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CNOOC Limited
(中國海洋石油有限公司)

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
Stock Codes: 00883 (HKD counter) and 80883 (RMB counter)

Announcement of 2023 Interim Results (Unaudited)

FINANCIAL AND BUSINESS SUMMARY

	First half of 2023	% change over First half of 2022
Net production of oil and gas*	331.8 million BOE	8.9%
Oil and gas sales	RMB151.69 billion	-14.1%
Net profit attributable to equity shareholders of the Company	RMB63.76 billion	-11.3%
Basic earnings per share	RMB1.34	-14.7%
Diluted earnings per share	RMB1.34	-14.7%
Interim dividend (tax inclusive)	HK\$0.59 per share	-15.7%

* Including our interests in equity-accounted investees, which is approximately 10.2 million BOE.

CHAIRMAN'S STATEMENT

Dear shareholders,

In the first half of 2023, macroeconomy stayed complex and volatile, while international oil prices saw fluctuations in a downward trend. In the face of uncertainties, we took resolute and proactive actions for various production and operation tasks, and delivered satisfactory results.

We have actively pursued value-driven exploration and steadily expanded oil and gas resources base. In offshore China, several new discoveries were made, including Panyu 10-6 and Kaiping 18-1. Mid-to-large sized oil and gas structures such as Qinhuangdao 27-3 were successfully appraised. For onshore China, we efficiently advanced the exploration and appraisal of deep coalbed methane play to enhance recovery potential. Overseas, solid progress was made in the exploration of the Stabroek block in Guyana, with new discovery made in medium-to-deep plays.

We remained committed to our annual production target and strived to increase oil and gas production. In the first half of the year, the Company achieved significant growth in oil and gas production in both China and overseas, with daily net production hitting a record high. The Company vigorously implemented effective measures such as adjustment wells to boost production, and the natural decline rate of the producing oilfields was brought to a record low. New projects such as the Buzios5 oilfield in Brazil successfully commenced production, bringing new growth in production. The key new projects progressed as scheduled, laying a solid foundation for future production growth.

We focused on enhancement of quality and efficiency, and achieved stable improvement. All-in cost decreased year-over-year, which further strengthened our cost competitiveness. The Company maintained strong profitability, with net profit attributable to equity shareholders of RMB63.76 billion and the earnings per share of RMB1.34. In order to actively reward our shareholders, the Board of Directors has decided to declare an interim dividend of HK\$0.59 per share (tax inclusive) for the first half of 2023.

We dedicated great efforts and achieved significant results in technological innovation. The Company focused on research of core technologies such as exploration and development of deepwater and deep play reservoirs, efficient development of the low-permeable, marginal or heavy oilfields, which effectively supported the growth of oil and gas reserves. We continued with the construction of unmanned offshore platforms and smart oilfields. “Shenhai-1” has become the world’s first super-large deepwater platform with capability of remote control production operation.

In the first half of the year, the Company adhered to green development and made great progress in new energy business. “Haiyou Guanlan” and Wenchang deep-sea floating wind power demonstration project were successfully connected to the grid for power generation, which blazed the trail for wind power development from shallow waters into deep seas. The successful commissioning of the CCS demonstration project in the Enping 15-1 oilfield has filled the gap in China’s offshore carbon dioxide storage technology.

In order to provide more investment flexibility to our shareholders and potential investors, the Company has proactively applied for the launch of RMB counter on the HKSE, and became one of the first listed companies included in the “HKD-RMB Dual Counter Model”.

In the first half of the year, Mr. Lawrence J. Lau and Mr. Tse Hau Yin, Aloysius retired as Independent Non-executive Directors of the Company. Ms. Li Shuk Yin Edwina was appointed as an Independent Non-executive Director. Mr. Xia Qinglong resigned as an Executive Director and President of the Company. Mr. Zhou Xinhui, an Executive Director and CEO, concurrently served as the President of the Company. On behalf of the Board of Directors, I would like to express my gratitude to Mr. Lawrence J. Lau, Mr. Tse Hau Yin, Aloysius and Mr. Xia Qinglong for their contributions to the Company during their tenure and welcome Ms. Li Shuk Yin Edwina. In the future, all Directors will continue to make unremitting efforts in an honest, responsible and diligent manner to facilitate healthy development of the Company.

Looking forward to the second half of the year, we will adhere to safety and compliance requirements in our operations. We will exert our best efforts in reserves and production growth, quality and efficiency enhancement, and technological innovation to reach our annual targets and create greater value for the shareholders.

Wang Dongjin

Chairman

Hong Kong, 17 August 2023

INTERIM RESULTS

The board of directors (the “Board”) of CNOOC Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2023 as follows:

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

		Six months ended 30 June	
	Notes	2023	2022
REVENUE			
Revenue recognised from contracts with customers			
Oil and gas sales	2	151,686	176,681
Marketing revenues	2	35,564	21,527
Other revenue		4,814	4,147
		<u>192,064</u>	<u>202,355</u>
EXPENSES			
Operating expenses		(16,103)	(14,820)
Taxes other than income tax		(8,369)	(9,220)
Exploration expenses		(3,901)	(7,405)
Depreciation, depletion and amortisation		(33,738)	(29,507)
Special oil gain levy		(3,052)	(14,778)
Impairment and provision recognised, net		(302)	(102)
Expected credit losses reversal/(losses)		2	(1)
Crude oil and product purchases		(32,626)	(20,619)
Selling and administrative expenses		(4,990)	(4,378)
Others		(4,712)	(4,461)
		<u>(107,791)</u>	<u>(105,291)</u>
PROFIT FROM OPERATING ACTIVITIES		84,273	97,064
Interest income		2,300	1,115
Finance costs	4	(2,800)	(3,105)
Exchange (losses)/gains, net		(294)	484
Investment income		1,978	1,404
Share of profits of associates		423	302
Profit attributable to a joint venture		424	563
Other income, net		318	71
		<u>86,622</u>	<u>97,898</u>
PROFIT BEFORE TAX		86,622	97,898
Income tax expense	5	(22,874)	(26,015)
PROFIT FOR THE PERIOD		63,748	71,883
Attributable to:			
Equity shareholders of the Company		63,761	71,887
Non-controlling interests		(13)	(4)
		<u>63,748</u>	<u>71,883</u>

		Six months ended 30 June	
	<i>Notes</i>	2023	2022
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		7,506	10,016
Share of other comprehensive income of associates		3	2
Cash flow hedge reserves		(11)	(44)
Other items that will not be reclassified to profit or loss			
Fair value change on equity investments designated as at fair value through other comprehensive (expense)/income		(128)	1,188
Share of other comprehensive income of associates		28	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		7,398	11,162
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		71,146	83,045
Attributable to:			
Equity shareholders of the Company		71,159	83,049
Non-controlling interests		(13)	(4)
		71,146	83,045
EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY			
Basic (RMB Yuan)	<i>6</i>	1.34	1.57
Diluted (RMB Yuan)	<i>6</i>	1.34	1.57

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

30 JUNE 2023

(All amounts expressed in millions of Renminbi)

	<i>Notes</i>	30 June 2023	31 December 2022
NON-CURRENT ASSETS			
Property, plant and equipment		565,649	532,719
Right-of-use assets		10,971	10,465
Intangible assets		17,071	16,600
Investments in associates		28,556	27,942
Investment in a joint venture		22,132	20,985
Debt investment		7,154	5,975
Equity investments		982	1,075
Deferred tax assets		31,189	29,885
Other non-current assets		32,895	12,680
Other non-current financial assets		12,186	6,026
Total non-current assets		<u>728,785</u>	<u>664,352</u>
CURRENT ASSETS			
Inventories and supplies		6,065	6,239
Trade receivables	8	37,056	37,992
Other financial assets		82,966	88,209
Derivative financial instruments		1	30
Other current assets		11,210	10,822
Time deposits with maturity over three months but within one year		18,926	35,754
Cash and cash equivalents		114,065	85,633
Total current assets		<u>270,289</u>	<u>264,679</u>
CURRENT LIABILITIES			
Loans and borrowings	10	22,048	22,817
Trade and accrued payables	9	63,520	59,789
Lease liabilities		2,280	1,873
Contract liabilities		2,339	1,691
Other payables and accrued liabilities		10,616	10,676
Derivative financial instruments		15	32
Dividends payable		32,406	–
Taxes payable		19,065	16,513
Total current liabilities		<u>152,289</u>	<u>113,391</u>
NET CURRENT ASSETS		<u>118,000</u>	<u>151,288</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>846,785</u>	<u>815,640</u>
NON-CURRENT LIABILITIES			
Loans and borrowings	10	90,252	103,145
Lease liabilities		6,725	6,561
Provision for dismantlement		90,615	87,042
Deferred tax liabilities		10,809	10,271
Other non-current liabilities		10,658	10,238
Total non-current liabilities		<u>209,059</u>	<u>217,257</u>
NET ASSETS		<u>637,726</u>	<u>598,383</u>
EQUITY			
Issued capital	11	75,180	75,180
Reserves		561,357	522,002
Equity attributable to equity shareholders of the Company		<u>636,537</u>	<u>597,182</u>
Non-controlling interests		1,189	1,201
TOTAL EQUITY		<u>637,726</u>	<u>598,383</u>

NOTES

30 JUNE 2023

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and Hong Kong Accounting Standard 34 *Interim Financial Reporting* as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules of Stock Exchange”) of The Stock Exchange of Hong Kong Limited (“HKSE”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company and its subsidiaries’ annual financial statements for the year ended 31 December 2022.

The financial information relating to the year ended 31 December 2022 that is included in this announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Company and its subsidiaries' annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs")/Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

IFRS 17/HKFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17/HKFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17/HKFRS 17	<i>Initial Application of IFRS 17/HKFRS 17 and IFRS 9/HKFRS 9 – Comparative Information</i>
Amendments to IAS 1/HKAS 1 and IFRS/HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8/HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12/HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12/HKAS 12	<i>International Tax Reform – Pillar Two Model Rules*</i>

The Company and its subsidiaries are currently assessing the exposure to amendments to IAS12/HKAS 12 *International Tax Reform – Pillar Two Model Rules*. Besides the above mentioned amendments, the application of the new and amendments to IFRSs/HKFRSs in the current year has had no material impact on the accounting policies, the disclosures or the amounts recognised in the interim condensed consolidated financial statements of the Company and its subsidiaries.

* The amendments to IAS 12 have been issued in May 2023, and the similar amendments to HKAS 12 have been issued in July 2023.

2. OIL AND GAS SALES AND MARKETING REVENUES

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

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

5. INCOME TAX

The Company and its subsidiaries are subject, on an entity basis, to income taxes on profits arising in or derived from the tax jurisdictions in which the Company and its subsidiaries are domiciled and operate. The Company is subject to profits tax at a rate of 16.5% (six months ended 30 June 2022: 16.5%) on profits arising in or derived from Hong Kong.

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

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

Principal subsidiaries of the Company domiciled outside the PRC are subject to income tax at rates ranging from 10% to 82% (six months ended 30 June 2022: 10% to 82%).

In July 2022, the Energy (Oil & Gas) Profits Levy Act 2022 (EPL) was enacted in the United Kingdom which applies an additional tax on the profits earned by oil and gas companies from the production of oil and gas in the United Kingdom and the United Kingdom Continental Shelf. EPL has impacted the tax rate applicable to the profit of a subsidiary of the Company from oil and gas production in the United Kingdom.

6. EARNINGS PER SHARE

	Six months ended 30 June	
	2023	2022
Earnings:		
Profit for the purpose of basic and diluted earnings per share calculation	<u>63,761</u>	<u>71,887</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<u>47,566,763,984</u>	<u>45,775,080,293</u>
Earnings per share		
– Basic and diluted (RMB Yuan)	<u>1.34</u>	<u>1.57</u>

The Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

7. DIVIDENDS

On 17 August 2023, the board of Directors declared an interim dividend of HK\$0.59 (tax inclusive) per share (six months ended 30 June 2022: HK\$0.70 (tax inclusive) per share), totaling approximately HK\$28,064 million (tax inclusive) (equivalent to approximately RMB25,661 million (tax inclusive)) (six months ended 30 June 2022: approximately RMB28,647 million (tax inclusive)), based on the number of issued shares as at 30 June 2023.

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

8. TRADE RECEIVABLES

The aging of trade receivable and related expected credit impairment loss allowance is analysed as follows:

		30 June 2023	
	Trade receivables	Expected credit impairment loss allowance	Proportion of accrual (%)
Within 1 year	36,976	1	–
1 year-2 years	78	–	–
2 years-3 years	3	–	–
Over 3 years	94	94	100.00
	<u>37,151</u>	<u>95</u>	<u>0.26</u>
		31 December 2022	
	Trade receivables	Expected credit impairment loss allowance	Proportion of accrual (%)
Within 1 year	37,913	–	–
1 year-2 years	77	–	–
2 years-3 years	2	–	–
Over 3 years	100	100	100.00
	<u>38,092</u>	<u>100</u>	<u>0.26</u>

The credit terms of the Company and its subsidiaries are generally within 30 days after the delivery of oil and gas. Payment in advance or collateral may be required from customers, depending on credit rating. Trade receivables are non-interest bearing. Substantially all customers have good credit quality with good repayment history and no significant receivables are past due.

9. TRADE AND ACCRUED PAYABLES

	30 June 2023	31 December 2022
Amounts due to suppliers and partners	60,587	55,855
Amounts due to third party trade	2,933	3,934
	<u>63,520</u>	<u>59,789</u>

As at 30 June 2023 and 31 December 2022, substantially all the trade and accrued payables were aged within six months. The trade and accrued payables are non-interest bearing.

10. LOANS AND BORROWINGS

The details of notes repaid during the six months ended 30 June 2023 are as follows:

Issuer	Maturity	Coupon Rate	Principal Amount USD million
CNOOC Finance (2013) Limited	Matured in 2023	3.000%	2,000
CNOOC Finance (2015) U.S.A. LLC	Matured in 2023	3.75%	450

11. SHARE CAPITAL

	Number of shares	Issued share capital equivalent of RMB million
Issued and fully paid:		
Ordinary shares with no par value as at 1 January 2022	44,647,455,984	43,081
Shares newly issued in 2022 ⁽¹⁾	2,990,000,000	32,099
Repurchase of own shares and cancelled ⁽²⁾	(70,692,000)	–
As at 31 December 2022	<u>47,566,763,984</u>	<u>75,180</u>
As at 30 June 2023	<u>47,566,763,984</u>	<u>75,180</u>

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

(2) During the year ended 31 December 2022, the Company repurchased and cancelled 70,692,000 of its own shares with an aggregate cash payment of HK\$693 million listed on HKSE, equivalent to approximately RMB623 million. Such buy-backs were financed out of the Company’s distributable profits, as a result, the payment was reduced from the Company’s “Retained earnings”.

12. SUBSEQUENT EVENTS

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

AUDIT COMMITTEE

The Audit Committee of the Board of the Company has reviewed together with the management the accounting principles and practices adopted by the Company and its subsidiaries and discussed the risk management, internal control and financial reporting matters. The interim results for the six months ended 30 June 2023 are unaudited, but have been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants. The interim results announcement for the six months ended 30 June 2023 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2023, CNOOC Petroleum North America ULC (“CPNA”, an indirect wholly-owned subsidiary of the Company) repurchased and cancelled the following bonds issued by it as issuer in the over-the-counter market:

Issuer	Maturity Date	Coupon Rate	Face Amount (USD)	Face Amount Repurchased (USD)	Percentage of Repurchase	Outstanding Amount as at 30 June 2023 (USD)
CPNA	15 March 2032	7.875%	431,456,000	27,824,000	6.45%	403,632,000
CPNA	10 March 2035	5.875%	732,246,000	4,000,000	0.55%	728,246,000
CPNA	30 July 2039	7.500%	696,000,000	5,800,000	0.83%	690,200,000

None of the above bonds was listed on HKSE or the Shanghai Stock Exchange.

Save as disclosed in this interim results announcement, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of its listed securities during the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2023, the Company has complied with all code provisions set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules of Stock Exchange”).

PROVISIONS FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Ethics for Directors and Senior Management (“Code of Ethics”) incorporating the provisions for securities transactions by directors of listed issuers of the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules of Stock Exchange, the Securities Law of the People’s Republic of China and the Listing Rules of SSE. All Directors have confirmed that they have complied, during the six months ended 30 June 2023, with the Company’s Code of Ethics and the required standards set out in the Model Code.

CHANGES IN INFORMATION OF DIRECTORS

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

Name of Director	Details of Changes
Lawrence J. Lau	Retired as an Independent Non-executive Director and a member of the Audit Committee, the Nomination Committee and the Strategy and Sustainability Committee of the Company with effect from 31 May 2023
Tse Hau Yin, Aloysius	Retired as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company with effect from 31 May 2023
Li Shuk Yin Edwina	Appointed as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company with effect from 31 May 2023
Lin Boqiang	Appointed as a member of the Nomination Committee of the Company with effect from 31 May 2023
Xia Qinglong	Resigned as an Executive Director and the President of the Company due to work commitments with effect from 30 June 2023
Zhou Xinhui	Appointed as the President of the Company with effect from 30 June 2023

MISCELLANEOUS

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

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

At the Company's 2022 annual general meeting held on 31 May 2023, the Board was authorized to decide the Company's 2023 interim dividend distribution plan. In overall consideration of situations such as the operating results, financial position and cash flow of the Company, to provide returns to our shareholders, the Board has resolved to declare an interim dividend of HK\$0.59 per share (tax inclusive) for the first half of 2023. Dividends payable shall be denominated and declared in HKD, among which, dividend for A shares will be paid in RMB, applying an exchange rate which equals to the average central parity rate between HKD and RMB announced by the People's Bank of China in the week before the Board declared the interim dividend; dividend for Hong Kong shares will be paid in HKD.

The register of members of the Hong Kong shares of the Company (the "Register of Members") will be closed from 11 September 2023 (Monday) to 15 September 2023 (Friday) (both days inclusive) during which no transfer of the Hong Kong shares of the Company can be registered. In order to qualify for the interim dividend, holders of Hong Kong shares are reminded to ensure that all instruments of transfer of the Hong Kong shares accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Hong Kong Registrars Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 8 September 2023 (Friday). The interim dividend will be paid on or around 18 October 2023 (Wednesday) to shareholders whose names appear on the Register of Members of the Company on 15 September 2023 (Friday).

For holders of A shares of the Company, please refer to the Company's announcement in relation to the 2023 interim dividend distribution plan published on the websites of the Shanghai Stock Exchange and the Company.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISES IN RESPECT OF 2023 INTERIM DIVIDEND

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China", the "Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China" and the "Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management", the Company has been confirmed as a resident enterprise of the People's Republic of China (the "PRC") and the withholding and payment obligation lies with the Company. The Company is required to withhold and pay 10% enterprise income tax when it distributes the 2023 interim dividend to its non-resident enterprise (as defined in the "Enterprise Income Tax Law of the People's Republic of China") holders of Hong Kong shares. In respect of all holders of Hong Kong shares whose names appear on the Register of Members of the Company as at 15 September 2023 who are not individual natural person (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise holders of Hong Kong shares), the Company will distribute the 2023 interim dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2023 interim dividend payable to any natural person holders of Hong Kong shares whose names appear on the Register of Members of the Company as at 15 September 2023. Investors who invest in the shares of the Company listed on the Main Board of the HKSE through the Shanghai Stock Exchange (the "Shanghai-Hong Kong Stock Connect investors"), and investors who invest in the shares in the Company listed on the Main Board of the HKSE through the Shenzhen Stock Exchange (the "Shenzhen-Hong Kong Stock Connect investors"), are investors who hold Hong Kong shares through HKSCC Nominees Limited, and in accordance with the above requirements, the Company will pay to HKSCC Nominees Limited the amount of the 2023 interim dividend after withholding for payment the 10% enterprise income tax.

If any resident enterprise (as defined in the "Enterprise Income Tax Law of the People's Republic of China") listed on the Register of Members of the Company which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, or any non-resident enterprise holders of Hong Kong shares who is subject to a withholding tax rate of less than 10% pursuant to any tax treaty between the country of residence of such holders of Hong Kong shares and the PRC or tax arrangements between mainland China and Hong Kong or Macau, or any other non-resident enterprise holders of Hong Kong shares who may be entitled to a deduction or exemption of enterprise income tax in accordance with the applicable PRC rules, does not desire to have the Company withhold and pay the total amount of the said 10% enterprise income tax, it shall lodge with Hong Kong Registrars Limited documents from its governing tax authority confirming its PRC resident enterprise status, or the documents in support that a withholding tax of less than 10% is required to be paid pursuant to the above-mentioned tax treaty or arrangements, or the documents confirming its entitlement to a deduction or exemption of enterprise income tax in accordance with the applicable PRC rules at or before 4:30 p.m. on 8 September 2023 (Friday).

If anyone would like to change the identity of the holders of Hong Kong shares, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold and pay the enterprise income tax for its non-resident enterprise holders of Hong Kong shares strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Register of Members of the Company on 15 September 2023. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of holders of Hong Kong shares at the aforesaid date or any disputes over the mechanism of withholding.

By Order of the Board
Xu Yugao
Joint Company Secretary

Hong Kong, 17 August 2023

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

Non-executive Directors

Wang Dongjin (*Chairman*)
Li Yong (*Vice Chairman*)
Xu Keqiang
Wen Dongfen

Executive Director

Zhou Xinhuai

Independent Non-executive Directors

Chiu Sung Hong
Qiu Zhi Zhong
Lin Boqiang
Li Shuk Yin Edwina

FORWARD-LOOKING STATEMENTS

This announcement includes forward-looking information, including statements regarding the likely future developments in the business of the Company and its subsidiaries, such as expected future events, business prospects or financial results. The words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company as of this date in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate under the circumstances. However, whether actual results and developments will meet the current expectations and predictions of the Company is uncertain. Actual results, performance and financial condition may differ materially from the Company’s expectations, including but not limited to those associated with macro-political and economic factors, fluctuations in crude oil and natural gas prices, the highly competitive nature of the oil and natural gas industry, climate change and environment policies, the Company’s price forecast, mergers, acquisitions and divestments activities, HSSE and insurance policies and changes in anti-corruption, anti-fraud, anti-money laundering and corporate governance laws and regulations.

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