

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**CNOOC Limited**  
**(中國海洋石油有限公司)**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock Code: 00883)**

**REVISED CAP OF CONTINUING CONNECTED TRANSACTION WITH  
CNOOC FINANCE**

Reference is made to the announcement of the Company dated 1 December 2016 regarding the financial services framework agreement dated 1 December 2016 between the Company and CNOOC Finance with effect from 1 January 2017. The Directors expect that the Existing Cap for the depository services under the Framework Agreement for its remaining term of such agreement will not fully satisfy the demands of business and therefore propose the Revised Cap for the depository services under the Framework Agreement of RMB23.5 billion for the period from 23 August 2018 to 31 December 2019.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Revised Cap for the depository services under the Framework Agreement is less than 5% but more than 0.1%, the depository services under the Framework Agreement will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempted from the Independent Shareholders' approval requirement.

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 1 December 2016 regarding the financial services framework agreement dated 1 December 2016 between the Company and CNOOC Finance with effect from 1 January 2017.

**Historical figures and the Existing Cap**

The Existing Cap for the depository services under the Framework Agreement is RMB19.5 billion and a breakdown of its approximate historical transaction figures is as follows:

	<b>For the year ended 31 December 2017</b>	<b>For the seven months ended 31 July 2018</b>
Maximum daily outstanding balance of deposits (including accrued interest) (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services) placed by the Group with CNOOC Finance	RMB 19,499,999,833.61	RMB 19,499,999,234.61

### **Revised Cap and the reasons for raising the Existing Cap**

While the Existing Cap for the depository services under the Framework Agreement has not been exceeded as at the date of this announcement, in view of the increase in demand for settlement of transactions with members of CNOOC Group and third parties (including those receivables arising from the sales of crude oil and natural gas of the Group to CNOOC Group and third parties, and payables by the Group to CNOOC Group and third parties for the provision of different types of services to the Group), due to the increase in oil prices, the Directors expect that the Existing Cap for the depository services under the Framework Agreement for the remaining term of such agreement will not fully satisfy the demands of business and therefore propose a Revised Cap for the depository services under the Framework Agreement of RMB23.5 billion for the period from 23 August 2018 to 31 December 2019.

The Revised Cap was calculated on the basis of several factors including (i) the requirements for settlement of transactions with members of CNOOC Group or any third party (including those receivables arising from the sales of crude oil and natural gas of the Group to CNOOC Group and any third party and payables by the Group to CNOOC Group or any third party for the provision of different types of services to the Group); (ii) the expected amount of interest income from CNOOC Finance compared with interest income that could otherwise be realized by placing deposits with independent commercial banks; (iii) the control of financial risks in selecting financial services providers; (iv) the strategies of the treasury management of the Group taking into account business development plans and the financial needs of the Group; and (v) the historical transaction figures for the depository services. Both the historical transaction figures and the Revised Cap refer to the maximum daily outstanding balances of the deposits during the period from 1 January 2017 to 22 August 2018 and from 23 August 2018 to 31 December 2019, respectively, and are not cumulative in nature.

All terms and conditions of the Framework Agreement shall remain unchanged and effective.

## **Benefits of the Revision of Caps for Depositary Services**

CNOOC Finance is familiar with the business and transaction pattern of the Group and the CNOOC Group, the settlement services provided by CNOOC Finance provides a more efficient settlement platform than those that could be provided by commercial banks. The settlement services enable the Group to achieve same-day zero-rate settlement at no cost. As aforementioned, the increase in oil prices caused an increase in demand for settlement of transactions with members of CNOOC Group and third parties and also enabled further business growth of the Group, which in turn have increased the Group's need to place more deposits with CNOOC Finance so as to facilitate the necessary settlement between members of the Group and members of the CNOOC Group or other third parties. The Group also expects to enjoy the same or higher amount of interest income by placing deposits with CNOOC Finance instead of independent commercial banks, since the interest rates on deposits offered by CNOOC Finance must be agreed by both parties and determined in accordance with the relevant unified standard deposit interest rates as promulgated by the PBOC from time to time and may be subject to upward adjustment of up to 40% of such PBOC standard deposit interest rates subject to the requirements of the PRC laws and regulations and with reference to the deposit interest rates offered by commercial banks for deposit of the same nature and maturity. The Group as CNOOC Finance's shareholder can also enjoy the corresponding returns.

In light of the aforesaid, the Board (including the independent non-executive Directors) considers that the Revised Cap is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Information relating to CNOOC Finance**

CNOOC Finance is a non-bank finance subsidiary of CNOOC established in June 2002 with the approval of the PBOC. It is subject to the supervision of the CBIRC. According to its business license, it is authorized to provide to the Group all services set out in the Framework Agreement and provide similar services to other members of the CNOOC Group (but not other parties).

As of the date of this announcement, the registered capital of CNOOC Finance is RMB4 billion. As CNOOC Finance is a subsidiary of CNOOC, it is an associate of CNOOC and therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. CNOOC Finance is managed by its board of directors. CNOOC China Limited, a wholly-owned subsidiary of the Company, holds a 31.80% interest in CNOOC Finance. Based on the articles of association of CNOOC Finance, CNOOC China Limited has certain rights as one of the shareholders of CNOOC Finance including the right to nominate directors to the board of directors of CNOOC Finance and the appointment of the nominees will be subject to the approval by the relevant governmental authorities.

CNOOC Finance is rated A+ by The Standard & Poor's and A1 by Moody's. To the best knowledge of the Directors, such credit ratings are the highest credit ratings

assigned to the commercial banks in China and CNOOC Finance is the only domestic finance company with this rating.

### **Implications under the Listing Rules**

As CNOOC Finance is a subsidiary of CNOOC, which is the controlling shareholder of, and currently indirectly holds approximately 64.44% of the total issued shares of the Company, and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the services to be provided by CNOOC Finance pursuant to the Framework Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Revised Cap for the depositary services under the Framework Agreement is less than 5% but more than 0.1%, the depositary services under the Framework Agreement will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempted from the Independent Shareholders' approval requirement.

None of the Directors has any material interest in the transactions contemplated under the Framework Agreement. Nevertheless, from the perspective of good corporate governance, Mr. Yang Hua, Mr. Wang Dongjin, Mr. Yuan Guanyu and Mr. Xu Keqiang abstained from voting on the board resolutions approving the Revised Cap due to their positions at CNOOC.

### **General**

The principal business activity of the Company is investment holding. The Group principally engages in the exploration, development, production and sales of crude oil and natural gas.

The principal business activity of CNOOC Finance is the provision of financial services to members of CNOOC Group and the Group.

### **Definitions**

<b>“associates”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“CBIRC”</b>	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

<b>“CNOOC”</b>	China National Offshore Oil Corporation (中國海洋石油集團有限公司), the controlling shareholder (as defined under the Listing Rules) of the Company indirectly holding approximately 64.44% of all of the issued shares of the Company as at the date of this announcement
<b>“CNOOC Finance”</b>	CNOOC Finance Corporation Limited (中海石油財務有限責任公司), a limited liability company incorporated in the PRC and a subsidiary of CNOOC
<b>“CNOOC Group”</b>	CNOOC and its subsidiaries (excluding the Group)
<b>“Company”</b>	CNOOC Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on The Stock Exchange of Hong Kong Limited and whose American depository receipts are listed on the New York Stock Exchange and Toronto Stock Exchange
<b>“Director(s)”</b>	director(s) of the Company as at the date of this announcement
<b>“Existing Cap”</b>	the maximum daily outstanding balance of deposits (including accrued interest) (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services) placed by the Group with CNOOC Finance for the period from 1 January 2017 to 31 December 2019 as disclosed in the announcement of the Company dated 1 December 2016
<b>“Framework Agreement”</b>	the financial services framework agreement dated 1 December 2016 entered into between the Company and CNOOC Finance in relation to the provision of the services by CNOOC Finance to the Group as may be required and requested from time to time by the Group for a period of three years with effect from 1 January 2017
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC

<b>“Independent Shareholders”</b>	the Shareholders other than CNOOC and its associates
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
<b>“PBOC”</b>	the People’s Bank of China (中國人民銀行), the central bank of the PRC
<b>“PRC”</b>	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Revised Cap”</b>	the new maximum daily outstanding balance of deposits (including accrued interest) (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services) placed by the Group with CNOOC Finance for the period from 23 August 2018 to 31 December 2019
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shareholder(s)”</b>	registered holder(s) of the shares of the Company
<b>“subsidiary”</b>	has the meaning ascribed to it under the Listing Rules

By Order of the Board  
**CNOOC Limited**  
**Li Jiewen**  
*Joint Company Secretary*

Hong Kong, 23 August 2018

As at the date of this announcement, the Board comprises the following:

***Executive Directors***

Yuan Guangyu  
Xu Keqiang

***Independent Non-executive Directors***

Chiu Sung Hong  
Lawrence J. Lau  
Tse Hau Yin, Aloysius  
Kevin G. Lynch

***Non-executive Directors***

Yang Hua (*Chairman*)  
Wang Dongjin