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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

EQUITY ACQUISITION

EQUITY TRANSFER AGREEMENT

On 22 December 2022, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor (a direct wholly-owned subsidiary of CNOOC) entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 40% equity interest in the Target Company at a consideration of RMB1,517,633,865.

LISTING RULES IMPLICATIONS

As the Vendor is a subsidiary of CNOOC, which is the actual controller of the Company and currently directly and indirectly holds approximately 61.86% of the total issued shares of the Company, the Vendor is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are less than 5% but more than 0.1%, the Acquisition will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempted from the independent shareholders' approval requirement.

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The principal terms of the Equity Transfer Agreement are set out below:

Date

22 December 2022

Parties

- (1) The Vendor
- (2) The Purchaser

Subject Matter

The Purchaser agreed to acquire and the Vendor agreed to sell 40% equity interest in the Target Company.

Effective Date

The Equity Transfer Agreement shall come into effect on the date when all the following conditions are fulfilled:

- (1) both parties have obtained all necessary approvals, permits and authorisations for the Acquisition; and
- (2) the Equity Transfer Agreement have been signed and sealed by both parties.

Consideration and Payment Terms

The consideration is RMB1,517,633,865, which shall be payable by the Purchaser to the Vendor within 5 Business Days after the Equity Transfer Agreement becomes effective and the Vendor completes relevant matters required under the Equity Transfer Agreement.

The consideration was determined by the parties to the Equity Transfer Agreement following arm's length negotiations with reference to, among other things, the appraised value as at the Appraisal Benchmark Date. According to the Asset Valuation Report on the Value of Total Shareholders' Equity of China Nuclear Huihai Wind Power Investment Co., Ltd. Involved in the Proposed Transfer by CNOOC Donghai Co., Ltd. (Zhongtian Huazi Pingbao Zi [2022] No. 10707) issued by an independent asset valuer Beijing branch of China Appraisal Associates Co., Ltd. (北京中天華資產評估有限責任公司) using the asset-based approach, as of the Appraisal Benchmark Date, based on the market value type and assuming the valuation assumptions are satisfied, the estimated value of the total shareholders' equity of the Target Company was RMB3,794,084,662. The valuation results have gone through the filing procedures in accordance with the relevant regulations on state-owned assets supervision and management. The consideration for the Acquisition will be financed by the internal resources of the Group.

Transfer of Rights

The transfer shall commence from the date of execution of the Equity Transfer Agreement. Within fifteen (15) Business Days from the date on which such transfer commences, the Vendor shall

complete the transfer of documents and materials to the Purchaser. The parties shall sign a letter confirming completion of such transfer, and the execution date of such letter shall be the transfer completion date.

Closing

The works relating to closing shall include, without limitation, completion of change of business registration for the Target Equity, filing of new articles of association of the Target Company and other relevant documents, and passing of relevant resolutions. The date on which the abovementioned works are completed shall be the closing date. From the closing date, all shareholders' rights and obligations corresponding to the Target Equity shall be enjoyed or assumed by the Purchaser, unless otherwise agreed between the parties.

Transitional Arrangements

The transitional period means the period of time from the effective date of the Equity Transfer Agreement to the transfer completion date. During the transitional period, unless with prior written consent of the Purchaser, the Vendor shall not commit, procure or allow the Target Company to commit any act which is detrimental to legitimate interests of the Target Company or the interests of the Purchaser under the Equity Transfer Agreement.

Conditions Precedent

Completion of transfer of the Target Equity is conditional upon execution and sealing of the Equity Transfer Agreement and obtainment of all necessary approvals, permissions and authorisations.

Liability for Breach of the Equity Transfer Agreement

It shall constitute a breach of the Equity Transfer Agreement if any party breaches its representations and warranties under the Equity Transfer Agreement, or such representations and warranties are untrue, inaccurate, misleading or fail to be fully realised, or any party breaches other provisions of the Equity Transfer Agreement which may damage the other parties' legitimate interests. In the case where the Target Company or the non-defaulting party has assumed any liability, suffered any loss or actually made any payment as a result thereof, the defaulting party shall fully compensate for the losses within the time required by the non-defaulting party.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is a limited liability company established under the PRC laws on 29 January 2014, of which the registered capital is RMB1,928,000,000 and paid-in capital is RMB1,928,000,000. The Target Company principally engages in the wind power and photovoltaic power generation business investment. As at the date of this announcement, the Target Company is owned as to 40% by the Vendor and 60% by Nuclear Power. The capital contribution made by the Vendor to subscribe for the Target Equity was RMB771,200,000.

The title to the Target Equity is clear, and the Target Equity is free of mortgage, pledge or any other transfer restrictions, not involved in litigation, arbitration, seizure, freezing or other judicial

measures, and free of any matter impeding the transfer of title. As of the date of this announcement, the Target Company is not listed as a dishonest person subject to enforcement.

According to the financial statements of the Target Company prepared in accordance with Chinese Accounting Standards for Enterprises (中國企業會計準則), the audited consolidated net asset value of the Target Company as at 31 March 2022 was RMB3,472,430,514, and the major financial indicators for the two financial years ended 31 December 2020 and 2021, the three months ended 31 March 2022 and the six months ended 30 June 2022 were as follows:-

	For the financial years ended 31 December		For the three months ended 31 March	For the six months ended 30 June
	2020 <i>RMB Thousand</i> <i>(Audited)</i>	2021 <i>RMB Thousand</i> <i>(Audited)</i>	2022 <i>RMB Thousand</i> <i>(Audited)</i>	2022 <i>RMB Thousand</i> <i>(Unaudited)</i>
Total assets	8,915,800.7	10,504,827.8	10,992,249.6	11,238,210.8
Total liabilities	5,877,919.6	7,101,882.1	7,519,819.1	7,628,864.3
Net assets	3,037,881.1	3,402,945.8	3,472,430.5	3,609,346.5
Revenue	1,128,299.5	1,308,095.3	296,693.2	692,970.5
Net profit before tax	230,111.1	377,976.6	77,608.2	240,512.4
Net profit after tax	206,746	353,336.2	68,701.9	203,805.6

Note: The financial information of the Target Company for the six months ended 30 June 2022 was unaudited.

The major financial indicators of the Target Company for the financial year ended 31 December 2020 have been audited by Beijing branch of Pan-China Certified Public Accountants (Special General Partnership) (天健會計師事務所(特殊普通合伙)北京分所), which issued an audit report with unqualified opinions (Tian Jian Jing Shen [2021] No. 4379), whereas the major financial indicators for the financial year ended 31 December 2021 and for the three months ended 31 March 2022 have been audited by Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合伙)), which issued an audit report with unqualified opinions (Da Hua Shen Zi [2022] No. 0016181).

Nuclear Power, the other shareholder of the Target Company prior to the Acquisition, has confirmed to waive its right of first refusal. Upon completion of the Acquisition, the Target Company will become a joint venture between the Purchaser and Nuclear Power, with the Purchaser and Nuclear Power holding 40% and 60% equity interests in the Target Company respectively. Therefore, the Target Company will not become a subsidiary of the Company, and the financial performance of the Target Company will not be consolidated into the financial statements of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

This transaction is in line with the new national energy security strategy of “Four Revolutions and One Cooperation” and conforms to the general trend of accelerating the high-quality development of new energy. It is in line with the Company’s industrial development plan to vigorously develop new energy and practice green energy transformation; it is conducive for the Company to relying on the Target Company’s existing advantages in the field of new energy project development to continue to expand its new energy business; it is conducive to relying on the new energy professional team newly established by the Company to strengthen the management of equity participation in the Target Company and realise the sustainable development of the Target Company; and it is conducive to relying on the Target Company’s sound operating performance to facilitate the stable development of the new energy companies.

INFORMATION ABOUT THE PARTIES

The principal business activity of the Company is investment holding. The Group principally engages in the exploration, development, production and sales of crude oil and natural gas.

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal business includes power generation business, power transmission business, power supply (distribution) business; installation, maintenance and testing of power transmission, power supply, and power receiving facilities (projects subject to approval according to law, operating activities can only be carried out after approval by relevant departments) general projects: biomass energy technology services; resource recycling technology research and development; emerging energy technology research and development; engaging in investment activities with self-owned funds (except licensed business, and can independently operate projects that are not prohibited or restricted by laws and regulations).

The Vendor is a direct wholly-owned subsidiary of CNOOC. It was incorporated as a limited liability company in PRC on 2 November 1983, and its principal business includes supply of materials and equipment, petrochemical materials, import and export of various commodities and technologies on its own account or as an agent (excluding commodities and technologies the business operation of which is limited by PRC to certain companies or prohibited from import and export), natural gas, liquefied petroleum gas, inter-port transport of liquefied petroleum gas along the coast of PRC and the middle and lower reaches of the Yangtze River, leasing of self-owned buildings (including office buildings), property management, real estate brokerage, operation of parking lots (garages), technical consultation and technical service in the fields of construction technology and environmental protection technology, commercial information consultation, sale

of daily goods, conference and exhibition services and car leasing. (Certain businesses requiring approval pursuant to the laws shall be carried out only upon approval by the relevant authorities).

As of the date of this announcement, CNOOC holds 100% equity interests in the Vendor. Save as disclosed above, there is no other material relationship between the Vendor and the Company with respect to property rights, businesses, assets, credits and debts or personnel, nor is the Vendor listed as a dishonest person subject to enforcement.

LISTING RULES IMPLICATOINS

As the Vendor is a subsidiary of CNOOC, which is the actual controller of the Company and currently directly and indirectly holds approximately 61.86% of the total issued shares of the Company, the Vendor is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company.

As all of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition are less than 5% but more than 0.1%, the Acquisition will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempted from the independent shareholders' approval requirement.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable; although the Acquisition is not made in the ordinary and usual course of business of the Company, the respective terms and conditions therein are on normal commercial terms and in line with the overall development strategy of the Group as well as in the interests of the Company and its shareholders as a whole.

Taking into account their positions at CNOOC, none of Mr. Wang Dongjin, Mr. Li Yong, Mr. Xu Keqiang, Ms. Wen Dongfen and Mr. Zhou Xinhui participated in the voting on the board resolutions approving the Equity Transfer Agreement and the Acquisition contemplated thereunder.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Equity by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement
“Appraisal Benchmark Date”	31 March 2022
“Board”	the board of directors of the Company
“Business Day(s)”	any day on which banks in the PRC are open for

	business
“CNOOC”	China National Offshore Oil Corporation (中國海洋石油集團有限公司), the actual controller of the Company directly and indirectly holding approximately 61.86% of all of the shares of the Company as at the date of this announcement
“Company”	CNOOC Limited (中國海洋石油有限公司), a company incorporated in Hong Kong with limited liability, whose Hong Kong shares are listed on the Stock Exchange and RMB shares are listed on the Shanghai Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 22 December 2022 entered into between the Vendor as transferor and the Purchaser as transferee in relation to the Acquisition
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Nuclear Power”	China Nuclear Power Co., Ltd. (中核匯能有限公司), a company established in the PRC with limited liability and an independent third party of the Company
“Purchaser”	CNOOC (Hainan) New Energy Co., Ltd. (中海油(海南)新能源有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Shareholder(s)”	registered holder(s) of the shares of the Company
“Target Company”	China Nuclear Huihai Wind Power Investment Co., Ltd. (中核匯海風電投資有限公司), a company established in the PRC with limited liability and is owned as to 40% and 60% by the Vendor and Nuclear Power respectively as at the date of this announcement
“Target Equity”	40% equity interest in the Target Company owned by the Vendor
“Target Group”	the Target Company and its subsidiaries
“Vendor”	CNOOC Donghai Co., Ltd. (中國海洋石油東海有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of CNOOC
“%”	per cent.

By Order of the Board
CNOOC Limited
Xu Yugao
Joint Company Secretary

Hong Kong, 22 December 2022

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

Executive Directors
Zhou Xinhuai
Xia Qinglong

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

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