

The following is the letter of advice from Maxa Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2602, 26/F, Golden Centre
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Sheung Wan
Hong Kong

7 November 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Mesdames,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2026 TO 2028

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the renewal of the Non-exempt Continuing Connected Transactions and their proposed annual caps for each of the three years ending 31 December 2028 (the “**Proposed Annual Caps**”); (ii) the term of agreements regarding long-term sales of natural gas and liquefied natural gas to CNOOC and/or its Associates for longer than three years, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 7 November 2025 issued by the Company (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 30 October 2025, the Company entered into the Comprehensive Framework Agreement with CNOOC for the provision (1) by the Group to CNOOC and/or its Associates and (2) by CNOOC and/or its Associates 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 commencing on 1 January 2026, and is conditional upon the Independent

Shareholders' approval at the EGM. Except for the addition of or adjustment to certain categories of Continuing Connected Transaction, the Comprehensive Framework Agreement is substantially on the same terms as the terms contained in the comprehensive framework agreement entered into by the Company and CNOOC on 2 November 2022, as described in the 2022 Circular.

As at the Latest Practicable Date, based on the records of the Company, CNOOC directly and indirectly holding approximately 62.13% of the all of the Shares in issue. CNOOC is therefore a connected person (as defined under the Listing Rules) of the Company and the transactions contemplated under the Comprehensive Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As the highest applicable percentage ratios for each of the annual caps under the Non-exempt Continuing Connected Transactions exceed 5%, the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps are subject to, among other things, the approval by the Independent Shareholders. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps. Save for this appointment, there was no other engagement between the Company and us in last two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things: (i) the Comprehensive Framework Agreement; (ii) the annual reports of the Company for the two years ended 31 December 2023 (the “**2023 AR**”) and 31 December 2024 (the “**2024 AR**”); (iii) the interim report of the Company for the six months ended 30 June 2025 (the “**2025 IR**”); (iv) the basis and assumption adopted in determining the Proposed Annual Caps; and (v) the Company's internal control procedures and records in relation to Non-exempt Continuing Connected Transactions. We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied

on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, inter alia, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the EGM. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers and/or the Directors. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

The Group 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 Group

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

CNOOC Group principally engages in professional technical services, refining and sales, natural gas and power generation and financial services. CNOOC is the actual controller of the Company.

2. Terms of the Non-exempt Continuing Connected Transactions

The Comprehensive Framework Agreement sets out the major terms such as the pricing basis for the provision of the Non-exempt Continuing Connected Transactions. Except for the addition of or adjustment to certain categories of Continuing Connected Transaction, the Comprehensive Framework Agreement is substantially on the same terms as the terms contained in the comprehensive framework agreement entered into by the Company and CNOOC on 2 November 2022, as described in the 2022 Circular. The detailed terms as to (i) specific products and services requested by the relevant party; (ii) detailed technical and other specifications which may be relevant to those products or services; and (iii) the quantities and fees for the products and services will be agreed from time to time based on the major terms as set out in the Comprehensive Framework Agreement. Extracted below are the major terms of the Comprehensive Framework Agreement.

2.1 Categories of the Non-exempt Continuing Connected Transactions

Categories of the Non-exempt Continuing Connected Transactions under the Comprehensive Framework Agreement are as follows. Further details of each category are set out in the section headed “Renewal of Continuing Connected Transactions in respect of 2026 to 2028” in the “Letter from the Board” of this Circular:

- Provision of development and production services by CNOOC and/or its Associates to the Group
 - (a) Provision of development and support services; and
 - (b) Provision of production and support services.
- Sales of petroleum, natural gas and renewable-energy power products (including green certificates) by the Group to CNOOC and/or its Associates
 - (a) Sales of petroleum, natural gas and renewable-energy power products (including green certificates) (other than long-term sales of natural gas and liquefied natural gas); and

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

2.2 Pricing policies

The basic pricing principle for the Non-exempted Continuing Connected Transactions between the Group and CNOOC 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 local, national or international market prices.

The government-prescribed prices are applicable to water supply, electricity supply, gas supply and heat supply. We have reviewed the relevant regulations issued by regulatory authorities in the PRC and noted the such prices will be updated by NDRC and relevant government pricing departments from time to time and published on their official websites.

Where the goods and service to be procured is qualified for tendering and price comparison, the Company will adopt tendering and price comparison process. The Group invites at least two potential independent third-party suppliers/service providers (if applicable) to provide quotations (including proposals such as cost structure of products or services) in respect of the requested products and services. Following the receipt of quotations from at least two potential independent third-party suppliers/service providers, the Group will evaluate and compare the terms of quotations and determine the winning supplier/service provider by taking into account factors such as price quotations, quality of the products or services, ability of the suppliers/service providers in meeting technical specifications and delivery schedules, and qualification and relevant experience of the suppliers/service providers. The contract will be awarded to the supplier/service provider who fulfills the technical requirements and offers the most favourable pricing to the Company after arm's length negotiation and discussion.

If there does not exist two or more independent third parties providing such type of products or services, the price will be determined in accordance with the negotiation between the two parties of the transaction. When both parties enter into fair negotiation on pricing, consideration should be given to the reasonableness of the cost structure of the products or service after comparison and analysis of historical purchase price and with reference to factors leading to price changes for such type of products or services to determine the transaction price.

When determining the market price for each type of products and services, the Company makes reference to international industry information from different sources, including (i) Brent, Dubai, Oman and West Texas Intermediate crude oil prices, official prices of national oil companies of oil producing countries and Argus sulfur crude oil price index which are updated regularly; (ii) the reports regularly issued by IHS (IHS Markit Ltd.) for the provision of exploration well operations, drilling and completion well operations and related technical services; (iii) the weighted average crude oil import price into Japan (i.e. the Japanese Crude Cocktail (JCC) index; (iv) the annual reports of at least three major overseas goods and service providers of the oil and gas industry such as Schlumberger, Halliburton and Baker Hughes; and (v) the prices charged by other independent suppliers in the local market. This will align the Group's pricing standards with those used in the industry or international markets.

Please refer to the paragraph headed “Price Determination” in the “Letter from the Board” of this Circular for further details in relation to the determination of the government-prescribed price and the market price. We have reviewed six relevant transactions documents with three transactions from each of development and production category and we noted that the tender and price comparison process carried out by the Group is consistent with the policy as described above.

In respect of well workover, drilling and completion well operations and related technical services, the price of well workover platform shall refer to the international market price level, and shall be determined by comparing the market price reports regularly issued by IHS (IHS Markit Ltd.) and the prices quoted by CNOOC and/or its Associates. When determining such prices, the Company will consider specific conditions of different drilling rig types, operating water depths and key equipment capabilities, which shall be fully negotiated between both parties. According to the corporate information from the official website (<https://ihsmarkit.com/about/index.html>), IHS is a leading business solutions provider belongs to S&P Global Group. It has published a number of well-known industry reports related to oil & gas industry such as IHS Markit Floating Rig Report and IHS Markit Jackup Rig Report. We have obtained and reviewed the reports issued by IHS and consider that IHS is a qualified information provider and their data is commonly used in the industry.

In respect of the other development and support services with no comparable markets and satisfy the single source (direct) procurement conditions, the contract price is determined through arm's length negotiation by taking reference to the information disclosed in the annual reports of at least three major overseas goods and service providers of the oil and gas industry such as Schlumberger, Halliburton and Baker Hughes to obtain a general understanding of the approximate range of prices charged by these service providers. Schlumberger, Halliburton and Baker Hughes are leading international services providers in oil & gas industry and have been providing the relevant professional services to the Company. We consider the prices charged by Schlumberger,

Halliburton and Baker Hughes are representative of the market practice. We have reviewed a sample single source (direct) procurement negotiation report of development services provided by CNOOC and/or its Associates to the Group and noted that the historical prices quoted by Schlumberger, Halliburton and Baker Hughes has been considered in the negotiation process of the contract price.

In respect of the sales of petroleum and natural gas products (including long-term sales of natural gas and liquefied natural gas), we understand from the Management that the Group will adopt the same pricing policies (including making references to benchmark prices and determining the pricing based on same set of criteria) for transactions with both CNOOC and/or its Associates and independent third-party customers. The sales price of crude oil is determined by taking reference to the Brent, Dubai, Oman and West Texas Intermediate crude oil prices, official prices of national oil companies of oil producing countries and Argus sulfur crude oil price index which are updated regularly and making adjustments of approximately 20% more or less than the abovementioned reference prices. The long-term sales price of domestic natural gas is determined with reference to the price of the relevant local provincial/municipal gate station (there being only one gate station in each province or municipality) prescribed by the NDRC from time to time and published on its website (<http://www.ndrc.gov.cn>) and/or the prices charged by two to three independent natural gas suppliers (depending on whether they have operations in the specific local market) in the local markets who are the other major natural gas suppliers having operations similar to that of the Company and supplying similar products to CNOOC and/or its Associates or other buyers. Once the Company obtains the prices charged by other independent suppliers as mentioned above, the Company will conduct internal comparison and appraisal process. During such process, the Company will take into account factors such as the quality of products, supply and demand of the local markets, transportation distance, market research, internal analysis and proposals comparison, resource supply capacity. Thereafter, the Company will enter into arm's length negotiation with the parties in accordance with market principles including voluntariness, equality, fairness and good faith, and consideration will be given to the reasonableness of the cost structure of the products. The sales price of overseas liquefied natural gas under the Company's existing long-term sales contract of liquefied natural gas is calculated based on a price formula linked to the weighted average crude oil import price into Japan (i.e. the Japanese Crude Cocktail (JCC) index, which is then adjusted by two constants determined through arm's length negotiation among the contractual parties. We noticed from the public information that JCC index is a commonly used reference price index for long-term sales contracts of liquefied natural gas in the Asia Pacific region and is available at the website for release of trade statistics by the Ministry of Finance of Japan (<https://www.customs.go.jp>). We have reviewed a total of five sample contracts of sales of petroleum by the Group to connected person and independent third party and a total of six sample contracts of long-term sales of natural gas by the Group to connected persons and independent third parties in 2023 and 2024. We noted that the Company has taken reference to the Brent crude oil prices with relevant adjustments when determined the market price of petroleum, and taken

reference to the price of the relevant local provincial/municipal gate station and the prices charged by two to three independent natural gas suppliers when determined the market price of natural gas in the sample contracts.

In respect of the sales of renewable-energy power products (including green certificates), we understand from the Management that transactions conducted through listing and bidding shall follow the relevant rules governing such methods. For transactions carried out through bilateral negotiation, the pricing shall be determined through arm's length negotiation between the parties with reference to the annual or monthly transaction price of renewable-energy power, or the price of other types of transaction (including listing, bidding, etc.), on the power trading platform in the province where the renewable-energy power project is situated, as well as taking into account factors such as market supply and demand. We have reviewed a total of four sample contracts of sales of renewable-energy power products (including green certificates) by the Group to connected person and independent third party. We noted that the Company has followed the policies of NDRC and relevant local government pricing departments when determined the price of renewable-energy power products (including green certificates) in the sample contracts.

In view of the above and taking account into (i) the internal control measures of the Group as further analysed in the section below headed "Internal Control" and (ii) the pricing policies are referenced to market price quoted or used by international industry players, we consider the pricing policies of the Non-exempt Continuing Connected Transactions are fair and reasonable and on normal commercial terms.

3. Reasons for and benefits of entering into the Non-exempt Continuing Connected Transactions

Prior to the restructuring of CNOOC and establishment of the Company, CNOOC and/or its Associates and the Group operated as an integrated organisation which undertook numerous intra-group transactions each year. As a consequence of the restructuring and upon the listing of the Shares on the Hong Kong Stock Exchange, a number of transactions which have been entered into and which are to be entered into between the Group and CNOOC and/or its Associates constitute continuing connected transactions for the Company under the Listing Rules.

CNOOC and/or its Associates is the single largest supplier and client of the Company. Sales to CNOOC and/or its Associates accounted for approximately 62%, 57% and 59% of the total revenue of the Group for the three years ended 31 December 2024 respectively while purchase from CNOOC and/or its Associates represented approximately 37%, 46% and 40% of the total purchases of the Group for such periods. The continuous and stable supply of various products and services contemplated under the Comprehensive Framework Agreement depends, to a large extent, on the performance of the CNOOC Group and the

performance of transactions contemplated under the Comprehensive Framework Agreement. Nevertheless, CNOOC Group holds a dominant position in providing services in relation to production and operation. The above services are essential to the operations of the Group. The Company will benefit from the CNOOC Group as a secured and stable source of supply of technical services, equipment, materials, utilities, etc. through the performance of the Comprehensive Framework Agreement.

Due to the long-term historical relationship between the Group and the CNOOC Group, they have better understanding of each other's business and can better ensure the standards of technology, quality, delivery and technical support of the products and services to meet each other's requirements. In general, the entering into the Comprehensive Framework Agreements would provide flexibility for the Group to continue its existing arrangements with CNOOC Group of providing products and services to each other, and facilitate the overall operations and growth of the Groups' business by leveraging the resources and advantages of CNOOC Group

Taking into account the above and other commercial benefits to the Group, we concur with the Company that the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. Proposed Annual Caps

In assessing the fairness and reasonableness of the Proposed Annual Caps, we have discussed with the Company about the basis and underlying assumptions used in the determination of the Proposed Annual Caps. The proposed annual caps represent the maximum amounts of transactions the Group would enter into with CNOOC and/or its Associates, rather than the obligation of the Group to accept or provide products and service from or to CNOOC and/or its Associates at that amount. We have discussed and concur with the Management that the Proposed Annual Caps will provide more flexibility to the Group and the Proposed Annual Caps are at the appropriate level after taken into account the historical transaction amounts and expected future growth.

4.1 Historical Amount, Existing and Proposed Annual Caps

The following table sets forth (i) the historical amounts for the two years ended 31 December 2024 and for the six months ended 30 June 2025 ("1H2025"); (ii) the existing annual caps for each of the three years ended/ending 31 December 2025 ("FY2023", "FY2024" and "FY2025" respectively); and (iii) the Proposed Annual Caps for each of the three years ending 31 December 2028.

<i>RMB million</i>			Existing Annual Caps for the years ended/ending 31 December			Proposed Annual Caps for the years ending 31 December		
			2023	2024	2025	2026	2027	2028
Provision of development and support services by the CNOOC and/or its Associates to the Group	Annual Caps		73,715	66,145	64,249	72,981	67,193	70,919
	Actual amounts		57,764	60,851	27,053 ¹			
	Utilisation rates		78.4%	92.0%	42.1% ²			
Provision of production and support services by CNOOC and/or its Associates to the Group	Annual Caps		20,116	21,715	22,866	25,503	28,053	29,672
	Actual amounts		16,469	18,028	8,757 ¹			
	Utilisation rates		81.9%	83.0%	38.3% ²			
Sales of petroleum, natural gas and renewable-energy power products (including green certificates) (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates	Annual Caps		298,356 ³	315,765 ³	328,945 ³	322,743	329,236	327,494
	Actual amounts		209,596	215,765	95,224 ¹			
	Utilisation rates		70.3%	68.3%	28.9% ²			
Long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates	Annual Caps		38,382	46,347	61,719	62,599	69,209	75,762
	Actual amounts		27,516	31,605	21,096 ¹			
	Utilisation rates		71.7%	68.2%	34.2% ²			

1. Historical amount for the six months ended 30 June 2025.
2. The utilisation rates for the year ending 31 December 2025 are computed based on the actual amounts up to 30 June 2025.
3. The annual caps include existing annual caps in respect of sales of green power products for the three years ended/ending 31 December 2025, which are nil, RMB220 million and RMB220 million, respectively.

4.2 Basis of determination of the Proposed Annual Caps

4.2.1 Provision of development and support services by the CNOOC and/or its Associates to the Group

In determining the proposed annual caps for the provision of development and support services by CNOOC and/or its Associates to the Group under the Comprehensive Framework Agreement, the Company has mainly considered:

- (i) previous transactions conducted and transaction amounts in respect of the oil and gas development and support services provided by CNOOC and/or its Associates to the Group;
- (ii) the expected increase in the level of development activities in the coming years as a result of achievements in exploration; and
- (iii) the number of ongoing and estimated future development projects and the stage and production schedule of such projects.

In assessing the fairness and reasonableness of the proposed annual caps for the provision of development and support services by CNOOC and/or its Associates to the Group, we have reviewed the historical amounts of the relevant services for FY2023 and FY2024 and for 1H2025, which represent the utilisation rates of existing annual caps of approximately 78.4%, 92.0% and 42.1% for the corresponding periods. The proposed annual cap for the year ending 31 December 2026 represents an increase of approximately 19.9% to the highest historical transaction amount for FY2024 and an increase of approximately 13.6% to the existing annual cap for FY2025. The proposed annual caps for the two years ending 31 December 2028 represent annual reduction rates of approximately 7.9% and 5.5 % respectively.

According to the 2024 AR and 2025 IR, in FY2024, the Company drilled 210 exploration wells, made 10 new discoveries and successfully appraised 27 oil and gas-bearing structures in offshore China. The Company discovered Lingshui 36-1, the world's first large gas field in ultra deep-water and ultra-shallow-play with proved in-place volume of 100 billion cubic meters, and Huizhou 19-6, the first 100-million-ton oil field in Eastern South China Sea, further solidifying the Company's reserve foundation. In 1H2025, the Company achieved significant results in oil and gas exploration, having made five new oil and gas discoveries offshore China, including Jinzhou 27-6, and successfully appraised a couple of large and medium-sized oil and gas bearing structures such as Qinhuangdao 29-6, while maintaining steady growth in onshore unconventional natural gas reserves.

We have reviewed the internal forecast document provided by the Company in relation to the expected development activities of the Group for the coming three years from 2026 to 2028. We

noted that currently there are 15 oilfields, 8 gas fields, 1 non-conventional gas fields and 1 shore electricity power project under construction and all of these projects are expected to commence production before the end of 2027. We also noted from the internal forecast document that the Group has 68 projects currently in the early development stage and 52 projects are expected to commence production before the end of 2028. As advised by the Management, the majority costs of development activities will concentrate and be recognised in six months to a year before production, therefore the related transaction amounts of services to be provided by CNOOC and/or its Associates is expected to decrease after 2026 as the projects commence production gradually.

Having considered (i) the high utilisation rates of existing annual caps for FY2023 and FY2024; and (ii) the expected development activities and the number of estimated development projects in the next three years; we concur with the Company that the proposed annual caps for the provision of development and support services by CNOOC to the Group under the Comprehensive Framework Agreement are in line with their business plan for the three years ending 31 December 2028 and thus are fair and reasonable.

4.2.2 Provision of production and support services by CNOOC and/or its Associates to the Group

In determining the proposed annual caps for the provision of production and support services by CNOOC and/or its Associates to the Group under the Comprehensive Framework Agreement, the Company has mainly considered:

- (i) previous transactions conducted and transaction amounts in respect of the oil and gas production and support services provided by CNOOC and/or its Associates to the Group; and
- (ii) the anticipated commencement of production of oil and gas fields.

In assessing the fairness and reasonableness of the proposed annual caps for the provision of production and support services by CNOOC and/or its Associates to the Group, we have reviewed the historical amounts of the relevant services for the two years ended 31 December 2024 and for the six months ended 30 June 2025 and noted that (i) the utilisation rates of existing annual caps are approximately 81.9%, 83.0% and 38.3% for the corresponding periods; and (ii) the transaction amount for 1H2025 represents an increase of approximately 6.0% as compared with that for the six months ended 30 June 2024 (“1H2024”). The proposed annual cap for the year ending 31 December 2026 represents an increase of approximately 41.5% to the highest historical transaction amount for FY2024 and an increase of approximately 11.5% to the existing annual cap for FY2025. The proposed annual caps for the two years ending 31 December 2028 represent annual growth rates of approximately 10.0% and 5.8% respectively.

As set out in the 2024 AR, in FY2024, the oil and gas production reached 726.8 million BOE in 2024, representing a year-on-year increase of 7.2%. The Company made remarkable progress in integrated exploitation and development project for reserve growth, and successfully appraised several oil and gas bearing structures, such as Luda 32-2, Wushi 16-5, and Weizhou 11-10, laying a solid foundation for the efficient conversion of reserves into production. Various new projects successfully commenced production during FY2024, including “Shenhai-1” Phase II Natural Gas Development Project, Suizhong 36-1/Luda 5-2 Oilfield Secondary Adjustment Development Project, Huizhou 26-6 Oilfield Development Project, Bozhong 19-2 Oilfield Development Project, Liuhua 11-1/4-1 Oilfield Secondary Development Project in offshore China, as well as Mero3 Project in Brazil and Long Lake Northwest Project in Canada. More than 60 projects were under construction throughout the year, and the development and construction of key projects progressed smoothly.

In FY2025, the Company has set a production target of 760-780 million BOE. Various major new projects are scheduled to come on stream throughout the year, including Bozhong 26-6 Oilfield Development Project (Phase I), Kenli 10-2 Oilfield Group Development Project (Phase I), Weizhou 11-4 Oilfield Adjustment and Development Project of Enclosed Area and Panyu 10/11 Blocks Joint Development Project (Panyu 11-12 Oilfield/Panyu 10-1 Oilfield/Panyu 10-2 Oilfield Adjustment Joint Development Project) in China, as well as overseas projects including Yellowtail Project in Guyana and Buzios7 Project in Brazil.

According to the 2025 Business Strategy of the Company published on 22 January 2025 (the “**2025 Business Strategy**”), the Company’s net production for 2026 and 2027 are estimated to be 780 to 800 BOE and 810 to 830 BOE, respectively.

We have reviewed the internal forecast document provided by the Company in relation to the expected commencement of production of the Group for the coming three years from 2026 to 2028. We noted there are currently 25 projects under construction and are expected to commence production before the end of 2027. As discussed in relation to the development activities above, there are total 52 projects in the early development stage are expected to commence production before the end of 2028 according to the development schedule of the Company.

Having considered (i) the high utilisation rates of existing annual caps for FY2023 and FY2024; (ii) the year-on-year increase of the net production as predicted in the business strategy of the Company; and (iii) the expected commencement of production in the coming three years, and therefore we concur with the Company that the proposed annual caps for provision of production and support services by CNOOC and/or its Associates to the Group under the Comprehensive Framework Agreement are in line with their business plan for the three years ending 31 December 2028 and thus are fair and reasonable.

4.2.3 Sales of petroleum, natural gas and renewable-energy power products (including green certificates) (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates

In determining the proposed annual caps in respect of sales of petroleum, natural gas and renewable-energy power products (including green certificates) (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates under the Comprehensive Framework Agreement, the Company has mainly considered:

- (i) previous transactions conducted and transaction amounts in respect of the sales of petroleum, natural gas and renewable-energy power products (including green certificates) (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates;
- (ii) the scheduled production capacity of the Group;
- (iii) the estimated resultant increase in the Group's production and sales due to the expected increase in the demand for petroleum, natural gas and renewable-energy products (including green certificates) from CNOOC and/or its Associates to facilitate its/their business development plans;
- (iv) the forecast of Brent crude oil made by analysts which amounted to approximately US\$87.4, US\$86.3, and US\$82.8 per barrel for 2026, 2027 and 2028, respectively;
- (v) the extent of the volatility in oil prices as demonstrated in historical Brent crude oil prices in 2024;
- (vi) the fact that future oil prices for the coming three years cannot be accurately predicted;
- (vii) the need to provide flexibility for the Group to capture the business opportunities offered by CNOOC and/or its Associates should they place more orders with the Group; and
- (viii) variations in oil price assumptions as compared to those adopted in estimating the existing 2025 annual caps for this category as set out in the 2022 Circular.

As advised by the Management, nearly all the sales under this category relates to the sales of petroleum. Minimal amount of natural gas products and renewable-energy power products was sold to CNOOC and/or its Associates under this category because natural gas products are mainly sold to CNOOC and/or its Associates under long-term sales contracts as more particularly discussed below.

In assessing the fairness and reasonableness of the proposed annual caps for sales of petroleum, natural gas and renewable-energy power products (including green certificates) (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates, we have reviewed the historical amounts of the relevant services for FY2023 and FY2024 and for 1H2025 and we noted that utilisation rates of the existing annual caps are approximately 70.3%, 68.3% and 28.9% for the corresponding periods. The proposed annual cap for the year ending 31 December 2026 represents an increase of approximately 49.6% to the highest historical transaction amount for FY2024 and a decrease of approximately 1.8% to the existing annual cap for FY2025. The proposed annual caps for the two years ending 31 December 2028 represent an annual growth rate of approximately 2.0% and an annual reduction rate of approximately 0.5% respectively.

As set out in the 2024AR, the Company recorded approximately RMB307.6 billion of crude and liquids sales in FY2024, representing an increase of approximately 9.0% as compared to FY2023. The crude and liquids sales volume of the Company was 562.9 million barrels, representing a year-on-year increase of 9.4%, and the average realised oil price was US\$76.75 per barrel, representing a year-on-year decrease of approximately 1.6%, basically in line with international oil prices.

As set out in the 2025 Business Strategy, the Company's net production for 2026 and 2027 are estimated to increase approximately 20 million and 30 million BOE, respectively. We have reviewed the internal forecast document provided by the Company in relation to the expected sales of petroleum of the Group for the coming three years from 2026 to 2028. We noted that the estimated growth rate in terms of sales volume is expected to increase steadily in the coming three years at around 0.81% to 0.82% year-on-year. The Company have also estimated sales prices for crude oil with reference to forecast on Brent crude oil made by analysts which amounted to approximately US\$87.4, US\$86.3 and US\$82.8 per barrel for year 2026, 2027 and 2028 respectively, representing an increase respectively as compared to the average Brent crude oil price of approximately US\$68.0 per barrel in September 2025. Taking account into the volatility in historical international oil prices and the uncertainties in international oil price affected by market factors such as the international situation as well as the fact that future oil prices for the coming three years could not be accurately predicted by the Company, we consider the forecasted prices referenced by the Company to be acceptable.

Having considered (i) the high utilisation rates of existing annual caps for FY2023 and FY2024; (ii) the increasing estimated production and demand of petroleum in the coming three years; and (iii) the forecast prices of Brent crude referred by the Company in the estimation is generally in line with the market forecast, we concur with the Company that the proposed annual caps for the sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) by the Group to CNOOC and/or its Associates under the Comprehensive

Framework Agreement in line with their business plan for the three years ending 31 December 2028 and thus are fair and reasonable.

4.2.4 Long-term sales of natural gas and liquefied natural gas by the Group to the CNOOC and/or its Associates Group

In determining the proposed annual caps in respect of long-term sales of natural gas and liquefied natural gas by the Group to the CNOOC and/or its Associates under the Comprehensive Framework Agreement, the Company has mainly considered:

- (i) previous transactions conducted and transaction amounts in respect of the long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates;
- (ii) the increase in the availability of natural gas and liquefied natural gas as a result of the expected commencement of production of a number of gas fields in the coming three years;
- (iii) the ongoing production of existing gas fields;
- (iv) the estimated increase in sales to CNOOC and/or its Associates by approximately 10.6% and 9.5% in 2027 and 2028 year-on-year, based on (a) the discussions with CNOOC Group on their estimated demand for natural gas and liquefied natural gas products in the coming years, and (b) the Group's estimated quantity of natural gas and liquefied natural gas to be sold in the coming three years based on the business plan and discussions with CNOOC Group; and
- (v) the sale prices of the Group's natural gas products with reference to historical sales prices, contractual adjustment to gas prices for a particular gas field and estimated growth rate taking into account inflation and other factors.

In assessing the fairness and reasonableness of the proposed annual caps for long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates, we have reviewed the historical amounts of the relevant services for FY2023 and FY2024 and for 1H2025 and we noted that (i) the utilisation rates are approximately 71.7%, 68.2% and 34.2% for the corresponding periods; and (ii) the transaction amount for 1H2025 represents an increase of approximately 41.2% as compared with that for 1H2024. The proposed annual cap for the year ending 31 December 2026 represents an increase of approximately 98.1% to the highest historical transaction amount for FY2024 and a slight increase of approximately 1.4% to the existing annual cap for FY2025. The proposed annual caps for the two years ending 31 December 2028 represent annual growth rates of approximately 10.6% and 9.5% respectively.

As set out in the 2024AR, the natural gas sales volume of the Company was 870.3 bcf in FY2024, representing a year-on-year increase of 7.8%. The Company's average realised natural gas price was US\$7.72/mcf, representing a year-on-year decrease of approximately 3.3%, mainly due to the relatively loose supply and demand in China natural gas market, resulting in a decline in domestic gas prices. As set out in the 2025IR, in 1H2025, the natural gas sales volume of the Company was 489.2 bcf, representing a period-on-period increase of 13.5%, with a significant increase of 12.0% in natural gas production, and both domestic and overseas production exceeding historical highs for the same period.

According to the 2024AR, in FY2024, the Company created the ultra deep-water ultra-shallow hydrocarbon enrichment theory and discovered Lingshui 36-1, the world's first ultra deep-water and ultra-shallow layer gas field with reserves of 100 billion cubic meters in Qiongdongnan Basin, promoting the realisation of one-trillion-cubic-meter gas region in the South China Sea. Additionally, the Company made a major breakthrough in the deep natural gas exploration of the Pearl River Mouth Basin with the discovery of Wenchang 10-3 East Gas Field, opening up a new frontier for natural gas exploration in Wenchang Sag of the Pearl River Mouth Basin. According to the 2025IR, natural gas production grew by 12.0% year-on-year, mainly due to the production contribution of "Shenhai-1" Phase II. We have reviewed the internal forecast document provided by the Company in relation to the production plan of gas field and we noted several gas fields are expected to commence production in the coming three years, such as Dongfang 1-1 Gas Field CCUS Project, Wenchang 10-3 Gas Field Phase II Development Project, Ledong 22-1 Gas Fields Comprehensive Adjustment Project. Considering the above and the estimated increase in by-products resulting from an increase in production of natural gas, the estimated long-term sales of natural gas and liquefied natural gas will continue to increase in the coming three years. The Company has also estimated the sales values of natural gas and liquefied natural gas to be sold for the coming three years taking into account estimations relating to specific gas field projects including those as mentioned above and the estimated sales to CNOOC and/or its Associates will be increased by approximately 10.6% and 9.5% in 2027 and 2028 respectively. When estimating the sale prices of natural gas, the Management made reference to, among other things, the historical sales prices in 2024 for natural gas produced from each gas field, adjustments mechanism of natural gas prices in relation to a particular gas field pursuant to contract and the estimated growth rate of the products in the coming three years.

Having considered (i) the high utilisation rates of existing annual caps for FY2023 and FY2024; and (ii) the increasing estimated production and demand of natural gas in the coming three years, we concur with the Company that the proposed annual caps for the long-term sales of natural gas and liquefied natural gas by the Group to CNOOC and/or its Associates under the Comprehensive Framework Agreement are in line with their business plan for the three years ending 31 December 2025 and thus are fair and reasonable.

5. Internal Control

The Company has formulated a series of internal control measures and procedures, details of which are included in the section headed “Internal control measures to ensure connected transactions are conducted in accordance with the Comprehensive Framework Agreement” in the Letter from the Board. We have reviewed such internal control measures and procedures of the Company, and we are of the view that such internal control measures and procedures could ensure the terms of individual transactions for the Non-exempt Continuing Connected Transactions are in line with market practice.

In respect of the provision of services by CNOOC and/or its Associates to the Group including development and production category, we have obtained and reviewed three sample transaction documents from each of category from 2023 to 2025. We noted in all six sample transaction documents there are at least two potential independent third-party service providers were invited to provide quotations in respect of the requested services and the contracts were awarded to the service providers who fulfilled the technical requirements and offered the most favourable pricing to the Company after arm’s length negotiation and discussion.

In respect of the provision of sales of petroleum and natural gas products by the Group to CNOOC and/or its Associates, we have obtained and reviewed six sample transaction documents (including contracts and invoices) for each of the sales of petroleum and natural gas products (other than long-term sales of natural gas and liquefied natural gas) and long-term sales of natural gas and liquefied natural gas, respectively. Each type of sample transaction documents consists of two transactions entered into with independent third parties and four transactions entered into with CNOOC and/or its Associates from 2023 to 2025. We noted the market prices in the sample transaction documents were determined by making reference to the benchmark price in the market, and any premium or discount is determined through negotiations between the buyer and the seller with reference to the benchmark price, which is consistent with the pricing policies.

As the sample transaction documents contain all categories of the Non-exempt Continuing Connected Transactions, we are of the view the sample transaction documents represent fair and representative samples of historical transactions.

Pursuant to Rules 14A.55 and 14A.56 of the Hong Kong Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We have reviewed the 2023 AR and the 2024 AR, and noted that the independent non-executive Directors and the auditor of the Company have reviewed the Non-exempt Continuing Connected Transactions and provided the relevant confirmations. As confirmed with the Company, the

Company will continue to comply with the relevant annual review requirement under the Hong Kong Listing Rules on an on-going basis.

Based on the above, we concur with the Company that the Group has effective internal policies in place to continue to monitor the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps, in order to ensure the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable and no less favourable to the Company than the terms available to or from independent third parties, and in the interest of the Company and its Shareholders as a whole, therefore the interests of the Company and its Shareholders would be safeguarded.

6. Duration of agreements regarding long-term sales of natural gas and liquefied natural gas

6.1 Reasons of the duration of agreements exceeding three years

We have discussed with the Management about the rationale for the duration of the agreements regarding the long-term sales of natural gas and liquefied natural gas. Development of a gas field involves several steps including, among others, construction of gas field platform and long-distance pipelines. Huge capital resources are required to meet such capital expenditure requirement. Accordingly, the Group will, during the development phase of the gas field, identify its target customers and sign long-term supply agreements/sales contracts with them to ensure the return on the investment. When determining the duration of the supply agreements/sales contracts for natural gas and liquefied natural gas, it is the Group's practice to make reference to, among other things, the estimated reserves and production profile of the relevant gas field(s) (i.e. the designated gas field(s) for supply/sales as set out in the supply agreement/sales contract) for stable supply. As set out in the Comprehensive Framework Agreement, the duration of medium-to-long term supply agreements/ sales contracts for sales of natural gas and liquefied natural gas will be within 3 to 25 years.

We have obtained and reviewed a brief summary from the Company in relation to (i) duration of natural gas/liquefied natural gas supply agreements/sales contracts entered into between the Group and CNOOC and/or its Associates; (ii) duration of natural gas/liquefied natural gas supply agreements/sales contracts entered into between the Group and independent third parties; and (iii) the expected life of the relevant gas fields. We noted that the terms of the long-term sales of natural gas/ liquefied natural gas agreements/contracts which exceeded 3 years and entered into between the Group and CNOOC and/or its Associates are between 10 to 25 years and does not exceed the range of the terms of the long-term sales of natural gas/ liquefied natural gas agreements/contracts entered into between the Group and independent third parties between 10 to 26 years. The duration of certain agreements/contracts are determined based on the estimated life (where applicable) of the relevant gas fields.

The expected life of the gas field is determined by the Company based on estimated reserves and production profile of the gas field currently available. As advised by the Management, the term of the supply agreements/sales contracts was determined with reference to the expected life of the designated gas field at the time of signing of the agreements/contracts. The expected life of a gas field may change from time to time as a result of continuous exploration, development and production activities. For the supply agreements/sales contracts with duration longer than the expected life of the relevant designated gas field, the Group will closely monitor the estimated reserves and production profile of the relevant gas fields. As at the Latest Practicable Date, the Management do not foresee that the Group will not be able to meet the scheduled supply of natural gas to CNOOC and/or its Associates.

We have also conducted market research on natural gas sales and purchase agreement entered into and published relevant news by listed companies with market cap over HKD200 billion during the period of one year prior to the date of Comprehensive Framework Agreement. On a best-effort basis, we have identified 6 comparable sales and purchase agreements which fall within the abovementioned selection criteria. We are of the view that such review period provides us an adequate information of recent terms agreed under natural gas sales and purchase agreement. Details of the comparable sales and purchase agreements are set out below:

Company Name	Stock Code	Announcement date	Duration (Years)
Woodside Energy Group	WDS.AX	2025/6/18	15
		2025/3/17	15
Energy Transfer LP	ET.US	2025/6/25	20
		2025/5/29	20
		2025/2/10	10
		2024/12/19	20

Source: The news published on the official website of Woodside Energy Group (<https://www.woodside.com/media-centre/announcements>) and Energy Transfer LP (<https://energytransfer.com/newsroom/>).

As illustrated in the table above, the terms of comparable sales and purchase agreements ranged from 10 to 20 years. We consider the terms of long-term supply agreements/sales contracts entered into by the Group with Group and CNOOC and/or its Associates exceeding three years is in line with the market practice.

Considering (i) signing long-term supply agreements/sales contracts could ensure the return on capital investment; (ii) the terms of long-term supply agreements/sales contracts entered into

by the Group with Group and CNOOC and/or its Associates are similar to those entered into by the Group with independent third parties; (iii) the terms of long-term supply agreements/sales contracts entered into by the Group with Group and CNOOC and/or its Associates exceeding three years is in line with the market practice, and (iv) the supply agreements/sales contracts will be terminated if the Company fails to obtain the Independent Shareholders' approval regarding the proposed annual caps for the long-term sales of natural gas and liquefied natural gas after 31 December 2025, we are of the view that entering into the agreements of long-term sales of natural gas and liquefied natural gas by the Group and CNOOC and/or its Associates is in the interests of the Company and its Shareholders as a whole and is normal business practice to have a term of longer than 3 years.

7. Recommendation

Having considered the above factors and reasons, we are of the opinion that (i) the Non-exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company and on normal commercial terms; and (ii) the terms of the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolutions in relation to the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Maxa Capital Limited



Michael Fok
Managing Director

Mr. Michael Fok is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry.