

CNOOC LTD  
Form 6-K  
August 31, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

For the month of August 2012

Commission File Number 1-14966

CNOOC Limited  
(Translation of registrant's name into English)

65th Floor  
Bank of China Tower  
One Garden Road  
Central, Hong Kong  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CNOOC Limited

By: /s/ Hua Zhong  
Name: Hua Zhong  
Title: Joint Company Secretary

Dated: August 31, 2012

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EXHIBIT INDEX

Exhibit No.	Description
99.1	Announcement dated August 31, 2012, entitled "2012 Interim Report".
99.2	Announcement dated August 31, 2012, entitled "Notification Letter and Request Form for Non-Registered Holders".

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Exhibit 99.1

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of the year, the global economic situation was critical, and China's economic growth encountered challenges. Under this environment, CNOOC Limited followed the blueprint of "A new leap forward" as the guiding principle, actively sought opportunities amidst crisis, and realised steady growth in its different areas of business. We overcame the difficulties including a small decline in production and escalating costs and maintained strong profitability. Our net profit reached RMB 31.87 billion and once again delivered satisfactory results for our shareholders.

To realize the "new leap forward" plan, we continued to focus on our exploration program. During the first half of the year, our efforts achieved encouraging returns in our core area – offshore China. With the successful discoveries and appraisals of the mid-to-large scale oil and gas structures including Penglai 9-1 and Kenli 2-1, we strengthened our resource base for long term growth in offshore China. Our independent exploration activities in deepwater areas in the South China Sea also started to unfold the resource potential in the region. These exploration progresses made in offshore China reinforced our confidence in the sustainable development of the Company.

The Company's development and production operations in both offshore China and overseas saw many highlights. The performance of the producing oil and gas fields in offshore China was satisfactory through the adoption of production enhancement measures such as infill drilling and new technologies such as thermal recovery of heavy oil. The production volume for overseas projects has been ramping up at a steady pace. These have effectively compensated for the production losses from the shutdown of the Penglai 19-3 oilfield, enabling the Company to maintain a relatively high level of net oil and gas production despite a series of difficulties. The Company will continue to work hard to realize its annual production target.

The Company also achieved new breakthrough in its overseas development. In July, we signed an agreement for the acquisition of Nexen Inc. in Canada. Upon the closing of the transaction, the Company will become a truly global oil and gas exploration and production company with a balanced resources portfolio and important presences in the world's major oil and gas production areas. At the same time, we will be able to acquire the world-class management team and employees from Nexen and establish a leading international development platform. We are confident that the transaction will be able to create long term value for our shareholders.

In consideration of the capital requirements of the Nexen transaction and to maintain financial flexibility and support the Company's long-term growth, the board of directors of the Company has decided to pay an interim dividend of HK\$0.15 (tax inclusive) per share for 2012.

In view of rapid developments in the different areas of the Company's business and faced by the uncertain and complex external environment, we will put more emphasis on building our own capabilities. Upon the foundation of a relatively effective management system and an internal risk control mechanism, we will continue our effort to ensure safe and environmental-friendly production, to strengthen our risk control and innovative ability in scientific technology and management as well as to build up a pool of talents and employees. We shall enhance our core management, strengthen our development foundation, and continuously raise the Company's core competitiveness and capability of sustainable development. We will strive to build up a strong foundation for the Company's "A new leap forward" blueprint and to continue to create value and returns for our shareholders.

WANG Yilin  
Chairman

Hong Kong, 21 August 2012

## CEO'S STATEMENT

Dear Shareholders,

Following the blueprint of "A new leap forward", CNOOC Limited carried out its various businesses in a steady and orderly manner and achieved stable growth for its results in the first half of 2012.

### Review of the first half year

During the first half of the year, downward pressure for the world's economic growth was mounting as Europe's debt crisis continued to deepen; international oil prices decreased significantly from a high level. Under these circumstances, our entire staff members worked hard to promote the continued development of the Company's exploration, development and production and other businesses. We continue to maintain good records in perspective of health, safety and environmental protection.

First of all, the Company's exploration work achieved encouraging results. During the first half of the year, 10 discoveries were made and 18 appraisal wells were successful. Meanwhile, significant progresses were made in different fronts. In the Bohai area, we made four major achievements: firstly, a series of appraisal wells were successful, proving Penglai 9-1 to be the biggest oil and gas structure discovered in Bohai in recent years; secondly, we made a mid-to-large discovery Kenli 2-1, which contains medium to light crude oil; thirdly, the successful appraisal of Qinhuangdao 29-2 East structure was made, extending the original Qinhuangdao 29-2 structure and enlarging its reserve scale; lastly, two new discoveries, Luda 21-2 and Luda 6-2, made in the Liaodong Bay area were both mid-sized discoveries, opening up a new exploration field with ample potentials in this area. In Western South China Sea, breakthrough was once again achieved in the Yinggehai high-temperature high-pressure zone, resulting in the Dongfang 13-2 natural gas discovery.

In addition, independent deep water exploration progressed smoothly. As planned, we have proceeded with independent drilling in the deep water area in South China Sea, accumulating extensive operation technologies and management experiences. Natural gas discovery was made in the Liuhua 29-2 structure, demonstrating a brighter future for the area's exploration.

For the first half of the year, the Company's net oil and gas production reached 160.9 million BOE. Our net production decreased 4.6% year over year (YoY) mainly due to the Penglai 19-3 oilfield, the scheduled shutdown and maintenance, and the disposal of the ONWJ block in Indonesia. By bringing the new projects on stream as scheduled, ensuring the stable operation of the facilities and equipment, and optimizing the technologies for production enhancement, we are confident to accomplish our annual production target of 330-340 million BOE established early this year.

The Company's average realized oil price reached US\$116.91 per barrel, representing an increase of 8.1% YoY; the average realized natural gas price reached US\$5.90 per thousand cubic feet, representing an increase of 20.0% YoY. The Company maintained its strong profitability in the industry, with oil and gas sales reached RMB95.66 billion and net profit amounted to RMB31.87 billion. It is worth mentioning that due to rising industry costs and changes in





the Company's assets structure, our all-in cost for the first half of the year was US\$34.60 per barrel, representing an increase of 13.1% compared to the whole year of 2011. In order to maintain our competitive cost structure, cost control will continue to be a key aspect for the management of the Company in the future.

#### Opening up a new horizon for overseas development

Since the beginning of the year, the Company has achieved satisfactory development in its overseas business, with overseas oil and gas production increasing significantly. The acquisition of one-third working interest in each of Exploration Area of 1, 2 and 3A in Uganda was also completed on 21 February 2012.

It is more encouraging that an agreement was reached between the Company and Nexen Inc. in Canada in July for the acquisition of the entire common shares and preferred shares of Nexen Inc. for a consideration of US\$15.1 billion. The acquisition was consistent with CNOOC Limited's established value-driven merger and acquisition strategy. The acquisition will not only increase the net proved reserve of the Company by around 30% and its net production by around 20%, but also bring to the Company invaluable experience in the area of unconventional oil and gas resources such as oil sands and shale gas, as well as a high-quality management team and employees.

Through the transaction, we will be able to expand our overseas business and resource base, enhance our presence in Canada, Gulf of Mexico and Nigeria, and enter the resourceful UK North Sea. It will further diversify CNOOC Limited's growth platform and benefit our long term sustainable growth.

In the meantime, we will continue to enhance the management on our overseas assets and control the risks including the changes of fiscal regimes.

#### Outlook for the second half of the year

For the second half of the year, the world economy will likely to continue to bear the downward pressure and international oil prices are expected to become increasingly volatile. In view of the critical external environment, we will continue to ensure good business performance in different aspects of the Company, strengthening our foundation and striving for stable development.

In practical terms, the Company will focus on the following areas:

Firstly, continue to strengthen the fundamental management and the system of health, safety and environmental protection to ensure safe and environmental-friendly production.

Secondly, commence new projects on schedule, implement production enhancement measures such as infill drilling, and ensure our annual production target be accomplished.

Thirdly, focus on the appraisal of new discoveries made in the first half of the year and continue to implement exploration program.

Fourthly, carry out the follow up work of the transaction with Nexen.

Lastly, strengthen core management and focus on cost control and efficiency improvement.

The Company has embarked on a new development platform, establishing a portfolio with combination of independent and PSC operations, shallow water and deep water, domestic and overseas, as well as conventional and unconventional oil and gas resources. In the future, we will continue to enhance our core competitiveness and strive to deliver greater value to our shareholders.

LI Fanrong  
Chief Executive Officer

Hong Kong, 21 August 2012

## KEY FIGURES

	Six months ended 30	
	June	2011
	2012	2011
Net profit, million RMB	31,869	39,343
Basic earnings per share, RMB	0.71	0.88
Total oil and gas sales, million RMB	95,658	97,030
Total revenue, million RMB	118,268	124,568
Interim dividend per share, HK\$(tax inclusive)	0.15	0.25
Net Production*		
Oil, million barrels	127.0	133.2
Gas, billion cubic feet	195.7	208.2
Total, million BOE	160.9	168.7

\*Including our interest in equity-accounted investees, which is approximately 8.7 million BOE for the first half of 2012 and approximately 8.8 million BOE for the first half of 2011.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

(All amounts expressed in millions of Renminbi, except per share data)

		Six months ended 30	
		June	
	Notes	2012	2011
		(Unaudited)	(Unaudited)
<b>REVENUE</b>			
Oil and gas sales	4	95,658	97,030
Marketing revenues	4	21,884	27,110
Other income		726	428
		118,268	124,568
<b>EXPENSES</b>			
Operating expenses		(8,753 )	(7,322 )
Taxes other than income tax	7(ii)	(8,034 )	(4,864 )
Exploration expenses		(4,584 )	(1,538 )
Depreciation, depletion and amortisation		(15,172 )	(13,950 )
Special oil gain levy	5	(13,639 )	(17,274 )
Crude oil and product purchases	4	(21,780 )	(27,026 )
Selling and administrative expenses		(1,246 )	(1,204 )
Others		(552 )	(603 )
		(73,760 )	(73,781 )
<b>PROFIT FROM OPERATING ACTIVITIES</b>			
		44,508	50,787
Interest income		633	442
Finance costs	6	(850 )	(566 )
Exchange (loss)/gain, net		(356 )	294
Investment income		1,037	663
Share of profits of associates		156	177
Share of profits of a joint venture		54	317
Non-operating income/(expense), net		27	(38 )
<b>PROFIT BEFORE TAX</b>			
		45,209	52,076
Income tax expense	7(i)	(13,340 )	(12,733 )
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
		31,869	39,343



		Six months ended 30	
		June	2011
	Notes	2012	2011
		(Unaudited)	(Unaudited)
<b>OTHER COMPREHENSIVE LOSS</b>			
Exchange differences on translation of foreign operations		280	(1,752 )
Net (loss)/gain on available-for-sale financial assets, net of tax	9	(621 )	1,210
Share of other comprehensive (loss)/income of associates		(1 )	10
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>			
		(342 )	(532 )
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
		31,527	38,811
<b>EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic (RMB Yuan)	8	0.71	0.88
Diluted (RMB Yuan)	8	0.71	0.88
<b>DIVIDEND</b>			
Interim dividend declared (tax inclusive)	17	5,459	9,287

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2012

(All amounts expressed in millions of Renminbi)

	Notes	30 June 2012 (Unaudited)	31 December 2011 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	236,764	220,567
Intangible assets	11	949	1,033
Investments in associates		2,886	2,822
Investment in a joint venture		19,045	20,175
Available-for-sale financial assets		6,407	7,365
Deferred tax assets		57	–
Other non-current assets		420	379
<b>Total non-current assets</b>		<b>266,528</b>	<b>252,341</b>
<b>CURRENT ASSETS</b>			
Inventories and supplies		5,189	4,380
Trade receivables	12	18,241	20,662
Held-to-maturity financial assets		1,544	23,467
Available-for-sale financial assets		63,317	27,576
Other current assets		8,816	7,684
Time deposits with maturity over three months	13	36,785	24,476
Cash and cash equivalents		13,801	23,678
<b>Total current assets</b>		<b>147,693</b>	<b>131,923</b>

	Notes	30 June 2012 (Unaudited)	31 December 2011 (Audited)
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	15	25,643	19,919
Trade and accrued payables	14	19,589	20,424
Other payables and accrued liabilities		12,288	22,217
Taxes payable		7,372	7,656
<b>Total current liabilities</b>		<b>64,892</b>	<b>70,216</b>
<b>NET CURRENT ASSETS</b>		<b>82,801</b>	<b>61,707</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>349,329</b>	<b>314,048</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	15	29,347	18,076
Provision for dismantlement		26,351	24,964
Deferred tax liabilities		5,902	5,488
Other non-current liabilities		3,504	2,664
<b>Total non-current liabilities</b>		<b>65,104</b>	<b>51,192</b>
<b>NET ASSETS</b>		<b>284,225</b>	<b>262,856</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	16	949	949
Reserves		283,276	261,907
<b>TOTAL EQUITY</b>		<b>284,225</b>	<b>262,856</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

(All amounts expressed in millions of Renminbi)

	Equity attributable to owners of the parent							Proposed final dividend	Total
	Issued capital	Share premium and capital redemption reserve	Cumulative translation reserve	Statutory and non- distributive reserves	Other reserves	Retained earnings			
<b>Balances at 1</b>									
January 2011	949	42,129	(13,361)	20,000	10,972	145,656	9,421		215,766
Profit for the period	–	–	–	–	–	39,343	–		39,343
Other comprehensive loss, net of tax	–	–	(1,752 )	–	1,220	–	–		(532 )
<b>Total comprehensive income</b>	–	–	(1,752 )	–	1,220	39,343	–		38,811
2010 final dividend	–	–	–	–	–	134	(9,421 )		(9,287 )
Equity-settled share option expenses	–	–	–	–	103	–	–		103
Appropriation and utilisation of safety fund, net	–	–	–	–	1	–	–		1
<b>Balances at 30 June 2011 (Unaudited)</b>	<b>949</b>	<b>42,129</b>	<b>(15,113)</b>	<b>20,000</b>	<b>12,296</b>	<b>185,133</b>	<b>–</b>		<b>245,394</b>
<b>Balances at 1</b>									
January 2012	949	42,129	(17,187)	20,000	10,282	196,541	10,142		262,856
Profit for the period	–	–	–	–	–	31,869	–		31,869
Other comprehensive loss, net of tax	–	–	280	–	(622 )	–	–		(342 )
<b>Total comprehensive income</b>	–	–	280	–	(622 )	31,869	–		31,527
2011 final dividend	–	–	–	–	–	(49 )	(10,142)		(10,191 )
Equity-settled share option expenses	–	–	–	–	33	–	–		33
<b>Balances at 30 June 2012</b>									

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(Unaudited)	949	42,129	(16,907)	20,000	9,693	228,361	–	284,225
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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

(All amounts expressed in millions of Renminbi)

	Six months ended 30	
	June	June
	2012	2011
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	36,240	50,534
Net cash used in investing activities	(51,845 )	(56,360 )
Net cash generated from financing activities	5,707	1,791
Net decrease in cash and cash equivalents	(9,898 )	(4,035 )
Cash and cash equivalents at beginning of period	23,678	27,287
Effect of foreign exchange rate changes, net	21	(230 )
Cash and cash equivalents at end of period	13,801	23,022

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2012

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

## 1. ORGANISATION AND PRINCIPAL ACTIVITIES

CNOOC Limited (the “Company”) was incorporated in the Hong Kong Special Administrative Region (“Hong Kong”) of the People’s Republic of China (the “PRC”) on 20 August 1999 to hold the interests in certain entities whereby creating a group comprising the Company and its subsidiaries (hereinafter collectively referred to as the “Group”). During the six months ended 30 June 2012, the Group was principally engaged in the exploration, development, production and sales of crude oil, natural gas and other petroleum products.

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

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

As at 30 June 2012, the Company had direct or indirect interests in the following principal subsidiaries, joint venture and associates:

Name of entity	Place and date of establishment	Nominal value of ordinary shares issued and paid-up/ registered capital	Percentage of equity attributable to the Group	Principal activities
Directly held subsidiaries:				
CNOOC China Limited	Tianjin, PRC 15 September 1999	RMB20 billion	100%	Offshore petroleum exploration, development, production and sales in the PRC
China Offshore Oil (Singapore) International Pte Ltd	Singapore 14 May 1993	SG\$3 million	100%	Sales and marketing of petroleum products outside the PRC
CNOOC International Limited	British Virgin Islands 23 August 1999	US\$20,000,000,002	100%	Investment holding
OOGC America, Inc.	State of Delaware, United States of America 28 August 1997	US\$1,000	100%	Investment holding
CNOOC Finance (2002) Limited**	British Virgin Islands 24 January 2002	US\$1,000	100%	Bond issuance
CNOOC Finance (2003) Limited	British Virgin Islands 2 April 2003	US\$1,000	100%	Bond issuance



Name of entity	Place and date of establishment	Nominal value of ordinary shares issued and paid-up/ registered capital	Percentage of equity attributable to the Group	Principal activities
Directly held subsidiaries (continued):				
CNOOC Finance (2011) Limited	British Virgin Islands 31 December 2010	US\$1,000	100%	Bond issuance
CNOOC Finance (2012) Limited***	British Virgin Islands 10 April 2012	US\$1,000	100%	Bond issuance
Indirectly held subsidiaries*:				
CNOOC Deepwater Development Limited	Zhuhai, PRC 1 March 2010	RMB 1 billion	100%	Deepwater and low-grade oil and gas fields exploration, development, and oil and gas production, sales in the PRC
CNOOC Southeast Asia Limited	Bermuda 16 May 1997	US\$12,000	100%	Investment holding
CNOOC SES Ltd.	Labuan, F.T., Malaysia 27 March 2002	US\$1	100%	Petroleum exploration, development and production in Indonesia
CNOOC Muturi Limited	Isle of Man 8 February 1996	US\$7,780,770	100%	Petroleum exploration, development and production in Indonesia
CNOOC NWS Private Limited	Singapore 8 October 2002	SG\$2	100%	Offshore petroleum exploration, development and production in Australia
CNOOC Exploration & Production Nigeria Limited	Nigeria 6 January 2006	Naira 10 million	100%	Petroleum exploration, development and production in Africa
CNOOC Iraq Limited	British Virgin Islands 15 October 2010	US\$1	100%	Providing services of petroleum exploration and development in oilfield of the Republic of Iraq

Name of entity	Place and date of establishment	Nominal value of ordinary shares issued and paid-up/ registered capital	Percentage of equity attributable to the Group	Principal activities
Indirectly held subsidiaries* (continued):				
CNOOC Canada Inc.	Canada 15 January 1999	281,749,526 common shares without a par value	100%	Oil sands exploration, development and production in Canada
CNOOC Uganda Ltd (note 3)	Uganda 11 May 2010	1,000,000 Uganda Shilling	100%	Petroleum exploration, development and production in Africa
Joint venture:				
Bridas Corporation	British Virgin Islands 15 September 1993	US\$102,325,582	50%	Investment holding
Associates:				
Shanghai Petroleum Corporation Limited	Shanghai, PRC 7 September 1992	RMB900 million	30%	Offshore petroleum exploration, development, production and sales in the PRC
CNOOC Finance Corporation Limited	Beijing, PRC 14 June 2002	RMB1,415 million	31.8%	Provision of deposit, transfer, settlement, loan, discounting and other financing services to CNOOC and its member entities
Northern Cross (Yukon) Limited	Yukon, Canada 19 September 1994	22,691,705 common shares without a par value	60%	Petroleum exploration, development and production in Canada

\* All subsidiaries are indirectly held through CNOOC International Limited, except CNOOC Deepwater Development Limited which is indirectly held through CNOOC China Limited.

\*\*

The guarantee notes issued by CNOOC Finance (2002) Limited were repaid in March 2012 (note 15), and CNOOC Finance (2002) Limited was subsequently dissolved on 27 July 2012.

\*\*\* CNOOC Finance (2012) Limited was incorporated on 10 April 2012, for issuing guaranteed notes (note 15).

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



2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Accounting Standards 34 (“IAS 34”) and Hong Kong Accounting Standards 34 (“HKAS 34”) Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2011.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011. The adoption of new standards and interpretations as of 1 January 2012 does not have any material impact on the accounting policy, interim financial position or performance of the Group.

Improvements to IFRSs/HKFRSs

The IASB/HKICPA has issued improvements to IFRSs/HKFRSs which set out amendments to a number of IFRSs/HKFRSs primarily with a view to remove inconsistencies and clarify wording. The adoption of those amendments upon their effective dates did not have any material impact on the accounting policies, interim financial position or performance of the Group.

3. ACQUISITIONS AND OTHER VENTURE

On 29 March 2011, CNOOC Uganda Ltd, a wholly-owned subsidiary of CNOOC International Limited, entered into a sales and purchase agreement with Tullow Uganda Limited and Tullow Uganda Operations Pty Ltd., wholly-owned subsidiaries of Tullow Oil Plc., to acquire a one-third working interest in Uganda Exploration Areas 1, 2 and 3A (the “Uganda Assets”) for an initial cash consideration of US\$1.467 billion. The acquisition of the Uganda Assets was completed on 21 February 2012. Together with the related price adjustment, the cash consideration mentioned above has been recorded as acquisition costs of oil and gas properties.

4. OIL AND GAS SALES AND MARKETING REVENUES

Oil and gas sales represent the invoiced value of sales of oil and gas attributable to the interests of the Group, net of royalties and the government share oil that is lifted and sold on behalf of the government. Revenue from the sale of oil is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. Revenue from the production of oil and gas in which the Group has a joint interest with other producers is recognised based on the Group’s working interest and the terms of the relevant production sharing contracts. Differences between production sold and the Group’s share of production are not significant.

Marketing revenues principally represent the sales of oil and gas purchased from the foreign partners under the production sharing contracts and revenues from the trading of oil and gas through the Company's subsidiaries. The marketing cost of the oil and gas sold is included in "Crude oil and product purchases" in the interim condensed consolidated statement of comprehensive income.

5. SPECIAL OIL GAIN LEVY

In 2006, a Special Oil Gain Levy ("SOG Levy") was imposed by the Ministry of Finance of the PRC ("MOF") at the 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\$40 per barrel. MOF has decided to increase the threshold of the SOG Levy to US\$55, with effect from 1 November 2011. Notwithstanding this adjustment, the SOG Levy continues to have five levels and should be calculated and charged according to the progressive and valorem rates on the excess amounts. 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.

6. FINANCE COSTS

Accretion expenses of approximately RMB647 million relating to the provision for dismantlement liabilities have been recognised in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2012 (six months ended 30 June 2011: approximately RMB421 million).

7. TAX

(i) Income tax

The Company and its subsidiaries are subject, on an entity basis, to income taxes on profits arising in or derived from the tax jurisdictions in which the entities of the Group are domiciled and operate. The Company is subject to profits tax at a rate of 16.5% (2011: 16.5%) on profits arising in or derived from Hong Kong, which is qualified as a foreign tax credit to offset the PRC corporate income tax starting from 1 January 2008.

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

The Company's subsidiary in Mainland China, CNOOC China Limited, is a wholly-owned foreign enterprise. It is subject to corporate income tax at the rate of 25% under the prevailing tax rules and regulations.

Subsidiaries of the Group domiciled outside the PRC are subject to income tax at rates ranging from 10% to 56%.

(ii)

Other taxes

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

~~Production taxes at the rate of 5% on independent production and production under production sharing contracts;~~

Resource taxes at the rate of 5% (reduced tax rates may apply to specific products and fields) on the oil and gas sales revenue (excluding production taxes) derived by oil and gas fields under production sharing contracts signed after 1 November 2011 and independent offshore oil and gas fields starting from 1 November 2011, which replaced the royalties for oil and gas fields, except for those under production sharing contracts signed before 1 November 2011 which will be subject to related resource taxes requirement after the expiration of such production sharing contracts;

Mineral resource compensation at the temporary rate of 1% on the oil and gas sales revenue derived by oil and gas fields under production sharing contracts signed after 1 November 2011 and independent offshore oil and gas fields starting from 1 November 2011;

– Export tariffs at the rate of 5% on the export value of petroleum oil;

– Business tax at rates of 3% to 5% on other income;

- City construction tax at the rate of 1% or 7% on the actual paid production taxes and business tax;
- Educational surcharge at the rate of 3% on the actual paid production taxes and business tax; and
- Local educational surcharge at the rate of 2% on the actual paid production taxes and business tax.

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, profit, budgeted operating and capital expenditures.

8.

## EARNINGS PER SHARE

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)

## Earnings:

Profit for the period attributable to ordinary equity holders for the basic and diluted earnings per share calculation	31,869	39,343
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## Number of shares:

Number of ordinary shares issued at the beginning of the period, excluding repurchased but not cancelled shares	44,646,305,984	44,669,199,984
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Weighted average number of ordinary shares for the purpose of basic earnings per share	44,646,305,984	44,669,199,984
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Effect of dilutive potential ordinary shares under the share option schemes	161,740,031	220,916,382
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Weighted average number of ordinary shares for the purpose of diluted earnings per share	44,808,046,015	44,890,116,366
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Earnings per share – Basic (RMB Yuan)	0.71	0.88
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– Diluted (RMB Yuan)	0.71	0.88
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## 9. NET (LOSS)/GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET OF TAX

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)

## Available-for-sale financial assets:

Comprehensive income arising during the period	9	1,870
Less: Reclassification adjustment for net gain included in the investment income	(509 )	(660 )
Less: Income tax effect	(121 )	–
	(621 )	1,210



The comprehensive income of the Group's available-for-sale investments was derived from investment of corporate wealth management products, liquidity funds and the investment in the equity securities of MEG Energy Corporation.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, additions to the Group's property, plant and equipment, including the property, plant and equipment acquired in acquisitions, amounted to approximately RMB32,474 million (six months ended 30 June 2011: approximately RMB25,044 million).

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

Included in the current period's additions was an amount of approximately RMB684 million (six months ended 30 June 2011: approximately RMB456 million) in respect of interest capitalised in property, plant and equipment.

11. INTANGIBLE ASSETS

The intangible assets of the Company comprise software, gas processing rights of the NWS Project. The computer software is amortised over their respective useful lives on the straight-line basis. The intangible asset regarding the gas processing rights has been amortised upon the commencement of commercial production of the liquefied natural gas using the unit-of-production method.

12. TRADE RECEIVABLES

The credit terms of the Group are generally within 30 days after the delivery of oil and gas, except for new customers, where payment in advance is normally required. Trade receivables are non-interest-bearing.

As at 30 June 2012 and 31 December 2011, substantially all the trade receivables were aged within 30 days. All customers have a good repayment history and no receivables are past due.

13. TIME DEPOSITS WITH MATURITY OVER THREE MONTHS

Included in the time deposit is a deposit of RMB8.88 billion placed by CNOOC China Limited, a wholly-owned subsidiary of the Company, with the Bank of China to secure loans of US\$1.37 billion (note 15) granted by the Bank of China.

14. TRADE AND ACCRUED PAYABLES

As at 30 June 2012 and 31 December 2011, substantially all the trade and accrued payables were aged within six months. The trade and accrued payables are non-interest-bearing.

## 15. LOANS AND BORROWINGS

## Current

	Effective interest rate and final maturity	Bank loan	30 June 2012 (Unaudited) Notes/ Bonds		Bank loan	31 December 2011 (Audited) Notes/ Bonds	
			Total			Total	
<b>Short-term loans and borrowings</b>							
General loan	LIBOR+0.6% to 1.5% per annum with maturity within one year	24,160	–	24,160	16,193	–	16,193
		24,160	–	24,160	16,193	–	16,193
<b>Loans and borrowings due within one year</b>							
For Tangguh L N Project*****	GLIBOR+0.23% to 0.38% per annum with maturity within one year	220	–	220	207	–	207
For Nigeria O M L 1 3 0 Project	LIBOR+4% per annum with maturity within one year	–	–	–	369	–	369
Finance (2002)*		–	–	–	–	3,150	3,150
Finance (2003)**		–	1,263	1,263	–	–	–

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220	1,263	1,483	576	3,150	3,726
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24,380	1,263	25,643	16,769	3,150	19,919
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## Non-current

	Effective interest rate and final maturity	Bank loan	30 June 2012 (Unaudited) Notes/ Bonds	Total	Bank loan	31 December 2011 (Audited) Notes/ Bonds	Total
For Tangguh LNG Project*****	LIBOR+0.23% to 0.38% per annum with maturity through 2021	2,460	–	2,460	2,562	–	2,562
F i n a n c e (2003)**		–	1,853	1,853	–	3,102	3,102
F i n a n c e (2011)***		–	12,467	12,467	–	12,412	12,412
F i n a n c e (2012)****		–	12,567	12,567	–	–	–
		2,460	26,887	29,347	2,562	15,514	18,076

As at 30 June 2012, except for general loans of US\$1.37 billion secured by time deposits (note 13), all the bank loans of the Group were unsecured. None of the outstanding borrowings was guaranteed by CNOOC.

\*The principal amount of US\$500 million of 6.375% guaranteed notes due in 2012 was issued by CNOOC Finance (2002) Limited, a wholly-owned subsidiary of the Company. The obligations of CNOOC Finance (2002) Limited in respect of the notes were unconditionally and irrevocably guaranteed by the Company, and were repaid in March 2012.

\*\*The principal amount of US\$200 million of 4.125% guaranteed notes due in 2013 and the principal amount of US\$300 million of 5.500% guaranteed notes due in 2033 were issued by CNOOC Finance (2003) Limited, a wholly-owned subsidiary of the Company. The obligations of CNOOC Finance (2003) Limited in respect of the notes are unconditionally and irrevocably guaranteed by the Company.

\*\*\*The principal amount of US\$1,500 million of 4.25% guaranteed notes due in 2021 and the principal amount of US\$500 million of 5.75% guaranteed notes due in 2041 were issued by CNOOC Finance (2011) Limited, a wholly-owned subsidiary of the Company. The obligations of CNOOC Finance (2011) Limited in respect of the notes are unconditionally and irrevocably guaranteed by the Company.

\*\*\*\*The principal amount of US\$1,500 million of 3.875% guaranteed notes due in 2022 and the principal amount of US\$500 million of 5.000% guaranteed notes due in 2042 were issued by CNOOC Finance (2012) Limited, a wholly-owned subsidiary of the Company. The obligations of CNOOC Finance (2012) Limited in respect of the

notes are unconditionally and irrevocably guaranteed by the Company.

\*\*\*\*\*The amount represented the Group's share of utilised bank loans in Tangguh Liquefied Natural Gas Project (the "Tangguh LNG Project").

The Company delivered a guarantee dated 29 October 2007 in favour of Mizuho Corporate Bank, Ltd., which acts as the facility agent for and on behalf of various international commercial banks under a US\$884 million commercial loan agreement dated 29 October 2007 in connection with the Tangguh LNG Project in Indonesia. The Company guarantees the payment obligations of the trustee borrower under the subject loan agreement and is subject to a maximum cap of approximately US\$164,888,000. Together with the loan agreement dated 31 July 2006 with a maximum cap of approximately US\$487,862,000, the total maximum guarantee cap is US\$652,750,000.

An agreement in respect of the sale of a 3.05691% interest of the Company in the Tangguh LNG Project to Talisman Energy Inc. (“Talisman”) for a consideration of US\$212.5 million became effective on 1 January 2008. The transaction was completed through the equity transfer of an indirect subsidiary of the Company. The Company through its subsidiary continues to hold a 13.89997% interest in the Tangguh LNG Project after the sale.

In addition, a letter of credit agreement was signed between the Company and Talisman with the execution of the aforesaid agreement. Accordingly, Talisman has delivered valid and unexpired standby letters of credit with the amount of US\$120 million to the Company (as the beneficiary) as a counter-guarantee to offset the exposure of the Company’s guarantee for the aforesaid interest of 3.05691% in respect of the Tangguh LNG Project financing.

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

16. ISSUED CAPITAL			
Shares	Number of shares	Share capital HK\$ million	Issued share capital equivalent of RMB million
Authorised:			
Ordinary shares of HK\$0.02 each			
as at 30 June 2012 and			
31 December 2011	75,000,000,000	1,500	
Issued and fully paid:			
Ordinary shares of HK\$0.02 each			
as at 1 January 2011	44,669,199,984	893	949
Share repurchased and cancelled in 2011*	(10,019,000 )	–	–
As at 31 December 2011 (audited)	44,659,180,984	893	949
Share repurchased and cancelled in 2012*	(12,875,000 )	–	–

As at 30 June 2012 (unaudited)	44,646,305,984	893	949
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\*During the year of 2011, the Company purchased 22,894,000 of its shares with an aggregate cash payment of HK\$315,016,715 on The Stock Exchange of Hong Kong Limited (the "HKSE"). 10,019,000 shares had been cancelled by the Company by 31 December 2011 and the remaining 12,875,000 shares were cancelled on 10 January 2012.

17. DIVIDEND

On 21 August 2012, the board of Directors (the “Board”) declared an interim dividend of HK\$0.15 (tax inclusive) per share (six months ended 30 June 2011: HK\$0.25 (tax inclusive) per share), totalling approximately HK\$6,697 million (tax inclusive) (equivalent to approximately RMB5,459 million (tax inclusive)) (six months ended 30 June 2011: approximately RMB9,287 million (tax inclusive)), based on the number of issued shares as at 30 June 2012.

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

18. SHARE OPTION SCHEMES

The Company has adopted the following four share option schemes:

- (i) Pre-Global Offering Share Option Scheme (as defined in the Other Information section);
- (ii) 2001 Share Option Scheme (as defined in the Other Information section);
- (iii) 2002 Share Option Scheme (as defined in the Other Information section); and
- (iv) 2005 Share Option Scheme (as defined in the Other Information section).

Details of these share option schemes are disclosed in the Other Information section in the interim report.

During the six months ended 30 June 2012, the movements in the options granted under all of the above share option schemes were as follows:

	Number of share options	Weighted average exercise price HK\$
Outstanding as at 1 January 2012	420,960,900	9.56
Granted during the period	–	–
Exercised during the period	–	–
Forfeited during the period	(6,026,000 )	10.89
Outstanding as at 30 June 2012	414,934,900	9.54
Exercisable as at 30 June 2012	383,227,000	9.28

No share options had been cancelled during the six months ended 30 June 2012.

As at 30 June 2012, the share options outstanding under these share option schemes represented approximately 0.93% of the Company's shares in issue as at that date (31 December 2011: 0.94%).

Other than those disclosed in these interim condensed consolidated financial statements, no right to subscribe for equity or debt securities of the Company was granted by the Company to, nor have any such rights been exercised by, any other person during the six months ended 30 June 2012.

The assumptions on which the option pricing model is based represent the subjective estimation of the Directors as to the circumstances existing at the time the options were granted.

## 19. RELATED PARTY TRANSACTIONS

As disclosed in note 1, the Company is a subsidiary of CNOOC, 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 organizations.

As the Group is controlled by CNOOC, transactions with CNOOC, its subsidiaries and associates (the "CNOOC Group") are disclosed as related party transactions. The Company entered into a comprehensive framework agreement with CNOOC on 1 November 2010 for the provision (1) by the Group to CNOOC Group and (2) by CNOOC Group to the Group, 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 2011. The continuing connected transactions and relevant annual caps were approved by the independent shareholders of the Company on 24 November 2010. The approved related party/continuing



connected transactions are as follows:

1. Provision of exploration, oil and gas development, oil and gas production as well as marketing, management and ancillary services by CNOOC Group to the Group:

- a) Provision of exploration and support services
- b) Provision of oil and gas development and support services
- c) Provision of oil and gas production and support services
- d) Provision of marketing, management and ancillary services
- e) FPSO vessel leases

2. Provision of management, technical, facilities and ancillary services, including the supply of materials by the Group to CNOOC Group; and

3. Sales of petroleum and natural gas products by the Group to CNOOC Group:

- 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

#### Pricing principles

The related party/continuing connected transactions referred to in paragraphs 1(a) to 1(d) above provided by CNOOC Group to the Group and paragraph 2 above provided by the Group to CNOOC Group are based on negotiations with CNOOC Group on normal commercial terms, or on terms no less favourable than those available to the Group from independent third parties, under prevailing local market conditions, including considerations such as volume of sales, length of contracts, package of services, overall customer relationship and other market factors.

For services provided by CNOOC Group to the Group as described above, on the basis of the above pricing principle, such services must be charged in accordance with the following pricing mechanism and in the following sequential order: