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**CNOOC Limited**  
**(中國海洋石油有限公司)**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
**(Stock code: 00883)**

**CONNECTED TRANSACTIONS**  
**TIME CHARTER PARTIES**

The Board announces that on 25 August 2022, the Charterer, a wholly-owned subsidiary of the Company, entered into a Time Charter Party with each of NS Pioneer and NS Explorer.

Both of the Owners are indirect subsidiaries of CNOOC, the actual controller of the Company which indirectly holds approximately 61.11% of all of the issued shares of the Company as at the date of this announcement. Accordingly, both of the Owners are associates of CNOOC, a connected person of the Company, and therefore the transactions contemplated under the Time Charter Parties constitute connected transactions of the Company.

Under IFRS 16 “Leases”, the Company will recognize the value of the relevant right-of-use assets under the Time Charter Parties and the transactions contemplated thereunder will be treated as the acquisition of assets by the Company under the Hong Kong Listing Rules and constitute one-time connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the aggregate applicable percentage ratios calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the transactions contemplated under the Time Charter Parties exceed 0.1% but all are less than 5%, the transactions contemplated under the Time Charter Parties are exempt from the circular (including independent financial advice) and Shareholders’ approval requirement under Rule 14A.76(2) of the Hong Kong Listing Rules but are subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

**THE TIME CHARTER PARTIES**

The Board announces that on 25 August 2022, the Charterer, a wholly-owned subsidiary of the Company, entered into a Time Charter Party with each of NS Pioneer and NS Explorer, pursuant to which the Charterer will charter a Vessel from each of the Owners for a charter period of fifteen (15) years.

The Vessels are 155,000 DWT Dynamic Positioning Shuttle Tankers (DPSTs) which are designed and built specially for the purpose of carrying crude share from the projects in Brazil in which such subsidiaries hold interests and are currently under construction by a builder pursuant to the Shipbuilding Contracts.

The major terms of the Time Charter Parties are identical, save and except that the subject Vessel and the signing party as owner is different.

The particulars of the Time Charter Parties are summarised below.

**Date:** 25 August 2022

**Parties:** (a) the Charterer; and  
(b) NS Pioneer / NS Explorer

**Subject Vessels:** Vessel bearing HULL NO. ST155K-1 / Vessel bearing HULL NO. ST155K-2

**Charter period and delivery:** The Owners agreed to let, and the Charterer agreed to hire the Vessels for a period of fifteen (15) years, commencing from the time and date immediately after the delivery of the Vessels by the ship builder pursuant to the respective Shipbuilding Contract. The Charterer may at its option, redeliver the vessels up to sixty (60) days after or up to thirty (30) days before the expiration of the Charter period pursuant to the terms of the Time Charter Parties. The Charterer may extend the Time Charter Parties due to any off-hire period.

The Vessels shall be automatically delivered by the Owners to the Charterer immediately after the delivery of the Vessels by the shipbuilder to the Owners pursuant to the Shipbuilding Contract.

The Time Charter Parties shall be cancelled in case the Owners cancel the respective Shipbuilding Contract. Before the cancellation of the Shipbuilding Contract, the Owners shall inform the Charterers of the cancellation of the Time Charter Parties in writing.

**Rate of hire and payment:** US\$59,290 per vessel per day (tax exclusive), and pro rata for any part of a day, from time and date of delivery of the Vessels to the Charterer until the time and date of redelivery to Owners.

The first month hire is payable within 5 banking days on delivery

along with bunker value. Subsequent hire is to be paid monthly in advance by the latest of 7 days prior to the following commencement calendar month to the Owner.

Payment of hire shall be made in immediately available funds to the account provided by the Owners.

The maximum hire payable under the Time Charter Parties, in aggregate, is US\$649,640,530 (tax exclusive). The hire will be funded by internal resources of the Charterer.

## **VALUE OF THE RIGHT-OF-USE ASSETS**

In accordance with IFRS 16 “Leases”, the hire to be made by the Charterer under the Time Charter Parties consist of lease components and hence different accounting treatments will be applied. The unaudited total value of the right-of-use assets to be recognized by the Company under the Time Charter Parties upon the date of commencement of the charter period is estimated to be approximately US\$487.93 million (tax exclusive) in aggregate, which is the present value of the aggregate amount of maximum hire payable for the Vessels according to the Time Charter Parties, and may be subject to adjustment in the future. Under IFRS 16 “Leases” and in the consolidated income statement of the Company and its subsidiaries, the Company and its subsidiaries shall recognise the (i) depreciation charge over the life of the right-of-use assets, and (ii) interest expenses amortised from the lease liability over the lease term.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TIME CHARTER PARTIES**

The Company expects that the crude share of projects in Brazil will have a long-term transportation capacity needs in future. The Company and its subsidiaries currently does not have any long-term charters for DPST vessels, and the DPST vessels which are available for lease under short-term charters are of limited supply, thus are insufficient to meet the Company and its subsidiaries’ long-term transportation capacity needs of the Company and its subsidiaries’ projects in Brazil.

To the best knowledge, information and belief of the Directors, there is not any newly constructed DPST which is available for lease in the open market. In addition, DPSTs in excess of 150,000 DWT in Brazil are typically built specifically for long-term charters with other energy companies and, unlike other vessel types such as container vessels and bulk carriers.

The Time Charter Parties could provide the Company and its subsidiaries with Vessels with special functions for the crude oil transported by the Company and its subsidiaries, which could meet the Company and its subsidiaries’ transportation needs for the crude share of the projects in Brazil and enhance the Company and its subsidiaries’ control over its transportation capacity at the same time. In addition, the Time Charter Parties could promote the growth of the value of crude oil sales and trading, which would lead to an improvement of the Company and its subsidiaries’ competitiveness by having a more efficient, safer and greener marine transportation. The two Owners are capable to provide high-quality and professional services in the DPST area, fair and reasonable rates of hire, thus will enhance the economic benefits of the Company and its subsidiaries.

## **BASIS OF DETERMINATION OF THE RATE OF HIRE**

The rate of hire under the Time Charter Parties was determined taking into account (i) the duration of the charter period; (ii) technical capabilities of the vessels; and (iii) the prevailing market rate of hire chargeable by independent third Parties for chartering of vessels which are similar to the Vessels after arm's length negotiation between the Parties.

To the best knowledge, information and belief of the Directors, the rate of hire under the Time Charter Parties represents an internal rate of return of approximately 8% to the Owners (with reference to the building costs of the Vessels under the Shipbuilding Contracts), which is in line with the industry standard.

The Board (including the independent non-executive Directors) considers that the terms of the Time Charter Parties (including the rate of hire) are on normal commercial terms and are entered into in the ordinary and usual course of business of the Company, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

Both of the Owners are directly wholly-owned by Shanghai Northsea. Given that CNOOC Petrochemicals Import & Export and COO Services (HK) held as to an aggregate of 40% of the shares of Shanghai Northsea, and that CNOOC Petrochemicals Import & Export could exercise de facto control over Shanghai Northsea, Shanghai Northsea is consolidated in the financial statements of CNOOC Petrochemicals Import & Export and is a subsidiary thereof. COSCO Shipping directly holds 40% of the shares of Shanghai Northsea. CNOOC Petrochemicals Import & Export is a wholly-owned subsidiary of CNOOC, the actual controller of the Company which indirectly holds approximately 61.11% of the issued shares of the Company as at the date of this announcement. Accordingly, both of the Owners are associates of CNOOC, a connected person of the Company, and therefore the transactions contemplated under the Time Charter Parties constitute connected transactions of the Company.

Under IFRS 16 "Leases", the Company will recognize the value of the relevant right-of-use assets under the Time Charter Parties and the transactions contemplated thereunder will be treated as the acquisition of assets by the Company under the Hong Kong Listing Rules and constitute one-time connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the aggregate applicable percentage ratios calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the transactions contemplated under the Time Charter Parties exceed 0.1% but all are less than 5%, the transactions contemplated under the Time Charter Parties are exempt from the circular (including independent financial advice) and Shareholders' approval requirement under Rule 14A.76(2) of the Hong Kong Listing Rules but are subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Time Charter Parties. Nevertheless, Mr. Wang Dongjin, Mr. Li Yong, Mr. Xu Keqiang, Ms. Wen Dongfen and Mr. Zhou Xinhai abstained from voting on the board resolutions approving the Time Charter Parties due to their positions at CNOOC.

## **GENERAL**

The principal business activity of the Company is investment holding. The Company and its

subsidiaries principally engages in the exploration, development, production and sales of crude oil and natural gas.

The principal business activity of NS Pioneer is transportation of crude oil and refined oil, vessel leases, transportation consulting and agency services.

The principal business activity of NS Explorer is transportation of crude oil and refined oil, vessel leases, transportation consulting and agency services.

CNOOC principally engages in the provision of professional technical services, refining and marketing, natural gas and power generation and financial services.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

<b>“associate(s)”</b>	has the meaning ascribed thereto under the Hong Kong Listing Rules
<b>“Board”</b>	the board of directors of the Company
<b>“Charterer”</b>	China Offshore Oil (Singapore) International Pte. Ltd., a limited company incorporated under the laws of Singapore and a wholly-owned subsidiary of the Company
<b>“CNOOC”</b>	China National Offshore Oil Corporation (中國海洋石油集團有限公司), the actual controller of the Company indirectly holding approximately 61.11% of the issued shares of the Company as at the date of this announcement
<b>“CNOOC Petrochemicals Import &amp; Export”</b>	CNOOC Petrochemicals Import & Export Co., Ltd.* (中海石油化工進出口有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of CNOOC
<b>“Company”</b>	CNOOC Limited (中國海洋石油有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange
<b>“connected person”</b>	has the meaning ascribed thereto under the Hong Kong Listing Rules
<b>“COO Services (HK)”</b>	China Ocean Oilfields Services (Hong Kong) Limited* (中國近海石油服務(香港)有限公司), a company incorporated under the laws of Hong Kong and a subsidiary of CNOOC

<b>“COSCO Shipping”</b>	COSCO SHIPPING Energy Transportation Co., Ltd.* (中遠海運能源運輸股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 1138) and the Shanghai Stock Exchange (Stock Code: 600026), respectively.
<b>“Director(s)”</b>	the director(s) of the Company as at the date of this announcement
<b>“DPST”</b>	Dynamic Positioning Shuttle Tankers
<b>“DWT”</b>	Deadweight tonnage
<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
<b>“NS Pioneer”</b>	NS PIONEER TRANSPORT LIMITED, a company incorporated under the laws of Hong Kong, an indirect subsidiary of CNOOC and the Owner of the Vessel bearing HULL NO. ST155K-1
<b>“NS Explorer”</b>	NS EXPLORER TRANSPORT LIMITED, a company incorporated under the laws of Hong Kong, an indirect subsidiary of CNOOC and the Owner of the Vessel bearing HULL NO. ST155K-2
<b>“Owners”</b>	collectively, NS Explorer and NS Pioneer (each a “Owner”)
<b>“PRC”</b>	the People’s Republic of China
<b>“Shanghai Northsea”</b>	Shanghai Northsea Shipping Co., Ltd.* (上海北海船務股份有限公司), a company established under the laws of the PRC and a subsidiary of CNOOC, directly holding the entire shareholding of each of the Owners
<b>“Shareholder(s)”</b>	registered holder(s) of the shares of the Company
<b>“Shipbuilding Contracts”</b>	collectively, the shipbuilding contracts for the Vessels entered into between the shipbuilder of the Vessels and the Owners (each a “Shipbuilding Contract”)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed thereto under the Hong Kong Listing Rules
<b>“Time Charter Parties”</b>	collectively, the time charters entered into between the Owners and the Charterer on 25 August 2022 in relation to the charter of the Vessels (each a “Time Charter

Party”)

“US\$”

United States dollar, the lawful currency of the United States of America

“Vessels”

collectively, the vessels bearing HULL NO. ST155K-1 and HULL NO. ST155K-2 (each a “Vessel”)

“%”

per cent.

*\*for identification purpose only*

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

Hong Kong, 25 August 2022

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

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

**Executive Directors**  
Zhou Xinhuai  
Xia Qinglong

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