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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)

Announcement of 2022 Interim Results (Unaudited)

FINANCIAL AND BUSINESS SUMMARY

	First half of 2022	% change over First half of 2021
Net production of oil and gas*	304.8 million BOE	9.6%
Oil and gas sales	RMB176.68 billion	75.6%
Net profit attributable to equity shareholders of the Company	RMB71.89 billion	115.7%
Basic earnings per share	RMB1.57	109.3%
Diluted earnings per share	RMB1.57	109.3%
Interim dividend (tax inclusive)	HK\$0.70 per share	133.3%

* Including our interests in equity-accounted investees, which is approximately 10.0 million BOE.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2022, opportunities and challenges coexisted for the development of the Company. International environment had been complex. Crude oil and gas prices fluctuated widely at a high level. We captured the favorable opportunities, took initiatives proactively, and achieved better-than-expected results.

On 21 April, the Company was listed on the main board of the Shanghai Stock Exchange and successfully completed its first RMB share issuance. The IPO will broaden the financing channels for our sustainable development while adding high-quality investment target to China's capital market. Since the listing of the A shares, the Company's investment value and corporate brand have been well recognized by the market. On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to the existing and potential shareholders for your trust in and support to the Company!

In the first half of the year, we focused on the main business sector of exploration and development. We pressed ahead with the "three major programs", namely, Reserves & Production Augmentation, Independent Technological Innovation and Green Energy Transition. We implemented the campaign of Quality and Efficiency Dual Upgrading. Solid progress had been made and our operating results reached the best level of the same period.

We carefully deployed oil and gas exploration workloads and our resource base for sustainable development was further fortified. In offshore China, two middle-to-large sized discoveries, namely Bozhong 26-6 and Bozhong 19-2, were made and confirmed. In overseas, five new discoveries were made in Stabroek block in Guyana. The recoverable resources of Stabroek block have reached approximately 11 billion BOE. In addition, new breakthrough was made in offshore shale oil exploration, and the fracturing experiment in onshore deep coalbed methane layers was successfully completed.

We dedicated great efforts to increase oil and gas production, and our net production hit a record high for the same period, reaching 304.8 million BOE, representing a year-on-year increase of 9.6%. The natural decline rate of domestic producing oilfields was brought under effective control. Overseas, the net production of our projects exceeded the set goals. Weizhou 12-8 Oilfield East Zone Development Project and Liza Phase II in Guyana have been commissioned successfully. Other major projects under construction such as Enping, Lufeng and Kenli have progressed steadily.

We vigorously enhanced the quality and efficiency of our operations. We effectively organized our production to seize the favorable time window of high oil prices, and generated record-high net profit. In the first half of the year, the net profit attributable to equity shareholders of the Company reached RMB71.89 billion, representing a significant year-on-year increase of 115.7%. The earnings per share was RMB1.57. As always, we attach great importance to shareholder returns. The Board of Directors has decided to declare an interim dividend of HK\$0.70 per share (tax inclusive) for the first half of 2022.

We continued to invest into scientific and technological innovations. After the launch of the “Shenhai-1” energy station last year, in the first half of this year, we successfully installed “Haiji-1” jacket platform, the first deepwater jacket in Asia, independently designed and built by the Company. The first set of shallow-water subsea wellhead and Christmas tree and the first set of deep-water subsea wellhead and Christmas tree passed the sea trials, both independently developed by the Company. We strive to excavate hydrocarbon in a digital and intelligent way. The application of shore power at Qinhuangdao 32-6 oilfield helped to build it into the benchmark project of offshore intelligent oilfield and created a new model of “intelligent, safe and efficient” exploitation of offshore oil and gas resources.

We steadily advanced the green development initiatives in the wave of energy transition. The Company utilized green electricity on a large scale on offshore platforms for the first time. We are actively exploring a new model of offshore “negative carbon emission” industry, and jointly launched China’s first large-scale offshore CCS/CCUS hub research project in Daya Bay. Levering our offshore advantages, we started the construction of China’s first deep-sea floating wind power demonstration project in Wenchang, utilizing domestic technologies.

We implemented various measures of epidemic prevention and control. We promoted special actions for safe production, and completed the full coverage of risk assessment on offshore facilities. We have maintained stable and safe production.

In the second half of the year, the external environment will remain complex and changeable. We will pay close attention to the international and industrial trends. We will continue to pursue a high-quality development, through vigorous exploration and production and effective cost control. We will reach the goals we set at the year beginning and create more value for shareholders.

Wang Dongjin

Chairman

Hong Kong, 25 August 2022

INTERIM RESULTS

The board of directors (the “Board”) of CNOOC Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts expressed in millions of Renminbi, except per share data)

		Six months ended 30 June	
	Notes	2022	2021
REVENUE			
Revenue recognised from contracts with customers			
Oil and gas sales	2	176,681	100,625
Marketing revenues	2	21,527	6,370
Other revenue		4,147	3,238
		<u>202,355</u>	<u>110,233</u>
EXPENSES			
Operating expenses		(14,820)	(12,711)
Taxes other than income tax		(9,220)	(4,879)
Exploration expenses		(7,405)	(5,025)
Depreciation, depletion and amortisation		(29,507)	(28,916)
Special oil gain levy		(14,778)	(335)
Impairment and provision recognised, net		(103)	(57)
Crude oil and product purchases		(20,619)	(6,251)
Selling and administrative expenses		(4,378)	(3,872)
Others		(4,461)	(2,738)
		<u>(105,291)</u>	<u>(64,784)</u>
PROFIT FROM OPERATING ACTIVITIES		97,064	45,449
Interest income		1,115	542
Finance costs	4	(3,105)	(2,838)
Exchange gains, net		484	177
Investment income		1,404	1,079
Share of profits of associates		302	365
Profit attributable to a joint venture		563	104
Other income, net		71	95
PROFIT BEFORE TAX		97,898	44,973
Income tax expense	5	(26,015)	(11,647)
PROFIT FOR THE PERIOD		<u>71,883</u>	<u>33,326</u>
Attributable to:			
Equity shareholders of the Company		71,887	33,329
Non-controlling interests		(4)	(3)
		<u>71,883</u>	<u>33,326</u>

		Six months ended 30 June	
	Notes	2022	2021
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		10,016	(1,802)
Share of other comprehensive income/(expense) of associates		2	(2)
Cash flow hedge reserves		(44)	—
Other items that will not be reclassified to profit or loss			
Fair value change on equity investments designated as at fair value through other comprehensive income		1,188	815
Others		—	71
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX		11,162	(918)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		83,045	32,408
		<hr/>	<hr/>
Attributable to:			
Equity shareholders of the Company		83,049	32,411
Non-controlling interests		(4)	(3)
		<hr/>	<hr/>
		83,045	32,408
		<hr/>	<hr/>
EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY			
Basic (RMB Yuan)	6	1.57	0.75
Diluted (RMB Yuan)	6	1.57	0.75

Details of the interim dividends declared for the period are disclosed in note 7.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

30 JUNE 2022

(All amounts expressed in millions of Renminbi)

	Notes	30 June 2022	31 December 2021
NON-CURRENT ASSETS			
Property, plant and equipment		482,578	465,451
Right-of-use assets		8,602	8,731
Intangible assets		15,796	14,864
Investments in associates		25,220	23,456
Investment in a joint venture		19,612	18,084
Debt investment		4,213	4,483
Equity investments		2,373	2,675
Deferred tax assets		28,977	28,592
Other non-current assets		14,959	12,251
Other non-current financial assets		2,000	—
Total non-current assets		604,330	578,587
CURRENT ASSETS			
Inventories and supplies		6,278	5,703
Trade receivables	8	43,951	27,048
Other financial assets		92,002	82,440
Other current assets		11,889	13,061
Time deposits with maturity over three months but within one year		31,792	38,298
Cash and cash equivalents		129,572	41,432
Total current assets		315,484	207,982
CURRENT LIABILITIES			
Loans and borrowings	10	22,056	15,329
Trade and accrued payables	9	57,808	48,990
Lease liabilities		1,223	1,208
Contract liabilities		1,032	1,983
Other payables and accrued liabilities		11,478	9,903
Dividends payable		48,066	—
Taxes payable		24,974	16,538
Total current liabilities		166,637	93,951
NET CURRENT ASSETS		148,847	114,031
TOTAL ASSETS LESS CURRENT LIABILITIES		753,177	692,618
NON-CURRENT LIABILITIES			
Loans and borrowings	10	101,078	112,893
Lease liabilities		5,425	5,712
Provision for dismantlement		78,130	75,482
Deferred tax liabilities		8,605	6,915
Other non-current liabilities		10,126	9,640
Total non-current liabilities		203,364	210,642
NET ASSETS		549,813	481,976
EQUITY			
Issued capital	11	75,180	43,081
Reserves		473,511	437,831
Equity attributable to equity shareholders of the Company		548,691	480,912
Non-controlling interests		1,122	1,064
TOTAL EQUITY		549,813	481,976

NOTES

30 JUNE 2022

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and Hong Kong Accounting Standard 34 *Interim Financial Reporting* as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules of Stock Exchange”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company and its subsidiaries’ annual financial statements for the year ended 31 December 2021.

The financial information relating to the year ended 31 December 2021 that is included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Significant accounting policies

The accounting policies and methods of computation used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company and its subsidiaries’ annual financial statements for the year ended 31 December 2021 except for the first time application of the new and amendments to International Financial Reporting Standards (“IFRSs”)/Hong Kong Financial Reporting Standards (“HKFRSs”) effective for the Company and its subsidiaries’ financial year beginning on 1 January 2022. The application of the new and amendments to IFRSs/HKFRSs in the current period has had no material impact on the disclosures or the amounts recognised in the interim condensed consolidated financial statements of the Company and its subsidiaries.

2. OIL AND GAS SALES AND MARKETING REVENUES

Oil and gas sales represent the sales of oil and gas, net of royalties and obligations to government and other mineral interest owners. Revenue from the sales of oil and gas is recognised at a point in time when oil and gas has been delivered to the customer, which is when the customer obtains the control of oil and gas, and the Company and its subsidiaries have present right to payment and collection of the consideration is probable.

Marketing revenues principally represent the sales of oil and gas belonging to the foreign partners under the production sharing contracts in China and revenues from the trading of oil and gas through the Company's subsidiaries, which is recognised at a point in time when oil and gas has been delivered to the customer, which is when the customer obtains the control of oil and gas, and the Company and its subsidiaries have present right to payment and collection of the consideration is probable. The cost of the oil and gas sold is included in "Crude oil and product purchases" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The payment is typically due within 30 days after the delivery of oil and gas. For contracts where the period between payment and transfer of the associated goods is less than one year, the Company and its subsidiaries apply the practical expedient of not adjusting the transaction price for any significant financing component.

3. SEGMENT INFORMATION

The Company and its subsidiaries are engaged worldwide in the upstream operating activities of the conventional oil and gas, shale oil and gas, oil sands and other unconventional oil and gas business. The Company and its subsidiaries report the business through three operating and reporting segments: exploration and production ("E&P"), trading business and corporate. The division of these operating segments is made because the Company's chief operating decision maker makes decisions on resource allocation and performance evaluation by reviewing the financial information of these operating segments.

The following table presents revenue, profit or loss, assets and liabilities information for the Company and its subsidiaries' operating segments.

	E&P		Trading business		Corporate		Eliminations		Consolidated	
	Six months ended 30 June 2022	2021	Six months ended 30 June 2022	2021	Six months ended 30 June 2022	2021	Six months ended 30 June 2022	2021	Six months ended 30 June 2022	2021
External revenue	49,473	57,485	152,658	52,264	224	484	–	–	202,355	110,233
Intersegment revenue*	131,147	45,910	(131,147)	(45,910)	1	10	(1)	(10)	–	–
Total revenue**	180,620	103,395	21,511	6,354	225	494	(1)	(10)	202,355	110,233
Segment profit/(loss) for the period	70,332	33,264	627	(202)	1,090	4,641	(166)	(4,377)	71,883	33,326

	E&P		Trading business		Corporate		Eliminations		Consolidated	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Other segment information										
Segment assets	561,025	461,452	42,030	20,642	504,903	442,453	(188,144)	(137,978)	919,814	786,569
Segment liabilities	(316,612)	(298,099)	(35,871)	(17,388)	(311,231)	(200,904)	293,713	211,798	(370,001)	(304,593)

* Certain oil and gas produced by the E&P segment are sold via the trading business segment. For the Company's chief operating decision maker's assessment of segment performance, these revenues are reclassified back to E&P segment.

** 69% (six months ended 30 June 2021: 73%) of the Company and its subsidiaries' revenues recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income are generated from the PRC customers, and revenues generated from customers in other locations are individually less than 10%.

4. FINANCE COSTS

Accretion expenses of approximately RMB1,419 million (six months ended 30 June 2021: approximately RMB1,349 million) relating to the provision for dismantlement liabilities have been recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022.

5. INCOME TAX

The Company and its subsidiaries are subject, on an entity basis, to income taxes on profits arising in or derived from the tax jurisdictions in which the entities of the Company and its subsidiaries are domiciled and operate. The Company is subject to profits tax at a rate of 16.5% (six months ended 30 June 2021: 16.5%) on profits arising in or derived from Hong Kong.

The Company is regarded as a Chinese Resident Enterprise (as defined in the “Enterprise Income Tax Law of the People’s Republic of China”) by the State Administration of Taxation of the PRC. As a result, the Company is subject to the PRC corporate income tax at the rate of 25% starting from 1 January 2008. The corporate income tax which is subjected in Hong Kong is qualified as a foreign tax credit to offset the PRC corporate income tax starting from 1 January 2008.

The Company’s subsidiary in Mainland China, CNOOC China Limited, is a wholly foreign owned enterprise. It is subject to corporate income tax at the rate of 25% under the prevailing tax rules and regulations. CNOOC Deepwater Development Limited, a wholly-owned subsidiary of CNOOC China Limited, is subject to corporate income tax at the rate of 15% from 2021 to 2023, after being reassessed as a high and new technology enterprise.

Principal subsidiaries of the Company domiciled outside the PRC are subject to income tax at rates ranging from 10% to 82% (six months ended 30 June 2021: 10% to 82%).

6. EARNINGS PER SHARE

	Six months ended 30 June	
	2022	2021
Earnings:		
Profit for the purpose of basic and diluted earnings per share calculation	<u>71,887</u>	<u>33,329</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<u>45,775,080,293</u>	<u>44,647,455,984</u>
Earnings per share		
– Basic and diluted (RMB Yuan)	<u>1.57</u>	<u>0.75</u>

7. DIVIDENDS

On 25 August 2022, the board of Directors declared an interim dividend of HK\$0.70 (tax inclusive) per share (six months ended 30 June 2021: HK\$0.30 (tax inclusive) per share), totaling approximately HK\$33,346 million (tax inclusive) (equivalent to approximately RMB28,647 million (tax inclusive)) (six months ended 30 June 2021: approximately RMB11,133 million (tax inclusive)), based on the number of issued shares as at 30 June 2022.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and related laws and regulations, the Company is regarded as a Chinese Resident Enterprise, and thus is required to withhold corporate income tax at the rate of 10% when it distributes dividends to its non-resident enterprise (as defined in the "Enterprise Income Tax Law of the People's Republic of China") shareholders, with effect from the distribution of the 2008 final dividend. In respect of all shareholders whose names appear on the Company's register of members and who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the dividend after deducting corporate income tax of 10%.

8. TRADE RECEIVABLES

The credit terms of the Company and its subsidiaries are generally within 30 days after the delivery of oil and gas. Payment in advance or collateral may be required from customers, depending on credit rating. Trade receivables are non-interest bearing.

Substantially all customers have good credit quality with good repayment history and no significant receivables are past due. As at 30 June 2022 and 31 December 2021, the age of substantially all the trade receivables was within one year.

9. TRADE AND ACCRUED PAYABLES

As at 30 June 2022 and 31 December 2021, substantially all the trade and accrued payables were aged within six months. The trade and accrued payables are non-interest bearing.

10. LOANS AND BORROWINGS

The details of note repaid during the six months ended 30 June 2022 are as follow:

Issuer	Maturity	Coupon Rate	Principal Amount USD million
CNOOC Finance (2012) Limited	Matured in 2022	3.875%	1,500

11. SHARE CAPITAL

	Number of shares	Issued share capital equivalent of RMB million
Issued and fully paid:		
Ordinary shares with no par value as at 1 January 2021 and as at 31 December 2021	44,647,455,984	43,081
Shares newly issued in 2022*	<u>2,990,000,000</u>	<u>32,099</u>
As at 30 June 2022	<u><u>47,637,455,984</u></u>	<u><u>75,180</u></u>

- * According to the “Approval of the Initial Public Offering of Shares of CNOOC Limited” (Zheng Jian Xu Ke No. [2022] 632), the China Securities Regulatory Commission (the “CSRC”) approved initial public offering of RMB ordinary shares of the Company. The price of the Company’s A-share offering was RMB10.80 per ordinary share, and after exercising the over allotment option, the final number of shares issued was 2,990 million. The raised funds have been verified by Ernst & Young Hua Ming LLP and issued capital verification reports (Ernst & Young Hua Ming (2022) Yan Zi No. 60157570_A02 & 60157570_A03). The total amount of the final funds raised in this offering was RMB32,292 million. After deducting the issuance expenses of RMB193 million, the net amount of funds raised was RMB32,099 million.

12. SUBSEQUENT EVENTS

The Company and its subsidiaries have no significant subsequent events needed to be disclosed.

AUDIT COMMITTEE

The Audit Committee of the Board of the Company has reviewed together with the management the accounting principles and practices adopted by the Company and its subsidiaries and discussed the risk management, internal control and financial reporting matters. The interim results for the six months ended 30 June 2022 are unaudited, but have been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants. Interim results announcement for the six months ended 30 June 2022 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this interim results announcement, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of its listed securities during the six months ended 30 June 2022.

CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2022, the Company has complied with all code provisions set out in Part 2 of Appendix 14 to the Listing Rules of Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a Code of Ethics for Directors and Senior Management (“Code of Ethics”) incorporating the Model Code as set out in Appendix 10 to the Listing Rules of Stock Exchange. All Directors have confirmed that they complied, during the six months ended 30 June 2022, with the Company’s Code of Ethics and the required standards set out in the Model Code.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules of Stock Exchange, the changes in information of Directors of the Company subsequent to the date of the latest annual report of the Company and up to the date of this interim results announcement are set out below:

Name of Director	Details of Changes
Xu Keqiang	Resigned as CEO of the Company, re-designated from Executive Director to Non-executive Director of the Company with effect from 28 April 2022
Zhou Xinhuai	Appointed as an Executive Director and the CEO of the Company with effect from 28 April 2022
Wen Dongfen	Appointed as a member of the Audit Committee of the Company with effect from 28 April 2022
Tse Hau Yin, Aloysius	Resigned as an Independent Non-Executive Director, the chairman and a member of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee of China Telecom Corporation Limited, with effect from the date of election of the proposed Independent Non-Executive Director at an extraordinary general meeting of China Telecom Corporation Limited

MISCELLANEOUS

The Directors are of the opinion that there have been no material changes to the information published in the Company's annual report for the year ended 31 December 2021, other than those disclosed in this interim results announcement and the 2022 interim report of the Company.

INTERIM DIVIDEND DISTRIBUTION PLAN AND CLOSURE OF HONG KONG REGISTER OF MEMBERS

At the Company's 2021 annual general meeting held on 26 May 2022, the Board of Directors was authorized to decide the Company's 2022 interim dividend distribution plan. In overall consideration of situations such as the operating results, financial position and cash flow of the Company, to provide returns to our shareholders, the Board of Directors has resolved to declare an interim dividend of HK\$0.70 per share (tax inclusive) for the first half of 2022. Dividends payable shall be denominated and declared in HKD, among which, dividend for A shares will be paid in RMB, applying an exchange rate which equals to the average central parity rate between HKD and RMB announced by the People's Bank of China in the week before the Board of Directors declared the interim dividend; dividend for Hong Kong shares will be paid in HKD.

The register of members of the Hong Kong shares of the Company (the "Register of Members") will be closed from 8 September 2022 (Thursday) to 12 September 2022 (Monday) (both days inclusive) during which no transfer of the Hong Kong shares of the Company can be registered. In order to qualify for the interim dividend, holders of Hong Kong shares are reminded to ensure that all instruments of transfer of the Hong Kong shares accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 7 September 2022 (Wednesday). The interim dividend will be paid on or around 13 October 2022 (Thursday) to shareholders whose names appear on the Register of Members of the Company on 12 September 2022 (Monday).

For holders of RMB shares, please refer to the Company's announcement in relation to the 2022 interim dividend distribution plan published on the websites of the Shanghai Stock Exchange and the Company.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2022 INTERIM DIVIDEND

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China", the "Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China" and the "Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management", the Company has been confirmed as a resident enterprise of the People's Republic of China (the "PRC") and the withholding and payment obligation lies with the Company. The Company is required to withhold and pay 10% enterprise income tax when it distributes the 2022 interim dividend to its non-resident enterprise (as defined in the "Enterprise Income Tax Law of the People's Republic of China") holders of Hong Kong shares. In respect of all holders of Hong Kong shares whose names appear on the Register of Members of the Company as at 12 September 2022 who are not individual natural person (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise holders of Hong Kong shares), the Company will distribute the 2022 interim dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2022 interim dividend payable to any natural person holders of Hong Kong shares whose names appear on the Register of Members of the Company as at 12 September 2022. Investors who invest in the shares of the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited through the Shanghai Stock Exchange (the "Shanghai-Hong Kong Stock Connect investors"), and investors who invest in the shares in the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited through the Shenzhen Stock Exchange (the "Shenzhen-Hong Kong Stock Connect investors"), are investors who hold Hong Kong shares through HKSCC Nominees Limited, and in accordance with the above requirements, the Company will pay to HKSCC Nominees Limited the amount of the 2022 interim dividend after withholding for payment the 10% enterprise income tax.

If any resident enterprise (as defined in the “Enterprise Income Tax Law of the People’s Republic of China”) listed on the Register of Members of the Company which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, or any non-resident enterprise holders of Hong Kong shares who is subject to a withholding tax rate of less than 10% pursuant to any tax treaty between the country of residence of such holders of Hong Kong shares and the PRC or tax arrangements between mainland China and Hong Kong or Macau, or any other non-resident enterprise holders of Hong Kong shares who may be entitled to a deduction or exemption of enterprise income tax in accordance with the applicable PRC rules, does not desire to have the Company withhold and pay the total amount of the said 10% enterprise income tax, it shall lodge with Hong Kong Registrars Limited documents from its governing tax authority confirming its PRC resident enterprise status, or the documents in support that a withholding tax of less than 10% is required to be paid pursuant to the above-mentioned tax treaty or arrangements, or the documents confirming its entitlement to a deduction or exemption of enterprise income tax in accordance with the applicable PRC rules at or before 4:30 p.m. on 7 September 2022 (Wednesday).

If anyone would like to change the identity of the holders of Hong Kong shares please enquire about the relevant procedures with the nominees or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise holders of Hong Kong shares strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Register of Members of the Company on 12 September 2022. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of holders of Hong Kong shares at the aforesaid date or any disputes over the mechanism of withholding.

By Order of the Board

Wu Xiaonan

Joint Company Secretary

Hong Kong, 25 August 2022

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

Non-executive Directors

Wang Dongjin (*Chairman*)

Li Yong (*Vice Chairman*)

Xu Keqiang

Wen Dongfen

Executive Directors

Zhou Xinhuai

Xia Qinglong

Independent Non-executive Directors

Chiu Sung Hong

Lawrence J. Lau

Tse Hau Yin, Aloysius

Qiu Zhi Zhong

FORWARD-LOOKING STATEMENTS

This presentation includes forward looking information, including statements regarding the likely future developments in the business of the Company and its subsidiaries, such as expected future events, business prospects 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 as of this date in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate under the circumstances. However, whether actual results and developments will meet the current expectations and predictions of the Company is uncertain. Actual results, performance and financial condition may differ materially from the Company’s expectations, including but not limited to those associated with macro-political and economic factors fluctuations in crude oil and natural gas prices, the highly competitive nature of the oil and natural gas industry, climate change and environment policies, the Company’s price forecast, the exploration and development activities, mergers, acquisitions and divestments activities, HSSE and insurance policies and changes in anti-corruption, anti-fraud, anti-money laundering and corporate governance laws.

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 realised or, even if substantially realised, that they will have the expected effect on the Company, its business or operations.