中国海油
CNOOC

SEHK : 00883 (HKD counter) and 80883 (RMB counter)
SSE : 600938

2025 ANNUAL REPORT

CNOOC Limited

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 annual report.

The annual report has been considered and approved at the 2nd meeting of the Board of the Company in 2026.

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") Accounting Standards/Hong Kong Financial Reporting Standards ("HKFRS") Accounting Standards, respectively, and have been audited by Ernst & Young Hua Ming LLP and Ernst & Young accounting firms respectively, each of which has issued standard unqualified audit reports. Mr. Huang Yongzhang, Vice Chairman, CEO and President of the Company, Ms. Mu Xiuping, Senior Vice President, Chief Financial Officer and Ms. Wang Yufan, Manager of Financial Department of the Company, warrant the truthfulness, accuracy and completeness of the financial report set out in this annual report.

In overall consideration of factors such as the future earnings, capital requirements, financial position, future prospect and cash flow of the Company, the Board proposes to distribute the final dividend for the year ended 31 December, 2025 in the amount of HK$0.55 per share (tax inclusive) to all the shareholders. Together with the interim dividend of HK$0.73 per share (tax inclusive) already paid, the total amount of final dividend and interim dividend for 2025 is HK$1.28 per share (tax inclusive). If there is any change in the total number of issued shares of the Company from the date of this annual report to the date of equity registration for the implementation of the 2025 final dividend, the Company intends to maintain the amount of dividend per share unchanged and adjust the total amount of profit distribution accordingly, and will disclose the details of the adjustment separately. 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 Annual General Meeting declared the dividend; dividend for Hong Kong shares will be paid in HKD. The Company's final dividend distribution plan for 2025 has been approved by the 2nd meeting of the Board of the Company in 2026, and is subject to the approval by the shareholders in the 2025 annual general meeting of the Company.

As of the end of the reporting period, there were no unremedied losses in the financial report of the Company. 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 annual 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, as a result of salient factors 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, "health, safety, security and environment" (HSSE) and insurance policies and changes in anti-corruption, anti-fraud, anti-money laundering and corporate governance laws.

Consequently, all of the forward-looking statements made in this annual 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.

CONTENT

COMPANY PROFILE

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

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

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

As of 31 December 2025, the Company owned net proved reserves of approximately 7.77 billion BOE, and its net production was 777.3 million BOE (unless otherwise stated, all amounts of reserve and production in this annual report include reserve and production accounted for by equity method). The Company had total assets of approximately RMB1,098.6 billion.

The basic information of CNOOC Limited:

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

Secretary to the Board of the Company:

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

Place of registration, office address and contact information:

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

Changes in the places for information disclosure and reference:

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

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

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

Accounting firm employed by the Company:

Domestic:	Ernst & Young Hua Ming LLP
Office address:	Level 16, Ernst & Young Tower E3, Oriental Plaza No.1 East Chang An Ave, Dongcheng District, Beijing
Name of signing accountants:	Zhao Yizhi, He Xin
Overseas:	Ernst & Young Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Office address:	27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Name of signing accountant:	Cheong Ming Yik

COMPANY PROFILE

DEFINITION OF TERMS

Wildcat well	A well drilled on any rock formation for the purpose of searching for petroleum accumulations, including a well drilled to obtain geological and geophysical parameters
Appraisal well	An exploratory well drilled for the purpose of evaluating the commerciality of a geological trap in which petroleum has been discovered
Exploration wells	Wildcat and appraisal wells
Upstream business	Oil and gas exploration, development, production and sales
Proved reserves	Based on geoscience and engineering data, estimates of oil and gas quantities can be estimated with reasonable certainty to be recoverable from known oil and gas reservoirs under existing economic, operating conditions and regulations in future years
Reasonable certainty	As more geoscience, engineering, and economic data becomes available over time, the estimated ultimate recovery is much more likely to increase or remain constant
Reserve replacement ratio	For a given year, total additions to proved reserves divided by net production during the year
Reserve life	Refers to proved reserves divided by net production of a specified year
Seismic	A geophysical exploration method based on the difference in elasticity and density of underground medium to generate wave impedance, which is received and processed to reflect and infer the attribute and state of underground rock strata
Proved in-place volume	Refers to industrial oil and gas flows obtained from drilling wells and producible reservoir proved by appraisal drilling. It is estimated with high confidence
Unconventional oil and gas	Oil and gas resources that cannot be obtained for natural industrial output using traditional development technologies, which can be economically exploited, continuously or quasi-continuously accumulated, only through the use of novel technologies which improve reservoir permeability or fluid viscosity, including tight oil and gas, shale oil and gas, coalbed methane, and natural gas hydrates

GLOSSARY

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

CONVERSION

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

FINANCIAL SUMMARY

(All amounts expressed in millions of RMB)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Audited)

Year ended 31 December

	2021	2022	2023	2024	**2025**
Total revenues	246,111	422,230	416,609	420,506	**398,220**
Total expenses	(150,132)	(228,905)	(248,840)	(235,801)	**(228,627)**
(Finance costs)/interest income, net	(4,678)	(3,047)	(549)	(1,514)	**(1,450)**
Share of profits/(losses) of associates and a joint venture	346	1,911	1,931	1,836	**(472)**
Investment income	2,850	2,058	3,084	5,258	**211**
Profit before tax	95,821	194,770	172,974	189,976	**169,639**
Income tax expense	(25,514)	(53,093)	(48,884)	(51,994)	**(47,491)**
Profit for the year	70,307	141,677	124,090	137,982	**122,148**

Consolidated Statement of Financial Position (Audited)

As of 31 December

	2021	2022	2023	2024	**2025**
Current assets	207,982	264,679	250,275	264,609	**295,383**
Property, plant and equipment	465,451	532,719	592,920	632,410	**666,370**
Investments in associates and a joint venture	41,540	48,927	51,252	48,491	**45,819**
Intangible assets	14,864	16,600	16,769	16,961	**16,522**
Total assets	786,569	929,031	1,005,598	1,056,281	**1,098,559**
Current liabilities	(93,951)	(113,391)	(123,939)	(118,875)	**(91,253)**
Non-current liabilities	(210,642)	(217,257)	(213,783)	(187,970)	**(202,122)**
Total liabilities	(304,593)	(330,648)	(337,722)	(306,845)	**(293,375)**
Equity	481,976	598,383	667,876	749,436	**805,184**

CHAIRMAN'S STATEMENT

Zhang Chuanjiang
Chairman

Dear shareholders,

As the year renews, we forge ahead with dedication. Looking back on 2025, our world, our times, and history were changing in ways like never before, accompanied by significantly heightened uncertainties. In the face of the severe and complex external situation and the downward pressure from volatile international oil prices, CNOOC Limited pursued progress while maintaining stability. We endeavored to boost reserves and production with a pragmatic and enterprising approach; accelerated innovation and development with a race-against-time spirit; ensured safety and environmental protection with an unrelenting sense of responsibility; focused on cost reduction and efficiency enhancement through practical and effective measures, thereby successfully accomplishing our annual goals.

Oil and gas reserves lay the foundation for steady and long-term growth. In 2025, the Company achieved significant results in exploration by adhering to the value-driven exploration principle. Our oil and gas reserves reached new heights, and we were honored with the "Global Best NOC Explorer" Award for the first time. Aiming to discover large and medium-sized oil and gas fields, we have made significant exploration breakthroughs in areas like shallow lithology. Meanwhile, we successfully discovered and appraised multiple oil and gas fields both domestically and internationally, and acquired several exploration blocks, thereby solidifying the resource foundation for our long-term growth.

Oil and gas production is essential to ensuring a stable energy supply. In 2025, we accelerated key projects implementation and continuously improved the "quantity, quality and efficiency" of production capacity construction, with 16 new projects successfully coming on stream. We achieved remarkable results in the development of producing oilfields, with reserve utilization rate and recovery rate continuously improving and natural decline rate remaining stable. Net oil and gas production for the year of 2025 reached a new record high of 777.3 million BOE, representing a year-on-year increase of 7%. Offshore oil and gas has become a critical contributor to China's reserves and production growth.

Green and low-carbon development stands as a strategic choice for transition and upgrading. In 2025, the Company made solid progress in acquiring large-scale offshore wind power resources and advancing demonstration projects, while emerging businesses such as CCS/CCUS developed in a steady and orderly manner. Adhering to the integrated development of oil and gas business with new energy business, the world's first 16MW tension leg floating wind power platform project and the Hainan CZ7 offshore wind project were successively launched; China's first offshore CCUS demonstration project was successfully put into operation at Enping 15-1 platform of South China Sea; and solid progress was made in the feasibility studies for the "onshore carbon offshore storage" initiative and the integrated energy demonstration projects covering oil, gas, electricity, hydrogen, and carbon.

Technological innovation powers our organic growth. In 2025, the Company achieved remarkable progress in core technological breakthroughs. Reserves and production growth was driven by major scientific and technological initiatives in exploration and development. Milestones were achieved in the independent development of deepwater subsea Christmas trees and control systems. The Company steadily advanced its digital and intelligent transformation, deepened the implementation of the "AI+" initiative. The Company further raised the proportion of unmanned offshore platforms, effectively reduced production losses through typhoon mode operations, and saw its "Shenhai-1" gas field selected for China's first batch of lighthouse-class smart factories cultivation list.

Safety serves as the fundamental guarantee for operations. In 2025, the Company vigorously implemented targeted safety initiatives, conducted thorough hazard investigation and remediation in key areas, and effectively responded to the impact of natural disasters such as super typhoons, thereby maintaining stable safety performance throughout the year.

Cost reduction and efficiency enhancement serve as a sustainable pathway to value creation. In 2025, the Company achieved operating revenues of RMB398.2 billion and net profits attributable to equity shareholders of the Company of RMB122.1 billion, maintaining profitability resilience. Our all-in cost was US$27.9 per BOE, further strengthening our cost competitiveness. The Company attaches importance to shareholder returns. In order to share the fruits of development with all shareholders, the Board of Directors has recommended a final dividend of HK$0.55 per share (tax inclusive) for 2025.

In 2025, Mr. Wang Dongjin ceased to serve as the Chairman and Non-Executive Director of the Company; Mr. Zhou Xinhuai resigned from his positions as Vice Chairman, Executive Director, and Chief Executive Officer; Mr. Chiu Sung Hong and Mr. Chan Chak Ming ceased to serve as Independent Non-Executive Directors. Recently, Mr. Huang Yongzhang was appointed as Vice Chairman, Executive Director, Chief Executive Officer and President; Ms. Yan Hongtao resigned as Executive Director and President; Ms. Mu Xiuping resigned as Executive Director. On behalf of the Board, I would like to extend our congratulations to Mr. Huang Yongzhang and express our sincere gratitude to all the departing directors for their contributions to the Company's development during their tenure.

Going forward, the global energy transition will enter a new phase, energy technology innovations will accelerate, and the proportion of new energy will gradually increase. China's economy is expected to maintain stable growth, offering significant opportunities for the Company's development. Tapping into the immense potential of marine energy resources, we will adhere to our "First Curve" of oil and gas business while simultaneously creating a "Second Curve" for growth in areas such as new energy and new industries, accelerating the transition from old to new growth drivers and facilitating the transformation of our development model. We will solidify our development foundation by increasing oil and gas reserves and production, empower our growth momentum through value creation, drive industrial upgrading with innovation, build competitive advantages through international expansion, and accumulate growth potential with green and low-carbon initiatives, thus striving to build a world-class energy and resources group with distinctive maritime characteristics.

A new blueprint unfolds, and the journey ahead calls for unwavering commitment. We sincerely invite all shareholders to join us in a pioneering journey of industrial progress.

Zhang Chuanjiang
Chairman

26 March 2026

BUSINESS OVERVIEW

Huang Yongzhang
Vice Chairman, CEO and President

CNOOC Limited specializes in oil and natural gas exploration, development, production and sales, and is the dominant oil and natural gas producer in offshore China. It is also one of the largest independent oil and natural gas exploration and production companies in the world. As of the end of 2025, the Company had net proved reserves of approximately 7.77 billion BOE. In 2025, the Company achieved a net production of approximately 777.3 million BOE.

In China, CNOOC Limited engages in oil and natural gas exploration, development and production in Bohai, Western South China Sea, Eastern South China Sea, East China Sea and onshore. As of the end of 2025, approximately 64.5% of the Company's net proved reserves and approximately 69.1% of net production were from China.

Overseas, we have a diversified and high-quality portfolio. We hold interests in a number of world-class oil and gas projects and have become a leading player in the industry. As of the end of 2025, overseas oil and gas assets accounted for approximately 40% of the total oil and gas assets of the Company, and overseas net proved reserves and net production accounted for approximately 35.5% and approximately 30.9%, respectively.

In 2025, the Company adhered to scientific and technological innovation as its guide, boosted the increase of oil and gas reserves, production, quality improvement, cost reduction and efficiency enhancement, promoted the integrated development of oil and gas business with new energy business, continuously modernized governance, strengthened risk prevention capabilities, and achieved high-quality development.

KEY OPERATING INDICATORS

	2025			2024		
	Crude and Liquids (mm bbls)	**Natural Gas (bcf)**	**Total (mm boe)**	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
Net production						
China	**401.8**	**799.5**	**536.9**	376.7	685.2	492.7
Overseas	**197.9**	**237.9**	**240.4**	190.5	244.3	234
Total	**599.7**	**1,037.3**	**777.3**	567.1	929.4	726.8
Net proved reserves at year end						
China	**3,385.7**	**9,700.0**	**5,015.7**	3,103.4	8,784.8	4,584.5
Overseas	**2,416.8**	**1,940.3**	**2,757.4**	2,356.0	1,883.5	2,686.0
Total	**5,802.4**	**11,640.3**	**7,773.1**	5,459.3	10,668.3	7,270.6

	2025	2024	Change (%)
Realized oil price (US$/bbl)	**66.47**	76.75	(13.4)
Realized gas price (US$/mcf)	**7.95**	7.72	3.0
Oil & gas sales (RMB billion)	**335.7**	355.6	(5.6)
Net profit attributable to equity shareholders (RMB billion)	**122.1**	137.9	(11.5)
Basic EPS (RMB)	**2.57**	2.90	(11.5)

BUSINESS OVERVIEW

EXPLORATION

In 2025, we adhered to the goal of discovering large and medium-sized oil and gas fields, continuously intensified frontier exploration efforts, fully promoted the integration of exploration and development, and achieved fruitful results in oil and gas exploration. We made six new discoveries and successfully appraised 28 oil and gas bearing structures throughout the year.

In offshore China, the Company drilled 202 exploration wells, made six new discoveries, including Longkou 25-1, Caofeidian 22-3, Jinzhou 27-6, Huizhou 21-8, Weizhou 10-5 and Weizhou 10-5 South, and successfully appraised 26 oil and gas bearing structures. The exploration achievements mainly include:

Firstly, by intensifying frontier exploration, the Company made great breakthroughs in new areas, such as the multi-type buried hills in the Weixiannan Depression of the Western South China Sea, thereby further broadening our exploration directions for reserve and production growth.

Secondly, by strengthening exploration appraisal, the Company discovered the 100-million-ton Qinhuangdao 29-6 Oilfield in the shallow lithologic area, further consolidating the reserve base while demonstrating the promising prospects.

Thirdly, by adhering to value-driven approach, the Company made remarkable progress in the integrated exploration and development project for reserve growth, and successfully appraised several oil and gas bearing structures, such as Lingshui 17-2 and Lingshui 25-1, laying a solid foundation for the efficient conversion of reserves into production.

Onshore China, by adhering to the concept of full-play exploration, the Company drilled 123 exploration wells throughout the year, newly added proven natural gas reserves exceeding 100 billion cubic meters.

Overseas, by adhering to value-driven exploration, the Company drilled five exploration wells, successfully appraised two oil fields, Lukanani and Ranger, in the Stabroek block, Guyana, and acquired four new exploration projects in Iraq, Kazakhstan and Indonesia.

ENGINEERING CONSTRUCTION, DEVELOPMENT AND PRODUCTION

In 2025, by adhering to maximizing production as the core and relying on engineering standardization and Excellent Drilling and Completion projects, the Company deeply implemented the integrated and collaborative management model covering exploration and development, geology and engineering, and engineering production. As a result, capacity construction improved in quality and efficiency,

Net Production

777
million boe

Net Proved Reserves

7,773
million boe

All-in Cost

27.90
US$/boe

Net Profit Attributable to Equity Shareholders

122.1
billion RMB

Net Operating Cash flow

209.0
billion RMB

Dividend Payout Ratio

45%
Actively share development results

BUSINESS OVERVIEW

and a number of key projects were put into operation ahead of schedule. The Company continued to enhance the development performance by controlling the natural decline rate of producing oilfields and improving both reserve utilization rate and recovery rate, effectively supporting stable and increased production of producing oil and gas fields. In 2025, the Company achieved net oil and gas production of approximately 777.3 million BOE, with a year-on-year growth of 7.0%, maintaining a growth for several consecutive years. Among them, net gas production reached 1,037.3 bcf, with a year-on-year growth of 11.6%.

In 2025, a total of 16 new projects successfully commenced production, including Bozhong 26-6 Oilfield Development Project (Phase I), Kenli 10-2 Oilfield Group Development Project (Phase I) in offshore China, as well as Buzios 7 Project in Brazil and Yellowtail Project in Guyana. More than 80 projects were under construction throughout the year, with development progressed smoothly.

In 2025, the Company continued to promote stable and increased production in the producing oilfields, accelerated the completion and commissioning of key projects, adhered to refined production management, and strengthened scientific research and digital-intelligent construction. The main achievements included:

Firstly, we continuously enhanced the development performance and ensured stable and increased production in producing oil and gas fields. We improved reservoir characterization, achieved full coverage of domestic offshore oil and gas fields for the first time, and consolidated the foundation for stable production of producing oilfields. We continuously increased efforts to tap the potential of existing oilfields, iteratively upgraded production enhancement technologies, and steadily improved the recovery rate of producing oil and gas fields.

Secondly, through a dual-driven approach focusing on technology and management, we accelerated capacity construction and enhanced its efficiency. We deepened the application of engineering standardization, with 15 engineering standardization projects achieving remarkable results and accelerating capacity construction by 12%. We strengthened refined management of drilling and completion, applied "fewer wells, higher production" technology package, and implemented benchmark projects of Excellent Drilling and Completion, which achieved a 26% improvement in benchmark projects efficiency.

Thirdly, we strengthened scientific and technological research and digital-intelligent empowerment to drive higher quality and efficiency in development and production. We conducted technological research focusing on key areas such as enhancing recovery rate, economic development of low-permeability heavy oil reservoirs, and smart oilfields, and promoted the large-scale application of key technologies including subsea production systems and intelligent injection-production. We deepened data governance and intelligent system construction and enhanced the intelligent level of oil and gas field operations, effectively improving development and production performance.

OVERVIEW BY REGION

China

In China, we conduct oil and gas exploration, development and production primarily through independent operations and cooperation projects.

Independent operations: We increase reserves and production primarily through independent exploration and exploitation. As of the end of 2025, approximately 90.0% of net proved reserves and approximately 87.8% of net production in China were from our independent oil and gas fields.

Cooperation projects: We cooperate with partners through product sharing contracts ("PSCs") in oil and gas resources (including crude oil and natural gas) exploitation and development. China National Offshore Oil Corporation ("CNOOC Group"), our controlling shareholder, has the exclusive right to enter into PSCs with foreign contractors to cooperate in the exploration, exploitation and production of oil and gas 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).

Bohai is the largest crude oil production base in China and also the most important crude oil producing area for the Company. In 2025, the Company made three new discoveries and successfully appraised 10 oil and gas bearing structures in Bohai. Among them, the successful appraisal of Qinhuangdao 29-6 Oilfield, with proved in-place volume of 100-million-ton, demonstrated the promising exploration prospects of the shallow lithologic area in Bohai. During the year, Bozhong 26-6 Oilfield Development Project (Phase I), Luda 5-2 North Oilfield Phase II Development Project, Caofeidian 6-4 Oilfield Comprehensive Adjustment Project, and Kenli 10-2 Oilfield Group Development Project (Phase I) all were put into operation.

Western South China Sea is the Company's important natural gas production areas. In 2025, the Company made two new discoveries and successfully appraised 13 oil and gas bearing structures in the Western South China Sea. Among them, Weizhou 10-5 and Weizhou 10-5 South were newly discovered, demonstrating the broad exploration prospects of the buried-hill area in the Beibu Gulf Basin. Multiple oil and gas bearing structures including Lingshui 17-2 and Lingshui 25-1 were successfully appraised, showing remarkable results in integrated exploration and development for progressive reserve growth. During the year, Dongfang 29-1 Gas Field Development Project, Wenchang 19-1 Oilfield Phase II Project, Wenchang 9-7 Oilfield Development Project, Weizhou 5-3 Oilfield Development Project, Dongfang 1-1 Gas Field Block 13-3 Development Project, Wenchang 16-2 Oilfield Development Project, and Weizhou 11-4 Oilfield Adjustment and Satellite Fields Development Project were put into operation.

Eastern South China Sea is one of the Company's important crude oil producing areas. In 2025, the Company made one new discovery and successfully appraised three oil and gas bearing structures in the Eastern South China Sea. In particular, Lufeng 13-8 Oilfield was successfully appraised, and its reserve scale was expanded. During the year, Panyu Block 10/11 Joint Development Project and Xijiang Oilfield Group Block 24 Development Project were successfully put into operation.

East China Sea is the Company's natural gas producing area for the Yangtze River Delta region. In 2025, the Company continued to optimize infill drilling in the East China Sea, sustained stable production of producing fields, advanced the transformation of unmanned and minimally manned offshore platforms, and accelerated the construction of offshore smart oil and gas fields.

We mainly engaged in the exploration, development and production of unconventional natural gas resources onshore China. We have established three major production bases, Linxing, Shenfu and Panhe, in the eastern edge of the Ordos Basin and the Qinshui Basin. In 2025, the Company deepened the theory of coalbed methane enrichment in deep play, accelerated the appraisal of various types of gas fields including deep and medium-shallow plays, and added proved in-place natural gas volume exceeding 100 billion cubic meters, among them, deep coalbed methane accounts for more than 80%. All these demonstrated the promising exploration prospects for deep coalbed methane.

By the end of 2025, China's net proved reserves stood at 5,015.7 million BOE. Among them, net proved reserves of crude and liquids reached 3,385.7 million BOE; net proved reserves of natural gas reached 9,700.0 bcf. Our net proved oil and gas reserves have maintained steady growth. During the year, China's net oil and gas production amounted to 536.9 million BOE, with a year-on-year growth of 9.0%. Among them, net production of crude and liquids reached 401.8 million BOE, with a year-on-year growth of 6.7%; net production of natural gas reached 799.5 bcf, with a year-on-year growth of 16.7%.

Overseas

The Company boasts a diversified asset portfolio and international operation and management capabilities, and holds interests in a number of world-class oil and gas projects, with assets spanning more than 20 countries and regions around the world, including Indonesia, Australia, Nigeria, Iraq, Uganda, Argentina, the United States, Canada, the United Kingdom, Brazil, Guyana, and the United Arab Emirates.

Asia (excluding China) is the first overseas region the Company entered into. Currently, the Company owns oil and gas assets mainly in Indonesia and the United Arab Emirates and also acts as the main contractor of technical services contracts for the Missan oilfields in Iraq. In 2025, all projects maintained stable production. In addition, the Company successfully acquired four new exploration projects, e.g. Block 7 in Iraq, Zhylyoi Block in Kazakhstan, and Gaea and Gaea II blocks in Indonesia.

BUSINESS OVERVIEW

Currently, the Company's oil and gas assets in Oceania are mainly located in Australia. The North West Shelf LNG Project in Australia supplies gas to the end-users including the Dapeng LNG Regasification Terminal in Guangdong, China, and its incremental gas is sold in spot LNG market independently. In 2025, the NWS LNG Project maintained stable production, achieving incremental gas production that exceeded expectations.

Africa is an important source of oil and gas production for the Company overseas. The Company's assets in Africa are primarily located in Nigeria and Uganda. In 2025, the Company successfully implemented production enhancement measures in Blocks PML 2/3/4 and PPL 261 in Nigeria, such as infill drillings and injection-production optimization, and the oilfield decline rate has been effectively mitigated and controlled. For the Kingfisher Project in Uganda, all pre-drilling site preparation works had been completed, oilfield production equipment and facilities had their installation completed, and cable laying is currently underway. The Company will continue to work actively with its partners and the government of Uganda to bring the projects into production.

North America is one of the Company's major overseas oil and gas reserves regions. The Company holds interests in oil and gas blocks in the U.S., Canada, Trinidad and Tobago in North America. The Company owns 100% working interests in Long Lake Project in Canada. In 2025, the production of Long Lake project continued to increase due to the efficient implementation of infill drillings, as well as the rapid ramping up of Long Lake Northwest project. In 2025, a subsidiary of CNOOC Limited completed the Stock Purchase Agreement with INEOS Energy, involving the Company's upstream oil and gas business located in the U.S. Gulf of Mexico, mainly consisting of non-operating interests in oil and gas projects including the Appomattox and Stampede fields.

South America has become the region with the largest overseas oil and gas reserves and production of the Company and is a significant source of production growth for the Company. The Company holds interests in oil and gas blocks in Brazil, Guyana and Colombia in South America, as well as a 50% interest in BC ENERGY INVESTMENTS CORP. ("BC") in Argentina.

Brazil deepwater area is one of the world's most important oil and gas development regions. CNOOC Limited holds interests in Mero and Buzios oilfields in Brazil, respectively. In 2025, Mero4 Project of Mero oilfields in Brazil was successfully put into production and total of four phases of projects have been put into production in this oilfield. Buzios7 of Buzios oilfields was also successfully put into production and 11 units of Buzios oilfields are expected to be in operation by 2027.

The Stabroek block in offshore Guyana is one of the global exploration hotspots in recent years, and CNOOC Limited holds a 25% interest in the block. In 2025, two oilfields, Lukanani and Ranger, were successfully appraised, and Yellowtail Project was put into production smoothly. Four projects have commenced production in the Stabroek block. By 2030, the block is expected to have eight projects in operation.

In Europe, CNOOC Limited holds interests in oil and gas fields such as Buzzard and Golden Eagle in the U.K. North Sea, and holds interests in Arctic LNG 2 LLC in Russia.

By the end of 2025, overseas net proved reserves stood at 2,757.4 million BOE. Among them, net proved reserves of crude and liquids reached 2,416.8 million BOE; net proved reserves of natural gas reached 1,940.3 bcf. Our net proven oil and gas reserves have maintained a steady growth trend. In 2025, the Company's overseas net oil and gas production amounted to 240.4 million BOE, with a year-on-year growth of 2.7%. Among them, net production of crude and liquids reached 197.9 million BOE, with a year-on-year growth of 3.9%; net production of natural gas reached 237.9 bcf, with a year-on-year decrease of 2.6%.

SALES AND MARKETING

Sales of Crude Oil

The Company sells the crude oil produced in offshore China in its domestic market mainly through CNOOC International Trading Co., Ltd., its wholly-owned subsidiary. The Company sells the crude oil produced overseas in international and domestic markets mainly through CNOOC International Trading Co., Ltd. and CNOOC International Limited.

The Company's crude oil sales prices are mainly determined by reference to the prices of international benchmark crude oil of similar quality, with certain premiums or discounts subject to the prevailing market conditions. Although the prices are denominated in U.S. dollar, customers in China settle in Renminbi. The Company currently sells three types of crude oil in China, i.e., heavy crude oil, medium crude oil and light crude oil. The sale prices are benchmarked against Brent oil price. The Company's major customers in China are CNOOC Group, Sinopec Group and some local private refineries. Overseas crude oil sold in international or domestic markets is benchmarked against the Brent, Dubai, Oman and WTI prices and regularly updated official oil prices of the host countries.

In 2025, the crude and liquids sales volume of the Company was 589.2 million barrels, representing a year-on-year increase of 4.7%, and the average realised oil price was US$66.47 per barrel, representing a year-on-year decrease of approximately 13.4%, basically in line with international oil prices.

Sales of Natural Gas

The Company's natural gas sales prices are mainly determined through negotiation with customers. Generally, natural gas sales agreements are long-term contracts, and the contract terms normally include a price review mechanism. The Company's natural gas customers are primarily located in the coastal areas of China, and the major customers include CNOOC Gas and Power Group, China BlueChemical Ltd, Hong Kong Castle Peak Power Company Limited, etc.

LNG produced from the NWS Project in Australia and the Tangguh LNG Project in Indonesia are under long-term supply contracts and are sold to various customers in the Asia-Pacific region, including the Dapeng LNG Terminal in Guangdong Province and the LNG terminal in Putian, Fujian Province in China.

In 2025, the natural gas sales volume of the Company was 984.0 bcf, representing a year-on-year increase of 13.1%. The Company's average realised natural gas price was US$7.95/mcf, representing a year-on-year increase of approximately 3.0%, mainly due to the higher realised gas prices overseas.

RESEARCH AND SCIENTIFIC DEVELOPMENT

In 2025, we adhered to self-reliance and self-strengthening in science and technology, and made material breakthroughs in key technologies, thereby providing strong support for high-quality development.

Significant achievements were made in key technologies for increasing oil and gas reserves and production. We innovated exploration theories, and guided another discovery of 100-million-ton proved in-place volume oilfield in the shallow play of the Bohai Slope; applied advanced geophysical technologies on a large scale, consolidating the foundation of exploration data; conducted the large-scale application of fine water flooding technology, helping reduce the natural decline rate of China's offshore oilfields to 9.5%.

Digital and intelligent transformation progressed in an orderly manner. "Shenhai-1" gas field was selected into China's first batch of lighthouse-class smart factories cultivation list; the unmanned rate of offshore platforms further increased; the application of independently developed "Haineng-Aoqin" helped improve efficiency in key scenarios such as drilling and geological design by 30%; two innovative achievements in smart oilfield construction and integrated exploration and development won national-level awards.

LOW CARBON DEVELOPMENT

The Company adheres to the green and low-carbon development concept, gives full play to its overall advantages, vigorously promotes the integrated development of offshore wind power and oil and gas production, expands new energy business in an orderly manner, and steadily promotes green and low-carbon development. The main achievements included:

Firstly, we pursued cleaner oil and gas production. Through onshore power and other projects, we achieved 950 million kWh of green electricity substitution. We established a key technical system for the recovery of flare gas in offshore oil and gas fields, and achieved the recovery and utilization of flare gas over 10,000 cubic meters per day, and applied permanent magnet electric submersible pumps on a large scale.

Secondly, we adhered to the integrated development of oil and gas business with new energy business, and fulfilled the stage target for acquiring offshore wind power resources. The deep-sea floating wind power platform "Haiyou Guanlan" has been operating steadily throughout the year, with cumulative electricity generation of approximately 60 million kWh since its operation. The world's first 16 MW tension-leg floating wind power platform project commenced construction. Hainan CZ7 Offshore Wind Power Demonstration Project (phase I) commenced construction.

Thirdly, we adhered to promoting the development of new industries in an orderly manner. China's first offshore CCUS project was put into operation in the South China Sea, successfully achieving the leap from offshore "CCS" to "CCUS". In addition, technical feasibility study for the Daya Bay CCS/CCUS cluster demonstration project was completed.

In 2025, the Company achieved remarkable results in energy conservation & carbon reduction, promotion of key projects, and zero-carbon & negative-carbon industries. For details, please refer to the Company's *2025 Environmental, Social and Governance Report*.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

As always, CNOOC Limited adheres to the core health, safety and environmental protection values of "Safety First, Environment Paramount, People-oriented and Equipment Intact". The Company continuously improves the management of the HSSE system and strives to provide a safe working environment for its employees and contractors, maintain a relatively stable performance of production safety and build a first-class safety risk management and control system.

In 2025, the Company solidly promoted the action of work safety, took rigorous measures to ensure the quality and efficiency of major accident hazard investigations, highlighted empowerment with digital intelligence and enhancing safety with science and technology, and comprehensively strengthened basic lean management at the grassroots level, thereby continuously improving its safety risks control capabilities.

For details on health, safety, and environmental protection, please refer to the Company's *2025 Environmental, Social and Governance Report*.

CORPORATE CITIZENSHIP

While pursuing production growth, CNOOC Limited actively responds to climate change, practices the concept of green and low-carbon development, and transforms itself into a green and low-carbon enterprise. The philosophy of our social responsibility could be summarized as follows: to become a leading force in increase of oil and gas reserves and production; a driving force for green and low-carbon development; and the backbone in building a harmonious society.

In 2025, CNOOC Limited invested a total of over RMB134 million in external donations and public welfare projects. For details on the Company's fulfillment of corporate social responsibilities, please refer to the *2025 Environmental, Social and Governance Report*.

HUMAN RESOURCES

CNOOC Limited always regards our employees as the core competitiveness of the Company's development. We always adhere to the people-oriented development concept, constantly improve employment policies, attach great importance to the rights and interests of employees, and create a good environment for their development.

As of 31 December 2025, the Company had 20,810 employees in China, 1,235 employees overseas and 1,039 contracted employees.

For details of the Company's employment policies, protection of employee's rights and interests and employee development, please refer to the *2025 Environmental, Social and Governance Report*.

RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE MANAGEMENT SYSTEM

Since its establishment, the Company has treated risk management, internal control and compliance management system as a top priority. The Company recognizes that it is the duty and obligation of its management to establish and maintain a risk management, internal control and compliance management system which serves the Company's strategic objectives and meets the Company's business practice. For details, please refer to the section D.2 Risk Management and Internal Control in the Corporate Governance Report.

The Board considers that as of 31 December 2025, the Company's risk management system and the Company's internal control over financial reporting were effective.

As a company listed in Hong Kong and Shanghai, the Company will continue to strictly comply with all regulatory requirements, strengthen its risk management, internal control and compliance management system and maintain a high standard of corporate governance to ensure the Company's healthier development.

RISK FACTORS

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, which could have material effects on our strategies, operations, compliance and financial condition. We urge you to carefully consider the risks described below.

Macro economy and policy risk

Macro economy risk

The industry in which the Company operates is closely linked to the macro economy. Economic recovery varies widely among countries due to multiple factors such as geopolitical conflicts and tightening of global monetary policies. Geopolitics, trade frictions and other factors have exerted negative impact on the global flow of goods, people and capital, and posed unprecedented challenges to the global supply chain. Macro economy changes will affect the supply and downstream demand for oil and gas, which will adversely affect the Company's performance.

Risk arising from changes in international political and economic factors

The international political and economic landscape is complex and subject to rapid change, with the trend toward multipolarity in the global order accelerating. Persistent geopolitical tensions in Ukraine and the Middle East are driving profound shifts in global dynamics. Uncertainties arising from the U.S. midterm elections will shape the future of global energy and climate policies. Intensifying competition in emerging industries and heightened rivalry for critical resources are further driving the realignment of global industrial structures. The countries in which we operate may be exposed to unstable politics and economy, and our financial condition and operating results could be adversely affected by associated international actions, civil unrest and general strikes, political instability, war and acts of terrorism. Our operations, existing assets or future investments may be materially and adversely affected by changes in regime or social instability, or other political, economic or diplomatic changes, or changes in policies, laws, fiscal and tax regimes which are beyond our control.

The Arctic LNG 2 LLC and its project in Russia, in which the Company has a 10% interest, have been somewhat adversely affected by sanctions stemming from the Russia-Ukraine conflict. Save for this, as of the date of this report, other overseas projects of the Company are not directly affected by the Russia-Ukraine conflict, and the production and operation conditions are normal.

Risk arising from changes in industry policies

The ongoing oil and gas system reform in China may have certain impacts on the Company's business in China. For example, at present, China's foreign investment access policies no longer restrict foreign investment to participate in the oil and gas exploration and development business in China through joint venture and cooperation only. On 1 July 2025, the new Mineral Resources Law came into force. In the future, the Company may face competition and challenges from a variety of competitors in the industry to obtain and retain exploration rights in oil and gas fields. In addition, with the continuous introduction of the latest electricity trading policies in China, the fluctuation of market-based power prices brings uncertainty to the Company's revenue from new energy projects.

Risk arising from climate change and environmental policy
With the coming into force of the Paris Agreement and the continuing growth of the public's awareness of climate change issues, the carbon emission policies of different countries are gradually enacted, China has also put forward the timetable of "Carbon peak and Carbon neutrality". The acceleration of the energy transition process poses a challenge to the oil and gas industry. For transition climate risks, the Company faces risks such as increased greenhouse gas-related pricing in terms of policies and laws, and risks such as failure of fossil energy carbon reduction technologies to meet expectations and changes in supply and demand in hydrocarbon markets in terms of technologies and markets. If we fail to respond in a timely and effective manner, it may lead to an increase in investment and operating costs and a decrease in main business income. In terms of reputation, if there is a controversial incident, it will be detrimental to the relationship between the Company and stakeholders and may damage the Company's brand image. For physical climate risks, the increase in extreme weather phenomena such as typhoons in the context of climate change also poses challenges for the Company. This series of risks will increase the risk exposure of the Company's operating sites, resulting in increased exploration and equipment maintenance costs, thus increasing operating costs.

Our offshore operating platforms, exploration and development activities and land-based terminal production activities will generate risks of waste gas, wastewater, solid wastes, noise and oil spillage. If they are not properly handled, they may fail to meet the standard of discharge or the disposal process is not in compliance, polluting the marine ecological environment, damaging our reputation and operations and increasing the costs of restoring the ecological environment and compensation, and even exposing us to lawsuits and penalties.

Market risk

Risk arising from volatility in oil and gas prices
Prices for crude oil, natural gas and oil products may fluctuate widely in response to relative changes in the supply and demand for crude oil and natural gas, market uncertainty and various other factors beyond our control, such as macroeconomic conditions, oil policies of OPEC and major oil exporting countries, geopolitics, economic conditions and actions related to major oil-producing countries, the prices and accessibility of other energy sources, natural disasters, weather conditions and major global public health emergencies, etc.

Volatility in oil and gas prices may impact our business, cash flows and profits. Oil and gas prices are volatile. A downward trend in oil and gas prices which lasts for a long period may adversely affect our business, revenue and profits, and may also result in write-off of higher cost reserves and other assets, reduction in the amount of oil and natural gas we can produce economically. The prolonged slump in oil and gas prices may also impact our investment strategies.

Risk arising from increased market competition
The new round of scientific and technological revolution and industrial transformation has had a profound impact on the development of energy industry. The Company faces competition in all aspects, including access to oil and gas resources, alternative energy sources, customers, capital financing, technology and equipment, talent and business opportunities. Energy prices continue to be affected by global supply and demand, geopolitical situation, green and low carbon, etc. Meanwhile, environmental protection supervision in the energy field is becoming increasingly stringent, and the continuous progress and development of alternative energy industry also leads to intensified competition in the energy supply market, which may have adverse impact on the operation and performance of the Company.

Business 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) risk. Part of our operations are located in environmentally sensitive regions or politically unstable regions, and part of our business are operated in offshore environment. Our operations expose us and the communities in which we operate to a number of risks, including possible major safety incidents, and natural disasters, social unrest, personal health and safety mistakes and potential consequences from unforeseeable external destruction. If a major HSSE incident materialises, it could result in casualties, environmental damage, disruption to business activities and material impact on our reputation, exclusion from bidding or eventually loss of our license to operate. At the same time, regulatory regimes for HSSE in the countries in which we operate may become more stringent over time. In the future, we may incur significant costs, such as fines, penalties, clean-up costs and third-party claims, as a result of breach of laws and regulations relating to HSSE matters.

In addition, 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 associated with deviation between forward-looking judgments of oil and gas prices and the actuality

The Company, as an oil and gas exploration and development enterprise, will make forward-looking judgments on oil and gas prices when evaluating oil and gas projects or related business opportunities, while economic returns of projects normally depend to some extent on the Company's robustness and accuracy of price predictions. 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 were acquired through mergers and acquisitions, and potential risks may arise due to various reasons in the practice of mergers and acquisitions. Any of these reasons would reduce our ability to realize the anticipated benefits.

We may not be able to successfully dispose of non-core assets at acceptable prices, resulting in increased pressure on our cash position. In the case of asset disposals, we may be held liable for past acts, or failures to act or perform obligations, 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 associated with limited control over our investments in joint ventures and our joint operation with partners

Due to the special nature of the oil and gas industry, a portion of our operations are conducted in the form of partnerships or in joint operation, we may have limited capability to influence and control their operation or future development. Our limited ability to influence and control the operation or future development of such joint ventures could materially and adversely affect the realization of our target returns on capital investment.

Risk associated with 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.

Risk associated with high supplier concentration

The procurement from the Company's major suppliers accounted for a relatively high proportion. 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 associated with irrealizable undeveloped reserves

There are various risks in developing reserves, mainly including construction, operational, geophysical, geological and regulatory risk. 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, including the quality and quantity of technical and economic data, the market prices of our oil and gas products, the production dynamics of oil reservoirs, extensive engineering judgments, comprehensive judgments of engineers and the fiscal and tax regimes in the countries where we have operations or assets. 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.

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

Risk associated with network security and IT infrastructure damage
Attacks on our cyber system, or negligence in the management of our cyber security, data security, IT system and other factors may cause damage or breakdown to our information system or IT infrastructure, which may disrupt our operations, result in loss or misuse of data or sensitive information, cause injuries, environmental harm or damages to 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 associated with business and operations in Canada
Transportation and export infrastructure in Canada is limited, and without the construction of new transportation and export infrastructure, realization of our full oil and natural gas production capability may be affected. If the export infrastructure reaches capacity, we may be required to sell our products into the North American markets at lower prices than in other (international) markets, which could materially and adversely affect our financial performance.

Furthermore, First Nations in Canada have aboriginal land claims, in a substantial portion of western Canada. As a result, negotiations with First Nations prior to commencing future projects are prudent. Failure to successfully negotiate with affected First Nations may result in timing uncertainties or delays of future development activities.

Risk associated with related party transactions
We regularly enter into related party transactions with CNOOC Group and its affiliates. Certain related party 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.

Financial risk

Exchange rate risk
The Company's oil and gas sales revenue is substantially denominated in Renminbi and U.S. dollars. The depreciation of Renminbi against U.S. dollar may have double effects. The appreciation of U.S. dollar against Renminbi may increase the Company's revenue from the sales of oil and gas, but may increase our import costs for equipment and raw materials. The Company may have exchange rate risk in the case of inconsistency between revenue and cost scale. When there may be 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.

Foreign exchange control risk
Certain restrictions on dividend distribution imposed by the laws of the countries in which we operate may adversely and materially affect our cash flows. For instance, subsidiaries established in countries and regions with foreign exchange control to remit funds overseas shall satisfy the regulatory requirements of local laws and regulations, and face the risk of policy changes at any time, which may cause the Company's failure to recover the cash income of subsidiaries in a timely manner.

Risk associated with the actual controller's influence on the Company

By the end of 2025, CNOOC Group directly and indirectly owns or controls approximately 62.13% of the issued shares (percentage in the total shares of both Hong Kong shares and A 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

Risks associated with violations of anti-corruption, anti-fraud, anti-money laundering and corporate governance 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 it may even expose us to civil or criminal liabilities.

Risks associated with violations of laws and regulations related to data security

Laws and regulations related to privacy and data protection are generally becoming more stringent. Some countries and jurisdictions where we operate in or have access to data have data security, data privacy or data protection laws and regulations, such as Personal Information Protection Law of the People's Republic of China, the European Union General Data Protection Regulation (GDPR) and Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). As a company with operations in various countries and regions, we are subject to privacy and data 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 certain expenditures. In addition, failure to comply with current and future laws and regulations could result in government enforcement actions (including the imposition of significant penalties), criminal and civil liability for us and our officers and directors, private litigation and/or adverse publicity that negatively affects our business.

The risk of sanctions

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

Overall risk response measures

The Company strives to build a risk management system matching the world-class energy companies. We will make overall management of major risks, respond to them at different levels, and strive to identify, prevent, handle and report them in a timely manner. We will carry out risk monitoring and early warning in important business areas, and conduct dynamic research and judgment and disposal. A whole-process risk management mechanism of "pre-prevention, in-process control and post-evaluation" has been established.

The Company continues to improve the risk management-oriented internal control system, focus on the modernization of corporate governance system and governance capacity, and strengthen the construction of compliance system, to ensure that all risks are effectively addressed.

The Company integrates environmental, social and governance (ESG) risk management into normal risk management. For details of ESG risk identification and response, please refer to the Company's "2025 Environmental, Social and Governance Report".

CORPORATE GOVERNANCE REPORT

GOVERNANCE STANDARDS

The Company has always upheld and attained high standard of business ethics, for which its transparency and standards of governance have been recognised by the public and its shareholders. In 2025, the Company was honoured as "Most Honored Companies", "Best Company Board", "Best Investor Relations Company" and "Best ESG" hosted by Extel (formerly "Institutional Investor"), the "Most Valuable Investment Award" and "Listed Company Dividend Return Award" of the Golden Bull Award of China Securities Journal, and the "Top 100 Valuable Chinese Listed Companies " and "Top 100 Best ESG Practices for China Listed Companies" hosted by Securities Times. A strict and high standard of corporate governance enables the Company to operate steadily and efficiently and is in the long-term interests of the Company and its shareholders.

The Company is a company incorporated under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) (the "Companies Ordinance"). Pursuant to the Notice of the Office of the State Council on the Forwarding to China Securities Regulatory Commission ("CSRC") the Opinions on the Pilot Programmes of Innovative Enterprises Issuing Stocks or Depositary Receipts in Mainland China (the "Notice of Opinions on the Innovative Enterprises"), the company law and other laws and regulations stipulated by its place of incorporation outside China may apply to the shareholding structure, corporate governance, operational regulations and other matters of a pilot red-chip enterprise. The corporate governance system of the Company is subject to the Companies Ordinance and its Articles of Association which vary to a certain extent with the corporate governance model currently applicable to domestic A-share listed companies registered in China in terms of, amongst others, profit distribution mechanism, decision-making procedures for material matters and distribution of residual assets. For specific details, please refer to the section titled "III. Major Difference between the Corporate Legal System Prevailing at the Place of Incorporation and Articles of Association and the Company Law and Other Laws and Regulations of the PRC" under "Chapter 9 Corporate Governance Structure" of the Prospectus of CNOOC Limited for Initial Public Offering of RMB Ordinary Shares (A shares) dated 11 April 2022 of the Company.

Since its listing in Hong Kong, the Company is committed to maximizing its shareholders' value. In 2025, the Company executed its corporate governance policies strictly and sought to comply with the relevant provisions in the "Corporate Governance Code" (the "CG Code", unless otherwise specified, references in this Report to the CG Code refer to the CG Code as currently in force in 2025) set out in Part II of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules of Stock Exchange"), ensuring that all decisions were made on the principles of trust and fairness and in an open and transparent manner so as to protect the interests of all shareholders. At the same time, as a Company listed on the main board of the Shanghai Stock Exchange ("SSE"), the Company also attaches great importance to the domestic regulatory rules prescribed by CSRC and the SSE governing the operation standards of listed companies. In accordance with the relevant provisions of the Notice of Opinions on the Innovative Enterprises, the Company adheres to at all times the principles of making arrangements for protecting the rights and interests of investors that are generally no less favourable than those required by laws within the PRC, and of maintaining a sound and effective corporate governance structure and supervising and procuring directors and senior management to perform their duties faithfully and diligently, with the aim of protecting the legal interests of the investors. The Company values the importance of corporate governance and in light of the relevant regulatory rules stipulated by The Stock Exchange of Hong Kong Limited ("HKSE"), CSRC and SSE, the Company sets out a summary of its key corporate governance practices during 2025 below.

A. CORPORATE PURPOSE, STRATEGY AND GOVERNANCE

A.1 Corporate strategy, business model and culture

- The Company has been striving to become a first class energy supplier, a superior value creator and a pioneer of high-quality development. The Company strengthened its development resilience by expanding oil and gas reserves and increasing production, empowered growth through value creation, and drove industrial upgrading with innovation. It advanced internationalization to build competitive advantages, and fostered green and low-carbon development to unlock future potential. With these efforts, the Company is striving to build a world-class energy and resources group with distinctive marine characteristics.

- In China, the Company engages in oil and natural gas exploration, development and production in Bohai, Western South China Sea, Eastern South China Sea, East China Sea and onshore China independently or through cooperation projects. Overseas, the Company has a diversified and high-quality portfolio and holds interests in a number of world-class projects in which the assets are located in more than 20 countries and regions around the world.

- The Company extracts natural resources in a safe, efficient, and environmentally friendly manner, and provides the society with clean, reliable and stable energy so as to inject inexhaustible energy to fuel economic development. The Company always regards meeting society's needs for energy as the cornerstone to ensure sustainable development. The Company pursues green and low-carbon development strategy, actively reduces the impacts of oil and gas exploration and development activities on the environment, and steadily promotes the development of new energy business and green technology. The Company cultivates a corporate culture of "patriotism, commitment, hardworking and innovation" as the core values, and actively fulfills its social responsibilities.

- The Board and its Strategy and Sustainability Committee regularly review the Company's development objectives, development strategy and medium and long-term development plans, to ensure that the Company's vision, values and strategies are aligned with the corporate culture.

- Going forward, the Company will steadily promote the reserves and production growth, encourage technological innovation and green and low-carbon development, intensify the enhancement of quality and reduction of costs, continuously improve efficiency and value creation capability so as to generate better returns to shareholders.

A.2 Corporate Governance Functions

- The Board has delegated the responsibility for performing certain corporate governance related duties and functions to the Audit Committee and the Nomination Committee.

- The Audit Committee shall be responsible for performing the corporate governance duties set out below: developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board in that regard; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements and making recommendations to the Board in that regard; developing, reviewing and monitoring the code of conduct and compliance manual for Directors and Senior Officers and making recommendations to the Board in that regard; and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report and making recommendations to the Board in that regard.

- The Nomination Committee shall be responsible for reviewing and monitoring the training and continuous professional development of Directors and senior management and making recommendations to the Board in that regard.

B. BOARD COMPOSITION AND NOMINATION

B.1 Board composition, succession and evaluation

- As of 31 December 2025, the Board consisted of seven members: two of them were Executive Directors, two of them were Non-executive Directors and three of them were Independent Non-executive Directors. During the Reporting Period, the list of Directors, the biographies of the Directors in office during the reporting period and their positions in various committees of the Board and management are set out in the "Report of the Board" and "Directors and Senior Management" respectively in this annual report, which are also available on the websites of HKSE, SSE and the Company. There are no financial, business, family or other material or related relationships between the members of the Board.

- The Executive Directors of the Company are individuals with extensive experience in the relevant business fields of the Company and are familiar with the operation and management of the listed company.

- The Non-executive Directors of the Company are all individuals with extensive experience in the parent company's respective fields of operation.

- The Independent Non-executive Directors of the Company are all professionals or scholars with backgrounds in the legal, economic, financial or investment fields. They have extensive experience and knowledge of corporate management and make significant contributions to the Company's strategic decisions.

- The Board adopted a board diversity policy (the "Policy") on 20 August 2013. The Policy aims to continue to improve corporate governance and ensure the diversity of Board members. A summary of the Policy is set out below:

Purpose:	The Policy aims to continue to improve corporate governance and ensure the diversity on the Board.
Policy statement:	With a view to leading its high-quality development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In designing the Board's composition, board diversity shall be considered from a number of aspects, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.
Selection criterion:	Selection of candidates will be based on diversity of perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and diversified vision.

- Since the adoption of the Policy in August 2013, the Board has regularly observed the Policy and has taken into account the objectives set out in the Policy in reviewing its Board composition. In particular, in selecting the candidates for Non-executive Directors and Independent Non-executive Directors, the Board not only considered the knowledge, professional experience and industry-specific exposures of the candidates, the Board also took into account other factors such as cultural background and diversified vision of the candidates. In selecting the candidates for Executive Director, the Board considered the candidates knowledge and background in the energy industry, leadership and management skills, and experience and years of service in the industry. As a result, the Nomination Committee considered that the appointments of Directors and senior management of the Company during the reporting period were appropriate and that there was sufficient diversity at the Board level. In addition, in accordance with the Listing Rules of Stock Exchange which states that the HKSE will not consider diversity to be achieved for a single gender board, and in this regard, gender diversity is achieved at the Board level with female Director.

- The Board has reviewed the implementation and effectiveness of the Company's policy on board diversity in 2025.

- In accordance with the principles of diversity and anti-discrimination in employment, the Company insists on treating employees equally in the recruitment, training, promotion and remuneration systems regardless of race, nationality, faith, gender, age, marital status or whether subject to special statutory protections, strives to provide employees with equal opportunities in all aspects, and creates a respectful, open and tolerant corporate culture and values the diverse talents of its employees. The Company will continue to uphold the principle of gender equality in employment by ensuring that both the number and quality of female staff in the workplace remain relatively stable and actively maintaining a steady increase in the number of female employees. As of the end of 2025, the Company had a total of 3,663 female employees, representing 17% of the total number of employees. The Company also pays attention to the career development and training made available for female managerial positions and 16.5% of middle and senior management are women. In addition, the Company also adopts a range of measures to enrich the life of the female employees after work and to encourage them to participate in various activities.

- The Board and/or its committees have also reviewed the following key features or mechanisms of the Board and governance structure of the Company and accordingly are of the view that the relevant features and mechanism are adequate to ensure that independent views and input are available to the Board:

  – As of 31 December 2025, three out of the seven directors are Independent Non-executive Directors which exceeds the requirement that Independent Non-executive Directors shall make up at least one third of the Board as stipulated under the Listing Rules of Stock Exchange.

- Nearly half of the Board members are Independent Non-executive Directors to ensure that independent advice is delivered and taken into account at Board meetings and during the decision-making processes of the Board.

- The Nomination Committee will fully assess the independence of a candidate before the appointment of a new Independent Non-executive Director.

- The Company has policy and procedures in place to avoid any potential conflict of interests and not to undermine the objectivity and integrity of the Board in decisions-making. Under the Policy, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. The Independent Non-executive Directors who do not have a material interest in the transaction will be voting at such Board meeting.

- The Board and its committees may, when they deem it necessary, seek independent professional advice in appropriate circumstances and ensure independent and professional views and input are available to the Board to assist them in performing their duties to the Company, at the Company's expense.

- The Chairman holds meetings with the Independent Non-executive Directors without the presence of other Directors at least annually.

- The Board and each Director will have separate and independent access to the Company's senior management and the Joint Company Secretaries, who will provide full and prompt responses to queries raised by the Directors. All Directors are entitled to have access to the Board documents, minutes and related materials upon reasonable notice.

The Board's view on the independence assessment of the Independent Non-executive Directors:

The Company has received annual independence confirmation from all Independent Non-executive Directors serving during the reporting period, confirming that they have fully complied with the relevant independence requirements in accordance with Rule 3.13 of the applicable Listing Rules of Stock Exchange. After the Nomination Committee of the Company reviewed the resumes, employment status and other information of the Independent Non-executive Directors and evaluated their independence, the Board believes that all Independent Non-executive Directors meeting the applicable independence requirements, and that there are no circumstances which influence the independence of the Independent Non-executive Directors or prohibiting any of the Independent Non-executive Directors from serving as an Independent Non-executive Director of the Company pursuant to the applicable domestic and overseas regulatory rules.

B.2 & B.3 Appointments, re-election and removal and Nomination Committee

- As of 31 December 2025, the Nomination Committee comprised two Independent Non-executive Directors (Mr. Lin Boqiang and Ms. Li Shuk Yin Edwina) and the Non-executive Director and Chairman of the Board (Mr. Zhang Chuanjiang), with Mr. Zhang Chuanjiang serving as the Chairman of the Nomination Committee.

- The role of the Nomination Committee is to determine the policy and establish proper procedures for the selection of the Company's leadership positions, upgrade the quality of Board members and perfect the Company's corporate governance structure.

- The Nomination Committee is responsible for making recommendations to the Board for suitable candidates to serve as Directors and senior management of the Company for approval by the Board, reviewing the structure, size and composition of the Board (including the skills, knowledge and experience), and evaluating the leadership abilities of Executive Directors, so as to ensure the competitiveness of the Company.

- With respect to nomination for new directors and re-election of directors, the Company follows a considered and transparent nomination policy and the Nomination Committee adheres to such policy for nomination of Directors. As set out in the Board diversity policy of the Company, the nomination of Directors was made in accordance with the nomination policy and the objective criteria (including gender, age, cultural, educational background and relevant or professional experience, ethnicity, skills, knowledge, etc.), with due regard for the benefits of diversity. Under the nomination policy for Directors of the Company, the Nomination Committee shall recommend suitable candidates (whether to fill temporary vacancies or to be recommended for election or re-election) to the Board for it to consider. The Nomination Committee may also invite members of the Board to nominate suitable candidates (if any) for consideration by the Nomination Committee before its meetings.

- When nominating an Independent Non-executive Director for re-election, the Board will propose shareholders' vote by way of a separate resolution and include in the circular and/or explanatory statement accompanying the notice of the relevant general meeting to shareholders the information such as the reasons why the Board considers such Director shall be re-elected, for the shareholders' reference when making a voting decision.

- The Nomination Committee is also responsible for evaluating the contributions and independence of incumbent Directors so as to determine whether they should be recommended for re-election. Based on such evaluation, the Nomination Committee will recommend to the Board candidates for re election at general meetings and appropriate replacements (if necessary). The Board, based on the recommendations of the Nomination Committee, will propose to the shareholders the candidates for re-election at the relevant general meetings.

- A Director appointed by the Board to fill a casual vacancy or as an addition shall hold office until the next annual general meeting.

- The Non-executive Directors and Independent Non-executive Directors are appointed for a term of 36 months.

- All Directors are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Articles of Association of the Company and the CG Code.

- In 2025, the Nomination Committee convened six meetings, and two of which were in form of physical meeting and four of which were conducted by way of written resolutions. The following is a summary of the work performed by the Nomination Committee under its charter during 2025:

  – Reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees, assessed each Director's time commitment and contribution to the Board, and his or her ability to discharge duties effectively, and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

  – Assessed the independence of Independent Non-executive Directors;

  – Identified individuals suitably qualified to become Board members and made recommendations to the Board on the selection of individuals nominated for directorships;

  – Recommended suitable candidates for senior management positions of the Company;

  – Made recommendations to the Board on the re-election of Directors and reviewed succession planning for Directors, in particular the Chairman and CEO (if any), according to the nomination procedure and process and criteria adopted by the Company;

  – Reviewed and monitored the training and continuous professional development of Directors and senior management and made recommendations to the Board in that regard; and

  – Evaluated and assessed the effectiveness of the Nomination Committee and the adequacy of the charter of the Nomination Committee, and considered and proposed the amendments to the charter and presented to the Board for approval.

- The Nomination Committee reviewed in March 2026 the assessment of each Director's time commitment and contribution to the Board during 2025, as well as the effectiveness with which each Director discharged his or her duties. The Nomination Committee concluded that all Directors had devoted sufficient time and effort to the affairs of the Company in 2025 and had performed their duties effectively. In forming its view, the Nomination Committee took into account the following factors:

  – the skills and professional expertise of the Directors as set out in the Directors' skills matrix in the section "Corporate Governance Report" of this Annual Report;

  – the roles and positions held by each Director in the Company and its subsidiaries, as well as any directorships or positions and/or other significant commitments held in other external companies or organisations; and

  – each Director's attendance at meetings of the Board and its committees during the year (details of which are set out in the section "Corporate Governance Report" of this Annual Report).

	Board Skills and Experience						
	Strategic Decision-Making and Leadership Experience	M&A & Capital Operations	Energy Industry Experience	Financial Management Expertise	Legal/ Regulatory & Compliance/ Risk Management	Global Business Experience	Emerging Areas (Digital Intelligence/ Sustainability)
Executive Director	✓	✓	✓	✓	✓	✓	✓
Non-executive Director	✓	✓	✓	✓	✓	✓	✓
Independent Non-executive Director	✓	✓	✓	✓	✓	✓	✓

Attendance of individual members at Nomination Committee meetings in 2025

Directors	No. of meetings attended (Six meetings in total) By committee member	By proxy
Zhang Chuanjiang *(Chairman) (Note 1)*	1	0
Wang Dongjin *(Note 2)*	2	0
Zhou Xinhuai *(Note 2) (Note 3)*	3	0
Qiu Zhi Zhong *(Note 4)*	4	0
Lin Boqiang	6	0
Li Shuk Yin Edwina *(Note 5)*	2	0

Note 1: Newly appointed as Director and chairman of the committee during the reporting period. Please see “Changes in Directors” below.

Note 2: Ceased to hold office during the reporting period. Please see “Changes in Directors” below.

Note 3: Presided over the work of the committee from April to July 2025. Please see “Changes in Directors” below.

Note 4: Ceased to serve as a member of the committee during the reporting period. Please see “Changes in Directors” below.

Note 5: Re-designated as a member of the committee during the reporting period. Please see “Changes in Directors” below.

C. DIRECTORS’ RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

C.1 Responsibilities of Directors

- Directors’ training and professional development

  – All Directors newly appointed to the Board receive a comprehensive, formal and tailored induction on appointment for the purpose of giving an overview of the business and operations of the Company and its subsidiaries and appropriate briefings and trainings from the Company covering the statutory and regulatory obligations of Directors, organisational structure, policies, procedures and codes of the Company and terms of reference of Committees. The senior management and the Joint Company Secretaries/Board Secretary will also conduct subsequent briefings as and when necessary to ensure that the Directors are kept appraised of the latest developments relevant to the operations and business of the Company, and their responsibilities under laws and regulations, the Listing Rules of Stock Exchange, the Rules Governing the Listing of Stocks on SSE (“Listing Rules of SSE”), and other regulatory requirements as well as the Company’s business and governance policies, so that they are able to discharge their responsibilities properly.

– The Company values the continuous professional development of the Directors. The Company arranges Directors to participate in appropriate continuous professional development to develop and refresh their knowledge and skills. During the reporting period, the Company arranged initial training for newly appointed Directors provided by the Shanghai Stock Exchange, as well as professional development seminars organised by The Hong Kong Chartered Governance Institute. Training was also provided by external advisers on the latest amendments to the Corporate Governance Code, emerging ESG trends and response strategies under the new regulatory landscape, and specialised compliance training on Chinese rules and case studies concerning anti-corruption and anti-commercial bribery.

– Certain Directors also attended trainings organised by the Company or external professional bodies on other regulatory updates as well as obligations of directors. In addition, Directors also read materials/publications which they thought appropriate and necessary for the fulfillment of their roles. The Directors provided their regular training records to the Company.

– In addition, the Company also provided regular updates to Directors in respect of continuing obligations of listed issuers and their directors, monthly reports on the financial, business and operations of the Company and its subsidiaries, as well as public opinion monitoring report on every business day.

– The Joint Company Secretaries are responsible for maintaining records of the Directors' participation in continuous professional development. Based on the records maintained by the Company, our Directors participated in the following continuous professional development activities during 2025:

	Director Training and Continuous Professional Development					
	Theme					
	Updates on Legal and Regulatory Materials	Corporate Governance/ Directors' Duties	Sustainability & Climate Change	Macro Environment/ Industry Trends	Financial Reporting/ Economic Management	Type
Non-executive Directors						
Zhang Chuanjiang *(Note 1)*	✓	✓	✓	✓	✓	A,B
Wang Dongjin *(Note 2)*	✓	✓		✓		B
Wang Dehua	✓	✓	✓	✓	✓	A,B
Executive Directors						
Zhou Xinhuai *(Note 2)*	✓	✓	✓	✓		A,B
Yan Hongtao	✓	✓	✓	✓	✓	A,B
Mu Xiuping	✓	✓	✓	✓	✓	A,B
Independent Non-executive Directors						
Chiu Sung Hong *(Note 2)*	✓	✓	✓	✓	✓	A,B
Qiu Zhi Zhong	✓	✓	✓	✓	✓	A,B
Lin Boqiang	✓	✓	✓	✓	✓	A,B
Li Shuk Yin Edwina	✓	✓	✓	✓	✓	A,B
Chan Chak Ming *(Note 1)* *(Note 2)*	✓	✓	✓	✓	✓	A,B

A: Attend briefings and/or training courses

B: Study articles, journals, newspapers and/or other materials

Note 1: Newly appointed Director during the reporting period. Please see "Changes in Directors" below.

Note 2: Ceased to hold office during the reporting period. Please see "Changes in Directors" below.

- During 2025, each Non-executive Director or Independent Non-executive Director attended or otherwise appointed an alternate to attend all regularly scheduled meetings of the Board and Committees in which such Non-executive Director or Independent Non-executive Director sat and reviewed the meeting materials distributed in advance for such meetings and shared their experience, skills and expertise with the Board or the relevant Committees. All of the Non-executive Directors and Independent Non-executive Directors of the Company made positive contributions to the development of the Company's strategy and policies through independent, constructive and informed comments. The Non-executive Directors and the Independent Non-executive Directors have been responsible for scrutinising the Company's performance in achieving agreed corporate goals and objectives and monitoring our performance reporting.

- Given that Mr. Wang Dongjin ceased to serve as Chairman of the Board on 23 April 2025, the annual general meeting convened in June 2025 was chaired by Mr. Zhou Xinhuai, the then Vice Chairman. All incumbent Directors attended such annual general meeting and responded to questions raised by the shareholders in order to develop a balanced understanding of the views of shareholders.

- The Directors are required to inform the Company in case of any change in the number and nature of offices held in public companies or organisations and other significant commitments. Please refer to "Directors and Senior Management" of this annual report for the biographies of the Directors.

C.2 Chairman and Chief Executive

- As at the date of this Report, Mr. Zhang Chuanjiang serves as the Chairman of the Board, and Mr. Huang Yongzhang serves as the Chief Executive Officer.

- One of the important roles of the Chairman is to provide leadership for the Board. The Chairman also takes responsibility for ensuring that good corporate governance practices and procedures are established. The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and Independent Non-executive Directors in particular and ensuring constructive relations between Executive, Non-executive and Independent Non-executive Directors.

- The CEO is responsible for conducting the Company's business and affairs consistent with the principles and directions established by the Board.

C.3 Management functions

- The Board is the ultimate decision-making body of the Company, other than those matters reserved to shareholders of the Company. The Board oversees and provides strategic guidance to senior management in order to enhance the long-term value of the Company for its shareholders. The Board delegates its management and administration functions to management, makes the Board Authorization Management Measures and a list of relevant authorizations, and gives clear directions as to the powers of management, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on the Company's behalf.

- The day-to-day management is conducted by senior management and employees of the Company, under the direction of the CEO and the oversight of the Board. In addition to its general oversight of the management, the Board also performs a number of specific functions. The Company formalises the functions reserved to the Board and those delegated to management and reviews those arrangements periodically to ensure that they remain appropriate to the Company's needs.

- The primary functions performed by the Board include:

  (i) Reviewing and approving long-term strategic plans and annual operating plans, and monitoring the implementation and execution of these plans;

  (ii) Reviewing and approving significant financial and business transactions and other major corporate actions;

  (iii) Reviewing and approving financial statements and reports, and overseeing the establishment and maintenance of controls, processes and procedures to ensure accuracy, integrity and clarity in financial and other disclosures;

  (iv) Overall responsibility for the Company's ESG strategy and reporting, evaluating and determining the Company's ESG related risks, and ensuring appropriate and effective ESG risk management and internal control systems are in place;

  (v) Determining the appointment or dismissal of senior management, determining the performance assessment results of senior management, and reasonably control the remuneration level of senior management; and

  (vi) Other functions of the Board as stipulated in the Articles of Association.

- The Board and the senior management have respective responsibilities, accountabilities and contributions. The primary functions performed by the senior management are to conduct the daily business and implement the abovementioned affairs approved and delegated by the Board and other matters as the Board may from time to time request.

- The Directors review such delegation arrangements periodically to ensure they remain appropriate to the Company's needs.

- Directors clearly understand delegation arrangements in place. The Company has entered into service agreements with the Executive Directors, Non-executive Directors and Independent Non-executive Directors setting out the key terms and conditions of their engagements.

C.4 Board committees and performance of duties during the year

- The Company has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy and Sustainability Committee (each a "Committee") and has established a specific written committee charter (the "Charter") for each of the Committees which deals clearly with its authority and duties. The Charters of the Committees have been published on the websites of the HKSE, the SSE and/or the Company in accordance with the relevant regulatory requirements. These Committees will report to the Board on their decisions and recommendations. The list of members of the committees as at the date of this annual report is set out under the section headed "Company Information" of this annual report.

- For details on the major responsibilities and authority of the Nomination Committee, the Audit Committee and the Remuneration Committee, an overview of its work performed in 2025 and the attendance rate of its member at meetings of the relevant committees, please refer to "B.2&B.3 Appointments, re-election and removal and Nomination Committee", "D.3 Audit Committee" and "E.1 The level and make-up of remuneration and disclosure" of this Annual Report.

- The main responsibilities of the Strategy and Sustainability Committee are to conduct study on the long-term development strategy, major business plans and investment decisions, sustainable development and other related matters of the Company, and make recommendations to the Board. In 2025, the Strategy and Sustainability Committee convened two physical meetings, and pursuant to its charter conducted reviews on the work done in relation to health, safety and environmental protection in 2024, the Environmental, Social and Governance (ESG) report, the annual plan and budget of the Company and conducted the annual review of the Strategy and Sustainability Committee Charter for approval by the Board. The Committee also received a dedicated report on the progress of the preparation for compliant disclosure in the Environmental, Social and Governance (ESG) Report.

Attendance of individual Directors at the meeting convened by Strategy and Sustainability Committee in 2025

Director	No. of meetings attended (Two meetings in total) By committee member	By proxy
Zhang Chuanjiang *(Chairman) (Note 1)*	1	0
Wang Dongjin *(Note 2)*	1	0
Zhou Xinhuai *(Note 2) (Note 3)*	1	0
Yan Hongtao *(Note 4)*	1	1
Qiu Zhi Zhong	2	0
Lin Boqiang	2	0

Note 1: Newly appointed as Director and chairman of the committee during the reporting period. Please see "Changes in Directors" below.

Note 2: Ceased to hold office during the reporting period. Please see "Changes in Directors" below.

Note 3: Presided over the work of the committee from April to July 2025. Please see "Changes in Directors" below.

Note 4: Mr. Yan Hongtao appointed Mr. Zhang Chuanjiang to act as his proxy to attend the Committee meeting held on 29 October 2025 and to vote on his behalf.

C.5 Conduct of board proceedings and supply of and access to information

- The Company holds regular Board meetings at least four times a year at approximately quarterly intervals and convenes ad hoc meetings or passes written resolutions as necessary. Members of the Board have also actively participated in the discussions on the business and operation of the Company, either in person or through other electronic means of communication such as emails, when necessary.

- There exists an open atmosphere for Directors to contribute alternative views. All decisions of the Board are made on the principles of trust and fairness in an open and transparent manner, so as to protect the interests of all shareholders.

- The Board has regularly reviewed the contribution required from a Director to perform his/her responsibilities to the Company, and whether he/she is spending sufficient time performing them in accordance with the CG Code.

In 2025, the Board convened thirteen meetings in total, and four of which were in form of physical meeting and nine of which were conducted by way of written resolutions. The Directors were present in accordance with the regulations. All relevant resolutions were adopted upon consideration.

Attendance of individual Directors at full Board meetings held in 2025:

	Board Meetings		Number of Attendance (Thirteen meetings in total)		
	Number of attendance during the year	Failure to attend in person for two consecutive meetings or not	Absence	By director	By proxy
Non-executive Directors					
Zhang Chuanjiang *(Chairman) (Note 1) (Note 4)*	6	No	0	5	1
Wang Dongjin *(Note 2)*	4	No	0	4	0
Wang Dehua *(Note 5)*	13	No	0	12	1
Executive Directors					
Zhou Xinhuai *(Note 2) (Note 3)*	10	No	0	10	0
Yan Hongtao *(Note 6)*	13	No	0	12	1
Mu Xiuping *(Note 7)*	13	No	0	10	3
Independent Non-executive Directors					
Chiu Sung Hong *(Note 2)*	6	No	0	6	0
Qiu Zhi Zhong	13	No	0	13	0
Lin Boqiang	13	No	0	13	0
Li Shuk Yin Edwina	13	No	0	13	0
Chan Chak Ming *(Note 1) (Note 2)*	7	No	0	7	0

Note 1: Newly appointed as Director during the reporting period. Please see "Changes in Directors" below.

Note 2: Ceased to hold office during the reporting period. Please see "Changes in Directors" below.

Note 3: Presided over the work of the Board from April to July 2025. Please see "Changes in Directors" below.

Note 4: Mr. Zhang Chuanjiang appointed Mr. Zhou Xinhuai to act as his proxy to host and attend the Board meeting held on 27 August 2025 and to vote on his behalf.

Note 5: Mr. Wang Dehua appointed Mr. Zhou Xinhuai to act as his proxy to attend the Board meeting held on 27 August 2025 and to vote on his behalf.

Note 6: Mr. Yan Hongtao appointed Mr. Zhang Chuanjiang to act as his proxy to attend the Board meeting held on 30 October 2025 and to vote on his behalf.

Note 7: Ms. Mu Xiuping appointed Mr. Zhou Xinhuai to act as her proxy to attend the Board meeting held on 27 March and 29 April 2025 and to vote on her behalf. Ms. Mu Xiuping appointed Mr. Zhang Chuanjiang to act as her proxy to attend the Board meeting held on 30 October 2025 and to vote on her behalf.

- Dates of regular Board meetings have been scheduled at least two months before the meeting to provide sufficient notice to all Directors so that they can have an opportunity to attend. For non-regular Board meetings, reasonable advance notices have been given.

- Minutes of the meetings of the Board and Committees are kept by the Joint Company Secretaries and open for inspection at any reasonable time upon reasonable request by any Director.

- The Company's senior management regularly provides the Board and its Committees with adequate information to enable them to make informed decisions. Senior management also organises presentations to the Board conducted by professional advisers on specific transactions as appropriate.

- For regular Board meetings and Committee meetings, the agenda and accompanying Board documents are sent in full to all Directors at least three days before the intended date of the Board meetings or Committee meetings.

- The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

- During the reporting period, none of the Directors raised any objection to matters reviewed by the Board.

C.6 Company Secretary

- The Nomination Committee of the Company has the responsibility to make recommendations for suitable candidates for the appointment of Company Secretary to the Board and the Board approves their selection, appointment or dismissal by physical meeting. Mr. Xu Yugao and Ms. Tsue Sik Yu, May are the Joint Company Secretaries of the Company. Their biographies are set out under the section headed "Directors and Senior Management" of this annual report.

- The Joint Company Secretaries will report to the Chairman of the Board and/or the CEO.

- Each of the Joint Company Secretaries undertakes no less than 15 hours of relevant professional training every year.

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

D.1 Financial reporting

- The Company has established a mechanism for reporting to the Board by providing a monthly management report in order to ensure that the Board fully understands the operating conditions and the relevant financial position of the Company. The Board is responsible for preparing accounts that give a true and fair view of the Company and its subsidiaries' financial position on a going-concern basis and other financial disclosures. Management provides the Board with the relevant information it needs to fulfill these responsibilities.

- Directors discuss the operating budget for the next year and approve the operating budget in the fourth quarter of each year and review the execution of the operating budget for the current year. Management will also provide sufficient explanations and information to the Board. All significant changes in the operating conditions and investment decisions will be discussed in sufficient details by the Board.

- Directors also discuss and analyse the performance of the Company and its subsidiaries, the long-term business model and corporate strategies of the Company for achieving the Company's objectives and generating or preserving value over the longer term. Please refer to the section headed "Management's Discussion and Analysis" of this annual report for details.

- If necessary, the Directors will also engage professional independent consultants so that the Directors can gain an in-depth and comprehensive understanding and assessment of the relevant matters, in order to make well grounded assessments.

- The management has evaluated the effectiveness of the Company's internal control over financial reporting in accordance with the provisions of the Basic Standard for Enterprise Internal Control and the supporting guidelines and the internal control framework formulated by the COSO, and the auditor of the Company has also audited the effectiveness of internal control over financial reporting.

- The Company regularly updates investors with progress of development and performance of the Company through formal channels such as annual reports, interim reports, quarterly reports and announcements made through the websites of HKSE, SSE and the Company, as well as through press releases.

- The Company provides a balanced, clear and understandable assessment of the Company's performance in its interim and annual reports, other financial disclosures required by the Listing Rules of Stock Exchange, the Listing Rules of SSE, the reports to the regulators and information disclosed under statutory requirements.

- The Company has also engaged independent technical consultant firms to conduct a review of its oil and gas business and discloses details of its oil and gas assets in its annual report (as set out under the section headed "Supplementary Information on Oil and Gas Producing Activities" of this annual report).

- The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

- The statement by the auditor of the Company regarding its reporting responsibilities for the financial statements of the Company and its subsidiaries is set out under the section headed "Independent Auditor's Report" of this annual report.

D.2 Risk management and internal control

- The Board acknowledges that it has responsibilities to ensure that the Company establishes and maintains appropriate and effective risk management, internal control and compliance management systems and review their effectiveness. In addition, the Board also confirmed that the Company's risk management, internal control and compliance management systems are able to achieve, in an appropriate and effective manner, the objectives set out in Principle D2 of the Corporate Governance Code. These objectives include addressing identified risks, safeguarding the Company's assets, preventing and detecting fraud, misconduct and losses, ensuring the accuracy of the Company's financial reporting, and complying with applicable laws and regulations. Such systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

- The Board regularly receives reports from the management of the Company regarding the establishment, review and evaluation of the Company's strategic, financial, operational and compliance control, and also the risk management, internal control and compliance management systems twice a year. All major risks and compliance events are reported to the Board. The Board will also evaluate the corresponding risks, the response plan and the handling of the compliance events.

- The Audit Committee is delegated by the Board to oversee the risk management, internal control and compliance management systems and the internal audit function of the Company on an on-going basis (at least annually). For work completed by the Audit Committee on the Company's risk management and internal control systems, please refer to the section headed "D.3 Audit Committee" below.

- The Risk Management, Internal Control and Compliance Management Committee (RMICC Committee) of the Company has been authorised by the Board to be in charge of the organisation and implementation of the overall risk management and internal control. The RMICC Committee is responsible for establishing the risk management and internal control systems, implementing standardised organisation, authorisation, responsibilities, procedures and methods for the risk management and internal control systems. The RMICC Committee is also responsible for ongoing monitoring of the risk management and internal control systems of the Company, and makes periodic reports to the Audit Committee and the Board regarding the status of the risk management and internal control systems and compliance control of the Company.

- With respect to risk management (including the ESG risks), the Company has chosen and adopted the ISO 31000: 2018/GBT24353-2022 Risk Management Guidelines, and has taken the "Guidelines for Comprehensive Risk Management of Central Companies" issued by the State-owned Assets Supervision and Administration Commission (SASAC) of the PRC and the risk management framework developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) as an important reference, established a risk management system covering design, implementation, monitoring, assessment and continuous improvement. The RMICC Committee established the overall targets and policies of the risk management system which are in line with the strategic objectives of the Company, and identified, analysed and assessed the overall risk of the Company, and is also responsible for the response plans to major risks, following up and reviewing periodically the implementation of such response plans, and the handling of compliance events, in order to make sure that sufficient attention, monitoring and responses will be paid to all key risks and compliance events of the Company. The risk management reports are submitted to the Audit Committee and the Board periodically. The Company has integrated ESG risk management into the routine risk management practice and accordingly at least six types of ESG risks, including those associated with climate change, emission and waste, renewable energy, supply chain, privacy and data security and controversial development, were included in the scope of risks management of the Company, and has carried out analyses and comprehensive assessments in terms of policy, technology, market, reputation, and acute and chronic physical risks, and has included the relevant risks in the Company's risk list for centralised management.

- With respect to internal control, the Company has established an internal control system and mechanism for financial, operational and compliance monitoring in accordance with the provisions of "the Basic Standard for Enterprise Internal Control" and the supporting guidelines jointly formulated by five ministries, including the Ministry of Finance of the PRC and the internal control framework formulated by the COSO. The Company conducted continuing review and evaluation of the internal control system, in order to ensure safety and compliance of such system and mechanism and the timeliness, accuracy and completeness of all information reported.

- The Company has established procedures for identifying, handling and disseminating inside information pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Securities Law of the People's Republic of China, the Listing Rules of SSE and other laws, regulations and regulatory documents, including the inside information disclosure policy, pre-approved management procedure on Directors and senior management in dealing in Company's securities, notification of the regular blackout period and securities dealing restrictions to Directors and employees, identification of projects by code name and disclosure of project information to relevant personnel on the need-to-know basis as a precondition to guard against possible mishandling of inside information within the Company and its subsidiaries.

- Whistleblowing policy and system have been established for employees and those who deal with the Company to raise concerns about possible improprieties in any matter relating to the Company.

- The Company has maintained an open channel to handle and discuss internal reports concerning finance, internal control and fraud to ensure that all reports will receive sufficient attention and any significant internal control weakness or reports will directly reach the Chairman of the Audit Committee.

- The Company has established a mechanism for remediating internal control deficiency under which the management of each level are assigned with clear responsibilities relating to remediating internal control deficiency in accordance with their respective levels. Those responsibilities are also included in the internal performance indicators of the Company.

- The Company strengthened the construction of compliance system, refined and clarified the compliance responsibilities of the Board, the management and the executives, established strict internal prevention and management system, formulated the Compliance Manual for Entities and Employees, the Policy for Compliance Management and other rules and policies, which stipulates basic compliance requirements in anti-corruption, anti-fraud, anti-money laundering, anti-monopoly and other aspects. The Company maintained the mechanism of “Commitment to Compliance” signed by all employees to enhance their awareness of integrity and compliance responsibility and established a unified domestic and overseas compliance complaint channel (https://www.cnoocltd.com/complaint), which provides the complaint channels for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Company about possible improprieties, and timely organized and conducted investigations into all complaints of violations.

- During the reporting period, the Company’s internal audit function provided independent assurance as to the adequacy and effectiveness of the Company’s risk management and internal control systems. The financial condition and operational control of the Company were examined by the internal audit function according to the audit plan approved by the Audit Committee. Different audit areas were assigned according to risk priority. The internal audit function assisted the Board to monitor the effectiveness of the risk management and internal control systems. After completion of an internal audit, analysis, appraisals, recommendations related to the activities inspected were formulated. The internal audit function reported to the Audit Committee and the Board about internal audit findings, internal audit recommendations and the management responses. In addition, the internal audit function maintained a regular dialogue with the Company’s external auditors so that both are aware of the significant factors which may affect their respective scope of work.

- Reports from external auditors on internal control and relevant financial reporting matters were presented to and reviewed by the Audit Committee.

- The management reported the above work to the Audit Committee for the purpose of assisting the Audit Committee to review the effectiveness of the risk management and internal control systems.

- The management evaluated the design and operating effectiveness of the Company’s risk management (including the ESG risks) system and the Company’s internal control over financial reporting for 2025 and did not discover any material weakness from the evaluation. As a result, the Board considered that as of 31 December 2025, the Company’s risk management system and the Company’s internal control over financial reporting were effective and adequate.

D.3 Audit Committee

- As at 31 December 2025, the Audit Committee consists of two Independent Non-executive Directors (Ms. Li Shuk Yin Edwina and Mr. Qiu Zhi Zhong) and a Non-executive Director (Mr. Wang Dehua), with Ms. Li Shuk Yin Edwina as the Audit Committee financial expert pursuant to relevant laws, regulations and regulatory documents and the Chairman of the Audit Committee.

- The Audit Committee is responsible for reviewing the completeness, accuracy and fairness of the Company's accounts, evaluating the Company's auditing scope (both internal and external) and procedures as well as the effectiveness of the Company's risk management and internal control systems. The Audit Committee, together with senior management and the external auditors, review the accounting principles and practices adopted by the Company and its subsidiaries and discuss the risk management and internal control and financial reporting matters. The Audit Committee meets with the external auditors at least twice a year.

- The Audit Committee is responsible for overseeing and monitoring the risk management, internal control and compliance management systems of the Company on an ongoing basis and reviewing with our external auditors and management periodically, not less than annually, the scope, adequacy and effectiveness of the Company's corporate accounting and financial controls, risk management, internal control and compliance management systems, and any related significant findings regarding risks or exposures and consider recommendations for improvement of such controls.

- The Audit Committee is also responsible for reviewing the Company's internal audit function, ensuring co-ordination within the Company and its subsidiaries and between the Company's internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness.

Audit Committee's performance of duties during the year

- In 2025, the Audit Committee convened seven meetings, and four of which were in form of physical meeting and three of which were conducted by way of written resolutions. The following is a summary of the work performed by the Audit Committee under its charter in 2025:

  – Reviewed the Company's audited accounts, annual results announcements, unaudited interim accounts and interim results announcements, and quarterly reports, before they were tabled to the Board for approval, and held four formal meetings with the external auditors and senior management of the Company to this end, including: the external auditors' engagement letter and general scope of their audit work, including planning and staffing of the audit; the Company's management discussion and analysis disclosures in the annual report of the Company; and the applicable accounting standards relating to the audit of the Company's financial statements, including any recent changes;

  – Made recommendations to the Board on the renewal of the external auditor's appointment and to discuss the engagement letter with the external auditor. There was no disagreement between the Board and the Audit Committee on the re-appointment of the external auditors;

– As authorized by the Board, conducted a review of the effectiveness of the Company's risk management, internal control and compliance management systems for the year ended 31 December 2025. The annual review included the following:

  (i) review of reports submitted by and discussions with the RMICC Committee and other senior management concerned regarding major risks identified, changes in the nature and extent of major risks since the last annual review, measures and response plans to manage risks identified, and the ability of the Company to respond to such changes in its business operation, etc.;

  (ii) review on whether the management has established effective risk management, internal control and compliance management systems pursuant to the Listing Rules of Stock Exchange as well as under relevant requirements and to evaluate the scope and quality of the management's works on the risk management system, internal control system and internal audit;

  (iii) review the adequacy of resources, staff qualifications and experience of the Company's accounting, financial reporting functions and internal audit functions as well as whether the trainings received by the employees and the relevant budget are sufficient;

  (iv) review of the effectiveness of the internal audit function of the Company to ensure coordination within the Company and its subsidiaries and between the Company's internal and external auditors and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;

  (v) consider the major investigation findings on risk management, internal control and compliance management systems and management's response to these findings; and

  (vi) make recommendations to the Board and the senior management on the scope and quality of management's ongoing monitoring of risks and issues relevant to internal control.

On the basis of the aforesaid review, the Audit Committee was not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management, internal control and compliance management systems of the Company.

– Reviewed the work performed by the Company's external auditors. In 2025, the Audit Committee of the Company performed its duties of supervising the external auditors as stated below:

  (i) Reviewed and approved the Company's audit and non-audit pre-approval policy to ensure auditors' independence;

(ii) Reviewed the work performed by the Company's external auditors and their relationship with the Company's senior management, and made recommendations to the Board in relation to the re-appointment of the external auditors, as well as the proposed auditors' fees;

(iii) Considered and approved the non-audit services provided by the external auditors during 2025;

(iv) Members of the Audit Committee received materials from the Company's external auditors from time to time in order to keep abreast of changes in financial reporting principles and practices, as well as issues relating to financial reporting, risk management and internal controls relevant to the Company;

(v) Held separate and periodical meetings with the Company's external auditors, and had frequent contacts with the external auditors to discuss issues from time to time; and

(vi) Met with the Company's external auditors and senior management to discuss the scope of the audit and staffing before the annual audit commenced.

The Audit Committee conducted a strict review and assessment of the independence and objectivity, professional capabilities and business quality control capabilities, and was of the view that the external auditors demonstrated decent professional ethics, business quality, quality control standards and professional capabilities, and are able to maintain independence and objectivity in the audit procedures and express their views in a fair manner.

– Reviewed the arrangements by which employees of the Company can use, in confidence and anonymously, to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters and ensure that proper arrangements are in place for fair and independent investigation and for appropriate follow-up actions;

– Reviewed the Company's business ethics and compliance policies and related reports as appropriate and performed certain corporate governance duties delegated by the Board; and

– Evaluated and assessed the effectiveness of the Audit Committee and the adequacy of the charter of the Audit Committee, and considered and proposed the amendments to the charter and presented to the Board for approval.

- The Audit Committee is provided with sufficient resources, including independent access to and advice from external auditors.
- During the period, the Audit Committee standardised its operation, performed its duties according to law and exercised due diligence in accordance with the relevant regulatory rules, the Articles of Association and the Audit Committee Charter.

Attendance of individual members at Audit Committee meetings in 2025

Directors	No. of meetings attended (Seven meetings in total) By committee member	By proxy
Li Shuk Yin Edwina *(Chairman and Financial Expert)*	7	0
Wang Dehua *(Note 3) (Note 5)*	4	1
Mu Xiuping *(Note 4)*	2	0
Chiu Sung Hong *(Note 2)*	4	0
Qiu Zhi Zhong *(Note 3)*	1	0
Chan Chak Ming *(Note 1)(Note 2)*	2	0

Note 1: Newly appointed as Director and a member of the committee during the reporting period. Please see "Changes in Directors" below.

Note 2: Ceased to hold office during the reporting period. Please see "Changes in Directors" below.

Note 3: Re-designated as a member of the committee during the reporting period. Please see "Changes in Directors" below.

Note 4: Ceased to serve as a member of the committee during the reporting period. Please see "Changes in Directors" below.

Note 5: Mr. Wang Dehua appointed Ms. Li Shuk Yin Edwina to act as his proxy to attend the Committee meeting held on 26 August 2025 and to vote on his behalf.

E. REMUNERATION

E.1 The level and make-up of remuneration and disclosure

- As of 31 December 2025, The Remuneration Committee comprises two Independent Non-executive Directors (Mr. Qiu Zhi Zhong and Mr. Lin Boqiang) and a Non-executive Director (Mr. Wang Dehua), with Mr. Qiu Zhi Zhong serving as the Chairman of the Remuneration Committee. The Remuneration Committee is delegated with the authority of determining and approving salaries, bonuses, share option packages, performance appraisal systems and retirement plans for all Executive Directors and senior management.

- The major responsibilities and authorities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure of the remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, determining and reviewing the service contracts and specific remuneration packages for all Executive Directors and senior management under the Board's authorization, and making recommendations to the Board on the remuneration of Non-executive Directors and Independent Non-executive Directors. The Remuneration Committee also makes recommendations to the Board regarding whether proposed share schemes and any other equity-based compensation plans should be approved by the Board and submitted to the Company's shareholders for their approval. The Remuneration Committee shall also administer the Company's share scheme and all other equity-based compensation plans, with full authority to make all other determinations in the administration thereof, but subject to the limitations prescribed by laws and the rules in such plans and programmes.

- The Company's emolument policy is to maintain fair and competitive packages with reference to industry standards and prevailing market conditions. The Remuneration Committee is mindful that levels of remuneration must be sufficient to attract and retain the Directors and senior management in order to run the Company successfully, but at the same time, the Company should avoid setting remunerations which are in excess of those necessary for this purpose. The Directors' emolument package may comprise the Director's fees, basic salaries and allowances, bonuses, share options and others. The remuneration of Independent Non-executive Directors only includes cash fees, and the Company does not grant equity-based remuneration with performance-related elements to Independent Non-executive Directors to avoid bias in their decision-making and compromise their objectivity and independence. The following factors are considered in determining the Directors' remuneration package:

– Business needs, company goals and objectives;

– Responsibilities of the Directors and their individual contribution; and

– Changes in relevant markets, for example, supply/demand fluctuations and changes in competitive conditions.

No individual Director or senior management of the Company is involved in determining his/her own remuneration.

The Company seeks to apply similar principles when determining the remuneration packages for senior management with reference to the Board's corporate goals and objectives. Other general staff and employees are rewarded on a performance-rated basis with other fringe benefits such as employment injury insurance, pension funds, medical insurance and other social insurance.

For the year ended 31 December 2025, the remuneration of the incumbent Directors, Directors who ceased to hold office during the reporting period and the senior management are set out in note 8 to the consolidated financial statements of this annual report.

- In 2025, the Remuneration Committee convened four meetings, and two of which were conducted by way of physical meeting and two of which were in form of written resolutions. The following is a summary of the work performed by the Remuneration Committee under its charter during the year:

  – Reviewed and approved the remuneration packages of the Company's individual Executive Directors and senior management of the Company;

  – Reviewed and approved or recommended the remuneration packages of the newly appointed Directors and senior management;

  – Made recommendations to the Board on the Company's policy and structure for Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

  – Assessed performance of Executive Directors;

  – Made recommendations to the Board on the remuneration of the Company's Non-executive Directors; and

  – Evaluated and assessed the effectiveness of the Remuneration Committee and the adequacy of the charter of the Remuneration Committee, and considered and proposed the amendments to the charter and presented to the Board for approval.

Attendance of individual members at Remuneration Committee meetings in 2025

	No. of meetings attended (Four meetings in total)	
Directors	**By committee member**	**By proxy**
Qiu Zhi Zhong *(Chairman) (Note 3)*	1	0
Chiu Sung Hong *(Note 2)*	3	0
Wang Dehua	4	0
Lin Boqiang *(Note 3)*	0	0
Li Shuk Yin Edwina *(Note 4)*	3	0
Chan Chak Ming *(Note 1)(Note 2)*	1	0

Note 1: Newly appointed as Director and a member of the committee during the reporting period. Please see "Changes in Directors" below.

Note 2: Ceased to hold office during the reporting period. Please see "Changes in Directors" below.

Note 3: Re-designated as Chairman or member of the committee during the reporting period. Please see "Changes in Directors" below.

Note 4: Ceased to serve as a member of the committee during the reporting period. Please see "Changes in Directors" below.

F. SHAREHOLDERS ENGAGEMENT

Channels	Summary
General Meetings	Two shareholders' meetings were held during the year. Directors attended the meetings in person or via video conference and responded to shareholders' questions. The Company adopted the Shanghai Stock Exchange's "One-Click Access" service at shareholders' meetings, providing targeted dissemination of meeting information through smart SMS reminders and pop-up notifications on trading and information terminals, thereby enhancing shareholders' convenience in participation. The Chairman proposed separate resolutions on each substantially separate issue at the shareholders' meetings of the Company. The management ensured the attendance of external parties such as external auditors and independent financial advisers at the shareholders' meetings to answer questions relating to the resolutions.
Investor Relations Activities	The Company has a professionally operated Investor Relations Department. Through various channels—including results briefings, explanatory sessions, roadshows, strategy conferences, and capital market research—the Company maintained close communication with investment institutions and securities firms in China and overseas, continuously enhancing investors' understanding and recognition of the Company. Through a dedicated investor hotline, email, and the SSE "e-Interaction" platform, the Company actively responded to inquiries from minority and potential investors, ensuring efficient and transparent information flow, and promptly relayed reasonable feedback to management.
Corporate Communications	Over 180 corporate communication documents (including the annual report, interim report, ESG report, and various announcements and circulars) were published on the websites of the HKSE, the SSE and the Company. The Company provides corporate communications to Hong Kong shareholders electronically through the Stock Exchange's website and the Company's own website.
Policies and Guidelines	The Board recognises the importance of effective communication with all shareholders. In line with the principles of transparency, strengthening investor relations, and providing stable and sustainable returns to shareholders, the Company has adopted a Shareholders' Communication Policy and strives to ensure transparency by establishing and maintaining various channels of communication with shareholders.

SHAREHOLDERS' COMMUNICATION AND RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

The procedures for shareholders to convene an extraordinary general meeting of the Company ("EGM") are governed by Articles 60 to 64 of the Articles and sections 566 to 568 of the Companies Ordinance. On the request of shareholders of the Company, representing at least 5% of the total voting rights of all shareholders having a right to vote at general meetings, the Directors are required to call a general meeting.

The request must state the general nature of the business to be dealt with at the EGM and may include the text of a resolution that may properly be moved and is intended to be moved at the EGM, be authenticated by the shareholder(s) making the request, and sent to the Company in hard copy form or in electronic form. The Directors must call an EGM within 21 days after the date on which they become subject to the requirement and such EGM must be held on a date not more than 28 days after the date of the notice convening the meeting is given.

Whilst giving the above request, shareholders are recommended to provide written explanation of the reasons and material implications relating to the proposed resolutions to enable all of the shareholders to properly consider and determine the proposed resolutions.

The Company will, upon receipt of a request referred to above, issue a notice of EGM of the proposed resolutions and (if applicable) circulars/documents for the general meeting containing further information relating to the proposed resolutions in accordance with the Listing Rules of Stock Exchange and the Listing Rules of SSE.

Further enquiries relating to the above or enquiries that shareholders wish to be put to the Board may be addressed to the Joint Company Secretaries of the Company at 65/F, Bank of China Tower, 1 Garden Road, Hong Kong.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Shareholders are requested to follow sections 615 and 616 of the Companies Ordinance if they wish to request the Company to give to other shareholders, who are entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at the annual general meeting.

Shareholders are requested to follow sections 580 to 583 of the Companies Ordinance if they wish to request the Company to circulate to other shareholders, who are entitled to receive notice of a general meeting, a statement with respect to proposed resolutions that will be dealt with at the general meeting, or any other business to be dealt with at such general meeting.

Annual Performance of Duties by Independent Non-executive Directors

In 2025, the Independent Non-executive Directors, on the basis of objectivity, fairness and independence, paid attention to the production and operation, business development and corporate governance of the Company, attended the general meetings, Board meetings and the committees' meetings of the Company, actively performed their duties and made significant contributions to protect the interests of shareholders, regulate the operation of and enhance the value of the Company.

As of the date of this annual report, the independence of the Independent Non-executive Directors complies with the requirements of applicable regulatory rules and there are no circumstances which affect such independence. In 2025, the Company convened a total of two general meetings, reviewing a total of 17 proposals; the Board convened a total of 13 meetings, reviewing a total of 57 proposals; and the committees of the Board convened a total of 19 meetings, reviewing a total of 47 proposals. The Independent Board Committee (comprising all Independent Non-executive Directors) reviewed matters including the renewal of the continuing connected transactions for 2026 to 2028 and the renewal of continuing connected transactions with CNOOC Finance. Please refer to "C.1 Responsibilities of Directors", "C.4 Board committees and performance of duties during the year" and "C.5 Conduct of board proceedings and supply of and access to information" and "Continuing Connected Transactions" in the "Report of the Board" for information regarding the participation of the Independent Non-executive Directors in the general meetings, Board meetings and committees' meetings, the summaries of the works performed by the Board committees, and the review of connected transactions by the Independent Board Committee.

In the course of daily work, all Independent Non-executive Directors actively familiarized themselves with the conditions and latest regulations and policies of the Company by means of physical/telephone conference, communication with the senior management, correspondence and on-site research, and provided professional advice or suggestions to the Board in terms of decision-making, corporate governance and business development of the Company.

In 2025, the Independent Non-executive Directors of the Company devoted full time and energy in performing their duties in strict accordance with laws, regulations, regulatory rules and the provisions of the Articles of Association, participated in the decision-making of the Board and its committees in good faith, diligence, independence and objectivity, and earnestly safeguarded the legal rights and interests of the Company and its shareholders, especially small and medium shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2025 and up to the date of this report, the Company has complied with all provisions in the Corporate Governance Code as set out in Part II of Appendix C1 to the Listing Rules of Stock Exchange.

CHANGES IN DIRECTORS

During the year ended 31 December 2025 and up to the date of this report, there were the following changes in Directors:

With effect from 22 January 2025, Mr. Wang Dehua was appointed as a member of the Audit Committee of the Company; Ms. Mu Xiuping was appointed as the Chief Financial Officer of the Company and was re-designated from a Non-executive Director to an Executive Director, and ceased to serve as a member of the Audit Committee.

With effect from 23 April 2025, Mr. Wang Dongjin, due to the change of appointment, ceased to serve as a Non-executive Director, the Chairman of the Board, the Chairman of the Nomination Committee and the Chairman of the Strategy and Sustainability Committee of the Company. During the period from 23 April 2025 until the effective dates of the appointments of the new Chairman of the Board, the new Chairman of the Nomination Committee and the new Chairman of the Strategy and Sustainability Committee, the then Vice Chairman, Mr. Zhou Xinhuai, presided over the work of the Board, the Nomination Committee and the Strategy and Sustainability Committee.

With effect from 5 June 2025, Mr. Chiu Sung Hong retired as an Independent Non-executive Director of the Company, the Chairman of the Remuneration Committee and a member of the Audit Committee; Mr. Chan Chak Ming was appointed as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee; Mr. Qiu Zhi Zhong ceased to serve as a member of the Nomination Committee and was appointed as the Chairman of the Remuneration Committee; and Ms. Li Shuk Yin Edwina ceased to serve as a member of the Remuneration Committee and was appointed as a member of the Nomination Committee.

With effect from 8 July 2025, Mr. Zhang Chuanjiang was appointed as a Non-executive Director, the Chairman of the Board, the Chairman of the Nomination Committee and the Chairman of the Strategy and Sustainability Committee of the Company.

With effect from 20 October 2025, Mr. Zhou Xinhuai, due to the change of appointment, ceased to serve as an Executive Director, Vice Chairman, Chief Executive Officer and a member of the Strategy and Sustainability Committee of the Company.

With effect from 29 December 2025, due to his acceptance of an appointment from the Government of the Hong Kong Special Administrative Region of the People's Republic of China, Mr. Chan Chak Ming ceased to serve as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company; Mr. Qiu Zhi Zhong was appointed as a member of the Audit Committee; and Mr. Lin Boqiang was appointed as a member of the Remuneration Committee.

With effect from 20 March 2026, Mr. Yan Hongtao, due to work adjustments, ceased to serve as an Executive Director, the President, a member of the Strategy and Sustainability Committee and the Chief Safety Officer of the Company; Ms. Mu Xiuping, due to work adjustments, ceased to serve as an Executive Director of the Company; and Mr. Huang Yongzhang was appointed as the Vice Chairman, an Executive Director, the Chief Executive Officer, the President and a member of the Strategy and Sustainability Committee of the Company.

Pursuant to Rule 3.09D of the Listing Rules, Mr. Zhang Chuanjiang, Mr. Chan Chak Ming and Mr. Huang Yongzhang respectively obtained legal advice on 4 July 2025, 16 May 2025 and 16 March 2026 and confirmed that they understood their responsibilities as Directors of the Company.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules of Stock Exchange, there is no other change in the information of Directors of the Company for the year ended 31 December 2025 except as disclosed in this annual report.

CODE OF ETHICS

The Board adopted a Code of Ethics in 2003 to provide guidelines to the senior management and Directors in legal and ethical matters as well as the sensitivity involved in reporting illegal and unethical matters. The Code of Ethics covers areas such as supervisory rules, insider dealing, market malpractices, conflict of interests, company opportunities, protection and proper use of the Company's assets as well as reporting requirements. As part of its continued efforts to improve its corporate governance standards, the Board conducted an annual review of the Code of Ethics since 2009, and the current version of the Code of Ethics was reviewed and adopted in August 2025.

The Company has provided all its Directors and senior officers with a copy of the Code of Ethics and requires them to comply with the Code of Ethics, so as to ensure the Company's operation is proper and lawful. The Company will take disciplinary actions towards any act which is in breach of the Code of Ethics. All the senior management and Directors are required to familiarise themselves with and follow the Code of Ethics to ensure that the Company's operations are honest and legal. Violations of the rules will be penalised and serious breaches will result in dismissal.

PROVISIONS FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the abovementioned Code of Ethics which has incorporated the provisions for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules of Stock Exchange, the Securities Law of the People's Republic of China and the Listing Rules of SSE and other regulatory requirements of securities. All Directors have confirmed that they complied, during the year ended 31 December 2025, with the required standards set out in the Company's Code of Ethics.

SERVICES AND REMUNERATION OF AUDITORS

Services provided by the auditors, i.e. Ernst & Young and Ernst & Young Hua Ming LLP, and fees charged by the Auditors for the services for the financial years of 2024 and 2025 are as follows:

Audit Fees

The aggregate fees billed for professional services rendered by the Auditors for the audit of the Company's annual financial statements or services that are normally provided by the Auditors in connection with statutory and regulatory filings or engagements were RMB73 million for the financial year ended 31 December 2024 and RMB73 million for the financial year ended 31 December 2025.

Audit-related Fees

The aggregate fees billed for assurance and related services by the Auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" were nil for the financial years ended 31 December 2024 and 31 December 2025.

Tax Fees

The aggregate fees billed for professional service rendered by the Auditors for tax compliance, tax advice and tax planning were RMB10 million for the financial year ended 31 December 2024 and RMB11 million for the financial year ended 31 December 2025.

All Other Fees

The aggregate fees billed for professional service rendered by the Auditors for risk management advisory services and information systems reviews were RMB4 million for the financial year ended 31 December 2024 and RMB3 million for the financial year ended 31 December 2025.

There are no other fees payable to the Auditors for products and/or services provided by the Auditors, other than the services reported above, for the financial year ended 31 December 2024 and for the financial year ended 31 December 2025.

DISTRIBUTION POLICY

The Company has always attached importance to shareholder returns and paid dividends twice a year. The payment of any future dividends will be subject to requirements of applicable laws and the Articles and shareholders' approval or decided by the Board as authorized by the shareholders. In the long run, decisions on payment of dividends are based upon, among other things, our future earnings, capital requirements, financial conditions, future prospects, cash flows and other factors which our Board may consider relevant. Our ability to pay dividends will also depend on the cash flows determined by the dividends, if any, received by us from our subsidiaries, associates and joint ventures. Holders of our shares will be entitled to receive such dividends declared by the Company through appropriate procedures pro rata according to the amounts paid up or credited as paid up on the shares.

In accordance with relevant regulatory requirements and the Articles of Association, the Company has improved its dividend distribution policy based on its actual conditions. From 2025 to 2027, the expected annual payout ratio of the Company will be no less than 45%. By adhering to the principle of returning to shareholders, the Company will adjust the dividend policy as needed. During the reporting period, the Company strictly complies with the profit distribution policy. The Independent Non-executive Directors of the Company have performed their duties conscientiously and diligently, reviewed the dividend distribution matters and played their due roles.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

The Company attaches great importance to environmental protection and actively fulfils its social responsibilities. The Company's environmental information and its efforts to fulfil its social responsibilities are provided in the "2025 Environmental, Social and Governance Report" ("2025 ESG Report").

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the 2024 annual general meeting of the Company held on 5 June 2025, the shareholders of the Company approved as a special resolution to amend the Articles of Association for the purpose of: (i) reflecting the amendments to the Companies Ordinance, which allow Hong Kong incorporated companies to adopt the implied consent mechanism for disseminating corporate communications to its shareholders by means of website; (ii) reflecting the amendments to the Hong Kong Listing Rules to clarify that shareholders attending general meetings with virtual meeting technology can cast votes by electronic means, and to further expand the paperless arrangement; (iii) reflecting the provisions on shareholders' rights to put forward provisional proposals in the Rules for the Shareholders' Meetings of Listed Companies issued and implemented by China Securities Regulatory Commission; and (iv) making other minor amendments. The amended Articles of Association took effect upon the approval of the 2024 annual general meeting of the Company. Full text of the amended Articles of Association of the Company is available on the websites of the Company, the HKSE and the SSE.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Zhang Chuanjiang

Born in 1968, Mr. Zhang is a professor-level senior engineer with a Master's degree in engineering. Mr. Zhang previously served as Deputy General Manager and General Manager of Ordos Coal-to-Liquids Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.; Chairman of China Shenhua Coal to Liquid and Chemical Co., Ltd., and Director of the Chemical Industry Operation and Management Center of China Energy Investment Corporation Co., Ltd. (CHN Energy). He served as Chairman of CHN Energy Ningxia Coal Industry Co., Ltd. from March 2020 to July 2020. He served as Vice President of China Datang Corporation Ltd. from July 2020 to April 2024. He served as Director and President of China Datang Corporation Ltd. from April 2024 to June 2025. Mr. Zhang has served as Chairman of CNOOC Group, the Chairman and the President of Overseas Oil & Gas Corporation, Ltd. ("OOGC"), and the Chairman of CNOOC (BVI) Limited ("CNOOC (BVI)") from June 2025. Mr. Zhang was appointed as the Chairman of the Board, a Non-executive Director, the Chairman of the Nomination Committee and the Chairman of the Strategy and Sustainability Committee of the Company in July 2025.

Wang Dongjin

Born in 1962, Mr. Wang is a professor-level senior engineer and holds a Ph.D. degree. He previously served as Vice President of China National Petroleum Corporation ("CNPC") and was concurrently appointed as Director, President, and Vice Chairman of PetroChina Company Limited ("PetroChina"). From March 2018 to April 2025, Mr. Wang served as a Director of CNOOC Group. From October 2018 to October 2019, Mr. Wang was appointed as President of CNOOC Group. From March 2019 to November 2019, Mr. Wang served as a Director of OOGC and CNOOC (BVI). From October 2019 to April 2025, Mr. Wang served as Chairman of CNOOC Group. From November 2019 to April 2025, Mr. Wang served as the Chairman and the President of OOGC and the Chairman of CNOOC (BVI). In April 2018, Mr. Wang was appointed as a Non-executive Director of the Company. From December 2018 to November 2019, Mr. Wang was appointed as the Vice Chairman of the Company. In November 2019, Mr. Wang was appointed as Chairman of the Board and Chairman of the Nomination Committee of the Company, and in August 2022, Mr. Wang was appointed as Chairman of the Strategy and Sustainability Committee of the Company. Mr. Wang no longer serves as the Chairman of the Board of Directors, a Non-executive Director, the Chairman of the Nomination Committee and the Strategy and Sustainability Committee since April 2025.

Wang Dehua

Born in 1966, Mr. Wang is a senior accountant and holds a bachelor's degree in economics. Mr. Wang previously served as Chief Financial Officer of China Petroleum & Chemical Corporation, Director of Finance Department of China Petrochemical Corporation, and Chairman of the Board of Directors of Shengjun International Investment Limited, Vice Chairman of Sinopec Finance Co., Ltd., etc. Mr. Wang served as the Chief Accountant of China Oil & Gas Pipeline Network Corporation from November 2019 to August 2024. Mr. Wang has served as a Director of CNOOC Group from August 2024. In November 2024, Mr. Wang was appointed as a Non-executive Director and a member of the Remuneration Committee of the Company, and in January 2025, he was appointed as a member of the Audit Committee of the Company.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Huang Yongzhang

Born in 1966, Mr. Huang is a professor-level senior engineer with a Doctor of Science degree. Mr. Huang previously served as Vice President of CNPC International (Nile) Ltd., Vice President and Chief Safety Officer of China Oil Exploration and Development Corporation, Executive Vice President and President of CNPC Middle East Corporation, and Director of CNPC Middle East Regional Coordination Committee. From April 2020 to September 2025, Mr. Huang served as Vice President of CNPC, during which he concurrently served as the Chief Safety Officer. From September 2020 to September 2025, Mr. Huang served as a Director of PetroChina, during which he concurrently served as the President from March 2021. Mr. Huang has served as a Director and the General Manager of CNOOC Group since September 2025. Mr. Huang was appointed as the Vice Chairman of the Board of Directors, an Executive Director, CEO, President, and a member of the Strategy and Sustainability Committee of the Company in March 2026.

Zhou Xinhuai

Born in 1970, Mr. Zhou is a professor-level senior engineer and holds a Ph.D. degree. Mr. Zhou previously served as the Chief Geologist at CNOOC East China Sea Petroleum Administrative Bureau, the Chief Geologist at CNOOC (China) Limited Shanghai Branch, the General Manager of the Exploration Division of the Company, the General Manager of CNOOC (China) Limited Hainan Branch, and Chairman and General Manager of Hainan Energy Co., Ltd. He served as the Deputy General Manager of the CNOOC Group from March 2022 to March 2024. He served as a Director and the President of the CNOOC Group from March 2024 to August 2025. He was a Director of OOGC and CNOOC (BVI) from April 2022 to October 2025. He was the Chairman of the Board of CNOOC (China) Limited from October 2022 to October 2025, and concurrently served as the General Manager from June 2023 to August 2024. Mr. Zhou was appointed as the Executive Director and the Chief Executive Officer of the Company in April 2022, was appointed as a member of the Strategy and Sustainability Committee of the Company in August 2022, and also acted as the President of the Company from June 2023 to November 2024. Mr. Zhou was appointed as the Vice Chairman of the Board of the Company in May 2024. Mr. Zhou resigned as the Vice Chairman, Executive Director, CEO and a member of the Strategy and Sustainability Committee of the Company in October 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Qiu Zhi Zhong

Born in 1955, Mr. Qiu holds a Bachelor of Science degree in Computer Science from New York University, a Bachelor of Engineering degree in Electrical Engineering from The Cooper Union for the Advancement of Science and Art, a Master of Science degree in Electrical Power Engineering from Ohio State University, and a Master of Business Administration from Harvard Business School. Mr. Qiu previously served as a Managing Director and the Chairman of Greater China Region of Credit Suisse First Boston, the Chairman of Meridian Capital (Asia) Limited, a Managing Director and the Vice Chairman of Asia Pacific and Chairman of Greater China of Barclays Capital, a Managing Director and Vice Chairman of Asia and the Executive Chairman of Greater China of ABN AMRO Bank N.V., and during the period he also served as the Chairman of ABN AMRO (China) Co. Ltd. and the Chairman of ABN AMRO Leasing (China) Co. Ltd. Mr. Qiu was named as one of the world's "50 Most Wanted in Finance" and "World's 50 Derivatives Superstars" by the Global Finance magazine in the United States. In 2002, Mr. Qiu founded Quartz Capital Limited and has been serving as the Chairman of Quartz Capital Limited since then. Since 2010, Mr. Qiu has also served as the Honorary Consul of Republic of Rwanda to Hong Kong. Mr. Qiu served as an independent non-executive director and chairman of the nomination committee of the board of directors of Sinochem Energy Co., Ltd. from November 2020 to November 2024. Mr. Qiu was appointed as an Independent Non-executive Director and a member of the Nomination Committee of the Company in May 2019, and was appointed as a member of the Strategy and Sustainability Committee of the Company in August 2022. Mr. Qiu no longer served as a member of the Nomination Committee of the Company in June 2025 and has been appointed as the Chairman of the Remuneration Committee and has been appointed as a member of the Audit Committee of the Company in December 2025.

Lin Boqiang

Born in 1957, he holds a Ph.D. in Economics from the University of California, USA. He was appointed as a "Changjiang Scholar" Distinguished Professor by the Ministry of Education of China in 2007. Currently, he is a Chair Professor at School of Management of Xiamen University, and Director of China Institute for Studies in Energy Policy. He is Editor in Chief of "Energy Economics", and Associate Editor of "Environmental Impact Assessment Review". He also serves as an executive committee member of Stewardship Board on Energy of the World Economic Forum based in Davos Switzerland. Mr. Lin previously served as an independent non-executive director of China Oilfield Services Limited and PetroChina. In September 2022, he was appointed as an Independent Non-executive Director and a member of the Strategy and Sustainability Committee of the Company. In May 2023, he was appointed as a member of the Nomination Committee. In December 2025, he was appointed as a member of the Remuneration Committee.

Li Shuk Yin Edwina

Born in 1962, Ms. Li Shuk Yin Edwina is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Ms. Li holds a bachelor's degree in Accountancy Studies (with honors) from the University of Exeter in the United Kingdom, a master's degree in Risk Management from the Glasgow Caledonian University in the United Kingdom, and a master's degree of Social Sciences in the field of Sustainability Leadership and Governance from the University of Hong Kong. Ms. Li had worked for KPMG since 1994 and served as the partner in charge of the Financial Services Assurance team before her retirement in March 2018. Ms. Li once served as an External Supervisor of PICC Property and Casualty Company Limited, and was an independent non-executive director of Bank of Zhengzhou Co., Ltd. Ms. Li is currently an independent non-executive director of China CITIC Bank (International) Co., Ltd. and a director of Elite Beam Limited. She is also an independent non-executive director of China Everbright Environment Group Limited. Ms. Li has significant experience in accounting, capital market, market entrance, regulatory compliance related internal control and risk management in Hong Kong and mainland China. Ms. Li was appointed as the Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company in May 2023. Ms. Li no longer served as a member of the Remuneration Committee of the Company and was appointed as a member of the Nomination Committee in June 2025.

Chiu Sung Hong

Born in 1947, Mr. Chiu holds a Bachelor of Laws (LLB) degree from the University of Sydney. He was admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia. He has over 30 years' experience in legal practice and had been a director of a listed company in Australia. Mr. Chiu was the founding member of the Board of Trustees of the Australian Nursing Home Foundation and a senior research fellow of Centre for Law & Globalization of Renmin University of China since 2016. He also served as the General Secretary of the Australian Chinese Community Association of New South Wales. Mr. Chiu is also an Independent Non-executive Director of Tianda Pharmaceuticals Limited (formerly Yunnan Enterprises Holdings Limited, Tianda Holdings Limited) since April 2008, a company listed on HKSE. Mr. Chiu is also an Independent Non-executive Director of Bank of China (Australia) Limited (a wholly subsidiary of Bank of China Limited). Mr. Chiu served as an Independent Non-executive Director of the Company from September 1999 to June 2025, and he also served as the Chairman of the Remuneration Committee and a member of the Audit Committee of our Company.

Chan Chak Ming

Born in 1967, Mr. Chan holds a Bachelor of Laws (LLB) degree from the University of East London, a Master of Law LL.M. from the London School of Economics and Political Science, a Master of Business Administration MBA from the University of Oxford, and a Master of Public Administration MPA from Harvard University. He is qualified to practice as a solicitor in Hong Kong and England and Wales, and is a Guangdong-Hong Kong-Macao Greater Bay Area GBA Lawyer. He worked as a consultant for law firms in Hong Kong, London, and the Greater Bay Area, China. Mr. Chan has held several public positions, including president of The Law Society of Hong Kong, a member of the 13th session of the Jinan Municipal Committee of the Chinese People's Political Consultative Conference, and a member of the Board of Review (Inland Revenue Ordinance) in Hong Kong. Additionally, he also served on various public agencies, including as a member of the Law Reform Commission of Hong Kong, chairman of the Legal Committee of the Independent Police Complaints Council of Hong Kong, a member of the Advisory Committee on Special Needs Trusts of the Social Welfare Department of Hong Kong, a member of the Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants, and a member of the Disciplinary Committee of the Hong Kong Institute of Surveyors. Mr. Chan served as an Independent Non-executive Director, a member of the Audit Committee and a member the Remuneration Committee of our Company from June 2025 to December 2025.

OTHER MEMBERS OF SENIOR MANAGEMENT

Huo Jian

Born in 1968, Mr. Huo is Senior Vice President of the Company. He is a Senior Economist and holds a bachelor's degree in Chinese language and literature, a master's degree in business administration, and a Ph.D. in national economics. Mr. Huo previously served as Secretary of the Management Committee and Director of the Development Research Office of CNOOC Group, Deputy General Manager of CNOOC Oil Base Group Co., Ltd., as well as Deputy General Manager, General Manager, and Chairman of CNOOC Energy Technology & Services Limited. He also held the positions of Assistant to President of CNOOC Group, concurrently serving as Director of the Enterprise Management Department (Policy Research Office), etc. He has served as a Vice President of CNOOC Group since July 2020. He was appointed as Senior Vice President of the Company in March 2026.

Yu Jin

Born in 1970, Mr. Yu is Senior Vice President and Chief Safety Officer of the Company. He is a professor-level senior engineer and holds a bachelor's degree in offshore petroleum drilling and production engineering and a doctoral degree in oil and gas storage and transportation engineering. Mr. Yu previously served as Deputy General Manager and General Manager of CNOOC Iraq Limited, as well as General Manager and Chairman of China United Coalbed Methane Corporation Ltd. He also held the positions of General Manager of the Strategy & Planning Department and General Manager of the Production and Operation Office of CNOOC Group. He has served as a Vice President and Chief Safety Officer of CNOOC Group since June 2022. From June 2024, he also served as Chief Information Security Officer (CISO) and Chief Information Officer (CIO) of CNOOC Group. He was appointed as Senior Vice President and Chief Safety Officer of the Company in March 2026.

Yan Hongtao

Born in 1970, Mr. Yan is Senior Vice President of the Company. He is a senior engineer and holds a bachelor's degree in petroleum storage and transportation and a master's degree in oil and gas storage and transportation engineering. Mr. Yan previously served as the Deputy General Manager of the Company's Development and Production Department, Deputy Director (Deputy General Manager) of the CNOOC Eastern South China Sea Petroleum Administrative Bureau (CNOOC (China) Limited Shenzhen Branch), Deputy Safety Officer of the Company and General Manager of the Company's Development and Production Department, General Manager of CNOOC (China) Limited Tianjin Branch, and a Vice President of the Company. Mr. Yan has served as the Deputy General Manager of CNOOC Group from August 2024, and has concurrently served as the Director and General Manager of CNOOC (China) Limited, a Director of CNOOC (BVI) and a Director of OOGC. Mr. Yan acted as an Executive Director, the President, the Chief Safety Officer and a member of the Strategy and Sustainability Committee of the Company from November 2024 to March 2026. He was appointed as Senior Vice President of the Company in March 2026.

Mu Xiuping

Born in 1974, Ms. Mu is Senior Vice President and Chief Financial Officer of the Company. She is a professor-level senior accountant and holds a bachelor's degree in accounting and a master's degree in business administration. Ms. Mu previously served as Vice President of Bank of Kunlun Co., Ltd. Ms. Mu previously served as the Chief Accountant of China Petroleum Engineering Corp., Ltd., and a member of the Coordination Committee of Support and Services Business Group of CNPC. Ms. Mu served as the General Manager of the Finance Department of PetroChina, and concurrently served as the Vice Chairwoman of CNPC Exploration and Development Company Limited, Chief Financial Officer of CNPC Taihu Lake Investment (Beijing) Company Limited, etc. Ms. Mu has served as the Chief Accountant of CNOOC Group from October 2024, and has concurrently served as a Director of CNOOC (BVI) Director of OOGC. Ms. Mu served as a Non-executive Director and a member of the Audit Committee of the Company from November 2024 to January 2025, and she was appointed as the Chief Financial Officer of the Company in January 2025, and acted as the Executive Director from January 2025 to March 2026. She was appointed as Senior Vice President of the Company in March 2026.

Sun Dalu

Born in 1968, Mr. Sun is a senior economist and holds a bachelor's degree in mining geophysics and a master's degree in business administration. Mr. Sun previously served as General Manager of China Offshore Oil (Singapore) International Pte Ltd, General Manager of CNOOC Petrochemicals Import & Export Co., Ltd., General Manager of the Sales Branch of CNOOC Group, and General Manager of the Strategy & Planning Department of CNOOC Group and the Company. In September 2017, he was appointed as the Assistant General Manager of CNOOC Group. From March 2020 to February 2022, he concurrently served as Chairman of CNOOC Oil & Petrochemicals Co., Ltd., Chairman of CNOOC and Shell Petrochemicals Company Limited and Chairman of CNOOC Petrochemical Investment Co., Ltd. From June 2022 to March 2024, he concurrently served as General Manager of the Strategy & Planning Department of CNOOC Group and the Company. He acted as Executive Vice President of the Company from November 2024 to March 2026.

Xu Changgui

Born in 1971, Mr. Xu is Chief Geologist of the Company and a professor-level senior engineer. He holds a bachelor's degree in geology and mineral exploration, a master's degree in coalfield oil and gas geology and exploration, and a doctor degree in energy geological engineering. Mr. Xu previously served as Deputy General Manager and the Chief Geologist of CNOOC (China) Limited Zhanjiang Branch, Deputy General Manager and the Chief Geologist of CNOOC (China) Limited Hainan Branch, and General Manager of the Exploration Department of the Company. From October 2022 to June 2024, he served as Deputy Chief Exploration Expert of the Company. He was appointed as the Chief Geologist of the Company in June 2024. In October 2024, he concurrently serves as Director of CNOOC (China) Limited and Director of OOGC.

Xu Yugao

Born in 1969, Mr. Xu is the Company's General Counsel, Chief Compliance Officer, Joint Company Secretary, Secretary to the Board of Directors and Domestic Representative for Information Disclosure. He is a professor-level senior economist with a bachelor's degree in industrial automated instruments, a master's degree in technology policy, and a doctor degree in systems engineering. Mr. Xu previously served as Chief Financial Officer of CNOOC Oil Base Group Co., Ltd., Vice President and Chief Financial Officer of CNOOC Energy Technology & Services Limited, Director of the Policy Research Office of CNOOC Group and President of CNOOC Group Institute for Executive Development, and General Manager of the Legal Department and Director of International Cooperation Department (Foreign Affairs Department) of CNOOC Group and the Company. In May 2021, he was appointed as Deputy General Counsel of CNOOC Group, and General Counsel and Chief Compliance Officer of the Company. From August 2022 to December 2022, he concurrently served as General Manager of the Legal and Foreign Affairs Department of CNOOC Group and the Company. In December 2022, he was appointed as Joint Company Secretary, Secretary to the Board of Directors and Domestic Representative for Information Disclosure of the Company. In May 2023, he was appointed as Chief Compliance Officer of CNOOC Group. In September 2024, he concurrently served as General Manager of the Legal and Foreign Affairs Department of CNOOC Group and the Company.

Zhao Chunming

Born in 1972, Mr. Zhao is the Deputy Chief Engineer of the Company. He is a professor-level senior engineer with a bachelor's degree in oil geology and exploration and a master's degree of engineering in oil and gas field development. Mr. Zhao previously served as Chief Development Engineer and Deputy General Manager of CNOOC China Limited Tianjin Branch, Deputy Safety Officer of the Company, and successively served as General Manager of the Development and Production Department and General Manager of the Exploration and Development Department of the Company. In August 2023, he was appointed as General Manager of CNOOC China Limited Shenzhen Branch. He acted as Vice President of the Company from July 2024 to March 2026. In March 2026, he was appointed as the Deputy Chief Engineer of the Company.

Liu Yongjie

Born in 1971, Mr. Liu is the Deputy Chief Engineer of the Company. He is a senior engineer and holds a bachelor's degree in petroleum engineering (offshore oil drilling and production). Mr. Liu previously served as the Executive Vice President and President of CNOOC International Limited, and served as President of CNOOC International Limited North America. In March 2022, he was appointed as the Chairman of CNOOC International Limited. He acted as Vice President of the Company from March 2025 to March 2026. In March 2026, he was appointed as the Deputy Chief Engineer of the Company.

Liu Xiaogang

Born in 1978, Mr. Liu is the Deputy Chief Engineer of the Company. He is a professor-level senior engineer and holds a bachelor's degree in petroleum engineering and a master's degree in oil and gas engineering. Mr. Liu previously served as the Chief Engineer (drilling and completion) of the drilling and completion office of the Company, the Vice President of China Oilfield Services Limited and the General Manager of CNOOC (China) Limited Hainan Branch. In August 2024, he was appointed as the General Manager of CNOOC (China) Limited Tianjin Branch. He acted as Vice President of the Company from March 2025 to March 2026. In March 2026, he was appointed as the Deputy Chief Engineer of the Company.

JOINT COMPANY SECRETARIES

Xu Yugao

Please refer to the biography of Mr. Xu Yugao as above.

Tsue Sik Yu, May

Born in 1973, Ms. Tsue Sik Yu May is a fellow member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute with a Practitioner's Endorsement (PE). She is also a fellow member of The Association of Chartered Certified Accountants, a fellow member and Certified Risk Trainer of the Institute of Crisis and Risk Management, and the full member of General Mediator of The Hong Kong Mediation Accreditation Association Limited. Ms. Tsue holds a bachelor's degree of commerce in Accounting from Curtin University of Technology, a Master of Corporate Governance from The Hong Kong Polytechnic University, a MBA from The University of Hong Kong. Ms. Tsue has worked in the CNOOC Group since 1999, prior to joining CNOOC, she worked at a large multinational company for finance role. She was appointed as a Company Secretary and Department Head of Administration and Finance Department of CNOOC Insurance Limited for 2007-2024 and 2004-2023 respectively. Ms. Tsue volunteered on Panel of Adjudicator of HKMA since 2018, she also volunteered on The Hong Kong Chartered Governance Institute Committee Member of Professional Development Council (PDC) and Committee Member of Company Secretaries Panel (CSP) for 2021-2024 and since 2017 respectively. Ms. Tsue was appointed as a Joint Company Secretary of the Company since 25 November 2008 and was appointed as a Chief Office Officer of the Company (Hong Kong Office) since 1 November 2023.

REPORT OF THE DIRECTORS

The board of directors (the "Board") of the Company is pleased to present its report together with the audited financial statements of the Company for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding of its subsidiaries. These subsidiaries are principally engaged in the exploration, development, production and sales of crude oil and natural gas.

SUMMARY OF FINANCIAL INFORMATION AND OPERATING RESULTS

Please refer to the section headed "Financial Summary" of this annual report for a summary of the assets and liabilities of the Company and its subsidiaries as of 31 December 2025 and the operating results of the Company and its subsidiaries for the year then ended.

BUSINESS REVIEW

OVERVIEW AND PERFORMANCE OF THE YEAR

A review of the business of the Company and its subsidiaries and analysis of the Company and its subsidiaries' performance using financial key performance indicators is provided in the "Business Overview" and "Management's Discussion and Analysis" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

During the process of oilfield exploitation, the Company highly values the protection of natural and ecological environment, helps the nation to resolutely win the fight against pollution, and its comprehensive environmental protection measures ensure the Company to comply with the applicable laws and regulations on environmental protection.

The Company's environmental protection management system emphasises the management principles of environmental protection throughout the whole process, and The Company places Environment Impact Assessment (EIA), compliance with set standards or targets on pollutant emissions, control on total discharge amount and reduction on emissions as our priorities. During the pre-feasibility study phase, the Environmental Risk Pre-assessment Report will be prepared to identify environmental risks and avoid environmentally sensitive sea areas for protecting marine ecosystem. During the feasibility study/basic design phase, an Environmental Impact Assessment will be conducted to comprehensively evaluate the environmental impact in the construction phase of the project, the Company takes necessary environmental protection measures, and enhances fishery resource protection and marine ecosystem restoration in order to obtain the local government's approval before the construction phase of the project. During the construction phase, environmental protection supervision and management are strictly performed and tightened in order to reduce the impact on natural and social environment. During the production phase, pollutant discharge is controlled, emission concentration is reduced, and environmental protection measures are adopted to strive to achieve "increased production without increasing pollution" or "increased production with reduced pollution" for production projects, and build green oil fields. At the stage of abandonment projects, the environmental protection program for abandonment (or dismantling) as well as the disposal program are prepared as required, and the special fund for environmental protection is withdrawn from the abandonment expenses to restore the marine ecological environment.

For the year ended 31 December 2025, aligning the national targets of peak carbon dioxide emissions and carbon neutrality, the Company adhered to the 14th Five Year Energy Conservation and Reduction Action Plan and continued to promote energy conservation and carbon reduction. We kept on strictly carrying out energy-saving assessment and examination on oil & gas field investment projects and carbon emission, and ensuring this work can be integrated from the initial stage of projects. We also strengthened the efforts in technical reformation, which is the key to conserve energy and reduce carbon emissions.

During the reporting period, the main environmental information of major subsidiaries falling into the scope of key pollutant discharging entities announced by competent environmental protection authorities is set out under Health, Safety and Environmental Protection of this annual report; Regarding the environmental issues that have material impacts on the Company's business performance and future development, please refer to the 2025 ESG report ended 31 December 2025 issued concurrently with this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 December 2025, compliance procedures were in place to ensure adherence to applicable laws, regulations and rules which have significant impact on the Company and its subsidiaries. The Board and senior management within their respective duties in conjunction with internal and external professional advisors monitored the Company and its subsidiaries' policies and practices on compliance with legal and regulatory requirements. Changes in the applicable laws, regulations and rules which have significant impact on the Company and its subsidiaries (if any) were brought to the attention of relevant employees and relevant operation units from time to time. During the reporting period, various works of the Board and senior management were in compliance with the relevant applicable laws, regulations and rules, the Articles of Association in all material respects. Decision-making process of the Company was legitimate and effective. Directors and senior management performed their duties in a diligent and responsible manner, and the resolutions of the general meetings and board meetings were implemented faithfully. Meanwhile, the Company has performed its disclosure obligations which were in compliance with the requirements of the Listing Rules of Stock Exchange and the Listing Rules of SSE and relevant applicable securities laws, regulations and rules.

In accordance with the requirements of the laws, regulations and related policies in Hong Kong, PRC and relevant other jurisdictions in which the Company and its subsidiaries operate, the Company and its subsidiaries provide and maintain statutory benefits for its staff, including but not limited to pension schemes, mandatory provident fund, basic medical insurance, work injury insurance, etc. Further, the Company and its subsidiaries have been committed in complying with relevant laws and regulations on work and occupational safety of their employees.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The support and trust of our stakeholders is integral to the Company's growth and success. The stakeholders of the Company and its subsidiaries include shareholders and creditors, employees and employee organisations, governments and regulatory authorities, business partners and service providers, the public and communities, charities and non-government organisations (NGOs), and clients. The Company and its subsidiaries place emphasis on communications with our stakeholders and have established an open and transparent communication channel for each category of stakeholders to fully understand their expectations and requests.

Through specified communication methods, the Company and its subsidiaries looked into and sorted out the focuses and concerns of the stakeholders, and responded with corresponding actions and measures. The Company and its subsidiaries continued to strengthen the quality and effectiveness of information disclosure, comply with applicable laws and regulations and actively participate in public welfare activities, with the purpose of achieving mutual development and value sharing with our stakeholders. We have also formulated key indicators based on the focuses and concerns of different stakeholders to reflect our management performance on various subject matters. Some of our key indicators include employee training frequency, turnover rate and OSHA statistics for employees and employee organisations; data for emissions, use of resources, environment and natural resources and safety environment performance; public opinion and corporate image concerned by the public; assessment of the project's impact on the local community throughout its entire lifecycle, complaint channels, and community impact management measures; and participation in charities' and NGOs' relevant activities, etc. Going forward, the Company and its subsidiaries will endeavor to improve the current policies, strive to maximise our stakeholders' value and achieve a mutually beneficial outcome.

For more details on the Company and its subsidiaries' key relationships with stakeholders, please refer to the 2025 ESG report of the Company.

KEY RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties that the Company and its subsidiaries may be facing is provided in the "Risk Management and Internal Control" section of this annual report.

PROSPECTS

A description of the likely future development in the Company and its subsidiaries' future business is provided in the sections headed "Chairman's statement" and "Management's Discussion and Analysis" of this annual report.

SUBSEQUENT EVENT

Please refer to note 41 to the consolidated financial statements for details of the significant events after the reporting period of the Company and its subsidiaries.

LOANS

Please refer to note 27 to the consolidated financial statements of this annual report for details of the loans and borrowings of the Company and its subsidiaries as of 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT

Please refer to note 13 to the consolidated financial statements of this annual report for the movements in property, plant and equipment of the Company and its subsidiaries for the year ended 31 December 2025.

RESERVES

The distributable reserves of the Company as of 31 December 2025 amounted to RMB205,981 million.

Please refer to the consolidated statement of changes in equity and the statement of changes in equity of this annual report for movements in the reserves of the Company and its subsidiaries, and the Company, respectively, for the year ended 31 December 2025.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Particulars of the Company's subsidiaries, associates and joint ventures as of 31 December 2025 are set out in notes 16, 17 and 18 to the consolidated financial statements of this annual report.

DIVIDENDS

An interim dividend of HK$0.73 per share (tax inclusive) was declared on 27 August 2025, and paid to the shareholders of the Company on 17 October 2025.

The net profit attributable to ordinary shareholders of the Company under the 2025 consolidated financial statements is RMB122,082 million. In overall consideration of the factors such as the future earnings, capital requirements, financial position, future prospect and cash flow of the Company, the Board proposes to distribute the final dividend for the year ended 31 December 2025 in the amount of HK$0.55 per share (tax inclusive) to all the shareholders. Based on the Company's total share capital of 47,529,953,984 shares as of 31 December 2025, the total final dividend for 2025 is HK$26,141 million (tax inclusive), together with the interim dividend of HK$0.73 per share (tax inclusive) already paid, the total of final dividend and interim dividend for 2025 are HK$1.28 per share (tax inclusive), and the total dividend payment amount is HK$60,838 million (tax inclusive), accounting for approximately 45.0% of net profit attributable to ordinary shareholders of the Company under the 2025 consolidated financial statements (The exchange rate is calculated using the central parity rate between HKD and RMB announced by the People's Bank of China at the end of 2025). During this profit distribution, the Company will not distribute bonus shares or convert capital reserve into share capital. The dividends will be denominated and declared in HKD. The dividends on A shares will be paid in RMB calculated using the average central parity rate between HKD and RMB announced by the People's Bank of China for the week immediately preceding the date of the declaration of dividend by the Annual General Meeting; dividend for Hong Kong shares will be paid in HKD.

In the event of any change in the total issued shares of the Company from the date of this annual report to the registration date for the final dividend of 2025, the Company intends to maintain the same amount of dividend payable per share and adjust the total distribution amount accordingly, and disclose the details of the adjustment separately. The Company's final share distribution plan for 2025 has been approved by the 2nd meeting of the Board of the Company in 2026, and is subject to the approval by the shareholders in the 2025 annual general meeting of the Company.

The Company's cumulative cash dividend amount in the last three fiscal years is RMB170,114 million. The average annual net profit attributable to ordinary shareholders of the listed company in the consolidated statement in the last three fiscal years was RMB127,954 million, the net profit attributable to ordinary shareholders of the Company in the consolidated statement of the most recent fiscal year was RMB122,082 million, and the distributable reserves at the end of the parent company statement in the most recent fiscal year was RMB205,981 million. The amount of cash dividends of the Company in the last three fiscal years accounted for 133% of the average annual net profit attributable to ordinary shareholders of the company in the last three fiscal years. In addition, in the last three fiscal years, the Company has repurchased and cancelled RMB661 million of shares listed on HKSE.

MAJOR SUPPLIERS AND CUSTOMERS

Purchases from the largest supplier of the Company and its subsidiaries for the year ended 31 December 2025 represented approximately 17% of the Company and its subsidiaries' total purchases. The total purchases attributable to the five largest suppliers of the Company and its subsidiaries amounted to RMB113,601 million, accounting for approximately 49% of the total purchases of the Company and its subsidiaries for the year ended 31 December 2025; and amongst the total purchases attributable to the five largest suppliers, purchases attributable to related parties were RMB85,162 million, accounting for approximately 37% of the total purchases of the Company and its subsidiaries for the year ended 31 December 2025.

The total sales to the five largest customers of the Company and its subsidiaries were RMB249,592 million, representing approximately 63% of the total sales of the Company and its subsidiaries for the year ended 31 December 2025; and amongst the total sales to the five largest customers, sales to related parties amounted to RMB219,991 million, accounting for approximately 55% of the total sales of the Company and its subsidiaries for the year ended 31 December 2025. Sales to the largest third party customer for the year ended 31 December 2025 amounted to RMB29,601 million, representing approximately 7% of the Group's total revenue. The total sales attributable to the five largest third party customers of the Company and its subsidiaries were RMB67,737 million, accounting for approximately 17% of the Company and its subsidiaries' total revenue for the year ended 31 December 2025.

For the year ended 31 December 2025, except for the continuing connected transactions with its indirect controlling shareholder China National Offshore Oil Corporation ("CNOOC Group") and its associates, as disclosed in the section entitled "Related/Connected Transactions" below, none of the Directors or their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital (excluding treasury shares)) had any interests in the five largest suppliers or customers of the Company and its subsidiaries.

CHARITABLE DONATIONS

The donations by the Company and its subsidiaries for the year ended 31 December 2025 amounted to RMB134 million.

RELATED/CONNECTED TRANSACTIONS

Continuing connected transactions

The Independent Non-executive Directors have confirmed that the following continuing connected transactions for the year ended 31 December 2025 to which any member of the Company and its subsidiaries was a party were entered into by the Company and its subsidiaries:

1. in the ordinary and usual course of its business;

2. on normal commercial terms or better; and

3. in accordance with the relevant agreements (including pricing principles and guidelines set out therein) governing the transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

The Company entered into a comprehensive framework agreement on 2 November 2022 with CNOOC Group 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. Except for adjustment of certain pricing policies and adjustment of classification of certain Continuing Connected Transactions due to the new energy business, the comprehensive framework agreement is substantially on the same terms as the terms contained in the comprehensive framework agreements entered into by the Company on 1 November 2019. The term of the comprehensive framework agreement is for a period of three years from 1 January 2023. The continuing connected transactions under the comprehensive framework agreement and the relevant annual caps for the three years from 1 January 2023 were approved by the independent shareholders of the Company on 29 November 2022. The continuing connected transactions under the comprehensive framework agreement and the relevant annual caps are set out below:

Categories of continuing connected transactions	**Annual caps for 2023 to 2025**
Provision of exploration, development, production as well as sales, management and ancillary services by CNOOC Group and/or its associates to the Company and its subsidiaries	
(a) Provision of exploration and support services	For the three years ended 31 December 2025, RMB13,959 million, RMB14,152 million and RMB13,978 million, respectively
(b) Provision of development and support services (including new energy business)	For the three years ended 31 December 2025, RMB73,715 million, RMB66,145 million and RMB64,249 million, respectively
(c) Provision of production and support services (including new energy business)	For the three years ended 31 December 2025, RMB20,116 million, RMB21,715 million and RMB22,866 million, respectively
(d) Provision of sales, management and ancillary services	For the three years ended 31 December 2025, RMB6,202 million, RMB6,627 million and RMB6,880 million, respectively
(e) FPSO vessel leases	For the three years ended 31 December 2025, (i) in respect of fixed daily rent, the annual caps for the total value of right-of use asset are RMB634 million, RMB613 million and RMB637 million, respectively; and (ii) in respect of floating rent, the annual caps are RMB471 million, RMB429 million and RMB391 million, respectively *(Note 1)*

Note 1: The Company adopts fixed daily rent or floating rent for its FPSO vessels leases. According to HKFRS 16 Leases, (i) the Group is required to recognise a right-of-use asset and a lease liability for the fixed daily rent under the FPSO vessels leases and the Company will set annual caps based on the total value of right-of-use assets relating to the fixed daily rent under the FPSO vessels leases; and (ii) the floating rent under the FPSO vessels leases will be recognised as expenses incurred by the Group, and the Company will set the annual caps for floating rent which are determined with reference to the estimated annual maximum amount of floating rent payable by the Group in respect of the FPSO vessels leases for each of the three years ended 31 December 2025.

Sales of petroleum, natural gas products and green power products by the Company and its subsidiaries to CNOOC Group and/or its associates

(a) Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas)	For the three years ended 31 December 2025, RMB298,356 million, RMB315,545 million and RMB328,725 million, respectively
(b) Long-term sales of natural gas and liquefied natural gas	For the three years ended 31 December 2025, RMB38,382 million, RMB46,347 million and RMB61,719 million, respectively
(c) Sales of green power products	For the three years ended 31 December 2025, nil, RMB220 million and RMB220 million, respectively

The Company expects to continue the continuing connected transactions under the Comprehensive Framework Agreement after 31 December 2025. Accordingly, on 30 October 2025, the Company entered into a new Comprehensive Framework Agreement with CNOOC Group. The new Comprehensive Framework Agreement has a term of three years commencing on 1 January 2026. Save for the addition or adjustment of certain categories of continuing connected transactions, the terms of the new agreement are substantially the same as those of the Comprehensive Framework Agreement entered into by the Company on 2 November 2022. The continuing connected transactions under the new Comprehensive Framework Agreement and the relevant annual caps for the three year period commencing on 1 January 2026 were approved by the Independent Shareholders of the Company on 16 December 2025. For details of the relevant annual caps, please refer to the Company's announcement dated 30 October 2025, the circular dated 7 November 2025, and the announcement of voting results of the first extraordinary general meeting in 2025 dated 17 December 2025.

Financial services provided by CNOOC Finance Corporation Limited to the Company and its subsidiaries

On 22 December 2022, the Company entered into a financial services framework agreement ("Financial Services Framework Agreement") with CNOOC Finance Corporation Limited ("CNOOC Finance"), an associate of CNOOC Group, pursuant to which CNOOC Finance provided a range of services as may be required and requested from time to time by the Company and its subsidiaries, for a term of three years starting from 1 January 2023. The services include settlement services, depository services, discounting services, loans services and entrustment loans services, etc. The Financial Services Framework Agreement is substantially on the same terms as the terms contained in the financial services framework agreement entered into by the Company on 21 November 2019. The continuing connected transactions in respect of the depositary services and the secured loan services under the Financial Services Framework Agreement are exempted from independent shareholders' approval requirement, but subject to the annual reporting, annual review and announcement requirements. The annual caps for each type of the financial services during the term of the Financial Services Framework Agreement are set out below:

Types of Transactions	Annual cap for 2023 to 2025
(a) Maximum daily outstanding balance of deposits and interest (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loans services) placed by the Group with CNOOC Finance	For the three years ended 31 December 2025, RMB22,000 million, RMB22,000 million, and RMB22,000 million respectively
(b) Maximum daily loan balance (including accrued interest) obtained by the Group from CNOOC Finance *(Note 1)*	For the three years ended 31 December 2025, RMB50,000 million, RMB50,000 million, and RMB50,000 million respectively
(c) Total service fees charged by CNOOC Finance for providing other financial services (excluding settlement services) to the Group *(Note 2)*	For the three years ended 31 December 2025, RMB20 million, RMB20 million, and RMB20 million respectively

Note 1: In respect of secured loans services, for each of the three years ended 31 December 2025, each of the loan amount and the collateral assets amount shall not exceed RMB22,000 million, and the accrued interest shall not exceed RMB770 million.

Note 2: The settlement services provided by CNOOC Finance to the Group do not charge service fees or other fees.

The Company expects to continue the continuing connected transactions under the Financial Services Framework Agreement after 31 December 2025. Accordingly, on 30 October 2025, the Company entered into a new Financial Services Framework Agreement with the Finance Company, pursuant to which the Finance Company will continue to provide the Group with a range of financial services that the Group may require or request during the three year period from 1 January 2026 to 31 December 2028. Save for certain adjustments to the pricing policies, the terms and conditions of the new Financial Services Framework Agreement are substantially the same as those of the existing Financial Services Framework Agreement.

The continuing connected transactions under such new Financial Services Framework Agreement relating to the depository services and the loan services secured by the assets of the Group are exempted from the independent shareholders' approval requirement but are subject to annual reporting, annual review and announcement requirements. For details of the relevant annual caps, please refer to the announcement of the Company dated 30 October 2025.

The Independent Non-executive Directors have further confirmed that for the year ended 31 December 2025:

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

(a) The aggregate annual volume of transactions for the provision of exploration and support services did not exceed RMB13.978 billion.

(b) The aggregate annual volume of transactions for the provision of development and support services (including new energy business) did not exceed RMB64.249 billion.

(c) The aggregate annual volume of transactions for the provision of production and support services (including new energy business) did not exceed RMB22.866 billion.

(d) The aggregate annual volume of transactions for the provision of sales, management and ancillary services did not exceed RMB6.88 billion.

(e) The aggregate annual volume of transactions for FPSO vessel leases did not exceed RMB1.028 billion

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

(a) The aggregate sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) did not exceed RMB328.725 billion.

(b) The aggregate long-term sales of natural gas and liquefied natural gas did not exceed RMB61.719 billion.

(c) The aggregate sales of green power products did not exceed RMB220 million.

(iii) 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 did not exceed RMB22.0 billion. The secured loans obtained from CNOOC Finance and the accrued interest were 0.

The independent auditors of the Company and its subsidiaries have reviewed the continuing connected transactions referred to above and confirmed to the Board that the continuing connected transactions:

1. have received the approval of the Board;

2. were in accordance with the pricing policies for the transactions involving the provision of goods or services by the Company and its subsidiaries as stated in the Company's financial statements;

3. were entered into in accordance with the relevant agreements governing the transactions; and

4. have not exceeded the applicable caps.

Please also refer to note 33 to the consolidated financial statements of this annual report for a summary of the related party transactions which include the Company and its subsidiaries' continuing connected transactions. Such related party transactions constitute connected transactions (including continuing connected transactions) as defined under Chapter 14A of the Listing Rules of Stock Exchange and the Rules Governing the Listing of Stocks on the SSE, and the Company has complied with the applicable requirements of Chapter 14A of the Listing Rules of Stock Exchange, the Listing Rules of SSE and relevant guidelines in relation to the connected transactions (including continuing connected transactions) for the year ended 31 December 2025.

SHARE CAPITAL

Please refer to note 30 to the consolidated financial statements of this annual report for details of movements in the Company's total issued shares for the year ended 31 December 2025.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Between January and December 2025, CNOOC Petroleum North America ULC ("CPNA", an indirect wholly-owned subsidiary of the Company) repurchased and cancelled the following bonds issued by it as issuer by way of general offers:

Issuer	Maturity Date	Coupon Rate	Face Amount (USD)	Face Amount Repurchased (USD)	Percentage of Repurchase	Outstanding Amount as at 31 December 2025 (USD)
CPNA	30 July 2039	7.500%	594,413,000	22,320,000	3.75%	572,093,000
CPNA	15 May 2037	6.400%	752,452,000	4,404,000	0.59%	748,048,000
CPNA	10 March 2035	5.875%	420,006,000	200,000	0.05%	419,806,000
CPNA	15 March 2032	7.875%	314,572,000	5,400,000	1.72%	309,172,000

None of the above bonds was listed on the HKSE or SSE.

Save as disclosed in this annual report, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of its listed securities (including the disposal of treasury shares) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

ISSUANCE OF RMB SHARES

The Company completed the initial public offering of RMB shares on the SSE (stock code: 600938) on 21 April 2022. The final total gross proceeds from such 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:

	Committed investment amount (RMB million)	Investment amount in 2025 (RMB million)	Utilised proceeds as of 31 December 2025 (RMB million)	Unutilized proceeds as of 31 December 2025 (RMB million)	Expected timetable for use of the unutilized proceeds
Payara oil field development in Guyana	5,200.00	–	5,200.00	–	As all of the projects funded by the proceeds have attained their intended usable state, the Company proposes not to further invest any unutilised proceeds therein. The relevant projects will be duly concluded in accordance with the applicable laws and regulations, and the remaining proceeds will be permanently used to supplement working capital.
Liuhua11-1/4-1 oil field secondary development	6,500.00	464.54	5,472.24	1,027.76	
Liza oil field phase II in Guyana	2,200.00	–	2,200.00	–	
Lufeng oil fields development	3,500.00	9.27	3,175.64	324.36	
Lingshui 17-2 gas field development	3,000.00	132.32	3,000.00	–	
Lufeng 12-3 oil field development	1,000.00	–	1,000.00	–	
Qinhuangdao 32-6/Caofeidian 11-1 oil fields onshore power application construction project	1,000.00	–	826.86	173.14	
Luda 6-2 oil field development	500.00	–	500.00	–	
Replenishment of working capital	9,199.09	0.00	9,175.34	23.75	
Total	**32,099.09**	**606.13**	**30,550.08**	**1,549.01**	

REPORT OF THE DIRECTORS

NAME OF DIRECTOR

The Directors of the Company during 2025 and up to the date of this report are:

Non-executive Directors

Zhang Chuanjiang *(Chairman) (Note 2)*
Wang Dongjin *(Note 1)*
Wang Dehua

Executive Directors

Huang Yongzhang *(Vice Chairman, CEO and President) (Note 5)*
Zhou Xinhuai *(Note 1)*
Yan Hongtao *(Note 4)*
Mu Xiuping *(Note 4)*

Independent Non-executive Directors

Chiu Sung Hong *(Note 1)*
Qiu Zhi Zhong
Lin Boqiang
Li Shuk Yin Edwina
Chan Chak Ming *(Note 3)*

Note 1: Ceased to hold office during the reporting period. Please refer to "Changes in Directors" under the section "Corporate Governance Report" of this Annual Report.

Note 2: Newly appointed as a Director of the Company during the reporting period. Please refer to "Changes in Directors" under the section "Corporate Governance Report" of this Annual Report.

Note 3: Newly appointed as a Director of the Company during the reporting period and subsequently ceased to hold office. Please refer to "Changes in Directors" under the section "Corporate Governance Report" of this Annual Report.

Note 4: Ceased to hold office after the reporting period. Please refer to "Changes in Directors" under the section "Corporate Governance Report" of this Annual Report.

Note 5: Newly appointed as a Director of the Company after the reporting period. Please refer to "Changes in Directors" under the section "Corporate Governance Report" of this Annual Report.

In accordance with the Articles and pursuant to Appendix C1 to Listing Rules, the Company will give sufficient notice on the Board candidates who will retire from the office by rotation at the forthcoming Annual General Meeting and who, being eligible, will offer themselves for re-election.

In 2025, the list of directors who have served on the boards of the subsidiaries of the Company included in the annual consolidated financial statements for the financial year ended 31 December 2025 is as follows:

Cai Wenjie, Chen Changxu, Chen Geng, Chen Haoming, Chen Kaixiang, Chen Liguo, Chen Rong, Chen Yan, Dai Tong, Dai Zhaohui, Deng Yiquan, Du Xiaolei, Duan Yu, Feng Zhen, Gao Hui, Gao Song, Ge Chengji, Guo Haojie, Guo Yihong, Hu Weijie, Hu Weiyan, Huang Min, Huang Xiaosheng, Huang Yi, Huang Yehua, Jia Yunlin, Jiang Ping, Jiao Xin, Jin Haibo, Jin Weigen, Kuang Likun, Li Chunsheng, Li Feng, Li Haibo, Li Jie, Li Mao, Li Peng, Li Yue, Li Yungui, Lian Jihong, Lin Jiangong, Liu Bo, Liu Jiehua, Liu Mingquan, Liu Xiaoxiang, Liu Xiaogang, Liu Xiangdong, Liu Ying, Liu Yongjie, Liu Yongjie, Luan Jing, Lu Baoshan, Luo Bing, Luo Xinzeng, Lv Bing, Ma Jin, Ma Hongwei, Ma Liwu, Ma Qiang, Ma Ruiping, Mei Yaolun, Mu xiuping, Pan Xiaodong, Pan Yiyong, Peng Wen, Peng Wenxu, Qi Jiapeng, Qiang Hailiang, Qin Lifeng, Qiu Yongyin, Sang Yi, Shang Xingren, Shao Dan, Song Baiqiang, Sun Dalu, Sun Kai, Tian Peng, Tian Xueda, Wan Xiaoxun, Wang Benwu, Wang Baojun, Wang Bo, Wang Chen, Wang Chao, Wang Guodong, Wang Jimei, Wang Jiwei, Wang Jianzhong, Wang Kui, Wang Shoushan, Wang Shengjun, Wang Wei, Wang Wendong, Wang Xincai, Wang Xiaodong, Wang Yu, Wang Shaofei, Wang Zhizhong, Wen Yanbiao,Xie Min, Xiong Jianguo, Xu Xiangdong, Xu Changgui, Xu Yugao, Yan Jun, Yan Hongtao, Yang Baohui, Yang Chenghua, Yang Jinming, Yang Li, Yao Yong, Zhang Zhaoyang, Zhang Chunsheng, Zhang Chuantao, Zhang Delin, Zhang Jianbing, Zhang Rui, Zhang Shude, Zhang Wenge, Zhang Huiying, Zhao Chunming, Zhao Xiaoyun, Zhou Lei, Zhu Mingchong, CNOOC Limited

Alan O'Brien, Colin T.O. Brewer, Curtis Steiert, Dustin F. Gemmill, Fernando Aguilar, GOH KAI KOK SUNNY, Jerome A. van Zuijlen, Kimberly D. Woima, Oscar Johnson, Robert Shepherd, Rosalind L. Bynoe, Rick L. Sumrall, Simon Perchard, Tilak R.K. Nithiyeswaran, Trevor L. Norman, Wenbo Liu, Christine M. O'Connor

DIRECTORS' INTERESTS

As of 31 December 2025, the interests of each Director and chief executive of the Company who are currently in office or resigned from office during the reporting period in the shares, related shares or debentures of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which were required (i) to notify the Company and the HKSE of interests and short positions 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 enter interests and short positions in the register referred to therein; (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to notify the Company and the HKSE of interests and short positions; or (iv) to be disclosed pursuant to applicable provisions of the CSRC and SSE are as follows:

Name of Director	Nature of interest	Ordinary Hong Kong shares held	Approximate percentage of total issued Hong Kong shares	Ordinary A shares held	Approximate percentage of total issued A shares	Approximate percentage of total issued shares
Chiu Sung Hong [(1)]	Beneficial interest	1,650,000	0.004%	–	–	0.003%

Note:

(1) Mr. Chiu Sung Hong retired as an Independent Non-executive Director of the Company, Chairman of the Remuneration Committee and a member of the Audit Committee with effect from 5 June 2025. The number of H shares disclosed above represents the position as at 5 June 2025.

All of the above equity refers to long positions. Save as disclosed above, none of the Directors and chief executives of the Company who are currently in office or resigned from office during the reporting period have any interest in points (i) to (iv) above. All the interests held by the Directors and chief executive represent long positions. During the reporting period, no changes were made to the number of ordinary Hong Kong shares held by the Directors, and no ordinary A shares were held by the Directors.

During the year ended 31 December 2025, the Company did not grant the right to subscribe for the shares of the Company, the underlying shares or debentures to any other person, nor did any other person exercise such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of 31 December 2025, so far as was known to the Directors and chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

	Ordinary Hong Kong shares held	Approximate percentage of total issued Hong Kong shares	Ordinary A shares held	Approximate percentage of total issued A shares	Approximate percentage of total issued shares
(i) CNOOC (BVI) Limited [(1)]	28,772,727,268	64.60%	–	–	60.54%
(ii) Overseas Oil & Gas Corporation, Ltd. ("OOGC")	28,772,727,273	64.60%	–	–	60.54%
(iii) CNOOC Group	29,530,451,273	66.30%	–	–	62.13%

Note:

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

All the interests stated above represent long positions. As of 31 December 2025, 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 which would be required to be recorded in the register of members required to be kept under Section 336 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 and its subsidiaries.

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Please refer to pages 49 to 54 of this annual report for information concerning the Directors and senior management of the Company.

DIRECTORS' SERVICE CONTRACTS AND INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

No Director (including those to be re-elected) has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than normal statutory obligations).

Save as disclosed in this annual report, as of 31 December 2025 or during 2025, none of the Directors or entities connected with the Directors was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Company and its subsidiaries to which the Company or any of its subsidiaries was a party.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate Directors and Officers Liability Insurance coverage for the Directors and Officers of the Company and its subsidiaries during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

MATERIAL LEGAL PROCEEDINGS

As of 31 December 2025, the Company was not involved in any material litigation or arbitration and no material litigation or arbitration was pending or threatened or made against the Company so far as the Company is aware.

DAILY WORK OF THE BOARD

During the report period, the Board conscientiously and diligently performed its duties as the directors, implemented the resolutions adopted at the shareholders' general meeting and implemented all matters as authorized by the shareholders' general meeting in accordance with the applicable laws, regulations, regulatory rules and the Articles of Association. Please refer to the "Corporate Governance Report" of this annual report for the convening of meetings of the Board and each committee of the Company, attendance by Directors, major tasks and performance of duties during the year 2025.

AUDITORS

On 5 June 2025, upon approval by the shareholders at the annual general meeting, the Company re-appointed Ernst & Young and Ernst & Young Hua Ming LLP as the independent auditors of the Company and its subsidiaries for the year of 2025, responsible for the reporting in Hong Kong and mainland China respectively. The auditors have conducted audit work for the Company for five consecutive years. The certified public accountants who will sign the audit report of the Company are Cheong Ming Yik, Zhao Yizhi and He Xin. Each of the aforesaid certified public accountants has provided audit services to the Company for five years, five years and one year, respectively. Ernst & Young and Ernst & Young Hua Ming LLP have audited the financial statements of the Company and its subsidiaries for the year ended 31 December 2025.

A resolution to appoint the auditors of the Company and its subsidiaries for the year 2026, and to authorise the Board to fix their remuneration will be proposed at the forthcoming Annual General Meeting in 2026.

SUFFICIENCY OF PUBLIC FLOAT

As of the date of this report, the Directors confirmed that based on information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained sufficient amount of public float as required under the Listing Rules of Stock Exchange and the Listing Rules of SSE.

By order of the Board
Zhang Chuanjiang
Chairman

Hong Kong, 26 March 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read along with the Chairman's Statement and the Business Overview sections, as well as the Company and its subsidiaries' audited financial statements and the related notes.

DEVELOPMENT STRATEGY

As the largest offshore crude oil and natural gas producer in China and one of the largest independent oil and gas exploration and production companies in the world, we mainly engage in the exploration, development, production and sales of crude oil and natural gas. The Company's development strategy mainly covers the following three aspects.

Focus on reserves and production growth

The Company keeps its focus on profitability, and expands reserves and production through exploration, development, production and value-driven acquisitions. In terms of exploration, the Company will adhere to the strategy of stabilising oil and increasing gas, and weighting more on gas to stabilise the exploration in Bohai, accelerate exploration in the South China Sea, expand exploration in the East China Sea, explore in the Yellow Sea, strengthen overseas exploration and promote unconventional exploration. In terms of development and production, to achieve profitable production growth, the Company actively promotes the construction of key projects and maintains a stable and increasing production in producing oil and gas fields.

Develop natural gas business

The Company implements the low-carbon development concept, solidly promotes offshore gas exploration and development, and increases its efforts in onshore unconventional gas exploration and development.

Maintain prudent financial policies

The Company upholds our prudent financial policies. Thanks to years of sustained efforts to increase reserves and production and improve quality and efficiency, the Company's profitability continued to increase and its financial position is in good condition. The Company considers cost control as one of the key indicators in the performance appraisal and evaluation system, and continuously consolidate its competitive cost structure.

2025 OVERVIEW

In 2025, geopolitical conflicts continued, inflation generally declined, and global economic growth remained weak overall. According to the International Monetary Fund, the global economic growth rate was 3.3%. Growth prospects for different economies diverge significantly: the US economy remained relatively resilient; the European economic growth performed worse than expected; and China's economy grew steadily by 5.0% year-on-year, with continued structural improvements. Affected by multiple factors such as economic growth expectations, geopolitical situation, market supply and demand, and monetary policy, international oil prices generally showed a volatile downward trend. The average price of Brent crude oil in 2025 was US$68.2 per barrel, representing a year-on-year decrease of approximately 14.6%.

In 2025, China's oil and gas industry continued to promote high-quality development, achieving remarkable results in exploration and development. Both oil and gas reserves and production reached record highs, providing solid support for the stable operation of China's economy and society.

In the face of a complex and severe external environment, CNOOC Limited pursued oil and gas reserves and production growth, reaching new highs in both net proved reserves and net production. The Company promoted independent scientific and technological innovation, advanced green energy transition, and implemented upgrading initiatives of quality and efficiency enhancement, thereby continuously strengthening its value creation capabilities.

The basic earnings per share and diluted earnings per share of the Company during the year ended 31 December 2025 were RMB2.57 and RMB2.57 respectively. The Board of Directors has recommended the payment of a final dividend of HK$0.55 per share (tax inclusive).

BUSINESS REVIEW

For details, please refer to the "Business Overview" section of this annual report.

FINANCIAL RESULTS

Net profit attributable to equity shareholders of the Company

Our net profit attributable to equity shareholders of the Company decreased by 11.5% to RMB122,082 million in 2025 from RMB137,936 million in 2024, primarily as a result of the continuous increase of reserves and production, and enhancement of quality and efficiency, which partially offset the adverse impact of lower oil prices.

Revenues

The Company's revenues decreased by 5.3% to RMB398,220 million in 2025 from RMB420,506 million in 2024, mainly due to the combined impact of the increase of oil and gas sales volume and the decrease of international oil price. Oil and gas sales revenue, oil and gas prices and sales volume year-on-year data are as follows:

			Change	
	2025	**2024**	**Amount**	**%**
Oil and gas sales				
(RMB million)	**335,652**	355,615	(19,963)	(5.6)
Crude and liquids	**279,786**	307,812	(28,026)	(9.1)
Natural gas	**55,866**	47,803	8,063	16.9
Sales volume (million BOE)*	**757.6**	712.3	45.3	6.4
Crude and liquids				
(million barrels)	**589.2**	562.9	26.3	4.7
Natural gas (bcf)	**984.0**	870.3	113.7	13.1
Realised prices				
Crude and liquids				
(US$/barrel)	**66.47**	76.75	(10.28)	(13.4)
Natural gas (US$/mcf)	**7.95**	7.72	0.23	3.0

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

Operating expenses

Our total amounts of operating expenses increased by 5.4% to RMB40,273 million in 2025 from RMB38,227 million in 2024, mainly due to the increase of total operating expenses as a result of the increased production. Our operating expenses per BOE decreased by 2.0% to US$7.46 per BOE in 2025 from US$7.61 per BOE in 2024. In particular, the operating expenses per BOE in China decreased by 1.7% to US$6.75 per BOE in 2025 from US$6.87 per BOE in 2024. Overseas operating expenses per BOE decreased by 1.4% to US$9.18 per BOE in 2025 from US$9.31 per BOE in 2024. The Company focused on enhancing quality and efficiency to reduce costs, and the operating expenses per BOE were well controlled.

Taxes other than income tax

Our taxes other than income tax decreased by 10.3% to RMB18,194 million in 2025 from RMB20,276 million in 2024, mainly due to the decrease in oil prices.

Exploration expenses

Exploration expenses of the Company was RMB15,365 million in 2025 compared with RMB13,860 million in 2024, mainly due to higher exploration investment and expenses from increased frontier exploration efforts, while maintaining its value-driven exploration approach.

Depreciation, depletion and amortisation

Our total amount of depreciation, depletion and amortisation increased by 6.9% to RMB79,771 million in 2025 from RMB74,606 million in 2024, mainly due to increases of oil and gas sales volume.

Impairment and provision

Our impairment and provision was RMB3,809 million in 2025 compared with RMB8,047 million in 2024, primarily due to the impact of impairment provision for overseas assets.

Selling and administrative expenses

Our selling and administrative expenses increased by 8.1% to RMB12,039 million in 2025 from RMB11,140 million in 2024, mainly due to the increase in costs associated with higher oil and gas sales.

Interest income

Our interest income increased by 10.5% to RMB5,062 million in 2025 from RMB4,582 million in 2024, primarily due to the combined impact of the average scale of bank deposits and the changes in interest rates.

Net exchange gains/losses

Our net exchange gains was RMB627 million in 2025 compared with net exchange losses of RMB1,318 million in 2024, primarily arising from euro and Hong Kong dollar exchange rate fluctuations against U.S. dollar.

Share of losses/profits of associates/a joint venture

The Company's share of losses of associates/a joint venture was RMB472 million in 2025 compared with profits of RMB1,836 million in 2024, mainly due to the impact of lower profits of associates/a joint venture.

Income tax expense

Our income tax expense decreased by 8.7% to RMB47,491 million in 2025 from RMB51,994 million in 2024, mainly due to a decrease in the Company's overall profit before tax.

Assets, liabilities and equity

Items	31 December 2025 RMB million	31 December 2024 RMB million	Change (%)
Current assets	**295,383**	264,609	11.6
Non-current assets	**803,176**	791,672	1.5
Total assets	**1,098,559**	1,056,281	4.0
Current liabilities	**91,253**	118,875	(23.2)
Non-current liabilities	**202,122**	187,970	7.5
Total liabilities	**293,375**	306,845	(4.4)
Equity attributable to equity shareholders of the Company	**802,750**	747,548	7.4
Non-controlling interests	**2,434**	1,888	28.9
Total equity	**805,184**	749,436	7.4

The Company continued to maintain sound financial condition. As of 31 December 2025, our total assets and total liabilities reached RMB1,098,559 million and RMB293,375 million, respectively. In particular:

Current assets amounted to RMB295,383 million, representing an increase of 11.6% from RMB264,609 million at the end of 2024, mainly due to the increase in monetary funds.

Non-current assets amounted to RMB803,176 million, representing an increase of 1.5% from RMB791,672 million at the end of 2024, mainly due to the increase in property, plant and equipment.

Current liabilities amounted to RMB91,253 million, representing a decrease of 23.2% from RMB118,875 million at the end of 2024, mainly due to the decrease in the loans and borrowings.

Non-current liabilities amounted to RMB202,122 million, representing an increase of 7.5% from RMB187,970 million at the end of 2024, mainly due to the increase in expected liabilities.

CAPITAL RESOURCES AND LIQUIDITY

Overview

Our primary source of cash in 2025 was cash flows from operating activities. We used cash primarily to fund capital expenditure and dividends, with major changes shown in the table below:

	2025 RMB million	2024 RMB million	Change RMB million	%
Generated from operating activities	**209,042**	220,891	(11,849)	(5.4)
Used in investing activities	**(125,264)**	(175,426)	50,162	(28.6)
Used in financing activities	**(85,983)**	(97,935)	11,952	(12.2)

Net cash inflows from operating activities

The net cash flows from operating activities decreased by 5.4% to RMB209,042 million in 2025 from RMB220,891 million in 2024, primarily due to a decrease in revenue from oil and gas sales.

Net cash outflows from investing activities

Our capital expenditure payment decreased by 9.6% to RMB111,555 million in 2025 from RMB123,359 million in 2024. Our investments in 2025 mainly focused on oil and gas exploration and development.

In addition, our cash used in investing activities was also attributable to the purchase of structured deposits of RMB23,000 million during the year. Our cash generated from investing activities was mainly from the redemption of wealth management products and structured deposits, etc., amounting to RMB42,113 million at maturity, as well as the increase of our time deposits with maturity over three months of RMB45,273 million.

Net cash outflows from financing activities

In 2025, the Company's net cash outflows from financing activities was mainly due to the repayment of bonds and loans of RMB19,692 million and the payment of dividends of RMB60,432 million.

At the end of 2025, our total interest-bearing debt was RMB69,800 million, compared with RMB91,887million at the end of 2024. The decrease in debt in 2025 was primarily attributable to the repayment of bonds and loans and changes in the exchange rate during the year.

Capital Expenditure

The following table sets forth the Company's actual oil and gas capital expenditure for the periods indicated:

	Year ended 31 December	
	2024	**2025**
		(RMB million)
China		
Development	74,261	63,127
Exploration	16,634	17,894
Subtotal	**90,895**	**81,021**
Overseas		
Development	36,896	36,446
Exploration	2,424	1,362
Subtotal	**39,320**	**37,808**
Total	**130,215**	**118,829**

Note 1: Capitalised interests for 2024 and 2025 were RMB1,539 million and RMB651 million, respectively

Note 2: Development capital expenditures include capital expenditures for development and production capitalized.

OTHERS

Employees

For details of employees and human resources, please refer to "Human Resources" in the "Business Overview" section of this annual report.

CHARGES ON ASSETS

Please refer to note 40 to the consolidated financial statements of this annual report

CONTINGENCIES

Please refer to note 36(ii) to the consolidated financial statements of this annual report.

OUTLOOK FOR 2026

Looking ahead to 2026, the world faces heightened geopolitical risks and successive waves of regional conflicts, and uncertainty surrounding oil prices is set to increase markedly. Global inflationary pressures increase, economic growth remains weak, and growth divergence among different economies will further intensify. Supported by its proactive and favorable macro policies, China's consumer and investment markets are set to recover, injecting new momentum into the economy and positioning the country to continue serving as the main engine of global economic growth.

Energy transition is unstoppable, with oil and natural gas maintaining their dominant position for a considerable period. Building on its sustained recovery and improvement, China's economy continues to provide critical support for global oil and gas demand. Offshore oil and gas represent a key strategic area for China's future production growth, offering vast prospects and development opportunities for the Company. Furthermore, the role of new energy in the energy mix will become increasingly prominent, with technological breakthroughs and scale-up both accelerating.

In 2026, we will solidify our development foundation by increasing oil and gas reserves and production, empower our growth momentum through value creation, drive industrial upgrading with innovation, build competitive advantages through international expansion, and accumulate growth potential with green and low-carbon initiatives, thus striving to build a world-class energy and resources group with distinctive maritime characteristics. The annual production of the Company is targeted at 780-800 million BOE, and the oil and gas capital expenditure is expected to be RMB112.0-122.0 billion.

Furthermore, the Company will as always prioritize shareholder returns, subject to the approval by the general meeting on the proposed dividends for each year, the annual dividend payout ratio will be no less than 45% from 2025 to 2027. By adhering to the principle of rewarding shareholders, the Company will adjust its dividend policy in due course in line with the changes in the market environment and after taking into account shareholders' intention, strategic planning, operating conditions and other factors.

For the major risks that the Company may face in the future operations, please refer to the Risk Management and Internal Control section of this report.

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of CNOOC Limited (the "Company") and its subsidiaries (the "Group") set out on pages 78 to 146, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
The estimation of oil and gas reserves	
At 31 December 2025, the carrying amount of the Group's oil and gas properties was RMB657,015 million, and the depreciation, depletion and amortisation expense was RMB77,060 million for the year ended 31 December 2025. Oil and gas properties are depreciated on a unit-of-production basis at a rate calculated by reference to the proved reserves. Proved reserves are those quantities of oil and gas which can be estimated with reasonable certainty to be recoverable from known oil and gas reservoirs under existing economic, operating conditions and regulations in future years based on geological and engineering data. The level of estimated reserves is also a key determinant in assessing whether the carrying value of any of the Group's oil and gas properties has been impaired. Relevant disclosures are included in Note 3 and Note 13 to the consolidated financial statements. Management made significant judgements when assessing quantities of reserves. Hence, we consider the estimation of oil and gas reserves as a key audit matter.	We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls that address the risks of material misstatement relating to the reserve estimation process. We evaluated the competency and objectivity of the Group's internal and external reserve specialists. We evaluated whether the methodology adopted by the Group's internal and external reserve specialists to estimate oil and gas reserves and the selection of related parameters were consistent with the recognised industry standards. We compared the Group's oil and gas reserves quantities at 31 December 2025 to that at 31 December 2024, and performed corroborative inquiries of the reserve specialists and the management on the reasons for any significant changes. We tested whether the updated estimation of oil and gas reserves was included appropriately in the Group's consideration in oil and gas properties' impairment testing and depreciation, depletion and amortisation charges in accordance with the Group's accounting policy. We also assessed the adequacy of the Group's disclosures included in Note 3 and Note 13 to the consolidated financial statements regarding the estimation of oil and gas reserves.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Cheong Ming Yik (practising certificate number: P04626).

Ernst & Young
Certified Public Accountants
Hong Kong
26 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025
(All amounts expressed in millions of Renminbi, except per share data)

	Notes	2025	2024
REVENUE			
Revenue recognised from contracts with customers			
Oil and gas sales	4	335,652	355,615
Marketing revenues	4	53,684	55,142
Other revenue		8,884	9,749
		398,220	420,506
EXPENSES			
Operating expenses		(40,273)	(38,227)
Taxes other than income tax	10(ii), (iv)	(18,194)	(20,276)
Exploration expenses		(15,365)	(13,860)
Depreciation, depletion and amortisation	6	(79,771)	(74,606)
Special oil gain levy	10(iii)	(2,044)	(8,297)
Impairment and provision recognised, net	6	(3,809)	(8,047)
Expected credit losses	6	(9)	(29)
Crude oil and product purchases		(47,646)	(50,035)
Selling and administrative expenses		(12,039)	(11,140)
Others		(9,477)	(11,284)
		(228,627)	(235,801)
PROFIT FROM OPERATING ACTIVITIES		169,593	184,705
Interest income	6	5,062	4,582
Finance costs	7	(6,512)	(6,096)
Exchange gains/(losses), net		627	(1,318)
Investment income	6	211	5,258
Share of profits of associates	17	582	757
Share of (losses)/profits of a joint venture	18	(1,054)	1,079
Other income, net		1,130	1,009
PROFIT BEFORE TAX	6	169,639	189,976
Income tax expense	10(i)	(47,491)	(51,994)
PROFIT FOR THE YEAR		122,148	137,982
Attributable to:			
Equity shareholders of the Company		122,082	137,936
Non-controlling interests		66	46
		122,148	137,982

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025
(All amounts expressed in millions of Renminbi, except per share data)

	Notes	2025	2024
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Other comprehensive (expense)/income (net of tax) attributable to equity shareholders of the Company			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(7,000)**	4,486
Share of other comprehensive income/(expense) of associates		**49**	(78)
Cash flow hedge reserves		**5**	15
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/(expense)		**4**	(175)
Change on remeasurement of defined benefit plan		**349**	138
Other comprehensive income (net of tax) attributable to non-controlling interests		**–**	–
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR, NET OF TAX		**(6,593)**	4,386
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**115,555**	142,368
Attributable to:			
Equity shareholders of the Company		**115,489**	142,322
Non-controlling interests		**66**	46
		115,555	142,368
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY			
Basic (RMB Yuan)	11	**2.57**	2.90
Diluted (RMB Yuan)	11	**2.57**	2.90

Details of the dividends proposed and paid for the year are disclosed in note 12 to the consolidated financial statements.

Consolidated Statement of Financial Position

31 December 2025
(All amounts expressed in millions of Renminbi)

	Notes	2025	2024
NON-CURRENT ASSETS			
Property, plant and equipment	13	**666,370**	632,410
Right-of-use assets	14	**11,834**	12,755
Intangible assets	15	**16,522**	16,961
Investments in associates	17	**24,072**	25,047
Investment in a joint venture	18	**21,747**	23,444
Debt investment		**9,305**	8,504
Equity investments	19(i), 37	**23**	18
Deferred tax assets	10(i)	**23,579**	25,465
Other non-current assets	20	**29,724**	47,068
Total non-current assets		**803,176**	791,672
CURRENT ASSETS			
Inventories and supplies	21	**6,090**	5,732
Trade receivables	22	**32,971**	33,661
Other financial assets	19(ii), 37	**25,998**	45,771
Derivative financial instruments		**–**	4
Other current assets		**15,629**	12,837
Time deposits with maturity over three months but within one year	23	**136,016**	72,912
Cash and cash equivalents	23	**78,679**	81,284
		295,383	252,201
Assets held for sale		**–**	12,408
Total current assets		**295,383**	264,609
CURRENT LIABILITIES			
Loans and borrowings	27	**1,308**	20,084
Trade and accrued payables	24	**59,631**	59,685
Lease liabilities	28	**2,046**	2,264
Contract liabilities	25	**804**	508
Other payables and accrued liabilities	26	**10,625**	11,207
Derivative financial instruments		**20**	12
Taxes payable		**16,819**	19,949
		91,253	113,709
Liabilities held for sale		**–**	5,166
Total current liabilities		**91,253**	118,875
NET CURRENT ASSETS		**204,130**	145,734
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,007,306**	937,406

31 December 2025
(All amounts expressed in millions of Renminbi)

	Notes	2025	2024
NON-CURRENT LIABILITIES			
Loans and borrowings	27	**58,832**	61,243
Lease liabilities	28	**7,614**	8,296
Provision for dismantlement	29	**116,039**	99,740
Deferred tax liabilities	10(i)	**13,589**	12,521
Other non-current liabilities		**6,048**	6,170
Total non-current liabilities		**202,122**	187,970
NET ASSETS		**805,184**	749,436
EQUITY			
Issued capital	30	**75,180**	75,180
Reserves	31	**727,570**	672,368
Equity attributable to equity shareholders of the Company		**802,750**	747,548
Non-controlling interests		**2,434**	1,888
TOTAL EQUITY		**805,184**	749,436

Zhang Chuanjiang
Director

Huang Yongzhang
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025
(All amounts expressed in millions of Renminbi)

	Attributable to equity shareholders of the Company								
	Issued capital	Cumulative translation reserves	Statutory reserves	Other reserves	Retained earnings	Proposed final dividend	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	75,180	3,095	70,000	2,966	486,854	28,491	666,586	1,290	667,876
Profit for the year	–	–	–	–	137,936	–	137,936	46	137,982
Other comprehensive income/(expense), net of tax	–	4,486	–	(100)	–	–	4,386	–	4,386
Total comprehensive income/(expense)	–	4,486	–	(100)	137,936	–	142,322	46	142,368
2023 final dividend	–	–	–	–	(103)	(28,491)	(28,594)	–	(28,594)
2024 interim dividend	–	–	–	–	(32,097)	–	(32,097)	–	(32,097)
Proposed 2024 final dividend	–	–	–	–	(28,942)	28,942	–	–	–
Dividend to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	(18)	(18)
Acquisition of a subsidiary	–	–	–	–	–	–	–	373	373
Capital contributions from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	197	197
Transfer of fair value reserve upon the disposal of equity investments	–	–	–	1,852	(1,852)	–	–	–	–
Share repurchase	–	–	–	–	(663)	–	(663)	–	(663)
Others	–	–	–	(6)	–	–	(6)	–	(6)
Balance at 31 December 2024	75,180	7,581*	70,000*	4,712*	561,133*	28,942*	747,548	1,888	749,436
Balance at 1 January 2025	**75,180**	**7,581***	**70,000***	**4,712***	**561,133***	**28,942***	**747,548**	**1,888**	**749,436**
Profit for the year	**–**	**–**	**–**	**–**	**122,082**	**–**	**122,082**	**66**	**122,148**
Other comprehensive (expense)/income, net of tax	**–**	**(7,000)**	**–**	**407**	**–**	**–**	**(6,593)**	**–**	**(6,593)**
Total comprehensive (expense)/income	**–**	**(7,000)**	**–**	**407**	**122,082**	**–**	**115,489**	**66**	**115,555**
2024 final dividend	**–**	**–**	**–**	**–**	**270**	**(28,942)**	**(28,672)**	**–**	**(28,672)**
2025 interim dividend	**–**	**–**	**–**	**–**	**(31,616)**	**–**	**(31,616)**	**–**	**(31,616)**
Proposed 2025 final dividend	**–**	**–**	**–**	**–**	**(23,131)**	**23,131**	**–**	**–**	**–**
Dividend to non-controlling interests of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(75)**	**(75)**
Capital contributions from non-controlling interests of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**556**	**556**
Others	**–**	**–**	**–**	**1**	**–**	**–**	**1**	**(1)**	**–**
Balance at 31 December 2025	**75,180**	**581***	**70,000***	**5,120***	**628,738***	**23,131***	**802,750**	**2,434**	**805,184**

* These reserve accounts constitute the consolidated reserves of approximately RMB727,570 million (2024: RMB672,368 million) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025
(All amounts expressed in millions of Renminbi)

	Notes	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	**254,768**	270,044
Income taxes paid		**(45,726)**	(49,153)
Net cash flows from operating activities		**209,042**	220,891
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(111,555)**	(123,359)
Additions to investments in associates		**(287)**	(599)
Increase in time deposits with maturity over three months		**(45,273)**	(60,104)
Dividends received from associates		**71**	131
Dividends received from a joint venture		**53**	116
Interest received		**3,626**	3,458
Investment income received		**1,384**	1,277
Purchase of other financial assets		**(23,000)**	(36,000)
Proceeds from disposal of subsidiaries		**7,592**	–
Proceeds from sale of other financial assets		**42,113**	39,556
Proceeds from sale of equity investments		**–**	48
Proceeds from disposal of property, plant and equipment		**12**	50
Net cash flows used in investing activities		**(125,264)**	(175,426)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share repurchase		**–**	(661)
Repayment of guaranteed notes		**(14,675)**	(23,878)
Repayments of lease liabilities		**(3,381)**	(3,162)
Proceeds from bank loans		**100**	1,816
Repayment of bank loans		**(5,017)**	(7,185)
Dividends paid		**(60,432)**	(60,869)
Interest paid		**(3,134)**	(4,193)
Others		**556**	197
Net cash flows used in financing activities		**(85,983)**	(97,935)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,205)**	(52,470)
Cash and cash equivalents at beginning of year		**81,284**	133,439
Effect of foreign exchange rate changes, net		**(400)**	315
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	**78,679**	81,284

(All amounts expressed in millions of Renminbi unless otherwise stated)

1. CORPORATE INFORMATION

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. During the year, the Company and its subsidiaries were principally engaged in the exploration, development, production and sale 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 the directors of the Company (the "Directors"), the ultimate holding company of the Company is China National Offshore Oil Corporation ("CNOOC Group"), a company established in the PRC.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules of Stock Exchange") and the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). A summary of the material accounting policies adopted by the Company and its subsidiaries is set out below.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The IASB has issued the following amended IFRS Accounting Standards that are first effective for the current accounting year commencing 1 January 2025 or later but available for early adoption. The equivalent amendments to HKFRS Accounting Standards consequently issued by the HKICPA have the same effective dates as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

The accounting policies adopted are consistent with those of the year ended 31 December 2024, except for the first time adoption of the amendments to IFRS Accounting Standards/HKFRS Accounting Standards effective for and relevant to the Company and its subsidiaries' financial year beginning on 1 January 2025 as follows:

Amendments to IAS 21/HKAS 21	*The effect of changes in foreign exchange rate – Lack of Exchangeability*

The application of the amendments to IFRS Accounting Standards/HKFRS Accounting Standards in the current year has had no material impact on the accounting policies, the disclosures or the amounts recognised in the consolidated financial statements of the Company and its subsidiaries.

(All amounts expressed in millions of Renminbi unless otherwise stated)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS/HKFRS ACCOUNTING STANDARDS

The Company and its subsidiaries have not applied the following new and amended IFRS Accounting Standards/HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. Management is assessing the impact of these new and amended standards and will adopt the relevant new and amendments in the subsequent periods as required:

IFRS 18/HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19/HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9/HKFRS 9 and IFRS 7/HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 9/HKFRS 9 and IFRS 7/HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 10/HKFRS 10 and IAS 28/HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21/HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards– Volume 11/Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7/HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

3. MATERIAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for as disclosed in the accounting policies notes hereafter. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Company or its subsidiaries obtain control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Business combinations or asset acquisitions

Optional concentration test

The Company and its subsidiaries can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not a business and no further assessment is needed.

Asset acquisitions

When the Company or its subsidiaries acquire a group of assets and liabilities that do not constitute a business, the Company or its subsidiaries identify and recognise the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Business combinations, other than business combinations under common control, are accounted for using the acquisition method. The consideration transferred is measured at fair value which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company or its subsidiaries, liabilities assumed by the Company or its subsidiaries from the former owners of the acquiree and the equity interests issued by the Company or its subsidiaries in exchange for control of the acquiree. For each business combination, the Company or its subsidiaries elect whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred.

If the business combination is achieved in stages, the Company or its subsidiaries' previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss or other comprehensive income, as appropriate.

3. MATERIAL ACCOUNTING POLICIES (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the purchase consideration, the amount recognised for non-controlling interests and any fair value of the Company or its subsidiaries' previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the business acquired, the difference is recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period.

For the purposes of impairment testing, goodwill is allocated to each of the Company and its subsidiaries' cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Impairment is determined by assessing the recoverable amount of the exploration and production ("E&P") segment, using value in use, to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss on goodwill is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

Subsidiaries

Subsidiaries are all those entities over which the Company and its subsidiaries have power over the investee such that the Company and its subsidiaries are able to direct the relevant activities, have exposure or rights to variable returns from its involvement with the investee and have the ability to use its power over the investee to affect the amount of the investor's returns.

3. MATERIAL ACCOUNTING POLICIES (continued)

Associates

Based on the Company and its subsidiaries' ownership percentage (considering its direct ownership as well as potentially exercisable or convertible shares) and other contractual terms, the Company and its subsidiaries have significant influence over its associates, rather than the power to control.

The Company and its subsidiaries' investments in associates are stated in the consolidated statement of financial position at the Company and its subsidiaries' share of net assets under the equity method of accounting, less any impairment losses. Necessary adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. Unrealised gains and losses resulting from transactions between the Company and its subsidiaries and its associates are eliminated to the extent of the Company and its subsidiaries' investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Company and its subsidiaries' investments in associates and is not individually tested for impairment.

Joint arrangements

Certain of the Company and its subsidiaries' activities are conducted through joint arrangements. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

Joint control

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint operation

Some arrangements have been assessed by the Company and its subsidiaries as joint operations as both parties to the contract are responsible for the assets, and obligations in proportion to their respective interest, whether or not the arrangement is structured through a separate legal entity. This evaluation applies to both the Company and its subsidiaries' interests in oil production sharing arrangements and certain joint operations.

The Company and its subsidiaries entered into numerous production sharing arrangements or similar agreements in China and overseas countries. The Company and its subsidiaries' participating interest may vary in each arrangement. The Company and its subsidiaries, as one of the title owners under certain exploration and/or production licenses or permits, are required to bear exploration (with some exceptions in China), development and operating costs together with other co-owners based on each owner's participating interest. Once production occurs, a certain percentage of the annual production or revenue is first distributed to the local government, which, in most cases, with the nature of royalty and other taxes or expenses, and the rest of the annual production or revenue is allocated among the co-owners.

The Company and its subsidiaries account for the assets, liabilities, revenues and expenses relating to its interests in a joint operation in accordance with the IFRS Accounting Standards/HKFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

3. MATERIAL ACCOUNTING POLICIES (continued)

Joint arrangements (continued)

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company and its subsidiaries' investments in joint ventures are stated in the consolidated statement of financial position at the Company and its subsidiaries' share of net assets under the equity method of accounting, less any impairment losses. Necessary adjustments are made to bring into line any dissimilar accounting policies that may exist. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company and its subsidiaries' share of the profit or loss and other comprehensive income of the joint venture. Where the profit sharing ratios are different to the Company and its subsidiaries' equity interest, the share of post-acquisition results of the joint ventures is determined based on the agreed profit sharing ratio. Unrealised gains and losses resulting from transactions between the Company and its subsidiaries and its joint ventures are eliminated to the extent of the Company and its subsidiaries' investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Company and its subsidiaries' investments in joint ventures and is not individually tested for impairment.

Related parties

A party is considered to be related to the Company and its subsidiaries if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Company and its subsidiaries or of a parent of the Company.

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Company and its subsidiaries are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Company are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company and its subsidiaries or an entity related to the Company and its subsidiaries;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company and its subsidiaries or to the parent of the Company.

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment

Property, plant and equipment comprise oil and gas properties, and vehicles and office equipment and others.

(a) Oil and gas properties

For oil and gas properties, the successful efforts method of accounting is adopted. The Company and its subsidiaries capitalise the initial acquisition costs of oil and gas properties. Impairment of initial acquisition costs is recognised based on exploratory experience and management judgement and charged to profit and loss. Upon discovery of proved reserves, acquisition costs are transferred to proved properties. The costs of drilling and equipping successful exploratory wells, all development expenditures on construction, installation or completion of infrastructure facilities such as platforms, pipelines, processing plants and the drilling of development wells and the building of enhanced recovery facilities, including those renewals and betterments that extend the economic lives of the assets, and the related borrowing costs are capitalised. The costs of unsuccessful exploratory wells and all other exploration costs are expensed as incurred.

The Company and its subsidiaries carry exploratory well costs as an asset when the well has found sufficient reserves to justify its completion as a producing well and where the Company and its subsidiaries are making sufficient progress assessing the reserves and the economic and operating viability of the project. Exploratory well costs not meeting these criteria are charged to exploration expenses. Exploratory wells that discover sufficient reserves in areas where major capital expenditure will be required before production would begin and when the capital expenditure depends upon the successful completion of further exploratory work remain capitalised and are reviewed periodically for impairment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

(a) Oil and gas properties (continued)

Producing oil and gas properties are depreciated on a unit-of-production basis over the proved developed reserves. Common facilities that are built specifically to service production directly attributed to designated oil and gas properties are depreciated based on the proved developed reserves of the respective oil and gas properties on a pro-rata basis. Common facilities that are not built specifically to service identified oil and gas properties are depreciated using the straight-line method over their estimated useful lives. Costs associated with significant development projects are not depreciated until commercial production commences and the reserves related to those costs are excluded from the calculation of depreciation.

Capitalised acquisition costs of proved properties are depreciated on a unit-of-production method over the total proved reserves of the relevant oil and gas properties.

(b) Vehicles, office equipment and others

Vehicles, office equipment and others are stated at cost less accumulated depreciation and impairment losses. The straight-line method is adopted to depreciate the cost less any estimated residual value of these assets over their expected useful lives. The useful lives of vehicles, office equipment and other assets are in line with their beneficial periods.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a recoverable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed and, adjusted if appropriate, at each reporting date.

Any gains and losses on disposals of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in profit or loss.

Intangible assets other than goodwill

The intangible assets of the Company and its subsidiaries comprise software and others, the rights to use gas processing facilities under NWS project, marketing transportation and storage contracts, etc.. Intangible assets with finite lives are carried at cost, less accumulated amortisation and accumulated impairment losses. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Intangible assets with finite lives except for gas processing rights, are amortised on the straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The intangible assets regarding software have been amortised on the straight-line basis over their respective useful lives. The intangible assets regarding the gas processing rights have 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 and drilling rig contracts are amortised over the life of the contracts on the straight-line basis.

3. MATERIAL ACCOUNTING POLICIES (continued)

Assets and liabilities classified as held for sale

When the Company and its subsidiaries recover the book value of a non-current assets or disposal groups principally through a sales transaction rather than through continuing use, non-current assets or disposal groups are classified as held for sale.

Disposal groups refer to a group of assets that are disposed of by sale or other means as a whole in a transaction, as well as the liabilities directly related to such assets transferred in the transaction.

The Company and its subsidiaries classify non-current assets or disposal groups meeting the following conditions into held for sale simultaneously:

- According to the practice of sale such assets or disposal groups in similar transactions, the non-current assets or disposal groups can be disposed immediately under current conditions;

- It is highly probable that the sale happens, that is, the Company and its subsidiaries have made a decision on a sale plan and have signed a legally binding purchase agreement with other parties, and it is expected that the sale will be completed within one year.

The non-current assets held for sale (excluding financial assets, deferred income tax assets) or the disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell in initial and subsequent measurement, and the difference between the carrying amount and fair value less costs to sell is recognised as asset impairment loss in profit and loss.

Major maintenance and repairs

Expenditure on major maintenance refits and repairs comprises the costs of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that is separately depreciated and is replaced, and it is probable that future economic benefits associated with the item will flow to the Company and its subsidiaries, the replacement expenditure is capitalised. Where part of the asset is not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced assets which is immediately written off. All other maintenance costs are expensed as incurred.

Research and development costs

All research costs are expensed as incurred.

Expenditure (other than that relating to oil and gas properties discussed above) incurred on projects to develop new products is capitalised and deferred only when the Company and its subsidiaries can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are initially measured at fair value except for trade receivables from contracts with customers which are initially measured in accordance with IFRS 15/HKFRS 15. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that accurately discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(b) Financial assets at fair value through other comprehensive income (FVTOCI) (equity investments)

On initial recognition, the Company and its subsidiaries can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. The Company and its subsidiaries have investments in certain equity instruments (publicly traded or non-publicly traded), the purpose of which are not held for trading, but held for medium or long-term strategic purpose. Therefore, those investments in equity instruments are designated as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

Dividends from these investments in equity instruments are recognised in profit or loss when the Company and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

(d) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Fair value

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using prices in a recent arm's length market transaction between two knowledgeable and willing parties; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 37.

Impairment of financial assets

The Company and its subsidiaries perform impairment assessment under expected credit loss ("ECL") model on financial assets (including cash and cash equivalents, time deposits with maturity over three months, trade receivables, other receivables and debt investment), which are subject to impairment assessment under IFRS 9/HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Company and its subsidiaries' historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company and its subsidiaries always recognise lifetime ECL for trade receivables without significant financing component.

For all other instruments, the Company and its subsidiaries measure the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Company and its subsidiaries recognise lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Company and its subsidiaries compare the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Company and its subsidiaries consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company and its subsidiaries presume that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company and its subsidiaries have reasonable and supportable information that demonstrates otherwise.

The Company and its subsidiaries regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Company and its subsidiaries consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company and its subsidiaries, in full (without taking into account any collaterals held by the Company and its subsidiaries).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

3. MATERIAL ACCOUNTING POLICIES (continued)

Write-off policy

The Company and its subsidiaries write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company and its subsidiaries' recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Company and its subsidiaries in accordance with the contract and all the cash flows that the Company and its subsidiaries expect to receive, discounted at the effective interest rate determined at initial recognition.

The Company and its subsidiaries recognise an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

(i) The contractual rights to receive cash flows from the asset have expired; or

(ii) the Company and its subsidiaries have transferred their rights to receive cash flows from the asset, or the Company and its subsidiaries have retained the contractual rights to receive the cash flows from the asset, but have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have no control of the asset.

When the Company and its subsidiaries have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risk and rewards of ownership of the asset. When they have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company and its subsidiaries continue to recognise the transferred asset to the extent of the Company and its subsidiaries' continuing involvement. In that case, the Company and its subsidiaries also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and its subsidiaries have retained.

Financial liabilities at amortised cost (including trade and other payables, interest-bearing loans and borrowings)

Financial liabilities including trade payables, other payables, and interest-bearing loans and borrowings are initially stated at fair value including directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

3. MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

The Company and its subsidiaries derecognise financial liabilities only when the Company and its subsidiaries obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit of loss.

When the contractual terms of financial liability are modified, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed is recognised in profit or loss.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities is calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories and supplies

Inventories primarily consist of oil and materials and supplies consumed in exploration, development and production processes. Inventories are stated at the lower of cost and net realisable value. Costs of inventories and supplies represent purchase or production cost of goods and are determined on a weighted average basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Provisions

(a) General

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the reporting date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value arising from the passage of time is included in profit or loss.

(b) Dismantlement liability

Dismantlement liability is recognised when the Company or its subsidiaries have a present legal or constructive obligation as a result of the past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of dismantlement, discounted to its present value using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Changes in the estimated timing of dismantlement or dismantlement cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the dismantlement provision is included as a finance cost.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income, either as an expense as it relates to operating activities or as a component of the applicable categories of other comprehensive income or expense.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, by the reporting date, in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit and taxable temporary differences will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax assets relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that sufficient taxable profit and taxable temporary differences will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

In assessing any uncertainty over income tax treatments, the Company and its subsidiaries consider whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Revenue recognition

The Company and its subsidiaries recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if any one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company and its subsidiaries' performance as the Company and its subsidiaries perform;

- the Company and its subsidiaries' performance creates or enhances an asset that the customer controls as the Company and its subsidiaries perform; or

- the Company and its subsidiaries' performance does not create an asset with an alternative use to the Company and its subsidiaries and the Company and its subsidiaries have an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Company and its subsidiaries' obligation to transfer goods or services to a customer for which the Company and its subsidiaries have received consideration (or an amount of consideration is due) from the customer.

Retirement and termination benefits

The Company and its subsidiaries participate in defined contribution plans in accordance with local laws and regulations for full-time employees in the PRC and other countries in which they operate. The Company and its subsidiaries' contributions to these defined contribution plans are charged to profit or loss in the year to which they relate.

For defined benefit plans, the Company and its subsidiaries attribute the welfare obligations arising from the defined benefit plans to the period when employees provide services according to the formula determined by the expected cumulative welfare unit method, and recognise in profit and loss or relevant costs. Service costs and net interests on net defined benefit liabilities or assets are recognised in profit and loss. Remeasurements arising from net defined benefit liabilities or assets are recognised in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

Borrowing costs

Borrowing costs consist of interest and other costs that the Company and its subsidiaries incur in connection with the borrowing of funds. Borrowing costs directly relating to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Other borrowing costs are expensed in the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations, the Company and its subsidiaries assess whether a contract is or contains a lease based on the definition under IFRS 16/HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Company and its subsidiaries as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company and its subsidiaries allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Company and its subsidiaries reasonably expect that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Company and its subsidiaries apply the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company and its subsidiaries; and
- an estimate of costs to be incurred by the Company and its subsidiaries in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Company and its subsidiaries are reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company and its subsidiaries present right-of-use assets as a separate line item on the consolidated statement of financial position.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Lease liabilities

At the commencement date of a lease, the Company and its subsidiaries recognise and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Company and its subsidiaries use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company and its subsidiaries under residual value guarantees;
- the exercise price of a purchase option if the Company and its subsidiaries are reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Company and its subsidiaries exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Company and its subsidiaries remeasure lease liabilities (and make a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Company and its subsidiaries present lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Company and its subsidiaries account for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Lease modifications (continued)

For a lease modification that is not accounted for as a separate lease, the Company and its subsidiaries remeasure the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company and its subsidiaries account for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Company and its subsidiaries allocate the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

These consolidated financial statements are presented in RMB. The Company and each of its subsidiaries maintain its books and records in its own functional currency. Foreign currency transactions are initially recorded using the Company and each of its subsidiaries' respective exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated consistently with the recognition of the gain or loss on change in fair value of the item.

The functional currencies of the Company and certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company and its subsidiaries at the exchange rates ruling at the reporting date, and their statement of profit or loss and other comprehensive income are translated into RMB at the exchange rates at the dates of the transaction. The resulting exchange differences are included in the cumulative translation reserves. On disposal of a foreign operation, the resulting exchange differences relating to that particular foreign operation is recognised in profit or loss.

Contingencies

A contingent liability is disclosed when the existence of an obligation will only be confirmed by future events or when the amount of the obligation cannot be measured reliably.

A contingent asset is not recognised in the consolidated financial statements, but is disclosed when an inflow of economic benefits is probable.

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards and HKFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Especially, the Company and its subsidiaries have business and operations in various jurisdictions. If the jurisdictions in which the Company and its subsidiaries operate encounter geopolitical conflicts, political and economic instability or other situations, associated international actions, or changes in policies, laws fiscal and tax regimes, which are not within the Company and its subsidiaries' control, the Company and its subsidiaries' operations, existing assets or future investments may be materially affected by these changes as well as trade and economic sanctions due to deteriorated relations among different countries.

3. MATERIAL ACCOUNTING POLICIES (continued)

Significant accounting judgements, estimates and assumptions (continued)

In the process of applying the Company and its subsidiaries' accounting policies, the Directors have made the following judgements, estimates and assumptions, which have significant effect on the amounts recognised in the consolidated financial statements.

(a) Oil and gas reserves

Oil and gas properties are depreciated on a unit-of-production basis at a rate calculated by reference to proved reserves. Proved reserves are those quantities of oil and gas which can be estimated with reasonable certainty to be recoverable from known oil and gas reservoirs under existing economic, operating conditions and regulations in future years based on geological and engineering data.

Pursuant to the oil and gas reserve estimation requirements, the Company and its subsidiaries use the average, first-day-of-the-month oil and gas prices during the 12-month period before the ending date of the period covered by the consolidated financial statements to estimate its proved crude and liquids reserves and natural gas reserves.

The level of estimated reserves is also a key determinant in assessing whether the carrying value of any of the Company and its subsidiaries oil and gas properties has been impaired.

(b) Carrying value of oil and gas properties

The calculation of the unit-of-production rate for oil and gas properties depletion could be impacted to the extent that actual production in the future is different from current forecast production based on proved reserves. This would generally result from significant changes in any of the factors or assumptions used in estimating reserves. The reliability of the evaluation of proved reserves depends on a series of factors, including the judgment of geological reserves, the comprehensive judgment of engineers, economic parameters and the fiscal and taxation system of the country where the operation or assets are located.

(c) Recoverable amount of oil and gas properties

The Company and its subsidiaries make an assessment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, or when there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. In any event, the Company and its subsidiaries would make an estimate of the asset's recoverable amount, which is calculated at the higher of the asset's value in use and its fair value less costs of disposal. The Company and its subsidiaries recognise an impairment loss only if the carrying amount of an asset exceeds its recoverable amount. The Company and its subsidiaries charge an impairment loss to the profit or loss in the period in which it arises. A reversal of an impairment loss is credited to the profit or loss in the period in which it arises.

The calculations of the recoverable amount of assets require the use of estimates and assumptions. The key assumptions include, but are not limited to, future oil and gas prices, future production estimates, estimated future capital expenditures, estimated future operating expenses and the discount rate.

Changes in the key assumptions used, which could be significant, include updates to future pricing estimates, updates to future production estimates to align with the Company and its subsidiaries' anticipated drilling plan, changes in the Company and its subsidiaries' capital costs and operating expense assumptions, and discount rate. There is a significant degree of uncertainty with the assumptions used to estimate future cash flows due to various risk factors. The complex economic outlook may also materially and adversely affect the Company and its subsidiaries' key assumptions. Changes in economic conditions can also affect the discount rates applied in assessments of impairment.

3. MATERIAL ACCOUNTING POLICIES (continued)

Significant accounting judgements, estimates and assumptions (continued)

(c) Recoverable amount of oil and gas properties (continued)

Actual cash flows are likely to be different from those estimated or forecast since anticipated events frequently do not occur as expected and unforeseen events may arise. The Company and its subsidiaries' results of operations could be materially and adversely affected for the period in which future impairment charges are incurred.

The sensitivity analysis for the impairment testing involves estimates and judgments to consider numerous assumptions comprehensively. Those assumptions interact on each other and interrelate with each other complexly and do not have fixed patterns along with the changes in price. Accordingly, the Company and its subsidiaries believe that the preparation of the sensitivity analysis for the impairment testing will be impracticable. Changes in assumptions could affect impairment charges and reversals in the consolidated statement of profit or loss and other comprehensive income, and the carrying amounts of assets in the consolidated statement of financial position.

In the calculations of the recoverable amount of the oil and gas properties in a joint venture and the recoverable amount of investments in associates of which the investee engaged in oil and gas exploration and development business, the Company and its subsidiaries use the same approach above.

(d) Dismantlement costs

Dismantlement costs will be incurred by the Company and its subsidiaries at the end of the operating life of certain of the Company and its subsidiaries' facilities and properties. The ultimate dismantlement costs are uncertain due to many factors including changes to relevant legal requirements, the application of new technologies and engineering construction methods, and the reference of excellent experience. The expected timing and amount of expenditure can also change, for example, in response to changes in reserves life or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established, which would affect future financial results.

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations (including those applicable to tax credits) and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company and its subsidiaries establish provisions, based on best estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the Company and its subsidiaries' experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective entities' domicile.

4. OIL AND GAS SALES AND MARKETING REVENUES

	2025	2024
Oil and gas sales	**335,652**	355,615
Marketing revenues	**53,684**	55,142

Oil and gas sales represent the sales of oil and gas, net of royalties and obligations to government and other mineral interest owners. Oil and gas sales revenue is recognised at a point in time when oil and gas are delivered to the customer, i.e., when the customer obtains the control of oil and gas and it is probable that the Company and its subsidiaries have present right to payment and collection of the consideration.

Marketing revenue principally represents the sales of oil and gas belonging to the foreign partners under the production sharing contracts and revenues from the trading of oil and gas through the Company's subsidiaries, which is recognised at a point in time when oil and gas are delivered to the customer, i.e., when the customer obtains the control of oil and gas and it is probable that the Company and its subsidiaries have present right to payment and collection of the consideration. The cost of the oil and gas sold is included in "Crude oil and product purchases" in the 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.

5. SEGMENT INFORMATION

(a) Segment results

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 segments, including E&P, trading business and corporate. The division of these operating segments is made because the Company's chief operating decision makers make decisions on resource allocation and performance evaluation by reviewing the financial information of these operating segments. The geographical information is separately disclosed in (b).

(All amounts expressed in millions of Renminbi unless otherwise stated)

5. SEGMENT INFORMATION (continued)

(a) Segment results (continued)

The following table presents the segment financial information of the Company and its subsidiaries for the years ended 31 December 2025 and 2024:

	E&P		Trading business		Corporate		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
External revenue	86,183	105,125	311,578	314,833	459	548	-	–	398,220	420,506
Intersegment revenue*	258,014	257,033	(257,740)	(259,576)	1,153	856	(1,427)	1,687	-	–
Total revenue	344,197	362,158	53,838	55,257	1,612	1,404	(1,427)	1,687	398,220	420,506
Segment profit for the year	122,170	137,592	4,467	3,954	4,807	14,073	(9,296)	(17,637)	122,148	137,982
Amounts included in the measure of segment profit or loss										
Operating expenses	(40,305)	(37,962)	-	–	-	–	32	(265)	(40,273)	(38,227)
Taxes other than income tax	(17,948)	(20,040)	(187)	(170)	(59)	(66)	-	–	(18,194)	(20,276)
Exploration expenses	(15,365)	(13,860)	-	–	-	–	-	–	(15,365)	(13,860)
Depreciation, depletion and amortisation	(79,095)	(73,224)	(52)	(49)	(710)	(715)	86	(618)	(79,771)	(74,606)
Impairment and provision	(3,652)	(8,075)	-	–	(166)	(1)	-	–	(3,818)	(8,076)
Selling and administrative expenses	(9,052)	(8,575)	(352)	(330)	(2,721)	(2,411)	86	176	(12,039)	(11,140)
Interest income	946	786	292	310	3,824	3,486	-	–	5,062	4,582
Finance costs	(5,347)	(5,350)	(175)	(118)	(3,221)	(3,532)	2,231	2,904	(6,512)	(6,096)
Share of (losses)/profits of associates and a joint venture	69	134	-	–	(541)	1,702	-	–	(472)	1,836
Income tax expense	(46,194)	(49,730)	(937)	(728)	(392)	(1,370)	32	(166)	(47,491)	(51,994)
Other segment information										
Investments in associates and a joint venture	15,781	17,462	-	–	30,038	31,029	-	–	45,819	48,491
Others	590,151	585,869	44,756	43,902	556,280	536,988	(138,447)	(158,969)	1,052,740	1,007,790
Segment assets	605,932	603,331	44,756	43,902	586,318	568,017	(138,447)	(158,969)	1,098,559	1,056,281
Segment liabilities	(322,924)	(312,077)	(28,146)	(28,287)	(122,497)	(156,520)	180,192	190,039	(293,375)	(306,845)
Capital expenditure	120,970	135,775	13	8	984	749	-	–	121,967	136,532

* 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.

(All amounts expressed in millions of Renminbi unless otherwise stated)

5. SEGMENT INFORMATION (continued)

(b) Geographical information

The Company and its subsidiaries mainly conduct their operations in China, Indonesia, Singapore, Iraq, Canada, the United States of America, the United Kingdom, Russia, Nigeria, Uganda, Argentina, Brazil, Guyana and Australia, etc., engaging in the exploration, development, production and sale of crude oil and natural gas.

In presenting the Company and its subsidiaries' geographical information, revenues from external customers are attributed to the segments based on the locations of the Company and its subsidiaries' customers. Non-current assets are attributed to the segments based on the locations of the Company and its subsidiaries' assets. Revenues from PRC customers account for 64% (2024: 64%) of the total for the Company and its subsidiaries, and revenues from customers in other locations are individually less than 10%.

The following table presents certain non-current assets information for the Company and its subsidiaries by geographical information for the years ended 31 December 2025 and 2024.

	PRC		Canada		Others		Consolidated	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
Property, plant and equipment	**402,416**	372,099	**79,311**	81,714	**184,643**	178,597	**666,370**	632,410
Right-of-use assets	**9,823**	10,361	**463**	537	**1,548**	1,857	**11,834**	12,755
Investments in associates and a joint venture	**9,171**	8,441	**–**	–	**36,648**	40,050	**45,819**	48,491
Other non-current assets	**28,247**	46,128	**1,261**	761	**216**	179	**29,724**	47,068

(c) Information about major customers

The current year's revenue of approximately RMB29,601 million (2024: RMB20,702 million) was from sales by the E&P segment and the trading business segment to China Petroleum & Chemical Corporation. Sales to CNOOC Group, its subsidiaries (excluding the Company and its subsidiaries) and associates are included in note 33(ii).

(All amounts expressed in millions of Renminbi unless otherwise stated)

6. PROFIT BEFORE TAX

The Company and its subsidiaries' profit before tax is arrived at after (crediting)/charging:

	2025	2024
Crediting:		
Interest income from bank deposits	**(5,062)**	(4,582)
Investment income	**(211)**	(5,258)
Insurance compensation for assets losses	**(667)**	(70)
Charging:		
Auditors' remuneration:		
– Audit fee	**73**	73
– Other fees	**14**	14
	87	87
Employee wages, salaries, allowances and social security costs	**12,946**	12,149
Impairment and provision:		
– Property, plant and equipment	**2,059**	2,850
– Provision of expected credit losses, net	**9**	29
– Others	**1,750**	5,197
	3,818	8,076
Depreciation, depletion and amortisation:		
– Property, plant and equipment	**77,602**	72,460
– Right-of-use assets	**2,635**	2,463
– Intangible assets	**883**	920
– Net amount capitalised	**(1,349)**	(1,237)
	79,771	74,606
Lease payments not included in the measurement of lease liabilities	**568**	437
Repairs and maintenance	**6,804**	6,358
Research and development costs	**3,112**	3,436
Loss on disposal of property, plant and equipment	**13**	5

(All amounts expressed in millions of Renminbi unless otherwise stated)

7. FINANCE COSTS

	2025	2024
Interest on bank loans	**250**	480
Interest on other loans	**2,571**	3,342
Interest on lease liabilities	**492**	501
Other borrowing costs	**4**	23
Total borrowing costs	**3,317**	4,346
Less: Amount capitalised	**(651)**	(1,539)
	2,666	2,807
Other finance costs:		
Unwinding of discount on provision for dismantlement	**3,846**	3,289
	6,512	6,096

As at 31 December 2025, the capitalised interest rate per annum varied from 1.08% to 7.875% (2024: from 1.08% to 7.875%).

8. KEY MANAGEMENT PERSONNEL'S REMUNERATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

(i) Directors' remuneration

	Fees[1] RMB'000	Salaries, allowances and benefits in kind[1] RMB'000	Performance related bonuses[1] RMB'000	Total paid/ payable during the year[2] RMB'000
2025				
Executive directors:				
Zhou Xinhuai[2], [4]	–	167	614	781
Yan Hongtao[2]	–	223	465	688
Mu Xiuping[2], [5]	–	223	392	615
Subtotal	–	613	1,471	2,084
Non-executive directors:				
Zhang Chuanjiang[6]	–	–	–	–
Wang Dongjin[4]	–	–	–	–
Wang Dehua[7]	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Chiu Sung Hong[4]	416	–	–	416
Qiu Zhi Zhong[8]	959	–	–	959
Lin Boqiang[9]	870	–	–	870
Li Shuk Yin Edwina[10]	1,072	–	–	1,072
Chan Chak Ming[11]	493	–	–	493
Subtotal	3,810	–	–	3,810
Total	3,810	613	1,471	5,894

(All amounts expressed in millions of Renminbi unless otherwise stated)

8. KEY MANAGEMENT PERSONNEL'S REMUNERATION (continued)

(i) Directors' remuneration (continued)

	Fees[1] RMB'000	Salaries, allowances and benefits in kind[1] RMB'000	Performance related bonuses[1] RMB'000	Total paid/ payable during the year[3] RMB'000
2024				
Executive directors:				
Zhou Xinhuai[3], [12]	–	241	698	939
Yan Hongtao[3], [13]	–	20	31	51
Subtotal	–	261	729	990
Non-executive directors:				
Wang Dongjin	–	–	–	–
Xu Keqiang[14]	–	–	–	–
Wen Dongfen[14]	–	–	–	–
Wang Dehua[15]	–	–	–	–
Mu Xiuping[16]	–	–	–	–
Subtotal	–	–	–	–
Independent non-executive directors:				
Chiu Sung Hong	1,021	–	–	1,021
Qiu Zhi Zhong	866	–	–	866
Lin Boqiang	866	–	–	866
Li Shuk Yin Edwina	1,067	–	–	1,067
Subtotal	3,820	–	–	3,820
Total	3,820	261	729	4,810

Notes:

(1) Fees, salaries, allowances, benefits in kind and performance related bonuses represent the gross amount (before applicable individual income tax) paid/payable to individual directors.

(2) Total paid/payable remuneration to Mr. Zhou Xinhuai, Mr. Yan Hongtao and Ms. Mu Xiuping during the year of 2025 did not include the incentive income for 2022 to 2024 granted in 2025 and social insurance (including pension scheme contributions), enterprise annuity, and housing provident fund paid by the Company (RMB902,000 to Mr. Zhou Xinhuai, RMB661,000 to Mr. Yan Hongtao and RMB295,000 to Ms. Mu Xiuping). There were no pension scheme contributions paid/payable to other Directors in 2025.

(3) Total paid/payable remuneration to Mr. Zhou Xinhuai and Mr. Yan Hongtao during the year of 2024 did not include the social insurance (including pension scheme contributions), enterprise annuity, and housing provident fund paid by the Company (RMB251,000 to Mr. Zhou Xinhuai and RMB21,000 to Mr. Yan Hongtao). There were no pension scheme contributions paid/payable to other Directors in 2024.

(4) Cease to hold office in 2025.

(5) Appointed as the Chief Financial Officer of the Company, and re-designated from the Non-executive Director to the Executive Director in 2025, and ceased to serve as a member of the Audit Committee of the Company.

(6) Appointed as a Non-executive Director, the Chairman of the Board of Directors, the Chairman of the Nomination Committee and the Chairman of the Strategy and Sustainability Committee of the Company in 2025.

(7) Appointed as a member of the Audit Committee of the Company in 2025.

(All amounts expressed in millions of Renminbi unless otherwise stated)

8. KEY MANAGEMENT PERSONNEL'S REMUNERATION (continued)

(i) Directors' remuneration (continued)

Notes: (continued)

(8) Appointed as the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company in 2025, and cease to serve as a member of the Nomination Committee of the Company.

(9) Appointed as a member of the Remuneration Committee of the Company in 2025.

(10) Appointed as a member of the Nomination Committee of the Company in 2025, and cease to serve as a member of the Remuneration Committee of the Company.

(11) Appointed as the Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company in 2025, and cease to hold office during the year.

(12) Appointed as the Vice Chairman of the Company in 2024, and ceased to serve as the President of the Company.

(13) Appointed as an Executive Director, the President, the Safety Director and a member of the Strategy and Sustainability Committee of the Company in 2024, and ceased to serve as the Vice President of the Company.

(14) Cease to hold office in 2024.

(15) Appointed as a Non-Executive Director and a member of the Remuneration Committee of the Company in 2024.

(16) Appointed as a Non-Executive Director and a member of the Audit Committee of the Company in 2024.

Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year. In 2025 and 2024, the executive directors' remuneration shown above were for their services in connection with the management of the affairs of the Company. The other directors' remuneration shown above were for their services as directors of the Company.

(ii) Other key management personnel's (excluding Directors') remuneration

	2025	2024
Short-term employee benefits	**11**	8
Pension scheme contributions	**1**	2
Amount paid/payable during the year	**12**	10

The bands of the remuneration of other key management personnel (excluding Directors) and the related number of members of other key management personnel (excluding Directors) are as follows:

	Number of employees	
	2025	2024
Nil to RMB2,000,000	**7**	8
RMB2,000,001 to RMB2,500,000	**1**	–
	8	8

(All amounts expressed in millions of Renminbi unless otherwise stated)

9. FIVE HIGHEST PAID EMPLOYEES

During the year, none (2024: none) of the Directors received an amount which falls within the category of the five highest paid employees. Details of directors' remuneration are disclosed in note 8(i) above. Details of the remuneration of the five (2024: five) highest paid employees for the year are as follows:

	2025	2024
Salaries, allowances, and benefits in kind[1]	**12**	12
Performance-related bonuses	**10**	15
Pension scheme contributions	**1**	1
Amount paid/payable during the year	**23**	28

(1) Salaries, allowances, and benefits in kind represent the gross amount (before applicable individual income tax) paid/payable to individual employees.

The remuneration of the five (2024: five) highest paid employees, falls within the following bands:

	Number of employees	
	2025	2024
RMB3,500,001 – RMB4,000,000	**1**	2
RMB4,000,001 – RMB4,500,000	**2**	–
RMB5,000,001 – RMB5,500,000	**1**	1
RMB6,000,001 – RMB6,500,000	**1**	–
RMB6,500,001 – RMB7,000,000	**–**	1
RMB8,500,001 – RMB9,000,000	**–**	1
	5	5

10. TAX

(i) Income tax

The Company and its subsidiaries are subject, on an entity basis, to income taxes on profits arising in or derived from the tax jurisdictions in which the Company and its subsidiaries are domiciled and operate. The Company is subject to profits tax at a rate of 16.5% (2024: 16.5%) on profits arising in or derived from Hong Kong.

Principal subsidiaries of the Company domiciled in the PRC are subject to income tax at rates ranging from 15% to 25% (2024: 15% to 25%).

Principal subsidiaries of the Company domiciled outside the PRC are subject to income tax at rates ranging from 17% to 82% (2024: 10% to 82%).

(All amounts expressed in millions of Renminbi unless otherwise stated)

10. TAX (continued)

(i) Income tax (continued)

An analysis of the tax expense in the Company and its subsidiaries' consolidated statement of profit or loss and other comprehensive income is as follows:

	2025	2024
Current tax		
Provision for PRC enterprise income tax on the estimated taxable profits for the year	**34,063**	36,877
Provision for overseas enterprise income tax on the estimated taxable profits for the year	**10,662**	9,503
Deferred tax		
Temporary differences in the current year	**2,252**	5,536
Effect of changes in tax rates	**514**	78
Income tax expense for the year	**47,491**	51,994

A reconciliation of the PRC statutory corporate income tax rate to the effective income tax rate of the Company and its subsidiaries is as follows:

	2025 %	2024 %
PRC statutory enterprise income tax rate	**25.0**	25.0
Effect of different tax rates for subsidiaries	**0.7**	0.2
Effect of changes in tax rates	**0.3**	–
Tax reported in equity-accounted entities within China	**(0.1)**	(0.1)
Others	**2.1**	2.3
Effective income tax rate	**28.0**	27.4

The movements of deferred tax assets net of deferred tax liabilities are as follows:

	2025	2024
Opening balance	**12,944**	17,717
Credit to the profit or loss	**(2,766)**	(5,614)
Charge to equity	**(120)**	(30)
Others	**197**	585
Exchange differences	**(265)**	286
Closing balance	**9,990**	12,944

(All amounts expressed in millions of Renminbi unless otherwise stated)

10. TAX (continued)

(i) Income tax (continued)

Principal components of deferred tax balances are as follows:

	2025	2024
Deferred tax assets		
Property, plant and equipment	**21,786**	21,961
Provision for dismantlement	**29,441**	23,585
Losses available for offsetting against future taxable profit	**4,634**	7,971
Fair value of long-term borrowings	**1,003**	1,109
Lease liabilities	**1,696**	1,588
Others	**2,962**	2,699
	61,522	58,913
Deferred tax liabilities		
Property, plant and equipment (excluding dismantlement assets)	**(37,501)**	(36,111)
Dismantlement assets	**(10,443)**	(6,389)
Right-of-use assets	**(1,687)**	(1,595)
Others	**(1,901)**	(1,874)
	(51,532)	(45,969)
Net deferred tax assets	**9,990**	12,944
Of which		
– deferred tax assets	**23,579**	25,465
– deferred tax liabilities	**(13,589)**	(12,521)

As at 31 December 2025, deferred tax liabilities related to the undistributed earnings of the Company's overseas subsidiaries, which are not expected to be reversed in the foreseeable future, have not been provided since the timing of the reversal of the taxable temporary differences can be controlled by the Company and it is probable that the temporary differences would not reverse in the foreseeable future.

Deferred tax assets in respect of tax losses are recognised only to the extent of the anticipated future taxable profits or reversal of existing taxable temporary differences.

	2025	2024
Tax losses	**51,762**	60,759
Recognised tax losses	**21,806**	37,128
Unrecognised tax losses	**29,956**	23,631

These tax losses are subject to time limits in accordance with tax regulations in different countries.

10. TAX (continued)

(i) Income tax (continued)

The realisability of the deferred tax assets recognised mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future taxable profits generated are less than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, the balance of deferred tax assets may be significantly revised.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company and its subsidiaries operate, the Company is still in the process of assessing the potential exposure to Pillar Two income taxes. Based on the current assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company and its subsidiaries operate are above 15%.

(ii) Other taxes

The Company's PRC subsidiaries shall pay other taxes and dues at the applicable rates below:

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

ii. 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;

iii. Resource tax at the rate of 6% (reduced tax rates may apply to specific products and fields) on the oil and gas sales revenue derived by oil and gas fields under production sharing contracts signed after 1 November 2011 and independent 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 at the expiration of such production sharing contracts;

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

v. Educational surcharge at the rate of 3% on the production tax and VAT paid; and

vi. Local educational surcharge at the rate of 2% on the production tax 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") is imposed at a five-level progressive rates from 20% to 40% on the portion of the monthly weighted average sales price of the crude oil lifted in the PRC exceeding US$65 per barrel. The SOG Levy paid can be claimed as a deductible expense for corporate income tax purposes and is calculated based on the actual volume of the crude oil entitled.

(All amounts expressed in millions of Renminbi unless otherwise stated)

10. TAX (continued)

(iv) Proceeds from the assignment of mining rights

Starting from 1 May 2023, the proceeds from the assignment of mining rights ("assignment proceeds") should be paid by the Company, which explores and mines mineral resources in PRC territory and jurisdictional waters, based on the respective rates from 0.3% to 0.8% on sales revenue by mineral resources types (i.e. oil, gas and coalbed methane, etc.).

11. EARNINGS PER SHARE

	2025	2024
Earnings:		
Profit for the purpose of basic and diluted earnings per share calculation	**122,082**	137,936
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	**47,529,953,984**	47,553,280,140
Earnings per share:		
Basic (RMB Yuan)	**2.57**	2.90
Diluted (RMB Yuan)	**2.57**	2.90

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

12. DIVIDENDS

	2025	2024
Dividend per ordinary share:		
2025 interim dividend – HK$0.73 (2024: interim dividend HK$0.74) per ordinary share	**31,664**	32,146
2024 final dividend – HK$0.66 (2023: final dividend HK$0.66) per ordinary share	**28,693**	28,589

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 directors 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 in the *Enterprise Income Tax Law of the People's Republic of China*), the Company will distribute the dividend after deducting corporate income tax of 10%.

(All amounts expressed in millions of Renminbi unless otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Vehicles and office equipment and others	Total
Cost:			
At 1 January 2024	1,443,881	11,894	1,455,775
Additions	126,740	1,731	128,471
Disposals and write-offs	(52,150)	(864)	(53,014)
Exchange differences	8,862	19	8,881
At 31 December 2024	1,527,333	12,780	1,540,113
At 1 January 2025	**1,527,333**	**12,780**	**1,540,113**
Additions	**125,087**	**1,570**	**126,657**
Disposals and write-offs	**(8,848)**	**(524)**	**(9,372)**
Exchange differences	**(14,301)**	**(28)**	**(14,329)**
At 31 December 2025	**1,629,271**	**13,798**	**1,643,069**
Accumulated depreciation, depletion and amortisation and impairment:			
At 1 January 2024	(859,572)	(3,283)	(862,855)
Depreciation charge for the year	(71,908)	(552)	(72,460)
Impairment	(2,845)	(5)	(2,850)
Disposals and write-offs	36,026	154	36,180
Exchange differences	(5,708)	(10)	(5,718)
At 31 December 2024	(904,007)	(3,696)	(907,703)
At 1 January 2025	**(904,007)**	**(3,696)**	**(907,703)**
Depreciation charge for the year	**(77,060)**	**(542)**	**(77,602)**
Impairment	**(1,785)**	**(274)**	**(2,059)**
Disposals and write-offs	**1,606**	**54**	**1,660**
Exchange differences	**8,990**	**15**	**9,005**
At 31 December 2025	**(972,256)**	**(4,443)**	**(976,699)**
Net book value:			
At 31 December 2024	623,326	9,084	632,410
At 31 December 2025	**657,015**	**9,355**	**666,370**

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment and provision recognised during the year included the impairment loss to reduce the carrying amount of certain oil and gas properties to the recoverable amount. In 2025, impairment losses of RMB1,785 million mainly related to oil and gas properties in North America were recognised, which was due to the change of oil and gas prices and the uncertainty in future operating plans.

During the reporting period, the recoverable amount was calculated based on the assets' value in use and its fair value less costs of disposal, and was determined at the cash-generating unit level. The Company identifies a field or a group of fields that could generate cash inflows independently as a cash-generating unit. The principal parameters used in determining the recoverable amount of the Company and its subsidiaries' assets include estimates of proved and unproved reserves, future oil and gas prices that come from the price forecast of respected and independent institutions, along with internal analysis and judgment of the international market environment, best estimates of drilling and development costs, as well as the market price.

The discount rate is derived from the Company's weighted average cost of capital ("WACC") and is adjusted, where applicable, taking into account any specific risks relating to the country where the asset is located as well as the assets' specific characteristics, such as specific tax treatments, cash flow profiles and economic life. The discount rate used for value in use calculations was 8% in 2025 after tax. A derived pre-tax discount rate of 9% was used.

(All amounts expressed in millions of Renminbi unless otherwise stated)

14. RIGHT-OF-USE ASSETS

	FPSO vessels	Buildings and structures	Equipment	Pipelines	Leasehold lands	Total
Cost:						
At 1 January 2024	8,862	3,328	3,013	1,101	2,277	18,581
Additions	586	444	2,249	210	155	3,644
Disposals and write-offs	(244)	(823)	(1,110)	(408)	–	(2,585)
Exchange differences	43	14	42	11	–	110
At 31 December 2024	9,247	2,963	4,194	914	2,432	19,750
At 1 January 2025	**9,247**	**2,963**	**4,194**	**914**	**2,432**	**19,750**
Additions	**105**	**1,222**	**590**	**–**	**77**	**1,994**
Disposals and write-offs	**(43)**	**(1,969)**	**(230)**	**–**	**–**	**(2,242)**
Exchange differences	**(64)**	**(20)**	**(76)**	**(16)**	**–**	**(176)**
At 31 December 2025	**9,245**	**2,196**	**4,478**	**898**	**2,509**	**19,326**
Accumulated depreciation, depletion and amortisation and impairment:						
At 1 January 2024	(3,347)	(1,641)	(780)	(480)	(294)	(6,542)
Depreciation charge for the year	(911)	(1,020)	(378)	(101)	(53)	(2,463)
Disposals and write-offs	242	794	744	264	–	2,044
Exchange differences	(16)	(9)	(4)	(5)	–	(34)
At 31 December 2024	(4,032)	(1,876)	(418)	(322)	(347)	(6,995)
At 1 January 2025	**(4,032)**	**(1,876)**	**(418)**	**(322)**	**(347)**	**(6,995)**
Depreciation charge for the year	**(908)**	**(1,029)**	**(541)**	**(100)**	**(57)**	**(2,635)**
Impairment	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Disposals and write-offs	**37**	**1,905**	**135**	**–**	**–**	**2,077**
Exchange differences	**31**	**14**	**10**	**7**	**–**	**62**
At 31 December 2025	**(4,872)**	**(986)**	**(814)**	**(415)**	**(405)**	**(7,492)**
Net book value:						
At 31 December 2024	5,215	1,087	3,776	592	2,085	12,755
At 31 December 2025	**4,373**	**1,210**	**3,664**	**483**	**2,104**	**11,834**
Expense relating to short-term leases	**–**	**17**	**237**	**13**	**–**	**267**
Variable lease payments not included in the measurement of lease liabilities	**279**	**–**	**22**	**–**	**–**	**301**

During the years ended 31 December 2025 and 2024, certain FPSO vessels and offices necessary for the operation of the Company and its subsidiaries were acquired via leases. Lease contracts are entered into for a fixed term of 2 years to 15 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Company and its subsidiaries apply the definition of the contract and determine the period for which the contract is enforceable.

During the current period, the Company and its subsidiaries recognised right-of-use assets of approximately RMB1,779 million for leases with the CNOOC Group and/or its Associates (2024: RMB3,071 million).

(All amounts expressed in millions of Renminbi unless otherwise stated)

14. RIGHT-OF-USE ASSETS (continued)

Variable lease payments

Lease contracts of FPSO vessels are either with only fixed lease payment terms or contain terms on variable lease payments based on production volume and minimum annual lease payments that are fixed over the lease term. The fixed and variable lease payments paid to relevant FPSO vessels lessors for the year ended 31 December 2025 amounted to RMB1,186 million and RMB279 million (2024: RMB1,018 million and RMB315 million).

The overall financial effect of using variable payment terms is that FPSO vessels rental costs increase with higher production volume. In the coming years, variable lease payments are expected to maintain a similar proportional relationship to production volume.

Total cash outflow for leases in 2025 was RMB3,949 million (2024: RMB3,599 million).

15. INTANGIBLE ASSETS

	Exploration rights and mining rights	Gas processing rights under NWS Project	Marketing transportation and storage contracts	Software and others	Goodwill	Total
Cost:						
At 1 January 2024	531	2,304	660	3,393	15,061	21,949
Additions	–	211	–	668	–	879
Disposal	–	–	–	(208)	–	(208)
Exchange differences	–	35	10	6	224	275
At 31 December 2024	531	2,550	670	3,859	15,285	22,895
At 1 January 2025	**531**	**2,550**	**670**	**3,859**	**15,285**	**22,895**
Additions	**–**	**220**	**–**	**628**	**–**	**848**
Disposal	**–**	**–**	**–**	**(512)**	**–**	**(512)**
Exchange differences	**–**	**(61)**	**(15)**	**(7)**	**(339)**	**(422)**
At 31 December 2025	**531**	**2,709**	**655**	**3,968**	**14,946**	**22,809**
Accumulated amortisation and impairment:						
At 1 January 2024	(368)	(2,182)	(199)	(2,431)	–	(5,180)
Amortisation charge for the year	(29)	(267)	(30)	(594)	–	(920)
Disposal	–	–	–	208	–	208
Exchange differences	–	(35)	(3)	(4)	–	(42)
At 31 December 2024	(397)	(2,484)	(232)	(2,821)	–	(5,934)
At 1 January 2025	**(397)**	**(2,484)**	**(232)**	**(2,821)**	**–**	**(5,934)**
Amortisation charge for the year	**(30)**	**(249)**	**(29)**	**(575)**	**–**	**(883)**
Impairment	**–**	**–**	**–**	**(50)**	**–**	**(50)**
Disposal	**–**	**–**	**–**	**509**	**–**	**509**
Exchange differences	**–**	**60**	**6**	**5**	**–**	**71**
At 31 December 2025	**(427)**	**(2,673)**	**(255)**	**(2,932)**	**–**	**(6,287)**
Net book value:						
At 31 December 2024	134	66	438	1,038	15,285	16,961
At 31 December 2025	**104**	**36**	**400**	**1,036**	**14,946**	**16,522**

15. INTANGIBLE ASSETS (continued)

Goodwill represents the excess of the purchase price over the fair value of the assets acquired and liabilities assumed in a business combination. Goodwill acquired through business combinations is held at the E&P segment.

According to the Company and its subsidiaries' accounting policies as set out in note 3, goodwill was acquired at the acquisition of Nexen Inc., and from the acquisition date, allocated to the entire E&P assets, which are the groups of cash-generating units that are expected to benefit from the synergies of the acquisition.

Impairment is determined by assessing the recoverable amount of the entire E&P assets to which the goodwill relates. Where the recoverable amount of the entire E&P assets is less than the aggregate carrying amount of the assets and the goodwill, an impairment loss on goodwill is recognised.

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

The intangible assets regarding the gas processing rights are 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 related to 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.

(All amounts expressed in millions of Renminbi unless otherwise stated)

16. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows[1]:

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[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[2]	Hainan, PRC	RMB400 million	100%	Sales and trading of petroleum and natural gas
CNOOC International Limited	British Virgin Islands	US$24 billion	100%	Investment holding
Indirectly held subsidiaries[3]:				
CNOOC Exploration & Production Nigeria Limited	Nigeria	NGN10 million	100%	Petroleum and natural gas exploration, development and production in Africa
CNOOC Petroleum North America ULC	Canada	13,671,421,700 common shares without a par value	100%	Petroleum and natural gas exploration, development and production in Canada
CNOOC Canada Energy Ltd.	Canada	100 common shares without a par value 103,000 preferred shares without a par value	100%	Oil sands exploration, development and production in Canada
CNOOC Petroleum Europe Limited	England and Wales	GBP98,009,131	100%	Petroleum and natural gas exploration, development and production in the UK
CNOOC Energy U.S.A. LLC	USA	US$6,059,355,296	100%	Petroleum and natural gas exploration, development and production in the USA
CNOOC PETROLEUM BRASIL LTDA	Brazil	R$7,830,661,300	100%	Petroleum and natural gas exploration, development and production in Brazil
CNOOC Petroleum Guyana Limited	Barbados	US$200,100	100%	Petroleum and natural gas exploration, development and production in Guyana

(All amounts expressed in millions of Renminbi unless otherwise stated)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(1) The entities in table above are important subsidiaries that affect the results for the year or contribute a substantial portion of the total assets of the Company and its subsidiaries.

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

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

17. INVESTMENTS IN ASSOCIATES

Particulars of the principal associates at the end of the reporting period are as follows:

Name of associates	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
CNOOC Finance Corporation Limited[(1)]	Beijing, PRC	RMB4 billion	31.8%	Provision of deposit, transfer, settlement, loan, discounting and other financing services to CNOOC Group and its member entities
Arctic LNG 2 LLC	Russian Federation	RUB15,976 million	10%	Exploration and development of natural gas and production and marketing of liquefied natural gas in Russia

(1) Registered as a limited liability company under the PRC Law.

As other associates have no significant impact on the financial position and performance of Company and its subsidiaries, details of other associates are not provided.

The Company and its subsidiaries' investments in associates represent:

	2025	2024
Share of net assets	**24,072**	25,047

None of the associates are considered to be individually material to the Company and its subsidiaries. The following table illustrates the Company and its subsidiaries' share of the profits and other comprehensive income of its associates in the consolidated financial statements:

	2025	2024
Profit for the year	**582**	757
Other comprehensive income/(expense)	**49**	(78)
Total comprehensive income	**631**	679

A dividend of RMB71 million was received from the associates in 2025 (2024: RMB131 million).

(All amounts expressed in millions of Renminbi unless otherwise stated)

18. INVESTMENT IN A JOINT VENTURE

Particulars of the joint venture at the end of the reporting period are as follows:

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
BC ENERGY INVESTMENTS CORP.	Bahamas	US$102,325,582	50%	Investment holding

Summarised financial information of the joint venture is disclosed below:

	2025	2024
Current assets	**12,091**	15,058
Non-current assets	**60,307**	62,065
Current liabilities	**(9,863)**	(12,673)
Non-current liabilities	**(19,041)**	(17,562)
Revenue	**19,576**	19,976
Depreciation, depletion and amortisation	**(4,330)**	(3,707)
Interest income	**414**	270
Finance costs	**(1,063)**	(1,766)
Profit before tax	**99**	2,521
Income tax expense	**(2,207)**	(363)
(Loss)/Profit after tax	**(2,108)**	2,158
Total comprehensive (expense)/income	**(2,108)**	2,158

A dividend of US$8 million (equivalent to approximately RMB53 million) was received from the joint venture in 2025 (2024: US$16 million, equivalent to approximately RMB116 million).

19. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

(i) Equity investments

	2025	2024
Non-publicly traded investments		
Other equity investments designated at FVTOCI	**23**	18
	23	18

During the year, the fair value changes in the Company and its subsidiaries' equity investments recognised directly in other comprehensive income amounted to RMB5 million (2024: other comprehensive expense RMB175 million).

(All amounts expressed in millions of Renminbi unless otherwise stated)

19. EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

(ii) Other financial assets

	2025	2024
Current:		
Publicly traded investments classified at FVTPL		
Money market funds	**2,230**	4,171
Non-publicly traded investments classified at FVTPL		
Corporate wealth management products and structured deposits[1]	**23,196**	40,950
Others	**572**	650
	25,998	45,771

(1) The corporate wealth management products and structured deposits will mature at dates between 10 March 2026 and 17 November 2026 (2024: between 8 January 2025 and 14 November 2025).

The gains from the Company and its subsidiaries' other financial assets being recognised in the profit or loss for the year was RMB526 million (2024: RMB1,264 million).

20. OTHER NON-CURRENT ASSETS

Included in the other non-current assets were mainly time deposits with maturity over one year and restricted deposits for future dismantlement.

As at 31 December 2025, the balance of the time deposits with maturity over one year was RMB17,259 million (31 December 2024: RMB34,323 million).

Pursuant to the *Provisional Regulations on the Dismantlement of Offshore Oil and Gas Production Facilities of the People's Republic of China*, the Company and its subsidiaries accrue dismantlement costs for all the oil and gas fields under production sharing contracts in the PRC, and makes monthly cash contributions to the specified dismantlement fund accounts supervised by the PRC government. The deposit cannot be withdrawn or utilised for any other purposes but the dismantlement of oil and gas production facilities in the future. As at 31 December 2025, the balance of the specified dismantlement fund accounts was RMB8,585 million (31 December 2024: RMB9,870 million).

21. INVENTORIES AND SUPPLIES

	2025	2024
Materials and supplies	**4,563**	4,188
Oil in tanks	**2,319**	2,167
Less: Provision for inventory obsolescence	**(792)**	(623)
	6,090	5,732

(All amounts expressed in millions of Renminbi unless otherwise stated)

22. TRADE RECEIVABLES

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

	2025		
	Trade receivables	**Expected credit loss allowance**	**Proportion of accrual(%)**
Within one year	**32,995**	**61**	**0.18**
Over one year but within two years	**2**	**1**	**50.00**
Over two years but within three years	**4**	**4**	**100.00**
Over three years	**90**	**54**	**60.00**
	33,091	**120**	**0.36**

	2024		
	Trade receivables	Expected credit loss allowance	Proportion of accrual(%)
Within one year	33,672	60	0.18
Over one year but within two years	11	4	36.36
Over two years but within three years	3	3	100.00
Over three years	87	45	51.72
	33,773	112	0.33

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 security deposit may be required from customers, depending on their credit ratings. Trade receivables are non-interest bearing. Substantially all customers have strong credit quality and good repayment history, with no significant receivables past due.

23. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS WITH MATURITY OVER THREE MONTHS BUT WITHIN ONE YEAR

The Company and its subsidiaries' cash and cash equivalents mainly consist of current deposits and time deposits with maturity within seven days. The bank balances are deposited with creditworthy banks.

As at 31 December 2025, the weighted average effective interest rate of the Company and its subsidiaries' bank deposits was 2.24% per annum (2024: 2.16% per annum).

(All amounts expressed in millions of Renminbi unless otherwise stated)

24. TRADE AND ACCRUED PAYABLES

	2025	2024
Amounts due to suppliers and partners	**57,575**	57,874
Amounts due to third party trader	**2,056**	1,811
	59,631	59,685

As at 31 December 2025 and 31 December 2024, substantially all the trade and accrued payables were aged within six months. The trade and accrued payables are non-interest bearing.

25. CONTRACT LIABILITIES

	2025	2024
Contract liabilities	**804**	508

Under the natural gas sale contracts, which contain take-or-pay clauses, the Company and its subsidiaries recorded the payments received from customers for natural gas not yet taken as contract liabilities.

Contract liabilities of RMB443 million at the beginning of the year has been recognised as revenue for the year ended 31 December 2025 (2024: RMB1,382 million).

26. OTHER PAYABLES AND ACCRUED LIABILITIES

	2025	2024
Accrued payroll and welfare payable	**2,322**	2,302
Provision for dismantlement (note 29)	**646**	912
Other payables	**7,657**	7,993
	10,625	11,207

(All amounts expressed in millions of Renminbi unless otherwise stated)

27. LOANS AND BORROWINGS

Current[1]

		2025			2024		
	Effective interest rate and final maturity	**Loans**	**Notes**	**Total**	Loans	Notes	Total
Short-term loans and borrowings							
General loans	–	**–**	**–**	**–**	4,303	–	4,303
		–	**–**	**–**	4,303	–	4,303
Loans and borrowings due within one year							
For Tangguh LNG III Project[3]	SOFR+1.80% to 3.88% per annum with maturity within one year	**522**	**–**	**522**	537	–	537
General loans	LPR-1.58% to LPR-1.05% per annum with maturity within one year	**175**	**–**	**175**	165	–	165
Notes[2]		**–**	**611**	**611**	–	15,079	15,079
		697	**611**	**1,308**	702	15,079	15,781
		697	**611**	**1,308**	5,005	15,079	20,084

Non-current[1]

		2025			2024		
	Effective interest rate and final maturity	**Loans**	**Notes**	**Total**	Loans	Notes	Total
For Tangguh LNG III Project[3]	SOFR+1.80% to 3.88% per annum with maturity from 2027 to 2029	**1,509**	**–**	**1,509**	2,020	–	2,020
General loans	LPR-1.58% to LPR-1.05% per annum with maturity from 2027 to 2033	**3,593**	**–**	**3,593**	3,766	–	3,766
Notes[2]		**–**	**53,730**	**53,730**	–	55,457	55,457
		5,102	**53,730**	**58,832**	5,786	55,457	61,243

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

(All amounts expressed in millions of Renminbi unless otherwise stated)

27. LOANS AND BORROWINGS (continued)

Non-current[1] (continued)

(2) The details of notes are as follows:

Issued by	Maturity	Coupon Rate	Outstanding Principal Amount 31 December 2025 USD million	31 December 2024 USD million
CNOOC Finance (2003) Limited	Due in 2033	5.500%	**300**	300
CNOOC Finance (2011) Limited	Due in 2041	5.750%	**500**	500
CNOOC Finance (2012) Limited	Due in 2042	5.000%	**500**	500
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 2044	4.875%	**500**	500
CNOOC Petroleum North America ULC	Due in 2028	7.400%	**144**	144
CNOOC Petroleum North America ULC	Due in 2032	7.875%	**309**	315
CNOOC Petroleum North America ULC	Due in 2035	5.875%	**420**	420
CNOOC Petroleum North America ULC	Due in 2037	6.400%	**748**	752
CNOOC Petroleum North America ULC	Due in 2039	7.500%	**572**	594
CNOOC Finance (2015) Australia Pty Ltd	Due in 2045	4.200%	**300**	300
CNOOC Finance (2015) U.S.A. LLC	Matured in 2025	3.500%	**–**	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.

The maturities of the long-term loans are as follows:

	2025	2024
Repayable:		
Within one year	**697**	702
After one year but within two years	**1,011**	642
After two years but within three years	**1,173**	1,051
After three years but within four years	**1,102**	1,209
After four years but within five years	**525**	1,129
After five years	**1,291**	1,755
	5,799	6,488
Amount due within one year shown under current liabilities	**(697)**	(702)
	5,102	5,786

(All amounts expressed in millions of Renminbi unless otherwise stated)

27. LOANS AND BORROWINGS (continued)

Non-current[(1)] (continued)

Supplemental information with respect to the long-term loans:

For the year ended 31 December	Balance at year end	Weighted average interest rate at year end	Weighted average interest rate during the year[(1)]
2025	5,799	3.82%	4.04%
2024	6,488	4.25%	4.55%

(1) The weighted average interest rate is computed by averaging the interest rates as of 1 January and 31 December of each year.

There was no default on principal, interest or redemption terms of the long-term loans and borrowings during the year.

28. LEASE LIABILITIES

	2025	2024
Lease liabilities payable:		
Within one year	**2,412**	2,690
Within a period of more than one year but not more than two years	**2,079**	1,959
Within a period of more than two years but not more than five years	**3,139**	3,694
Within a period of more than five years	**4,012**	4,648
	11,642	12,991
Less: Discount to present value	**(1,982)**	(2,431)
Total lease liabilities	**9,660**	10,560

The incremental borrowing rates applied to lease liabilities range from 2.2% to 5.3% (2024: from 2.8% to 5.3%).

29. PROVISION FOR DISMANTLEMENT

	2025	2024
At 1 January	**100,652**	98,643
Additions	**9,329**	10,849
Revision	**3,517**	(5,898)
Utilisation	**(573)**	(2,478)
Deletion	**(91)**	(3,660)
Unwinding of discount[(1)]	**3,807**	3,289
Exchange differences	**44**	(93)
Total	**116,685**	100,652
Current portion of provision for dismantlement included in other payables and accrued liabilities (note 26)	**(646)**	(912)
At 31 December	**116,039**	99,740

(1) The discount rates used for calculating the provision for dismantlement is 2.75% – 5.25% (2024: 3.25% – 5.25%).

(All amounts expressed in millions of Renminbi unless otherwise stated)

30. 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 2024	47,566,763,984	75,180
Repurchase of own shares and cancelled(1)	(36,810,000)	–
As at 31 December 2024 and at 1 January 2025	47,529,953,984	75,180
As at 31 December 2025	47,529,953,984	75,180
Of which: Shares listed on HKSE	44,539,953,984	
Shares listed on SSE	2,990,000,000	

(1) During the year ended 31 December 2024, the Company repurchased and cancelled 36,810,000 of its own shares with an aggregate amount of HK$727 million listed on HKSE, equivalent to approximately RMB663 million. Such buy-backs were financed out of the Company's distributable profits, as a result, the payment was reduced from the Company's "Retained earnings".

There was no changes in the share capital and number of shares during the year ended 31 December 2025.

31. RESERVES

According to the laws and regulations of the PRC and the articles of association of CNOOC China, CNOOC China is required to provide for certain statutory funds, namely, the general reserve fund and the staff and workers' bonus and welfare fund, which are appropriated from net profit (after making up for losses from previous years), but before dividend distribution.

The general reserve fund, which is determined at the discretion of the board of directors of CNOOC China, can only be used, upon approval by the relevant authority, to offset against accumulated losses or to increase capital.

Appropriation to the staff and workers' bonus and welfare fund, which is determined at the discretion of the board of directors of CNOOC China, is expensed as incurred under IFRS Accounting Standards/HKFRS Accounting Standards. The staff and workers' bonus and welfare fund can only be used for special bonuses or collective welfare of employees.

According to the "Notice on Financial Treatment Issues after the Implementation of the Company Law and the Foreign Investment Law" (Cai Zi [2025] No. 101) issued by the Ministry of Finance in 2025, it is clearly stipulated that the balance of a company's reserve fund shall be transferred to the statutory reserves, and the staff and workers' bonus and welfare fund of foreign-invested enterprises shall be used in accordance with the purposes, usage conditions, and procedures determined at the time of accrual. Furthermore, starting from 1 January 2025, the reserve fund, staff and workers' bonus and welfare fund would no longer be accrued.

As at 31 December 2025, the general reserve fund appropriated by CNOOC China amounted to RMB58,069 million (31 December 2024: RMB58,069 million), which has been transferred to the statutory reserves.

In accordance with the Administrative Measures for the Accrual and Use of Expenses for Work Safety issued by the Ministry of Finance and the Ministry of Emergency Management of the PRC, the Company and its subsidiaries are required to accrue a safety fund for their oil and gas exploration and production activities within the PRC based on their annual production to improve the safety conditions of oil and gas production. When the safety fund is fully utilised, additional expenses incurred for safety production purposes are charged directly to the profit or loss for the year.

32. DISPOSAL OF SUBSIDIARIES

In December 2024, CNOOC Energy Holdings U.S.A. Inc., a United States based subsidiary of the Company's wholly-owned subsidiary CNOOC International Ltd., entered into a stock purchase agreement with a subsidiary of INEOS Energy for the sale of 100% interest in CNOOC Holdings U.S.A. Inc.. As of 31 December 2025, the disposal transaction has been completed.

33. 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.

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

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

   (a) Provision of exploration and support services;

   (b) Provision of development and support services (including new energy business);

   (c) Provision of production and support services (including new energy business);

   (d) Provision of sales, management and ancillary services; and

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

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

   (a) Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas);

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

   (c) Sales of green power products.

(All amounts expressed in millions of Renminbi unless otherwise stated)

33. RELATED PARTY TRANSACTIONS (continued)

Pricing principles

The basic pricing principle for the continuing connected transactions between the Company and its subsidiaries and CNOOC Group and/or its Associates is based on arm's length negotiations, on normal commercial terms or better and with reference to the prevailing local market conditions (including the volume of sales, the term of contracts, the volume of services, overall customer relationship and other market factors).

On the basis of the above basic pricing principle, each type of products or services must be charged in accordance with the following pricing mechanism and in the following sequential order:

(a) government-prescribed price; or

(b) where there is no government-prescribed price, in accordance with market prices, including the local, national or international market prices.

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

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

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 based on arm's length negotiation in accordance with normal commercial terms.

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

Except as disclosed in other notes to the consolidated financial statements, 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:

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

	2025	2024
Provision of exploration and support services	13,341	13,010
– Inclusive of amount capitalised under property, plant and equipment	7,458	6,874
Provision of development and support services (including new energy business)	54,725	60,851
Provision of production and support services (including new energy business) (note (a))	18,454	18,028
Provision of sales, management and ancillary services (note (b))	3,573	3,884
FPSO vessel leases (note (c))*	384	901
	90,477	96,674

* For the right-of-use assets recognised during the period from the lease agreements with CNOOC Group and/or its Associates, please refer to note 14.

(All amounts expressed in millions of Renminbi unless otherwise stated)

33. RELATED PARTY TRANSACTIONS (continued)

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

	2025	2024
Sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) (note (d))	**191,890**	215,765
Long-term sales of natural gas and liquefied natural gas (note (e))	**42,223**	31,605
	234,113	247,370

* The Company and its subsidiaries' sales to CNOOC Group and/or its Associates accounted for 59% of revenue.

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

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

	2025	2024
Interest income from deposits in CNOOC Finance	**286**	341

(b) Deposits balances of the Company and its subsidiaries

	2025	2024
Deposits in CNOOC Finance	**21,996**	21,922

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

	2025	2024
Amount due to CNOOC Group		
– included in trade and accrued payables, other payables and accrued liabilities	**35**	5
Amounts due to its Associates		
– included in trade and accrued payables, contract liabilities, other payables and accrued liabilities	**32,437**	32,849
– included in lease liabilities	**7,368**	7,723
	39,840	40,577
Borrowings from CNOOC Group and/or its Associates (note (h))	**1,279**	5,630
Amounts due from its Associates		
– included in trade receivables	**19,116**	18,020
– included in other current assets	**398**	547
	19,514	18,567

(v) Balance with a joint venture and associates

	2025	2024
Amount due from a joint venture and associates		
– included in trade receivables and other current assets	**312**	156

(All amounts expressed in millions of Renminbi unless otherwise stated)

33. RELATED PARTY TRANSACTIONS (continued)

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

The Company and its subsidiaries enter into extensive transactions covering sales of crude oil and natural gas, purchase of property, plant and equipment and other assets, receiving of services, and making deposits with state-owned enterprises, other than CNOOC Group and/or its Associates, in the normal course of business on terms comparable to those with non-state-owned enterprises. The purchases of property, plant and equipment and other assets, and receipt of services from these state-owned enterprises are individually not significant. The individually significant sales transactions with these state-owned enterprises are disclosed in note 38. In addition, the balance of cash at banks of the Company and its subsidiaries with certain state-owned banks in the PRC as at 31 December 2025 is summarised below:

	2025	2024
Cash and cash equivalents	**38,589**	35,013
Time deposits with maturity over three months	**28,526**	27,232
Specified dismantlement fund accounts, included in other non-current assets (note 20)	**8,585**	9,870
	75,700	72,115

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

(vii) Key management personnel's remuneration

Key management personnel's remuneration is disclosed in note 8.

33. RELATED PARTY TRANSACTIONS (continued)

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 for which they provided management services.

(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 sold 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 that sales terms are determined based on the estimated reserves and production profile of the relevant gas fields. The term of long-term sales contracts is usually between 3 and 25 years.

(f) The management, technical, equipment and ancillary services provided by certain subsidiaries of the Company to CNOOC Group and/or its Associates in 2025 amounted to RMB408 million. Individual services contracts were entered into from time to time between certain subsidiaries of the Company and CNOOC Group and/or its Associates.

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

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

During the year, the Company and its subsidiaries' actual maximum daily outstanding balance of deposits and interest with CNOOC Finance (excluding funds placed for the purpose of extending entrustment loans pursuant to the entrustment loan services) did not exceed RMB22,000 million (2024: RMB22,000 million). The Company and its subsidiaries' actual maximum daily loan balance received from CNOOC Finance (including accrued interest) did not exceed RMB50,000 million, and the Company and its subsidiaries' service fees charged by CNOOC Finance for providing other financial services (excluding settlement services) did not exceed RMB20 million.

(h) Borrowings from CNOOC Group and/or its Associates mainly represent the portion of the syndicated loans in which CNOOC Finance participated.

34. RETIREMENT BENEFITS

All the Company and its subsidiaries' full-time employees in the PRC are covered by a state-managed retirement benefit plan, and are entitled to an annual pension at retirement. The PRC government is responsible for the pension liabilities to these retired employees. The Company and its subsidiaries are required to make annual contributions to the state-managed retirement benefit plan at rates ranging from 14% to 16% of the employees' base salaries.

The Company is required to make contributions to a defined contribution mandatory provident fund at a rate of 5% of the salaries of all full-time employees in Hong Kong. The related pension costs are expensed as incurred.

The Company and its subsidiaries provide retirement benefits for all local employees in overseas locations in accordance with relevant labour laws, and provide employee benefits to expatriate staff in accordance with the relevant employment contracts.

During the year, the Company and its subsidiaries' pension costs charged to the consolidated statement of profit or loss and other comprehensive income amounted to RMB1,621 million (2024: RMB1,492 million).

(All amounts expressed in millions of Renminbi unless otherwise stated)

35. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

	2025	2024
Profit before tax	**169,639**	189,976
Adjustments for:		
Interest income	**(5,062)**	(4,582)
Finance costs	**6,512**	6,096
Exchange (gains)/losses, net	**(627)**	1,318
Share of profits of associates	**(582)**	(757)
Share of losses/(profits) of a joint venture	**1,054**	(1,079)
Investment income	**(214)**	(5,259)
Impairment and provision	**3,818**	8,076
Depreciation, depletion and amortisation	**79,771**	74,606
Loss on disposal and write-off of property, plant and equipment	**6,708**	4,831
Subtotal	**261,017**	273,226
(Increase)/Decrease in trade receivables and other current assets	**(2,158)**	2,382
(Increase)/Decrease in inventories and supplies	**(616)**	533
Decrease in trade and accrued payables, contract liabilities and other payables and accrued liabilities	**(3,475)**	(6,097)
Cash generated from operations	**254,768**	270,044

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company and its subsidiaries' liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities represent cash flows that were, or will be classified as cash flows from financing activities in the consolidated statement of cash flows of the Company and its subsidiaries.

	Loans and borrowings (note 27)	Lease liabilities (note 28)	Dividend payable	Total
At 1 January 2024	110,102	10,075	116	120,293
Financing cash flows	(33,440)	(3,162)	(60,869)	(97,471)
New lease entered	–	3,489	–	3,489
Foreign exchange translation and others	820	(343)	44	521
Finance costs (note 7)	3,845	501	–	4,346
Dividends declared	–	–	60,709	60,709
At 31 December 2024	81,327	10,560	–	91,887
At 1 January 2025	**81,327**	**10,560**	**–**	**91,887**
Financing cash flows	**(22,726)**	**(3,381)**	**(60,432)**	**(86,539)**
New lease entered	**–**	**1,917**	**–**	**1,917**
Foreign exchange translation and others	**(1,286)**	**72**	**69**	**(1,145)**
Finance costs (note 7)	**2,825**	**492**	**–**	**3,317**
Dividends declared	**–**	**–**	**60,363**	**60,363**
At 31 December 2025	**60,140**	**9,660**	**–**	**69,800**

(All amounts expressed in millions of Renminbi unless otherwise stated)

36. COMMITMENTS AND CONTINGENCIES

(i) Capital commitments

As at 31 December 2025, the Company and its subsidiaries had the following capital commitments, principally for the construction of property, plant and equipment:

	2025	2024
Contracted, but not provided for(1)	**39,444**	51,003

(1) 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.

As at 31 December 2025, the capital commitment stated above includes an amount of approximately RMB16,212 million (31 December 2024: RMB14,027 million) contracted with CNOOC Group and/or its Associates.

Capital commitments of a joint venture:

	2025	2024
Contracted, but not provided for	**255**	104

As at 31 December 2025, the Company and its subsidiaries had unutilised facilities amounting to approximately RMB51,070 million (31 December 2024: RMB52,683 million).

(ii) Contingencies

The Company and its subsidiaries are subject to tax in numerous jurisdictions around the world. Some tax audits and reviews are in progress. Difference in positions between tax authorities and the Company and its subsidiaries over the interpretation and application of tax laws and regulations may lead to an increase in tax liabilities. 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 liabilities has been included in the consolidated financial statements based on the information available.

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

37. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

The fair value of the Company and its subsidiaries' long-term bank loans with floating interest rates approximated to the carrying amount as at 31 December 2025 and 31 December 2024.

The estimated fair value of the Company and its subsidiaries' long-term guaranteed notes was approximately RMB53,208 million as at 31 December 2025 (31 December 2024: RMB67,156 million), which was determined by reference to the market price as at 31 December 2025.

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 occurs 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 unless otherwise stated)

37. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2025 and 31 December 2024, the Company and its subsidiaries held the following financial instruments measured at fair value for each hierarchy respectively:

	31 December 2025	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Trade receivables				
Receivables financing	**546**	**–**	**546**	**–**
Other financial assets – current				
Corporate wealth management products and structured deposits	**23,196**	**–**	**23,196**	**–**
Publicly traded money market funds	**2,230**	**2,230**	**–**	**–**
Others	**572**	**–**	**–**	**572**
Equity investments*				
Non-publicly traded investments – non-current	**23**	**–**	**–**	**23**
Derivative financial instruments				
Futures	**–**	**–**	**–**	**–**
	26,567	**2,230**	**23,742**	**595**
Liabilities measured at fair value				
Derivative financial instruments				
Futures	**20**	**20**	**–**	**–**
	20	**20**	**–**	**–**

	31 December 2024	Level 1	Level 2	Level 3
Assets measured at fair value				
Trade receivables				
Receivables financing	583	–	583	–
Other financial assets – current				
Corporate wealth management products and structured deposits	40,950	–	40,950	–
Publicly traded money market funds	4,171	4,171	–	–
Others	650	6	–	644
Equity investments*				
Non-publicly traded investments – non-current	18	–	–	18
Derivative financial instruments				
Futures	4	4	–	–
	46,376	4,181	41,533	662
Liabilities measured at fair value				
Derivative financial instruments				
Futures	12	12	–	–
	12	12	–	–

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

(All amounts expressed in millions of Renminbi unless otherwise stated)

37. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The Company and its subsidiaries have adopted significant unobservable input data to determine the fair value of financial assets classified within Level 3. 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 were transferred between the different levels of the fair value hierarchy for the year.

38. CONCENTRATION OF CUSTOMERS

A substantial portion of the Company and its subsidiaries' oil and gas commodities sales is made to a small number of third-party customers on credit. Details of the gross sales to the top five third-party customers are as follows:

Customers	Relationship with the Company and its subsidiaries	2025	2024
Customer A*	third-party	**29,601**	20,702
Customer B*	third-party	**13,471**	12,156
Customer C	third-party	**10,115**	14,503
Customer D	third-party	**7,774**	5,234
Customer E	third-party	**6,777**	13,974

* These transactions are with other state-owned enterprises.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and its subsidiaries' principal financial instruments comprise bank loans, long-term guaranteed notes, debt investments, equity investments and other financial assets, cash and short-term deposits, etc. The Company and its subsidiaries have various other financial assets and liabilities such as trade receivables, other receivables, trade and accrued payables, which arise directly from its operations.

The Company and its subsidiaries are exposed to credit risk, oil and gas price risk, currency risk, interest rate risk and liquidity risk.

The Company's senior management oversees these risks. This process is underpinned by proposals on financial risks from each department and a financial risk governance framework applicable to the Company and its subsidiaries. These departments provide assurance to the Company's senior management that the Company and its subsidiaries' financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

(i) Credit risk and management assessment

As at 31 December 2025, the carrying amounts of the Company and its subsidiaries' cash and cash equivalents, time deposits with maturity more than three months, trade receivables, other receivables (approximately RMB5,652 million included in other current assets) and debt investment represent their maximum exposure to credit risk in relation to their financial assets. The Company and its subsidiaries do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk and management assessment (continued)

In order to minimise the credit risk, the management of the Company and its subsidiaries has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new counterparties, the Company and its subsidiaries use the internal credit scoring system to assess the potential counterparty's credit quality and define credit limits of the counterparty. Limits and scoring attributed to counterparties are reviewed annually. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Company and its subsidiaries use ECL model under IFRS 9/HKFRS 9 or provision matrix to perform impairment assessment on trade receivables or other receivables individually. In this regard, the Directors of the Company consider that the Company and its subsidiaries' credit risk is significantly reduced.

Concentrations of credit risk are managed by counterparty and by geographical region. As at 31 December 2025, the Company and its subsidiaries have certain concentrations of credit risk as 4.84% (31 December 2024: 1.77%) and 11.78% (31 December 2024: 9.86%) of the Company and its subsidiaries' trade receivables were due from the largest third-party customer and the five largest third-party customers, respectively.

(ii) Oil and gas price risk

Since the Company and its subsidiaries make reference to international oil prices to determine its realised oil price, fluctuations in international oil price would have a significant impact on the Company and its subsidiaries' sales revenue, profit, assets value and cash flow. In addition, certain of the Company and its subsidiaries' natural gas sales contracts contain price adjustment provisions. Any changes in international oil prices, inflation rate and domestic natural gas pricing policies may result in changes in natural gas prices, which will affect the Company and its subsidiaries' profitability.

(iii) Currency risk

Substantially all of the Company and its subsidiaries' oil and gas sales are denominated in RMB and United States dollars ("US dollars"). Starting from 21 July 2005, China reformed the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies. RMB would no longer be pegged to the US dollars. From 1 January 2025 to 31 December 2025, RMB has appreciated by approximately 2.27% (2024: depreciated by approximately 1.47%) against the US dollars. At 31 December 2025, approximately 79% (31 December 2024: 78%) of the Company and its subsidiaries' cash and cash equivalents and time deposits with maturity over three months but within one year were denominated in RMB, and the remaining balances were primarily denominated in US dollars and Hong Kong dollars. The Company and its subsidiaries also have exposures to currencies other than the US dollars, such as Canadian dollars and British Pounds. Such exposures are considered insignificant.

Management has assessed the Company and its subsidiaries' exposure to foreign currency risk by using a sensitivity analysis on the change in foreign exchange rate of the US dollars, to which the Company and its subsidiaries are mainly exposed to as at 31 December 2025 and 31 December 2024. Based on management's assessment at 31 December 2025, a 5% strengthening/weakening of RMB against US dollars would have increased/decreased the profit for the year of the Company and its subsidiaries by 0.08% (31 December 2024: 0.08%) and the equity of the Company and its subsidiaries by 0.12% (31 December 2024: 0.16%). This analysis has been determined assuming that the change in RMB exchange rates occurred at the end of the reporting period and is applied to the foreign currency balances to which the Company and its subsidiaries have significant exposure with all other variables held constant. The analysis is performed on the same basis for 2024.

Senior management is closely monitoring the Company and its subsidiaries' net exposure to foreign currency risk. The appreciation of RMB against the US dollars may have the following impact on the Company and its subsidiaries. On one hand, since the benchmark oil and gas prices are usually in US dollars against RMB, the Company and its subsidiaries' oil and gas sales may decrease due to the depreciation of the US dollars against RMB. On the other hand, the depreciation of the US dollars against RMB will also decrease the Company and its subsidiaries' costs of imported equipment and materials, most of which are denominated in the US dollars.

(All amounts expressed in millions of Renminbi unless otherwise stated)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk

The interest rate risk is closely monitored by the Company and its subsidiaries' senior management. As at the end of 2025, 89.93% (2024: 91.76%) of the Company's and its subsidiaries' debts were at fixed interest rates. The weighted average term of the Company and its subsidiaries' debt balance outstanding was approximately 10.44 (2024: 8.70) years. The fixed interest rates can reduce the volatility of finance costs under uncertain environments and the Company and its subsidiaries' exposure to changes in interest rates is not expected to be material.

(v) Liquidity risk

The Company and its subsidiaries manage its liquidity risk by regularly monitoring its liquidity requirements and its compliance with debt covenants to ensure that it maintains sufficient cash and cash equivalents, other financial assets, and adequate time deposits to meet its liquidity requirements in the short and long term. In addition, bank facilities have been put in place for contingency purposes.

An analysis of the financial liabilities held by the Company and its subsidiaries based on the maturity period of the undiscounted remaining contractual obligations, is as follows:

31 December 2025

	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Above 5 years**	**Total**
Long-term borrowings	**887**	**1,165**	**3,007**	**1,337**	**6,396**
Trade and accrued payables	**59,631**	**–**	**–**	**–**	**59,631**
Other payables	**6,750**	**–**	**–**	**–**	**6,750**
Notes	**3,194**	**2,586**	**21,563**	**53,745**	**81,088**
Long-term payables	**–**	**2,146**	**892**	**95**	**3,133**
Lease liabilities	**2,412**	**2,079**	**3,139**	**4,012**	**11,642**
Total	**72,874**	**7,976**	**28,601**	**59,189**	**168,640**

31 December 2024

	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Short-term borrowings	4,323	–	–	–	4,323
Long-term borrowings	952	854	3,739	1,833	7,378
Trade and accrued payables	59,685	–	–	–	59,685
Other payables	7,085	–	–	–	7,085
Notes	17,916	2,662	22,702	57,382	100,662
Long-term payables	–	1,927	1,233	7	3,167
Lease liabilities	2,690	1,959	3,694	4,648	12,991
Total	92,651	7,402	31,368	63,870	195,291

(All amounts expressed in millions of Renminbi unless otherwise stated)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(vi) Capital management

The primary objectives of the Company and its subsidiaries' capital management are to safeguard their abilities to continue as a going concern and to maintain a healthy capital structure in order to support its business and maximise shareholders' value.

The Company and its subsidiaries manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company and its subsidiaries may return capital to shareholders, raise new debts or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Company and its subsidiaries monitor capital on the basis of the debt to capital ratio, which is calculated as interest-bearing debts divided by total capital (total equity plus interest-bearing debts).

	2025	2024
Loans and borrowings	**60,140**	81,327
Lease liability	**9,660**	10,560
Total equity	**805,184**	749,436
Total capital	**874,984**	841,323
Gearing ratio	**8.0%**	10.9%

40. CHARGES ON ASSETS

CNOOC NWS Private Limited, a wholly-owned subsidiary of the Company, together with the other partners and the operator of the NWS Project, signed a Deed of Cross Charge and an Extended Deed of Cross Charge whereby certain liabilities incurred or to be incurred, if any, by the Company in respect of the NWS Project are secured by its interest in the NWS Project.

41. SUBSEQUENT EVENTS

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

(All amounts expressed in millions of Renminbi unless otherwise stated)

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025	2024
NON-CURRENT ASSETS		
Property, plant and equipment	**–**	–
Investments in subsidiaries	**223,760**	229,413
Right-of-use assets	**5**	12
Total non-current assets	**223,765**	229,425
CURRENT ASSETS		
Amounts due from subsidiaries	**3,144**	6,144
Loans to subsidiaries	**26,705**	33,199
Time deposits with maturity over three months but within one year	**30,673**	16,024
Cash and cash equivalents	**5,909**	16,669
Total current assets	**66,431**	72,036
CURRENT LIABILITIES		
Loans and borrowings	**–**	4,303
Lease liabilities	**5**	7
Taxes payable	**–**	481
Other payables and accrued liabilities	**8**	7
Total current liabilities	**13**	4,798
NET CURRENT ASSETS	**66,418**	67,238
NON-CURRENT LIABILITIES		
Lease liabilities	**–**	5
Total non-current liabilities	**–**	5
NET ASSETS	**290,183**	296,658
EQUITY		
Equity attributable to equity shareholders of the Company		
Issued capital	**75,180**	75,180
Reserves	**215,003**	221,478
TOTAL EQUITY	**290,183**	296,658

Zhang Chuanjiang
Director

Huang Yongzhang
Director

(All amounts expressed in millions of Renminbi unless otherwise stated)

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Cumulative translation reserve	Other reserves	Retained earnings	Total reserves
Balance at 1 January 2024	4,647	5,564	189,148	199,359
Profit for the year	–	–	77,202	77,202
Other comprehensive income, net of tax	6,271	–	–	6,271
Total comprehensive income	6,271	–	77,202	83,473
2023 final dividend	–	–	(28,594)	(28,594)
2024 interim dividend	–	–	(32,097)	(32,097)
Others	–	–	(663)	(663)
Balance at 31 December 2024	10,918	5,564	204,996*	221,478
Balance at 1 January 2025	**10,918**	**5,564**	**204,996***	**221,478**
Profit for the year	**–**	**–**	**61,273**	**61,273**
Other comprehensive income, net of tax	**(7,460)**	**–**	**–**	**(7,460)**
Total comprehensive income	**(7,460)**	**–**	**61,273**	**53,813**
2024 final dividend	**–**	**–**	**(28,672)**	**(28,672)**
2025 interim dividend	**–**	**–**	**(31,616)**	**(31,616)**
Balance at 31 December 2025	**3,458**	**5,564**	**205,981***	**215,003**

* As at 31 December 2025, the distributable retained earnings of the Company amounted to approximately RMB205,981 million (31 December 2024: RMB204,996 million).

43. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 March 2026.

To fully reflect the Company's oil and gas producing activities, the Company makes the following disclosures in accordance with the FASB Accounting Standard Codification 932 "Extractive Activities-Oil and Gas" (the "ASC 932) for the assessment and disclosure of oil and gas reserves in order to provide standardized measures and variations of the estimated proven reserves of oil and gas and the discounted projected future net cash flows of the Company and its equity investors.

(1) Reserve quantity information

The Company referred to the SEC's final rules on "Modernization of Oil and Gas Reporting", which became effective as of 1 January 2010 to evaluate reserves. We implemented rigorous internal control system that monitors the entire reserves estimation process and certain key metrics.

For the years 2025,2024 and 2023 approximately 95%, 93% and 94%, respectively, of our total proved reserves were evaluated by us, and the remaining were evaluated by independent third parties.

We established the Reserve Management Committee (the "RMC"), which comprises the general managers of the relevant departments and is led by the Company's management in charge of reserves as the director. The RMC's main responsibilities are to:

- review our reserves policies;
- review our proved reserves and other categories of reserves; and
- select our reserves estimators and auditors.

The RMC follows certain procedures to appoint our internal reserves estimators and reserves auditors, who are required to have undergraduate degrees and at least five years and ten years of experience related to reserves estimation, respectively.

The reserves estimators and auditors are required to be members of a professional society, such as China Petroleum Society (CPS) and China Association of Mineral Resources Appraisers (CAMRA), and are required to take the professional trainings and examinations as required by the professional society or us.

The RMC delegates its daily operation to our Reserves Office. The Reserves Office is mainly responsible for supervising reserves estimates and auditing. It reports to the RMC periodically and is independent from operating divisions such as the exploration, development and production departments. Our Chief Reserve Supervisor has more than 30 years' experience in oil and gas industry.

The Company's net proved reserves consist of its interest in reserves, comprised of a 100% interest in its independent oil and gas properties and its participating interest in the properties covered under the production sharing contracts in the PRC, less (i) an adjustment for the Company's share of royalties payable by the Company to the PRC government and the Company's participating interest in share oil payable to the PRC government under the production sharing contracts, and less (ii) an adjustment for production allocable to foreign partners under the PRC production sharing contracts as reimbursement for exploration expenses attributable to the Company's participating interest, and plus the participating interest in the properties covered under the production sharing contracts in oversea countries, less adjustments, if any, of share oil attributable to the host government and the domestic market obligation.

The Company uses the average, first-day-of-the-month oil price during the 12-month period before the ending date of the period covered by the consolidated financial statements to estimate its proved oil and gas reserves.

(All amounts expressed in millions of Renminbi unless otherwise stated)

(1) Reserve quantity information (continued)

The Company determines its net entitlement oil and gas reserves under production sharing contracts using the economic interest method.

Proved developed and undeveloped reserves:

	PRC		Oversea				Total			
	Oil (mmbls)	Natural gas (bcf)	Oil (mmbls)	Natural gas (bcf)	Synthetic Oil (mmbls)	Bitumen (mmbls)	Oil (mmbls)	Natural gas (bcf)	Synthetic Oil (mmbls)	Bitumen (mmbls)
Consolidated entities										
31 December 2023	2,667	8,180	1,242	1,010	705	227	3,910	9,190	705	227
Purchase/(Disposal) of reserves	–	–	–	–	–	–	–	–	–	–
Discoveries and extensions	294	1,006	79	168	–	36	373	1,174	–	36
Improved recovery	65	80	–	–	–	–	65	80	–	–
Production	(376)	(684)	(147)	(189)	(7)	(26)	(523)	(873)	(7)	(26)
Revisions of prior estimates	453	198	36	233	(170)	132	489	431	(170)	132
31 December 2024	3,103	8,780	1,210	1,222	528	369	4,313	10,002	528	369
Purchase/(Disposal) of reserves	–	–	(41)	(7)	–	–	(41)	(7)	–	–
Discoveries and extensions	349	1,501	87	30	–	6	435	1,530	–	6
Improved recovery	97	13	12	–	–	–	110	13	–	–
Production	(402)	(798)	(153)	(186)	(7)	(27)	(555)	(984)	(7)	(27)
Revisions of prior estimates	238	199	156	195	19	5	394	393	19	5
31 December 2025	3,385	9,694	1,271	1,253	540	352	4,656	10,947	540	352
Enterprise's share of equity method investees										
31 December 2024	1	5	249	661	–	–	250	666	–	–
31 December 2025	1	6	254	687	–	–	254	693	–	–
Enterprise's share of equity method investees										
31 December 2024	3,103	8,785	1,459	1,883	528	369	4,563	10,668	528	369
31 December 2025	3,386	9,700	1,525	1,940	540	352	4,910	11,640	540	352

(All amounts expressed in millions of Renminbi unless otherwise stated)

(1) Reserve quantity information (continued)

Proved developed reserves:

	PRC		Oversea				Total			
	Oil (mmbls)	Natural gas (bcf)	Oil (mmbls)	Natural gas (bcf)	Synthetic Oil (mmbls)	Bitumen (mmbls)	Oil (mmbls)	Natural gas (bcf)	Synthetic Oil (mmbls)	Bitumen (mmbls)
Consolidated entities										
31 December 2024	1,902	5,052	588	843	72	118	2,490	5,895	72	118
31 December 2025	2,141	5,913	678	851	89	124	2,819	6,763	89	124
Enterprise's share of equity method investees										
31 December 2024	1	5	144	401	–	–	145	406	–	–
31 December 2025	1	6	146	387	–	–	146	393	–	–

Proved undeveloped reserves:

	PRC		Oversea				Total			
	Oil (mmbls)	Natural gas (bcf)	Oil (mmbls)	Natural gas (bcf)	Synthetic Oil (mmbls)	Bitumen (mmbls)	Oil (mmbls)	Natural gas (bcf)	Synthetic Oil (mmbls)	Bitumen (mmbls)
Consolidated entities										
31 December 2024	1,201	3,728	622	379	456	250	1,823	4,107	456	250
31 December 2025	1,244	3,782	593	403	451	228	1,837	4,184	451	228
Enterprise's share of equity method investees										
31 December 2024	–	–	105	261	–	–	105	261	–	–
31 December 2025	–	–	108	300	–	–	108	300	–	–

(All amounts expressed in millions of Renminbi unless otherwise stated)

(2) Standardised measure of discounted future net cash flows and changes therein

The average of first-day-of-the-month oil price during the 12-month period before the year end were used to estimate annual future production from proved reserves to determine future cash inflows.

Future development costs are estimated based upon constant price assumptions and the assumption of the continuation of existing economic, operating and regulatory conditions. Future income taxes are calculated by applying the year-end statutory rate to estimate future pre-tax cash flows after provision for the tax cost of the oil and natural gas properties based upon existing laws and regulations. The discount was computed by the application of a 10% discount factor to the estimated future net cash flows.

Management believes that this information does not represent the fair market value of the oil and natural gas reserves or the present value of estimated future cash flows since no economic value is attributed to potential reserves, the use of a 10% discount rate is arbitrary, and prices change constantly.

Present value of estimated future net cash flows:

		2025			2024		
Consolidated entities	Notes	**PRC**	**Oversea**	**Total**	PRC	Oversea	Total
Future cash inflows	(1)	**2,201,358**	**949,866**	**3,151,224**	2,555,676	1,080,464	3,636,140
Future production costs		**(661,017)**	**(369,015)**	**(1,030,032)**	(955,737)	(389,241)	(1,344,978)
Future development costs	(2)	**(419,711)**	**(184,364)**	**(604,074)**	(312,445)	(191,690)	(504,135)
Future income taxes		**(222,036)**	**(65,566)**	**(287,602)**	(273,222)	(80,475)	(353,697)
Future cash flows	(3)	**898,596**	**330,920**	**1,229,516**	1,014,272	419,059	1,433,331
10% discount factor		**(319,110)**	**(142,583)**	**(461,693)**	(361,872)	(186,151)	(548,023)
Standardised measure of discounted future net cash flows		**579,486**	**188,337**	**767,823**	652,400	232,908	885,308

(1) Future cash flows consist of the Company's 100% interest in the independent oil and gas properties and the Company's participating interest in the properties under the production sharing contracts in the PRC, less (i) an adjustment for the royalties payable to the PRC government and the Company's participating interest in share oil payable to the PRC government under the production sharing contracts, and less (ii) an adjustment for production allocable to foreign partners under the PRC production sharing contracts as reimbursement for exploration expenses attributable to the Company's participating interest, and plus the participating interest in the properties covered under the production sharing contracts in oversea countries, less adjustments, if any, of share oil attributable to the host government and the domestic market obligation.

(2) Future development costs include the estimated costs of drilling future development wells and building the production platforms.

(3) Future net cash flows have been prepared taking into consideration estimated future dismantlement costs of dismantling offshore oil platforms and gas properties.

(All amounts expressed in millions of Renminbi unless otherwise stated)

(2) Standardised measure of discounted future net cash flows and changes therein (continued)

Present value of estimated future net cash flows:

Standardised measure of consolidated entities	2025	2024
Standardised measure, at the beginning of year	885,308	882,133
Sales of production, net of royalties and production costs	(275,314)	(295,022)
Net change in prices, net of royalties and production costs	(159,441)	(42,528)
Extensions, discoveries and improved recovery, net of future production and development costs	161,335	152,059
Change in estimated future development costs	(127,033)	(113,298)
Development costs incurred during the year	96,640	112,035
Revisions in quantity estimates	89,918	113,746
Accretion of discount	109,706	110,353
Net change in income taxes	38,732	(11,605)
Purchase of oil and gas properties	(2,886)	–
Changes in timing and other	(49,142)	(22,565)
Standardised measure, at the end of year	767,823	885,308

COMPANY INFORMATION

Board of Directors:

Non-executive Directors
Zhang Chuanjiang *(Chairman)*
Wang Dehua

Executive Director
Huang Yongzhang *(Vice Chairman, CEO and President)*

Independent Non-executive Directors
Qiu Zhi Zhong
Lin Boqiang
Li Shuk Yin Edwina

Audit Committee
Li Shuk Yin Edwina *(Chairman and Financial Expert)*
Wang Dehua
Qiu Zhi Zhong

Nomination Committee
Zhang Chuanjiang *(Chairman)*
Lin Boqiang
Li Shuk Yin Edwina

Remuneration Committee
Qiu Zhi Zhong *(Chairman)*
Wang Dehua
Lin Boqiang

Strategy And Sustainability Committee
Zhang Chuanjiang *(Chairman)*
Huang Yongzhang
Qiu Zhi Zhong
Lin Boqiang

Other Members of the Senior Management
Huo Jian *(Senior Vice President)*
Yu Jin *(Senior Vice President)*
Yan Hongtao *(Senior Vice President)*
Mu Xiuping *(Senior Vice President and Chief Financial Officer)*
Xu Changgui *(Chief Geologist)*
Xu Yugao *(General Counsel, Chief Compliance Officer and Secretary to the Board)*

Joint Company Secretaries
Xu Yugao
Tsue Sik Yu, May

Principal Banks:
Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Bank of China (Hong Kong) Limited
Citi Bank, N.A.
Bank of America

Hong Kong Share Registrar:
Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

A Share Registrar:
China Securities Depository and
Clearing Corporation
Limited, Shanghai Branch
No. 188, Yanggao South Road,
Pudong New Area, Shanghai

Stock Codes:
HKSE: 00883 (HKD counter) and 80883 (RMB counter)
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