CNOOC Limited
中国海洋石油有限公司

香港聯合交易所股票代碼：00883
上海證券交易所股票代碼：600938

2022
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 2022 seventh meeting of the Board of the Company. Mr. Zhou Xinhuai, our Executive Director and the Chief Executive Officer, was not able to attend the 2022 seventh meeting of the Board of the Company due to other business arrangements, and has entrusted in writing Mr. Xia Qinglong, our Executive Director, to attend the meeting and exercise voting rights on his behalf. 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 ("IFRS")/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 our shareholders, as authorized by the Company's 2021 annual general meeting, the Board of Directors has resolved to declare an interim dividend of HK$0.70 per share (tax inclusive) for the first half of 2022. Dividends payable shall be denominated and declared in HKD, among which, dividend for A shares will be paid in RMB, applying an exchange rate which equals to the average central parity rate between HKD and RMB announced by the People's Bank of China in the week before the Board of Directors declared the interim dividend; dividend for Hong Kong shares will be paid in HKD.

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.

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 (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 (hereinafter referred to as "A shares") were listed on the main board of the Shanghai Stock Exchange (stock code: 600938).

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

Secretary to the Board of the Company:

Name	Wu Xiaonan
Contact address	No. 25 Chaoyangmen Beidajie, Dongcheng District, Beijing, China
Telephone	(8610) 8452 0883
Facsimile	(8610) 8452 1441
E-mail	ir@cnooc.com.cn

Company Profile

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

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

Hong Kong shares:	The Stock Exchange of Hong Kong Limited Stock Code: 00883
A shares:	Shanghai Stock Exchange Stock Abbreviation: 中国海油 Stock Code: 600938

DEFINITION OF TERMS

"the Company", "Company"	CNOOC Limited
"CNOOC Group"	China National Offshore Oil Corporation
"CNOOC BVI"	CNOOC (BVI) Limited, whose Chinese name is 中国海洋石油(BVI)公司
"SSE"	Shanghai Stock Exchange
"Stock Exchange", "HKSE"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"Listing Rules of Stock Exchange"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"exploration wells"	Wildcat and appraisal wells
"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
"upstream business"	Oil and gas exploration, development, production and sales
"FPSO"	Floating Production, Storage and Offloading vessel
"LNG"	Liquefied Natural Gas
"PSC"	Production Sharing Contract
"CCS/CCUS"	CO_2 Capture, Utilization and Storage

Chairman's Statement

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

Wang Dongjin
Chairman

Hong Kong, 25 August 2022

Key Figures And Business Overview

1. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

(1) Key Financial Data

RMB Million

Key Financial Data	This reporting period (From January to June)	The same period of last year	Increase/decrease as compared with the same period of last year (%)
Revenue	202,355	110,233	84
Net profit attributable to equity shareholders of the Company	71,887	33,329	116
Net profit after deducting non-recurring profit items attributable to equity shareholders of the Company	70,910	32,506	118
Net cash flows from operating activities	102,227	64,159	59
	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	548,691	480,912	14
Total assets	919,814	786,569	17

(2) 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)	1.57	0.75	109
Diluted earnings per share (RMB/share)	1.57	0.75	109
Basic earnings per share, net of non-recurring profit (RMB/share)	1.55	0.73	112
Weighted average return on net assets (%)	13.70	7.48	Increased by 6.22 percentage points
Weighted average return on net assets, net of non-recurring profit (%)	13.52	7.29	Increased by 6.23 percentage points

2. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(1) Abundant oil & gas resources with leading production growth capacity in the industry

The Company is one of the largest independent oil and gas exploration and production companies in the world and has abundant resources. As of the end of 2021, the Company had net proved reserves of approximately 5.73 billion BOE. For five consecutive years, our reserve life remained above 10 years, and the reserve replacement ratio remained at a high level. The production growth rate leads that of the peer companies.

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

The Company is the dominant producer of oil and natural gas in offshore China with extensive experiences in oil and gas exploration and development in offshore China. It leads the exploration and development in offshore China. The Company is familiar with the geological structures in the area and has a successful record of exploration and development. It has established offshore production facilities and subsea piping systems which could provide strong support to regional exploration and development in the future. The exploration in offshore China is in a relatively early stage, with huge potential of oil and gas resources discovery.

(3) 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 within a water depth of 500 meters. 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 strata, enhanced water flooding and other production stimulation measures, effective development of large-scale thermal mining of heavy oil, and enhanced recovery rate in producing oil and gas fields, which all provide strong support to the sustainable development of offshore oil and gas business.

(4) Effective cost control and healthy financial performance

The Company has a complete cost control system and industry-leading 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 obtained a high credit rating in the international capital market at A+ by Standard & Poor's and A1 by Moody's with stable outlook. Such ratings are the same as China's national sovereign rating and provide a good financing basis for business development.

(5) In possession of a diverse asset structure

The Company possesses oil & gas assets worldwide. It has a diverse asset structure and strong capacity of globalized operation and management. It holds interests in many world-class oil and gas projects and assets in more than 20 countries and regions around the world.

(6) Pursuing green and low-carbon development concept

Capitalizing on its advantages in marine resource development, the Company actively expanded business in new energy sector. Focusing on onshore power project and intelligent oilfield construction, it promoted the construction of a green and low-carbon management and control system. It also vigorously accelerated CCS/CCUS research, the development of offshore wind power and the selective development of onshore photovoltaic power generation.

3. MAJOR OPERATING CONDITIONS DURING THE REPORTING PERIOD

Status of the industry and principal businesses of the Company

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 2022, the Company achieved a net oil and gas production of approximately 304.8 million BOE.

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. As of the first half of 2022, approximately 71% of the Company's net production was from China.

The Company operates business primarily through independent operations, and cooperation with partners through product sharing contracts ("PSCs") in hydrocarbon resources (including crude oil and natural gas) exploitations.

CNOOC Group, the Company's controlling shareholder, has the exclusive right to enter into PSCs with foreign contractors to cooperate in the exploration, development and production of petroleum resources in offshore China where acreage is open to foreign cooperation. CNOOC Group has transferred to the Company all its rights and obligations under the existing and future PSCs (except those rights and obligations related to the management and supervision that should be implemented by a State Corporation).

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 locate 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. As of the first half of 2022, overseas net production accounted for approximately 29% of the total net production.

Management's Discussion and Analysis

During the reporting period, the world economy fluctuated amid recurring COVID-19 pandemic outbreaks. Coupled with the Russia-Ukraine conflicts, the world economy growth was impeded and the global energy prices saw frequent fluctuations at a high level. To thrive in the complex and volatile external environment, the Company, capturing the favorable international oil price cycle, vigorously increased reserves and production, solidly advanced the construction of major projects, resolutely implemented technological innovation, actively developed in a green and low-carbon manner, and enhanced quality and efficiency to reduce costs. As a result, the production and operating performance reached record highs.

In the first half of 2022, the Company achieved oil and gas sales revenue of RMB176.68 billion, a year-on-year increase of 75.6%; net profit attributable to equity shareholders of the Company was RMB71.89 billion, a year-on-year increase of 115.7%; and net oil and gas production reached 304.8 million BOE, a year-on-year increase of 9.6%.

Key Figures And Business Overview

Exploration

In the first half of the year, the Company insisted on value exploration. A total of 9 new discoveries were made, and 16 oil and gas bearing structures were successfully appraised, which would further consolidate the resource base for the sustainable development of the Company. In China, the Company actively sought for middle-to-large sized oil and gas fields. We increased risk exploration in new fields and strengthened the integration of exploration and development. In overseas, the Company conducted efficient evaluation on the core exploration areas such as Guyana and achieved rapid growth in equity economic recoverable reserves.

In offshore China, 4 new discoveries were made, namely Bozhong 26-6, Bozhong 19-2, Jinzhou 14-6 and Wenchang 19-3. Both Bozhong 26-6 and Bozhong 19-2 oil and gas bearing structures have been identified as middle-to-large sized commercial discoveries, which demonstrated promising exploration prospect for Archean buried hills in Bonan area and the contiguous lithologic traps in Bozhong sag, respectively.

In addition, new progress was made in unconventional exploration. The Company's first offshore shale oil well Weiye-1 was tested successful for the drilling and fracturing experiments and the fracturing experiment in onshore deep coalbed methane layers was successfully completed.

In overseas, 5 new discoveries of Fangtooth, Lau Lau, Patwa, Barreleye and Lukanani were made in Stabroek block in Guyana. At present, the recoverable resource of the block has reached approximately 11 billion BOE, which is expected to be further increased.

The Company completed 152 exploration wells (including 7 overseas and 31 in China onshore unconventional) and gathered 10,167 square kilometers of 3D seismic data in the first half of the year.

As of 30 June 2022, the Company's major exploration activities are set out in the table below:

	Exploration Wells		**Seismic Data**
	Wildcat	**Appraisal Wells**	**3D Seismic (km^2)**
Offshore China (Independent)	37	74	9,836
Offshore China (PSC)	1	2	–
Onshore Unconventional China	16	15	331
Overseas	5	2	–
Total	59	93	10,167

Engineering Construction, Development and Production

In the first half of the year, the Company vigorously optimized the production organisation and accelerated the construction of production capacity. Among the 13 new projects planned to commence production during the year, the Weizhou 12-8 oilfield East Zone Development Project, Liza Phase II in Guyana and Mero Phase I in Brazil have been commissioned as scheduled. The construction of major projects has advanced steadily and positive progress has been made. The fabrication of the jacket and platforms for Kenli 6-1 oilfield 5-1, 5-2, 6-1 block development project has been completed. The jacket and platform of Enping 15-1 oilfield development project has been installed. China's first 300-meter deepwater jacket was installed at Lufeng 15-1 oilfield development project. Bozhong 19-6 condensate gas field Phase I started construction.

In the first half of the year, we maintained a high uptime in producing oil and gas fields and low natural decline rate. Combined with the production from newly commissioned projects, the net oil and gas production of the Company reached a record high of 304.8 million BOE for the same period, representing a year-on-year increase of 9.6%.

By region, the net production from China was 216.8 million BOE, representing a year-on-year increase of 12.5%, mainly due to the commissioning of Shenhai-1, Liuhua 21-2 and Bozhong 19-4, as well as the production growth from Caofeidian 6-4 and onshore unconventional wells. The net production from overseas was 88.0 million BOE, representing a year-on-year increase of 3.0%, mainly due to the commissioning of Liza Phase II in Guyana and the production from Buzios in Brazil.

In the first half of the year, the production of crude liquids and natural gas accounted for 79% and 21%, respectively. Among them, oil production grew by 8.0% year on year, mainly because of the newly commissioned oilfields; natural gas production grew by 16.0% year on year, mainly due to the commissioning of Shenhai-1 gas field and the production growth from onshore unconventional natural gas.

Key Figures And Business Overview

Production Summary

	First half of 2022			First half of 2021		
	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	96.0	32.3	101.4	87.8	30.7	92.9
Western South China Sea	18.8	116.1	38.9	19.2	80.7	33.3
Eastern South China Sea	53.4	73.3	65.6	46.0	71.7	58.0
East China Sea	1.3	13.7	3.6	1.2	13.2	3.3
Onshore	–	43.7	7.3	–	31.9	5.3
Subtotal	169.5	279.1	216.8	154.1	228.1	192.8
Overseas						
Asia (excluding China)	8.6	24.8	13.0	11.9	27.3	16.8
Oceania	0.7	20.6	4.8	0.7	19.0	4.4
Africa	14.1	3.0	14.6	15.9	–	15.9
North America (excluding Canada)	10.9	20.3	14.3	11.9	22.1	15.5
Canada	11.3	–	11.3	11.3	–	11.3
South America	17.4	25.7	21.9	9.9	26.0	14.3
Europe	7.9	1.2	8.1	7.0	0.6	7.1
Subtotal	71.0	95.7	88.0	68.5	95.0	85.4
Total*	240.5	374.7	304.8	222.6	323.1	278.1

* Including our interests in equity-accounted investees, which are approximately 10.0 million BOE for the first half of 2022 and approximately 9.6 million BOE for the first half of 2021.

Overseas Development

In the first half of the year, the Company vigorously strengthened operation management and enhanced operation efficiency of the overseas assets. On one hand, the Company pursued profitable growth of production, increasing workloads and coordination at quality assets. Mero Phase I in Brazil and Liza Phase II in Guyana were successfully commissioned. Meanwhile, the Company effectively controlled the rate of unplanned shutdowns. Thanks to the strong production and operation management, the producing assets maintained a satisfactory uptime and registered a higher production. The net production from overseas was 88.0 million BOE, representing a year-on-year increase of 3.0%, hitting a new record high for the same period.

On the other hand, the Company carefully strengthened risk management, and improved the profitability of the overseas projects. Overseas net profit and free cash flow both hit the best record.

Scientific and Technological Innovation

The Company accelerated its pace of scientific and technological innovation. Key challenges were addressed to better bolster its operation capabilities. The first set of deep-water subsea and the first set of shallow-water subsea production system, independently developed, have been successfully installed, which would provide new solutions for the development of oil and gas fields in shallow waters. Asia's first deep-water jacket "Haiji-1", independently designed and built by the Company, was successfully installed, reflecting that the Company has mastered the complete set of key technologies for the design, construction and installation of deepwater super-large jacket platform. The Company has made positive progress in efficiently excavating the difficult reserves, such as the low-permeable heavy oilfields. Luda 5-2 North Oilfield Phase I Project, the world's first large-scale offshore ultra-heavy oil thermal recovery development project, was successfully brought onstream.

The Company has advanced its digital transformation and the construction of intelligent oil fields has achieved remarkable results. Qinhuangdao 32-6 oilfield has been built into a benchmark project of "smart oilfield", creating a new model of "intelligent, safe and efficient" offshore oil and gas exploitation.

Green Development

The Company accelerated the construction of a green and low-carbon production system. Shore power projects were constructed or considered at multitude locations to reduce energy consumption and carbon emission across the development process of oil and gas fields. In the first half of the year, the Company utilized green electricity on a large scale at offshore platforms for the first time. It is expected to consume 186 million kwh of green electricity during the year.

The Company actively explored a new model of offshore "negative carbon emission" industry. Enping oilfields CCS/CCUS demonstration project, China's first offshore carbon dioxide capture and storage demonstration project, has progressed in an orderly manner. The construction of the CO_2 capture and storage module has been completed. The Company also jointly launched China's first large-scale offshore CCS/CCUS hub research project in Daya Bay.

The Company actively follows the trend of energy transition. Levering its offshore advantages, the Company promotes an integrated development of oil and gas business and new energy business. We accelerated the development of offshore wind power projects, and carefully selected onshore wind and photovoltaic opportunities. In the first half of the year, we established a new energy branch to coordinate new energy businesses sectors such as marine and onshore wind and solar power resources. The Company has been actively acquiring marine and onshore wind and solar resources. We successfully won the bid for Shanghai Jinshan Offshore Wind Farm phase I project. We put into operation Weizhou photovoltaic power station, the first photovoltaic power station serving offshore oilfields. We started the construction of Wenchang floating wind power demonstration project, the first deep-sea floating wind farm over 100 kilometers away from the shore in a water depth of over 100 meters, utilizing domestic design and technologies.

Cost and Expense

In the first half of the year, the Company has maintained its edge of cost competitiveness through keeping effective control over cost. Under the backdrop of the sharp rise of 60.9% in the international oil price, our all-in cost per BOE increased only by 4.6% year on year, mainly due to the increase of taxes other than income tax with higher oil price.

Our depreciation, depletion and amortisation was RMB29,507 million, representing an increase of 2.0% as compared to RMB28,916 million for the same period of last year, primarily as a result of the change in production and proportional distribution. The operating cost was RMB14,820 million, representing an increase of 16.6% from RMB12,711 million for the same period of last year, primarily due to the increase in the fuel price and the rise of maintenance and operation workloads at some oil fields. Our exploration expenses were RMB7,405 million, representing an increase of 47.4% compared with RMB5,025 million for the same period of last year, mainly driven by increasing risk exploration investment, which brings higher exploration investment and expense ratio. Our taxes other than income tax was RMB9,220 million, representing an increase of 89.0% compared with RMB4,879 million for the same period of last year, mainly due to the increase in oil price.

Capital Expenditure

In the first half of the year, the capital expenditure budget of the Company was implemented at sound pace. Capital expenditure reached RMB41.57 billion in total, representing an increase of 15.4% compared with the same period of last year. Among them, capital expenditure for exploration was RMB8.67 billion, representing a year-on-year increase of 5%, mainly due to the increase in workload of geophysical seismic data collection. Capital expenditure for development was RMB21.87 billion, representing a year-on-year increase of 15%, mainly due to the increase in workload of projects under construction as compared to that of the same period of last year. Capital expenditure for production was RMB10.42 billion, representing a year-on-year increase of 24%, mainly due to the increased workload of adjustment wells in offshore China.

Work Plan for the Second Half of the year

In the second half of the year, the Company will firmly advance exploration and production capacity construction, to increase reserves and production, and lay a solid foundation for sustainable development. We will organise production efficiently, spare no effort to ensure health and safety, so that we can reach the annual goals of production and operation. We will continue to improve quality, reduce cost and enhance efficiency, to maintain cost competitiveness, and continuously strengthen our capabilities of value creation.

4. DESCRIPTION OF CHANGE IN SHARES

In order to improve the Company's capital structure and access the PRC capital market by way of capital financing while maintaining the Company's international development strategy, the Company obtained the approval from the China Securities Regulatory Commission regarding the Initial Public Offering of Shares by CNOOC Limited (Zheng Jian Xu Ke No. [2022] 632) on 30 March 2022 and completed the initial public offering of RMB shares on the Shanghai Stock Exchange (stock code: 600938) on 21 April 2022. The number of shares issued was 2,990,000,000 RMB shares (upon exercise of the over-allotment option) by means of a combination of targeted placement to strategic investors, offline enquiry and placement to qualified investors and an online fixed-price issuance to public investors holding the market value of non-restricted A-shares and non-restricted depository receipts in the market of Shanghai. The issue price of the RMB shares was RMB10.80 per share (without nominal value), with a net price of RMB10.74 per share. The total number of shares in issue of the Company prior to the issuance of RMB shares was 44,647,455,984 shares, and the total number of shares in issue of the Company upon completion of the issuance of RMB shares increased to 47,637,455,984 shares, including 44,647,455,984 Hong Kong shares and 2,990,000,000 RMB shares.

In respect of the proceeds, Ernst & Young Hua Ming LLP verified the payment and issued the capital verification reports (Ernst & Young Hua Ming (2022) Yan Zi No. 60157570_A02 and No.60157570_A03). The final total gross proceeds from this issuance were RMB32,292 million, and the net proceeds were RMB32,099 million after deducting the offering expenses of RMB193 million. The net proceeds will be utilised based on the proposed projects described in the announcement dated 22 June 2022 of the Company, mainly for oil & gas development projects and replenishment of the working capital.

Proceeds are applied to the following projects:

Planned use of the proceeds	Committed investment amount (RMB million)	Unaudited utilised proceeds as of 30 June 2022 (RMB million)	Unaudited unutilised proceeds as of 30 June 2022 (RMB million)	Expected timetable for use of the unutilised proceeds
Payara oil field development in Guyana	5,200.00	**1,128.51**	**4,071.49**	Expected to be used up by 31 December 2026
Liuhua 11-1/4-1 oil field secondary development	6,500.00	**611.65**	**5,888.35**	
Liza oil field phase II in Guyana	2,200.00	**1,078.16**	**1,121.84**	
Lufeng oil fields development	3,500.00	**630.27**	**2,869.73**	
Lingshui 17-2 gas field development	3,000.00	**2,083.66**	**916.34**	
Lufeng 12-3 oil field development	1,000.00	**131.65**	**868.35**	
Qinhuangdao 32-6/Caofeidian 11-1 oil fields onshore power application construction project	1,000.00	**591.42**	**408.58**	
Luda 6-2 oil field development	500.00	**445.80**	**54.20**	
Replenishment of working capital	9,199.09	**9,110.16**	**88.93**	
Total	32,099.09	**15,811.29**	**16,287.80**	

5. POSSIBLE RISK

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

Macro economy and policy risk

Macro economy risk

The industry in which the Company operates is closely linked to the macro economy. The de-globalization of some major economies has hit the world economy in the first half of 2022. The impact of the COVID-19 pandemic on the global economy continues. The conflicts between Russia and Ukraine has pushed up the global prices of energy and agricultural products. Oil price continues to fluctuate under geopolitical pressure. Macro economy changes will affect the supply and downstream demand for oil and gas, which may adversely affect the Company's performance.

Risk of changing international political and economic factors

The international political and economic situation is complex and changeable. If some of the countries in which we operate are considered politically and economically unstable, our financial condition and operating results could be adversely affected.

The business of the Company or its affiliates, the countries/regions where the business is conducted or its partners could be affected by changes of some countries/regions 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. This may harm the Company's opportunity or ability to obtain new business.

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 blocks.

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 issues, China has put forward the time table of "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 bear additional costs, and our reputation may be adversely affected.

Our offshore operating platforms and exploration and development activities will generate sewage and waste. If they are not properly handled, they may fail to meet the standard of waste water discharge or the waste 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 risk

Risk arising from volatility in crude oil and natural gas prices

Prices for crude oil and natural gas may fluctuate widely in response to the 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 materially impact our business, cash flows and profits.

Risk arising from increasing market competition

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, alternative energy, customers, capital financing, technology and equipment, talents and business opportunities. This could adversely impact our business, financial condition and results of operations.

Operation risk

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) risks. 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 licence to operate in some blocks.

Our 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.

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 are deviated in the future, it could have a material and adverse effect on us.

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.

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 adversely affect the realization of our target returns on capital investment and lead to unexpected future costs.

The 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.

The risk of high concentration of suppliers

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.

Risk from irrealizable undeveloped reserves

There are various risk 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.

Technology development and deployment risk

Technology and innovation are vital for us to enhance the Company's competitiveness in the face of 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.

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.

Risks to business and operations in Canada

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

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

Financial risk

Exchange rate risk

The Company's oil and gas sales are substantially denominated in RMB and USD. 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.

The 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.

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

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

Laws and regulations of the host 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.

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.

BRIEF INTRODUCTION OF THE GENERAL MEETING

Meeting session	Date of convention	Websites designated for disclosure of resolutions	Resolutions disclosing date	Resolutions
2021 annual general meeting	26 May 2022	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)	26 May 2022 (The HKSE's and the Company's website)/27 May 2022 (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 2022, the interests of each Director and chief executive of the Company in the equity 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 or (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 were as follows:

Name of Director	Nature of interest	Hong Kong shares held	Approximate percentage of total issued Hong Kong shares	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	Beneficial interest	400,000	0.000%	–	–	0.000%

All the interests stated above represent long positions. As at 30 June 2022, save as disclosed above, none of the Directors and chief executive of the Company was interested in the equity 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 or (iii) pursuant to the Model Code, to be notified to the Company and the HKSE.

Other than those disclosed in this interim report, no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any other person during the six months ended 30 June 2022.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2022, 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:

		Hong Kong shares held	Approximate percentage of total issued Hong Kong shares	A shares held	Approximate percentage of total issued A shares	Approximate percentage of total issued shares
(i)	CNOOC (BVI) Limited	28,772,727,268	64.44%	–	–	60.40%
(ii)	Overseas Oil & Gas Corporation, Ltd. ("OOGC")	28,772,727,273	64.44%	–	–	60.40%
(iii)	CNOOC Group	29,112,507,273	65.21%	–	–	61.11%

Note: 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 2022, 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 2022 are unaudited, but have been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. The interim report for the six months ended 30 June 2022 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in this interim 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 2022.

Corporate Governance

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

CHANGES IN INFORMATION OF DIRECTORS

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

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

CHANGES IN SENIOR MANAGEMENT

Name of Senior Management	Details of Changes
Yan Hongtao	Appointed as Vice President of the Company with effect from 28 April 2022

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

By Order of the Board
Wu Xiaonan
Joint Company Secretary

Hong Kong, 25 August 2022

ENVIRONMENTAL INFORMATION

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

During the reporting period, certain affiliated entities (onshore terminal) of the Company were listed on the watch list of key pollutant discharging units published by the national or local ministry of ecology and environment and obtained pollutant discharge permits in accordance with the Directory of Classified Licences on Fixed Pollution Sources of China. The pollutant discharge information has been disclosed in accordance with the requirements of the competent environmental protection authority. Please refer to the National Pollutants Emission Permits Administration Information Platform of the Ministry of Ecology and Environment of the PRC and the website of local competent environmental protection authority for details.

During the reporting period, the Company established pollution prevention and control facilities for waste gas, waste water, 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 ensured their effective and stable operation. Additionally, the Company strengthened management of construction projects in terms of ecological and environmental protection life cycle, and strictly implemented the management requirements of environmental impact assessment, environmental protection of "Three-Simultaneous" and completion acceptance on national construction, and the environment appraisal reply shall be obtained according to law from competent environmental authority for new projects.

During the reporting period, the Company, on one hand, strictly implemented the requirements of the Contingency Plan for Environmental Incidents Caused by Oil Spills in Offshore Oil Exploration and Development, and prepared and reported to the government on the Construction Project Oil Spill Contingency Plan for filing. Meanwhile, the Company continued to optimize the Oil Spill Contingency Plan and prepared for the emergency drill. On the other hand, the Company actively implemented the national requirements of self-monitoring of waste gas, waste water, noise, etc., prepared and optimized self-monitoring plan in accordance with the self-monitoring technical guide of relevant industry and organized the implementation of various monitoring activities according to the plan.

The affiliated entities of the Company made available of relevant information to the public at the websites of the ministry of ecology and environment and local competent environmental protection authority in accordance with the relevant regulations of the Ministry of Ecology and Environment of the PRC and the requirements of local competent environmental protection authority.

Information on efforts conductive to ecological protection, pollution prevention and control and fulfillment of environmental responsibility

Adhering to the principle of "developing in protection and protecting in development", the Company deems conservation of ecological environment as the foundation of sustainable development, strictly complies with international and PRC applicable laws and regulations and standards on environmental protection and further enhances whole process management of the environmental protection.

In the first half of 2022, the Company strengthened the revision of eco-environmental protection system; issued the guidelines for Compilation of Ecological Environmental Responsibility System which guided the affiliated units to establish and improve their own ecological and environmental protection responsibility system. At the same time, the Company organized audit and inspection on ecological environmental protection, and completed environmental audit for CNOOC (China) Co., Ltd. Tianjin Branch, CNOOC (China) Co., Ltd. Zhanjiang Branch and CNOOC (China) Co., Ltd. Hainan Branch. The Company promoted the affiliated units to strictly implement corporate ecological environmental protection responsibilities, accelerated various pollution prevention and control work as well as performed corporate ecological environmental protection responsibility from various aspects.

Measures adopted for reducing carbon emissions during the reporting period and their effects

In the first half of 2022, the Company resolutely and thoroughly implemented the decision and arrangement of carbon peak and carbon neutrality with an aim to improving the proportion of natural gas production, facilitating green and low-carbon transformation of energy and expanding shore power reconstruction in offshore oil and gas fields. The Company purchased and used green facilities to reduce carbon emissions, accelerated the recovery and treatment of vented gas and promoted the implementation of new energy projects in an orderly manner. It carried out research and demonstration of offshore carbon sequestration, expanded CO_2 recycling, deployed distributed wind and photovoltaic pilot projects and planned the construction of "zero-carbon oil and gas fields" demonstration project.

DETAILED INFORMATION ON CONSOLIDATION AND EXPANSION OF THE RESULTS IN POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORK

In the first half of 2022, the Company continued to promote rural revitalization in all round. It strictly implemented the requirements of "Poverty alleviation duties, policies, assistance, and oversight will continue after poor counties are removed from the poverty list", steadily facilitated the employment, education and medical care and infrastructure construction, the improvement of the quality and efficiency of industrial development, the improvement of the living environment in rural areas, and the improvement of farmers' income level and the ability of grass-roots public services, solidly promoted common prosperity and contributed to rural revitalization.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (unaudited)

For the six months ended 30 June 2022
(All amounts expressed in millions of Renminbi, except per share data)

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

For the six months ended 30 June 2022
(All amounts expressed in millions of Renminbi, except per share data)

	Notes	Six months ended 30 June 2022	2021
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**10,016**	(1,802)
Share of other comprehensive income/(expense) of associates		**2**	(2)
Cash flow hedge reserves		**(44)**	–
Other items that will not be reclassified to profit or loss			
Fair value change on equity investments designated as at fair value through other comprehensive income		**1,188**	815
Others		**–**	71
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX		**11,162**	(918)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**83,045**	32,408
Attributable to:			
Equity shareholders of the Company		**83,049**	32,411
Non-controlling interests		**(4)**	(3)
		83,045	32,408
EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY			
Basic (RMB Yuan)	*7*	**1.57**	0.75
Diluted (RMB Yuan)	*7*	**1.57**	0.75

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 2022
(All amounts expressed in millions of Renminbi)

	Notes	30 June 2022	31 December 2021
NON-CURRENT ASSETS			
Property, plant and equipment	9	**482,578**	465,451
Right-of-use assets	9	**8,602**	8,731
Intangible assets	10	**15,796**	14,864
Investments in associates		**25,220**	23,456
Investment in a joint venture		**19,612**	18,084
Debt investment		**4,213**	4,483
Equity investments	17	**2,373**	2,675
Deferred tax assets		**28,977**	28,592
Other non-current assets		**14,959**	12,251
Other non-current financial assets	17	**2,000**	–
Total non-current assets		**604,330**	578,587
CURRENT ASSETS			
Inventories and supplies		**6,278**	5,703
Trade receivables	11	**43,951**	27,048
Other financial assets	17	**92,002**	82,440
Other current assets		**11,889**	13,061
Time deposits with maturity over three months but within one year		**31,792**	38,298
Cash and cash equivalents		**129,572**	41,432
Total current assets		**315,484**	207,982
CURRENT LIABILITIES			
Loans and borrowings	13	**22,056**	15,329
Trade and accrued payables	12	**57,808**	48,990
Lease liabilities		**1,223**	1,208
Contract liabilities		**1,032**	1,983
Other payables and accrued liabilities		**11,478**	9,903
Dividends payable		**48,066**	–
Taxes payable		**24,974**	16,538
Total current liabilities		**166,637**	93,951
NET CURRENT ASSETS		**148,847**	114,031
TOTAL ASSETS LESS CURRENT LIABILITIES		**753,177**	692,618

30 June 2022
(All amounts expressed in millions of Renminbi)

	Notes	30 June 2022	31 December 2021
NON-CURRENT LIABILITIES			
Loans and borrowings	*13*	**101,078**	112,893
Lease liabilities		**5,425**	5,712
Provision for dismantlement		**78,130**	75,482
Deferred tax liabilities		**8,605**	6,915
Other non-current liabilities		**10,126**	9,640
Total non-current liabilities		**203,364**	210,642
NET ASSETS		**549,813**	481,976
EQUITY			
Issued capital	*14*	**75,180**	43,081
Reserves		**473,511**	437,831
Equity attributable to equity shareholders of the Company		**548,691**	480,912
Non-controlling interests		**1,122**	1,064
TOTAL EQUITY		**549,813**	481,976

Interim Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2022
(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 2021	43,081	(13,135)	70,000	(728)	325,176	9,314	433,708	222	433,930
Profit/(loss) for the period	–	–	–	–	33,329	–	33,329	(3)	33,326
Other comprehensive (expense)/ income, net of tax	–	(1,802)	–	884	–	–	(918)	–	(918)
Total comprehensive (expense)/ income	–	(1,802)	–	884	33,329	–	32,411	(3)	32,408
2020 final dividend	–	–	–	–	26	(9,314)	(9,288)	–	(9,288)
Capital contributions from shareholders	–	–	–	–	–	–	–	594	594
Others	–	–	–	(22)	–	–	(22)	–	(22)
Balance at 30 June 2021	43,081	(14,937)	70,000	134	358,531	–	456,809	813	457,622
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)**
Capital contributions from shareholders	**32,099**	**-**	**-**	**-**	**-**	**-**	**32,099**	**62**	**32,161**
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**

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

For the six months ended 30 June 2022
(All amounts expressed in millions of Renminbi)

	Six months ended 30 June	
	2022	2021
Net cash generated from operating activities	**102,227**	64,159
Net cash used in investing activities	**(34,205)**	(31,870)
Net cash generated from/(used in) financing activities	**18,128**	(8,653)
Net increase in cash and cash equivalents	**86,150**	23,636
Cash and cash equivalents at beginning of period	**41,432**	24,019
Effect of foreign exchange rate changes, net	**1,990**	(373)
Cash and cash equivalents at end of period	**129,572**	47,282

(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 parent and 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 2022, 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) (2)]	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
CNOOC Finance (2003) Limited	British Virgin Islands	US$1,000	100%	Bond issuance
CNOOC Finance (2011) Limited	British Virgin Islands	US$1,000	100%	Bond issuance
CNOOC Finance (2012) Limited	British Virgin Islands	US$1,000	100%	Bond issuance
CNOOC Finance (2013) Limited	British Virgin Islands	US$1,000	100%	Bond issuance
CEPR Limited	Hong Kong, PRC	EUR1,299,384,361.05	100%	Investment holding

30 June 2022
(All amounts expressed in millions of Renminbi, except number of shares and unless otherwise stated)

1. ORGANISATION AND PRINCIPAL ACTIVITIES (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[3]:				
China Offshore Oil (Singapore) International Pte Ltd	Singapore	SG$3 million	100%	Sales and marketing of petroleum and natural gas products outside the PRC
CNOOC Deepwater Development Limited[5]	Zhuhai, PRC	RMB22.28 billion	100%	Deepwater and low-grade oil and gas fields exploitation in the PRC and exploration, development, production and sales of oil and gas in the oil and gas fields of South China Sea
China United Coalbed Methane Corporation Limited[5]	Beijing, PRC	RMB1.311 billion	100%	Coalbed methane exploration and sales, Coalbed methane surface exploration, gas mineral prospecting, shallow gas development and utilisation in the coalbed methane fields in the PRC
CNOOC Southeast Asia Limited	Bermuda	US$12,000	100%	Investment holding
CNOOC Muturi Limited	Isle of Man	US$7,780,770	100%	Petroleum and natural gas exploration, development and production in Indonesia
CNOOC NWS Private Limited	Singapore	SG$2	100%	Offshore petroleum and natural gas exploration, development and production in Australia
CNOOC Exploration & Production Nigeria Limited	Nigeria	NGN10 million	100%	Petroleum and natural gas exploration, development and production in Africa
CNOOC Iraq Limited	British Virgin Islands	US$1	100%	Providing services of petroleum and natural gas exploration and development in the Republic of Iraq

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

1. ORGANISATION AND PRINCIPAL ACTIVITIES (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(3) (continued):				
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 Uganda Ltd	Uganda	1 million Uganda Shilling	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 Petroleum Europe Limited	England and Wales	GBP98,009,131	100%	Petroleum and natural gas exploration, development and production in the UK
Nexen Petroleum Nigeria Limited	Nigeria	NGN30 million	100%	Petroleum and natural gas exploration, development and production in Nigeria
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 Oil Sands Canada	Canada	N/A	100%	Petroleum and natural gas exploration, development and production in Canada

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

1. ORGANISATION AND PRINCIPAL ACTIVITIES (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[3] (continued):				
CNOOC PETROLEUM BRASIL LTDA.[4]	Brazil	R$7,830,661,300	100%	Petroleum and natural gas exploration, development and production in Brazil
CNOOC Finance (2014) ULC	Canada	100 common shares without a par value	100%	Bond issuance
CNOOC Finance (2015) U.S.A. LLC	USA	N/A	100%	Bond issuance
CNOOC Finance (2015) Australia Pty Ltd	Australia	US$1	100%	Bond issuance
CNOOC Petroleum Guyana Limited	Barbados	US$200,100	100%	Petroleum and natural gas exploration, development and production in Guyana
Joint venture:				
BC ENERGY INVESTMENTS CORP.	British Virgin Islands	US$102,325,582	50%	Investment holding
Associates:				
Shanghai Petroleum Corporation Limited[5]	Shanghai, PRC	RMB900 million	30%	Production, processing and technology consultation of oil, gas and relevant products in the PRC
CNOOC Finance Corporation Limited[5]	Beijing, PRC	RMB4 billion	31.8%	Provision of deposit, transfer, settlement, loan, discounting and other financing services to CNOOC Group and its member entities

1. ORGANISATION AND PRINCIPAL ACTIVITIES (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
Associates (continued):				
Jiangsu Shuangchuang Renewable Energy Development Corporation Limited[5]	Jiangsu, PRC	RMB960 million	47%	New energy technology research and development, technical consulting, technical services; wind power; technical services for power system and facilities; power engineering and construction (operated with qualification certificates); generator set installation, commissioning and maintenance
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) On 1 June 2022, the registered capital of CNOOC China Limited increased to RMB48 billion.

(3) All subsidiaries are indirectly held through CNOOC International Limited, except CNOOC Deepwater Development Limited and China United Coalbed Methane Corporation Limited which are indirectly held through CNOOC China Limited and China Offshore Oil (Singapore) International Pte Ltd., which is indirectly held through CNOOC International Trading Co., Ltd.

(4) The registered capital of CNOOC PETROLEUM BRASIL LTDA increased to R$7,830,661,300 on 18 May 2022.

(5) 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 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and Hong Kong Accounting Standard 34 *Interim Financial Reporting* as well as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules of Stock Exchange").

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

The financial information relating to the year ended 31 December 2021 that is included in this 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

Significant accounting policies

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

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

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

(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 maker makes decisions on resource allocation and performance evaluation by reviewing the financial information of these operating segments.

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

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

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

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

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

5. FINANCE COSTS

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

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

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

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

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

6. 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) 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 by the Ministry of Finance of the PRC ("MOF") 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	
	2022	2021
Earnings:		
Profit for the purpose of basic and diluted earnings per share calculation	**71,887**	33,329
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	**45,775,080,293**	44,647,455,984
Earnings per share		
– Basic and diluted (RMB Yuan)	**1.57**	0.75

8. DIVIDENDS

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

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

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

During the six months ended 30 June 2022, additions to the Company and its subsidiaries' property, plant and equipment, amounted to approximately RMB39,428 million (six months ended 30 June 2021: approximately RMB33,350 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 RMB374 million and lease liabilities of RMB374 million, which include right-of-use assets of approximately RMB318 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 RMB937 million (six months ended 30 June 2021: approximately RMB1,078 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 represents the excess of the purchase price over the estimated fair value of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill acquired through business combinations is held at the E&P segment.

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

11. TRADE RECEIVABLES

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

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

12. TRADE AND ACCRUED PAYABLES

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

13. LOANS AND BORROWINGS

Current[1]

	Effective interest rate and final maturity	30 June 2022	31 December 2021
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% with maturity within one year	334	444
– For Arctic LNG 2 Project[4]	EURIBOR+1.2% with maturity within one year	19	21
– General Loans	LPR-80BPS to LPR-60BPS with maturity within one year	2	2
– Notes[2]		17,398	10,559
		17,753	11,026
		22,056	15,329

(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 2022	31 December 2021
For Tangguh LNG III Project[3]	LIBOR+1.37% to 3.45% from 2023 to 2029	2,882	2,883
For Arctic LNG 2 Project[4]	EURIBOR+1.2% with maturity in 2026	5,610	6,345
General loans	LPR-80BPS to LPR-60BPS from 2024 to 2033	2,151	2,062
Notes[2]		90,435	101,603
		101,078	112,893

(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 2022 USD million	31 December 2021 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	Matured in 2022	3.875%	**–**	1,500
CNOOC Finance (2012) Limited	Due in 2042	5.000%	**500**	500
CNOOC Finance (2013) Limited	Due in 2023	3.000%	**2,000**	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%	**200**	200
CNOOC Petroleum North America ULC	Due in 2032	7.875%	**500**	500
CNOOC Petroleum North America ULC	Due in 2035	5.875%	**790**	790
CNOOC Petroleum North America ULC	Due in 2037	6.4%	**1,250**	1,250
CNOOC Petroleum North America ULC	Due in 2039	7.5%	**700**	700
CNOOC Finance (2015) Australia Pty Ltd	Due in 2045	4.200%	**300**	300
CNOOC Finance (2015) U.S.A. LLC	Due in 2023	3.75%	**450**	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 2022, EUR790 million of the bank loans for Arctic LNG 2 Project (31 December 2021: EUR879 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 2021 and as at 31 December 2021	44,647,455,984	43,081
Shares newly issued in 2022*	2,990,000,000	32,099
As at 30 June 2022	47,637,455,984	75,180

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

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 disclosure requirements in accordance with Chapter 14A of the Listing Rules of Stock Exchange for continuing connected transactions listed below. The Company entered into a comprehensive framework agreement with CNOOC Group on 1 November 2019 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 2020. The continuing connected transactions under the comprehensive framework agreement and the relevant annual caps for the three years from 1 January 2020 were approved by the independent shareholders of the Company on 21 November 2019. The approved continuing connected transactions are as follows:

(1) Provision of exploration, oil and gas development, oil and gas 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 oil and gas development and support services

  (c) Provision of oil and gas production and support services

  (d) Provision of sales, management and ancillary services

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

(2) Provision of management, technical, facilities and ancillary services, including the supply of materials by the Company and its subsidiaries to CNOOC Group and/or its Associates;

(3) Sales of petroleum and natural gas 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); and

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

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, length 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 (3)(a)-(3)(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) 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 negotiation between both parties with reference to market price.

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, oil and gas development, oil and gas 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	
	2022	2021
Provision of exploration and support services	**5,716**	4,815
– Inclusive of amount capitalised under property, plant and equipment	**3,584**	3,261
Provision of oil and gas development and support services	**19,500**	15,177
Provision of oil and gas production and support services (note (a))	**6,643**	4,723
Provision of sales, management and ancillary services (note (b))	**705**	862
FPSO vessel leases (note (c))*	**491**	626
	33,055	26,203

* 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) Provision of management, technical, facilities and ancillary services, including the supply of materials by the Company and its subsidiaries to CNOOC Group and/or its Associates

The Company and its subsidiaries did not enter into any transactions in the above category for the periods from 1 January to 30 June of 2022 and 2021.

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

	Six months ended 30 June	
	2022	2021
Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) (note (d))	**113,905**	57,501
Long-term sales of natural gas and liquefied natural gas (note (e))	**12,081**	7,000
	125,986	64,501

(iv) 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	
	2022	2021
Interest income from deposits in CNOOC Finance	**211**	139

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

	30 June 2022	31 December 2021
Deposits in CNOOC Finance	**23,427**	23,436

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	30 June 2022	31 December 2021
Amount due to CNOOC Group		
– included in other payables and accrued liabilities	**9**	51
Amounts due to other related parties		
– included in trade and accrued payables	**32,615**	27,395
– included in lease liabilities	**4,676**	4,105
	37,300	31,551
Borrowings from CNOOC Group and/or its Associates (note (g))	**4,973**	4,970
Amounts due from other related parties		
– included in trade receivables	**25,796**	14,151
– included in other current assets	**1,815**	1,079
	27,611	15,230

(vi) Balance with a joint venture

	30 June 2022	31 December 2021
Amount due from a joint venture		
– included in other current assets	**176**	161

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(vii) 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 these state-owned enterprises customers: 8% (six months ended 30 June 2021: 7%) of the Company and its subsidiaries' revenue in the six-month period ended 30 June 2022 is generated from crude oil and natural gas sold to two major customers, PetroChina Company Limited and China Petroleum & Chemical Corporation. These two customers are 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 2022, as summarised below:

	30 June 2022	31 December 2021
Cash and cash equivalents	**63,059**	1,672
Time deposits with maturity over three months but within one year	**19,690**	24,473
Specified dismantlement fund accounts, included in other non-current assets	**10,895**	10,402
	93,644	36,547

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

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(viii) Key management personnel's remuneration

	Six months ended 30 June	
	2022	2021
Short-term employee benefits	**9**	9
Pension scheme contributions	**1**	1
Amount paid/payable during the period	**10**	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 5 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. The financial services provided by CNOOC Finance to the Company and its subsidiaries also constitute continuing connected transactions defined in Chapter 14A of the Listing Rules of Stock Exchange and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules of Stock Exchange for the continuing connected transactions. Under the financial services framework agreement with CNOOC Finance dated 21 November 2019, CNOOC Finance continues to provide to the Company and its subsidiaries settlement, depository, discounting, loans and entrustment loans services. The agreement is effective from 1 January 2020 to 31 December 2022. The depository services were exempted from independent shareholders' approval requirements under the Listing Rules of Stock Exchange. On 21 November 2019, 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) placed by the Company and its subsidiaries with CNOOC Finance for the period from 1 January 2020 to 31 December 2022 with the amount of RMB23,500 million. During the period, the Company and its subsidiaries' actual maximum daily outstanding balance for deposits and interest placed in CNOOC Finance (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services) did not exceed RMB23,500 million (six months ended 30 June 2021: RMB23,500 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 2022 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 2022, the Company and its subsidiaries had the following capital commitments, principally for the construction of property, plant and equipment:

	30 June 2022	31 December 2021
Contracted, but not provided for*	**57,284**	41,249

* 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 RMB19,208 million (31 December 2021: RMB11,467 million) contracted with CNOOC Group and/or its Associates.

Capital commitments of a joint venture:

	30 June 2022	31 December 2021
Contracted, but not provided for	**337**	247

As at 30 June 2022, the Company and its subsidiaries had unutilised banking facilities amounting to approximately RMB66,500 million (31 December 2021: RMB67,011 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 and 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 but within one year, trade receivables, 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 2022 and 31 December 2021.

The estimated fair value of the Company and its subsidiaries' long term guaranteed notes was approximately RMB103,818 million (31 December 2021: RMB120,087 million), which was determined by reference to the market price as at 30 June 2022.

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 2022 and 31 December 2021, the Company and its subsidiaries held the following financial instruments measured at fair value for each hierarchy respectively:

	30 June 2022	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Other financial assets-current				
Corporate wealth management products	**92,002**	**–**	**92,002**	**–**
Other financial assets-non-current				
Corporate wealth management products	**2,000**	**–**	**2,000**	**–**
Equity investments				
Non-publicly traded investments – non-current	**1,088**	**–**	**–**	**1,088**
Publicly traded investments – non-current*	**1,285**	**1,285**	**–**	**–**
	96,375	**1,285**	**94,002**	**1,088**

	31 December 2021	Level 1	Level 2	Level 3
Assets measured at fair value				
Other financial assets-current				
Corporate wealth management products	82,440	–	82,440	–
Equity investments				
Non-publicly traded investments – non-current	994	–	–	994
Publicly traded investments – non-current*	1,681	1,681	–	–
	85,115	1,681	82,440	994

* 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.

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Financial assets classified within Level 3 are made up of Kerogen Energy Fund invested by the Company and its subsidiaries. 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 2022 were approved and authorised for issue by the Board on 25 August 2022.

Report on Review of Interim Condensed Consolidated Financial Statements

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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 31 to 65, which comprises the condensed consolidated statement of financial position of CNOOC Limited (the "Company") and its subsidiaries as at 30 June 2022 and the related 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
25 August 2022

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