CNOOC Limited
中国海洋石油有限公司

香港聯合交易所股票代碼：00883（港幣櫃台）及80883（人民幣櫃台）
上海證券交易所股票代碼：600938

2023 INTERIM REPORT
中期報告

Contents

Important Notice

The board of directors (the "Board" or "Board of Directors"), directors and senior management of CNOOC Limited (the "Company" or "CNOOC Limited") warrant the truthfulness, accuracy and completeness of the information contained herein and there are no material omissions from, or misrepresentation or misleading statements, and jointly and severally assume full responsibility for this interim report.

The interim report has been considered and approved at the 2023 fourth meeting of the Board of the Company. All Directors of the Company attended this Board meeting. Mr. Zhou Xinhuai, Chief Executive Officer, Mr. Xie Weizhi, Chief Financial Officer and Ms. Wang Xin, Manager of Financial Department of the Company warrant the truthfulness, accuracy and completeness of the financial report set out in this interim report.

The financial statements of the Company have been prepared in accordance with the Chinese Accounting Standards for Business Enterprises and the International Financial Reporting Standards ("IFRSs")/Hong Kong Financial Reporting Standards ("HKFRSs"), respectively. The financial statements set out in this interim report are unaudited.

In overall consideration of situations such as the operating results, financial position and cash flow of the Company, to provide returns to shareholders, as authorized by the Company's 2022 annual general meeting, 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.

No appropriation of funds on a non-operating basis by the Company's controlling shareholder or its related parties has occurred. The Company did not provide external guarantees in violation of the stipulated decision-making procedures.

Important Notice

This interim report 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 report 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.

Totals presented in this report may not add correctly due to rounding of numbers.

Company Profile

CNOOC Limited, incorporated in the Hong Kong Special Administration Region ("Hong Kong") in August 1999, was listed on The Stock Exchange of Hong Kong Limited ("HKSE") (stock code: 00883) on 28 February 2001. The Company was admitted as a constituent stock of the Hang Seng Index in July 2001. On 21 April 2022, the Company's RMB shares ("A shares") were listed on the main board of the Shanghai Stock Exchange ("SSE") (stock code: 600938). On 19 June 2023, the Company launched RMB counter for trading of Hong Kong shares (stock code: 80883) on HKSE.

The Company is the largest producer of offshore crude oil and natural gas in China and one of the largest independent oil and gas exploration and production companies in the world. The Company mainly engages in exploration, development, production and sale of crude oil and natural gas.

The Company's core operation areas are Bohai, the Western South China Sea, the Eastern South China Sea and the East China Sea in offshore China. The Company has oil and gas assets in Asia, Africa, North America, South America, Oceania and Europe.

The basic information of CNOOC Limited:

Chinese Name of the Company	中國海洋石油有限公司
Abbreviation of Chinese Name of the Company	中國海油
English Name of the Company	CNOOC Limited
Chief Executive Officer of the Company	Zhou Xinhuai

Secretary to the Board of the Company:

Name	Xu Yugao
Contact address	No. 25 Chaoyangmen Beidajie, Dongcheng District, Beijing
Telephone	(8610) 8452 0883
E-mail	ir@cnooc.com.cn

Place of registration, office address and contact information:

Registered address of the Company	65/F, Bank of China Tower, 1 Garden Road, Hong Kong
Domestic office of the Company	No. 25 Chaoyangmen Beidajie, Dongcheng District, Beijing
Postal code for domestic office of the Company	100010
Overseas office of the Company	65/F, Bank of China Tower, 1 Garden Road, Hong Kong
Postal code for overseas office of the Company	999077
Website of the Company	www.cnoocltd.com
E-mail	ir@cnooc.com.cn

Changes in the places for information disclosure and reference:

The Company's designated press media for A shares information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Designated stock exchange website for the interim report	www.sse.com.cn www.hkexnews.hk
The interim report of the Company is available at	A shares: 12/F, No. 25 Chaoyangmen Beidajie, Dongcheng District, Beijing Hong Kong shares: 65/F, Bank of China Tower, 1 Garden Road Hong Kong

Stock exchange where the shares are listed, stock abbreviation and stock code:

Hong Kong shares:	The Stock Exchange of Hong Kong Limited
Stock Codes:	00883 (HKD counter) and 80883 (RMB counter)
A shares:	Shanghai Stock Exchange
Stock Abbreviation:	中國海油
Stock Code:	600938

Definition and Glossary

DEFINITION OF TERMS

Wildcat	A well drilled on any rock formation for the purpose of searching for petroleum accumulations, including a well drilled to obtain geological and geophysical parametres
Appraisal well	An exploratory well drilled for the purpose of evaluating the commerciality of a geological trap in which petroleum has been discovered
Exploration wells	Wildcat and appraisal wells
Upstream business	Oil and gas exploration, development, production and sales
Proved reserves	Based on geological and engineering data, estimates of oil or natural gas quantities reasonably thought to be recoverable from known oil and gas reservoirs under existing economic, operating conditions and regulations in future years
Reserve replacement ratio	For a given year, total additions to proved reserves divided by production during the year
Seismic exploration	A geophysical exploration method based on the difference in elasticity and density of underground medium to generate wave impedance, which is received and processed to reflect and infer the attribute and state of underground rock strata
Proved in-place volume	The geological reserves that have been proved economically recoverable by appraisal drilling during the Reservoir Appraisal phase. The volumes are estimated with a high level of confidence
Unconventional oil and gas	Oil and gas resources that cannot be obtained for natural industrial output using traditional development technologies, which can be economically exploited, continuously or quasi-continuously accumulated, only through the use of novel technologies which improve reservoir permeability or fluid viscosity, including tight oil and gas, shale oil and gas, coalbed methane, and natural gas hydrates

GLOSSARY

Bbl	Barrel
Bcf	Billion cubic feet
BOE	Barrel of oil equivalent
Mbbls	Thousand barrels
Mboe	Thousand barrels of oil equivalent
Mcf	Thousand cubic feet
Mmboe	Million barrels of oil equivalent
Mmbbls	Million barrels
Mmcf	Million cubic feet

CONVERSION

For crude oil, 1 tonne is about 7.21 barrels
For natural gas, 1 cubic meter is about 35.26 cubic feet

Financial Summary

KEY FINANCIAL DATA

Key Financial Data	**This reporting period (From January to June) (RMB million)**	The same period of last year (RMB million)	Increase/decrease as compared with the same period of last year (%)
Revenue	**192,064**	202,355	(5)
Net profit attributable to equity shareholders of the Company	**63,761**	71,887	(11)
Net profit after deducting non-recurring profit items attributable to equity shareholders of the Company	**62,324**	70,910	(12)
Net cash flows from operating activities	**99,618**	102,227	(3)
	At the end of this reporting period	At the end of last year	Increase/decrease at the end of the reporting period compared with the end of last year (%)
Equity attributable to equity shareholders of the Company	**636,537**	597,182	7
Total assets	**999,074**	929,031	8

KEY FINANCIAL INDICATORS

Key Financial Indicators	**This reporting period (From January to June)**	The same period of last year	Increase/decrease as compared with the same period of last year (%)
Basic earnings per share (RMB/share)	**1.34**	1.57	(15)
Diluted earnings per share (RMB/share)	**1.34**	1.57	(15)
Basic earnings per share, net of non-recurring profit (RMB/share)	**1.31**	1.55	(15)
Weighted average return on net assets (%)	**10.16**	13.70	Decreased by 3.54 percentage points
Weighted average return on net assets, net of non-recurring profit (%)	**9.93**	13.52	Decreased by 3.59 percentage points

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.

Chairman's Statement

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 a 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 Xinhuai, 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

OVERVIEW

The Company is an upstream company specializing in oil and natural gas exploration, development and production, and remains the dominant oil and natural gas producer in offshore China. In terms of reserves and production, it is also one of the largest independent oil and natural gas exploration and development companies in the world.

In the first half of 2023, approximately 70% of the Company's net production was from China. In China, the Company engages in oil and natural gas exploration, development and production in Bohai, Western South China Sea, Eastern South China Sea and East China Sea, as well as onshore unconventional oil and natural gas exploration, development and production, primarily through independent operations and cooperation projects.

In terms of independent operations, we serve as the operator holding 100% interests and increase reserves and production by independent exploration and development. In terms of cooperation projects, we cooperate with partners through product sharing contracts ("PSCs") in oil and natural gas exploration and development. In the first half of 2023, oil and gas fields in China under independent operations and cooperation projects accounted for approximately 86% and 14% of the net production, respectively.

In overseas, the Company has a diversified and high-quality portfolio. It holds interests in various world-class oil and gas projects and has become a world-leading player in the industry. Currently, the Company's assets are located in more than 20 countries and regions around the globe, including Indonesia, Australia, Nigeria, Iraq, Uganda, Argentina, the U.S., Canada, the U.K., Brazil, Guyana, Russia and the United Arab Emirates. For the first half of 2023, net production in overseas accounted for approximately 30% of the total net production.

During the reporting period, the recovery of global economy was sluggish while China's economy continued to recover. International oil prices swung down and average Brent oil price decreased by 24% on a year-on-year basis. The Company proactively responded to external challenges, continuously increased reserves and production and promoted technology innovation and green development, enhanced quality and efficiency to reduce costs, maintained a stable health, safety and environmental protection situation and achieved excellent production and operating results.

Business Overview

In the first half of 2023, the Company achieved a net oil and gas production of 331.8 million BOE, a year-on-year increase of 8.9%; oil and gas sales revenue of RMB151.69 billion, a year-on-year decrease of 14.1%; and net profit attributable to equity shareholders of the Company of RMB63.76 billion, a year-on-year decrease of 11.3%, far better than the performance of international oil prices during the same period.

On 19 June 2023, the Company launched RMB counter for trading of Hong Kong shares (stock code: 80883) on the HKSE to provide more investment flexibility to shareholders and potential investors and to enhance the liquidity and depth of the offshore RMB market.

Exploration

In the first half of 2023, the Company adhered to the value-driven exploration philosophy, increased venture exploration efforts and made major breakthroughs in new areas, new fields and new layers, laying a solid reserves foundation. In China, the Company actively explored deep and ultra-deep layers, expanded mature areas, explored ultra-shallow layers, and efficiently promoted the exploration of deep-play coalbed methane. In overseas, with focus on strategic core areas, the Company continuously promoted mid-to-deep play exploration of the Stabroek block in Guyana.

In offshore China, the Company made 5 new discoveries, including Panyu 10-6, Kaiping 18-1, Xijiang 24-2, Qinhuangdao 32-6 East and Huizhou 26-6 North, and successfully appraised 14 oil and gas bearing structures. Among them, new discoveries of Panyu 10-6 and Kaiping 18-1, both have a proved in-place volume of over 20 million tons, demonstrating the exploration potential of mid-to-deep play in the Pearl River Mouth Basin. Qinhuangdao 27-3 large and medium-sized oil and gas bearing structures were successfully appraised with a proved in-place volume of over 50 million tons, expanding the exploration potential of large-scale lithologic reservoirs in shallow-play in Bohai.

Significant progress was made in onshore unconventional gas exploration, and we efficiently promoted the exploration and appraisal of deep-play coalbed methane in Shenfu to further enhance the resource recovery potential.

In overseas, mid-to-deep play exploration of the Stabroek block in Guyana made positive progress with a new discovery, Lancetfish, and Fangtooth-1 DST test confirmed productivity for the layers in the 6,000m depth.

The Company drilled 181 exploration wells and acquired 6,391 square kilometres of 3D seismic data in the first half of the year. Major exploration activities are set out in the table below:

	Exploration Wells		Seismic Data
		Appraisal	3D
Type	Wildcat	Wells	(km²)
Offshore China (Independent)	39	64	6,191
Offshore China (PSC)	1	–	–
Onshore China (Unconventional)	47	23	200
Overseas	6	1	–
Total	93	88	6,391

Engineering construction, development and production

In the first half of the year, the Company strengthened its production organisation and efficiently accelerated the construction of production capacity. Among the new projects planned to commence production during the year, the Buzios5 project in Brazil has commenced production as scheduled, seven new projects, including Bozhong 19-6 condensate gas field Phase I, are under installation, and the construction of other new projects are advancing steadily.

The Company strengthened the streamlined management of production and implemented measures such as adjustment wells to increase production and explored the potential of production growth. As such, the natural decline rate of oilfields reduced to the best level in history, and remarkable results were made in maintaining and increasing production of producing oil and gas fields. Meanwhile, the Company strengthened the coordination of resources and promoted the early commissioning of key new projects to provide strong support for the rapid growth of production. In the first half of the year, the net oil and gas production reached 331.8 million BOE, a record high for the same period, representing a year-on-year increase of 8.9%.

By regions, the net oil and gas production from China was 231.2 million BOE, representing a year-on-year increase of 6.6%, mainly due to the production growth from oilfields such as Kenli 6-1 and Lufeng 15-1. The net oil and gas production from overseas was 100.7 million BOE, representing a year-on-year increase of 14.4%, mainly due to the production contribution from Liza Phase II in Guyana and Buzios oilfield in Brazil.

In the first half of the year, the production of crude liquids and natural gas of the Company accounted for 78% and 22%, respectively. Oil production grew by 8.3% year on year, mainly because of newly commissioned oilfields including Kenli 6-1; natural gas production grew by 10.9% year on year, mainly due to the production contribution from 3M gas field in Southeast Asia and the production growth of onshore China unconventional natural gas.

Production Summary

	First half of 2023			First half of 2022		
	Crude and liquids (million barrels)	Natural gas (bcf)	Total oil and gas (million BOE)	Crude and liquids (million barrels)	Natural gas (bcf)	Total oil and gas (million BOE)
China						
Bohai	102.3	34.3	108.0	96.0	32.3	101.4
Western South China Sea	19.4	123.2	40.8	18.8	116.1	38.9
Eastern South China Sea	56.5	72.1	68.5	53.4	73.3	65.6
East China Sea	1.1	26.7	5.5	1.3	13.7	3.6
Onshore	0.02	49.8	8.3	–	43.7	7.3
Subtotal	179.3	306.0	231.2	169.5	279.1	216.8
Overseas						
Asia (excluding China)	10.9	32.1	16.7	8.6	24.8	13.0
Oceania	0.9	26.1	6.0	0.7	20.6	4.8
Africa	8.0	3.4	8.6	14.1	3.0	14.6
North America (excluding Canada)	9.8	19.6	13.0	10.9	20.3	14.3
Canada	15.0	–	15.0	11.3	–	11.3
South America	30.6	27.6	35.4	17.4	25.7	21.9
Europe	5.8	0.6	5.9	7.9	1.2	8.1
Subtotal	81.1	109.4	100.7	71.0	95.7	88.0
Total*	260.4	415.5	331.8	240.5	374.7	304.8

* Including our interests in equity-accounted investees, which are approximately 10.2 million BOE for the first half of 2023 and approximately 10.0 million BOE for the first half of 2022.

Scientific and Technological Innovation

The Company continued to strengthen the key technology system and enhance its self-innovation capabilities. In the first half of the year, the Company continued to improve the reliability of intelligent water injection technology, which contributed to the further decrease of the natural decline rate of offshore oil fields. Meanwhile, the Company accelerated the innovative application of heavy oil thermal recovery development technology, which enabled significant production growth from offshore heavy oil thermal recovery.

The Company achieved remarkable results in construction of intelligent production. We steadily promoted the construction and optimization of unmanned platform and initially completed the formulation of standard system for smart oil fields. "Shenhai-1" smart gas field has been equipped with remote control production capacity, which is a crucial step towards the full-scale construction of the ultra-deepwater smart gas field.

Green Development

The Company accelerated the integrated development of new energy and oil and gas business. In the first half of the year, the world's first semi-submersible "Double Hundred" deep-sea floating wind power project was successfully connected to the grid for power generation in the Wenchang Oilfield in the South China Sea. "Haiyou Guanlan", the main production facility, has an installed capacity of 7.25 MW, which is expected to reduce approximately 22,000 tons of CO_2 emissions per year. The first offshore CCS demonstration project has been successfully put into use in the Enping 15-1 oilfield, and a preliminary system of offshore carbon dioxide capture, injection, storage, and monitoring technology and equipment has been established, filling the gap in China's offshore carbon dioxide storage technology.

The Company accelerated the construction of a green and low-carbon production system. We further expanded the scope of application of onshore power projects and continued to reduce energy consumption and carbon emission intensity across the development process of oil and gas fields. The Company actively expanded the scale of green electricity usage in offshore oil and gas fields and expected to consume 500 million kWh of green electricity within the year, equivalent to a carbon reduction of approximately 440,000 tons. Meanwhile, the gradual advancement of key projects such as flare gas recycling and utilization will help the Company effectively manage and control the carbon emission intensity in the future.

RURAL REVITALIZATION

In the first half of 2023, the Company made new progress in rural revitalization and agricultural modernization. In Wuzhishan City and Baoting County of Hainan Province and Nyima County of Tibet, we invested RMB62 million into 23 projects, covering industrial revitalization, educational assistance and infrastructure construction. Reassuring results have been achieved from these diversified projects. We have bred new industries, increased farmers' income, and significantly improved the living conditions of local communities.

ENVIRONMENTAL INFORMATION

Environmental protection information of the Company and its principal subsidiaries on the watch list of key pollutant discharging units published by the environmental protection authority

(1) Key pollutant discharge information of key pollutant discharging units

During the reporting period, 7 affiliated entities of the Company were identified as key pollutant discharging units (hereinafter referred to as "key pollutant discharging units") by the local competent ecological and environmental protection authorities, which were located in Tianjin, Huludao, Beihai, Chengmai, Dongfang and Sanya, respectively.

Among the main pollutants discharged by key pollutant discharging units during the reporting period, waste water mainly includes COD and ammonia nitrogen, etc; waste gas mainly includes SO_2, NO_X and soot. In addition, solid waste generated by key units mainly includes domestic garbage, general industrial solid waste, and hazardous waste. For the main pollutants, key pollutant discharging units utilize environmental pollution prevention and control facilities such as production sewage treatment systems, air pollution emission control devices, VOCs recovery and treatment facilities and sedimentation pond, and adopt techniques such as flotation, biochemical treatment, biodegradation, catalytic oxidation by RCO furnace, catalytic oxidation by condensation and adsorption, sedimentation, and efficient combustion to meet processing standards before they discharge pollutants through designated discharge outlet. During the reporting period, the above-mentioned environmental pollution prevention and control facilities were in normal operation.

There are a total of 5 wastewater discharge outlets in key pollutant discharging units, mainly distributed in production and domestic sewage discharge outlets; there are 48 waste gas emission outlets, mainly distributed in heat medium boilers, hot water boilers, heat medium furnaces, direct-fired furnaces, steam boilers and flare stacks. The emission standards adopted by the key pollutant discharging units include Integrated Wastewater Discharge Standard (《污水綜合排放標準》)(GB8978-1996), Wastewater Comprehensive Discharge Standard(《污水綜合排放標準》) (DB12/356-2018), the Integrated Wastewater Discharge Standard of Liaoning Province (《遼寧省污水綜合排放標準》) (DB21/1627-2008), Integrated Emission Standard of Air Pollutants(《大氣污染物綜合排放標準》) (GB16297-1996), Boiler Air Pollutant Emission Standard (《鍋爐大氣污染物排放標準》)(GB 13271-2014), Emission Standard of Air Pollutants from Boilers (《鍋爐大氣污染物排放標準》)(DB12/151-2020) and Emission Standard of Air Pollutants for Thermal Power Plants(《火電廠大氣污染物排放標準》) (GB 13223-2011).

During the reporting period, the emission information on the above major pollutants discharged by key pollutant discharging units include: COD emissions of 33.96 tonnes, ammonia nitrogen emissions of 0.92 tonnes, SO_2 emissions of 14.97 tonnes, NO_X emissions of 91.20 tonnes, soot emissions of 0.07 tonnes and particulate matter emissions of 1.42 tonnes, all of which did not exceed the applicable 2023 semi-annual approved emissions. In addition, some key pollutant discharging units used domestic sewage as gardening water in factories in accordance with the standard of gardening water stipulated in the Reuse of Urban Recycling Water – Water Quality Standard for Urban Miscellaneous Use (《城市污水再生利用城市雜用水水質》) (GB/T18920-2020). In accordance with the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Measures for the Management of Hazardous Waste Transfer(《危險廢物轉移管理辦法》) and other relevant provisions, key pollutant discharging units temporarily stored domestic garbage, general industrial solid waste, hazardous waste and other waste, and then pass them to disposal units with corresponding qualifications after sorting.

(2) Construction and operation of pollution prevention and control facilities

Adhering to the principle of "developing in protection and protecting in development", the Company considers conservation of ecological environment as the foundation of sustainable development, strictly complies with relevant laws and regulations and standards on environmental protection and further enhances the environmental protection management of the whole process of construction projects. It has invested about RMB321 million in environmental protection management and engineering in the first half of 2023.

The Company established pollution prevention and control facilities for waste gas, wastewater, solid waste and noise in accordance with the standards and requirements of national and local regulations on environmental protection and pollutant prevention and control, and prepared and improved self-monitoring programs to ensure their effective and stable operation. The Company strengthened whole-process management of construction projects in terms of environmental protection, and strictly implemented the management requirements of environmental impact assessment, completion acceptance, operation and other aspects of construction projects.

(3) Environmental impact assessment of construction projects and other administrative licenses for environmental protection

During the reporting period, the key pollutant discharging units implemented "three-simultaneous" system under which environmental protection facilities and main works are designed, constructed and put into operation at the same time. We carried out environmental impact assessment and environmental protection acceptance for construction projects in accordance with requirements and laws. As requested by competent ecological and environmental protection authorities under the government, the key pollutant discharging units have obtained and retained licenses such as Pollutant Discharge License and Radiation Safety License, and have completed formalities such as online filing of hazardous wastes and registration of pollutant discharge from stationary sources in accordance with the relevant applicable regulations on environmental protection.

(4) Contingency plan for environmental incidents and environmental self-monitoring plan

During the reporting period, the Company have made relevant efforts in line with the national contingency plan and management requirements on environmental incidents. The key pollutant discharging units prepared contingency plans for environmental incidents and environmental self-monitoring plans based on their own situations, and filed contingency plans for environmental incidents with their local competent environmental protection authorities as well as uploaded the environmental surveillance data to the platforms of the competent environmental protection authorities in a timely manner.

(5) Any administrative penalties caused by environmental issues during the reporting period

During the reporting period, the key pollutant discharging units of the Company were not subject to any administrative penalties regarding environmental protection due to environment issues.

During the reporting period, subsidiaries other than the key pollutant discharging units of the Company pushed forward environmental protection and fulfilled environmental protection responsibilities in accordance with the unified requirements of the Company, identified potential problems related to of environmental protection in a timely manner, maintained environmental pollution control facilities and minimized the impact from production and operation activities on the environment. For details of the environmental administrative penalties imposed on other subsidiaries of the Company, please refer to the information published on the websites of the government's competent ecological and environmental authorities.

Risk Management and Internal Control

Since its establishment, the Company has treated risk management, internal control and compliance management system as a top priority. The Company recognizes that it is the duty and obligation of its management to establish and maintain a risk management, internal control and compliance management system which serves the Company's strategic objectives and meets the Company's business practice.

The Board ensures that the Company establishes and maintains appropriate and effective risk management and internal control systems, strengthens the construction of compliance system on this basis, and regularly reviews their effectiveness. Such systems are designed to manage the risks a company may face in achieving its business objectives. The Board receives a report on risk management, internal control and compliance management systems from executives twice a year. All major risks are reported to the Board which also evaluates the risks and their response plan. Appropriate and effective risk management and internal control system can help the company reasonably reduce the possible loss caused by the occurrence of risks. The Company's Risk Management, Internal Control and Compliance Management Committee (RMICC Committee) is authorised by the Board to organise and carry out the Company's overall risk management and internal control. Its responsibilities include developing risk management and internal control systems, standardizing institutional framework, authorisation, responsibilities, processes and methods for the systems, continuously monitoring the operation of the systems, and regularly reporting the construction and compliance management of the systems to the Audit Committee and the Board.

Risk Management and Internal Control

RISK FACTORS

Although we have established the risk management system to identify, analyze, evaluate and respond to risks, our business activities may subject to the following risks.

MACRO ECONOMY AND POLICY RISKS

(1) Macro economy risk

The industry in which the Company operates is closely linked to the macro economy. The global economy lacks momentum and liquidity continues to tighten. Global services and manufacturing continue to recover. China's economy is driven by pro-consumption policies, service consumption accelerated release, and consumption is expected to recover moderately. Macro economy changes will affect the supply and downstream demand for oil and gas, which adversely may affect the Company's performance.

(2) Risk of changing international political and economic factors

The international political and economic situation is complex and changeable. The conflict between Russia and Ukraine has accelerated the profound changes in the world landscape and triggered violent shocks in the international energy market. If some of the countries in which we operate may be considered politically and economically unstable, our financial condition and operating results could be adversely affected.

The Arctic LNG 2 project in Russia, in which the Company has a 10% interest, has been adversely affected by sanctions stemming from the military conflict. Save that, as of the date of this report, other overseas projects of the company are not affected by the military conflict between Russia and Ukraine, and the production and operation situation is normal.

(3) Risk of industry policy changes

The ongoing oil and gas system reform in China may have certain impacts on the Company's business in China. In the future, the Company may face competition and challenges from a variety of competitors in the industry to obtain and retain exploration rights in oil and gas fields.

(4) Risk of climate change and environmental policy changes

With the coming into force of the Paris Agreement and the continuing growth of the public's awareness of climate change problems, China has put forward timeline target for "Carbon peak and Carbon neutrality". It is expected that the CO_2 emissions will increase as our production grows. CO_2 emissions arising from the burning of fossil fuels in oil and gas fields will continue to increase without a mature and reliable CO_2 reduction technologies in place. The Company expects to be supervised by relevant agencies and organizations in the future, we may experience additional costs, and our reputation may be adversely affected.

Our offshore operating platforms and exploration and development activities will generate sewage and solid wastes. If they are not properly handled, they may not meet the standard of discharge or the disposal process is not in compliance, which will damage our reputation and operations and increase costs, and even expose us to lawsuits and penalties.

MARKET RISKS

(1) Risk arising from volatility in oil and gas prices

Prices for crude oil and natural gas may fluctuate widely in response to relative changes in the supply and demand for crude oil and natural gas, market uncertainty and various other factors beyond our control. Volatility in oil and gas prices may impact our business, cash flows and profits fluctuate.

(2) Risk arising from increasing market competition

The new round of scientific and technological revolution and industrial transformation has a profound impact on the development of the energy industry. We compete in the PRC and other countries in which we operate with national oil companies, major integrated oil and gas companies and various other independent oil and gas companies for access to oil and gas resources, products, alternative energy, customers, capital financing, technology and equipment, talents and business opportunities. This could impact our business, financial condition and results of operations.

Risk Management and Internal Control

BUSINESS RISKS

(1) HSSE risk

Given the geographical area, operational diversity and technical complexity of our operations, every aspect of our daily operations exposes us to potential health, safety, security and environment (HSSE) risk. If a major HSSE risk materialises, it could result in casualties, environmental damage, disruption to business activities and material impact on our reputation, exclusion from bidding or eventually loss of our license to operate.

In addition, the Company's oil and gas transportation involves marine, land and pipeline transportation, which are subject to hazards such as capsizing, collision, acts of piracy and damage or loss from severe weather conditions, explosions and oil and gas spills and leakages. These hazards could result in serious personal injury or loss of human life, significant damage to property and equipment, environmental pollution, operating loss, risk of financial loss and reputational harm. We may not be able to arrange insurance coverage for all of these risks, and uninsured losses and liabilities arising from these hazards may have a material and adverse effect on our business, financial condition and results of operations.

(2) Risk of deviation between forward-looking judgments of oil and gas prices and the actuality

The Company will review the oil and natural gas price predictions on a periodic basis. Although we believe our current forward-looking predictions on long-term price range are prudent, if such predictions deviated in the future, it could have a material and adverse effect on us.

(3) Risk that the anticipated benefits from mergers and acquisitions and disposals may not be realized

Part of the Company's oil and gas assets are acquired through mergers and acquisitions. In mergers and acquisitions practice, mergers and acquisitions may not succeed due to various reasons. In the case of asset disposals, we may be held liable for past acts, or failures to act or perform obligations, and we may also be subject to liabilities if a purchaser fails to fulfill its commitments. These risks may result in an increase in our costs and inability to achieve our business goals.

(4) Risk of limited control over our investments in joint ventures and our joint operation with partners

Our limited ability to influence and control the operation or future development of such joint ventures could affect the realization of our target returns on capital investment and lead to unexpected future costs.

(5) Risk of high concentration of customers

During the reporting period, sales to major customers of the Company accounted for a relatively high proportion. If any of our major customers reduces its crude oil or natural gas purchases from us significantly, and the Company fails to find alternative customers in time, our results would be adversely affected.

(6) Risk of high supplier concentration

During the reporting period, procurement from the Company's major suppliers accounted for a relatively high proportion. Services procurement is our main procurement. We maintain a good working relationship with our major suppliers, and actively explore new suppliers to ensure supply adequacy and foster competition. However, if the major suppliers fail to continue to provide services to the Company due to accidental factors, and the Company fails to find suitable alternative suppliers, its operating activities may be disrupted and the performance would be adversely affected.

(7) Risk from irrealizable undeveloped reserves

There are various risks in developing reserves. Failure to develop these reserves in a timely and cost-effective manner could adversely affect the Company's results. The reliability of reserve estimates depends on a number of factors. The factors, assumptions and variables involved in estimating reserves are beyond our control and may be proved to be incorrect over time. That may result in volatility of our initial reserve data.

(8) Technology development and deployment risk

Technology and innovation are vital for us to enhance the Company's competitiveness in a competitive environment and exploration and development challenges. We strive to rely on technologies and innovations to realize our strategy and enhance our competitiveness and operation capacity. If our core technology reserves are insufficient, it may have a negative impact on the Company's reserves and production targets and cost control targets.

(9) Network security and IT infrastructure damage risk

Malicious attacks on our cyber system, negligence in the management of our cyber security and IT system and other factors may cause damage or breakdown to our IT infrastructure, which may disrupt our operations, result in loss or misuse of data or sensitive information, cause injuries, environmental harm or damages in assets, violate laws or regulations and result in potential legal liability. These actions could result in significant increase in costs or damage to our reputation.

(10) Risks to business and operations in Canada

Transportation and export infrastructure in Canada is limited, and without the construction of new transportation and export infrastructure, realization of our full oil and natural gas production capability may be affected.

Furthermore, First Nations in Canada have aboriginal land claims, including claims to certain mineral resources, in a substantial portion of western Canada. As a result, negotiations with First Nations prior to commencing future projects (including surface activities necessary to conduct mineral extraction) are prudent. Failure to successfully negotiate with affected First Nations may result in timing uncertainties or delays of future development activities.

FINANCIAL RISKS

(1) Exchange rate risk

The Company's oil and gas sales are substantially denominated in Renminbi and U.S. dollars. The Company may have exchange rate risk. When there is a capital gap in overseas capital expenditure, the Company needs to remit overseas payment by converting domestic RMB into USD, and the exchange rate fluctuation of RMB against USD brings certain exchange rate risks.

(2) Risk of foreign exchange control

Certain restrictions on dividend distribution imposed by the laws of the countries in which we operate may adversely affect our cash flows.

(3) Risk of related party transactions

We regularly enter into connected transactions with CNOOC Group and its affiliates. Certain connected transactions require a review by the regulatory authorities of the place where the shares are listed and are subject to prior approvals by our independent shareholders. If these transactions are not approved, the Company may not be able to proceed with these transactions as planned.

MANAGEMENT RISK

Risk caused by the actual controller's influence on the Company

CNOOC Group directly and indirectly owns or controls our shares. As a result, CNOOC Group can have an impact on the election of our Board members, our dividend payments and other decisions. Under current PRC laws, CNOOC Group has the exclusive right to enter into PSCs with foreign enterprises for petroleum resources exploitation in offshore China. Although CNOOC Group has undertaken to transfer all of its rights and obligations (except for those relating to administrative functions as a state-owned company) under any new PSCs that it enters into to us (save for certain exceptions), our strategies, results of operations and financial position may be adversely affected in the event CNOOC Group takes actions that favor its own interests over ours.

LEGAL RISKS

(1) Risk of violating anti-corruption, fraud, money laundering, corporate governance and other laws and regulations

Laws and regulations of the countries or regions in which we operate, such as laws on anti-corruption, anti-fraud, anti-money laundering and corporate governance, are constantly changing and becoming more comprehensive. If the Company, our directors, executives or employees fail to comply with any of such laws and regulations, it may expose us to prosecution or punishment, damage to our reputation and image, and our ability to obtain new resources and/or access to the capital markets, and it may even expose us to civil or criminal liabilities.

(2) Risk of violating laws and regulations related to data security

As a company with operations in various countries and regions, we are subject to data privacy and security laws in numerous jurisdictions as a result of having access to and processing confidential, personal or sensitive data in the course of our business. Therefore, compliance with the various data privacy regulations around the world may require significant expenditures.

RISK OF U.S. SANCTIONS

Different levels of the U.S. federal, state or local government may impose economic sanctions of varying severity against certain countries or regions and their residents or designated governments, individuals, and entities. It is impossible to predict whether the business of the Company or its affiliates, the countries/regions where the business is conducted or its partners will be affected by the U.S. sanctions regime in the future due to changes in the U.S. sanctions regime. If this happens, the Company may not be able to continue to carry out relevant business, or it may not be able to continue to carry out business in the affected countries or regions or with the affected partners, thus affecting investors' perception of the Company and investment in the Company, and harming the Company's opportunity or ability to obtain new business.

OVERALL RISK RESPONSE MEASURES

The Company has continued to improve the risk management and internal control management systems, coordinate responses to major risks, and form a whole-process risk management mechanism of "pre-prevention, in-process control and post-evaluation".

BRIEF INTRODUCTION OF THE GENERAL MEETING

Meeting session	Date of convention	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
2022 annual general meeting	31 May 2023	The HKSE's website (http://www.hkexnews.hk) The SSE's website (http://www.sse.com.cn) The Company's website (https://www.cnoocltd.com)	31 May 2023 (The HKSE's and the Company's website)/ 1 June 2023 (The SSE's website)	All total of the 11 resolutions proposed were duly passed at the meeting. No resolutions were voted against. For details, please refer to the Company's announcement published on the HKSE's website, the SSE's website and the Company's website.

DIRECTORS' INTERESTS

As at 30 June 2023, the interests and short positions of the Director and chief executive of the Company (current and resigned/retired during the reporting period) in the shares, underlying shares or debt securities of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which were required (i) to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the HKSE, or the interests which were required to be disclosed in accordance with the relevant regulations of the China Securities Regulatory Commission (the "CSRC") and the SSE, were as follows:

Name of Director	Nature of interest	Ordinary Hong Kong shares held	Approximate percentage of total issued Hong Kong shares	Ordinary A shares held	Approximate percentage of total issued A shares	Approximate percentage of total issued shares
Chiu Sung Hong	Beneficial interest	1,650,000	0.004%	–	–	0.003%
Lawrence J. Lau[1]	Beneficial interest	400,000	0.000%	–	–	0.000%

Note:

(1) Mr. 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, the number of Hong Kong shares disclosed above is as at 31 May 2023.

All the interests stated above represent long positions. As at 30 June 2023, save as disclosed above, none of the Directors and chief executive of the Company (current and resigned/retired during the reporting period) had any interests or short positions in the shares, underlying shares or debt securities of the Company or any associated corporations (within the meaning of the SFO) which were required (i) to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) pursuant to the Model Code, to be notified to the Company and the HKSE or had any interests which were required to be disclosed in accordance with the relevant regulations of the CSRC and the SSE.

During the six months ended 30 June 2023, no right to subscribe for shares, underlying shares or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any other person.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2023, so far as was known to the Directors and chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

		Ordinary Hong Kong shares held	Approximate percentage of total issued Hong Kong shares	Ordinary A shares held	Approximate percentage of total issued A shares	Approximate percentage of total issued shares
(i)	CNOOC (BVI) Limited(1)	28,772,727,268	64.55%	–	–	60.49%
(ii)	Overseas Oil & Gas Corporation, Ltd. ("OOGC")	28,772,727,273	64.55%	–	–	60.49%
(iii)	CNOOC Group	29,508,353,273	66.20%	–	–	62.04%

Note:

(1) CNOOC (BVI) Limited is a direct wholly-owned subsidiary of OOGC, which is a direct wholly-owned subsidiary of CNOOC Group. Accordingly, CNOOC (BVI) Limited's interests are recorded as the interests of OOGC and CNOOC Group.

All the interests stated above represent long positions. As at 30 June 2023, save as disclosed above, the Directors and chief executive of the Company are not aware of any other person having interests or short positions (other than the Directors and chief executives of the Company) in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

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 report 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 SSE.

Save as disclosed in this interim report, 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 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 CSRC and the SSE, 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 report 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 Xinhuai	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 report.

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

ANALYSIS ON CORE COMPETITIVENESS

Abundant oil and gas resources with leading production growth capacity in the industry

The Company has abundant resources and maintains a steady growth momentum in production. The reserve replacement ratio has been maintained at over 130% for consecutive years, and the reserve life has remained above 10 years, laying a resource foundation for increasing reserves and production. The Company continues to increase its development and production efforts, and its oil and gas production has maintained rapid growth for 5 consecutive years with a growth rate leading its peer companies.

Leading exploration and development activities in offshore China with obvious advantages in regional development

The exploration in offshore China is in a relatively early stage, with huge potential of oil and gas resources exploration. The Company is the dominant producer of oil and natural gas in offshore China with extensive experiences in oil and gas exploration and development and high exploration success rate in offshore China. At present, with over 120 oil and gas fields in production, we have established offshore production facilities and subsea piping systems which will provide strong support to regional exploration and development in the future.

In possession of a complete set of technical system for offshore oil and gas exploration and development

The Company has established a complete technology system for offshore oil and gas exploration, development and production. Breakthroughs have been made for ultra-deepwater oil and gas field development engineering in water depth of over 1,500 meters. The Company has made positive progress in key technical fields such as exploration in medium to deep play, enhanced recovery rate in producing oil and gas fields, subsea production system, and effective development of large-scale thermal recovery of heavy oil, which all provide strong support to the sustainable development of offshore oil and gas business.

Effective cost control and healthy financial performance

The Company has a complete cost control system, industry-leading cost competitive advantage and profitability. Over the years, the Company has maintained a sound ability to generate cash flow, and its financial condition remained at high level in the industry. The Company has a steady financial position with a low gearing ratio and strong financing ability.

In possession of a diversified asset portfolio

The Company has a diversified asset portfolio that possesses oil and gas assets worldwide. It holds interests in many world-class oil and gas projects, including Stabroek in Guyana and Buzios in Brazil. Its assets are distributed in more than 20 countries and regions around the world, which fully demonstrate the Company's strong capacity of globalized operation and management.

Pursuing green and low-carbon development concept

The Company adheres to the concept of green and low-carbon development, fully relies on the capability advantages in marine resource development, actively expanded business in new energy sector and accelerates the development of offshore wind power. Focusing on onshore power project and smart oilfield construction, it promoted the construction of a green and low-carbon management and control system. It also vigorously accelerated CCS/CCUS research, and strive to build a carbon reduction industrial chain.

OPERATING RESULTS

Revenue

Revenue of the Company decreased by 5% to RMB192,064 million from RMB202,355 million in the same period of last year, primarily due to the impacts of higher oil and gas sales volume and marketing sales volume and lower oil prices in the international market. Our oil and gas sales, realised prices and sales volume are as follows:

	First half of 2023	First half of 2022	Change Amount	Change %
Oil and gas sales (RMB million)	**151,686**	176,681	(24,995)	(14)
Crude and liquids	**129,933**	158,572	(28,639)	(18)
Natural gas	**21,753**	18,109	3,644	20
Sales volume (million BOE)*	**320.6**	295.3	25.3	9
Crude and liquids (million barrels)	**254.3**	235.9	18.4	8
Natural gas (bcf)	**385.9**	346.6	39.3	11
Realised prices				
Crude and liquids (US$/barrel)	**73.57**	103.85	(30.28)	(29)
Natural gas (US$/mcf)	**8.12**	8.07	0.05	1

* *Excluding our interest in equity-accounted investees.*

Operating expenses

Operating expenses of the Company increased by 9% to RMB16,103 million from RMB14,820 million in the same period of last year, primarily due to increase of production driven by oil and gas fields commencement. Our operating expenses per BOE was US$7.16 per BOE, representing a decrease of 8% as compared to US$7.77 per BOE for the same period of last year.

Exploration expenses

Exploration expenses of the Company decreased by 47% to RMB3,901 million from RMB7,405 million in the same period of last year, mainly due to the optimisation of exploration deployment and the improvement of exploration efficacy in the first half of the year.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation of the Company increased by 14% to RMB33,738 million from RMB29,507 million in the same period of last year, mainly due to the increase of production as a result of oil and gas field commencement.

The total amount of depreciation, depletion and amortisation (excluding the dismantling costs) increased by 14% to RMB31,577 million from RMB27,696 million. Our depreciation, depletion and amortisation per BOE (excluding the dismantling costs) decreased by 3% to US$14.14 per BOE from US$14.52 per BOE.

The total amount of dismantlement provision-related depreciation, depletion and amortisation increased by 19% to RMB2,161 million from RMB1,811 million. Our dismantlement cost per BOE was US$0.96 per BOE, in line with US$0.95 for the same period of last year.

Selling and administrative expenses

Selling and administrative expenses of the Company increased by 14% to RMB4,990 million from RMB4,378 million in the same period of last year, primarily due to the increased costs associated with increased oil and gas sales volume. Selling and administrative expenses per BOE decreased by 4% to US$2.19 per BOE from US$2.29 per BOE.

Interest income

Interest income of the Company increased by 106% to RMB2,300 million from RMB1,115 million in the same period of last year, mainly due to the growth in deposit interest rate of USD.

Income tax expense

Income tax expense of the Company decreased by 12% to RMB22,874 million from RMB26,015 million in the same period of last year, mainly due to the decline in the Company's overall profit before tax resulted from the decline in international oil price.

Net profit

Net profit of the Company decreased by 11% to RMB63,748 million from RMB71,883 million in the same period of last year, mainly due to the Company's continuous efforts in increasing reserves and production as well as enhancing quality and efficiency, which effectively resisted the adverse impact of the decline in international oil price.

Management's Discussion and Analysis

Assets, liabilities and equity

Items	30 June 2023 (RMB Million)	31 December 2022 (RMB Million)	Change (%)
Current assets	**270,289**	264,679	2
Non-current assets	**728,785**	664,352	10
Total assets	**999,074**	929,031	8
Current liabilities	**152,289**	113,391	34
Non-current liabilities	**209,059**	217,257	(4)
Total liabilities	**361,348**	330,648	9
Equity attributable to equity shareholders of the Company	**636,537**	597,182	7
Non-controlling interests	**1,189**	1,201	(1)
Total equity	**637,726**	598,383	7

The Company's financial position continued to maintain solid. As of 30 June 2023, our total assets and total liabilities reached RMB999,074 million and RMB361,348 million, respectively. In particular:

Current assets amounted to RMB270,289 million, an increase of 2% from RMB264,679 million at the end of 2022, mainly due to the increase in cash and cash equivalents.

Non-current assets amounted to RMB728,785 million, an increase of 10% from RMB664,352 million at the end of 2022, mainly due to the increase in property, plant and equipment, other non-current assets and other non-current financial assets.

Current liabilities amounted to RMB152,289 million, an increase of 34% from RMB113,391 million at the end of 2022, mainly due to the increase in dividends payable.

Non-current liabilities amounted to RMB209,059 million, a decrease of 4% from RMB217,257 million at the end of 2022, mainly due to the decrease in loans and borrowings.

Cash flow

Item	Amount for the period (RMB Million)	Amount for the same period of last year (RMB Million)	Change (%)
Net cash flows from operating activities	**99,618**	102,227	(3)
Net cash flows used in investing activities	**(50,244)**	(34,205)	47
Net cash flows (used in)/from financing activities	**(21,796)**	18,128	(220)

In the first half of 2023, the Company continued to maintain healthy cash flow position. Net cash flows from operating activities reached RMB99,618 million, representing a year-on-year decrease of 3%, mainly due to the decrease in cash flow from oil and gas sales resulted from the decline of international oil price. Net cash flows used in investing activities reached RMB50,244 million, representing a year-on-year increase of 47%, mainly due to the increase in cash outflow from investment in oil and gas assets resulted from the increase in reserves and production. Net cash flows used in financing activities reached RMB21,796 million, representing a year-on-year change of 220%, mainly due to the year-on-year increase in the repayment of financial notes due in the current period and cash received from the listing of the Company's A shares at the same period of last year.

Capital expenditure

In the first half of the year, the capital expenditure budget of the Company was well implemented, which provided strong support for increasing reserves and production. Capital expenditure reached RMB56,514 million in total, representing an increase of 36% compared with the same period of last year. The changes are as follows:

	First half of 2023 (RMB Million)	First half of 2022 (RMB Million)	Change	
			Amount (RMB Million)	%
Exploration	**9,815**	8,674	1,141	13
Development	**35,500**	21,867	13,633	62
Production Capitalization	**10,690**	10,422	268	3
Others	**509**	609	(100)	(16)
Total	**56,514**	41,571	14,943	36

* Above amounts exclude capitalized interest of RMB937 million and RMB1,254 million in first half of 2022 and first half of 2023 respectively.

Gearing ratio

As of 30 June 2023, the Company and its subsidiaries' gearing ratio was 15.98%, representing a decrease of 2.36 percentage points from the end of last year. The gearing ratio is calculated by dividing interest-bearing liabilities by total capital (the total of shareholders' equity and interest-bearing liabilities).

Pledge of assets

For the pledged assets of the Company as of 30 June 2023, please refer to note 9 to the unaudited interim condensed consolidated financial statements of this interim report.

WORK PLAN FOR THE SECOND HALF OF THE YEAR

In the second half of the year, the Company will insist on value exploration, focus on key exploration areas and continue to increase reserves and production. We will promote production capacity construction in an efficient manner under the principle of safety production to ensure that we reach the annual goals of production and operation successfully. We will continue to strengthen refined management, maintain our cost competitiveness and improve our capabilities of value creation.

DESCRIPTION OF CHANGE IN SHARES AND USE OF LISTING PROCEEDS

On 21 April 2023, the strategic placement restricted shares of RMB ordinary share (A share) issued by the Company at the initial public offering began their circulation and trading. The number of restricted shares in circulation was 1,091,666,663 shares, and the number of the circulating shares in circulation which are not subject to selling restrictions increased accordingly. This matter did not lead to any change in the total share capital of the Company.

Proceeds from the initial public offering of RMB ordinary shares are applied to the following projects:

Planned use of proceeds	Committed investment amount (RMB million)	Unaudited utilised proceeds as of 30 June 2023 (RMB million)	Unaudited unutilised proceeds as of 30 June 2023 (RMB million)	Expected timetable for use of the unutilised proceeds
Payara oil field development in Guyana	5,200.00	3,841.82	1,358.18	
Liuhua 11-1/4-1 oil field secondary development	6,500.00	2,462.99	4,037.01	
Liza oil field phase II in Guyana	2,200.00	2,153.98	46.02	
Lufeng oil fields development	3,500.00	2,610.18	889.82	
Lingshui 17-2 gas field development	3,000.00	2,806.97	193.03	Expected to be used up by 31 December 2026
Lufeng 12-3 oil field development	1,000.00	1,000.00	–	
Qinhuangdao 32-6/Caofeidian 11-1 oil fields onshore power application construction project	1,000.00	825.78	174.22	
Luda 6-2 oil field development	500.00	500.00	–	
Replenishment of working capital	9,199.09	9,162.84	36.25	
Total	**32,099.09**	**25,364.57**	**6,734.52**	

For the six months ended 30 June 2023
(All amounts expressed in millions of Renminbi, except per share data)

	Notes	Six months ended 30 June 2023	2022
REVENUE			
Revenue recognised from contracts with customers			
Oil and gas sales	*3*	**151,686**	176,681
Marketing revenues	*3*	**35,564**	21,527
Other revenue		**4,814**	4,147
		192,064	202,355
EXPENSES			
Operating expenses		**(16,103)**	(14,820)
Taxes other than income tax	*6(ii)*	**(8,369)**	(9,220)
Exploration expenses		**(3,901)**	(7,405)
Depreciation, depletion and amortisation		**(33,738)**	(29,507)
Special oil gain levy	*6(iii)*	**(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)
		(107,791)	(105,291)
PROFIT FROM OPERATING ACTIVITIES		**84,273**	97,064
Interest income		**2,300**	1,115
Finance costs	*5*	**(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
PROFIT BEFORE TAX		**86,622**	97,898
Income tax expense	*6(i)*	**(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)
		63,748	71,883

For the six months ended 30 June 2023
(All amounts expressed in millions of Renminbi, except per share data)

	Notes	Six months ended 30 June 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)	7	**1.34**	1.57
Diluted (RMB Yuan)	7	**1.34**	1.57

Details of the interim dividends declared for the period are disclosed in note 8 to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position (unaudited)

30 June 2023
(All amounts expressed in millions of Renminbi)

	Notes	30 June 2023	31 December 2022
NON-CURRENT ASSETS			
Property, plant and equipment	9	565,649	532,719
Right-of-use assets	9	10,971	10,465
Intangible assets	10	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	17	982	1,075
Deferred tax assets		31,189	29,885
Other non-current assets		32,895	12,680
Other non-current financial assets	17	12,186	6,026
Total non-current assets		728,785	664,352
CURRENT ASSETS			
Inventories and supplies		6,065	6,239
Trade receivables	11	37,056	37,992
Other financial assets	17	82,966	88,209
Derivative financial instruments	17	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		270,289	264,679
CURRENT LIABILITIES			
Loans and borrowings	13	22,048	22,817
Trade and accrued payables	12	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		152,289	113,391
NET CURRENT ASSETS		118,000	151,288
TOTAL ASSETS LESS CURRENT LIABILITIES		846,785	815,640

30 June 2023
(All amounts expressed in millions of Renminbi)

	Notes	30 June 2023	31 December 2022
NON-CURRENT LIABILITIES			
Loans and borrowings	*13*	**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		**209,059**	217,257
NET ASSETS		**637,726**	598,383
EQUITY			
Issued capital	*14*	**75,180**	75,180
Reserves		**561,357**	522,002
Equity attributable to equity shareholders of the Company		**636,537**	597,182
Non-controlling interests		**1,189**	1,201
TOTAL EQUITY		**637,726**	598,383

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2023
(All amounts expressed in millions of Renminbi)

	Attributable to equity shareholders of the Company								
	Issued capital	Cumulative translation reserves	Statutory and non-distributable reserves	Other reserves	Retained earnings	Proposed final dividend	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	43,081	(17,712)	70,000	1,180	384,363	–	480,912	1,064	481,976
Profit/(loss) for the period	–	–	–	–	71,887	–	71,887	(4)	71,883
Other comprehensive income, net of tax	–	10,016	–	1,146	–	–	11,162	–	11,162
Total comprehensive income/(expense)	–	10,016	–	1,146	71,887	–	83,049	(4)	83,045
Special dividend	–	–	–	–	(47,372)	–	(47,372)	–	(47,372)
Issue of shares, net of transaction costs	32,099	–	–	–	–	–	32,099	–	32,099
Capital contributions from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	62	62
Transfer of fair value reserve upon the disposal of equity investments	–	–	–	(113)	113	–	–	–	–
Others	–	–	–	3	–	–	3	–	3
Balance at 30 June 2022	75,180	(7,696)	70,000	2,217	408,990	–	548,691	1,122	549,813
Balance at 1 January 2023	**75,180**	**232**	**70,000**	**2,785**	**417,375**	**31,610**	**597,182**	**1,201**	**598,383**
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**63,761**	**-**	**63,761**	**(13)**	**63,748**
Other comprehensive income/(expense), net of tax	**-**	**7,506**	**-**	**(108)**	**-**	**-**	**7,398**	**-**	**7,398**
Total comprehensive income/(expense)	**-**	**7,506**	**-**	**(108)**	**63,761**	**-**	**71,159**	**(13)**	**71,146**
2022 final dividend	**-**	**-**	**-**	**-**	**(204)**	**(31,610)**	**(31,814)**	**-**	**(31,814)**
Others	**-**	**-**	**-**	**10**	**-**	**-**	**10**	**1**	**11**
Balance at 30 June 2023	**75,180**	**7,738**	**70,000**	**2,687**	**480,932**	**-**	**636,537**	**1,189**	**637,726**

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

For the six months ended 30 June 2023
(All amounts expressed in millions of Renminbi)

	Six months ended 30 June	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**119,302**	125,889
Income taxes paid	**(19,684)**	(23,662)
Net cash flows from operating activities	**99,618**	102,227
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	**(49,226)**	(31,804)
Additions to investments in associates	**(1,676)**	(330)
(Increase)/decrease in time deposits with maturity over three months	**(3,186)**	4,954
Dividends received from associates	**148**	199
Dividends received from a joint venture	**136**	45
Interest received	**3,302**	1,136
Investment income received	**1,061**	843
Purchase of other financial assets	**(33,807)**	(45,896)
Proceeds from sale of other financial assets	**33,000**	36,586
Proceeds from disposal of property, plant and equipment	**4**	62
Net cash flows used in investing activities	**(50,244)**	(34,205)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**–**	32,099
Repayment of guaranteed notes	**(17,374)**	(9,726)
Repayments of lease liabilities	**(1,743)**	(903)
Proceeds from bank loans	**107**	89
Repayment of bank loans	**(157)**	(923)
Interest paid	**(2,629)**	(2,570)
Others	**–**	62
Net cash flows (used in)/from financing activities	**(21,796)**	18,128
NET INCREASE IN CASH AND CASH EQUIVALENTS	**27,578**	86,150
Cash and cash equivalents at beginning of the period	**85,633**	41,432
Effect of foreign exchange rate changes, net	**854**	1,990
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**114,065**	129,572

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

1. ORGANISATION AND PRINCIPAL ACTIVITIES

CNOOC Limited (the "Company") was incorporated in the Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC") on 20 August 1999 to hold the interests in certain entities thereby creating a group comprising the Company and its subsidiaries. The Company and its subsidiaries are principally engaged in the exploration, development, production and sales of crude oil and natural gas.

The registered office address of the Company is 65/F, Bank of China Tower, 1 Garden Road, Hong Kong.

In the opinion of directors of the Company (the "Directors"), the ultimate holding company of the Company is China National Offshore Oil Corporation ("CNOOC Group"), a company established in the PRC.

As at 30 June 2023, the Company had direct or indirect interests in the following principal subsidiaries, joint venture and associates:

Name of entity	Place of establishment	Nominal value of ordinary shares issued and paid-up/registered capital	Percentage of equity attributable to the Company and its subsidiaries	Principal activities
Directly held subsidiaries:				
CNOOC China Limited[(1)]	Tianjin, PRC	RMB48 billion	100%	Offshore petroleum and natural gas exploration, development, production and sales, and shale gas exploration in the PRC
CNOOC International Trading Co., Ltd.[(1)]	Hainan, PRC	RMB400 million	100%	Sales and trading of petroleum and natural gas
CNOOC International Limited	British Virgin Islands	US$24,000,000,002	100%	Investment holding

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

1. ORGANISATION AND PRINCIPAL ACTIVITIES (CONTINUED)

As at 30 June 2023, the Company had direct or indirect interests in the following principal subsidiaries, joint venture and associates: (continued)

Name of entity	Place of establishment	Nominal value of ordinary shares issued and paid-up/registered capital	Percentage of equity attributable to the Company and its subsidiaries	Principal activities
Indirectly held subsidiaries[2]:				
CNOOC Exploration & Production Nigeria Limited	Nigeria	NGN10 million	100%	Petroleum and natural gas exploration, development and production in Africa
CNOOC Petroleum North America ULC	Canada	13,671,421,700 common shares without a par value	100%	Petroleum and natural gas exploration, development and production in Canada
CNOOC Canada Energy Ltd.	Canada	100 common shares without a par value 103,000 preferred shares without a par value	100%	Oil sands exploration, development and production in Canada
CNOOC Petroleum Europe Limited	England and Wales	GBP98,009,131	100%	Petroleum and natural gas exploration, development and production in the UK
CNOOC Energy U.S.A. LLC	USA	N/A	100%	Petroleum and natural gas exploration, development and production in the USA
CNOOC Petroleum Offshore U.S.A. Inc.	USA	US$15,830	100%	Petroleum and natural gas exploration, development and production in the USA
CNOOC PETROLEUM BRASIL LTDA.	Brazil	R$7,830,661,300	100%	Petroleum and natural gas exploration, development and production in Brazil
CNOOC Petroleum Guyana Limited	Barbados	US$200,100	100%	Petroleum and natural gas exploration, development and production in Guyana

1. ORGANISATION AND PRINCIPAL ACTIVITIES (CONTINUED)

As at 30 June 2023, the Company had direct or indirect interests in the following principal subsidiaries, joint venture and associates: (continued)

Name of entity	Place of establishment	Nominal value of ordinary shares issued and paid-up/registered capital	Percentage of equity attributable to the Company and its subsidiaries	Principal activities
Joint venture:				
BC ENERGY INVESTMENTS CORP.	British Virgin Islands	US$102,325,582	50%	Investment holding
Associates:				
CNOOC Finance Corporation Limited[3]	Beijing, PRC	RMB4 billion	31.8%	Provision of deposit, transfer, settlement, loan, discounting and other financing services to CNOOC Group and its member entities
Arctic LNG 2 LLC	Russian Federation	RUB15,976 million	10%	Exploration and development of natural gas and production and marketing of liquefied natural gas in Russia

(1) Registered as a wholly foreign owned enterprise under the PRC law.

(2) All subsidiaries are indirectly held through CNOOC International Limited.

(3) Registered as limited liability company under the PRC law.

The above table lists the subsidiaries, joint venture and associates of the Company which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the total assets of the Company and its subsidiaries. To give details of other subsidiaries and associates would, in the opinion of the Directors, result in particulars of excessive length.

2. 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").

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 interim report 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.

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.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

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

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.

3. 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.

30 June 2023
(All amounts expressed in millions of Renminbi, except number of shares and unless otherwise stated)

4. SEGMENT INFORMATION

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

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

	E&P		Trading business		Corporate		Eliminations		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
External revenue	**43,993**	49,473	**147,844**	152,658	**227**	224	**-**	–	**192,064**	202,355
Intersegment revenue*	**112,693**	131,147	**(112,274)**	(131,147)	**44**	1	**(463)**	(1)	**-**	–
Total revenue**	**156,686**	180,620	**35,570**	21,511	**271**	225	**(463)**	(1)	**192,064**	202,355
Segment profit/(loss) for the period	**61,004**	70,332	**2,405**	627	**3,206**	1,090	**(2,867)**	(166)	**63,748**	71,883

	E&P		Trading business		Corporate		Eliminations		Consolidated	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022
Other segment information										
Segment assets	**632,400**	553,842	**37,362**	34,702	**532,193**	546,570	**(202,881)**	(206,083)	**999,074**	929,031
Segment liabilities	**(335,530)**	(339,134)	**(27,524)**	(27,625)	**(219,248)**	(188,591)	**220,954**	224,702	**(361,348)**	(330,648)

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

** 62% (six months ended 30 June 2022: 69%) of the Company and its subsidiaries' revenues recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income are generated from the PRC customers, and revenues generated from customers in other locations are individually less than 10%.

5. FINANCE COSTS

Accretion expenses of approximately RMB1,428 million (six months ended 30 June 2022: approximately RMB1,419 million) relating to the provision for dismantlement liabilities have been recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2023.

6. TAX

(i) 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. TAX (CONTINUED)

(ii) Other taxes

The Company's PRC subsidiaries pay the following other taxes and dues:

– Production tax at the rate of 5% on production under production sharing contracts;

– Value added tax ("VAT") at the rates of 9% or 13% on taxable sales under independent oil and gas fields.

  The VAT payable is calculated using the taxable sales amount multiplied by the applicable tax rate less relevant deductible input VAT;

– Resource tax at the rate of 6% (reduced tax rates may apply to specific products and fields) on the oil and gas sales revenue derived by oil and gas fields under production sharing contracts signed after 1 November 2011 and independent offshore oil and gas fields, except for those under production sharing contracts signed before 1 November 2011 which will be subject to related resource tax requirement after the expiration of such production sharing contracts;

– City construction tax at the rates of 1% or 7% on the production taxes and VAT paid;

– Educational surcharge at the rate of 3% on the production taxes and VAT paid; and

– Local educational surcharge at the rate of 2% on the production taxes and VAT paid.

In addition, other taxes paid and payable by the Company's non-PRC subsidiaries include royalty as well as taxes levied on petroleum-related income, budgeted operating and capital expenditure.

(iii) Special oil gain levy

A Special Oil Gain Levy ("SOG Levy") was imposed at a five-level progressive rates from 20% to 40% on the portion of the monthly weighted average sales price of the crude oil lifted in the PRC exceeding US$65 per barrel. The SOG Levy paid can be claimed as a deductible expense for corporate income tax purposes and is calculated based on the actual volume of the crude oil entitled.

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

7. EARNINGS PER SHARE

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

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

8. 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%.

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, additions to the Company and its subsidiaries' property, plant and equipment, amounted to approximately RMB57,136 million (six months ended 30 June 2022: approximately RMB39,428 million).

During the current interim period, the Company and its subsidiaries entered into several new lease agreements. The Company and its subsidiaries are required to make fixed monthly payments and additional variable payments depending on the usage of the asset during the contract period. On lease commencement date, the Company and its subsidiaries recognised right-of-use assets of RMB1,466 million and lease liabilities of RMB1,466 million, which include right-of-use assets of approximately RMB1,413 million for leases with CNOOC Group, its subsidiaries (excluding the Company and its subsidiaries) and associates.

The interest of the Company and its subsidiaries in the North West Shelf ("NWS") Project in Australia has been collateralised to the other partners and the operator of the project as security for certain of the Company and its subsidiaries' liabilities relating to the project.

Included in the current period's additions was an amount of approximately RMB1,254 million (six months ended 30 June 2022: approximately RMB937 million) in respect of interest capitalised in property, plant and equipment.

10. INTANGIBLE ASSETS

The intangible assets of the Company and its subsidiaries comprise software and others, gas processing rights under NWS Project, marketing transportation and storage contracts, exploration rights and goodwill. The intangible asset regarding the gas processing rights has been amortised upon the commercial production of the liquefied natural gas on a unit-of-production basis over the total proved reserves of the relevant asset. The intangible assets regarding the marketing transportation and storage contracts are amortised on a straight-line basis over the life of the contracts which is less than 20 years. Other identifiable intangible assets are amortised on a straight-line basis over a period ranging from 3 to 5 years.

Goodwill is acquired in the acquisition of Nexen Inc., and from the acquisition date, allocated to the E&P segment, which are the groups of cash-generating units that are expected to benefit from the synergies of the acquisition.

In assessing value in use of E&P segment, the key assumptions include, but are not limited to, future commodity prices, future production estimates, estimated future capital expenditures, estimated future operating expenses and the discount rate. The discount rate used for value in use is derived from the Company's WACC and is adjusted, where applicable, to take into account any specific risks relating to the country where the asset is located as well as the asset specific characteristics, such as specific tax treatments, cash flow profiles and economic life. However, actual results could differ from those estimates.

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

11. 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**
	37,151	**95**	**0.26**

	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
	38,092	100	0.26

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.

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

12. 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
	63,520	59,789

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.

13. LOANS AND BORROWINGS

Current[(1)]

	Effective interest rate and final maturity	30 June 2023	31 December 2022
Short-term loans and borrowings			
– General loans	1.08% per annum	4,303	4,303
		4,303	4,303
Loans and borrowings due within one year			
– For Tangguh LNG III Project[(3)]	LIBOR+1.37% to 3.45% per annum with maturity within one year	491	419
– For Arctic LNG 2 Project[(4)]	EURIBOR+1.2% per annum with maturity within one year	74	48
– General Loans	LPR-1.05% to LPR-0.8% per annum with maturity within one year	2	3
– Notes[(2)]		17,178	18,044
		17,745	18,514
		22,048	22,817

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

13. LOANS AND BORROWINGS (CONTINUED)

Non-current[1]

	Effective interest rate and final maturity	30 June 2023	31 December 2022
For Tangguh LNG III Project[3]	LIBOR+1.37% to 3.45% per annum from 2024 to 2029	2,706	2,801
For Arctic LNG 2 Project[4]	EURIBOR+1.2% per annum with maturity in 2026	6,223	5,864
General loans	LPR-1.05% to LPR-0.8% per annum with maturity from 2024 to 2033	2,729	2,622
Notes[2]		78,594	91,858
		90,252	103,145

(1) The amount of loans and borrowings included interest payable.

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

13. LOANS AND BORROWINGS (CONTINUED)

(2) The detail of notes are as follows:

Issued by	Maturity	Coupon Rate	Outstanding Principal Amount 30 June 2023 USD million	31 December 2022 USD million
CNOOC Finance (2003) Limited	Due in 2033	5.500%	**300**	300
CNOOC Finance (2011) Limited	Due in 2041	5.75%	**500**	500
CNOOC Finance (2012) Limited	Due in 2042	5.000%	**500**	500
CNOOC Finance (2013) Limited	Matured in 2023	3.000%	**–**	2,000
CNOOC Finance (2013) Limited	Due in 2043	4.250%	**500**	500
CNOOC Finance (2013) Limited	Due in 2029	2.875%	**1,000**	1,000
CNOOC Finance (2013) Limited	Due in 2049	3.300%	**500**	500
CNOOC Finance (2014) ULC	Due in 2024	4.250%	**2,250**	2,250
CNOOC Finance (2014) ULC	Due in 2044	4.875%	**500**	500
CNOOC Petroleum North America ULC	Due in 2028	7.4%	**160**	160
CNOOC Petroleum North America ULC	Due in 2032	7.875%	**404**	431
CNOOC Petroleum North America ULC	Due in 2035	5.875%	**728**	732
CNOOC Petroleum North America ULC	Due in 2037	6.4%	**1,195**	1,195
CNOOC Petroleum North America ULC	Due in 2039	7.5%	**690**	696
CNOOC Finance (2015) Australia Pty Ltd.	Due in 2045	4.200%	**300**	300
CNOOC Finance (2015) U.S.A. LLC	Matured in 2023	3.75%	**–**	450
CNOOC Finance (2015) U.S.A. LLC	Due in 2025	3.500%	**2,000**	2,000
CNOOC Finance (2015) U.S.A. LLC	Due in 2028	4.375%	**1,000**	1,000

All the notes issued mentioned above were fully and unconditionally guaranteed by the Company.

(3) In connection with the financing for the third LNG process train of Tangguh LNG Project in Indonesia, the Company delivered two guarantees dated 3 August 2016, in favor of Mizuho Bank, Ltd., which acts as the facility agent for and on behalf of various international commercial banks and Indonesian local commercial banks under two commercial loan agreements with aggregate loan amount of US$2,145 million. The Company guarantees the payment obligations of the trustee borrower under the subject loan agreements and is subject to an aggregate maximum cap of approximately US$573 million.

(4) As at 30 June 2023, EUR790 million of the bank loans for Arctic LNG 2 Project (31 December 2022: EUR790 million) were guaranteed by the Company.

There was no default of principal, interest or redemption terms of the loans and borrowings during the period.

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

14. 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	47,566,763,984	75,180
As at 30 June 2023	47,566,763,984	75,180

(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”.

15. RELATED PARTY TRANSACTIONS

As disclosed in note 1, the Company is a subsidiary of CNOOC Group, which is a state-owned enterprise subject to the control of the State Council of the PRC. The State Council of the PRC directly and indirectly controls a significant number of state-owned entities and organisations.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

Comprehensive framework agreement with CNOOC Group in respect of a range of products and services

As the Company and its subsidiaries are controlled by CNOOC Group, transactions with CNOOC Group and its Associates (Associate has the meaning ascribed in Chapter 14A of the Listing Rules of Stock Exchange.) are disclosed as related party transactions. The connected transactions or continuing connected transactions defined in Chapter 14A of the Listing Rules of Stock Exchange in respect of items listed below also constitute related party transactions. The Company has complied with the relevant disclosure requirements of the China Securities Regulatory Commission, the Hong Kong Stock Exchange and the SSE in respect of the continuing connected transactions listed below. The Company entered into a comprehensive framework agreement with CNOOC Group on 2 November 2022 for the provision (1) by the Company and its subsidiaries to CNOOC Group and/or its Associates and (2) by CNOOC Group and/or its Associates to the Company and its subsidiaries, 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 term of the comprehensive framework agreement is for a period of three years from 1 January 2023. The continuing connected transactions under the comprehensive framework agreement and the relevant annual caps for the three years from 1 January 2023 were approved by the independent shareholders of the Company on 29 November 2022. The approved continuing connected transactions are as follows:

(1) Provision of exploration, development, production as well as sales, management and ancillary services by CNOOC Group and/or its Associates to the Company and its subsidiaries:

(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) Floating production, storage and offloading ("FPSO") vessel leases.

(2) Sales of petroleum and natural gas products and green power products by the Company and its subsidiaries to CNOOC Group 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.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

Pricing principles

The basic pricing principle for the continuing connected transactions between the Company and its subsidiaries and CNOOC Group 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 the local, national or international market prices.

The continuing connected transactions referred to in paragraph (1)(a)-(1)(b) above provided by CNOOC Group and/or its Associates to the Company and its subsidiaries and (2)(a)-(2)(b) above provided by the Company and its subsidiaries to CNOOC Group and/or its Associates, on the basis of the above pricing principle, are determined through arm's length negotiations based on market prices (as defined in the comprehensive framework agreement).

The continuing connected transactions referred to in paragraph (1)(c)-(1)(d) above provided by CNOOC Group and/or its Associates to the Company and its subsidiaries, on the basis of the above pricing principle, are based on government-prescribed price or market prices.

The continuing connected transactions referred to in paragraph (1)(e) on the basis of the above pricing principle, are unanimously determined with CNOOC Group and/or its Associates which provides the FPSO vessel leases after arm's length negotiation in accordance with normal commercial terms.

The continuing connected transactions referred to in paragraph (2)(c) provided by the Company and its subsidiaries to CNOOC Group and/or its Associates, are traded fairly through listing, bidding, bilateral negotiation, rolling matchmaking, etc.

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Company and its subsidiaries and its related parties during the period and the balances arising from related party transactions at the end of the period:

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2023	2022
Provision of exploration and support services	**6,432**	5,716
– Inclusive of amount capitalised under property, plant and equipment	**4,430**	3,584
Provision of development and support services (including new energy business)	**26,976**	19,500
Provision of production and support services (including new energy business) (note (a))	**7,281**	6,643
Provision of sales, management and ancillary services (note (b))	**830**	705
FPSO vessel leases (note (c))*	**466**	491
	41,985	33,055

* For the right-of-use assets recognised during this period from the lease agreements with CNOOC Group and/or its Associates please refer to note 9.

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Sales of petroleum and natural gas products and green power products by the Company and its subsidiaries to CNOOC Group and/or its Associates

	Six months ended 30 June	
	2023	2022
Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) (note (d))	**95,399**	113,905
Long-term sales of natural gas and liquefied natural gas (note (e))	**12,979**	12,081
	108,378	125,986

(iii) Transactions and Balances with CNOOC Finance Corporation Limited ("CNOOC Finance") (note (f))

(a) Interest income received by the Company and its subsidiaries

	Six months ended 30 June	
	2023	2022
Interest income from deposits in CNOOC Finance	**180**	211

(b) Deposits balances made by the Company and its subsidiaries

	30 June 2023	31 December 2022
Deposits in CNOOC Finance	**21,925**	22,308

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Balances with CNOOC Group and/or its Associates

	30 June 2023	31 December 2022
Amount due to CNOOC Group		
– included in trade and accrued payables, other payables and accrued liabilities	**127**	246
Amounts due to its Associates		
– included in trade and accrued payables, contract liabilities, other payables and accrued liabilities	**37,690**	34,371
– included in lease liabilities	**5,781**	5,146
	43,598	39,763
Borrowings from CNOOC Group and/or its Associates (note (g))	**5,185**	5,154
Amounts due from its Associates		
– included in trade receivables	**16,527**	20,541
– included in other current assets	**932**	647
	17,459	21,188

(v) Balance with a joint venture and associates

	30 June 2023	31 December 2022
Amount due from a joint venture and associates		
– included in trade receivables and other current assets	**203**	190

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(vi) Transactions and balances with other state-owned enterprises

The Company and its subsidiaries enter into extensive transactions covering sales of crude oil and natural gas, purchase of property, plant and equipment and other assets, receiving of services, and making deposits with state-owned enterprises, other than CNOOC Group and/or its Associates, in the normal course of business on terms comparable to those with non-state-owned enterprises. The purchases of property, plant and equipment and other assets, and receipt of services from these state-owned enterprises are individually not significant. The individually significant sales transactions with the state-owned enterprises customers: 12% (six months ended 30 June 2022: 5%) of the Company and its subsidiaries' revenue in the six-month period ended 30 June 2023 is generated from crude oil and natural gas sold to China Petroleum & Chemical Corporation. The customer is controlled by the Chinese government. Other transactions with enterprises which are controlled, jointly controlled or significantly influenced by the same government are individually not significant and are in the ordinary course of business. In addition, the Company and its subsidiaries have certain of its cash in bank and time deposits with certain state-owned banks in the PRC as at 30 June 2023, as summarised below:

	30 June 2023	31 December 2022
Cash and cash equivalents	**56,116**	27,264
Time deposits with maturity over three months	**25,597**	20,264
Specified dismantlement fund accounts, included in other non-current assets	**8,696**	8,360
	90,409	55,888

Interest rates for the above time deposits and specified dismantlement fund accounts are at prevailing market rates.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) Key management personnel's remuneration

	Six months ended 30 June	
	2023	2022
Short-term employee benefits	**10**	9
Pension scheme contributions	**1**	1
Amount paid/payable during the period	**11**	10

The amount due to CNOOC Group and amounts due from/to related parties are unsecured, interest-free and are repayable on demand, unless otherwise disclosed.

Notes:

(a) These represent the services for production operations, the provision of various facilities and ancillary services.

(b) These include sales, administration and management, management of oil and gas operations and integrated research services as well as other ancillary services relating to exploration, development, production and research activities of the Company and its subsidiaries. In addition, CNOOC Group and/or its Associates leased certain premises to certain subsidiaries of the Company for use as office premises and staff quarters out of which they provided management services to certain properties.

(c) CNOOC Energy Technology & Services Limited leased FPSO vessels to the Company and its subsidiaries for use in oil production operations.

(d) The sales include crude oil, natural gas, condensate oil, liquefied petroleum gas to CNOOC Group and/or its Associates. Individual sales contracts were entered into from time to time between certain subsidiaries of the Company and CNOOC Group and/or its Associates.

(e) It is the market practice for sales terms to be determined based on the estimated reserves and production profile of the relevant gas fields. The long term sales contracts usually last for 3 to 25 years.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

Notes (continued):

(f) CNOOC Finance is a 31.8% owned associate of the Company and also a subsidiary of CNOOC Group. Pursuant to Chapter 14A of the Listing Rules of the Stock Exchange, CNOOC Finance is a connected person of the Company, and pursuant to rule 6.3.3 of the Listing Rules of SSE. It constitutes a related legal person of the Company. The financial services provided by CNOOC Finance to the Company and its subsidiaries constitute continuing connected transactions. The Company has complied with the relevant disclosure requirements of the China Securities Regulatory Commission, the Hong Kong Stock Exchange and the SSE in respect of these continuing connected transactions.

Under the financial services framework agreement with CNOOC Finance dated 22 December 2022, CNOOC Finance continues to provide to the Company and its subsidiaries settlement, depository, discounting, loans and entrustment loans services and etc. The agreement is effective from 1 January 2023 to 31 December 2025. The depository services and the secured loans services were not required for independent shareholders' approval requirements under the Listing Rules of Stock Exchange, China Securities Regulatory Commission and the SSE. On 22 December 2022, the Board approved to maintain the maximum daily outstanding balance of deposits and interest (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services), the maximum daily loan balance (including accrued interest) and actual service fees charged by CNOOC Finance for providing other financial services (excluding settlement services) with the amount of RMB22,000 million, RMB50,000 million and RMB20 million respectively for the period from 1 January 2023 to 31 December 2025.

During the period, the Company and its subsidiaries' actual maximum daily outstanding balance for deposits and interest stated in CNOOC Finance (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services) did not exceed RMB22,000 million (six months ended 30 June 2022: RMB23,500 million). The Company and its subsidiaries' actual maximum daily loan balance obtained from CNOOC Finance (including accrued interest) did not exceed RMB50,000 million, and the Company and its subsidiaries' actual service fees charged by CNOOC Finance for providing other financial services (excluding settlement services) did not exceed RMB20 million.

(g) Borrowings from CNOOC Group and/or its Associates mainly represent a three-year uncommitted revolving loan facility provided from CNOOC Group to the Company for general purposes, with the principal amount of RMB4,300 million of 1.08% per annum. Finance costs for the six-month period ended 30 June 2023 was RMB23 million. The Loan was drawn in full in 2021.

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

16. COMMITMENTS AND CONTINGENCIES

(i) Capital commitments

As at 30 June 2023, the Company and its subsidiaries had the following capital commitments, principally for the construction of property, plant and equipment:

	30 June 2023	31 December 2022
Contracted, but not provided for*	**67,065**	58,346

* The capital commitments contracted, but not provided for, include the estimated payments to the Ministry of Natural Resources of the PRC for the next five years with respect to the Company and its subsidiaries' exploration and production licenses.

The above table includes a commitment of approximately RMB22,678 million (31 December 2022: RMB16,967 million) contracted with CNOOC Group and/or its Associates.

Capital commitments of a joint venture:

	30 June 2023	31 December 2022
Contracted, but not provided for	**797**	92

As at 30 June 2023, the Company and its subsidiaries had unutilised banking facilities amounting to approximately RMB52,256 million (31 December 2022: RMB67,671 million).

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(ii) Contingencies

As a Chinese Resident Enterprise, the Company may be liable to pay taxes on the deemed interest income for the funding provided to its overseas subsidiaries starting from 1 January 2008. The Company has prepared contemporaneous documentation in accordance with applicable PRC tax laws and regulations and is currently awaiting confirmation from its local tax authority.

The Company and its subsidiaries are subject to tax in numerous jurisdictions around the world. There are audits in progress and items under review. Difference in positions taken by taxation authorities over the interpretation and application of tax laws and regulations may increase the Company and its subsidiaries' tax liability. Management of the Company has assessed the possible future outcome of matters that are currently under dispute. Management of the Company believes that an adequate provision for future tax liability has been included in the interim condensed consolidated financial statements based on available information.

In addition to the matters mentioned above, the Company or its subsidiaries are dealing with a number of lawsuits and arbitrations that arise in the ordinary course of business. While the results of these legal proceedings cannot be ascertained at this stage, management of the Company believes these proceedings are not expected to have a material effect on the interim condensed consolidated financial statements.

17. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The carrying values of the Company and its subsidiaries' cash and cash equivalents, time deposits with maturity more than three months, trade receivables excluding receivables financing, other current assets, short-term loans and borrowings, trade and accrued payables, and other payables and accrued liabilities approximated to their fair values at the reporting date due to the short maturity of these instruments.

The fair value of the Company and its subsidiaries' long term bank loans with floating interest rates approximated to the carrying amount as at 30 June 2023 and 31 December 2022.

The estimated fair value of the Company and its subsidiaries' long term guaranteed notes was approximately RMB90,327 million (31 December 2022: RMB101,266 million), which was determined by reference to the market price as at 30 June 2023.

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The Company and its subsidiaries use the following hierarchy that reflects the significance of the inputs used in making the fair value measurement:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are those in which transaction occur in sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Company and its subsidiaries obtain information from sources of independent price publications, over-the-counter broker quotes and the fund management's quotations as at the reporting date.

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs), or where the observable data does not support the majority of the instruments fair value.

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

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

As at 30 June 2023 and 31 December 2022, the Company and its subsidiaries held the following financial instruments measured at fair value for each hierarchy respectively:

	30 June 2023	Level 1	Level 2	Level 3
Assets measured at fair value				
Trade receivables				
Receivables financing	1,142	–	1,142	–
Other financial assets – current				
Corporate wealth management products and structured deposits	78,921	–	78,921	–
Publicly traded money market funds	4,045	4,045	–	–
Other financial assets – non current				
Corporate wealth management products and structured deposits	12,186	–	12,186	–
Equity investments				
Non-publicly traded investments – non current	982	–	–	982
Derivative financial instruments				
Futures	1	1	–	–
	97,277	4,046	92,249	982
Liabilities measured at fair value				
Derivative financial instruments				
Futures	15	15	–	–
	15	15	–	–

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

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

	31 December 2022	Level 1	Level 2	Level 3
Assets measured at fair value				
Trade receivables				
Receivables financing	1,446	–	1,446	–
Other financial assets – current				
Corporate wealth management products and structured deposits	84,209	–	84,209	–
Publicly traded money market funds	4,000	4,000	–	–
Other financial assets – non current				
Corporate wealth management products	6,026	–	6,026	–
Equity investments				
Non-publicly traded investments – non current	1,075	–	–	1,075
Derivative financial instruments				
Futures	30	30	–	–
	96,786	4,030	91,681	1,075
Liabilities measured at fair value				
Derivative financial instruments				
Futures	32	32	–	–
	32	32	–	–

* All gains and losses included in other comprehensive income related to financial assets at fair value through other comprehensive income held at the end of the reporting period are reported as fair value change on equity investments designated as at fair value through other comprehensive income.

Financial assets classified within Level 3 are made up of Kerogen Energy Fund invested by a wholly-owned subsidiary of the Company. Significant unobservable inputs are used to determine the fair value of the financial assets. As observable prices are not available, the fair value of the financial assets is derived by using valuation techniques, mainly including embedded terms of the instrument, bid offer price as well as valuations based on net asset value using the discounted cash-flow of each project or asset, having applied an appropriate risk factor for the stage of development of the project. The significant unobservable inputs used in the fair value measurement include net asset value, price to net asset value.

No amounts have been transferred between the different levels of the fair value hierarchy for the period.

18. SUBSEQUENT EVENTS

The Company and its subsidiaries have no significant subsequent events needed to be disclosed in the interim condensed consolidated financial statements.

19. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2023 were approved and authorised for issue by the Board on 17 August 2023.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel電話: +852 2846 9888
Fax傳真: +852 2868 4432
ey.com

To the board of directors of CNOOC Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 39 to 73, which comprises the interim condensed consolidated statement of financial position of CNOOC Limited (the "Company") and its subsidiaries as at 30 June 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board or Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 HKICPA. A review of this interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34 and HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
17 August 2023

Registered Office

65/F, Bank of China Tower,
1 Garden Road, Hong Kong, China
Tel : (852) 2213 2500
Fax : (852) 2525 9322

Beijing Office

CNOOC Tower, No. 25 Chaoyangmen Beidajie,
Dongcheng District, Beijing, China
Zip Code : 100010
Website : www.cnoocltd.com

Investor Relations

Beijing
Tel : (8610) 8452 0883
Fax : (8610) 8452 1441

Hong Kong
Tel : (852) 2213 2502
Fax : (852) 2525 9322
E-mail : ir@cnooc.com.cn

Media / Public Relations

Tel : (8610) 8452 6832
Fax : (8610) 8452 1441
E-mail : mr@cnooc.com.cn

註冊辦公室

中國香港花園道1號中銀大廈65層
電話：(852) 2213 2500
傳真：(852) 2525 9322

北京辦公室

中國北京東城區朝陽門北大街25號
郵編：100010
公司網址：www.cnoocltd.com

投資者關係

北京
電話：(8610) 8452 0883
傳真：(8610) 8452 1441

香港
電話：(852) 2213 2502
傳真：(852) 2525 9322
電子郵件：ir@cnooc.com.cn

媒體 / 公共關係

電話：(8610) 8452 6832
傳真：(8610) 8452 1441
電子郵件：mr@cnooc.com.cn

FSC www.fsc.org
MIX
Paper from responsible sources
FSC™ C008061