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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2023 TO 2025

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Reference is made to the 2019 Circular in relation to the Continuing Connected Transactions between the Group and CNOOC and/or its Associates. The Independent Shareholders had approved the non-exempt continuing connected transactions between the Group and CNOOC and/or its Associates and the relevant annual caps for 2020 to 2022 at the 2019 EGM.

The Company expects to continue the Continuing Connected Transactions after 31 December 2022 and therefore will, in accordance with the Listing Rules and relevant rules of the SSE, re-comply with the provisions of Chapter l4A of the Listing Rules and relevant rules of the SSE in relation to the Continuing Connected Transactions for the next three years (i.e. from 1 January 2023 to 31 December 2025), including disclosing information thereof in this announcement and seeking the Independent Shareholders' approval for the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps).

APPROVAL BY INDEPENDENT SHAREHOLDER

As CNOOC is the actual controller of the Company and currently directly and indirectly owns an aggregate of approximately 61.17% of all the Shares of the Company in issue, the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) are subject to the approval from the Independent Shareholders under the Listing Rules. In view of the interests of CNOOC held through OOGC and CNOOC BVI in the Company, OOGC, CNOOC BVI and their respective Associates will abstain from voting in relation to the resolutions approving the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Non-exempt Continuing Connected Transactions (including the relevant

Proposed Caps), and Maxa Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders holding the Hong Kong Shares on the same. A circular containing, amongst other things, further information on the terms of the Continuing Connected Transactions, a letter from the Independent Board committee, an opinion of Maxa Capital, acting as the Independent Financial Adviser, together with a notice to convene the EGM to consider and, if thought fit, approve the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), is expected to be despatched to the Shareholders on or around 11 November 2022.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2023 TO 2025

Background

Reference is made to the 2019 Circular in relation to the Continuing Connected Transactions between the Group and CNOOC and/or its Associates. The Independent Shareholders had approved the Non-exempt Continuing Connected Transactions between the Group and CNOOC and/or its Associates and the relevant annual caps for 2020 to 2022 at the 2019 EGM.

The Company expects to continue the Continuing Connected Transactions after 31 December 2022 and therefore will, in accordance with the Listing Rules and relevant rules of the SSE, re-comply with the provisions of Chapter l4A of the Listing Rules and relevant rules of the SSE in relation to the Continuing Connected Transactions for the next three years (i.e. from 1 January 2023 to 31 December 2025), including disclosing information thereof in this announcement and seeking the Independent Shareholders' approval for the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps).

Continuing Connected Transactions under the Comprehensive Framework Agreement

The Company entered into the Comprehensive Framework Agreement on 2 November 2022 with CNOOC for the provision (1) by the Group to CNOOC and/or its Associates and (2) by CNOOC and/or its Associates to the Group, of a range of products and services which may be required and requested from time to time by either party and/or its Associates in respect of the Continuing Connected Transactions, the details of which are set out below. The term of the Comprehensive Framework Agreement is for a period of three years commencing from 1 January 2023, and is conditional upon the Independent Shareholders' approval at the EGM. Except for adjustment of certain pricing policies and adjustment of classification of certain Continuing Connected Transactions due to the new energy business, the Comprehensive Framework Agreement is substantially on the same terms as the terms contained in the comprehensive framework agreement entered into by the Company and CNOOC on 1 November 2019, as described in the 2019 Circular.

The Continuing Connected Transactions under the Comprehensive Framework Agreement can be categorised as follows:

- Provision of exploration, development, production as well as sales, management and ancillary services by CNOOC and/or its Associates to the Group a）Provision of exploration and support services;

b）Provision of development and support services (including new energy business);

c）Provision of production and support services (including new energy business);

d）Provision of sales, management and ancillary services; and

e）FPSO vessel leases.

- Sales of petroleum and natural gas products and green power products by the Group to CNOOC and/or its Associates

a）Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas);

b）Long-term sales of natural gas and liquefied natural gas; and

c）Sales of green power products.

The categories of "Provision of exploration and support services", "Provision of development and support services (including new energy business)", "Provision of production and support services (including new energy business)", "Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas)" and "Long-term sales of natural gas and liquefied natural gas" are Non-exempt Continuing Connected Transactions subject to the reporting, announcement and Independent Shareholders' approval requirements according to the Listing Rules and the relevant rules of the SSE. The other categories of Continuing Connected Transactions are exempt from the Independent Shareholders' approval requirement according to the Listing Rules, but are subject to the reporting and announcement requirements under the Listing Rules and the relevant rules of the SSE (save and except the category of "Sales of green power products", which belongs to Continuing Connected Transactions that are fully exempt from the reporting, announcement and Independent Shareholders' approval requirements, but the Company includes the details of this category of Continuing Connected Transactions in this announcement for the purpose of completeness of information disclosure and from the perspective of good corporate governance).

Since the establishment of the Company, certain Associates of CNOOC specialising in exploration, development, production as well as sales, management and ancillary services provided these services to the Group from time to time. The services provided by CNOOC and/or its Associates are set out below.

Provision of exploration, development, production as well as sales, management and ancillary services by CNOOC and/or its Associates to the Group

(a) ***Provision of exploration and support services***

The services provided by CNOOC and/or its Associates to the Group on exploration operations include:

- well site survey;
- geophysical prospecting services;
- seismic data processing;
- seismic test data processing;
- integrated exploration research services;
- geophysical data collection;
- marine geological prediction and data processing;
- well workover;
- oil and gas wells measurement;
- well measurement;
- well cementation;
- exploration well and other related technical services;
- tow-boat, transportation;
- materials/equipment supply;
- exploration technological research and safety services; and
- other related technical and supporting services.

The applicable pricing policies for transactions conducted under this category are based on market price. The Company will analyse whether the goods and service to be procured is qualified for tendering and price comparison, and will adopt tendering and price comparison when the conditions are satisfied. If the conditions are not satisfied, the following pricing principles will be adopted:

(i) with respect to exploration well operations – the price shall refer to the international market price level, and shall be determined after arm's length negotiation by comparing the market price reports regularly issued by IHS (IHS Markit Ltd.) and the prices quoted by CNOOC and/or its Associates. When determining such adjustments, the Company will consider specific conditions of different drilling rig types, operating water depths and key equipment capabilities, which shall be fully negotiated between both parties; and

(ii) with respect to other exploration and support services – for contracts with no comparable markets and satisfy the single source procurement conditions, the contract price is determined through arm's length negotiation by taking reference to the information disclosed in the annual reports of at least three major overseas goods and service providers of the oil and gas industry such as Schlumberger Limited ("**Schlumberger**"), The Halliburton Company ("**Halliburton**") and Baker Hughes to obtain a general understanding of the approximate range of prices charged by these service providers. Service providers such as Schlumberger, Halliburton and Baker Hughes have been providing the relevant professional services to the Company. The contract price is determined by: (1) calculating the reference price which is based on the historical prices quoted by the abovementioned overseas goods and service providers for the services provided to the Group plus the historical prices multiplied by the annual movement ratio of the profit margin of the abovementioned overseas goods and service providers, which is calculated by dividing the net operating profit by total operating revenue disclosed in the annual reports of the abovementioned overseas goods and service providers, as well as taking into account specific working environment of the related projects, such as different geographic features, different offshore regions, weather conditions, depth of water, etc. In extreme circumstances when the oil price falls significantly below the Company's cost per barrel, the movement of the oil price would also be considered when determining the reference price; (2) comparing such reference price with the price quoted by CNOOC and/or its Associates; and (3) entering into arm's length negotiation with CNOOC and/or its Associates. Prices will normally be approximately 80% to 100% of the abovementioned reference prices. When determining such adjustments, the Company will consider specific conditions of contracts, nature of specific products and services, complexity of operation, market demand and historical transaction prices.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the charges for the provision of such exploration and support services payable to CNOOC and/or its Associates were approximately RMB8,536 million, RMB10,982 million and RMB5,716 million, respectively.

(b) Provision of development and support services (including new energy business)

The services provided by CNOOC and/or its Associates to the Group on development operations include:

- platform survey;
- geological survey;
- well workover;
- drilling and completion well operations;
- oil and gas well surveying, logging, cementing and other related technical services;
- design, construction, installation, testing and commissioning of production facilities;
- shipping transportation;
- provision of materials/equipment;
- integrated research on development techniques;
- preliminary survey of new energy projects and wind measurement of wind power projects; and
- other related technical and supporting services.

The applicable pricing policies for the transactions conducted under this category are based on market price. The Company will analyse whether the goods and service to be procured is qualified for tendering and price comparison, and will adopt tendering and price comparison when the conditions are satisfied. If the conditions are not satisfied, the following pricing principles will be adopted:

(i) with respect to well workover, drilling and completion well operations and related technical services – the price shall refer to the international market price level, and shall be determined by comparing the market price reports regularly issued by IHS (IHS Markit Ltd.) and the prices quoted by CNOOC and/or its Associates. When determining such adjustments, the Company will consider specific conditions of different drilling rig types, operating water depths and key equipment capabilities, which shall be fully negotiated between both parties;

(ii) with respect to design, construction, installation and commissioning of production facilities, prefabrication of common components/modules for facility structure – the price is determined through arm's length negotiation between both parties with reference to market price, taking into account specific working environment of the related projects, such as complexity of operation, different geographic features, different offshore regions, weather conditions, depth of water, etc.; and

(iii) with respect to other development and support services – for contracts with no comparable markets and satisfy the single source procurement conditions, the contract price is determined through arm's length negotiation by taking reference to the information disclosed in the annual reports of at least three major overseas goods and service providers of the oil and gas industry such as Schlumberger, Halliburton and Baker Hughes to obtain a general understanding of the approximate range of prices charged by these service providers. Service providers such as Schlumberger, Halliburton and Baker Hughes have been providing the relevant professional services to the Company. The contract price is determined by: (1) calculating the reference price which is based on the historical prices quoted by the abovementioned overseas goods and service providers for the services provided to the Group plus the historical prices multiplied by the annual movement ratio of the profit margin of the abovementioned overseas goods and service providers, which is calculated by dividing the net operating profit by total operating revenue disclosed in the annual reports of the abovementioned overseas goods and service providers, as well as taking into account specific working environment of the related projects, such as different geographic features, different offshore regions, weather conditions, depth of water, etc. In extreme circumstances when the oil price falls significantly below the Company's cost per barrel, the movement of the oil price would also be considered when determining the reference price; (2) comparing such reference price with the price quoted by CNOOC and/or its Associates; and (3) entering into arm's length negotiation with CNOOC and/or its Associates. Prices will normally be approximately 80% to 100% of the abovementioned reference prices. When determining such adjustments, the Company will consider specific conditions of contracts, nature of specific products and services, complexity of operation, market demand and historical transaction prices.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the charges for the provision of such oil and gas development services payable to CNOOC and/or its Associates were approximately RMB36,776 million, RMB39,696 million and RMB19,500 million, respectively.

(c) Provision of production and support services (including new energy business)

The services provided by CNOOC and/or its Associates to the Group on production operations are set out below:

- integrated research on production techniques;
- drilling and workover operations;
- shipping transportation;
- oil tanker transportation;
- provision of materials/equipment;
- maintenance of platform;
- repair of equipment and pipeline;
- production operations;
- oil production operations;
- production labour services;
- production equipment maintenance;
- warehousing and storage;
- lease of equipment and building;
- road transportation services;
- telecommunication and network services;
- wharf services;
- labour services;
- construction services, including roads, wharf, buildings, factories and water barrier;
- maintenance and repair of major equipment;
- medical and social services;
- supply of water, electricity, gas and heat;
- security and fire prevention services;
- technical training;
- accommodation;
- maintenance and repair of buildings;
- catering services;
- operation and maintenance of new energy projects; and
- other related technical and supporting services.

The applicable pricing policies for the transactions conducted under this category are government-prescribed price or market price. If market price is applicable, the Company will analyse whether the goods and service to be procured is qualified for tendering and price comparison, and will adopt tendering and price comparison when the conditions are satisfied. If the conditions are not satisfied, the following pricing principles will be adopted:

(i) with respect to the supply of water, electricity, gas and heat – the price is determined by the respective government-prescribed price for water supply, electricity supply, gas supply and heat supply as set out in the paragraph headed “Government-prescribed price” under the section headed “Pricing Determination” below; and

(ii) with respect to other oil and gas production and support services – the price shall be determined through arm’s length negotiation between both parties with reference to market price. The market price is determined with reference to quotations from at least two comparable independent third-party market participants (if applicable) in similar transactions in surrounding markets providing similar services and taking into account factors such as quality of services and supply and demand of local markets.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the charges for the provision of such production services payable to CNOOC and/or its Associates were approximately RMB9,726 million, RMB11,836 million and RMB 6,643 million, respectively.

(d) Provision of sales, management and ancillary services

CNOOC and/or its Associates provide sales, administration and management, management of oil and gas operations and integrated research services to the Group, as well as other ancillary services relating to the exploration, development, production and research activities of the Group, which include:

- sales services;
- entrusted management;
- staff recruitment;
- publishing;
- telecommunication networks;
- leases of properties;
- property management;
- water, electricity and heat supply;
- gas supply;
- car rental;
- integrated services;

- integrated research;
- sewage disposal; and
- other ancillary services.

In addition, as part of the administration and management services provided to the Group, CNOOC and/or its Associates has/have been leasing certain properties (including its headquarters) covering an aggregate floor area of approximately 715,165.77 square meters located throughout the PRC and in Singapore, to the Group for use as office premises and staff quarters. In addition to leasing these properties, CNOOC and/or its Associates has/have also been providing management services in respect of certain properties leased to the Group. CNOOC and/or its Associates which own one or more of the leased properties have entered into individual lease and/or management agreements with the Company. Each agreement is in writing and for a term of less than three years.

As its business continues to expand, the Group may, subject to the relevant Proposed Caps, also enter into additional lease and management agreements with CNOOC and/or its Associates from time to time. JLL, an independent property valuer, has confirmed that the payments due under the lease agreements and the management agreements reflect the fair and reasonable commercial market rent and management fee.

The applicable pricing policies for the transactions conducted under this category are government-prescribed price or market price. If market price is applicable, the Company will analyse whether the goods and service to be procured is qualified for tendering and price comparison, and will adopt tendering and price comparison when the conditions are satisfied. If the conditions are not satisfied, the following pricing principles will be adopted:

(i) with respect to the supply of water, electricity, gas and heat – the price is determined by the respective government-prescribed price for water supply, electricity supply, gas supply and heat supply as set out in the paragraph headed "Government-prescribed price" under the section headed "Pricing Determination" below; and

(ii) with respect to other sales, management and ancillary services under this category – the products and services provided by CNOOC and/or its Associates under this category are substantially leases of properties. The rental shall be determined with reference to prevailing market rates and historical transaction amounts which were reviewed by JLL and confirmed as fair and reasonable commercial market rent. The rental will be 3% higher or lower than the current market rates. When determining such adjustment, the Company will consider the conditions of the leased properties, the location of the leased properties, the availability of properties with similar sizes in similar locations and the historical transaction amounts.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the aggregate charges for the provision of sales, management and ancillary services (including leasing and management of properties) payable by the Group to CNOOC and/or its Associates were approximately RMB1,940 million, RMB2,335 million and RMB705 million, respectively.

(e) FPSO vessel leases

The Group leases floating, production, storage and offloading (FPSO) vessels from CNOOC EnerTech, an Associate of CNOOC, for use in oil production operations. The term of FPSO vessel leases are usually determined based on the expected term of oil production. The Company leases six FPSO vessels from CNOOC EnerTech with a term ranging from 2 years to approximately 15 years. The view of the Independent Financial Adviser in accordance with the requirements of Rule 14A.52 of the Listing Rules is set out in the paragraphs headed "View from Independent Financial Adviser" below.

The pricing policy of the FPSO vessel leases is the rental which is unanimously determined through arm's length negotiation between the Group and CNOOC and/or its Associates which provides the FPSO vessel leases in accordance with normal commercial terms. The rental usually takes reference to FPSO vessels' fixed daily rent which is determined based on the result of internal economic appraisal during the course of the overall development plan of the oil fields or the floating rent determined by multiplying the oil and gas production volume by a certain ratio (which is determined by the result of internal economic appraisal during the course of the overall development plan of the oil fields and the magnitude of production volumes). The major parameters of the internal economic appraisals include oil price, production of the oil fields, reserve volumes of the oil fields and discount rate, which have significant influence on the revenues and costs of the oil fields. When performing the internal economic appraisals, a net present value can be deduced from these parameters. The FPSO vessel rental can be calculated by deducting the costs of the oil fields of which the FPSO vessel rental forms part from the net present value. The cost of the oil fields of which FPSO rental forms part can be estimated by considering the expected future revenues and the expected returns on investment. The FPSO rental normally accounts for around 10% of the total operating expenses of the oil fields. The Company adopts fixed daily rent or floating rent for all of its FPSO vessel leases. The rentals for FPSO vessels are the most favourable prices in domestic China since there is no third party available who provides FPSO vessel lease services that specifically meet the development of the oil and gas fields in domestic China. Therefore, the Company is of the view that the final rentals for FPSO vessels agreed by the Group and CNOOC and/or its Associates are in the interests of the Company and the Shareholders as a whole.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the aggregate rentals of FPSO vessels payable by the Group to CNOOC and/or its Associates were approximately RMB1,249 million, RMB1,011 million and RMB 491 million, respectively.

The Company leases FPSO vessels with a term ranging from 2 years to approximately 15 years. From the Company's perspective, the term of the FPSO vessel leases with a term in excess of three years is beneficial to the Company because: (i) such arrangement is in the Group's favour as it enables the Group to constantly equip itself with FPSO vessels throughout substantially the expected term of production of its oil fields without incurring material capital risks; and (ii) it is cost-effective for the Group to have long-term leases because rental charges for long-term leases can usually be negotiated at a lower rate as compared to short-term leases.

View from Independent Financial Adviser

As the term of the FPSO vessel leases exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged Maxa Capital as the independent financial adviser to explain why the FPSO vessel leases require a longer period and to confirm that it is normal business practice for agreements of this type to be of such term.

In assessing the reasons why the term of the FPSO vessel leases requires a period longer than three years, Maxa Capital has taken into consideration the information set out in the Announcement, and the following principal factors based on the information provided by, and discussion with, the management of the Company:

(i) The Group has been leasing FPSO vessels from CNOOC and/or its Associates. FPSO vessels are offshore crude oil processing facilities that integrated production, storage and offloading of crude oil and have advantages of strong wind wave resistance, wide adapt range of water depth, large capacity of oil storage, transferability and reusage. They are particularly effective in remote or deepwater locations where subsea pipelines are not cost-effective because they can eliminate the need to lay expensive long-distance pipelines from the oil well to an onshore terminal. Based on the information provided by the Company, the term of the FPSO vessel leases entered into between CNOOC and/or its Associates and the Group ranges from 2 years to approximately 15 years; and

(ii) FPSO vessels are precious resources in offshore crude oil development, a longer term of the FPSO vessel leases is beneficial to the Group as (a) such arrangement enables the Group to constantly equip itself with FPSO vessels throughout substantially the expected term of production of its oilfields without incurring material capital risks; and (b) it is cost-effective to have long-term leases because rental charges for long-term leases can usually be negotiated at a lower rate as compared with short-term leases.

In assessing the term of the FPSO vessel leases entered into between CNOOC and /or its Associates and the Group, Maxa Capital has reviewed the 2021 Annual Report of SBM Offshore N.V, a leading company who provides floating production solutions in the offshore energy industry and owns 20 FPSO vessels for leasing and operating as at the end of 2021, and Maxa Capital noted that the initial lease period of FPSO vessels owned by SBM Offshore N.V ranged from 2 years to 26 years taking into account the extension options. The terms of the

FPSO vessels leases entered into between CNOOC and/or its Associates and the Group is within the range of the initial lease period of FPSO vessels owned by SBM Offshore N.V.

Based on the above considerations, Maxa Capital is of the view that a period longer than three years is required for the FPSO vessel leases entered into between CNOOC and/or its Associates and the Group and that the term of such leases of longer than three years is in line with normal business practice for agreements of this type.

Sales of petroleum and natural gas products and green power products by the Group to CNOOC and/or its Associates

(a) Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas)

The Group may sell petroleum and natural gas products, including crude oil, natural gas, condensate oil and liquefied petroleum gas, to CNOOC and/or its Associates which engage in downstream petroleum businesses on normal commercial terms or better. Although natural gas will be sold under the long-term sales contracts as described below, the Group also sells certain volumes of natural gas to CNOOC and/or its Associates on a short-term basis for the purpose of peak adjustment and to reap higher profits.

The applicable pricing policies for the transactions conducted under this category are based on market price, more particularly:

(i) with respect to crude oil – the price shall be determined by taking reference to the Brent, Dubai, Oman and West Texas Intermediate crude oil prices, official prices of national oil companies of oil producing countries and Argus sulfur crude oil price index which are updated regularly and making adjustments of approximately 20% more or less than the abovementioned reference prices (the 20% less than the reference prices adjustment usually happens if the quality of petroleum is not up to the requested standard. Such downward adjustment will also be triggered under similar transactions with independent third parties). When determining such adjustments, the Company will consider the quality of different types of crude oil, shipping freight rates of crude oil and the international market price of crude oil with similar quality (based on the transaction information of the types of crude oil that are publicly traded on the spot markets). Such adjustments are made in accordance with the market-oriented principles; and

(ii) with respect to domestic natural gas and its by-products – the price of natural gas is determined through arm's length negotiation by taking reference to the price of the relevant local provincial/municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (http://www.ndrc.gov.cn/) and/or the prices of other competing gas sources in the local markets in accordance with market principles including voluntariness, equality, fairness and good faith. The price of condensate oil is linked to the Brent crude oil price and the price of liquefied petroleum gas is linked to the benchmark price in the local market, and any premium or discount is determined through negotiation between the buyer and the seller with reference to the prices charged by independent suppliers in the local markets supplying products with similar quality. During the above pricing process, the Company will take into account factors such as the quality of products, supply and demand of the local markets, transportation distance and resource supply capacity, and determine the price through market research, internal analysis and proposal comparison, on arm's length negotiation with the buyer in accordance with market principles including voluntariness, equality, fairness and good faith.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates were approximately RMB88,843 million, RMB136,524 million and RMB113,905 million, respectively.

(b) Long-term sales of natural gas and liquefied natural gas

The Group sells natural gas or liquefied natural gas to CNOOC and/or its Associates which engage in downstream petroleum businesses on normal commercial terms or better. The price of natural gas is determined through negotiation by taking reference to the price of the relevant local provincial/municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (http://www.ndrc.gov.cn/) and/or the prices of other competing gas sources in the local markets. During the above pricing process, the Company will take into account factors such as the quality of products, supply and demand of the local markets and resource supply capacity, and determine the price through market research, internal analysis and proposal comparison, on arm's length negotiation between the parties in accordance with market principles including voluntariness, equality, fairness and good faith. Due to the size of investment and the fact that sales are usually made to markets proximate to the production site, and that purchasers tend to utilise the natural gas products in areas close to the production site, and in order to ensure the return on investment from production of natural gas, the Group will usually enter into medium-to-long term sales contracts with a term of 3 to 25 years. The Group classifies sales contracts with a term of 3 years or more as medium-to-long term contracts for sales of natural gas and liquefied natural gas. According to market practice, the term of such sales contracts is normally determined based on the estimated reserves and production profile of the relevant gas fields, and may also be determined based on actual business needs in order to maintain certain market flexibility.

The applicable pricing policies for the transactions conducted under this category are based on market price, more particularly:

(i) with respect to the long-term sales of overseas liquefied natural gas – the sales price of liquefied natural gas under the Company's existing long-term sales contract of liquefied natural gas is calculated based on a price formula (PLNG=A*JCC+B) linked to the weighted average crude oil import price into Japan (i.e. the Japanese Crude Cocktail (JCC) index). JCC index is a commonly used reference price index for long-term sales contracts of liquefied natural gas in the Asia Pacific region, which is available at https://www.customs.go.jp, the website for the release of trade statistics by the Ministry of Finance of Japan. A refers to the slope linked to the JCC index and B refers to the constant, and the values of A and B are determined through negotiations between both parties taking into account the market conditions. The price for some sales contracts is calculated by the straight-line price formula, that is, the slope A and the constant B are both fixed values; whilst the price for some sales contracts is calculated by the "s" curve price formula, where the slope A and the constant B are different in different JCC index ranges, in which way the impact of oil price changes on the sales price of liquefied natural gas is mitigated.

(ii) with respect to domestic natural gas – the price shall be determined with reference to the price of the relevant local provincial/municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (http://www.ndrc.gov.cn/) and/or the prices charged by two to three independent natural gas suppliers (depending on whether they have operations in the specific local market) in the local markets who are the other major natural gas suppliers having operations similar to that of the Company and supplying similar products to CNOOC and/or its Associates or other buyers. Once the Company obtains the prices charged by other independent suppliers as mentioned above, the Company will conduct internal comparison and appraisal process. During such process, the Company will take into account factors such as the quality of products, supply and demand of the local markets, transportation distance, market research, internal analysis and proposals comparison, and resource supply capacity. Thereafter, the Company will enter into arm's length negotiation with the parties in accordance with market principles including voluntariness, equality, fairness and good faith, and will consider the rationality of the cost structure. The range of adjustments of the price of natural gas against the international oil price or other benchmark prices cannot be ascertained because the realised gas price and the international oil price or other benchmark prices are not directly comparable. The adjustments will be made after the parties reach an agreement through negotiations based on good faith, reasonableness and fairness.

It is envisaged that individual sales contracts will be entered into from time to time between the Group and CNOOC and/or its Associates in relation to such sales. The Comprehensive Framework Agreement provides that if the Company fails to obtain approval from the Independent Shareholders regarding the annual caps for this category of the Continuing Connected Transactions after 31 December 2025, then the specific transaction agreements falling under this category will be terminated on that date. The view of the Independent Financial Adviser in accordance with the requirements of Rule 14A.52 of the Listing Rules will be included in its letter of advice contained in the circular to be despatched to the Shareholders.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates were approximately RMB14,613 million, RMB16,194 million and RMB 12,081 million, respectively.

(c) Sales of green power products

The Group may sell green power products to CNOOC and/or its Associates on normal commercial terms or better. Green power products are traded fairly through listing, bidding, bilateral negotiation, rolling matchmaking, etc., amongst which, the price for listing and bidding is open and transparent; the price for bilateral negotiation and rolling matchmaking is mainly determined after arm's length negotiation between the parties with reference to market price, which is determined with reference to the annual or monthly transaction price of green power on the power trading platform in the area where the green power project is situated (such as the unified power trading platform in the southern region and the relevant provincial and municipal power trading centers) or the price of other types of transaction (including listing, bidding, etc.), taking into account factors such as market supply and demand.

For the two years ended 31 December 2021 and the six months ended 30 June 2022, there were no sales of green power products by the Group to CNOOC and/or its Associates.

The consideration for the Continuing Connected Transactions set out above have been and will be satisfied in the same way as the payment methods adopted in transactions between the Company and independent third parties. Payment terms will be defined in the specific transaction agreements to be entered into between the Company and CNOOC and/or its Associates.

Pricing Determination

The Comprehensive Framework Agreement details specific pricing principles for the products and services to be provided under the Comprehensive Framework Agreement. The basic pricing principle for the Continuing Connected Transactions between the Group and CNOOC and/or its Associates is based on arm's length negotiations, on normal commercial terms or better and with reference to the prevailing local market conditions (including the volume of sales, the term of contracts, the volume of services, overall customer relationship and other market factors).

On the basis of the above basic pricing principle, each type of products or services must be charged in accordance with the following pricing mechanism and in the following sequential order:

(a) government-prescribed price; or

(b) where there is no government-prescribed price, in accordance with market prices, including local, national or international market prices.

Government-prescribed price

Government-prescribed price, the price in respect of certain categories of services determined by the laws, regulations, decisions, orders or policies, etc. enacted by governments of the relevant countries or regions (including but not limited to the central government, federal government, provincial government, state/coalition government or any organisation responsible for domestic ruling and foreign affairs with respect to certain specified territory, irrespective of its name, organisation or structure) or other regulatory departments.

For the details of government-prescribed prices, please refer to the pricing catalogues stipulated from time to time by the NDRC (http://www.ndrc.gov.cn/) and relevant departments of the State Council, local government pricing departments or other relevant departments as published on their websites.

The relevant basis for water supply, electricity supply, gas supply and heat supply are detailed below:

(i) Water supply – the Measures for the Administration of Urban Water Supply Prices (Order No. 46) issued by the NDRC on 1 October 2021, the urban water supply price shall be government-prescribed price in principle, and the specific pricing authority shall be executed based on the local price catalogue.

(ii) Electricity supply – the Electricity Law of the PRC issued by the Standing Committee of the National People's Congress of the PRC on 28 December 1995 and revised on 29 December 2018, for the on-grid power price of a power network spanning different provinces, autonomous regions, or municipalities directly under the central government, as well as in a provincial power network and an independent power network, a proposal shall be made through negotiations between the enterprises engaged in power production and/or power network operation, and shall be examined and approved by the pricing administrative department of the State Council of the PRC or an authoritative pricing administrative department. If the power produced by locally funded power production enterprises forms an independent power network within different regions of the province or is generated for local use, the price shall be under the control of the people's governments of the provinces, autonomous regions or municipalities directly under the central government.

(iii) Gas supply – the Regulation on the Administration of Urban Gas (State Council Order No. 666) issued by the State Council of the PRC on 19 October 2010 and revised on 6 February 2016, which provides that the pricing bureau of the people's governments above the county level could prescribe and adjust the selling price for pipeline gas.

(iv) Heat supply – implement the prices for the supply of heat prescribed by the respective local governments.

Save as disclosed above, the macro government-prescribed prices are updated in accordance with the development of national economy and relevant policies to be issued from time to time. The prices prescribed by the people's governments of the respective provinces, autonomous regions and municipalities directly under the central government are updated in accordance with the local practical situations. The Company will pay close attention to the updates of government-prescribed prices and determine the prices for relevant products and services accordingly.

Market Price

Market price refers to the price determined with reference to the price charged by at least two independent third parties (if applicable) in areas (or nearby areas) providing such type of products or services on normal terms with comparable scale at that time. Market price will be determined in accordance with normal commercial terms through tendering, price comparison or arm's length negotiation processes between the two parties.

With respect to the market prices for the goods and services under each of the categories under sub-paragraph (vi) below, the Company will analyse whether the goods and service to be procured is qualified for tendering and price comparison, and will adopt tendering and price comparison as described under the paragraph headed "Procedures regarding tendering process" below when the conditions are satisfied. If the conditions are not satisfied, the pricing principles as set out in items (A) to (F) under sub-paragraph (vi) below will be adopted.

Procedures regarding tendering process

The Group invites at least two potential independent third-party suppliers/service providers (if applicable) to provide quotations (including proposals such as cost structure of products or services) in respect of the requested products and services. Following the receipt of quotations from at least two potential independent third-party suppliers/service providers, the Group will evaluate and compare the terms of quotations and determine the winning supplier/service provider by taking into account factors such as price quotations, quality of the products or services, ability of the suppliers/service providers in meeting technical specifications and delivery schedules, and qualification and relevant experience of the suppliers/service providers. The contract will be awarded to the supplier/service provider who fulfills the technical requirements and offers the most favourable pricing to the Company after arm's length negotiation and discussion.

If there does not exist two or more independent third parties providing such type of products or services, the price will be determined in accordance with the negotiation between the two parties of the transaction. When both parties enter into fair negotiation on pricing, consideration should be given to the reasonableness of the cost structure of the products or service after comparison and analysis of historical purchase price and with reference to factors leading to price changes for such type of products or services to determine the transaction price.

Market price for each type of products and services

(i) Crude oil – the price is determined by taking reference to the Brent, Dubai, Oman and West Texas Intermediate crude oil prices, official prices of national oil companies of oil producing countries and Argus sulfur crude oil price index which are updated regularly and making adjustments of approximately 20% more or less than the abovementioned reference prices (the 20% less than the reference prices adjustment usually happens if the quality of petroleum is not up to the requested standard. Such downward adjustment will also be triggered under similar transactions with independent third parties). When determining such adjustments, the Company will consider the quality of different types of crude oil, shipping freight rates of crude oil and the international market price of crude oil with similar quality (based on the transaction information of the types of crude oil that are publicly traded on the spot markets). Such adjustments are made in accordance with the market-oriented principles.

(ii) Long-term sales of domestic natural gas – the price is determined with reference to the price of the relevant local provincial/municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (http://www.ndrc.gov.cn/) and/or the prices charged by two to three independent natural gas suppliers (depending on whether they have operations in the specific local market) in the local markets who are the other major natural gas suppliers having operations similar to that of the Company and supplying similar products to CNOOC and/or its Associates or other buyers. Once the Company obtains the prices charged by other independent suppliers as mentioned above, the Company will conduct internal comparison and appraisal process. During such process, the Company will take into account factors such as the quality of products, supply and demand of the local markets, transportation distance, market research, internal analysis and proposals comparison, resource supply capacity. Thereafter, the Company will enter into arm's length negotiation with the parties in accordance with market principles including voluntariness, equality, fairness and good faith, and consideration will be given to the reasonableness of the cost structure of the products. The range of adjustments of the price of natural gas against the international oil price or other benchmark prices cannot be ascertained because the realised gas price and the international oil price or other benchmark prices are not directly comparable. The adjustments will be made after the parties reach an agreement through negotiations based on good faith, reasonableness and fairness.

(iii) Domestic natural gas (other than long-term sales of domestic natural gas) and its by-products – the price of natural gas is determined through arm's length negotiation by taking reference to the price of the relevant local provincial/ municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (http://www.ndrc.gov.cn/) and/or the prices of other competing gas sources in the local markets. The price of condensate oil is linked to the Brent crude oil price and the price of liquefied petroleum gas is linked to the benchmark price in the local market, and any premium or discount is determined through negotiation between the buyer and the seller with reference to the prices charged by independent suppliers in the local markets supplying products with similar quality. During the above pricing process, the Company will take into account factors such as the quality of products, supply and demand of the local markets, transportation distance, resource supply capacity, and determine the price through market research, internal analysis and proposals comparison, on arm's length negotiation with the buyer in accordance with market principles including voluntariness, equality, fairness and good faith.

(iv) Long-term sales of overseas liquefied natural gas – the sales price of liquefied natural gas under the Company's existing long-term sales contract of liquefied natural gas is calculated based on a price formula (PLNG=A*JCC+B) linked to the weighted average crude oil import price into Japan (i.e. the Japanese Crude Cocktail (JCC) index). JCC index is a commonly used reference price index for long-term sales contracts of liquefied natural gas in the Asia Pacific region, which is available at https://www.customs.go.jp, the website for the release of trade statistics by the Ministry of Finance of Japan. A refers to the slope linked to the JCC index and B refers to the constant, and the values of A and B are determined through negotiations between both parties taking into account the market conditions. The price for some sales contracts is calculated by the straight-line price formula, that is, the slope A and the constant B are both fixed values; whilst the price for some sales contracts is calculated by the "s" curve price formula, where the slope A and the constant B are different in different JCC index ranges, in which way the impact of oil price changes on the sales price of liquefied natural gas is mitigated.

(v) Green power products - traded fairly through listing, bidding, bilateral negotiation, rolling matchmaking, etc., amongst which, the price for listing and bidding is open and transparent; the price for bilateral negotiation and rolling matchmaking is mainly determined after arm's length negotiation between the parties with reference to market price, which is determined with reference to the annual or monthly transaction price of green power on the power trading platform in the area where the green power project is situated (such as the unified power trading platform in the southern region and the relevant provincial and municipal power trading centers) or the price of other types of transaction (including listing, bidding, etc.), taking into account factors such as market supply and demand.

(vi) Provision of exploration and support services, provision of development and support services (including new energy business), provision of production and support services (including new energy business), provision of sales, management and ancillary services, and FPSO vessel leases:

(A) Exploration well operations, drilling and completion well operations and related technical services – the price of well workover platform shall refer to the international market price level, and shall be determined by comparing the prices disclosed in the reports regularly issued by IHS (IHS Markit Ltd.) and the prices quoted by CNOOC and/or its Associates. When determining such prices, the Company will consider specific conditions of different drilling rig types, operating water depths and key equipment capabilities, which shall be fully negotiated between both parties

(B) Design, construction, installation and commissioning of production facilities, prefabrication of common components/modules for facility structure – the price is determined through arm's length negotiation between both parties with reference to market price, taking into account specific working environment of the related projects, such as complexity of operation, different geographic features, different offshore regions, weather conditions, depth of water, etc.

(C) Other exploration and support services and development and support services (including new energy business) – for contracts with no comparable markets and satisfy the single source procurement conditions, the contract price is determined through arm's length negotiation by taking reference to the information disclosed in the annual reports of at least three major overseas goods and service providers of the oil and gas industry such as Schlumberger, Halliburton and Baker Hughes to obtain a general understanding of the approximate range of prices charged by these service providers. Service providers such as Schlumberger, Halliburton and Baker Hughes have been providing the relevant professional services to the Company. The contract price is determined by: (1) calculating the reference price which is based on the historical prices quoted by the abovementioned overseas goods and service providers for the services provided to the Group plus the historical prices multiplied by the annual movement ratio of the profit margin of the abovementioned overseas goods and service providers, which is calculated by dividing the net operating profit by total operating revenue disclosed in the annual reports of the abovementioned overseas goods and service providers, as well as taking into account specific working environment of the related projects, such as different geographic features, different offshore regions, weather conditions, depth of water, etc. In extreme circumstances when the oil price falls significantly below the Company's cost per barrel, the movement of the oil price would also be considered when determining the reference price; (2) comparing such reference price with the price quoted by CNOOC and/or its Associates; and (3) entering into arm's length negotiation with CNOOC and/or its Associates. Prices will normally be approximately 80% to 100% of the abovementioned reference prices. When determining such adjustments, the Company will consider specific conditions of contracts, nature of specific products and services, complexity of operation, market demand and historical transaction prices.

(D) Other oil and gas production and support services (including new energy business) – the price is determined through arm's length negotiation between both parties with reference to market price. The market price is determined with reference to quotations from at least two comparable independent third-party market participants (if applicable) in similar transactions in surrounding markets providing similar services and taking into account factors such as quality of services and supply and demand of local markets.

Above items (A) to (D) are not applicable to the exploration and support services, development and support services (including new energy business), and production and support services (including new energy business) between CUCBM, a subsidiary of the Company, and CNOOC and/or its Associates. The pricing for the aforesaid types of services is in accordance with the principle of arm's length negotiation, with reference to the price information of the same/similar professional contracts of the adjacent blocks of PetroChina Company Limited, China Petroleum & Chemical Corporation or external cooperation projects in the unconventional oil and gas industry. The final transaction price is determined by comparing the quotations from CNOOC and/or its Associates with the aforesaid reference prices.

(E) Sales, management and ancillary services – the products and services provided by CNOOC and/or its Associates under this category are substantially leases of properties. The rental is determined with reference to prevailing market rates and historical transaction amounts which were reviewed by JLL and confirmed as fair and reasonable commercial market rent. The rental will be 3% higher or lower than the current market rates. When determining such adjustment, the Company will consider the conditions of the leased properties, the location of the leased properties, the availability of properties with similar sizes in similar locations and the historical transaction amounts.

(F) FPSO vessel leases – the consideration of the FPSO vessel leases is the rental which is unanimously determined through arm's length negotiation between the Group and CNOOC and/or its Associates which provides the FPSO vessel leases in accordance with normal commercial terms. The rental usually takes reference to FPSO vessels' fixed daily rent which is determined based on the result of internal economic appraisal during the course of the overall development plan of the oil fields or the floating rent determined by multiplying the oil and gas production volume by a certain ratio which is determined by the result of the internal economic appraisal during the course of the overall development plan of the oil fields and the magnitude of production volumes. The major parameters of the internal economic appraisals include oil price, production of the oil fields, reserve volumes of the oil fields and discount rate, which have significant influence on the revenues and costs of the oil fields. When performing the internal economic appraisals, a net present value can be deduced from these parameters. The FPSO vessel rental can be calculated by deducting the costs of the oil fields of which the FPSO vessel rental forms part from the net present value. The cost of the oil fields of which FPSO rental forms part can be estimated by considering the expected future revenues and the expected returns on investment. The FPSO rental normally accounts for around 10% of the total operating expenses of the oil fields. The Company adopts fixed daily rent or floating rent for all of its FPSO vessel leases. The rentals for FPSO vessels are the most favourable prices in domestic China since there is no third party available which provides FPSO vessel lease services that specifically meet the development of the oil and gas fields in domestic China. Therefore, the Company is of the view that the final rentals for FPSO vessels agreed by the Group and CNOOC and/its Associates are in the interests of the Company and the Shareholders as a whole.

Internal control measures to ensure connected transactions are conducted in accordance with the Comprehensive Framework Agreement

The Company has a comprehensive internal control system to ensure that the terms of the Continuing Connected Transactions are fair and reasonable, and the Continuing Connected Transactions are conducted on normal commercial terms or better and in the ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Relevant internal control measures include:

- The Group has strict internal control measures for evaluation and selection of suppliers, tendering process and contract execution. In terms of provision of products and services, during the tendering process, the Group will request CNOOC and/or its Associates to provide, along with other potential independent suppliers/service providers, quotations (including proposals) in respect of the requested products or services. Following the receipt of quotations from CNOOC and/or its Associates, and other potential independent suppliers/service providers, the Group will evaluate and compare the terms of quotations and determine the winning supplier/service provider by taking into account factors such as price quotations, quality of the products or services, ability of the suppliers/service providers in meeting technical specifications and delivery schedules, and qualification and relevant experience of the suppliers/service providers. The contract will be awarded to the supplier/service provider who fulfills the technical requirements and offers the most favourable pricing to the Company. Accordingly, CNOOC and/or its Associates may or may not be awarded the contracts. On the other hand, should CNOOC and/or its Associates consider that the terms of the contracts offered by the Group are not commercially acceptable, CNOOC and/or its Associates may also choose not to accept the terms of the contracts.
- The controller’s department of the Company regularly monitors the actual amounts incurred for each type of the Continuing Connected Transactions for the purpose of ensuring the relevant annual caps are not exceeded.
- The internal control and risk management team of the Company organises and runs internal control tests regularly to evaluate the comprehensiveness and effectiveness of the internal control measures in relation to continuing connected transactions.

- The Board conducts annual review on the implementation of the Continuing Connected Transactions and conducts review of financial statements which include the disclosure and analysis of the implementation of the Continuing Connected Transactions every six months. The review mainly includes a review on whether the Company and the connected parties have fulfilled the Continuing Connected Transaction agreements during the relevant year or half-year and whether the actual transaction amounts incurred between the Company and the connected parties are within the annual caps approved by the Shareholders.
- The independent non-executive Directors conduct annual review of the Continuing Connected Transactions and provide annual confirmations in the Company's annual report on whether the Continuing Connected Transactions are conducted (i) in the Company's ordinary course of business; (ii) in accordance with normal commercial terms or better and on terms that are fair and reasonable; (iii) in accordance with the terms of the relevant agreements; and (iv) in the interests of the Company and the Shareholders as a whole.
- The audit committee of the Company conducts review of the annual financial statements, annual report, interim financial statements and interim report which include the disclosure and analysis of the implementation of the Continuing Connected Transactions and opine on the Continuing Connected Transactions as disclosed in such financial statements and reports, including whether the terms of the Continuing Connected Transactions are fair and reasonable and whether the transaction amounts are within the relevant annual caps.
- To assist the Company in complying with the applicable rules listed in Chapter 14A of the Listing Rules, the external auditors of the Company perform work in accordance with the regulations in the Hong Kong Standard on Assurance Engagements 3000 – "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the "Practice Note 740 – Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, on the Company's Continuing Connected Transactions and issue a letter in respect of the Continuing Connected Transactions disclosed in the Company's annual report in accordance with the applicable accounting standards and the Listing Rules.

Reasons for and benefits of the Continuing Connected Transactions

Prior to the restructuring of CNOOC and establishment of the Company, CNOOC and/or its Associates and the Group operated as an integrated organisation which undertook numerous intra-group transactions each year. As a consequence of the restructuring and upon the listing of the Shares on the Hong Kong Stock Exchange and the SSE, a number of transactions which have been entered into and which are to be entered into between the Group and CNOOC and/or its Associates constitute continuing connected transactions for the Company under the Listing Rules and relevant rules of the SSE.

CNOOC Group is the single largest supplier of the Company. The continuous and stable supply of various products and services contemplated under the Comprehensive Framework Agreement depends, to a large extent, on the performance of the CNOOC Group and the performance of transactions contemplated under the Comprehensive Framework Agreement. Nevertheless, CNOOC Group holds a dominant position in providing services in relation to the production and operation of oil, gas and petrochemical such as ancillary production services, engineering construction services, information consulting services, supply services and financial services. The above services are essential to the operations of the Group. The Company will benefit from the CNOOC Group as a secured and stable source of supply of technical services, equipment, materials, utilities, etc. through the performance of the Comprehensive Framework Agreement.

The Continuing Connected Transactions are and will be conducted in the ordinary and usual course of business of the Company. These transactions will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company. Due to the long-term relationship between the Group and the CNOOC Group, the Directors (excluding the independent non-executive Directors) consider that: (a) it is beneficial for the Company to continue to enter into the Continuing Connected Transactions as these transactions have facilitated and will continue to facilitate the operation and growth of the Company's business; and (b) all the above Continuing Connected Transactions have been conducted on normal commercial terms or better, under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Group, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the relevant Proposed Caps for each type of the above Continuing Connected Transactions are fair and reasonable.

The independent non-executive Directors constituting the Independent Board Committee will give their view after considering the advice from the Independent Financial Adviser, and their view will be given in the circular to be despatched to the Shareholders.

Proposed Caps and rationale

The Board has considered and proposed the following Proposed Caps in respect of the Continuing Connected Transactions which will serve as the maximum annual value of the relevant transactions above for the period from 1 January 2023 to 31 December 2025:

Continuing Connected Transactions	Historical amounts	Historical caps	Proposed Caps	Basis of determination of the Proposed Caps
Provision of exploration, development, production as well as sales, management and ancillary services by CNOOC and/or its Associates to the Group				
(a) Provision of exploration and support services	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB8,536 million, RMB10,982 million and RMB5,716 million, respectively	For the three years ending 31 December 2022, RMB13,892 million, RMB14,811 million and RMB15,444 million, respectively	For the three years ending 31 December 2025, RMB13,959 million, RMB14,152 million and RMB13,978 million, respectively	The annual Proposed Caps for the provision of exploration and support services have been determined with reference to previous transactions conducted and transaction amounts in respect of the exploration and support services provided by CNOOC and/or its Associates to the Group; the estimated investment in exploration activities; and the estimated level of exploration activities by the

					Group. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities. The reasons for the differences between the annual caps and the actual amounts from 2020 to 2021 and the differences between the Proposed Caps and the actual amounts in 2020 and 2021 are primarily (i) the global macro-economy adversely affected downstream demand for petroleum and natural gas in 2020 and 2021; (ii) there are uncertainties in exploration investment, exploration workload and the extent to which CNOOC and/or its Associates participate in exploration operations; (iii) despite the aforementioned uncertainties, in order to achieve the goal of increasing reserves and production, the Company expects to maintain a relatively large exploration intensity in the next three years; and (iv) for the above reasons, in order to cope with possible emergencies and taking into account the needs of the Company's production and operation changes, the Company makes full estimates in accordance with a commercially feasible plan when applying for the annual caps.
(b)	Provision of development and support services (including new energy business)	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB36,776 million, RMB39,696 million and RMB19,500 million, respectively	For the three years ending 31 December 2022, RMB49,083 million, RMB48,857 million and RMB58,536 million, respectively	For the three years ending 31 December 2025, RMB73,715 million, RMB66,145 million and RMB64,249 million, respectively	The annual Proposed Caps for the provision of development and support services (including new energy business) have been determined with reference to previous transactions conducted and transaction amounts in respect of the oil and gas development and support services provided by

					CNOOC and/or its Associates to the Group; the expected increase in the level of development activities in the coming years as a result of achievements in exploration; and the number of ongoing and estimated future development projects and the stage and production schedule of such projects. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities. The reasons for the differences between the annual caps and the actual amounts from 2020 to 2021 and the differences between the Proposed Caps and the actual amounts in 2020 and 2021 are primarily (i) the global macro-economy adversely affected downstream demand for petroleum and natural gas in 2020 and 2021; (ii) the Company cannot fully foresee the development activities over a three-year period at the time of making the estimates; (iii) despite the aforementioned uncertainties, in order to achieve the goal of increasing reserves and production, the Company expects to increase the level of development activities in the next three years; and (iv) for the above reasons, in order to cope with possible emergencies and taking into account the needs of the Company's production and operation changes, the Company makes full estimates in accordance with a commercially feasible plan when applying for the annual caps.
(c)	Provision of production and support services (including	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB9,726 million,	For the three years ending 31 December 2022, RMB18,815 million, RMB20,651 million	For the three years ending 31 December 2025, RMB20,116 million, RMB21,715	The annual Proposed Caps for the provision of production and support services (including new energy business) have been

	new energy business)	RMB11,836 million and RMB6,643 million, respectively	and RMB22,778 million, respectively	million and RMB22,866 million, respectively	determined with reference to previous transactions conducted and transaction amounts in respect of the oil and gas production and support services provided by CNOOC and/or its Associates to the Group; and the anticipated commencement of production of oil and gas fields. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities. The reasons for the differences between the annual caps and the actual amounts from 2020 to 2021 and the differences between the Proposed Caps and the actual amounts in 2020 and 2021 are primarily (i) the global macro-economy adversely affected downstream demand for petroleum and natural gas in 2020 and 2021; (ii) affected by changes in downstream demand for oil and gas, there are uncertainties in the scale of petroleum and natural gas production; (iii) despite the aforementioned uncertainties, the Company expects that according to the current development progress, several oil and gas fields will be put into production in the next three years; and (iv) for the above reasons, in order to cope with possible emergencies and taking into account the needs of the Company's production and operation changes, the Company makes full estimates in accordance with a commercially feasible plan when applying for the annual caps.
(d)	Provision of sales, management and ancillary services	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB1,940 million, RMB2,335 million and	For the three years ending 31 December 2022, RMB2,773 million, RMB3,004 million and RMB3,231 million, respectively	For the three years ending 31 December 2025, RMB6,202 million, RMB6,627 million and RMB6,880 million, respectively	The annual Proposed Caps for the provision of sales, management and ancillary services have been determined with reference to previous transactions conducted and transaction amounts in respect

RMB705 million, respectively	of the sales, management and ancillary services provided by CNOOC and/or its Associates to the Group; the continued expansion of the Group's business and sales of oil and gas in view of the expected commencement of production for a total of 40 projects which are currently in early development stage in the coming few years and the estimated increase in net oil and gas production in 2023 and 2024 to 640 million to 650 million barrels of oil equivalent (BOE), and 680 million to 690 million BOE, respectively, as compared to 573 million BOE in 2021; and the estimated increase in staffing by approximately 10%, 4% and 3%, respectively, for the three years ending 31 December 2025. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities. The reasons for the differences between the Proposed Caps and the actual amounts in 2020 and 2021 are primarily (i) affected by upstream development and production and changes in downstream demand, there are uncertainties in oil and gas sales; (ii) despite the uncertainties, the Company expects to increase investment in scientific research by focusing on increasing reserves and production and implementing technological innovation in the next three years; and (iii) for the above reasons, in order to cope with possible emergencies and taking into account the needs of the Company's production and operation changes, the Company makes full estimates in accordance with a commercially feasible plan

					when applying for the annual caps.
(e)	FPSO vessel leases	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB1,249 million, RMB1,011 million and RMB491 million, respectively	For the three years ending 31 December 2022, RMB1,663 million, RMB1,394 million and RMB1,316 million, respectively	For the three years ending 31 December 2025, (i) in respect of fixed daily rent, the annual caps for the total value of right-of-use asset are RMB634 million, RMB 613 million and RMB637 million, respectively; and (ii) in respect of floating rent, the annual caps are RMB471 million, RMB429 million and RMB391 million, respectively[1]	The annual Proposed Caps for the FPSO vessel leases have been determined with reference to previous transactions conducted and transaction amounts in respect of the FPSO vessel leases provided by CNOOC and/or its Associates to the Group; the anticipated number of FPSO vessels to be leased to accommodate the business plan of the Group; and the anticipated commencement of production of oil and gas fields. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities.

Sales of petroleum and natural gas products and green power products by the Group to CNOOC and/or its Associates

(a)	Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas)	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB88,843 million, RMB136,524 million and RMB113,905 million, respectively	For the three years ending 31 December 2022, RMB229,990 million, RMB250,736 million and RMB278,819 million, respectively	For the three years ending 31 December 2025, RMB298,356 million, RMB315,545 million and RMB328,725 million, respectively	The annual Proposed Caps for the sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates have been determined with reference to previous transactions conducted and transaction amounts in respect of the sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates; the scheduled production capacity of the Group; the estimated resultant increase in the Group's production and sales due to the

[1] The Company adopts fixed daily rent or floating rent for all of its FPSO vessels leases. According to HKFRS 16 Leases, (i) the Group is required to recognise a right-of-use asset and a lease liability for the fixed daily rent under the FPSO vessels leases and the Company will set annual caps based on the total value of right-of-use assets relating to the fixed daily rent under the FPSO vessels leases; and (ii) the floating rent under the FPSO vessels leases will be recognised as expenses incurred by the Group, and the Company will set the annual caps for floating rent which are determined with reference to the estimated annual maximum amount of floating rent payable by the Group in respect of the FPSO vessels leases for each of the three years ending 31 December 2025.

expected increase in the demand for petroleum and gas products from CNOOC and/or its Associates to facilitate its/their business development plans; the forecast of Brent crude oil made by analysts which amounted to approximately US$95, US$90and US$90 per barrel for 2023, 2024 and 2025, respectively; the extent of the volatility in oil prices as demonstrated in historical Brent crude oil prices in 2021; the fact that future oil prices for the coming three years cannot be accurately predicted; the need to provide flexibility for the Group to capture the business opportunities offered by CNOOC and/or its Associates should they place more orders with the Group; and variations in oil price assumptions as compared to those adopted in estimating the existing 2022 annual caps for this category as set out in the 2019 Circular. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities.

The reasons for the differences between the annual caps and the actual amounts from 2020 to 2021 and the differences between the Proposed Caps and the actual amounts in 2020 and 2021 are primarily (i) the global macro-economy adversely affected downstream demand for petroleum and natural gas in 2020 and 2021, resulting in a drop in actual oil prices and a large difference in the sales amount of crude oil compared to the estimated annual caps; (ii) the scale of enterprise is large and the trend of oil and gas prices is uncertain, and the amount of connected party transactions is greatly affected by price fluctuations in the international crude oil market; (iii) to facilitate its

					business development plans, the increased demand for oil and gas products from CNOOC and/or its Associates is expected to lead to an increase in the production and sales of the Group; and (iv) for the above reasons, in order to cope with possible emergencies and taking into account the needs of the Company's production and operation changes, the Company makes full estimates in accordance with a commercially feasible plan when applying for the annual caps.
(b)	Long-term sales of natural gas and liquefied natural gas	For the two years ended 31 December 2021 and the six months ended 30 June 2022, approximately RMB14,613 million, RMB16,194 million and RMB12,081 million, respectively	For the three years ending 31 December 2022, RMB28,270 million, RMB38,509 million and RMB51,642 million, respectively	For the three years ending 31 December 2025, RMB38,382 million, RMB46,347 million and RMB61,719 million, respectively	The annual Proposed Caps for long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates have been determined with reference to previous transactions conducted and transaction amounts in respect of the long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates; the increase in the availability of natural gas and liquefied natural gas as a result of the expected commencement of production of a number of gas fields in the coming three years; the ongoing production of existing gas fields; based on (i) the discussions with CNOOC Group on their estimated demand for natural gas and liquefied natural gas products in the coming years, and (ii) the Group's estimated quantity of natural gas and liquefied natural gas to be sold in the coming three years based on the business plan and discussions with CNOOC Group, and the estimated increase in sales to CNOOC and/or its Associates by approximately 20.24% and 32.95% in 2024 and 2025 year-on-year ; and the sale prices of the Group's natural gas products with reference to historical sales prices, contractual adjustment to gas

					prices for a particular gas field and estimated growth rate taking into account inflation and other factors. Further, in estimating the Proposed Cap for 2023, historical transaction amounts for 2020 and 2021 and their proportion to the respective annual caps for the corresponding years as set out in the 2019 Circular were also considered. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities. The reasons for the differences between the annual caps and the actual amounts from 2020 to 2021 and the differences between the Proposed Caps and the actual amounts in 2020 and 2021 are primarily (i) the global macro-economy adversely affected downstream demand for natural gas and liquefied natural gas in 2020 and 2021; (ii) there are uncertainties in the price trend of natural gas and liquefied natural gas; (iii) according to the business plan and discussions with CNOOC Group, the Company expects an increase in the sales of natural gas and liquefied natural gas products to be sold by the Group in the next three years; and (iv) for the above reasons, in order to cope with possible emergencies and taking into account the needs of the Company's production and operation changes, the Company makes full estimates in accordance with a commercially feasible plan when applying for the annual caps.
(c)	Sales of green power products	For the two years ended 31 December 2021 and the six	Not applicable[2]	For the three years ending 31 December 2025, nil, RMB220 million and	The annual Proposed Caps for the sales of green power products by the Group to

[2]The comprehensive framework agreement entered into by the Company and CNOOC on 1 November 2019 did not include sales of green power products.

months ended 30 June 2022, there were no sales of green power products by the Group to CNOOC and/or its Associates	RMB220 million, respectively	CNOOC and/or its Associates have been determined with reference to the possible total green power production of the Group in the next three years and the electricity demand of CNOOC and/or its Associates in the region where it is situated. The Directors are of the view that the Proposed Caps provide sufficient flexibility for the Group's future anticipated business activities.

Disclosure and/or Independent Shareholders' approval requirements

The Continuing Connected Transactions under the category of "Sales of green power products" are fully exempt from the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules and relevant rules of the SSE, but the Company includes the details of this category of Continuing Connected Transactions in this announcement for the purpose of completeness of information disclosure and from the perspective of good corporate governance. In addition, as each of the percentage ratios under Rule 14.07 of the Listing Rules (other than the profits ratio), where applicable, in relation to each of the following categories of Continuing Connected Transactions is, on an annual basis, expected to be less than 5% under Rule 14A.76(2) of the Listing Rules, and according to relevant rules of the SSE, such categories of Continuing Connected Transactions are exempt from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements set out under the Listing Rules:

- Provision of sales, management and ancillary services by CNOOC and/or its Associates to the Group; and
- FPSO vessel leases from CNOOC and/or its Associates to the Group.

Under the Listing Rules, the Non-exempt Continuing Connected Transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements, as each of the percentage ratios (other than the profits ratio), where applicable, in relation to each category of the Non-exempt Continuing Connected Transactions is, on an annual basis, expected to be equal to or exceeding 5%. The Company will seek the Independent Shareholders' approval at the EGM for the Non-exempt Continuing Connected Transactions and the relevant Proposed Caps on the condition that:

1. the annual amount of each category of the Non-exempt Continuing Connected Transactions shall not exceed the relevant Proposed Caps;
2. (i) the Non-exempt Continuing Connected Transactions will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better; and

(ii) the Non-exempt Continuing Connected Transactions will be entered into in accordance with the Comprehensive Framework Agreement and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will comply with relevant provisions of the Listing Rules and relevant rules of the SSE in relation to each category of the Non-exempt Continuing Connected Transactions.

CONNECTED TRANSACTION AGREEMENTS

After obtaining the Shareholders' approval in the EGM regarding the Comprehensive Framework Agreement and the Proposed Caps for the three years ending 31 December 2025, the Company and CNOOC and/or its Associates will enter into or implement corresponding contracts or agreements according to the business development situation. Amongst them, the connected transaction agreements with a term of more than three years which have been signed and are expected to continue to be implemented in the future are set out as follows:

(a) FPSO vessels leases agreements

Amongst the FPSO vessels currently leased, there are five FPSO vessels of which the corresponding lease agreements have lease terms of more than three years, and it is expected that these agreements will continue to be implemented after 1 January 2023. Such specific agreements are set out as follows:

No.	Lessor	Lessee	Lease Commencement Dates	Lease Expiry Dates
1	CNOOC EnerTech	CNOOC China	31 July 2018	30 July 2028
2	CNOOC EnerTech	CNOOC China	31 July 2018	30 July 2028
3	CNOOC EnerTech	CNOOC China	1 January 2019	30 April 2033
4	CNOOC EnerTech	CNOOC China	1 January 2019	31 December 2033
5	CNOOC EnerTech	CNOOC China	1 January 2021	31 December 2025

The contents of the abovementioned five FPSO vessels lease agreements are summarized as follows:

(i) Leased property: floating, production, storage and offloading (FPSO) vessels

(ii) Application: used in oil field production, storage and unloading

(iii) Rental payment: fixed daily rent or floating rent

The pricing policy of the FPSO vessel leases is the rental which is unanimously determined through arm's length negotiation between the Group and CNOOC and/or its Associates which provides the FPSO vessel leases in accordance with normal commercial terms. The rental usually takes reference to FPSO vessels' fixed daily rent which is determined based on the result of internal economic appraisal during the course of the overall development plan of the oil fields or the floating rent determined by multiplying the oil and gas production volume by a certain ratio (which is determined by the result of internal economic appraisal during the course of the overall development plan of the oil fields and the magnitude of production volumes). The major parameters of the internal economic appraisals include oil price, production of the oil fields, reserve volumes of the oil fields and discount rate, which have significant influence on the revenues and costs of the oil fields. When performing the internal economic appraisals, a net present value can be deduced from these parameters. The FPSO vessel rental can be calculated by deducting the costs of the oil fields of which the FPSO vessel rental forms part from the net present value. The cost of the oil fields of which FPSO rental forms part can be estimated by considering the expected future revenues and the expected returns on investment. The FPSO rental normally accounts for around 10% of the total operating expenses of the oil fields. The Company adopts fixed daily rent or floating rent for all of its FPSO vessel leases.

(b) Natural gas long-term sales agreements

Currently there are in total ten natural gas sales agreements with terms of more than three years which have been signed and are expected to continue to be implemented after 1 January 2023. Such specific agreements are set out as follows:

No.	Purchasers	Signing Dates	Expiry Dates
1	Offshore Oil Fudao Co., Ltd. (海洋石油富島有限公司)	28 July 2003	30 September 2023
2	CNOOC Kingboard Chemical Co., Ltd. (中海石油建滔化工有限公司)	10 March 2005	15 October 2026
3	Offshore Oil Fudao Co., Ltd. Methanol Branch (海洋石油富島有限公司甲醇分公司)	26 March 2010	31 December 2025
4	Offshore Oil Fudao Co., Ltd. (海洋石油富島有限公司) CNOOC Kingboard Chemical Co., Ltd. (中海石油建滔化工有限公司)	18 May 2015	31 December 2033
5	Offshore Oil Fudao Co., Ltd. (海洋石油富島有限公司)	17 November 2017	31 December 2038

	CNOOC Kingboard Chemical Co., Ltd. (中海石油建滔化工有限公司)		
6	CNOOC Gas & Power Group Co., Ltd. Guangdong Sales Branch (中海石油氣電集團有限責任公司廣東銷售分公司) CNOOC Gas & Power Group Co., Ltd. Guangdong Branch (中海石油氣電集團有限責任公司廣東分公司)	30 June 2011	31 December 2030
7	CNOOC Gas & Power Group Co., Ltd. Guangdong Sales Branch (中海石油氣電集團有限責任公司廣東銷售分公司) CNOOC Gas & Power Group Co., Ltd. Guangdong Branch (中海石油氣電集團有限責任公司廣東分公司)	22 July 2017	31 December 2034
8	CNOOC Gas & Power Group Co., Ltd. Guangdong Sales Branch (中海石油氣電集團有限責任公司廣東銷售分公司) CNOOC Gas & Power Group Co., Ltd. Guangdong Branch (中海石油氣電集團有限責任公司廣東分公司)	6 July 2013	31 December 2026
9	CNOOC Fujian LNG Co., Ltd. (中海福建天然氣有限責任公司)	27 June 2006	31 December 2034
10	Guangdong Dapeng LNG Company Ltd (廣東大鵬液化天然氣有限公司)	18 December 2004	31 March 2031

The price of the abovementioned ten natural gas sales agreements is determined through negotiation by taking into account factors such as the quality of products and supply and demand of the local markets, as well as taking reference to various conditions including the price of the relevant local provincial/municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (http://www.ndrc.gov.cn/), the downstream product prices and/or the prices of other competing gas sources in the local markets. During the above pricing process, the Company will organize market research, internal analysis and proposal comparison, and determine the price based on arm's length negotiation between the parties in accordance with market principles including voluntariness, equality, fairness and good faith.

APPROVAL BY INDEPENDENT SHAREHOLDERS

As CNOOC is the actual controller of the Company and currently directly and indirectly owns an aggregate of approximately 61.17% of all the Shares of the Company in issue, the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) are subject to the approval from the Independent Shareholders under the Listing Rules and relevant rules of the SSE. In view of the interests of CNOOC held through OOGC and CNOOC BVI in the Company, OOGC, CNOOC BVI and their respective Associates will abstain from voting in relation to the resolutions approving the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), and Maxa Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders holding the Hong Kong Shares on the same.

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.

CNOOC Group principally engages in professional technical services, refining and sales, natural gas and power generation and financial services. CNOOC is the actual controller of the Company.

A circular containing, amongst other things, further information on the terms of the Continuing Connected Transactions, a letter from the Independent Board Committee, an opinion of Maxa Capital, the Independent Financial Adviser, together with a notice to convene the EGM to approve the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) is expected to be despatched to the Shareholders on or around 11 November 2022.

CLOSURE OF REGISTER OF MEMBERS

The Company will convene the EGM on 29 November 2022 for the purpose of considering and, if thought fit, approving the Non-exempt Continuing Connected Transactions and the relevant Proposed Caps. For determining the entitlement to attend and vote at the EGM, notice is hereby given that the register of members of the Company will be closed from 24 November 2022 (Thursday) to 29 November 2022 (Tuesday) (both days inclusive), during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the EGM, all instruments of transfer of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 23 November 2022 (Wednesday).

Please refer to the notice of EGM and the circular to be issued and despatched by the Company on or around 11 November 2022 for further information on the EGM and the matters to be considered at such meeting.

DEFINITONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

"2019 Circular"	the circular issued by the Company to its Shareholders in relation to the renewal of the Continuing Connected Transactions for 2020 to 2022 dated 6 November 2019
"2019 EGM"	the extraordinary general meeting of the Company held on 21 November 2019
"Associate"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors of the Company
"CNOOC"	China National Offshore Oil Corporation (中國海洋石油集團有限公司), the actual controller of the Company directly and indirectly holding approximately 61.17% of all of the Shares of the Company in issue as at the date of this announcement
"CNOOC BVI"	CNOOC (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of OOGC and the controlling Shareholder of the Company directly holding approximately 60.46% of all of the Shares of the Company in issue as at the date of this announcement
"CNOOC EnerTech"	CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司), a company incorporated in the PRC and a subsidiary of CNOOC
"CNOOC Group"	CNOOC and its subsidiaries (excluding the Group)
"CNOOC China"	CNOOC (China) Co., Ltd. (中海石油（中國）有限公司), a wholly-owned subsidiary of the Company
"Company"	CNOOC Limited (中國海洋石油有限公司), a company incorporated in Hong Kong with limited liability, whose Hong Kong shares are listed on The Stock Exchange of Hong Kong Limited and RMB shares are listed on the SSE

"Comprehensive Framework Agreement"	the comprehensive framework agreement dated 2 November 2022 entered into between the Company and CNOOC in relation to the Continuing Connected Transactions
"Continuing Connected Transactions"	the "continuing connected transactions" under the Listing Rules and the "routine connected transactions" under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, which refer to the continuing connected transactions between the Group and CNOOC and/or its Associates as set out in the section headed "Continuing Connected Transactions under the Comprehensive Framework Agreement" in this announcement
"CUCBM"	China United Coalbed Methane Corporation Limited (中聯煤層氣有限責任公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
"Director(s)"	director(s) of the Company
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held on 29 November 2022 at 2:00 p.m. to approve the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), or any adjournment thereof
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising Mr. Chiu Sung Hong, Mr. Lawrence J. Lau, Mr. Tse Hau Yin, Aloysius, Mr. Qiu Zhi Zhong and Mr. Lin Boqiang, the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), with Mr. Chiu Sung Hong acting as the chairman
"Independent Financial Adviser" or "Maxa Capital"	Maxa Capital Limited, a corporation licensed under the SFO to carry out Type 1 regulated activities (dealing in securities) and Type 6 regulated activities (advising on corporate finance), the independent financial adviser to the Independent Board Committee and the Independent Shareholders holding the Hong Kong Shares
"Independent Shareholders"	the Shareholders of the Company other than OOGC, CNOOC BVI and their respective Associates

"JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"NDRC"	the National Development and Reform Commission of the PRC
"Non-exempt Continuing Connected Transactions"	the Continuing Connected Transactions other than those under the categories of "Provision of sales, management and ancillary services", "FPSO vessel leases" and "Sales of green power products" as set out in the section headed "Continuing Connected Transactions under the Comprehensive Framework Agreement" in this announcement
"OOGC"	Overseas Oil & Gas Corporation, Ltd., a company incorporated in Bermuda with limited liability, a direct wholly-owned subsidiary of CNOOC, the sole shareholder of CNOOC BVI, and a Shareholder directly holding five Hong Kong Shares in issue as at the date of this announcement
"PRC"	the People's Republic of China
"Proposed Cap(s)"	the proposed maximum annual aggregate value(s) for each category of the Continuing Connected Transactions of the Company in respect of 2023 to 2025 as set out in the section headed "Proposed Caps and Rationale" in this announcement
"SSE"	the Shanghai Stock Exchange
"RMB"	Renminbi, the lawful currency of the PRC
"Shares"	issued shares of the Company
"Shareholder(s)"	registered holder(s) of the Shares
"%"	per cent

By Order of the Board
CNOOC Limited
Wu Xiaonan
Joint Company Secretary

Hong Kong, 2 November 2022

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

Executive Directors
Zhou Xinhuai
Xia Qinglong

Non-executive Directors
Wang Dongjin *(Chairman)*
Li Yong *(Vice Chairman)*
Xu Keqiang
Wen Dongfen

Independent Non-executive Directors
Chiu Sung Hong
Lawrence J. Lau
Tse Hau Yin, Aloysius
Qiu Zhi Zhong
Lin Boqiang