Disclaimer

This presentation includes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements regarding expected future events, business prospectus or financial results. The words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of the Company depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from the Company’s expectations, including those associated with fluctuations in crude oil and natural gas prices, the exploration or development activities, the capital expenditure requirements, the business strategy, whether the transactions entered into by the Group can complete on schedule pursuant to the terms and timetable or at all, the highly competitive nature of the oil and natural gas industries, the foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People’s Republic of China. For a description of these risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the 2013 Form 20-F filed on 17 April 2014.

Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. The Company cannot assure that the results or developments anticipated will be realized or, even if substantially realized, that they will have the expected effect on the Company, its business or operations.
Outline

- Operating Environment and Strategy
- 2015 Operating Guidance
- Three-year Outlook
Operating Environment and Strategy
Oil Price Environment

- Oil prices have dropped more than 50% since 2H 2014
- Forward prices remain at a low level

Source: Bloomberg
Operating Strategy

- Maintain prudent financial policy and investment decision
- Strengthen cost control, continue to improve quality and efficiency
- Ensure safe operation of producing projects
- Keep sanctioned projects on schedule on budget with stringent quality control

In the low oil price environment, we made revision to our 2015 work plan and budget.
2015 Overview

- **Lower Capex by 26-35% from 2014 level**
  - 2015 Capex of RMB70-80 billion, down 26-35% from 2014E
  - Exploration, development and production account for 21%, 67% and 10% respectively
  - China and overseas account for 52% and 48% respectively

- **Strong production growth of 10-15%**
  - Production target at 475-495 mmboe, up 10-15% YoY
  - 7 new projects to come on stream in 2015

- **Maintain reasonable exploration spending level to support sustainable growth**
  - ~162 exploration wells to be drilled
  - 2D seismic data of 36 thousand km and 3D seismic data of 14 thousand km² to be acquired
  - Reserve Replacement Ratio (RRR) >100%
Capex Plan

2015 Capex Plan Breakdown

- Exploration: 21%
- Development: 67%
- Production: 2%
- Other: 10%

- China: 48%
- Overseas: 52%

- Development: 62.6 RMB bn (2013A), 69.7 RMB bn (2014E)
- Production: 10.6 RMB bn (2013A), 13.5 RMB bn (2014E)
- Other: 1 RMB bn (2013A), 1.3 RMB bn (2014E)

Exploration Development Production Other

26%-35% increase from 2013A to 2014E

2013A 2014E 2015B

Exploration 18.2 23.8 70-80
Development 62.6 69.7 70-80
Production 10.6 13.5 70-80
Other 1 1.3 70-80

(RMB bn)
Capital Spending Principles

- Prudent investment decision
- Focus on cash flow
- Balance short-term return and long-term development
- Continue to optimize asset portfolio and capital allocation
Exploration

- Exploration Capex of RMB14.7-16.8 bn, down 29-38% YoY
- Optimize exploration investment
  - Ensure spending in our core area offshore China, representing two thirds of total exploration Capex
  - Prioritize mature areas and rolling areas
  - Make adjustment on deepwater wells, wells targeting at deep zone, and high-temperature high-pressure wells
- Optimize exploration program with partners
**Exploration Program**

Continue to prioritize exploration work and maintain reasonable spending level to support sustainable growth.
Development and Production

- Development Capex of RMB46.9-53.6 bn, down 23-33% YoY
  - Ensure investment in projects under construction, refine engineering plan
  - Cautiously evaluate pre-sanction projects, concentrate resources on high-quality projects, suspend or defer marginal projects

- Production Capex of RMB7.0-8.0 bn, down 41-48% YoY
  - Strictly screen and assess infill drilling wells
  - Closely monitor oil prices, and maintain flexibility on infill drilling wells
Strengthen Cost Control

- Enhance awareness of cost control
- Adjust workload based on return
- Continue to streamline and implement whole process management
- Further address health, safety and environmental protection management
Our 2015 production target is 475-495 mmboe, among which, oil and gas account for 83% and 17% respectively.
### New Projects in 2015

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Expected Startup</th>
<th>Peak Production (boe/d)</th>
<th>Working Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jinzhou 9-3 oil field adjustment</td>
<td>Bohai</td>
<td>Commenced production</td>
<td>12,000</td>
<td>100%</td>
</tr>
<tr>
<td>Bozhong 28/34 oil fields adjustment</td>
<td>Bohai</td>
<td>First half</td>
<td>30,000</td>
<td>100%</td>
</tr>
<tr>
<td>Kenli 10-1 oil field</td>
<td>Bohai</td>
<td>First half</td>
<td>36,000</td>
<td>100%</td>
</tr>
<tr>
<td>Dongfang 1-1 gas field Phase I adjustment</td>
<td>Western South China Sea</td>
<td>Second half</td>
<td>9,000</td>
<td>100%</td>
</tr>
<tr>
<td>Weizhou 12-2 oil field joint development</td>
<td>Western South China Sea</td>
<td>Second half</td>
<td>16,000</td>
<td>100%</td>
</tr>
<tr>
<td>Weizhou 11-4N oil field Phase II</td>
<td>Western South China Sea</td>
<td>Second half</td>
<td>8,000</td>
<td>100%</td>
</tr>
<tr>
<td>Luda 10-1 oil field adjustment</td>
<td>Bohai</td>
<td>Second half</td>
<td>6,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

7 new projects are scheduled to come on stream in 2015, including JZ9-3 adjustment, which already commenced production.
Major Project – BZ 28/34 Adjustment

- Located in Southern Bohai
- Bozhong 28/34 includes three producing fields:
  - Bozhong 28-2S
  - Bozhong 34-1
  - Bozhong 34-2/4
- New producing facilities:
  - One central platform and four wellhead platforms
  - 79 producing wells
- Peak production of adjustment project: 30,000 bbl/day
Major Project – KL 10-1

- Located in Southern Bohai
- Major producing facilities:
  - One central platform and two wellhead platforms
  - 70 producing wells
- Peak production: 36,000 bbl/day
2015: Operating Highlights

- **Financial Management**
  - Maintain prudent financial policy
  - Capex of RMB70-80 billion

- **Development**
  - 7 new projects to come on stream

- **Production**
  - Production target of 475-495 mmboe
  - RRR > 100%

- **Exploration**
  - Maintain high standards on HSE
Three-year Outlook
2016 and 2017 production will see stable growth, expected to be ~509 and ~513 mmboe. We will adjust three-year production target according to the changes of operating environment.