering in 1982 and completed his MBA studies in a program accredited by the Capital University of Economics and Business in the PRC in 2001. He has worked in the PRC oil and gas industry for over 20 years. Mr. Yuan joined CNOOC in 1982 and served as the Deputy General Manager of China Offshore Bohai Drilling Company from 1993 until 1996, before becoming the Deputy Manager of the CNOOC Operations Department, a position he held until 1999. Mr. Yuan was General Manager of China Offshore Oil Northern Drilling Company, a wholly owned subsidiary of CNOOC, from September 1999 to October 2001. He currently also serves as a director of China Ocean Oilfields Services (Hong Kong) Limited, an associate of ours.

Yang Yexin (楊業新), aged 46, is a Director and Executive Vice President of our company. Mr. Yang is a senior engineer and holds a master's degree in management science and engineering from the University of Petroleum in the PRC. He joined CNOOC in 1982 and has worked in the PRC oil industry ever since 1978. From October 2001 until August 2002, Mr. Yang was Chairman and President of

CNOOC Shipping Company Limited, a wholly owned subsidiary of CNOOC. Prior to that time, Mr. Yang served as President of China Offshore Oil Southern Shipping Company from 1998 to 2001 and worked as a Senior Vice President of China Offshore Oil Southern Drilling Company from 1994 to 1998. He currently also serves as a director of China Ocean Oilfields Services (Hong Kong) Limited.

Non-executive Director

Wang Zhongan (王中安), aged 39, is a non-executive Director of our company. He is the General Manager of the Planning Department of CNOOC. Mr. Wang graduated from the China University of Mining and Technology in the PRC with a bachelor's degree in engineering. He also received a postgraduate degree in mine engineering at the École Des Mines de Paris, France. Mr. Wang has served in energy related departments of the PRC State Development Planning Commission since 1983 and was Deputy Division Director of Basic Industries Department of the Commission in 1998 before joining the Asia Pacific Energy Research Centre (APEREC) in Tokyo, Japan. He joined CNOOC Limited in February 2001 and is now with CNOOC. Mr. Wang also serves as a director of CNOOC Finance Corporation Limited, CNOOC Offshore Oil Engineering Company Limited, CNOOC Fudao Company Limited and China Ocean Oilfields Services (Hong Kong) Limited, all members of the CNOOC group.

Independent non-executive Directors

Gordon Che Keung Kwong (鄭志強), aged 53, is an independent non-executive Director of our company. Mr. Kwong has been an Executive Director of COSCO Pacific Limited and COSCO International Holdings Limited since May 1998. Prior to joining the COSCO group, he was a partner of PriceWaterhouse from July 1984 to April 1998. Mr. Kwong, a chartered accountant since 1977, obtained his bachelor's degree in social sciences from the University of Hong Kong in 1972. Mr. Kwong was an independent member of the Hong Kong Stock Exchange Council from 1992 to 1997 and served as Convener of the Compliance Committee from 1992 to 1994 and Convener of the Listing Committee from 1995 to 1997. Mr. Kwong currently also serves as an independent non-executive director of a number of Hong Kong listed companies.

Richard Paul Margolis (馬德克), aged 52, is an independent non-executive Director of our company. Mr. Margolis acquired his bachelor degree from Cambridge University in 1972. He worked in the British Diplomatic Service from 1972 to 1986, and has over 15 years experience in institutional stockbroking and investment banking with Smith New Court (Far East) and the Merrill Lynch group in Asia. Mr. Margolis retired from Merrill Lynch (Asia Pacific) Limited in December 2001 and now serves as a private consultant to Merrill Lynch (Asia Pacific) Limited. Mr. Margolis has been a member of the Hong Kong Stock Exchange Listing Committee since 1996 and previously served on the Hong Kong Securities and Futures Advisory Committee for four years from 1990 to 1994.

Andrew Y. Yan (閻焱), aged 45, is an independent non-executive Director of our company. He is the President and Executive Managing Director of the Softbank Asia Infrastructure Fund. Mr. Yan received a master's degree in sociology and economics from Beijing University in 1986 and a second master's degree from Princeton University in the United States in 1989. He obtained his bachelor's degree in engineering from the Nanjing Aeronautic Institute in the PRC. Mr. Yan was the Managing Director and head of the Hong Kong office of the Emerging Markets Partnership from February 1995 until October 2001. From 1994 to 1995, Mr. Yan worked at Sprint International Corporation as the Director for Strategic Planning and Business Development for the Asia Pacific Region.

Supervisors

Liu Shoude (劉守德), aged 58, is a Supervisor of our company. He is also the Chairman of our Labor Union. Mr. Liu holds a bachelor's degree in oil development engineering from the Northeast Petroleum Institute in the PRC. He has over 30 years' experience in the PRC oil and gas industry. He joined CNOOC in 1982, and was the President of China Ocean Oilfields Services (Hong Kong) Limited, an associate of CNOOC, from 1992 to 1999 and the Chairman of the labor union of CNOOC Technical Services Company from 1999 to 2001.

Tu Zhimin (涂志民), aged 45, is a Supervisor of our company. He is the Director of the CNOOC Auditing Department. Mr. Tu, a senior economist, graduated from Shanxi Cadre Institute of Politics and Law in the PRC. He joined CNOOC in 1985, and was president of China Offshore Oil Zhanjiang Shipping Company Limited from 2000 to January 2002. Mr. Tu also serves as a supervisor of CNOOC Finance Corporation Limited, CNOOC Trust and Investment Company Limited and China Ocean Oilfields Services (Hong Kong) Limited, all members of the CNOOC group.

Zhang Benchun (張本春), aged 52, is a Supervisor of our company. He is the Director of the CNOOC Supervision Department. He is a senior engineer and holds a B.A. in business administration from the Central Correspondence University in China. Mr. Zhang joined CNOOC in 1984, and was the Director of CNOOC's Ideological Affairs Department from 1997 to 1999. He also serves as a supervisor of China Ocean Oilfields Services (Hong Kong) Limited.

OTHER SENIOR MANAGEMENT

At its meeting on September 20, 2002, our Board of Directors designated the following individuals as Executive Vice Presidents. Each will serve until removed by our Board of Directors or his resignation.

Wu Mengfei (吳孟飛), aged 47, is an Executive Vice President of our company and also serves as our Chief Financial Officer. Mr. Wu joined CNOOC in 1988, served in a series of posts related to accounting and financial management, and was the Chief Financial Officer and a Senior Vice President of CNOOC Limited from September 1999 to March 2001. He continued to serve as a Senior Vice President of CNOOC Limited until joining our company in July of this year. Mr. Wu acquired both his bachelor's degree and his master's degree from the East China Petroleum Institute in the PRC. He also holds a MBA degree from the Sloan School of Management, Massachusetts Institute of Technology in the United States.

Jin Xiaojian (金曉劍), aged 43, serves as an Executive Vice President of our company. Mr. Jin graduated with his bachelor's degree in mining machinery from the Southwest Petroleum Institute in the PRC and received his MBA degree from Nankai University in the PRC. Mr. Jin, a senior engineer, was appointed as the Vice President of CNOOC Services Limited in October 2001 and previously served as the President of Petrotech Services, an associate of CNOOC. Mr. Jin joined CNOOC in 1982 and have over 20 years' experience in the oil and gas industry.

COMPANY SECRETARY

As its meeting on September 20, 2002, our Board of Directors designated the following individual as our Company Secretary. He will serve until removed by our Board of Directors or his resignation.

Chen Weidong (陳衛東), aged 47, is our Company Secretary and also serves as a Vice President of our company. Mr. Chen obtained his master's of business administration degree from Beijing University in July 2001 and a bachelor's degree in geophysical exploration studies from Shandong Oceananics

Institute in the PRC in 1982. He joined CNOOC upon graduation in 1982 and has over 20 years' experience in the PRC oil and natural gas industry. Before becoming a Vice President of our company in January 2000, Mr. Chen served as the President of the China Offshore Oil Geophysical Corporation, an associate of CNOOC.

AUDIT COMMITTEE

We established an audit committee on November 3, 2002 with written terms of reference in compliance with the Code of Best Practice set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system.

Our audit committee consists of our three independent non-executive Directors, namely Gordon Kwong, Richard Margolis and Andrew Yan.

REMUNERATION COMMITTEE

We established a remuneration committee on November 3, 2002. Our remuneration committee consists of our three independent non-executive Directors, namely Gordon Kwong, Richard Margolis and Andrew Yan. The primary duties of the remuneration committee are to make recommendations to the Board of Directors on our framework of executive remuneration and to determine on behalf of the Board of Directors specific remuneration packages and conditions of employment for our Executive Directors and senior management.

COMPENSATION OF DIRECTORS AND SUPERVISORS

The Directors and Supervisors receive compensation in the form of salaries, housing allowances, other allowances and benefits in kind, including our contribution to the pension scheme for our Directors and Supervisors. Under the arrangements currently in force, the aggregate remuneration of our Directors and Supervisors payable for the year ending December 31, 2002 is estimated to be approximately Rmb 1,068,000.

The aggregate amount of salaries, housing allowances, other allowances and benefits-in-kind paid by us to the five highest-paid individuals during each of the three years ended December 31, 2001 and the six-month period ended June 30, 2002 was approximately Rmb 476,993, Rmb 765,824, Rmb 1,275,408 and Rmb 715,530, respectively.

The aggregate amount of salaries, housing allowances, other allowances and benefits-in-kind paid by us to our Directors for each of the three years ended December 31, 2001 and the six-month period ended June 30, 2002 was approximately Rmb 250,509, Rmb 344,028, Rmb 565,488 and Rmb 296,628, respectively.

The aggregate amount of salaries, housing allowances, other allowances and benefits-in-kind paid by us to our Supervisors for each of the three years ended December 31, 2001 and the six-month period ended June 30, 2002 was approximately Rmb 114,936, Rmb 154,674, Rmb 278,236 and Rmb 141,436, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended December 31, 2001 and the six-month period ended June 30, 2002, by us or any of our subsidiaries to our Directors or Supervisors.

EMPLOYEES

Overview of Our Employees

As at June 30, 2002, we employed a total of 5,233 employees. Approximately two-thirds of our employees hold at least a university or vocational degree, and our technical staff includes approximately 2,500 engineers and other specialists. The following table sets forth the number of employees in each of our business divisions:

<u>Division</u>	<u>Total</u>
Drilling services	1,237
Well services.....	781
Marine support and transportation services	1,427
Geophysical services	270
Research and development, planning and management	364
Total ⁽¹⁾	<u>4,079</u>

(1) We also employ 1,154 support staff that provide supplemental services such as cleaning, catering and security.

As at December 31, 1999, 2000 and 2001, we employed approximately 5,219 employees, 5,197 employees and 5,186 employees, respectively.

Our Relationship with Our Employees

We have not experienced any significant problems with our employees or disruption to our operations due to labor disputes nor have we experienced any difficulties in the recruitment and retention of experienced staff. Our Directors believe that we have a good working relationship with our employees.

EMPLOYEE REMUNERATION AND OTHER BENEFITS

The total remuneration of our employees includes salary, bonuses and allowances. Our employees also receive subsidized housing, health benefits and other miscellaneous subsidies. In addition, we pay a special allowance to employees that work on our drilling rigs and various marine support and transportation vessels. These personnel are also entitled to mandatory home leave.

We incurred staff costs of approximately Rmb 237.7 million, Rmb 309.8 million and Rmb 455.5 million for the three years ended December 31, 2001 and Rmb 235.8 million for the six months ended June 30, 2002 and expect to incur Rmb 474.6 million for the year ending December 31, 2002, respectively, representing 14.3%, 14.2%, 19.3%, 18.1% and 18.0% of our turnover for those periods.

Pension

We participate in a pension scheme regulated by the PRC Government, pursuant to which we and our employees pay contributions to the scheme. We currently pay 19% to 23% and our employees pay 6% to 7% of the State pension scheme base (which may not be less than the average salaries in the region and not more than three times that average). Our contributions to this pension scheme amounted to approximately Rmb 25.4 million, Rmb 29.1 million, Rmb 41.2 million and Rmb 24.3 million for the three years ended December 31, 2001 and the six-month period ended June 30, 2002.

Employee housing benefits

We provide two types of housing benefits to our employees, a universal housing fund and a housing pension fund.

Pursuant to the universal housing fund, we deposit, for each employee, a percentage of such employee's base salary, bonus and seniority-based compensation into a common fund, the proceeds of which can be withdrawn by the employee for purposes of buying housing or conducting major housing renovations. The applicable percentage is 10% for employees in Beijing and 15% for employees in both Tianjin and Zhanjiang.

Pursuant to the housing pension fund, we deposit, for each employee hired on or after January 1, 1994, 20% of such employee's base salary, bonus, seniority-based compensation, social and other benefits into a common fund, the proceeds of which can be withdrawn by such employee during the first 15 years of such employee's employment with us for purposes of buying housing.

Our contributions to the universal housing fund and housing pension fund amounted to approximately Rmb 5.7 million, Rmb 7.9 million, Rmb 11.9 million and Rmb 10.4 million for the three years ended December 31, 2001 and the six-month period ended June 30, 2002.