

## **EXECUTIVE SUMMARY**

As one of the most successful SOEs in China, CNOOC has experienced an incredible rapid development. Within its internationalization, the effective financial management has played a critical role.

Firstly, CNOOC Ltd. established a low-cost, high-growth development model which result in superior profitability during these years. Secondly, since its listing in overseas capital markets, its capital structure has been largely optimized. In addition, CNOOC Ltd. adopts a more flexible dividend policy according to the oil market situation. However, CNOOC Ltd. doesn't perform well in the asset management which should be improved in the future. At last, the excellent profitability also truly increases its economic value which appreciates its share price.

Except effective financial management, listing is another important issue during its internationalization. There are three factors, including the introduction of overseas tactical investors, the successful listing of other two SOE oil companies, and effective low-cost, high-growth model, contributed its successful listing just two years later than the first failure. Going public offers CNOOC Ltd. a great opportunity to transfer itself from a state-owned enterprise to a multinational oil corporation. With adequate IPO proceeds, CNOOC Ltd. finished three international acquisitions which greatly expanded its overseas operation. These acquisitions have also brought significant reserve additions and production growth for the company's long-run development. Furthermore, since then it established much more transparent and effective

contemporary corporate governance which extremely enhance its global competitive capability in the future. From the correlation and cross-sectional analysis, the fluctuation of share price of CNOOC Ltd has been more influenced by changes of world oil price than domestic oil market factors.

Finally, it is suggested that future research should try to conduct research based on big samples which could solve the issue of generality of the findings in this research.