CNOOC LTD
Form 6-K
August 30, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For August 30, 2002

CNOOC Limited

(Translation of registrant's name into English)

65th Floor
Bank of China Tower
One Garden Road
Central, Hong Kong
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F)

Form 20-F X Form 40-F ____

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes ____ No X

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A.)

Company Press Release

[GRAPHIC OMITTED]

CNOOC Limited
(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

ANNOUNCEMENT OF 2002 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Despite a weaker oil price environment triggered by a slow down in the global economy, our operating activities have remained strong. In April 2002, the Company completed the acquisition of nine Repsol YPF S.A. subsidiaries which together own working interests in five oil and gas properties in Indonesia. We view this as an excellent opportunity to make a material acquisition of low-risk assets at a compelling price and, at the same time, further strengthens the Company's presence in the Asia Pacific region. Pro forma oil and gas revenues overcame the impact of lower realized price and recorded a 10% increase over that reported in the first half of last year. In March 2002, the Company took advantage of the favorable low interest rate environment to issue US$500 million 10-year guaranteed bonds. Our unit costs remained competitive and the period was also marked with increased development capital expenditure and an active exploration program, both of which are core features of our growth strategy.

Review of Operations

For the six months ended 30 June 2002, the Company's production achieved significant increase. Pro forma daily oil and gas production reached 340,321 barrels-of-oil-equivalent, representing a 30.1% increase over the same period last year. Pro forma net crude oil production was 292,964 barrels per day, pro forma net natural gas production was 279 million cubic feet per day, representing a 27.5% and 46.5% increase over the first half of 2001 respectively. However, for the six months ended 30 June 2002, excluding the first quarter production from our Indonesian operations, the Company's reported net total daily production was 307,334 barrels-of-oil-equivalent, representing a 17.5% increase over the same period a year earlier. The reported net crude oil production was 267,130 barrels per day, representing a 16.2% increase over the same period last year. The reported net daily gas production was 238 million cubic feet, which was up 25.3% from the same period a year earlier. The increase in oil and gas production reflected both an increase in offshore China daily production levels as well as the contribution of the Company's acquisition of Repsol YPF S.A.'s subsidiaries. Realized oil price was US$21.81 per barrel and gas price was US$ 3.07 per thousand cubic feet.

Despite the average realized oil price in the first half of 2002 being 15.5% lower than the same period last year, our exploration and production activities for the period generated pro forma oil and gas sales of RMB 10.56 billion, which represented a 10% increase compared to RMB 9.56 billion of the same period last year. Due to the lower oil price, crude trading activities generated marketing revenue and gross profits of RMB 0.79 billion and RMB22 million, respectively in the first half of 2002, whilst the marketing revenue and gross profits of the same period in 2001 were RMB 1.38 billion and RMB 49.5 million, respectively. The Company's pro forma total revenue for the period was RMB 11.57 billion, our pro forma profit before tax was RMB 5.28 billion and pro forma profit after tax was RMB 3.77 billion. We consolidated the income of our Indonesian operations from the second quarter and our reported realized total revenue was RMB 10.64 billion,

which was down 5.3% from the first half of the previous year. The reported oil and gas sales was RMB 9.63 billion, which remained at approximately the same level as the first half of last year. The reported profit before tax was RMB 4.99 billion, representing a decrease of 22.8% compared to RMB 6.46 billion over the same period last year. The reported net profit after tax for the period was RMB 3.62 billion, representing a decrease of 21.6% compared to RMB 4.62 billion over the same period last year. The basic and diluted net earnings per share was RMB 0.44.

We have had an active exploration program and recorded nine wildcat discoveries during the period. The Luda 4-2, Luda 10-1,Qinhuangdao 34-3, Penglai 2-2, Panyu 30-1 and Yacheng 13-4 discoveries were made through independent exploration efforts. Our PSC partners made the Luda 27-2, Caofeidian 11-3 and Caofeidian 16-1 discoveries. Together with our PSC partners, we drilled a total of eight appraisal wells to delineate reserves in discoveries made earlier. Notably, positive results were recorded at Luda 4-2, Luda 5-2, Luda 10-1, Luda 27-2, Yacheng 13-4 and Caofeidian 12-1S.

Development expenditure, which is a key driver of the near-term production growth, increased during the period. Five projects are currently under active development. During the period, C and D wellhead platforms of Qinhuangdao 32-6 and Wenchang 13-1/13-2 were on stream. Development activities for Dongfang 1-1, Penglai 19-3 and Panyu 4-2/5-1also hit milestones on schedule.

We continue to focus on safety and sound environmental practices. The recordable accident rate for the six months ended 30 June 2002 was 0.12 incidents per 200,000 man-hours, representing a decrease of 50% from 0.24 incidents per 200,000 man-hours last year. Work hours lost in the six months ended 30 June 2002 averaged 0.15 days per 200,000 man-hours, which was down from 1 day per 200,000 man-hours in the same period a year earlier.

Outlook

We will continue to implement our production and growth strategy in the second half of 2002:

* We will focus on meeting our oil and gas production targets for the year while controlling costs. We will also strive to meet our development targets.

* We will continue our wildcat and appraisal well program, so as to increase reserves through a balance of independent and production sharing contracts exploration.

* We will explore the feasibility and economics of natural gas-related businesses, expedite exploration and development of natural gas resources and search for opportunities to participate in overseas gas field development as part of our integrated LNG strategy.

* Finally, we will continue to upgrade our management and employee skill levels, maintain and strive to further reduce our internationally competitive cost structure and improve our efficiency through enhanced management and advanced technology.

* Pro forma: Indonesia business effective from 1 January 2002.

Wei Liucheng
Chairman & CEO

INTERIM RESULTS

The Board of Directors of CNOOC Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2002 (the "Period") as follows:

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2002
(All amounts expressed in thousands of Renminbi, except per share data)

	Notes	Six months ended 30 June 2002 (unaudited)	2001 (unaudited)
Turnover			
Oil and gas sales		9,628,871	9,561,986
Marketing revenue		794,063	1,377,457
Other income		217,464	301,462
Total revenue		10,640,398	11,240,905
Expenses			
Operating expenses		(1,584,014)	(1,047,984)
Production taxes		(420,921)	(491,371)
Exploration costs		(634,859)	(451,619)
Depreciation, depletion and amortisation		(1,590,079)	(1,295,221)
Dismantlement and site restoration allowance		(59,810)	(53,794)
Crude oil and product purchases		(772,094)	(1,327,994)
Selling and administrative expenses		(358,105)	(262,141)
Others		(166,711)	(206,650)
Total expenses		(5,586,593)	(5,136,774)
Profit from operating activities		5,053,805	6,104,131
Interest income		79,498	234,088
Interest expenses		(138,213)	(202,143)
Exchange (loss)/gain, net		(146,269)	175,778
Investment income		102,287	42,563
Share of profit of an associate		38,577	103,798
Non-operating gain /(loss), net		2,417	(1,787)
Profit before tax		4,992,102	6,456,428
Tax	5	(1,373,241)	(1,838,330)
Net profit		3,618,861	4,618,098

Earnings per share - Basic	6	RMB 0.44	RMB 0.60
- Diluted	6	RMB 0.44	RMB 0.60
Interim dividend declared HK$0.11 (2001: HK$0.10) per share	9	958,314	871,194

CONSOLIDATED BALANCE SHEET
As at 30 June 2002
(All amounts expressed in thousands of Renminbi)

	Notes	30 June 2002 (unaudited)	31 Decembe 200 (audited
ASSETS			
Non-current assets			
Property, plant and equipment, net		33,675,179	23,827,49
Investment in an associate		440,567	461,99
		34,115,746	24,289,48
Current assets			
Cash and cash equivalents		7,840,092	6,393,72
Time deposits with maturities of three months or more		1,250,000	2,050,00
Accounts receivable, net		2,255,613	1,194,18
Inventories and supplies		726,344	627,33
Short term investments		7,562,965	8,895,80
Due from related companies		346,716	176,51
Other current assets		922,410	692,59
		20,904,140	20,030,15
Total assets		55,019,886	44,319,64
EQUITY AND LIABILITIES			
Non-current liabilities			
6.375% long term guaranteed notes	7	4,065,445	
Long term bank loans		2,696,606	3,255,69
Dismantlement and site restoration allowance		1,946,846	1,598,13
Deferred tax liabilities		5,986,060	1,763,63
		14,694,957	6,617,46
Current liabilities			
Current portion of long term bank loans		178,832	1,231,84
Accounts payable		1,647,470	591,62
Other payables and accrued liabilities		1,110,380	813,14
Due to parent company		164,962	125,49
Due to related companies		328,744	157,82
Taxes payable		971,788	1,471,75

		4,402,176	4,391,67
Total liabilities		19,097,133	11,009,14
Shareholders' equity			
Share capital	8	876,978	876,97
Reserves		35,045,775	32,433,52
		35,922,753	33,310,50
Total equity and liabilities		55,019,886	44,319,64

STATEMENT OF CHANGES IN EQUITY
As at 30 June 2002
(All amounts expressed in thousands of Renminbi)

	Share capital	Share premium	Revaluation reserve	Cumulative translation reserve	Statutory reserves	Retain earnin
Unaudited						
Balance at 1 January 2001	701,181	10,835,438	274,671	(6,350)		3,368
Issuance of ordinary shares	175,797	9,925,767	-	-	-	
Net profit for the period	-	-	-	-	-	4,618
Foreign currency translation differences	-	-	-	907	-	
Balances at 30 June 2001	876,978	20,761,205	274,671	(5,443)	948,338	7,986
Unaudited						
Balances at 1 January 2002 as previously stated	876,978	20,761,205	274,671	(5,648)	1,535,360	9,867
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	-	298
Balances at 1 January 2002 as restated	876,978	20,761,205	274,671	(5,648)	1,535,360	10,166
Net profit for the period	-	-	-	-	-	3,618
Dividends (Note 9)	-	-	-	-	-	(1,306
Foreign currency translation differences	-	-	-	1,969	-	
Balance at 30 June 2002	876,978	20,761,205	274,671	(3,679)	1,535,360	12,478

NOTES

(All amounts expressed in thousands of Renminbi, except number of shares and unless otherwise stated)

1. ACQUISITION

During the period, the Company acquired nine subsidiaries of Repsol YPF, S.A. which hold a portfolio of operated and non-operated interests in oil and gas production sharing and technical assistance contracts in contract areas located offshore and onshore Indonesia. The assets acquired included a 65.3% interest in the Offshore Southeast Sumatra Contract Area production sharing contract, a 36.7% interest in the Offshore Northwest Java Contract Area production sharing contract, a 25.0% interest in the West Madura Offshore Block production sharing contract, a 50.0% interest in the Poleng Field technical assistance contract and a 16.7% interest in the Blora Block production sharing contract. The aggregate consideration for the acquisition was a total cash consideration of US$585 million (subject to adjustments). The effective date of the purchase agreement was 1 January 2002 and the profit of the acquired companies would accrue to the Group from that date. The acquisition was completed on 19 April 2002. Under the advice of the Company's auditors, the acquisition date for accounting purposes should be 19 April 2002 and for practical reasons, the operations of the acquired companies are included in the Company's consolidated financial statements from 1 April 2002. The profit accrued to the Group prior to 1 April 2002 has been treated as a purchase price reduction. The Company is in the process of obtaining third-party valuations of the oil and gas properties acquired and in the process of finalising the tax structure and agreeing the purchase price adjustments with the seller. Accordingly, the allocation of the purchase price is subject to refinement.

The following unaudited pro forma consolidated financial information reflects the results of the operation of the Company for the six months ended 30 June 2002, as if the acquisition described above had completed on 1 January 2002.

		Pro forma financial results for the six months ended 30 June 2002 (unaudited) RMB'000
Total revenue		11,572,781
Income before tax		5,281,032
Profit after tax		3,769,105
Earnings per share	- Basic	RMB 0.46
	- Diluted	RMB 0.46

2. ORGANISATION AND PRINCIPAL ACTIVITIES

CNOOC Limited (the "Company") was incorporated in Hong Kong Special Administrative Region ("Hong Kong"), the People's Republic of China (the "PRC") on 20 August 1999. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the exploration, development, production and sales of crude oil and natural gas and other petroleum.

3. PRINCIPAL ACCOUNTING POLICIES

The accompanying interim financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings and short term investments, and in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No.25 "Interim financial reporting".

The principal accounting policies and basis of presentation used in the preparation of the interim financial statements are the same as those used in the annual audited financial statements for the year ended 31 December 2001, except as disclosed in note 4 below in, that the Group has changed its accounting policy related to dismantlement and site restoration allowance in compliance with SSAP 28 "Provisions, contingent liabilities and contingent assets" issued in 2001 and changed certain of its accounting policies following the adoption of the following new or revised SSAPs issued by the Hong Kong Society of Accountants.

SSAP 1 (revised)	Presentation of financial statements
SSAP 2 (revised)	Net profit or loss for the period, fundamental errors and change in accounting policies
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements
SSAP 25 (revised)	Interim financial reporting
SSAP 34	Employee benefits

The impact of adopting the above new or revised Hong Kong SSAPs is not significant and, accordingly, no prior period adjustment has been made in the financial statements of the Group.

4. CHANGE IN ACCOUNTING POLICY

During the period, the Group changed its method of accounting for dismantlement and site restoration allowance in compliance with SSAP 28 "Provisions, contingent liabilities and

contingent assets". SSAP 28 requires the provision to be recorded for a present obligation whether that obligation is legal or constructive. The associated cost is capitalised and the liability is discounted and accretion expense is recognised using the credit-adjusted risk-free interest rate in effect when the liability is initially recognised.

The effect of this change in accounting policy was to increase the retained earnings and property, plant and equipment, as at 1 January 2002 by RMB298,156,268 and RMB736,848,177, respectively, and to increase the dismantlement and site restoration allowance and deferred tax liabilities as at 1 January 2002 by RMB310,910,651 and RMB127,781,258, respectively. No adjustment was made to the prior year amounts as the impact on the financial statements for the year ended 31 December 2001 was not material.

5. TAX

(i) Income tax

The Company and its subsidiaries are subject to income taxes on an entity basis on profit arising in or derived from the tax jurisdictions in which they are domiciled and operated. The Company is not liable for profits tax in Hong Kong as it does not have any assessable income currently sourced from Hong Kong.

The Company's subsidiary, CNOOC China Limited, is a wholly foreign-owned enterprise established in the PRC. It is exempt from the 3% local surcharge and is subject to an enterprise income tax of 30% under the prevailing tax rules and regulations. During the current period, an amount of approximately RMB101 million tax exemption was deducted from the corporate income tax in accordance with the State Tax Bureau [2000] No.90 regulation,