

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Shares.

CNOOC LIMITED

We are an oil and gas company that engages primarily in the exploration, development and production of crude oil and natural gas offshore China. We are the dominant producer of crude oil and natural gas offshore China and the only company permitted to conduct exploration and production activities with international oil and gas companies offshore China. As of 30 September, 2000, we had estimated net proved reserves of 1.8 billion BOE, comprised of 1.3 billion barrels of crude oil and condensate and 3.3 trillion cubic feet of natural gas. For the first nine months of 2000, our net production averaged 210,500 barrels per day of crude oil, condensate and natural gas liquids and 196 mmcf per day of natural gas, which together totaled 243,180 BOE per day.

We increased our net proved reserves from 668 million BOE as of 31 December, 1995 to 1.8 billion BOE as of 30 September, 2000, which represents a compound annual growth rate of 23.6%. Based on net proved reserves, we are one of the largest independent oil and gas exploration and production companies in the world. In the petroleum industry, an "independent" company owns oil and gas reserves independently of other downstream assets, such as refining and marketing assets, as opposed to an integrated company that owns downstream assets in addition to oil and gas reserves. We increased our average net production from 107,600 BOE per day for the year ended 31 December, 1995 to 243,180 BOE per day for the nine-month period ended 30 September, 2000, which represents a compound annual growth rate of 18.7%. As of 30 September, 2000, 66% of our net proved reserves were classified as net proved undeveloped. We plan to spend approximately US\$4.0 billion developing our reserves from 2001 through 2003.

We conduct our exploration, development and production activities through both independent operations and production sharing contracts with foreign partners. We have added to our reserves in recent years primarily through our independent operations. As of 30 September, 2000, independent properties accounted for 70% of our total net proved reserves. We are the operator of all of our independent producing properties. For the nine months ended 30 September, 2000, production from our independent properties accounted for 49% of our total net production. Because our independent properties account for most of our current net proved undeveloped reserves, we expect our production from independent properties to continue to increase.

Through CNOOC, we have the exclusive right to enter into production sharing contracts with international oil and gas companies to conduct exploration and production activities offshore China. Under the production sharing contracts, we have the sole right to acquire, at no cost, up to a 51% participating interest in any successful discovery offshore China made by our foreign partners. The foreign partners can recover their exploration costs under the production sharing contracts only if a commercially viable discovery is made. Our foreign partners under the production sharing contracts

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are international oil and gas companies, including Agip, BP, Burlington Resources, Chevron, Devon Energy, Kerr-McGee, Newfield Exploration, Phillips, Royal Dutch Shell and Texaco. We currently are the operator or joint operator of most of the properties developed under our production sharing contracts.

Natural gas is becoming an increasingly important part of our business strategy as we exploit our natural gas reserves to meet rapidly growing domestic demand. We plan to continue to explore for natural gas and develop our natural gas properties. In view of the domestic natural gas supply shortfall forecasted by the Chinese government, we may invest in liquefied natural gas projects. We also may make strategic investments in natural gas transmission and distribution assets and other assets to facilitate the development of markets for our natural gas production.

CNOOC, our parent company, was formed in 1982. As a result of the Reorganisation, we became the only entity through which CNOOC engages in the upstream petroleum business. CNOOC continues to perform administrative functions relating to our business. See "Business—Relationship with CNOOC."

OUR STRENGTHS

We believe that our historical success and future prospects are directly related to a combination of strengths, including the following:

- large proved reserve base with significant exploitation opportunities,
- sizable operating area with demonstrated exploration potential,
- successful independent exploration and development record,
- competitive cost structure,
- reduced risks and access to technology and capital through production sharing contracts,
- strategic position in China's growing natural gas markets, and
- experienced management team.

Large proved reserve base with significant exploitation opportunities. Based on our net proved reserves as of 30 September, 2000 and our average net daily production for the nine months ended 30 September, 2000, we had a reserve-to-production ratio of approximately 20 years. As of 30 September, 2000, 66% of our net proved reserves were classified as net proved undeveloped. We expect our production to grow significantly over the next three to five years as these undeveloped properties begin producing.

Sizable operating area with demonstrated exploration potential. The offshore China exploration area is approximately 1.3 million square kilometres in size, about twice as large as the