中海石油化學股份有限公司
China BlueChemical Ltd.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

ANNUAL REPORT 2024

HKSE CODE: 3983

Plant Nutrition Solution Provider

COMPANY PROFILE

China BlueChemical Ltd. ("China BlueChem", the "Company" or "we", together with subsidiaries, the "Group", stock code: 03983) is the largest state-owned chemical fertiliser producer and the leading methanol producer in China. Headquartered in Beijing, China BlueChem's production facilities are located in Hainan Province, Hubei Province and Heilongjiang Province. Its total designed annual production capacity amounts to 1,840,000 tonnes of urea, 1,000,000 tonnes of phosphate and compound fertilisers, 1,400,000 tonnes of methanol, and 270,000 tonnes of Acrylonitrile and relating products. On 29 September 2006, China BlueChem was listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

China BlueChem is one of the largest listed companies in terms of production volume of fertilisers and methanol in China. As a subsidiary of China National Offshore Oil Corporation ("CNOOC"), the competitive advantages owned by China BlueChem laid a solid foundation for its robust development of chemical fertilisers and chemical businesses.

The production facilities in Hainan

The production facilities in Hubei

The production facilities in Heilongjiang

CONTENTS

Financial Highlights

Selected consolidated income statement data

For the year ended 31 December, RMB'million

Financial Highlights	2020	2021	2022	2023	2024
Revenue	10,417.5	13,398.0	14,279.0	12,989.8	**11,946.5**
Cost of sales	(9,083.8)	(10,461.6)	(11,742.4)	(10,928.8)	**(10,241.8)**
Gross profit	1,333.7	2,936.4	2,536.6	2,061.0	**1,704.7**
Other income and other gains and losses	180.1	106.4	77.1	89.0	**105.6**
Selling and distribution costs	(183.1)	(118.5)	(113.8)	(114.8)	**(91.3)**
Administrative expenses	(432.6)	(542.3)	(551.5)	(602.7)	**(629.1)**
Other expenses	(28.4)	(358.9)	(47.4)	(27.0)	**(17.9)**
Finance income	272.6	372.7	314.8	357.9	**351.1**
Finance costs	(76.0)	(50.6)	(29.4)	(34.2)	**(52.8)**
Exchange (losses)/gains, net	(13.2)	0.4	9.4	(9.6)	**(3.6)**
Share of (losses)/gains of joint ventures	(0.4)	0.7	2.7	1.8	**45.8**
Share of (losses)/gains of associates	0.8	2.6	2.7	2.2	**3.2**
Impairment losses	-	(304.3)	(23.5)	(6.2)	**(17.8)**
Change in fair value of financial assets at fair value through profit or loss	-	6.1	93.0	88.3	**69.4**
Gain on disposal of a subsidiary	-	68.7	-	858.2	**-**
Gains on disposal of an associate	-	455.1	-	-	**-**
Gains on deemed disposal of a joint venture	-	67.0	-	-	**-**
Profit before tax	1,053.5	2,641.5	2,270.7	2,663.9	**1,467.3**
Income tax expenses	(274.5)	(1,000.2)	(472.0)	(289.9)	**(316.1)**
Profit for the year	779.0	1,641.3	1,798.7	2,374.0	**1,151.2**
Profit for the year attributable to owners of the Company	745.5	1,497.6	1,642.6	2,381.7	**1,071.3**
Basic earnings per share attributable to ordinary owners of the Company (RMB)	0.16	0.32	0.36	0.52	**0.23**

Selected consolidated statement of financial position data

As at 31 December, RMB'million

Financial Highlights	2020	2021	2022	2023	2024
Assets					
Non-current assets	8,062.3	7,970.0	8,012.9	8,740.7	**8,719.6**
Current assets	12,685.5	13,461.6	15,484.8	15,576.6	**15,356.4**
Total assets	20,747.8	21,431.6	23,497.7	24,317.3	**24,076.0**
Equity and liabilities					
Total equity	15,628.2	16,914.7	17,776.6	19,407.1	**19,507.0**
Non-current liabilities	216.9	1,074.9	1,618.6	1,766.1	**2,056.1**
Current liabilities	4,902.7	3,442.0	4,102.5	3,144.1	**2,512.9**
Total equity and liabilities	20,747.8	21,431.6	23,497.7	24,317.3	**24,076.0**

Operational Highlights

Production volume and utilisation rate of the Group's various plants

		For the year ended 31 December					
		Production volume *(tonnes)*			Utilisation rate *(%)*		
		2024	2023	Change %	**2024**	2023	Change
Chemical fertilisers							
Urea	Fudao Phase I	**532,516**	505,957	5.2	**102.4**	97.3	5.2
	Fudao Phase II	**749,679**	823,051	(8.9)	**93.7**	102.9	(8.9)
	CNOOC Huahe	**635,607**	676,925	(6.1)	**122.2**	130.2	(6.1)
	Group total	**1,917,802**	2,005,933	(4.4)	**104.2**	109.0	(4.4)
Phosphate fertilisers and compound fertilisers	DYK MAP	**56,501**	46,530	21.4	**37.7**	31.0	21.6
	DYK DAP Phase I (Note 1)	**323,272**	363,368	(11.0)	**92.4**	103.8	(11.0)
	DYK DAP Phase II	**475,631**	404,369	17.6	**95.1**	80.9	17.6
	Group total	**855,404**	814,267	5.1	**85.5**	81.4	5.0
Chemical products							
Methanol	Hainan Phase I	**621,842**	636,282	(2.3)	**103.6**	106.0	(2.3)
	Hainan Phase II	**816,535**	825,804	(1.1)	**102.1**	103.2	(1.1)
	Group total	**1,438,377**	1,462,086	(1.6)	**102.7**	104.4	(1.6)
Acrylonitrile and relating products	Acrylonitrile	**167,788**	129,400	29.7	**83.9**	64.7	29.7
	Acetonitrile	**5,638**	4,175	35.0	**94.0**	69.6	35.1
	MMA	**56,362**	31,208	80.6	**80.5**	44.6	80.5
	Group total	**229,788**	164,783	39.4	**83.3**	59.7	39.5

Note 1: In 2024, DYK DAP Phase I Plant produced 0 tonnes of DAP and 323,272 tonnes of compound fertilisers, amounting to 323,272 tonnes in total. In 2023, DYK DAP Phase I Plant produced 8,050 tonnes of DAP and 355,318 tonnes of compound fertilisers, amounting to 363,368 tonnes in total.

Sales volume of the Group's various plants

Unit: tonne

		For the year ended 31 December 2024	For the year ended 31 December 2023	Change %
Chemical fertilisers				
Urea	Fudao Phase I	**517,484**	489,030	5.8
	Fudao Phase II	**748,046**	824,775	(9.3)
	CNOOC Huahe	**622,380**	677,903	(8.2)
	Group total	**1,887,910**	1,991,707	(5.2)
Phosphate fertilisers and compound fertilisers	DYK MAP	**55,383**	50,197	10.3
	DYK DAP Phase I	**298,055**	361,696	(17.6)
	DYK DAP Phase II	**450,652**	414,803	8.6
	Group total	**804,090**	826,696	(2.7)
Chemical products				
Methanol	Hainan Phase I	**609,348**	626,229	(2.7)
	Hainan Phase II	**816,643**	817,373	(0.1)
	Group total	**1,425,991**	1,443,602	(1.2)
Acrylonitrile and relating products	Acrylonitrile	**165,082**	125,406	31.6
	Acetonitrile	**5,725**	3,926	45.8
	MMA	**54,879**	30,163	81.9
	Group total	**225,686**	159,495	41.5

Chairman's Statement

Hou Xiaofeng / Chairman

Dear shareholders:

With the trust and support of the shareholders and the Board, I officially assumed the position of Chairman of the Company in October 2024. During my tenure, I will work closely with all members of the Board to steadfastly advance the strategic transformation of the Company and deepen high-quality development with the mission of "From Blue, Be Green, For Red". We consistently uphold the stability of national food security supply and enhance shareholder value returns, continuously consolidating the Company's dual peaks in both production capacity and output among all central state-owned enterprises in the fertilizer sector, setting a benchmark for the industry.

Looking Back at 2024: Steady Operations to Strive for Breakthroughs

Over the past year, China's economy has demonstrated strong resilience amidst a complex and volatile global environment, entering a new stage of high-quality development; the Belt and Road Initiative has ushered in its second golden decade, yielding fruitful results in international cooperation; domestically, the total grain output has historically surpassed 1.4 trillion catties, further solidifying the foundation of the nation's granary. However, the fertilizer industry as a whole has faced pressure, with significant fluctuations in urea prices; the chemical sector has shown a structural divergence, with new energy and new materials demonstrating growth momentum, while the traditional basic chemicals have shown weaker performance. Facing challenges, the Company has focused on three main lines: "safe operation, cost reduction and efficiency enhancement, and market expansion". We optimized production management, strengthened cost control, and coordinated product marketing. During the reporting period, the Company achieved a net profit attributable to the parent company of RMB1,071 million, demonstrating robust financial strength. To reward shareholders for their long-term support, the Board proposes to distribute a final dividend of RMB0.1208 per share (tax inclusive) for the year 2024, with a payout ratio reaching 52%, sharing the development achievements with our shareholders.

Governance Enhancement: Standardized Operations and Transparent Communication

In 2024, the Board continued to improve the governance system, standardizing the operation procedures of the "Three Meetings". The "Management Measures for Independent Directors" was formulated, clarifying the selection mechanism and performance requirements for independent directors. By regularly organizing communication meetings with external directors, major operational matters were discussed in advance to ensure the scientific nature and transparency of decision-making. Meanwhile, the Company placed great emphasis on investor relations management, ensuring compliance in information disclosure and maintaining frequent and efficient interactions with the capital market. During the period, Mr. Yang Dongzhao, Mr. Li Ruiqing and Mr. Yu Changchun retired as directors of the Company. On behalf of the Board, I would like to express my sincere appreciation for their diligent, responsible and professional contributions during their tenure.

Outlook for the Future: Innovation-Driven and Green Leadership

The growth of the global population and the modernization of agriculture will drive the long-term stable improvement in the demand for fertilizers. Stricter domestic environmental policies will accelerate industry consolidation, with outdated urea production capacity gradually being phased out and the concentration of the phosphate fertilizer industry continuing to increase. The Company will strive to enhance the quality of its "Plant Nutrition Solutions" to meet people's aspirations for a better life. In the chemical sector, methanol demand is expected to grow steadily with the recovery of downstream industries, while the pressure of overcapacity in acrylonitrile remains to be resolved. In addition, the policies of the Hainan Free Trade Port has provided strategic opportunities for the Company to expand into port logistics and international trade.

In the future, the Company will focus on the following directions:

1. **Plant Nutrition:** Facilitating fertilizer reduction and efficiency enhancement, stabilizing and increasing production, and establishing the quality positioning of "Plant Nutrition Solution Provider";
2. **Innovation Clusters:** Developing a new chemical materials industry system centered on "carbon-rich gas-based", "biomass-based" and "phosphorus resource-based", strengthening technology research and development and the transformation of technological achievements;
3. **Overseas Expansion:** Exploring comprehensive utilization projects for overseas natural gas resources, expanding international development space.

Acknowledgments and Expectations

Finally, on behalf of the Board, I would like to extend our sincere gratitude to all shareholders for their long-term trust and support. Every achievement of the Company is inseparable from the strategic guidance of the management and the hard work of all employees. In 2025, we look forward to continuing our journey with you to jointly create a new blueprint for high-quality development.

Hou Xiaofeng
Chairman

CEO's Report

Rao Shicai / Chief Executive Officer (CEO), President

Dear shareholders,

In 2024, the momentum of global economic growth slowed down, while China's economy steadily recovered, making solid strides in high-quality development. The total domestic grain production has historically surpassed 1.4 trillion catties, further consolidating the agricultural foundation. Facing the complex situation with the fertilizer industry under pressure and structural differentiation in the chemical sector, the Company, under the leadership of the Board, anchored on three core strategies: "Ensuring the Supply of Chemical Fertilizers", "Green Development" and "Technological Innovation". With a financial mindset permeating the entire operational process, the Company has overcome challenges and forged ahead, driving new progress and achievements in various tasks.

RMB **11,946** million

The Group realised a revenue of RMB11,946 million

RMB **1,705** million

Gross profit of RMB1,705 million

RMB **1,071** million

with a net profit attributable to owners of the Company of RMB1,071 million

Review of 2024

In 2024, the Company, grounded on safe and stable operations, comprehensively promoted energy efficiency improvement, market expansion, and technological innovation, reaching record high again in brand value. The Company realised an annual revenue of RMB11,946 million and a gross profit of RMB1,705 million. Moreover, a net profit attributable to shareholders of the Company of RMB1,071 million was recorded, with operating performance at an industry-leading level.

Production Management: Establishment of a solid foundation for safety, achievement of long-term efficient operation

The Company deepened management and control over the production operation, maintained a stable safety production throughout the year. All production facilities have achieved the long-term operation target of "one 200-day or two 100-day terms". Among them, the Hainan Phase I methanol plant and the CNOOC Huahe gasification plant both set new records for themselves with operating terms of 514 days and 510 days, respectively, taking their leading positions in the industry. The Company achieved "zero employee fatality" and "zero environmental pollution incident" for three consecutive years, consistently maintaining a strong performance in safety production. The acrylonitrile project passed the completion acceptance with high quality and a 100% product qualification rate. Annual production of major products included 1,918 thousand tonnes of urea, 855 thousand tonnes of phosphate and compound fertilizers, 1,438 thousand tonnes of methanol and 230 thousand tonnes of acrylonitrile and related products.

Sales Management: Multi-dimensional market expansion and efficiency enhancement, promotion of convenient agrochemical services

The Company continued to strengthen market research and keep pace with market dynamics, thereby enhancing marketing effectiveness. Meanwhile, the fertilizer e-commerce platform "CNOOC Huinongbao (海油惠農寶)" has undergone comprehensive upgrades to deliver one-stop procurement convenience. Through fertilizer utilization optimization, we have significantly elevated the company's brand image. Moreover, we expanded the product market and explored the applications of the methanol fuel. During the year, the Company sold 1,888 thousand tonnes of urea, 1,426 thousand tonnes of methanol, 509 thousand tonnes of phosphate fertilisers, 295 thousand tonnes of compound fertilisers and 226 thousand tonnes of acrylonitrile and relating products, and exported 4 thousand tonnes of urea, 126 thousand tonnes of DAP, 9 thousand tonnes of methanol, and 9 thousand tonnes of acrylonitrile.

Green and Low Carbon: Ahead of the industry in energy efficiency, securing international authority certification

The Company was committed to the green development strategy and consistently maintained a leading position in energy efficiency indicators. The methanol plant has been awarded the title of "Energy Efficiency Leader" by the China Petroleum and

CNOOC Fudao plant

Chemical Industry Federation for 13 consecutive years, and our synthetic ammonia plant has been awarded the title of "Water Efficiency Leader" by the China Nitrogen Fertiliser Industry Association for 5 consecutive years. With the outstanding sustainable development practices, the Company has been awarded the "Industry Stewardship Champion" certification by the International Fertilizer Industry Association (IFA), and was the only domestic enterprise selected in 2024, demonstrating its global influence.

Innovative Cooperation: Facilitation of green resource conversion by technological breakthroughs

The nation's first marine carbon-rich natural gas dry reforming project for syngas production, developed in collaboration with BASF, achieved mechanical completion ahead of schedule and successfully conducted joint trial operation, effectively facilitating the green conversion and resource utilization of carbon-rich natural gas in the South China Sea.

Outlook for 2025

In 2025, the domestic economy is expected to enter a moderate recovery path with significant structural growth. The urea market will show a pattern of double increase in supply and demand, supported by stable agricultural production and supply, as well as industrial demand expansion. However, the continuous release of new production capacity may exacerbate the supply-demand contradiction, and the urea market is expected to remain under pressure. As for phosphate fertilizers, benefiting from the recovery growth of arable land area and driving by the grain security strategy, the demand side is resilient. With the high volatility of phosphate ore resource costs, the market price of phosphate fertilizers is expected to maintain a tight balance. The methanol industry is facing a critical turning point, that is, the concentrated production of new production capacity from downstream industries for olefins and acetic acid will effectively alleviate supply pressure, coupled with expectations of a macroeconomic recovery, the market may show a trend of "boom in both supply and demand". Due to the prominent contradiction of overcapacity and the continuous decline in industry concentration, the acrylonitrile industry will carry out in-depth adjustments. Although downstream applications such as ABS maintain growth, the increase in demand is difficult to offset the oversupply, and industry outlook may still not optimistic.

In 2025, the Company will comprehensively reinforce safety system management to focus on building an efficient, intelligent, and safe production environment. The Company will also systematically improve the measures of strengthening the foundation and expanding the market, innovate sales models while deepening the pricing benchmarking mechanism to accurately ensure price realization. Furthermore, the Company will continue to advance energy-saving, environmental protection and efficiency improvement actions, orderly complete the upgrade and replacement of low-efficiency equipment, and accelerate the implementation of clean energy substitution projects. In addition, the Company will deepen brand building, strengthen brand synergy, and unify brand image. By researching, developing and introducing new categories of fertilizers, the Company will facilitate fertilizer reduction and efficiency enhancement, soil health, and stable and abundant production. Moreover, the Company will deepen the research on the application of carbon-rich natural gas and CO_2 resource utilization technology, promote technical breakthroughs in key projects.

In 2025, the management team together with all staff members will, under the guidance of the Board, continuously strengthen supply assurance capabilities to safeguard national grain security, empower upstream industry upgrades through lean production and resource integration, and focus on high-quality development as the main line to create long-term returns for shareholders, providing a growth platform for employees and contributing sustainable value to society.

Rao Shicai
Chief Executive Officer (CEO), President

Management Discussion and Analysis

Sector Review

Chemical fertiliser industry

In 2024, affected by a rigid demand for grain due to the continuous growth of the global population to 8.162 billion, coupled with frequent geopolitical conflicts, the importance of grain safety had been heightened, and there was a general phenomenon of increasing stockpiling of grain across the countries. The PRC government emphasises the strict implementation of responsibilities for arable land protection and grain safety and continues to focus on grain production, achieving another bumper harvest of grain for the year. China's total domestic grain output was 706.5 million tonnes, representing a year-on-year increase of 1.6%, making it the largest grain producer in the world.

With the new production capacity coming into production, the production volume of chemical fertilisers continued to grow, while agricultural demand was relatively flat due to lower prices of agricultural products. Although industrial demand was slightly better, the extent of growth was limited. The overall supply-demand contradiction in the chemical fertilisers market still existed with a weak trend, and the decline in urea was particularly evident.

(I) Urea

The domestic production volume of urea amounted to approximately 66.00 million tonnes (in kind) in 2024, representing a year-on-year increase of 5.8%; the total export volume amounted to approximately 0.26 million tonnes, representing a year-on-year decrease of 93.9%.

With the new production capacity coming into production, domestic urea production has increased, while demand has not significantly increased, the contradiction between supply and demand in the market was prominent, leading to a downward shift in the center of gravity of urea market price. The average market price of urea in 2024 was RMB2,099 per tonne, which was approximately RMB348 per tonne lower than in 2023, representing a decrease of 14%. In the first quarter, grain prices continued to decline, reducing farmers' motivation to purchase fertiliser. Coupled with a year-on-year increase in production, the price of urea fell to RMB2,132 per tonne by the end of March. In the second quarter, with the gradual release of industrial and agricultural demands, the price of urea also increased, rising to RMB2,295 per tonne by the end of June. Since the beginning of the third quarter, new production capacity has been concentratedly released, while domestic demand has been weak and exports have been sluggish, causing the price of urea to continuously hit new lows for the year. In the fourth quarter, despite positive signals released at the macro level, the market supply and demand contradiction was not alleviated, and the price of urea continued to decline, falling to RMB1,750 per tonne.

Routine inspection

(II) Phosphate and compound fertilisers

In 2024, the annual output of DAP in the domestic market was approximately 14.14 million tonnes (in kind), representing a year-on-year increase of approximately 1.4%; the export volume was approximately 4.50 million tonnes, representing a year-on-year decrease of approximately 10.7%.

The domestic DAP market fluctuated within a narrow range throughout the year, with the overall price decreasing by approximately 4% compared with the last year. In the first quarter, with the spring ploughing season underway, the market operated steadily; in the second quarter, the supply gradually increased, leading to higher enterprise inventories and a downward shift in transaction prices; in the third quarter, supported by autumn reserves and exports, market prices increased to a certain extent; in the fourth quarter, the start of winter storage was delayed, resulting in the price to dropped slightly, with the ex-factory price in Hubei falling to approximately RMB3,600 per tonne at the end of the year.

Affected by fluctuations in raw material costs and weak demand, the domestic compound fertiliser market showed a continuous downward trend in prices throughout the year, with an overall decline to RMB2,820 per tonne, representing a decrease of approximately 7.3% as compared to 2023. Despite the increase in production capacity, it slightly decreased to 50.84 million tonnes, with supply and demand still showing an oversupply pattern, intensifying overall market competition.

Panoramic View of Hainan Plant

Part of acrylonitrile plant

Chemical industry

In 2024, the global economic recovery fell short of expectations, and geopolitical risks persisted. The complex international situation, coupled with the green transformation and changes in the economic cycle, has led to a differentiation trend in various segments of the chemical industry. The new quality productivity represented by new energy and new materials showed strong growth momentum; traditional basic chemical products are constrained by cost pressures and weak demand, with market prices under pressure and slight market adjustments.

Methanol Unit Maintenance

(I) Methanol

The cumulative domestic production volume of methanol was approximately 78.96 million tonnes in 2024, representing a year-on-year increase of approximately 8.7%. The annual import volume for 2024 decreased by 1,090 thousand tonnes or 7.5% compared with last year to approximately 13.47 million tonnes.

The focus of domestic market prices shifted upward, the industry demonstrated relatively strong resilience, and supply contraction drove an improvement in fundamentals. In the first quarter, supported by favorable supply and demand factors such as stockpiling for the Lunar New Year holiday, recovery in end-user demand, and spring maintenance, the market price focus shifted upwards; in the second quarter, with import arrivals falling short of expectations and port inventories remaining at medium to low levels, methanol futures ran strong, leading to a market price correction after maintaining high levels; in the third quarter, the overall fundamentals were weak, and the traditional peak season of "Golden September and Silver October" failed to materialize, resulting in methanol prices hitting a new low for the year; in the fourth quarter, domestic favorable policies were released, the number of overseas plant in operation declined, import arrivals reduced, and downstream olefins demand continued to provide support, resulting in a relatively strong market trend driven by futures. The market prices in South China throughout the year were in the range from RMB2,325 to RMB2,760 per tonne.

(II) Acrylonitrile

In 2024, the cumulative domestic production volume of acrylonitrile was approximately 3.461 million tonnes, representing a year-on-year increase of approximately 7.6%; the annual import volume decreased by 138,000 tonnes or 70.4% compared with last year to approximately 58,000 tonnes.

The annual price experienced fluctuations and showed a weak trend; the annual average price of acrylonitrile in China was RMB9,381 per tonne, representing a year-on-year decrease of 1.3%. In the first quarter, the price was significantly driven up due to reduced supply; in the second quarter, as the supply recovered, the price continuously declined; in the third quarter, the market fluctuated at a low level; in the fourth quarter, the price rose again due to reduced supply. During the year, the market price of acrylonitrile fluctuated within the range of RMB8,000-10,800 per tonne.

Hainan Phase I methanol plant

DYK Chemical liquid ammonia tank

Business Review

Production Management

In 2024, the Company continued to strengthen its management and control over production operations. The overall production safety situation was stable, and the operation of production facilities was consistently stable and optimal. The Company's production facilities have achieved the long-cycle operation target of "one 200-day period or two 100-day periods" for the year 2024; the Hainan Phase I methanol plant recorded a long-term operation period of 514 days, and the gasification plant of CNOOC Huahe recorded a long-term operation period of 510 days, breaking it own historical record and taking a leading position in the industry; the number of fatal accidents of employees and environmental pollution incidents was "zero" for three consecutive years; the acrylonitrile project successfully passed the quality completion inspection with a passing rate of 100%. As a result, during the year, the Company produced 1,918 thousand tonnes of urea, 855 thousand tonnes of phosphate and compound fertilizers, 1,438 thousand tonnes of methanol and 230 thousand tonnes of acrylonitrile and relating products.

Urea Finished Product Conveyor Belt Inspection

Central Control room of CNOOC Huahe Urea Unit

Details of production of the Group's plants in 2024 are set out as follows:

	For the year ended 31 December			
	2024		2023	
	Production *(tonnes)*	Utilisation rate *(%)*	Production *(tonnes)*	Utilisation rate *(%)*
Chemical fertilisers				
Urea				
Fudao Phase I	**532,516**	**102.4**	505,957	97.3
Fudao Phase II	**749,679**	**93.7**	823,051	102.9
CNOOC Huahe	**635,607**	**122.2**	676,925	130.2
Group total	**1,917,802**	**104.2**	2,005,933	109.0
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Methanol				
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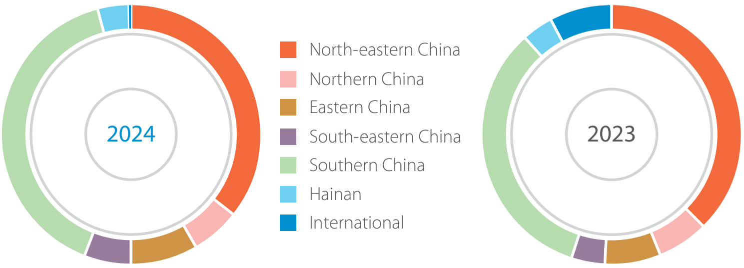
Acrylonitrile and relating products				
Acrylonitrile	**167,788**	**83.9**	129,400	64.7
Acetonitrile	**5,638**	**94.0**	4,175	69.6
MMA	**56,362**	**80.5**	31,208	44.6
Group total	**229,788**	**83.3**	164,783	59.7

Note: In 2024, DYK DAP Phase I Plant produced 0 tonnes of DAP and 323,272 tonnes of compound fertilisers, amounting to 323,272 tonnes in total. In 2023, DYK DAP Phase I Plant produced 8,050 tonnes of DAP and 355,318 tonnes of compound fertilisers, amounting to 363,368 tonnes in total.

Sales control

Sales Management

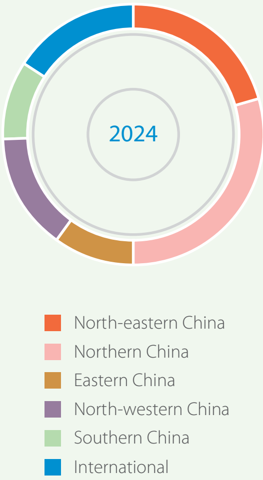
In 2024, the Company continued to strengthen market research and keep pace with market dynamics, thereby enhancing marketing effectiveness; we continuously optimized the direct sales e-commerce platform for chemical fertilizers "CNOOC Huinongbao", and created a convenient and efficient environment for purchasing chemical fertilizers; we expanded the product market and explored the applications of the methanol fuel. During the year, the Company sold 1,888 thousand tonnes of urea, 1,426 thousand tonnes of methanol, 509 thousand tonnes of phosphate fertilizers, 295 thousand tonnes of compound fertilizers and 226 thousand tonnes of acrylonitrile and relating products; during the year, we exported a total of 4 thousand tonnes of urea, 126 thousand tonnes of DAP, 9 thousand tonnes of methanol and 9 thousand tonnes of acrylonitrile.

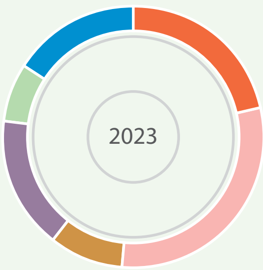


Urea

The following table sets out the Group's urea sales volumes by final sales destinations of products during the preceding two financial years:

	For the year ended 31 December			
	2024		2023	
Sales region	Volume *(tonnes)*	Percentage *(%)*	Volume *(tonnes)*	Percentage *(%)*
North-eastern China	676,302	35.8	749,628	37.6
Northern China	115,158	6.1	125,350	6.3
Eastern China	157,523	8.3	143,130	7.2
South-eastern China	108,702	5.8	81,129	4.1
Southern China	753,238	39.9	663,466	33.3
Hainan	72,981	3.9	76,366	3.8
International	4,006	0.2	152,638	7.7
Total	1,887,910	100.0	1,991,707	100.0





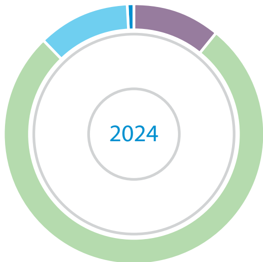
Phosphate Fertilisers and Compound Fertilisers

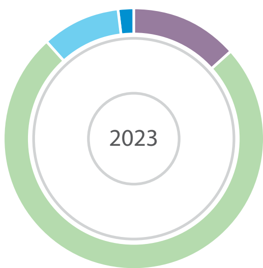
The following table sets out the Group's phosphate fertiliser and compound fertiliser sales volumes by final sales destinations of products during the preceding two financial years:

	For the year ended 31 December			
	2024		2023	
Sales region	Volume *(tonnes)*	Percentage *(%)*	Volume *(tonnes)*	Percentage *(%)*
North-eastern China	166,925	20.8	178,806	21.6
Northern China	236,469	29.4	246,080	29.8
Eastern China	78,850	9.8	76,845	9.3
North-western China	118,319	14.7	135,134	16.3
Southern China	77,575	9.7	60,174	7.3
International	125,700	15.6	129,656	15.7
Total	803,838	100.0	826,695	100.0

Fertilizer Transport Vehicles Shuttle at the Port

Methanol lading



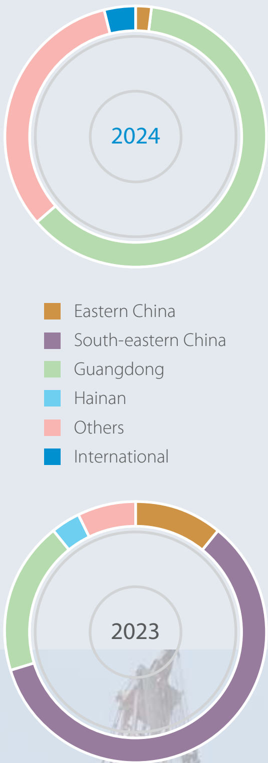


Methanol

The following table sets out the Group's methanol sales volumes by final sales destinations of products during the preceding two financial years:

	For the year ended 31 December			
	2024		2023	
Sales region	Volume *(tonnes)*	Percentage *(%)*	Volume *(tonnes)*	Percentage *(%)*
South-eastern China	**158,870**	**11.1**	193,743	13.4
Southern China	**1,096,180**	**76.9**	1,085,032	75.1
Hainan	**161,926**	**11.4**	139,401	9.7
International	**9,015**	**0.6**	25,425	1.8
Total	**1,425,991**	**100.0**	1,443,601	100.0

Part of acrylonitrile plant



Acrylonitrile and relating products

The following table sets out the Group's acrylonitrile and relating products sales volumes by final sales destinations of products during the preceding two financial years:

	For the year ended 31 December			
	2024		2023	
Sales region	Volume *(tonnes)*	Percentage *(%)*	Volume *(tonnes)*	Percentage *(%)*
Eastern China	4,979	2.2	17,427	10.9
South-eastern China	–	–	94,681	59.4
Guangdong	138,739	61.5	30,201	18.9
Hainan	89	0.04	5,947	3.7
Others	73,189	32.4	11,239	7.1
International	8,690	3.86	–	–
Total	225,686	100.0	159,495	100.0

BB Fertilisers

In 2024, the Group produced a total of 20,321 tonnes of BB fertilisers and achieved a sales volume of 23,460 tonnes.

Sea-land logistics services

In 2024, Basuo Port in Hainan completed a volume of throughput of 11.01 million tonnes.

Nation's Largest Mobile Mast Crane Successfully Completes First Lift at Basuo Port

On-Site Inspection of Process Parameters

Financial Review

Revenue

During the reporting period, the Group's revenue was RMB11,946.5 million, representing a decrease of RMB1,043.3 million, or 8.0%, from that of RMB12,989.8 million in 2023. This was primarily attributable to the fluctuation in the urea market, resulting in a significant year-on-year decrease in the selling price of urea for the Group.

During the reporting period, the Group realised an external revenue from urea of RMB3,710.2 million, representing a decrease of RMB966.7 million, or 20.7%, from that of RMB4,676.9 million during 2023. This was primarily attributable to (1) a decrease of RMB382.9 per tonne in the selling price of urea, resulting in a decrease of RMB722.8 million in revenue; and (2) a decrease of 103,832.0 tonnes in the sales volume of urea, resulting in a decrease of RMB243.9 million in revenue.

During the reporting period, the Group realised an external revenue from phosphate and compound fertilisers of RMB2,687.0 million, representing a decrease of RMB20.0 million, or 0.7%, from that of RMB2,707.0 million in 2023. This was primarily attributable to (1) an increase of RMB67.1 per tonne in the selling price of phosphate and compound fertilisers, resulting in an increase of RMB54.0 million in revenue; and (2) a decrease of 22,605.8 tonnes in the sales volume of phosphate and compound fertilisers, resulting in a decrease of RMB74.0 million in revenue.

During the reporting period, the Group realised an external revenue from methanol of RMB3,090.7 million, representing an increase of RMB57.3 million, or 1.9%, from that of RMB3,033.4 million in 2023. This was primarily attributable to (1) an increase of RMB66.2 per tonne in the selling price of methanol, which increased the revenue by RMB94.3 million; and (2) a decrease of 17,611.3 tonnes in the sales volume of methanol, which decreased the revenue by RMB37.0 million.

During the reporting period, the Group realised an external revenue from acrylonitrile series products of RMB2,010.6 million, representing an increase of RMB707.4 million, or 54.3%, from that of RMB1,303.2 million in 2023. This was primarily attributable to (1) an increase of RMB738.1 per tonne in the selling price of acrylonitrile series products, which increased the revenue by RMB166.6 million; and (2) an increase of 66,191.8 tonnes in the sales volume of acrylonitrile series products, which increased the revenue by RMB540.8 million.

During the reporting period, the Group realised an external revenue from other segments (primarily comprising port operations and provision of transportation services; trading in fertilisers and chemicals; and production and sales of Huahe high tower fertilisers, BB fertilisers and liquid ammonia) of RMB447.9 million, representing a decrease of RMB821.5 million, or 64.7%, from that of RMB1,269.4 million in 2023. This was primarily attributable to (1) a decrease in the Company's trading volume, and changed from holding to equity participation in Guangxi Fudao at the end of 2023, its business will no longer be included in the Group's chemical consolidation scope in 2024, resulting in a year-on-year decrease, with a total reduction of RMB649.1 million in trading revenue; (2) no sales of POM this year, reducing revenue by RMB124.0 million; (3) a decrease in revenue of RMB26.4 million due to the combined effect of a decrease in both sales volume and prices of BB fertilisers; (4) a decrease in revenue of RMB17.9 million due to the decrease of throughput of Basuo Port; (5) an increase in revenue of RMB8.0 million from the commissioning of Huahe high tower fertilisers; and (6) a decrease of RMB12.0 million in other revenue.

Cost of sales

During the reporting period, the Group's cost of sales was RMB10,241.8 million, representing a decrease of RMB687.0 million, or 6.3%, from that of RMB10,928.8 million in 2023.

During the reporting period, the Group's cost of sales for urea was RMB3,022.3 million, representing a decrease of RMB477.2 million, or 13.6%, from that of RMB3,499.5 million in 2023. This was primarily attributable to (1) factors including the decrease in raw material prices of natural gas in Hainan region and CNOOC Huahe this year, which resulted in a year-on-year decrease of RMB311.1 million in the cost of sales; (2) a year-on-year decrease of 103,832.0 tonnes in the sales volume this year, which resulted in a year-on-year decrease of RMB166.2 million in cost of sales.

During the reporting period, the Group's cost of sales for phosphate and compound fertilisers was RMB2,468.4 million, representing a decrease of RMB24.9 million, or 1.0%, from that of RMB2,493.3 million in 2023. This was primarily attributable to (1) the impact of increased year-on-year purchases and prices of ores used in the production of phosphate and compound fertilisers, leading to a year-on-year increase of RMB44.5 million in the cost of sales; and (2) a decrease of 22,605.8 tonnes in the sales volume of phosphate and compound fertilisers, resulting in a year-on-year decrease of RMB69.4 million in the cost of sales.

During the reporting period, the Group's cost of sales for methanol was RMB2,258.0 million, representing a decrease of RMB2.9 million, or 0.1%, from that of RMB2,260.9 million in 2023. This was primarily attributable to (1) factors such as the increase in unit cost this year, which resulted in a year-on-year increase of RMB25.0 million in the cost of sales; and (2) a decrease of 17,611.3 tonnes in the sales volume of methanol, which resulted in a year-on-year decrease of RMB27.9 million in the cost of sales.

During the reporting period, the Group's cost of sales for acrylonitrile was RMB2,008.8 million, representing an increase of RMB645.2 million, or 47.3%, from that of RMB1,363.6 million in 2023. This was primarily attributable to (1) factors such as the increase in unit cost this year, which resulted in a year-on-year increase of RMB56.0 million in the cost of sales; and (2) an increase of 66,191.8 tonnes in the sales volume of acrylonitrile, which resulted in a year-on-year increase of RMB589.2 million in the cost of sales.

During the reporting period, the Group's cost of sales for other segments was RMB484.4 million, representing a decrease of RMB827.1 million, or 63.1%, from that of RMB1,311.5 million in 2023. This was primarily attributable to (1) a decrease in the Company's trading volume, and changed from holding to equity participation in Guangxi Fudao at the end of 2023, its business will no longer be included in the Group's chemical consolidation scope in 2024, resulting in a year-on-year decrease, with a total reduction of RMB663.4 million in trading costs; (2) no production of POM this year, reducing costs by RMB123.7 million; (3) a decrease of RMB16.3 million in costs for BB fertilisers mainly due to the combined effect of a decrease in both sales volume and unit cost; (4) an increase of RMB7.7 million in revenue due to the commissioning of Huahe high tower fertilisers and (5) a year-on-year decrease of RMB31.4 million in other cost of sales.

Gross profit

During the reporting period, the Group's gross profit was RMB1,704.6 million, representing a decrease of RMB356.5 million, or 17.3%, from that of RMB2,061.1 million in 2023. This was primarily attributable to (1) a decrease of RMB489.4 million in gross profit of urea due to the decrease in the sales volume of urea and a decline in prices offset by a decrease in costs in 2024; (2) an increase of RMB4.8 million in gross profit of phosphate and compound fertilisers due to the decrease in its sales volume and an increase in prices offset by an increase in costs in 2024; (3) an increase of RMB60.3 million in gross profit of methanol due to the decrease in sales volume of methanol and an increase in prices offset by an increase in costs in 2024; (4) an increase of RMB62.2 million in gross profit of acrylonitrile due to the increase in the sales volume of acrylonitrile and an increase in prices offset by an increase in costs in 2024; (5) no sales volume of POM in 2024, resulting in a decrease of RMB0.3 million in gross profit; (6) a decrease of RMB9.8 million in gross profit of BB fertilisers due to the decrease in its sales volume and a decline in prices offset by a decrease in costs in 2024; (7) a decrease of RMB14.1 million in gross profit due to a reduction in trading volume and cargo handling and transportation volumes at Basuo Port in 2024.

Other income

During the reporting period, the Group's other income amounted to RMB105.6 million, representing an increase of RMB15.9 million, or 17.7%, from that of RMB89.7 million in 2023. The increase was primarily attributable to an increase in revenue from fiscal incentive.

Selling and distribution costs

During the reporting period, the Group's selling and distribution costs amounted to RMB91.3 million, representing a decrease of RMB23.5 million, or 20.5%, from that of RMB114.8 million in 2023. This was primarily attributable to (1) the disposal of the subsidiary Guangxi Fudao Agricultural Means of Production Limited (廣西富島農業生產資料有限公司, "Guangxi Fudao") at the end of 2023, which led to a decrease in selling and distribution costs (the selling and distribution costs of Guangxi Fudao were RMB16.8 million in the last year); and (2) a year-on-year decrease of RMB6.7 million in other sales agency expenses such as company brand consulting fees.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB629.1 million, representing an increase of RMB26.3 million, or 4.4%, from that of RMB602.7 million in 2023. This was primarily attributable to (1) a year-on-year increase of RMB24.3 million in staff costs; and (2) a year-on-year increase of RMB2.0 million in travel expenses, outsourcing and consulting fees.

Other expenses

During the reporting period, the Group's other expenses amounted to RMB17.9 million, representing a decrease of RMB9.8 million, or 35.4%, from that of RMB27.7 million in 2023. This was primarily attributable to (1) a decrease of RMB2.5 million in bank charges and interest expenses on discounted bills; and (2) a decrease of RMB7.3 million in non-operating expenses.

Finance income and finance costs

During the reporting period, the Group's finance income amounted to RMB351.1 million, representing a decrease of RMB6.8 million, or 1.9%, from that of RMB357.9 million in 2023. This was primarily due to the reduction in interest rates on the Group's large-denomination certificates of deposit and deposits during 2024.

During the reporting period, the Group's finance costs amounted to RMB52.8 million, representing an increase of RMB18.6 million, or 54.3%, from that of RMB34.2 million in 2023. This was primarily attributable to the increase in long-term borrowing costs, which resulted in an increase in finance costs.

Net exchange losses

During the reporting period, the Group recorded a net exchange loss of RMB3.6 million, as compared to a net exchange loss of RMB9.6 million in 2023, representing a decrease of RMB6 million, or 62.5%. This was primarily due to the exchange losses arising from the export forward letter of credit receipts attributable to exchange rate fluctuations in the last year.

Impairment loss on assets

During the reporting period, the Group recognised an asset impairment of RMB17.8 million, representing an increase of RMB11.6 million, or 187.1% from that of RMB6.2 million in 2023. This was primarily attributable to an increase in provision for bad debts on accounts receivables and other receivables.

Share of net profits/losses of associates and joint ventures

During the reporting period, the Group's share of profits of associates and joint ventures amounted to RMB49.0 million, representing an increase of RMB45.0 million, from that of RMB4.0 million in 2023. This was primarily attributable to the recognition of an increase in the share of profits of joint ventures in Guizhou Jinlin Chemical Co., Ltd. (貴州錦麟化工有限責任公司) in 2024.

Income tax expenses

During the reporting period, the Group's income tax expense was RMB316.1 million, representing an increase of RMB26.2 million, or 9.0% from that of RMB289.9 million in 2023. This was primarily attributable to (1) a corresponding decrease of

RMB10.9 million in income tax expenses for the current period as the Group recorded a year-on-year decrease in profit before tax for the year; (2) reversal of deferred income tax of RMB37.8 million due to long-term equity investment loss in CNOOC Tianye; and (3) a decrease of RMB0.7 million in deferred income tax due to tax-accounting differences of Fudao and the impact of the write-down of inventories.

Net profit for the year

During the reporting period, the Group's net profit was RMB1,151.1 million, representing a decrease of RMB1,223.0 million as compared to that of RMB2,374.1 million in 2023.

Dividends

The board of directors of the Company (the "Board") recommended the payment of final dividends for 2024 in the amount of RMB556.9 million, or RMB0.1208 per share. The proposed final dividend for 2024 will be subject to the approval of the shareholders of the Company at the 2024 annual general meeting.

Capital expenditure

During the reporting period, the Group's total capital expenditure for the year amounted to RMB644.6 million. Among them, RMB373.5 million for the midstream and downstream and ancillary projects, RMB121.9 million for equipment purchase and upgrade (including technical renovation) projects, RMB69.5 million for energy saving, safety and environmental protection projects, RMB48.2 million for scientific research (capital expenditure) projects, RMB12.4 million for information technology construction projects, RMB9.7 million for base construction projects and RMB9.4 million for office equipment projects.

Key projects mainly included: (1) Basuo Port New District Petrochemical Terminal Project (Supporting the Acrylonitrile Project) in the amount of RMB119.4 million; (2) Fudao Company 35,000 Cubic Meter Liquid Ammonia Receiving Station Project in the amount of RMB78.0 million; and (3) DYK Chemical 1.6 Million Ton/Year Underground Phosphate Mining Project in the amount of RMB94.4 million.

Asset Pledge

During the reporting period, the Group did not pledge any property, plant and equipment as collateral to secure its interest-bearing bank borrowings.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit ranking and a sound capital structure in order to safeguard its normal production and operations and maximise shareholders' value. The Group manages its capital structure and makes timely adjustments in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of new debts or issue of new shares. The gearing ratio of the Group as at 31 December 2024 (calculated as interest-bearing liabilities divided by the sum of total equity and interest-bearing liabilities) was 9.8%, representing an increase of 0.4% compared to 9.4% as at 31 December 2023, which was primarily attributable to the increase in its lease liabilities and interest-bearing bank borrowings by RMB97.7 million during the reporting period as compared to last year.

Cash and cash equivalents

At the beginning of 2024, the Group had cash and cash equivalents RMB597.3 million. In 2024, the net cash inflow from operating activities was RMB1,522.5 million, the net cash outflow from investing activities was RMB379.0 million, the net cash outflow from financing activities was RMB1,061.0 million, and the increase in cash and cash equivalents due to foreign exchange rate changes was RMB0.13 million. As at 31 December 2024, the Group's cash and cash equivalents were RMB679.9 million. The Group has sufficient working capital to meet the funding requirements for its day-to-day operation and future development.

Human resources and training

As at 31 December 2024, the Group had 3,653 employees. The aggregate of employees' wages and allowances for 2024 was approximately RMB866.1 million. The Group has a comprehensive remuneration system and a systematic welfare plan as well as an effective performance appraisal system in place to ensure that the remuneration policy of the Group effectively provides incentive to its staff. The Company determines staff remuneration according to their positions, performance and capability.

As at 31 December 2024, during the reporting period, the Company strictly implemented its annual training plan, and recorded a total of 107,508 enrollments with a total of 1,086,419 training hours (including online training). The Company also organised a total of 5,798 courses on safety training (on-site safety education and three-level safety training with contractors attended), internet safety training and external training with a total of 112,253 enrollments and 209,612 training hours.

Market risk

The major market risks exposed to the Group arise from changes in selling prices of the main products and in costs of raw materials (mainly natural gas, coal, phosphate ore, liquid ammonium and sulfur), fuels (mainly natural gas and coal) and power.

Commodity price risk

The Group is also exposed to commodity price risk arising from changes in product selling prices and the costs of raw materials and fuels.

Interest rate risk

The market interest rate risk exposed to the Group mainly arises from the Group's short-term and long-term debt obligations which are subject to floating interest rates.

Foreign exchange risk

The Group's sales revenue is primarily denominated in RMB and secondarily in USD; the Group's purchases of equipment and materials are primarily denominated in RMB and secondarily in USD. During the reporting period, the RMB to USD exchange rate ranged between 7.1060 and 7.1887. Fluctuations in RMB to USD exchange rate have impacts on the Company's import of equipment and raw materials, export of products as well as the financing activities in USD.

As at 31 December 2024, the balance of the Group's deposits in USD was US$1.5 million.

Inflation and currency risk

According to the data of National Bureau of Statistics of China, the consumer price index of the PRC increased by 0.2% during the reporting period, which did not have any significant impact on the Group's operating results for the year.

Liquidity risk

The Group monitors its risk exposure to shortage of funds and comprehensively considers the liquidity of its financial investments and financial assets (such as trade receivables and other financial assets) and the projected cash flows from operating activities. The Group's objective is to maintain a balance between the continuity and flexibility of funding through bank loans, bonds and various financial instruments.

As at 31 December 2024, based on the carrying amount of borrowings as shown in the financial statements, the Group's borrowings in the amount of RMB434.4 million would become due within one year. The Group has sufficient capital and is not exposed to liquidity risk.

Subsequent events

Subsequent to the end of the reporting period and up to the date of this announcement, the Group had no significant subsequent events.

Contingent liabilities

During the reporting period, the Group had no material contingent liabilities.

Material litigation and arbitration

During the reporting period, the Group had no material litigation or arbitration.

Major acquisitions and disposals of subsidiaries and associates of the Company

During the reporting period, the Group had no acquisition or disposal.

Achievements Showcase of South China Rice Demonstration Field

Sector Outlook

2025:

The domestic urea market may show a pattern of simultaneous increase in supply and demand. The production capacity supply will continue to increase and the production is expected to reach a new high; agricultural demand and industrial demand from melamine and desulphurization of coal-fired power plants may drive the growth of urea demand. However, the gap between supply and demand still exists, and the urea market is expected to remain under pressure.

The supply of domestic phosphate fertilizer remains stable. Supported by the task of increasing grain production and driven by factors such as the restorative growth in the area of cultivated land, the demand for phosphate fertilizer is expected to grow. The cost side prices of phosphate ore remains consolidating at high levels, and the prices in the phosphate fertilizer market are not expected to experience significant fluctuations and are likely to continue to maintain a trend of stable consolidation.

The domestic production capacity of methanol is expected to increase significantly compared with 2024. Meanwhile, the planned production capacity in downstream sector of methanol is substantial, which will further drive the demand

Nighttime Supplementary Lighting Scene at South China Dragon Fruit Demonstration Field

for methanol. It is expected that the contradiction between supply and demand of methanol will be eased. Considering the favorable macroeconomic conditions and active downstream production, the methanol market may show a trend of boom in both supply and demand.

The pattern of overcapacity of domestic acrylonitrile industry is prominent, and the industry concentration will further decline. The ABS industry remains the main growth point for downstream demand, but the new demand is not enough to absorb the excess capacity. Meanwhile, the global economy has entered the normal state of slow growth, and the export of acrylonitrile may still face certain resistance. Overall, the industry competition is increasingly fierce, and the acrylonitrile market is still not optimistic in 2025.

Our Key Tasks in 2025

1. To strengthen the management of the safety system to create an efficient, safe and intelligent production environment;
2. To improve measures to strengthen the foundation and expand the market, innovate sales models and ensure price realization;
3. To strengthen energy conservation and environmental protection to increase efficiency, gradually complete the replacement of low-efficiency equipment;
4. To refine brand construction, do a good job in brand synergy and unify the brand image;
5. To develop and introduce new categories of fertilizers, help reduce fertilizer reduction and increase efficiency, soil health, and stabilize and increase production; and
6. To deepen the research on the application of carbon-rich natural gas and CO_2 resource-based technology, and promote technological breakthroughs of key projects.

Part of CNOOC Huahe Urea Plant

Corporate Governance Report

In 2024, the Company continued to be committed to implementing high standard of corporate governance policy and practices, optimizing the foundation of the board of directors (the "Board"), strengthening basic management, standardizing corporate governance, and ensuring the compliant and orderly operation of all businesses to achieve the healthy and stable development of the Company and create greater values for the shareholders.

Since 2006, the Company has established a well-balanced and independently-operating modern corporate governance structure comprising the general meeting, the Board, the supervisory committee (the "Supervisory Committee") and senior management in accordance with the laws and regulations such as the Company Law of the People's Republic of China (the "Company Law"), the rules and guidelines promulgated by domestic and overseas regulatory bodies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the provisions set out in Appendix C1 thereto.

During the reporting period, the Company has complied with all code provisions in the Corporate Governance Code contained in Appendix C1 to the Listing Rules, except for the deviation from code provisions C.2.1 of the Corporate Governance Code, and has so far complied with the code provisions. The Company continued to advance the modernization of the Board governance system and governance capabilities to standardize Board operations, prepared standard work procedures for the general meeting and the board. and conducted specific work according to standards. The Company organised and convened general meetings, Board meetings and Supervisory Committee meetings in a compliant manner. The information disclosures of the Company were compliant, timely and accurate, and no incident of enquiry, disciplinary hearing or censure by the regulatory authorities in Hong Kong had incurred. The Company continuously strengthened investor relations management, promoted investors' understanding and recognition of the Company, and maintained a positive image of the Company in the capital market. Submission of materials, organisation of research, training, and external Director's communication meetings also gave strong support for Directors in performing their duties. The internal control system were maintained and improved to ensure that the connected transactions and non-competition are in compliance with the requirements.

The corporate governance of the Company during the reporting period is summarised as follows:

1 General meeting

Duties of the general meeting

The general meeting is the organ of authority of the Company and shall exercise the following duties and powers in accordance with the law:

- to decide on the operating strategies, investment plans, proposals for annual financial budgets and final accounts and proposals for profit distribution and losses recovery of the Company;
- to elect and replace Directors and Supervisors who are not employee representatives and to determine the remunerations of Directors and relevant Supervisors;
- to consider and approve reports of Directors and reports of Supervisory Committee;
- to pass resolutions on matters such as changes in registered capital, mergers, division, changes in corporate form, dissolution and liquidation of the Company;
- to pass resolutions on issues of bonds and other securities and listings of the Company;
- to pass resolutions on appointment, removal or non-reappointment of accounting firms of the Company;
- to consider and approve major guarantees and acquisitions or disposals of major assets of the Company;
- to amend the articles of association of the Company (the "Articles");
- to consider interim proposals made by shareholder(s) holding, either individually or collectively, three percent or more of the voting shares of the Company;
- to consider and approve share incentive schemes;
- such matters as may be authorised or delegated by the general meeting to the Board; and
- other matters which are required by laws, administrative regulations and the Articles to be resolved by the general meeting.

Shareholders' rights

Pursuant to the provisions of the Articles, the specific rights of shareholders of the Company in the following three aspects are as follows:

Convening extraordinary general meetings

When shareholders individually or collectively holding ten percent or more of the issued and outstanding voting shares of the Company request in writing to convene an extraordinary general meeting, the Board shall convene an extraordinary general meeting within 2 months and include the proposals put forward by the requestor in the agenda of the meeting.

Procedures for putting forward proposals at general meetings

Where a general meeting is being convened by the Company, shareholders individually or collectively holding three percent or more of the total voting shares of the Company shall be entitled to put forward and submit interim proposals in writing ten days before the date of the general meeting to the convener of the general meeting, who shall issue a supplementary notice of the general meeting within two days after receipt of the same to all other shareholders and include matters in the proposals that fall within the scope of duties of the general meeting in the meeting agenda for consideration by the general meeting.

Proposals for a general meeting shall satisfy the following conditions: (1) the contents of the proposals shall not contravene the provisions of laws and regulations and shall fall within the scope of business and the duties of the general meeting of the Company; (2) the proposals shall have clear topics for discussion and specific matters to be resolved upon; and (3) the proposals shall be submitted or delivered to the Board in writing.

Such proposals and the written requisitions from the aforesaid requestors calling for the convening of an extraordinary general meeting may be delivered to the Board or the Company Secretary by hand, mail or courier at the following address: Unit 1707, Kaikang CNOOC Mansion, No. 15, Sanqu, Anzhenxili, Chaoyang District, Beijing.

Procedures for making enquiries to the Board and information available thereon

Shareholders of the Company may obtain such relevant information as stipulated in the Articles after payment of fees at cost in accordance with the provisions of the Articles, and may raise their concerns with or make enquiries about the aforesaid information to the Board via the email address, postal address and telephone numbers posted on the Company's website.

Information on general meetings

During the reporting period, the Company held one annual general meeting, one H Shareholders' class meeting, one domestic Shareholders' class meeting and one extraordinary general meeting. At these meetings, 21 proposals in relation to, among other things, the appointment of the new session of Directors and Supervisors, the appointment of the executive Director, the appointment of accounting firms, the 2023 annual financial report, the report of Directors, the report of the Supervisory Committee, profit distribution plan, the 2024 budget proposal of the Company and the grant of general mandate to the Board to repurchase H Shares, were considered and passed. In 2024, each of Mr. Hou Xiaofeng, Ms. Shao Lihua, Mr. Lin Feng, Mr. Xie Dong, being the Directors, had an attendance rate at the general meetings of 100%. Mr. Li Ruiqing, being a then Director, resigned on 30 October 2024, with an attendance rate of 100% during his tenure. Mr. Yang Dongzhao, being a then Director, resigned on 20 December 2024 and was unable to attend the extraordinary general meeting held on 20 December 2024 due to other commitments, with an attendance rate of 75% during his tenure. Mr. Yu Changchun, being a then Director, resigned on 28 May 2024 and was unable to attend the 2023 annual general meeting, the H Shareholders' class meeting, and the domestic Shareholders' class meeting held on 28 May 2024 due to other commitments, with an attendance rate of 0. Mr. Yang Wanhong, being a Director of the Company, was appointed on 28 May 2024, with an attendance rate at the general meeting of 100% during his tenure. The Company did not convene a general meeting after the appointment of Ms. He Qunhui as a Director on 20 December 2024.

The convening of the general meetings of the Company and the procedures for considering and approving the proposals were in compliance with the laws and regulations and the relevant provisions of the Articles, which effectively protected the interests of the Shareholders as a whole.

2 Board of Directors

The Board is the decision-making body of the Company and shall be accountable to the general meeting.

Duties of the Board

While delegating certain powers and responsibilities to the management in relation to the management of routine business operation of the Group, the Board is responsible for formulating business strategies and guidelines, business plans, investment plans, setting up management goals, reviewing the performance of the Company and assessing the effectiveness of management strategies, formulating profit distribution plans and loss recovery plans of the Company, appointing or dismissing senior management of the Company and fixing their remuneration, determining the establishment of the Company's internal management structure and formulating the basic management system of the Company, and exercising various reserved powers including:

- to convene the general meeting and report to the general meeting on its work and carry out resolutions of the general meeting;
- to formulate business plans, investment plans, proposals for annual financial budgets and final accounts, profit distribution plans and loss recovery plans of the Company;
- to formulate proposals for the increase or reduction of the registered capital of the Company and proposals for the issue of bonds and other securities and the listings of the Company;
- to draw up proposals for the merger, division, change of corporate form or dissolution of the Company;
- to determine the establishment of internal management structure of the Company, to appoint or dismiss the president of the Company and to appoint or dismiss other senior management personnel pursuant to the nomination by the president, and to fix their remuneration;
- to formulate proposals for amendments to the Articles

and the basic management system of the Company;

- to make proposals to the general meeting for appointing, re-appointing or dismissing the accounting firm that provides audit service to the Company; and
- such other duties and powers as are stipulated in the Articles or delegated by the general meeting.

Directors and diversity policy

As at 31 December 2024, the Board consisted of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. There was no relationship (including financial, business, family or other material or relevant relationship(s)) among the members of the Board. Biographical details of the Directors are set out on pages 33 to 34 of this annual report.

The composition and structure of the Board is in compliance with the requirements of the Company Law and the Listing Rules, which has established an effective internal check and balance mechanism and caters to the needs of the Company's operation and development. When determining the Board composition, the Company considers the diversity of the Board members in many respects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The Company has formulated a Board diversity policy, which sets out the approach adopted by the Board to achieve diversity. All appointments of Directors are made by the Board after taking into consideration objective criteria such as their qualifications and experiences, and their compliance with the Board diversity policy. The ultimate decision shall be based on the professional strengths and the possible contributions to the Board of the candidates. The composition of the Board meets the requirements of diversity. The Company aims to maintain a Board with female representation and the Nomination Committee will proactively consider the proportion of female members when selecting and making recommendations on suitable candidates for Board membership. The Company focuses on gender diversity when considering potential successors to the Board to achieve gender diversity.

For the gender composition of the senior management of the Company, please refer to the section headed Directors, Supervisors and Senior Management of this annual report. Details of the gender ratio of the existing employees of the Company have been disclosed in 2024 Environmental, Social and Governance Report published by the Company on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.chinabluechem.com.cn. Currently, the gender ratio of the Company's senior management and employees is at the same level as that of other companies in the same industry. In the future, it is expected that the gender ratio of senior management and employees will remain at a similar level as the current level.

As at 31 December 2024, the members of the seventh session of the Board were as follows:

Board member	Position(s)	Date of appointment
Hou Xiaofeng	Chairman, Executive Director, President and CEO (Note)	28 May 2024
He Qunhui	Executive Director	20 December 2024
Shao Lihua	Non-executive Director	28 May 2024
Lin Feng	Independent Non-executive Directors	28 May 2024
Xie Dong	Independent Non-executive Directors	28 May 2024
Yang Wanhong	Independent Non-executive Directors	28 May 2024

Note: Mr. Hou Xiaofeng resigned from the positions of President and CEO of the Company on 18 March 2025.

Each of the Directors appointed by the Company has entered into a service agreement with the Company. Among them, Mr. Hou Xiaofeng, Ms. Shao Lihua, Mr. Lin Feng, Mr. Xie Dong and Mr. Yang Wanhong were appointed for a term of office of three years, or until a new session of Directors is elected by Shareholders at the 2026 annual general meeting of the Company. Ms. He Qunhui, being a Director, was appointed for a term of office commencing from the date on which her appointment was approved at the general meeting until a new session of Directors is elected by Shareholders at the 2026 annual general meeting of the Company. However, if a new Director is not elected in time prior to the expiration of the term of office of an existing Director, the existing Director shall, pursuant to the laws and regulations and the Articles, continue to perform his/her duties as a Director prior to the election at the general meeting held by the Company in the year when his/her term of office expire. Directors may be re-elected and re-appointed upon expiration of their terms of office.

The Company has adopted the following mechanisms to ensure independent views and input are available to the Board, and the Board reviews such mechanisms annually to ensure its effectiveness: (1) three out of six Directors are independent non-executive Directors, which is in compliance with the requirements under the Listing Rules that the Board must have at least three independent non-executive Directors and the independent non-executive Directors appointed must represent at least one-third of the Board; (2) the independent non-executive Directors have sufficient time to effectively perform their duties; (3) where required by the Listing Rules, the Company shall establish an independent board committee to give opinions on relevant transactions; (4) external independent professional advice can be obtained if required by a Director; (5) all Directors are encouraged to freely express their independent opinions and constructive questions at Board/Board Committee meetings.

During the reporting period, the Board has assessed the independence of each of the independent non-executive

Directors and considered that all of them met the independence requirements under the Listing Rules. One of the independent non-executive Directors fully met the requirements of Rule 3.10(2) of the Listing Rules, i.e., having appropriate professional qualifications or appropriate accounting or related financial management expertise. The number of the independent non-executive Directors, their independence and qualifications were in compliance with the provisions of the Listing Rules. The independent non-executive Directors own a fiduciary duty to the Company and its Shareholders, and in particular, are entrusted with the duty to safeguard the interests of minority Shareholders. They perform an important check-and-balance function in the decision-making process of the Board and play a key role in corporate governance. During the reporting period, the independent non-executive Directors expressed their views and comments on matters concerning the interests of the Shareholders and the Company at Board meetings.

Information on Board meetings

During the reporting period, the Board held five on-site meetings. Attendance of each member of the Board at the on-site Board meetings during the year ended 31 December 2024 was as follows:

Director	Number of meetings attended/held	Attendance rate (%)
Hou Xiaofeng	5/5	100
He Qunhui (Note 1)	1/1	100
Shao Lihua	5/5	100
Lin Feng	5/5	100
Xie Dong	5/5	100
Yang Wanhong (Note 2)	4/4	100
Li Ruiqing (Note 3)	3/4	75
Yang Dongzhao (Note 4)	3/5	60
Yu Changchun (Note 5)	1/1	100

Note 1: Ms. He Qunhui was appointed as an executive Director of the Company on 20 December 2024. One Board meeting was held during the period from 20 December 2024 to 31 December 2024.

Note 2: Mr. Yang Wanhong was appointed as an independent non-executive Director of the Company on 28 May 2024. Four Board meetings were held during the period from 28 May 2024 to 31 December 2024.

Note 3: Due to other work arrangements, Mr. Li Ruiqing ceased to be the executive Director of the Company on 30 October 2024. Four Board meetings were held during the period from 1 January 2024 to 30 October 2024.

Note 4: Due to other work arrangements, Mr. Yang Dongzhao ceased to be the non-executive Director of the Company on 20 December 2024. Five Board meetings were held during the period from 1 January 2024 to 20 December 2024.

Note 5: Due to other work arrangements, Mr. Yu Changchun ceased to be the independent non-executive Director of the Company on 28 May 2024. One Board meeting was held during the period from 1 January 2024 to 28 May 2024.

The procedures for convening of the Board meetings and considering and approving the proposals were in compliance with the relevant laws and regulations and the provisions of the Articles. The Directors have fulfilled their fiduciary duties in a practical manner and made decisions on important matters of the Company after prudent discussion. The Directors must declare their direct and indirect interests (if any) in relation to the issues to be discussed at the Board meetings and the interested Directors must abstain from voting on the resolutions concerned, and shall not vote on behalf of other Directors, which effectively protected the interests of the Shareholders of the Company as a whole.

Training for Directors

As stipulated in code provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure that they continue to contribute to the Board in a well-informed and relevant manner.

During the reporting period, all Directors participated in a number of training sessions in various forms. In particular, the Directors (namely Mr. Hou Xiaofeng, Mr. Li Ruiqing, Ms. Shao Lihua, Mr. Yang Dongzhao, Mr. Lin Feng, Mr. Xie Dong and Mr. Yang Wanhong) attended the on-site training organised by the Company on 28 May 2024 to learn about the latest regulatory trends and ESG compliance policies of listed companies and other related topics. The Company circulated written materials to Directors and Proposed Directors (namely Mr. Hou Xiaofeng, Ms. He Qunhui, Ms. Shao Lihua, Mr. Yang Dongzhao, Mr. Lin Feng, Mr. Xie Dong and Mr. Yang Wanhong) by mail on 5 December 2024, which included six sets of learning materials concerning the review of information in annual report of issuers by the Hong Kong Stock Exchange and other matters. The Directors completed the training by reading through these materials. Mr. Yang Wanhong and Ms. He Qunhui have obtained the legal opinion stated in Rule 3.09D of the Listing Rules and completed the new director training on 20 May 2024 and 4 December 2024, respectively and they confirmed that they understood the responsibility as a director of the Company. In August 2024, the Company circulated written materials to the independent non-executive Directors concerning the main revisions of the new Company Law.

Corporate governance functions

The Board is responsible for carrying out the corporate governance functions and has fulfilled its duties and responsibilities as set out in code provision A.2.1 of the Corporate Governance Code. During the reporting period, the Board reviewed the Company's compliance with the laws and regulatory requirements and the Corporate Governance Code and its disclosures in the Corporate Governance Report; reviewed and monitored the training and continuous professional development of Directors and senior management, further strengthened the authority and duties of the Board, considered the topics about KPIs of the Company in the environmental aspect, set out targets and steps for achieving the targets of key indicators for energy saving and emission reduction in the environmental aspect, and approved and tracked the above targets and monitored relevant implementation; enhanced the risk management and internal control of the Company, and further improved the corporate governance policies and practices.

The Board has set long-term development goals to lead and shape the Company's corporate culture, and attaches great importance to the construction and inheritance of corporate culture. During the reporting period, the Board listened to and evaluated the relevant situation of corporate culture. The Company deepened innovation and focused on promoting corporate culture construction with the vision of "Forging a World-class Green Chemical Pioneer that Represents China Commitment", and the core value of "Shouldering Responsibility, Marching Forward". A diverse cultural system was established with strategic positioning, social responsibility, and business vision as the consensus for development. Its business objectives and development strategies are in line with corporate culture.

3 Committees of the Board

The Board has four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Review Committee. Each of the committees has written terms of reference as approved by the Board, covering its duties, powers and functions. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee have been defined by reference to terms recommended by the Corporate Governance Code and are published on the websites of the Hong Kong Stock Exchange and the Company, respectively. Each committee has adequate resources to perform its duties. The committees shall report regularly and provide recommendations to the Board to assist the Board in making decisions.

Audit Committee

The Audit Committee currently consists of four members, including the independent non-executive Directors namely Mr. Xie Dong, Mr. Lin Feng and Mr. Yang Wanhong, and the non-executive Directors namely Ms. Shao Lihua, with Mr. Xie Dong being the chairman.

The primary duties of the Audit Committee are to review and supervise the completeness and preparation procedures of the consolidated financial statements of the Group, review the annual production, operation and financial budget plans, review the effectiveness of the risk management procedures and internal control procedures of the Company to ensure the efficiency of the Company's business operation and the achievement of the Company's objectives and strategies, review the independence and objectivity of external auditors of the Company and the validity of audit procedures, and review the appointment, remuneration and terms of engagement of external auditors of the Company and any issues in connection with the appointment and dismissal of external auditors. The Audit Committee also examines the internal audit and supervisory work plans of the Company and submits relevant reports, review opinions and recommendations to the Board.

The Audit Committee held five on-site meetings during the reporting period and the tasks it performed are summarised as follows:

- reviewed the 2023 consolidated financial statements and the 2024 interim condensed consolidated financial statements and results, with focus on the compliance with accounting standards, the Listing Rules and other requirements, and made recommendations and advice to the Board;
- reviewed the 2025 operating and financial budgets of the Company, and made recommendations and advice to the Board;
- reviewed the independence of the external auditor and made recommendations to the Board on the appointment of the external auditor, and considered and approved the terms of engagement of the external auditor and the audit fees for 2024;
- reviewed the statutory audit plan of the external auditor and the nature and scope of audit; and
- reviewed the internal audit and supervisory work reports of the Company for 2024 and approved the internal audit plan for 2025 of the Company, and reviewed the effectiveness of the risk management and internal control systems and the internal audit function of the Company.

Attendance of each member of the Audit Committee at the committee meetings during the reporting period was as follows:

Audit Committee member	Number of meetings attended/held	Attendance rate (%)
Xie Dong (Chairman)	5/5	100
Shao Lihua	5/5	100
Lin Feng	5/5	100
Yang Wanhong (Note 1)	4/4	100
Yang Dongzhao (Note 2)	3/5	60
Yu Changchun (Note 3)	1/1	100

Note 1: Mr. Yang Wanhong was appointed as a member of the Audit Committee of the Company on 28 May 2024. Four meetings of the Audit Committee of the Company were held during the period from 28 May 2024 to 31 December 2024.

Note 2: Mr. Yang Dongzhao ceased to be a member of the Audit Committee of the Company on 20 December 2024. Five meetings of the Audit Committee of the Company were held during the period from 1 January 2024 to 20 December 2024.

Note 3: Mr. Yu Changchun ceased to be a member of the Audit Committee of the Company on 28 May 2024. One meeting of the Audit Committee of the Company was held during the period from 1 January 2024 to 28 May 2024.

Remuneration Committee

The Remuneration Committee currently consists of three members, including independent non-executive Directors namely Mr. Lin Feng and Mr. Xie Dong, and non-executive

Director namely Ms. Shao Lihua, with Mr. Lin Feng being the chairman.

The Remuneration Committee is primarily responsible for studying, reviewing and formulating remuneration policies and proposals, including standards, procedures and major regimes of performance appraisal, and major proposals and system of rewards and penalties, for Directors, Supervisors and senior management of the Company, and making recommendations thereon to the Board. The Remuneration Committee, with delegated responsibility from the general meeting and the Board, determines the remuneration packages of executive Directors, Supervisors and senior management. It is also responsible for monitoring the implementation of the Company's remuneration system, and reviewing and/or approving matters relating to share scheme as described in Chapter 17 of the Listing Rules. In discharging its duties, the Remuneration Committee may consult the Chairman, the President and other executive Directors.

Remuneration policy

- The remuneration package policy for executive Directors is designed to link the remuneration and performance of executive Directors with the Company's corporate objectives and operating results, while taking into account market conditions, in order to provide performance incentives to and retain the executive Directors.

- The remunerations of non-executive Directors and independent non-executive Directors, which are subject to approval at the Company's general meetings, are determined mainly based on the complexity of the matters to be handled by them and their responsibilities. Pursuant to the service contracts entered into by the Company with non-executive Directors and with independent non-executive Directors, the expenses incurred by non-executive Directors and independent non-executive Directors in the performance of their duties (including attending meetings of the Company) are reimbursable by the Company.

The Directors are not entitled to decide upon and approve their own remuneration. Details of the remuneration of each Director for the year ended 31 December 2024 are set out in Note 9 to the consolidated financial statements.

During the reporting period, three meetings of the Remuneration Committee were held at which the committee determined the remuneration of executive Directors and Supervisors of the Company, reviewed the appraisal results and remuneration distribution plan of the management of the Company for 2023, and proposed to the Board on the remuneration of non-executive Directors of the Company.

Attendance of each member of the Remuneration Committee at the committee meetings during the reporting period was as follows:

Remuneration Committee member	Number of meetings attended/held	Attendance rate (%)
Lin Feng (Chairman)	3/3	100
Shao Lihua	3/3	100
Xie Dong	3/3	100

Nomination Committee

The Nomination Committee currently consists of three members, including Chairman and executive Director namely Mr. Hou Xiaofeng, and independent non-executive Directors namely Mr. Lin Feng and Mr. Yang Wanhong, with Mr. Hou Xiaofeng being the chairman.

The Nomination Committee is primarily responsible for assessing and reviewing the structure, size and composition (including skills, knowledge and experience) of the Board, making recommendations to the Board on the appointment, re-appointment and succession of Directors and senior management of the Company and relevant personnel to be appointed pursuant to the requirements of the Listing Rules. Specifically, the criteria adopted include the suitability of candidates in terms of appropriate professional skills, knowledge and experience, personal integrity, honesty and skills. It assesses and reviews the independence of each independent non-executive Director.

The Nomination Committee is also responsible for reviewing the Board diversity policy of the Company. The factors to be considered by the Nomination Committee in evaluating and selecting candidates for Directors include but are not limited to integrity and honesty, qualifications such as profession, skills and experience, any potential contribution to Board diversity in terms of gender, age, culture and educational background, whether the required independence criteria are satisfied, willingness and capability to contribute sufficient time to perform his/her duties in the capacity of a Director and a member of committees under the Board, suitability to the actual situation of the Company and other factors applicable to the business and succession plans of the Company.

The nomination procedures to select candidates for directorship are available on the website of the Company. Specifically, upon receiving the proposal to appoint a new Director or the nomination from Shareholders, the Nomination Committee will assess the candidate's eligibility to serve as a Director based on the above criteria in combination with his/her personal profile. If multiple candidates are involved, the Nomination Committee shall prioritise them according to the Company's needs and candidates' respective qualifications. In the case of the re-appointment of a Director at the general meeting, the Nomination Committee shall review the overall contribution and services of the Directors whose terms of office have expired to the Company, their participation and performance within the Board, and whether such Director still meets the above criteria. The Nomination Committee makes recommendations to the Board on the appointment of suitable candidates for directorship, which shall ultimately be determined by the general meeting of the Company.

The Company adopted the Board diversity policy on 31 May 2013 and believed that the Board diversity policy is beneficial for enhancing the quality of the Company's performance. The Board diversity policy aims to set out the approach to achieve diversity on the Board members.

When determining the Board composition, the Company considers the diversity of the Board members in many respects, including but not limited to gender, age, cultural, educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board members. The ultimate decision shall be based on merit and the possible contributions to the Board of the candidates. The Nomination Committee has reviewed the Board diversity policy to ensure its effectiveness. The composition of the Board is in compliance with the requirements for diversity, and the Company will continue to implement the Board diversity policy to enhance the diversity of the Board.

During the reporting period, the Nomination Committee held four on-site meetings to make recommendations on candidates for the new session of Directors of the Board and senior management in accordance with the above nomination policy and procedures, and to review the structure, size and composition (including skills, knowledge and experience) of the Board and its special committees. Attendance of each member of the Nomination Committee at the committee meetings was as follows:

Nomination Committee member	Number of meetings attended/held	Attendance rate (%)
Hou Xiaofeng (Chairman)	4/4	100
Lin Feng	4/4	100
Yang Wanhong (Note 1)	3/3	100
Yu Changchun (Note 2)	1/1	100

Note 1: Mr. Yang Wanhong was appointed as a member of the Nomination Committee of the Company on 28 May 2024. Three meetings of the Nomination Committee of the Company were held during the period from 28 May 2024 to 31 December 2024.

Note 2: Mr. Yu Changchun ceased to serve as a member of the Nomination Committee of the Company on 28 May 2024. One meeting of the Nomination Committee of the Company was held during the period from 1 January 2024 to 28 May 2024.

Investment Review Committee

The Investment Review Committee currently consists of four members, including the independent non-executive Directors namely Mr. Yang Wanhong, Mr. Lin Feng and Mr. Xie Dong, and the non-executive Director namely Ms. Shao Lihua, with Mr. Yang Wanhong being the chairman.

The Investment Review Committee is primarily responsible for reviewing investment projects that are beyond the decision-making authority delegated to the management by the Board and making recommendations to the Board on the decision-making.

During the reporting period, one meeting of the Investment Review Committee was held at which the committee reviewed the feasibility study reports of investment projects of the Company and reported their review comments to the Board.

Attendance of each member of the Investment Review Committee at the committee meetings during the reporting period was as follows:

Investment Review Committee member	Number of meetings attended/held	Attendance rate (%)
Yang Wanhong (Chairman, Note 1)	1/1	100
Shao Lihua	1/1	100
Lin Feng	1/1	100
Xie Dong	1/1	100
Yang Dongzhao (Note 2)	1/1	100
Yu Changchun (Note 3)	-/-	--

Note 1: Mr. Yang Wanhong was appointed as a member of the Investment Review Committee of the Company on 28 May 2024. One meeting of the Investment Review Committee of the Company was held during the period from 28 May 2024 to 31 December 2024.

Note 2: Mr. Yang Dongzhao ceased to serve as a member of the Investment Review Committee of the Company on 20 December 2024. One meeting of the Investment Review Committee of the Company was held during the period from 1 January 2024 to 20 December 2024.

Note 3: Mr. Yu Changchun ceased to serve as a member of the Investment Review Committee of the Company on 28 May 2024. No meeting of the Investment Review Committee of the Company was held during the period from 1 January 2024 to 28 May 2024.

4 Supervisory Committee

The Supervisory Committee is accountable to the general meeting and exercises the following functions and powers in accordance with the law:

- to review the financial matters of the Company;
- to supervise the behaviour of Directors and senior management of the Company in the fulfillment of their duties and to put forward proposals on removal of those who have violated the laws, administrative regulations and the Articles;
- to demand Directors, the President and other senior management to rectify any improper behaviour that would be detrimental to the interest of the Company;
- to verify financial reports, business reports, profit distribution plans and other financial information to be submitted by the Board at general meetings, and to engage certified public accountants or auditors to reexamine the same in the name of the Company in case of doubt;
- to propose the convening of extraordinary general meetings, and to convene and preside over general meetings when the Board fails to fulfil its duty under the Articles to do so;
- to put forward proposals at general meetings;

- to initiate legal actions against Directors, the President and other senior management in accordance with the Company Law; and
- to exercise other functions stipulated in the Articles.

The Supervisory Committee currently consists of three members, two of whom are external Supervisors (being the shareholders' representative Supervisor and the independent Supervisor, respectively) and one of whom is the employees' representative Supervisor.

For details of the work performed by the Supervisory Committee, please refer to the Report of the Supervisory Committee on page 52 to 53 of this annual report.

5 Senior management

The senior management consists of the chief executive officer, the President, the chief financial officer, the vice president and the secretary to the Board (Company Secretary).

Together with other senior management members, the chief executive officer/President of the Company organises and carries out operational and managerial activities of the Company in accordance with the laws and regulations, the Articles and the authority delegated by the Board, and exercises the following major functions and powers:

- to be in charge of the Company's production, operation and management and to organise the implementation of resolutions of the Board;
- to organise the implementation of the Company's annual business plans and investment plans;
- to draw up plans for the establishment of the Company's internal management structure;
- to draw up the Company's basic management system and to formulate the basic rules and regulations of the Company;
- to propose the appointment or dismissal of the Company's chief financial officer and vice president and to appoint or dismiss management staff other than those required to be appointed or dismissed by the Board; and
- other functions and powers conferred by the Articles and the Board.

The senior management of the Company implements the development strategies and business management plans formulated by the Board. They have extensive expertise and management experience in the respective fields which they are in charge of or responsible for, and form a management team which cooperates closely to ensure the day-to-day operation of the Company be carried out efficiently.

The management of the Company submits the management accounts of the Company (including analysis of production and sales data and internal financial statements), a monthly QHSE report and a monthly risk management report to members of the Board and the Supervisory Committee every month and provides the background and explanatory information relating to matters to be discussed by the Board so that each Director and Supervisor can fully understand the progress of material events and the latest business status of the Company. They issue information reports on capital markets covering stock price trends, analyst reports from investment banks and media news on a periodic basis to keep Directors and Supervisors abreast of the developments in the capital markets relating to the Company. The management also issues a daily stock quote report to keep Directors and Supervisors timely informed of share price movements of the Company.

The Company has set up the Quality, Health, Safety and Environmental Protection Committee, the Budget Management Committee, the Technology and Network Informatisation Committee, and the Risk Management Committee etc. These committees adequately ensure that the production, operation and investment decision-making and risk management of the Company are conducted in a scientific and prudent way.

Details of the remuneration range of the members of senior management of the Company for the financial year ended 31 December 2024 are set out in Note 10 to the consolidated financial statements.

6 Securities transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by Directors and Supervisors. Having made specific enquiry of the Directors and Supervisors, all of them confirmed that during the accounting period covered by this annual report, they have strictly complied with the required standards set out in the Model Code.

The Board will examine the corporate governance and operations of the Company from time to time so as to meet the relevant requirements of the Listing Rules and to safeguard Shareholders' interests.

7 Chairman and President

The chairman is responsible for providing leadership over the effective operation of the Board, while the chief executive officer/president is responsible for the day-today business operation of the Group and reports to the Board on the overall operation of the Company. From 1 January 2024 to 30 October 2024, Mr. Hou Xiaofeng served as the chief executive officer/president of the Company and performed the duties and responsibilities of the chairman of the Board. On 30 October 2024, the Board elected Mr. Hou Xiaofeng as the chairman of the Board of the Company, concurrently serving as chief executive officer/president.

In view of Mr. Hou Xiaofeng's experience, personal profile and his roles in the Company, the Board considers that it has no unfavorable impact on the business prospects and operational efficiency of the Company that Mr.

Hou Xiaofeng, in addition to serving as the president of the Company, acts as the chairman of the Board. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and the Board has three independent non-executive Directors out of the six Directors, which is in compliance with the Listing Rules; (ii) Mr. Hou Xiaofeng and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly; (iii) the balance of power and responsibilities is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

On 18 March 2025, Mr. Hou Xiaofeng resigned from the position of the Company's chief executive officer/president, and on the same day, the Board appointed Mr. Rao Shicai (饒仕才) as the Company' chief executive officer/president. As at the date of this report, the Company has re-complied with Code C.2.1 of the Corporate Governance Code.

8 Company Secretary

During the reporting period, Mr. Kuang Xiaobing and Ms. Ng Sau Mei served as the joint company secretaries. Mr. Kuang Xiaobing is also the chief financial officer and the vice president of the Company and is familiar with the day-to-day affairs of the Company. All Directors have the access to the advice and services from the Company Secretary to ensure the Board procedures and all applicable laws, rules and regulations are complied with.

Having made enquiry by the Board, Mr. Kuang Xiaobing and Ms. Ng Sau Mei confirmed that they met all the requirements stipulated in the Listing Rules regarding qualification, experience and training during their term of office. The major contact of Ms. Ng Sau Mei, the external service provider from TMF Hong Kong Limited, in the Company is Mr. Kuang Xiaobing.

9 Communication with investors

The Board recognises the importance of good and effective communication with all Shareholders. In addition to the release of information and publication of announcements and circulars, the Company has also set up a section titled "Investor Relations" on its website at www.chinabluechem.com.cn, where Shareholders may access relevant information.

The Company reviews the Administrative Measures for Information Disclosure and the Administrative Rules for Information Disclosure in the Capital Market on an annual basis. The Company is proactive in maintaining a good relationship with investors and making proper information disclosure. In particular, the Company, among other things, organises annual results roadshows, reverse roadshows, participates in investors' forums organised by investment banks, invites investors/analysts to visit our plants, and holds face-to-face interviews or teleconferences with investors. The Company enhances investors' recognition of its strategy and long-term investment value by presenting its operating results and development highlights, projecting its development prospects, and addressing issues of concern in the capital markets. The Company is of the view that the relevant policies in relation to communication with investors have been properly implemented during the reporting period and are effective.

10 Risk management and internal control

The Company maintains an internal audit function. In strict compliance with the relevant requirements under the Listing Rules and the Basic Standard for Enterprise Internal Control in the PRC, the Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving its strategic objectives, and maintaining robust and effective risk management and internal control systems. The Board, by itself and through the Audit Committee, reviews the adequacy and effectiveness of the risk management and internal control systems of the Company in order to protect the investment of Shareholders and the Company's assets. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, for which the Board only provides reasonable and not absolute assurance against material misstatement or loss.

The Company has developed an internal control system and a comprehensive risk management system as well as internal systems such as comprehensive risk management measures. The Company has set up a three-tier risk management structure consisting of the Risk Management Committee, the risk management department and the subsidiaries, under which, each subsidiary identifies and reports risk issues; the risk management department analyses and identifies major risks of the Company and reports to the management of the Company; and the Risk Management Committee reviews the Company's monthly risk management reports, discusses and determines measures to cope with such major risks, and requires the subsidiaries to implement them for rectification. During the reporting period, focusing on the overall objectives of "strengthening internal control, preventing risks and promoting compliance", the Company continued to improve the internal control system, dynamically optimized the decision-making matters lists of "Three Importance and One Large" and business authority lists, and further refined decision-making entities and approval authorities. The Company strived to revise internal control systems in areas such as safety production management, supply chain management and sales and trading management, strengthened internal control inspections and guidance for its subsidiaries, and solidly carried out the construction of process management systems. The Company continued to conduct work on preventing and mitigating major risks and published the Compilation of Risk Management

Experience Cases of China BlueChemical (《中海化學風險管理經驗案例彙編》) by reporting to the Board and management of the Company the key control risks. The internal audit department of the Company plays an important role in supporting the Board, the management and the risk management and internal control systems. During the year, the Board reviewed the risk management and internal control systems of the Company, including financial, operational and compliance control. The Audit Committee of the Board was briefed three times on the risk management and internal control systems of the Company, and held discussions in this regard. The Company considers that its risk management and internal control systems are effective and adequate.

The Company improved its information disclosure management and spokesperson system in compliance with the requirements and required procedures as set out in the Listing Rules, clarifying the department responsible for disclosure of inside information to ensure timely and compliant information disclosures.

The Company has adopted a dividend policy, further information of which is set out in the "Report of Directors" section of this annual report.

The Board concurs with the management's confirmations that for the year ended 31 December 2024, (1) the risk management and internal control systems of the Company were effective and adequate; (2) the Company has adopted necessary control mechanisms to monitor and correct non-compliances; and (3) the Company has complied with the requirements of the Corporate Governance Code in respect of risk management and internal control systems.

11 Auditors and fees

From 1 January 2024 to 21 October 2024, the overseas and domestic auditors of the Company were BDO Limited and BDO China Shu Lun Pan Certified Public Accountants LLP ("BDO"), respectively. BDO resigned as the Company's auditor on 21 October 2024. Due to the aforementioned resignation of BDO, before convening of the Company's general meeting to approve the appointment of auditors for the year 2024 (i.e., from 21 October 2024 to 20 December 2024), the Board appointed Mazars ZSZH Certified Public Accountants LLP ("ZSZH") and Forvis Mazars CPA Limited ("Forvis Mazars") as the Company's domestic and overseas auditors, resepctively. During the period of filling the vacancy as mentioned above, the remuneration for ZSZH and Forvis Mazars was RMB0.3 million. On 20 December 2024, the appointment of ZSZH and Forvis Mazars as the domestic and overseas auditors of the Company for the year 2024, respectively, were approved at the general meeting of the Company, with total audit remuneration amounting to RMB1.70 million (including audit remuneration of RMB0.3 million for the period of filling the vacancy as mentioned above) and non-audit service fees amounting to RMB0.1 million (including attending at the annual general meeting, preliminary review of the final results and report of continuing connected transactions). The remuneration for the interim review services for the year 2024 provided by the former auditor BDO to the Company before its resignation amounted to RMB1.47 million, which has been approved by the Audit Committee.

The responsibility statement of the Company's external auditor on the consolidated financial statements is set out on pages 54 to 57 of this annual report.

12 2024 Annual review on non-competition

On 7 September 2006, the Company and CNOOC entered into a non-compete agreement, pursuant to which CNOOC (a) agreed that it will not, and will procure its subsidiaries not to, directly or indirectly, engage in businesses that compete or are likely to compete with the Company's core businesses in China or abroad; and (b) granted the Company the first transaction right, first option and preemptive right to acquire any competing businesses.

On 17 March 2025, the Company and CNOOC held the 2024 annual review meeting on non-competition and reviewed the investment opportunities obtained during the reporting period by CNOOC and its subsidiaries (excluding the Group) which compete or are likely to compete with the Group's core businesses.

CNOOC and its subsidiaries (excluding the Group) have made a declaration confirming that they have fully complied with such undertakings. The independent non-executive Directors of the Company have also reviewed whether CNOOC and its subsidiaries (excluding the Group) have fully complied with the undertakings and are satisfied that CNOOC and its subsidiaries (excluding the Group) have fully complied with the undertakings.

13 Directors' responsibilities for the consolidated financial statements

The Directors acknowledge that they are responsible for the preparation of the Group's consolidated financial statements, and that they should evaluate the Company's financial position, results, cash flow position and prospects for the reporting period in a lucid and comprehensive manner based on such consolidated financial statements and the timely and appropriate data provided by the management. The Board undertakes that, save as those disclosed by the Company in this annual report, there is no major uncertain event or circumstances that may significantly affect the Company's ability to continue as a going-concern.

Directors, Supervisors and Senior Management

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Executive Directors

①Mr. **Hou Xiaofeng**, born in 1976, graduated from Hefei University of Technology with a bachelor's degree in computer and applications in July 1997. In December 2007, he obtained a master's degree in finance from Capital University of Economics and Business. He was qualified as a senior engineer. From July 1997 to September 2001, he worked successively as a software engineer and network manager in information management department of CNOOC. From September 2001 to March 2015, he served successively as the information technology director, chief technology officer and chief engineer of CNOOC's information management department, and during this period, he worked concurrently as a member of CNOOC's ERP project preparation team and manager of the technology team from June 2004 to November 2009. From March 2015 to March 2018, he held the positions of chief engineer of information department of CNOOC and that of CNOOC Limited as well as a team leader of CNOOC's "Internet+" joint work group,responsible for e-commerce, big data and network security, etc. From March 2018 to May 2020, he served as a member of CCP Standing Committee and Deputy Governor of Gannan Tibetan Autonomous Prefecture in Gansu Province, responsible for industry and informatization, agriculture and rural development, animal husbandry and veterinary medicine, supply and sale, and agricultural machinery, etc. He was appointed as an executive Director of the Company in August 2020. From August 2020 to March 2025, he served as the chief executive officer and president of the Company. From August 2020 to July 2023, he served as a director and the chairman of Hubei Dayukou Chemical Co., Ltd.. He was appointed as a director of CBC (Canada) Holding Corp. in August 2020 and the chairman in April 2022. He was appointed as a director of CNOOC Kingboard Chemical Limited in August 2020 and the chairman in January 2022. From March 2021 to July 2021, he studied in the 49th young cadre training course of Party School of the Central Committee of the CPC. He acted as the Chairman of the Company and presided over the work from March 2022 to October 2024 . He was appointed as the Party Committee Secretary of the Company in September 2024 and the chairman of the Board of the Company in October 2024.

②Ms. **He Qunhui**, born in 1975, graduated from the Department of Philosophy at Renmin University of China (中國人民大學) with a bachelor's degree in 1997, majoring in philosophy. She obtained a master's degree from the Department of Philosophy at Renmin University of China in 2000, majoring in religious studies. She is a senior political engineer. From July 2000 to August 2001, she served as an officer of China Township Enterprises Investment and Development Co., Ltd. (中國鄉鎮企業投資開發有限公司); from August 2001 to December 2001, she served as the quality director of Beijing Shuzi Fangzhou Information Technology Co., Ltd. (北京數字方舟信息技術有限公司); from December 2001 to January 2003, she worked as an editor at Beijing Lantudi Advertising Co., Ltd. (北京藍土地廣告有限公司); from January 2003 to May 2003, she worked as an editor at China National Offshore Oil Corporation News; from May 2003 to April 2006, she successively served as an officer in the Ideological Construction Post and Propaganda Education Post of the Ideological and Political Work Department of China National Offshore Oil Corporation; from April 2006 to October 2010, she served as the deputy director of the Communist Youth League Working Committee and youth work manager of the Ideological and Political Work Department of China National Offshore Oil Corporation; from October 2010 to October 2019, she successively served as the director of the Youth (Comprehensive) Division of the Ideological and Political Work Department and Deputy Secretary of the Communist Youth League, deputy director (News Office), secretary of the Youth League Committee, deputy director of the Party Group Propaganda Department of China National Offshore Oil Corporation, and deputy director of the Party Group Propaganda Department of China National Offshore Oil Corporation Group Co., Ltd.; from October 2019 to October 2020, she was the deputy secretary of the Party Committee and chairman of the Labour Union of CNOOC Petrochemicals Import & Export Co., Ltd.; from October 2020 to September 2024, she served as the deputy secretary of the Party Committee and chairman of the Labour Union of CNOOC International Trade Co., Ltd. She was appointed as the deputy secretary of the Party Committee of the Company in September 2024 and an executive Director of the Company in December 2024.

Non-executive Directors

③Ms. **Shao Lihua**, born in 1975, graduated from the Finance Department of Dongbei University of Finance and Economics in July 1997, with a bachelor's degree in economics, majoring in monetary banking. In January 2016, she obtained a master's degree in engineering from Beihang University, majoring in software engineering, and is a senior economist. From July 1997 to July 2003, she served as an assistant economist and an economist at CNOOC Research Center. From July 2003 to August 2004, she served as the supervisor of engineering and economics at Fujian LNG Station Line Project of CNOOC Gas and Power Group Ltd. (中海石油氣電公司). From August 2004 to August 2010, she successively served as planning and budget supervisor and planning and budget manager, and deputy manager at Planning and Finance Department of CNOOC Oil & Gas Development and Utilization Company (中海油氣開發利用公司). From August 2010 to August 2016, she successively served as the manager of planning and management position at CNOOC Refinery & Petrochemicals and Sales Division, the head of Industrial Development Department at Refinery & Petrochemicals and Sales Division of CNOOC. From August 2016 to November 2017, she served as the head of the Industrial Coordination Division and the head of the Industrial Investment Division at Strategy and Planning Department of CNOOC. From November 2017 to October 2022, she served as the head of Industrial Investment Division at Strategy and Planning Department of CNOOC. Since October 2022, she has been serving as the deputy general manager at Strategy and Planning Department of CNOOC (CNOOC Limited). She was appointed as an non-executive Director of the Company in December 2023.

④Mr. **Lin Feng**, born in 1965, graduated from the Law Department of Fudan University with a bachelor's degree in 1987. He obtained a master's degree in law from the University of Wellington, New Zealand in 1992, and a doctorate in law from Peking University in 1998. He has been teaching at the City University of Hong Kong since 1992. Currently, he serves as a professor and dean of the School of Law of the City University of Hong Kong, and the chairman of the Centre for Judicial Education and Research cum Identification of Hong Kong Law. He is a practising barrister in Hong Kong, a councilor of the China Law Society, a councilor of the Chinese Judicial Studies Association, a councilor of the Hong Kong Mental Health Foundation, and a member of the Independent Police Complaints Council. Mr. Lin's research areas mainly cover comparative constitutional law, Hong Kong Basic Law, Administrative Law and Environmental Law. He previously served as the editor-inchief of Asia Pacific Law Review, a member of the Law Reform Commission of Hong Kong, a council member of the Bar Council of the Hong Kong Bar Association, a member of the Board of Review (Inland Revenue Ordinance) and a member of the Telecommunications Appeal Board. He was appointed as an independent non-executive Director of the Company in May 2021.

Independent non-executive Directors

⑤Mr. **Xie Dong**, born in 1980, obtained his bachelor's degree in Economics in 2003 and master's degree in World Economics from Nankai University in 2006, respectively. He has over 18 years of professional experience in sectors of finance, auditing, investment and financing, and capital markets, and is the holder of Chinese Institute of Certified Public Accountants (CICPA), Certified Internal Auditor (CIA), Certified Tax Agent (CTA) and Chinese Legal Professional Qualification. From June 2006 to October 2007, he worked as the auditor of the global financial services department of Ernst & Young Hua Ming LLP; from November 2007 to March 2010 and from October 2010 to August 2014, he served as the deputy director of M&A (Mergers and Acquisitions) Financial Advisory Services Department of Deloitte; from April 2010 to September 2010, he was appointed as Vice President of direct investment department of CCB International (China) Limited; from September 2014 to December 2018, he served as the chief financial officer and company secretary of FinUp Finance Technology Group (Holding) Limited; from January 2019 to March 2020, he served as the chief financial officer of Renbuy Technology Holding (任買科技控股); from March 2020 to December 2020, the partner (capital market services) of PGA Consulting Limited. He has served as the chief financial officer and the director of Quantasing Group Limited (NASDAQ: QSG) since January 2021 and June 2022, respectively. He was appointed as an independent non-executive Director of the Company in May 2021. He was appointed as an independent non-executive Director of Duality Biotherapeutics, Inc. (09606.HK) in August 2024, effective from the date of listing.

⑥Mr. **Yang Wanhong**, born in 1963, graduated from Dalian Institute of Technology (currently known as Dalian University of Technology) in 1984, with a bachelor's degree in engineering, majoring in organic chemical engineering. He received an Executive Master of Business Administration degree from Fudan

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University in January 2005 and held the title of senior engineer. He successively served as a technician, the head of technical section and the branch chief engineer of Yantai Synthetic Leather Factory* (烟台合成革厂) from July 1984 to December 1998. He served as the deputy director of the production department, the director of the technology development department, the director of the technology center, the chief engineer, the Vice President of Yantai Wanhua Polyurethane Co., Ltd.* (烟台万华聚氨酯股份有限公司) and the General Manager of Ningbo Wanhua Polyurethane Co., Ltd.* (宁波万华聚氨酯有限公司) from December 1998 to January 2010. He served as the Vice President of Wanhua Enterprise Group* (万华实业集团) and the General Manager of Shanxi Zhongqiang Coal & Chemicals Company*(山西中强煤化公司) from January 2010 to September 2016. He has been a senior consultant of Wanhua Chemical Group Co., Ltd. since September 2016. In March 2020, he was appointed as the chairman and the chief expert of the Production Technology Expert Committee, and in May 2023, he retired and was reappointed as a senior consultant and the chief expert. Mr. Yang has been engaged in polyurethane chemical technology development and management, planning and development, technical transformation, production technology management, procurement and supply chain management, safety and environmental protection technology, and project engineering technical support for many years.He was appointed as an independent non-executive Director of the company in May 2024.

Supervisors

⑦Mr. **Zhang Bing**, born in 1971, graduated from the Luoyang Foreign Language University in July 1993, with a bachelor's degree in arts. In June 2003, he obtained a master's degree in International Law from the University of International Business and Economics. He possesses the title of Translator (Intermediate). From September 2003 to March 2010, he served as contract legal advisor and overseas cooperation manager at Legal Department of CNOOC China Limited. From March 2010 to August 2012, he served as the head of the Cooperation and Mergers Division at Legal Department of CNOOC. From August 2012 to June 2018, he served as manager and chief legal advisor at Legal Department of CNOOC International Limited (中国海洋石油国际公司). Since June 2018, he has been serving as the deputy general manager at Legal Compliance Department, deputy director at Legal Support Center, and deputy general manager at Legal and Foreign Affairs Department of CNOOC (CNOOC Limited). He was appointed as a supervisor representing the shareholders of the Company and the chairman of the Supervisory Committee of the Company in December 2023.

⑧Mr. **Li Xiaoyu**, born in 1958, graduated from Shandong University, Department of Chemistry with a bachelor's degree of science majoring in Organic Chemistry in 1981. He graduated from the Major of Polymers Materials of the Department of Polymers of Beijing Institute of Chemical Technology (now known as Beijing University of Chemical Technology, (BUCT)) with a master's degree of engineering in 1985. He graduated from the Major of Materials Science of the Department of Materials Science of BUCT with a doctoral degree (on-the-job) of engineering and title of professor in 1998. From May 1985 to June 1987, he was a teaching assistant in the Department of Applied Chemistry of BUCT; from July 1987 to June 1994, he was a lecturer in the Department of Applied Chemistry and Department of Polymers of BUCT; from July 1994 to June 1998, he was an associate professor of the Department of Polymers of BUCT; from July 1997 to June 1999, he was an deputy dean of the College of Materials Science of BUCT. In July 1998, he was served as the professor and Ph. D. candidate supervisor of the College of Materials Science of BUCT, and in May 2023, he retired and rehired to continue working as a teacher; from July 1999 to January 2003, he served as the director of Science and Technology Department in BUCT. In May 2015 he was appointed as an independent Supervisor of the Company.

⑨Ms. **Liu Lijie**, born in 1970, graduated from China Finance Institute (now known as School of Banking and Finance, University of International Business and Economics) in 1993 with a bachelor's degree majoring in International Finance, and was later awarded the title of senior accountant and she is a certified public accountant in China. Ms. Liu worked with the Finance Department of China National Chemical Construction Corporation ("CNCCC") from August 1993 to February 2003. She was the head of the import and export accounting division of the Finance Department of CNCCC from March 2003 to June 2006; deputy manager of the Finance Department of CNCCC Fine Chemical Industry Co., Ltd. (中化建精細化工有限責任公司) from July 2006 to May 2007; assistant to the general manager of the Finance Department of CNCCC from June 2007 to June 2008; assistant to the general manager of the Financial Management Department of the Company from July 2008 to August 2009; the deputy general manager of the Treasury Management Department of the Company from September 2009 to August 2012; the general manager of the Audit and Supervising Department of the Company from September 2012 to December 2015; the general manager of the Audit Department of the Company from December 2015 to September 2024 . She was elected as the Supervisor Representing

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the Employees at the Employee Representative Meeting of the Company held in September 2012, February 2015, January 2018, January 2021 and February 2024 , respectively. She served as the chairman of the supervisor committee of CNOOC Tianye Chemical Limited from October 2014 to February 2023. From May 2019 to July 2021, she served as the chairperson of the supervisory committee of Hubei Dayukou Chemical Co., Ltd.. She was appointed as the Chief Auditor of the Company in September 2024.

Senior management

⑩Mr. **Rao Shicai**, born in 1968, graduated from Wuhan University of Hydraulic and Electrical Engineering in 1993 with a bachelor's degree in industrial and civil architecture. In 2004, he graduated from Tianjin University with a master's degree in naval architecture and marine engineering, and is a professor-level senior economist. From July 1993 to October 1997, he served as an architectural engineering design engineer at Tianjin Water Carriage Engineering Reconnaissance Designing Academy (天津水運工程勘察設計院). From October 1997 to April 2000, he served as an offshore engineering design engineer at China Offshore Oil Platform Manufacturing Company (中海石油平台製造公司). From April 2000 to August 2004, he successively served as the manager of offshore platform construction, deputy director of Production Technology Department, deputy director of the Module Workshop, director of the Container Workshop and director of the Structure Workshop at Offshore Oil Engineering Co., Ltd.. From August 2004 to September 2007, he successively served as the manager of Huizhou Nanhai Petrochemical Agent Project (惠州南海石化代理項目), deputy manager of Qingdao Marine Engineering Manufacturing Base Project (青島海洋工程製造基地項目) and manager of Tianjin Technology Research Center Office Building Project (天津技術研究中心辦公樓項目) at Offshore Oil Engineering Co., Ltd.. From September 2007 to December 2017, he successively served as a general manager of the Human Resources Department, secretary of the Party Committee of the Organization, deputy secretary of the Party Committee of the company, secretary of disciplinary committee, and employee Supervisor of Offshore Oil Engineering Co., Ltd.. From December 2017 to July 2020, he served as the head of the Discipline Inspection Team of the Party Committee of China National Offshore Oil Corporation in Offshore Oil Engineering Co., Ltd.. From July 2020 to December 2024, he served as the head of the Inspection Team of the Party Committee of China National Offshore Oil Corporation. Since December 2024, he has been the deputy secretary of the Party Committee of the Company. He was appointed as the Chairman and a Director of Hubei Dayukou Chemical Co., Ltd. in February 2025. He was appointed as the chief executive officer and president of the Company in March 2025.

⑪Mr. **Kuang Xiaobing**, born in 1967, obtained a master's degree in corporate management from the Beijing Business College in 1997. He was qualified as a senior economist. From September 1986 to August 1991, he studied Application of Nuclear and Thermo Energy in the Department of Engineering Physics, Tsinghua University. From August 1991 to September 1994, he worked as assistant engineer in Second Engineering Institute of Nuclear Industry(核工業第二研究設計院). From September 1994 to June 1997, he obtained a master's degree from his study in corporate management in the Beijing Business College. From June 1997 to May 1998, he worked as an economist of finance department of CNOOC. From May 1998 to December 2000, he served as a financial economist under the Nanhai Petrochemical Project Group of CNOOC Limited . From December 2000 to August 2005, he worked as chief of financing of finance department in CNOOC and Shell Petrochemicals Company Limited. From August 2005 to December 2011, he served successively as chief of corporate finance analysis and management of the fund and financing department, senior chief of risk management of investment, financing and debt, director of financing and capital market division of CNOOC China Limited. From December 2011 to October 2016, he served successively as director of the financing division of the fund department, director of the limited financing and capital market division, deputy director of the financing division of CNOOC. From October 2016 to November 2022, he served as deputy general manager of fund department of CNOOC (CNOOC Limited). He was appointed as a vice president, the chief financial officer, the chief legal adviser and the chief compliance officer of the Company in November 2022. He was appointed as the Joint Company Secretary in January 2023.

⑫Mr. **Tang Xiangyang**, born in 1970, graduated from Shenyang University of Chemical Technology majoring in inorganic chemical engineering from chemical engineering in July 1992. He graduated from Zhongnan University of Economics and Law with a bachelor's degree in business administration and a master's degree in management in December 2007. He was qualified as a professional and technical of senior engineer. From August 1992 to June 1999, he successively served as an operator, deputy team leader and team leader of urea department of Hainan Fudao Chemical Industry Corporation. From June 1999 to December 2001, he successively served as a technician and deputy director of ammonia processing department, and deputy manager of urea department of Hainan Fudao Chemical Industry Co., Ltd.(海

 

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南富島化工有限公司). From January 2002 to November 2004, he successively served as a deputy director and director of urea workshop of CNOOC Fudao Limited. From November 2004 to April 2010, he successively served as an office general manager and director of CNOOC Chemical limited. From April 2010 to August 2015, he successively served as the deputy general manager, office director, secretary of disciplinary committee and chairman of the labor union of Hainan Base and CNOOC Fudao limited. From August 2015 to August 2020, He served as the general manager of CNOOC Huahe Coal Chemical Limited. From August 2020 to May 2023, He served as the general manager of Hubei Dayukou Co., Ltd.. He was appointed as a vice president and Safety Director of the Company in March 2023. He served as a Director and the chairman of Hubei Dayukou Chemical Co., Ltd. from July 2023 to February 2025.

⑬Mr. **Bai Wenbin**, born in 1972, obtained a bachelor's degree and was a senior engineer. He graduated from Beijing University of Chemical Technology with a major in chemical engineering and technology. He has held various positions at Inner Mongolia Fertilizer Plant and Inner Mongolia Tianye Chemical (Group) Co., Ltd., including workshop operator, deputy team leader, team leader, director, and department general manager. From February 2012 to February 2019, he served as assistant to the general manager and deputy general manager of CNOOC Tianye Chemical Limited. From February 2019 to August 2021, he acted as the general manager of the Safety Production Department of China BlueChemical Ltd., during which he was seconded as the executive deputy general manager and deputy party secretary of Hubei Dayukou Chemical Co., Ltd.. From August 2021 to March 2023, he served as the general manager and party secretary of CNOOC Fudao Limited. From March 2023 to February 2025, he served as the general manager of the joint project management team for the CNOOC-CSPC Huizhou Phase III Ethylene Project. He has acted as the vice president of China BlueChemical Ltd. since March 2025.

⑭Mr. **Lian Xueqiang**, born in 1978, graduated from Hebei University of Science and Technology with a bachelor's degree majoring in chemical engineering and technology in July 2002. He is an economist. From July 2002 to April 2006, he served successively as a member of the Phase II Fertilizer Production Preparation Group, a business representative for the market in South China in the Sales Department, and administrative and government affairs director of the corporate office of CNOOC Chemical limited. From April 2006 to August 2015, he served as the secretary manager, administrative and government affairs manager, secretary of the Youth League Committee, and director of the corporate office of China BlueChemical Ltd.. From August 2015 to August 2020, he served as the general manager of the Human Resources Department of China BlueChemical Ltd., and during the period, he held the position of executive deputy general manager and deputy secretary of the Party Committee at CNOOC Huahe Coal Chemical Limited. From August 2020 to March 2022, he served as the secretary of the Party Committee and general manager of CNOOC Huahe Coal Chemical Limited. From December 2021 to February 2025, he served successively as the Party secretary and general manager of CNOOC Fudao (Shanghai) Chemical Limited, the director and general manager of China BlueChemical (Hong Kong) Limited (中海化學(香港)有限公司), the Party secretary and general manager of CNOOC Fudao Marketing Ltd. (中海化學銷售(海南)有限公司), and assistant to the president of China BlueChemical Ltd.; he has acted as the vice president of China BlueChemical Ltd. since March 2025.

⑮Ms. **Ng Sau Mei**, born in 1977, graduated with a bachelor's degree from City University of Hong Kong in 2001 majoring in laws and obtained a master's degree in laws from University of London in the United Kingdom in 2017. She became an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2007 and a fellow member in 2019. She is a director of the Listing Services Department of TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. She currently serves as the joint company secretary for various companies listed on the Main Board of the Stock Exchange, including China Reinsurance (Group) Corporation (stock code: 1508), The People's Insurance Company (Group) of China Limited (stock code: 1339) and China Oilfield Services Limited (stock code: 2883). She was appointed as the Joint Company Secretary in January 2023.

Report of Directors

The Directors of the Company are pleased to present the report of Directors and the audited consolidated financial statements for the year ended 31 December 2024.

Principal activities

The Company and its subsidiaries (the "Group") and associates are principally engaged in the development, production and sale of fertilizers (mainly urea, phosphate fertilisers and compound fertilisers) and chemical products (mainly methanol and acrylonitrile).

Results

Profit of the Group for the year ended 31 December 2024 and the financial position of the Group as at that date are set out on pages 58 to 61 and the financial position of the Company as at that date are set out on pages 130 to 131 of the consolidated financial statements for the year ended 31 December 2024.

Business review

A review of the business of the Company and a discussion and analysis of the Company's performance during the year, an analysis using financial key performance indicators, main risks and uncertain factors faced, and the material factors underlying its results and financial position are provided in the Management Discussion and Analysis on pages 6 to 22 and Independent Auditors' Report on page 54 to 57, respectively. Particulars of the important events affecting the Company that have occurred since the end of the financial year of 2024 are set out in the Management Discussion and Analysis on pages 6 to 22 and Note 45 to the consolidated financial statements. The future development of the Company's business is discussed throughout this annual report including the CEO's Report on pages 4 to 5 and Management Discussion and Analysis on pages 6 to 22. In addition, details regarding the Company's performance on environmental and social-related key performance indicators and policies are provided in the Environmental, Social and Governance Report of the 2024 Environmental, Social, and Governance Report separately issued by the company; compliance with relevant laws and regulations which have significant impacts on the Company are provided in the "compliance with laws and regulations" of this Report of Directors; and an account of the Company's relationships with its employees, customers, suppliers, shareholders, etc. are disclosed, respectively, in "human resources and training" of Management Discussion and Analysis, Environmental, Social and Governance Report of the 2024 Environmental, Social, and Governance Report separately issued by the company, and "major customers and suppliers" and "connected transactions" of this Report of Directors. The above contents constitute an integral part of this Report of Directors.

Dividends and Relevant Policies

The Board recommended the payment of final dividends of RMB556.9 million for the year of 2024, in aggregate RMB0.1208 per share (tax inclusive). The proposed dividend for the year will be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

Dividends to holders of domestic shares are payable in Renminbi whereas dividends to holders of H shares are payable in Hong Kong Dollars. The value of Hong Kong Dollar shall be calculated on the basis of the mid-price of the average official exchange rate of Renminbi and Hong Kong Dollar, as quoted on the website of the People's Bank of China (the "PBOC"), for the 7 business days before the date of declaration of the dividends.

The Company has adopted the dividend policy (the "Dividend Policy"), whereby the shareholders of the Company are entitled to the dividends declared by the Company. The payment and any amount of dividends shall be formulated at the discretion of the Board. Any dividend distribution is subject to the approval by the general meeting of the Company. Pursuant to the Company Law of the PRC and the Articles of Association of the Company, all shareholders of the Company shall be equally entitled to dividends and distribution. Dividends paid to holders of Domestic Shares, if any, shall be calculated and declared and payable in Renminbi. Cash dividends paid to holders of H Shares, if any, shall be calculated and declared in Renminbi and payable in Hong Kong Dollars.

Pursuant to the applicable requirements of the Company Law, the Company may only distribute dividends upon making allowance for the followings:

- cumulative losses in previous years, if any;
- appropriation to the statutory reserve fund (10% of the Company's profit after tax shall be appropriated for statutory reserve fund every year until the cumulative amount of statutory reserve fund exceeds 50% of the registered capital of the Company);
- discretionary reserve fund could be appropriated upon approval by the general meeting of the Company and appropriation to the statutory reserve fund.

In addition, the declaration of dividends shall be formulated at the discretion of the Board. Prior to the declaration or recommendation of dividends, the Board shall consider the following factors:

- general business conditions and strategies of the Company;
- cash flow of the Company;
- financial results of the Company;
- capital requirements of the Company;
- shareholders' interests of the Company;
- taxation;
- legal and statutory constraints; and
- any other factors deemed to be relevant by the Board of the Company.

The Board will review the Dividend Policy on a continuous basis, and reserves the sole and absolute rights to update, amend and/or revise the Dividend Policy at any time. The Dividend Policy shall not constitute the legal binding commitment to distribute dividends of any specific amount by the Company, and/or any obligation of the Company to distribute dividends at any time or from time to time.

Subsidiaries

Particulars of the major subsidiaries of the Company as at 31 December 2024 are set out in Note 42 to the consolidated financial statements.

Summary of financial information

As set out on page 1 of this annual report, the summary of the published results and assets and liabilities of the Group for the last five financial years does not constitute an integral part of the audited consolidated financial statements.

Property, plant and equipment

Details of movements in property, plant and equipment of the Company and the Group during the year are set out in Note 14 to the consolidated financial statements.

Share capital

As at 31 December 2024, the total share capital of the Company was RMB4,610,000,000 divided into 4,610,000,000 ordinary shares with a nominal value of RMB1 per share, of which 2,813,999,878 shares were domestic shares and the remaining 1,796,000,122 shares were H shares, accounting for approximately 61.04% and 38.96% respectively of the total issued share capital of the Company.

Details of the share capital structure of the Company as at 31 December 2024 are set out in Note 30 to the consolidated financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles and the PRC laws.

Debentures issued

No debentures were issued by the Group during the year ended 31 December 2024.

Equity-linked agreements

No equity-linked agreements were entered into by the Group during the year ended 31 December 2024.

Permitted indemnity provision

The Company has arranged appropriate liability insurance to indemnify our Directors and senior officers of the Group and those who are directors of the Group in 2024 for their liabilities arising out of corporate activities.

Purchase, sale or redemption of listed securities of the Company

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2024 (including sales of treasury shares (as defined under the Listing Rules)).

As at 31 December 2024, the Company did not have any treasury shares.

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Distributable reserves

As at 31 December 2024, the reserves available for distribution of the Company was RMB13,119.51 million.

Charitable donations

During the year, the Group made charitable donations of RMB6.2 million in total.

Major customers and suppliers

During the reporting period, sales to the Group's top five customers accounted for 22.21% of the total sales of the year and sales to the largest customer included therein amounted to 5.58% of the total sales of the year. Purchases from the Group's top five suppliers accounted for 52.85% of the total purchases for the year and purchases from the largest supplier accounted for 28.50% of the total purchases for the year.

The Group purchased raw materials from certain companies under the common control of the same ultimate holding company as the Company, details of which are set out in "Connected Transactions" below. Save as aforesaid, none of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interests in any of the Group's top five customers and top five suppliers.

Directors and Supervisors

The Directors and Supervisors of the Company as at 31 December 2024 were (Note 1):

Executive Director:	
Hou Xiaofeng	Re-appointed on 28 May 2024
He Qunhui	Appointed on 20 December 2024
Non-executive Directors:	
Shao Lihua	Re-appointed on 28 May 2024
Independent Non-executive Directors:	
Lin Feng	Re-appointed on 28 May 2024
Xie Dong	Re-appointed on 28 May 2024
Yang Wanhong	Appointed on 28 May 2024
Supervisors:	
Zhang Bing	Re-appointed on 28 May 2024
Li Xiaoyu	Re-appointed on 28 May 2024
Liu Lijie	Re-elected at a meeting of the employee representatives held on 1 February 2024

Note 1: Mr. Yu Changchun ceased to be the independent non-executive Director of the Company with effect on 28 May 2024 as he does not offer himself for re-election to the seventh session of the Board due to other work arrangements; Mr. Li Ruiqing ceased to be the executive Director of the Company with effect on 30 October 2024 due to other work arrangements; Mr. Yang Dongzhao ceased to be the non-executive Director of the Company with effect on 20 December 2024 due to other work arrangements.

Pursuant to the Articles, all Directors and Supervisors are appointed for a term of three years or until the new Directors and Supervisors are elected at a general meeting of the Company to be held in the year in which the term of office expires (save for the Supervisor representing the Company's employees), and may serve consecutive terms upon re-election. However, if the Directors and Supervisors are not re-elected prior to the expiry of their term of office, the existing Directors and Supervisors shall discharge their duties and responsibilities until new Directors and Supervisors are elected at a general meeting of the Company to be held in the year in which the term of office expires in accordance with the provisions of laws, regulations and the Articles, save that the Supervisor representing the Company's employees shall be elected by the Company's employee representatives.

The Company has received the annual confirmations of their independence from each independent non-executive Director as at the date of this annual report and considered them to be independent from the Company.

Biographies of Directors, Supervisors and senior management

Biographical details of the Directors, Supervisors and senior management of the Company are set out on pages 33 to 37 of this annual report.

Service contracts of Directors and Supervisors

At the annual general meeting of the Company held on 28 May 2024, a new session of Directors and Supervisors (save for the Supervisor representing the Company's employees) have been elected. Each of the Directors and Supervisors elected on 28 May 2024 has entered into a service contract with the Company for a term of office of three years, or more precisely (save for the Supervisor representing the Company's employees) from 28 May 2024 until new Directors and Supervisors (save for the Supervisor representing the Company's employees) are elected at a general meeting of the Company to be held in the year in which the term of office expires, and may serve consecutive terms upon re-election.

Ms. He Qunhui was appointed as the executive Directors of the Company at the extraordinary general meeting convened on 20 December 2024. She entered into service contracts with the Company, and her terms of office shall begin from the date of approval of their appointment at the extraordinary general meeting until a new session of Directors are approved at the annual general meeting for 2026 by the shareholders, upon which she is eligible for re-election.

Ms. Liu Lijie was re-elected as the supervisor representing the employees at the employee representative meeting of the Company held on 1 February 2024. She entered into a service contract with the Company and her term of office shall be three years and last until a new Supervisor Representing the Employees of the Supervisory Committee is elected at the employee representative meeting of the Company in the year during which her term of appointment concludes, upon which she is eligible for re-election.

No Director or Supervisor has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Remunerations of Directors and Supervisors

Details of the remunerations of current and former Directors and Supervisors are set out in Note 9 to the consolidated financial statements.

Remuneration policy

The remunerations of the Directors are reviewed from time to time by the Remuneration Committee with reference to their professional qualifications, responsibilities, experiences, performances and the Group's operating results.

Interests of Directors and Supervisors in contracts

None of the Directors and Supervisors nor any entity connected with the Director or the Supervisor had a material interest, either directly or indirectly, in any material contract, transaction or arrangement in relation to the business of the Group to which the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting at the end of 2024 or subsisted at any time during the year.

Interests and short positions of Directors, Supervisors and chief executive in shares, underlying shares and debentures

As at 31 December 2024, to the best knowledge of the Directors and chief executives of the Company, none of the Directors, Supervisors, chief executive nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or the associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed to have or taken into have under such provisions of the SFO), or to be entered into the register kept pursuant to Section 352 of the SFO, or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules, except that the associate of Ms. Liu Lijie, a Supervisor of the Company, held 500,000 H shares of the Company.

Interests of substantial shareholders

As at 31 December 2024, to the best knowledge of any of the Directors and chief executive of the Company, pursuant to the register kept under Section 336 of the SFO, the interests and short positions in any shares and underlying shares of the Company of substantial shareholders and other persons (excluding Directors, Supervisors and chief executives of the Company or their respective associates) are set out as below:

Names of substantial shareholders	Capacity	Number of Shares held (shares)	Class of shares	Approximate percentage of shareholding in domestic shares / H shares (as appropriate) (%) (Note 1)	Approximate percentage of total shares in issue (%)
China National Offshore Oil Corporation (Note 2)	Beneficial owner	2,738,999,512(L)	Domestic Shares	97.33(L)	59.41(L)
MGD Holdings(Note 3)	Interests in controlled corporation	277,062,000(L)	H Shares	15.43(L)	6.01(L)
Hermes Investment Management Ltd	Investment manager	250,346,484(L)	H Shares	13.94(L)	5.43(L)
Hermes Investment Funds PLC	Beneficial owner	143,333,345(L)	H Shares	7.98(L)	3.11(L)
Edgbaston Investment Partners LLP	Investment manager	106,376,000(L)	H Shares	5.92(L)	2.31(L)

Notes: The letter (L) denotes long position.

(1) The calculation is based on the total issued share capital of the Company of 4,610,000,000 shares as of 31 December 2024, including 2,813,999,878 domestic shares and 1,796,000,122 H shares.

(2) Ms. Shao Lihua, the non-executive Directors, also serve as the deputy general manager at Strategy and Planning Department of CNOOC.

(3) MGD Holdings indirectly holds these shares through its controlled corporation, namely Daher Capital LTD and DFG LTD.

Save as disclosed above, to the best knowledge of any of the Directors and chief executive of the Company, as at 31 December 2024, no person (other than Directors, Supervisors and chief executive of the Company or their respective associates) had any interests and short positions in the shares and underlying shares (as the case may be) of the Company which were required to be entered into the register kept pursuant to Section 336 of the SFO.

Management contract

No contracts in respect of the management or administration of the whole or any substantial part of the business of the Company and its subsidiaries were entered into or subsisted during the year.

Connected transactions

Details of the connected transactions of the Group in 2024 are as follows:

Investment in the Trust Scheme Agreement with Zhonghai Trust

On 24 April 2024, (i) the Company entered into the Trust Scheme Agreement No.1 with Zhonghai Trust, pursuant to which the Company agreed to invest in the Trust Scheme established by Zhonghai Trust for a total of RMB350 million, the expected annualized rate of return of the Trust Scheme is 4.2%, terms of investment are 365 days (24 April 2024 to 24 April 2025), and (ii) the Company entered into the Trust Scheme Agreement No.2 with Zhonghai Trust, pursuant to which the Company agreed to invest in the Trust Scheme established by Zhonghai Trust for a total of RMB350 million, the expected annualized rate of return of the Trust Scheme is 4.2%, terms of investment are 365 days (24 April 2025 to 24 April 2026); both using self-owned funds of the Company.

CNOOC is the controlling shareholder of the Company and Zhonghai Trust is a non-wholly owned subsidiary of CNOOC. Therefore, Zhonghai Trust is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Investment under the Trust Scheme Agreement constitutes a connected transaction of the Company.

As at the date of this annual report, the connected transaction has been terminated. For details of the connected transaction, please refer to the announcements of the Company dated 24 April 2024 and 7 June 2024.

Continuing connected transactions

Details of the continuing connected transactions of the Group which required reporting and annual review in 2024 were as follows:

Connected persons

1 CNOOC and its associates

CNOOC is the controlling shareholder of the Company and, therefore, CNOOC and its associates (other than the Group) are connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules.

CNOOC Limited is a subsidiary of CNOOC. CNOOC Limited and its subsidiaries principally engage in exploration, development, production and sales of offshore oil and natural gas. CNOOC China Limited ("CNOOC China") is a wholly-owned subsidiary of CNOOC Limited. Both CNOOC Limited and CNOOC China are associates of CNOOC pursuant to Rule 14A.13 of the Listing Rules and, therefore, connected persons of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

CNOOC Finance Corporation Limited ("CNOOC Finance") is a subsidiary of CNOOC and, therefore, an associate of CNOOC pursuant to Rule 14A.13 of the Listing Rules, and also a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

CNOOC International Trade Co. Limited* (中海油國際貿易有限責任公司) ("CNOOC International Trade") is a wholly-owned subsidiary of CNOOC and, therefore, an associate of CNOOC pursuant to Rule 14A.13 of the Listing Rules, and a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

2 Kingboard Investment Limited ("Kingboard") and its associates

The Company holds 60% of the equity interests in CNOOC Kingboard Chemical Limited ("CNOOC Jiantao") while Kingboard, a subsidiary of the Kingboard Chemical Group, holds the remaining 40% equity interests. CNOOC Jiantao was previously a jointly-controlled entity of the Company. From 29 April 2008, the Company gained control of CNOOC Jiantao, which became a subsidiary of the Company, with Kingboard as its substantial shareholder. Pursuant to Rule 14A.07 of the Listing Rules, Kingboard and its associates (including the parent company of Kingboard, i.e., the Kingboard Chemical Group) are connected persons of the Company.

3 CNOOC Fudao (Hainan) Chemical Ltd. ("Fudao Chemical")

The Company indirectly holds 51% equity interests in Fudao Chemical; and CNOOC, the Company's controlling shareholder, indirectly holds 49% equity interests in Fudao Chemical. Therefore, Fudao Chemical is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules, and a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules.

Continuing connected transactions

1 Properties Leasing Agreement

The Group is required to lease certain properties from CNOOC Group as well as lease certain properties to CNOOC Group from time to time in the ordinary and usual course of its business. On 18 October 2023, the Company entered into the Properties Leasing Agreement with CNOOC on normal commercial terms, pursuant to which:

(1) CNOOC Group may provide properties leasing services(if needed) and relevant property management services to the Group; and

(2) the Group may provide properties leasing services and relevant property management services (if needed) to CNOOC Group.

The term of the Properties Leasing Agreement commenced on 1 January 2024 and will expire on 31 December 2026, but may be renewed upon agreement.

The transactions under the Properties Leasing Agreement are being conducted on normal commercial terms and conditions and priced in accordance with the following pricing principles:

the property rent and management fees (if any) for each leased property shall be determined by both parties and/or the associates or subsidiaries, as the case may be by taking into account factors including locations of the properties, the state of the properties and the property management service scope.

1. As to provision of properties leasing services and relevant property management services by CNOOC Group to the Group:

   (1) property rent

      a. shall not be higher than the property rent payable by other third party lessees of other properties owned by CNOOC Group or other owners (if any) in the same building; and

      b. shall not be higher than the property rent for the same types or levels of properties in the same area or the adjacent areas.

   (2) property management fees

      a. shall not be higher than the standard property management fees approved by the state pricing regulatory authorities (if any);

      b. shall not be higher than the property management fees payable by other third party lessees of other properties owned by CNOOC Group or other owners (if any) in the same building; and

      c. shall not be higher than the standard property management fees for the same types or levels of properties in the same area or adjacent areas.

2. As to the provision of properties leasing services and relevant property management services by the Group to CNOOC Group:

   (1) property rent

      a. shall not be lower than the property rent payable by other third party lessees of other properties owned by the Group or other owners (if any) in the same building; and

      b. shall not be lower than the property rent for the same or similar types of properties in the same area or the adjacent areas.

   (2) property management fees

      a. shall not be lower than the standard property management fees approved by the state pricing regulatory authorities (if any);

      b. shall not be lower than the property management fees payable by other third party lessees of other properties owned by the Group or other owners (if any) in the same building; and

      c. shall not be lower than the standard property management fees for the same or similar types or of properties in the same area or adjacent areas.

The Group may, from time to time when the situation requires, enter into specific agreements which will set out the specific scope of services, terms and conditions of providing such services according to the principles laid down by the Properties Leasing Agreement.

In order to effectively implement the Properties Leasing Agreement, when determining the pricing standard, to the extent practicable, the relevant department of the Group will obtain property rent and management fees payable by other third party lessees of other properties owned by CNOOC Group and other owners (if any) in the same building, and property rent and management fees for the same or similar types of properties in the same area or adjacent areas to make sure the price and terms offered by CNOOC Group are in compliance with the above-mentioned principles as set out in the Properties Leasing Agreement.

In the year of 2024, the annual lease and property management fees recognized by the Group from CNOOC Group's leased properties amounted to RMB4,720,000; the right of use asset recognized by the Group from CNOOC Group's leased properties amounted to RMB27,580,000.

2 New Natural Gas Sale and Purchase Framework Agreement

(1) The Group purchased natural gas pursuant to the five long-term agreements entered into with CNOOC China, a wholly-owned subsidiary of CNOOC Limited:

   (i) Dongfang 1-1 Offshore Gasfield Natural Gas Sale and Purchase Agreement between the Company and CNOOC China dated 28 July 2003, under which CNOOC China has committed to supply natural gas to the Company for Fudao Phase II Urea Plant. The natural gas delivery period under this agreement is 20 years, commencing on 1 October 2003 and will expire on 30 September 2023;

   (ii) Dongfang 1-1 Offshore Gasfield Natural Gas Sale and Purchase Agreement between CNOOC Jiantao and CNOOC China dated 10 March 2005, under which CNOOC China has committed to supply natural gas to CNOOC Jiantao for Hainan Phase I Methanol Plant. The natural gas delivery period under this agreement is 20 years, commencing on 16 October 2006 and will expire on 15 October 2026.

   (iii) Natural Gas Sale and Purchase Framework Agreement between the Company and CNOOC China on 1 September 2006, under which

CNOOC China has committed to supply natural gas for the Company's future plants. This agreement does not include the transactions conducted under the two pre-existing agreements mentioned above. Under this framework agreement, CNOOC China will sell natural gas to the Company and/or the Company's subsidiaries. The term of the agreement is of 20 years commencing on the date of the agreement. CNOOC China and the Company or the Company's relevant subsidiaries will enter into separate agreements which will set out the specific terms and conditions for natural gas sales and purchases according to the principles laid down by this framework agreement.

On 26 March 2010, the Company and CNOOC China entered into the Ledong Natural Gasfield Natural Gas Sale and Purchase Agreement under the Natural Gas Sale and Purchase Framework Agreement dated 1 September 2006 pursuant to which CNOOC China has agreed to supply natural gas to the Company for Hainan Phase II Methanol Plant at prices of natural gas. The natural gas delivery period under this agreement is 15 years, commencing on 1 January 2011 and will expire on 31 December 2025.

(iv) Dongfang 1-1 Gasfield Phase I Adjusted Project Natural Gas Sale and Purchase Framework Agreement among the Company, CNOOC Fudao and CNOOC China dated 28 October 2014 pursuant to which CNOOC China has agreed to supply to the Group with natural gas as feedstock required mainly for Fudao Phase I Urea Plant. The natural gas delivery period under this framework agreement is nine years, commencing on 1 August 2015.

On 18 May 2015, the Company, CNOOC Fudao and CNOOC China entered into the Dongfang 1-1 Gasfield Phase I Adjusted Project Natural Gas Sale and Purchase Agreement under the Dongfang 1-1 Gasfield Phase I Adjusted Project Natural Gas Sale and Purchase Framework Agreement dated 28 October 2014 pursuant to which CNOOC China has agreed to supply to the Company with natural gas as feedstock required mainly for Fudao Phase I Urea Plant. The natural gas delivery period under this agreement commenced on 8 April 2016 and will expire at the end of operation period of the gasfield, which is expected to be on or before 31 July 2024.

(v) Dongfang 13-2 Gasfield Group Natural Gas Sale and Purchase Agreement among the Company, CNOOC Fudao and CNOOC China dated 3 November 2017, pursuant to which CNOOC China has agreed to supply to the Group with natural gas as feedstock required mainly for the Hainan Plants. The natural gas delivery period under this agreement is 20 years commencing on 15 November 2018.

As mentioned in the Company's announcement dated 30 June 2023 and circular dated 9 December 2022, due to the internal arrangement of CNOOC, the business entity engaging in the sales of natural gas within CNOOC changed from CNOOC China, a subsidiary of CNOOC, to CNOOC International Trade in 2021, another subsidiary of CNOOC. Based on such arrangement, the above-mentioned parties (as suppliers) of Natural Gas Sale and Purchase Agreements have also been changed from CNOOC China to CNOOC International Trade. Such arrangement has no adverse impact on the supply of natural gas to the Group as the source of natural gas is still within CNOOC. In addition, other terms and conditions (including the pricing terms) of the Natural Gas Sale and Purchase Agreements as mentioned in "Natural Gas Sale and Purchase Agreements" of the circular of the Company dated 13 November 2020 remain unchanged. Considering the above mentioned factors, the Directors are of the view that such change to the Natural Gas Sale and Purchase Agreements does not constitute the material change to the terms under the Rule 14A.54(2) of the Listing Rules.

In order to secure stable and reliable supply of natural gas for the Company's production of fertilizers and chemical products and streamline the above arrangements, on 18 October 2023, the Company entered into the New Natural Gas Sale and Purchase Framework Agreement with CNOOC International Trade, pursuant to which CNOOC International Trade may sell to the Group and the Group may purchase from CNOOC International Trade natural gas, including but not limited to long-term sale and purchase of natural gas from Dongfang and Ledong natural gas fields as follows:

a. Dongfang 1-1 Natural Gasfield;

b. Ledong Natural Gas Field and Natural Gas Adjustment Project;

c. Dongfang 13-2 Gas Field Group;

d. Dongfang 1-1 Gas Field Phase I Adjusted Project (Platform F);

e. Dongfang 29-1 Gas Field;

f. Dongfang 13-3 Gas Field; and

g. Ledong 10-1 Gas Field.

The term of the New Natural Gas Sale and Purchase Framework Agreement will commence on 1 January 2024 and expire on 31 December 2026.

The Group may, from time to time when the situation requires, enter into specific agreements which will set out the specific terms and conditions of the sale and purchase of natural gas according to the principles laid down under the New Natural Gas Sale and Purchase Framework Agreement as follow:

a. the quality of natural gas provided shall be satisfactory to the Group or shall comply with the requirements under the law (if any);

b. the price for providing natural gas must be fair and reasonable; and

c. the terms and conditions for the provision of natural gas are no less favorable to the Group than those offered by CNOOC International Trade to independent third parties.

Based on the above principles, the price of natural gas under the New Natural Gas Sale and Purchase Framework Agreement shall be determined through fair negotiation and in according with normal commercial terms or better terms, with reference to general local market conditions (including sales volume, contract term, service volume, overall customer relationship and other market factors), and shall be determined according to the mechanism and sequence as follows: (1) when relevant government authorities implement a government-prescribed price in relation to the transactions contemplated under the New Natural Gas Sale and Purchase Framework Agreement during the term of the New Natural Gas Sale and Purchase Framework Agreement, the government-prescribed price; or (ii) if there is no government-prescribed price, the market price (including local, national or international market price). The market price as provided in the New Natural Gas Sale and Purchase Framework Agreement shall be determined through fair negotiation between the Company (and its associates) and CNOOC International Trade (and its subsidiaries) according to market principles:

a. for domestic natural gas (excluding long-term domestic natural gas sales) and by-products: by referring to the relevant provincial/municipal gate station prices as prescribed and published by the NDRC from time to time on its website and the price of other competing gas sources in the local market; or

b. for long-term domestic natural gas sales: by referring to the relevant provincial/municipal gate station prices as prescribed and published by the NDRC from time to time on its website and/or the prices charged by two to three major independent suppliers (depending on whether they have operated business in the specific local market), which have similar business with CNOOC International Trade (including its subsidiaries from time to time) and offer similar products to the Company (and its associates) or other purchasers, and also taking into account factors such as the specific quality of the natural gas.

As the above pricing basis is determined based on the information available to the Company through the market (including the price information available on the government public websites), the Company is of the view that it can provide objective and specific pricing information to conduct the transactions contemplated under the New Natural Gas Sale and Purchase Framework Agreement on reasonable and fair terms and conditions.

Commencing from 1 January 2024, the existing continuing connected transactions contemplated under Natural Gas Sale and Purchase Agreements shall be conducted under the New Natural Gas Sale and Purchase Framework Agreement (including the proposed annual caps). For avoidance of doubt, no further agreement will be entered into under the Natural Gas Sale and Purchase Framework Agreement and Dongfang 1-1 Gasfield Phase I Adjusted Project Natural Gas Sale and Purchase Framework Agreement.

In order to ensure that the price of the natural gas under the New Natural Gas Sale and Purchase Framework Agreement is determined on a fair and reasonable basis and in accordance with the pricing principles, the Company has adopted the following procedures when determining the price of the natural gas to be supplied:

The transactions under the New Natural Gas Sale and Purchase Agreement have been conducted on normal commercial terms and conditions which are no less favourable than those offered to independent third parties by CNOOC International Trade, and the price shall be negotiated for the adjustment taking into account factors such as change of the pricing policy by the state pricing regulatory authorities, prices of domestic energy markets, domestic prices for natural gas and change in CPIs. The Company will collaborate with the relevant responsible department(s) and unit(s) of CNOOC International Trade to from time to time refer to (i) the relevant provincial/municipal gate station prices as prescribed and published by the NDRC from time to time on its website and the price of other competing gas sources (if any) in the local market, so as to ensure the procurement price for the domestic natural gas (excluding long-term domestic natural gas sales) and by-products is in accordance with the pricing principle, and (ii) the relevant provincial/municipal gate station prices as prescribed and published by the NDRC from time to time on its website and/or the prices charged by two to three major independent suppliers (if any, depending on whether they have operated business in the specific local market), so as to ensure the procurement price for long-term domestic natural gas sales is in accordance with the pricing principle.

In 2024, the aggregate costs of the Group on purchases of natural gas from CNOOC International Trade amounted to RMB2,918,979,000.

3 **CNOOC Comprehensive Services and Product Sales Agreement**

On 18 October 2023, the Company entered into the CNOOC Comprehensive Services and Product Sales Agreement with CNOOC, pursuant to which:

(a) the Group has agreed to provide comprehensive services to CNOOC Group, including but not limited to provision of offices and facilities, labour services, technical training, project management, logistics management, accommodation/ catering, port management, logistics assistance, transportation, material supplies for utility system, etc.;

(b) CNOOC Group has agreed to provide comprehensive services to the Group, including but not limited to engineering services, telecommunication and network services, construction services, management system/ technology development, equipment leasing, equipment maintenance, project management, labour services, materials/ equipment procurement, transportation services, technical training services, catering, accommodation, medical, insurance services, conference services, consultancy services, logistics management services, etc.; and

(c) the Group has agreed to sell products (including but not limited to urea, phosphate fertiliser, methanol, potash, formaldehyde, ammonia, compound fertiliser, acrylonitrile, etc. and such other products as may be sold by the Group to the CNOOC Group under the CNOOC Comprehensive Services and Product Sales Agreement and such other products as may be sold by the CNOOC Group to the Group under the CNOOC Comprehensive Services and Product Sales Agreement) to CNOOC Group and CNOOC Group has agreed to sell products (potash, medicament and natural gas etc.) to the Group.

The term of the CNOOC Comprehensive Services and Product Sales Agreement commenced on 1 January 2024 and will expire on 31 December 2026, but may be renewed upon agreement.

In order to facilitate effective internal control of the continuing connected transactions contemplated under the Fudao CNOOC Comprehensive Services and Product Sales Agreement, the Company will divide, so far as practicable, such transactions into two categories, which are (i) the provision of services and supplies and sale of products by the Group to CNOOC Group and (ii) the provision of services and supplies and sale of products by CNOOC Group to the Group.

Under the CNOOC Comprehensive Services and Products Sales Agreement, the provision of services, supplies and products by the Group to CNOOC Group will be conducted on normal commercial terms and conditions which shall not be favourable than those offered to independent third parties by the Group, the provision of services, supplies and products by CNOOC Group to the Group will be conducted on normal commercial terms and conditions which shall not be less favourable than those offered to independent third parties by CNOOC Group, and the prices thereunder will be determined in accordance with the pricing principles set out in the CNOOC Comprehensive Services and Product Sales Agreement as follows:

1. As to provision of services, supplies and products by the Group to CNOOC Group: a. not lower than the prices charged by the Group to other comparable independent third parties of services, supplies or products; or b. with reference to the prices for the same type of services, supplies or products in the same areas charged on normal terms of its business by comparable independent third parties; or c. with reference to the prices for the same type of services, supplies or products in the adjacent areas charged on normal terms of its business by comparable independent third parties.

2. As to provision of services, supplies and products by CNOOC Group to the Group: a. not higher than the prices charged by CNOOC Group to its associates (other than members of the Group) or other comparable independent third parties (if any) for the services, supplies or products (whichever is lower); or b. with reference to the prices for the same type of services, supplies or products in the same areas charged on normal terms of its business by comparable independent third parties; or c. with reference to the prices for the same type of services, supplies or products in the adjacent areas on normal terms of its business by comparable independent third parties.

Nevertheless, for the above-mentioned services, supplies and products, when relevant government authorities implement a government-prescribed price in relation to the transactions contemplated under the CNOOC Comprehensive Services and Product Sales Agreement during the term of the CNOOC Comprehensive Services and Product Sales Agreement, the relevant prices shall be subjected to the government-prescribed price accordingly.

The Group may, from time to time when the situation requires, enter into separate agreements which will set out the specific scope of services, supplies and products, and the terms and conditions of providing such services, supplies and products according to the principles laid down by the CNOOC Comprehensive Services and Product Sales Agreement.

The annual costs of services, supplies and products obtained by the Group from CNOOC Group in 2024 pursuant to the CNOOC Comprehensive Services and Product Sales Agreement amounted to RMB1,840,764,000. The annual revenue from services, supplies and sales of products provided by the Group to CNOOC Group amounted to RMB546,256,000.

4 **Financial Services Agreement**

The Group utilizes from time to time financial services provided by CNOOC Finance and, therefore, entered into the "Financial Services Agreement"with CNOOC Finance on 18 October 2023, pursuant to which CNOOC Finance will provide to the Group a range of financial services that the Group may require, including the following:

(1) provision of financing to the Group, including but not limited to loans;

(2) deposit services;

(3) bank notes acceptance and discounting services;

(4) arrangement of entrustment loans between the Company and its subsidiaries or among its subsidiaries;

(5) transfer and settlement services, including transfer and settlement for transactions between the Company and/or its subsidiaries and for transactions between the Group and CNOOC Group; and

(6) other financial services permitted by the CBIRC (now replaced by the NFRA) and/or the NFRA to the members of the Group.

The term of the Financial Services Agreement commenced on 1 January 2024 and will expire on 31 December 2026.

The transactions under the Financial Services Agreement will be conducted on normal commercial terms and conditions and will be priced in accordance with the following principles:

(1) provision of loans to the Group: the interest rates for such loans are determined in accordance with the loan prime rate (LPR) promulgated by the National Interbank Funding Center as authorized by the PBOC from time to time, and with appropriate discount to the comparable loan interest rate provided by major financing banks of the Company;

(2) provision of deposit services: the interest rates for such deposits are determined in accordance with the deposit benchmark interest rates for relevant financial institutions as promulgated by the PBOC from time to time, and shall be no less than the comparable deposit interest rate offered by major financing banks of the Company;

(3) bank notes acceptance and discounting services: in providing note acceptance services to the Group, CNOOC Finance will charge service fees that are calculated in accordance with the par value, and the fee rates are determined with appropriate discount to the comparable rate provided by major financing banks of the Company; in providing note discounting services to the Group by CNOOC Finance, the interest rates are determined by reference to the latest notes market quote, and with applicable discount to the comparable interest rate provided by major financing banks of the Company;

(4) arrangement of entrustment loans: the annual service fees are to be calculated based on the outstanding principal of the loans, and the aggregate amount of service fees and loan interest together shall not exceed the interest for securing a loan of the same term directly from independent third party financial institutions by the Group; and if there are standard rates promulgated by the PBOC or other competent regulatory authorities, the service fees shall be determined with reference to the standard rates promulgated by the PBOC or other competent regulatory authorities and with appropriate discount to the comparable standards provided by major financing banks of the Company;

(5) transfer and settlement services in RMB (excluding Cross-border Payment and Settlement Services): no service fee will be charged (relevant services in other currencies shall adopt principle 6 as set out below); and

(6) other financial services: service fees shall be determined with reference to the relevant standard charging rate promulgated by the PBOC or other competent regulatory authorities, and with appropriate discount to the comparable service fees provided by major financing banks of the Company.

Pursuant to the Financial Service Agreement, the Company shall be entitled to have a unilateral right of set-off such that, in the event of any misuse or default by CNOOC Finance in respect of amounts deposited with it by the Group, the Group shall have the right to offset the amount due to the Group from CNOOC Finance against the amount outstanding from the Group to CNOOC Finance, provided that CNOOC Finance shall not be entitled to have any such offset right in this circumstance.

In 2024, the maximum daily balance of the Group's deposits placed in CNOOC Finance was RMB389,830,000.

5 Kingboard Product Sales and Services Agreement

The Company entered into the Kingboard Product Sales and Services Agreement with Kingboard on 18 October 2023, pursuant to which the Company agreed to sell products produced by the Group, including but not limited to products such as methanol produced by the Group; and to provide related services such as transportation services to Kingboard and/or its associates, including but not limited to services in relation to the sale and purchase of products, such as short-distance transportation, train loading, ship loading, sea transportation, railway transportation, purchase/arrangement of cargo transportation insurance.

The term of Kingboard Product Sales and Services Agreement commenced on 1 January 2024 and will expire on 31 December 2026.

The transactions under the Kingboard Product Sales and Services Agreement will be conducted on normal commercial terms and conditions which shall not be less favorable than those offered to independent third parties by the Group and priced in accordance with the following principles:

(i) not lower than the prices charged by the Group to comparable independent third parties for sales or provision of the same type of products or services; or

(ii) with reference to the prices for the same type of products or services sold or provided in the same areas charged on normal terms of its business by comparable independent third parties; or

(iii) with reference to the prices for the same type of products or services sold or provided in the adjacent areas charged on normal terms of its business by comparable independent third parties.

Nevertheless, for the above-mentioned services and products,, when relevant government authorities impose government-prescribed price or publish a guiding price in relation to the transactions contemplated under Kingboard Product Sales and Services Agreement during the term of the Kingboard Product Sales and Services Agreement, the relevant prices shall be subjected to the government-prescribed price accordingly or shall be adjusted up to a maximum not to exceed such published guiding price.

Kingboard (and/or its associates) and the Group may, from time to time when the situation requires, enter into separate agreements which will set out the specific products and/or scope of services, terms and conditions of selling products or providing services according to the principles laid down by the Kingboard Product Sales and Services Agreement.

In 2024, the aggregate revenue of the Group from Kingboard and/or its associates for sales of products and provision of related services amounted to RMB234,082,000.

6 Fudao Comprehensive Services and Product Sales Agreement with Fudao Chemical

The Company and Fudao Chemical had entered into the Fudao Comprehensive Services and Product Sales Agreement with Fudao Chemical on 18 October 2023, pursuant to which:

a. The Group has agreed to provide comprehensive services and supplies to Fudao Chemical (including but not limited to provision of offices/facilities, labour services, technical training services, project management services, logistics management services, accommodation/catering services, port management, logistics assistance, transportation services, equipment leasing, equipment maintenance, materials/equipment procurement services and material supplies for utility system, etc.); and

b. The Group has agreed to sell products (including but not limited to methanol, liquid ammonia, etc.) to Fudao Chemical and Fudao Chemical has agreed to sell products (including but not limited to acrylonitrile, acetonitrile, MMA, etc.) to the Group.

The term of the Fudao Comprehensive Services and Product Sales Agreement with Fudao Chemical is from 1 January 2024 and will expire on 31 December 2026.

In order to facilitate effective internal control of the Proposed Continuing Connected Transactions with Fudao Chemical under the Comprehensive Services and Product Sales Agreement with Fudao Chemical, the Company will divide, so far as practicable, such transactions into two categories, which are (i) the provision of services and supplies and sale of products by the Group to Fudao Chemical and (ii) the sale of products by Fudao Chemical to the Group.

Under the Comprehensive Services and Product Sales Agreement with Fudao Chemical, the provision of services and supplies and sale of products by the Group to Fudao Chemical will be conducted on normal commercial terms and conditions which shall not be favourable than those offered to independent third parties by the Group, the sale of products by Fudao Chemical to the Group will be conducted on normal commercial terms and conditions which shall not be less favourable than those offered by independent third parties to the Group and shall not be less favourable than those offered to independent third parties by Fudao Chemical, and the prices thereunder will be determined in accordance with the pricing principles set out in the Fudao Comprehensive Services and Product Sales Agreement with Fudao Chemical as follows:

1. As to provision of services and supplies and sale of products by the Group to Fudao Chemical

    a. not lower than the prices charged by the Group to other comparable independent third parties for the same type of services, supplies or products; or

    b. with reference to the prices for the same type of services, supplies or products in the same areas charged on normal terms of its business by comparable independent third parties; or

    c. with reference to the prices for the same type of services, supplies or products in the adjacent areas charged on normal terms of its business by comparable independent third parties.

2. As to sale of products by Fudao Chemical to the Group

   a. not higher than the prices charged by Fudao Chemical to its associates (other than members of the Group) or other comparable independent third-parties (if any) for the same type of products; or

   b. with reference to the prices for the same type of products in the same areas charged on normal terms of its business by comparable independent third parties; or

   c. with reference to the prices for the same type of products in the adjacent areas charged on normal terms of its business by comparable independent third parties.

Nevertheless, for the above-mentioned services, supplies and products, when relevant government authorities impose a government-prescribed price with Fudao Chemical during the term of the Fudao Comprehensive Services and Product Sales Agreement with Fudao Chemical, the relevant prices shall be subjected to the government-prescribed price accordingly.

In 2024, the Group's revenue from the provision of services and supply and sales of products to Fudao Chemical amounted to RMB303,113,000; the Group's costs from the procurement of products from Fudao Chemical amounted to RMB1,966,418,000.

The annual cap and the actual transaction amount of each of the continuing connected transactions in 2024 are set out below:

	Annual cap amount for 2024 (RMB'000)	Actual transaction amounts for 2024 (RMB'000)
A. Continuing connected transactions with CNOOC and its associates		
(1) Properties Leasing Agreement: Lease of properties by the Group from CNOOC Group (Annual rent and property management fees)	10,110	4,720
(2) Properties Leasing Agreement: Lease of properties by he Group from CNOOC Group (the right of use asset)	29,870	27,580
(3) New Natural Gas Sale and Purchase Framework Agreement: Purchase of natural gas by the Group from CNOOC China	6,066,047	2,918,979
(4) CNOOC Comprehensive Services and Product Sales Agreement		
(a) Provision of services, supplies and sales of products by CNOOC Group to the Group	3,965,531	1,840,764
(b) Provision of services, supplies and sales of products by the Group to CNOOC Group	1,644,621	546,256
(5) Financial Services Agreement: Deposits placed in CNOOC Finance by the Group (note)	390,000	389,830
B. Continuing connected transactions with Kingboard and its associates		
Sales of products and provision of services by the Group to Kingboard and/or its associates under the Kingboard Product Sales and Services Agreement	557,400	234,082
C. Continuing Connected Transactions with Fudao Chemical		
Fudao Comprehensive Services and Product Sales Agreement with Fudao Chemical		
(1) Provision of services and supplies and sale of products by the Group to Fudao Chemical	560,881	303,113
(2) Sale of products by Fudao Chemical to the Group	4,215,625	1,966,418

Note: The actual and annual cap amounts refer to the Company's maximum daily balance during the year.

Independent non-executive Directors have reviewed the above continuing connected transactions and confirmed as follows:

1. the above transactions were conducted in the ordinary and usual course of business of the Group with connected persons or their respective associates (if applicable);

2. the above transactions were conducted on normal commercial terms or terms which (if no comparable terms are available) were no less favourable than those offered to or by independent third parties; and

3. the above transactions were conducted in accordance with the relevant agreements governing the transactions and all terms were fair and reasonable to the independent shareholders and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report and they have provided a letter to the Board confirming that the above continuing connected transactions have nothing that would cause them to believe that the transactions:

1. the above transactions have been approved by the Board;
2. where the above transactions were related to products and services provided by the Company, they were conducted in accordance with the Company's pricing policy;
3. the above transactions were conducted in accordance with the terms of relevant agreements governing such transactions; and
4. the above transactions (if applicable) did not exceed the relevant annual caps as disclosed in previous announcements.

The Directors confirm that the Company has complied with the requirements set out under Chapter 14A of the Listing Rules for the above mentioned connected transactions. Save as disclosed above, other related parties transactions disclosed in Note 38 to the Accountant's Report of this annual report do not fall under connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

Sufficiency of public float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, during the year ended 31 December 2024 and up to the date of this annual report, the Company has maintained a sufficient public float of no less than 25% of the Company's total issued share capital as required under the Listing Rules.

Litigation and arbitration

During the reporting period, the Group had no material litigation or arbitration.

Compliance with laws and regulations

For the year ended 31 December 2024, so far as the Company is aware, the Company has complied with relevant laws and regulations that have material effect on the Company in all material aspects. The Company's compliance with relevant environmental protection laws and regulations are provided in the 2024 Environmental, Social, and Governance Report separately issued by the company.

Audit Committee

The 2024 annual results of the Company have been reviewed by the Audit Committee of the Board. The Committee has reviewed the accounting principles and practices adopted by the Company, and also discussed the auditing, internal control and financial reporting matters, including the review of the 2024 audited annual results with the management. There is no disagreement between the Audit Committee and Mazars ZSZH Certified Public Accountants LLP and Forvis Mazars CPA Limited the independent auditor, in relation to the accounting methods adopted in the preparation of the annual results during the reporting period.

Corporate governance code and model code for securities transactions

During the reporting period, the Company had complied with all code provisions of Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviation from code provisions C.2.1 of the Corporate Governance Code.

On 30 March 2022, Mr. Wang Weimin resigned from the positions of the chairman of the Board and an executive Director, and Mr. Hou Xiaofeng, an executive Director, was appointed by the Board to perform the duties and responsibilities of the chairman of the Board until the effective date of the appointment of the new chairman of the Board. On 30 October 2024, Mr. Hou was appointed as the chairman of the Board. In view of Mr. Hou's experience, personal profile and his roles in the Company, the Board considers that it has no unfavorable impact on the business prospects and operational efficiency of the Company that Mr. Hou, in addition to acting as the president of the Company, acts as the chairman of the Board. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and, as at the date of this annual report, the Board has three independent non-executive Directors out of the six Directors, which is in compliance with the Listing Rules; (ii) Mr. Hou and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly; (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.

We refer to the announcement of the Company dated 18 March 2025 in relation to, among other things, the resignation of Mr. Hou as the Chief Executive Officer and President of the Company, and the appointment of Mr. Rao Shicai as the Chief Executive Officer and President of the Company, both with effective from 18 March 2025. Therefore, as of the date of this annual report, the Company has re-complied with the relevant provisions of code provision C.2.1 of the Corporate Governance Code.

Auditors

On 28 May 2024, BDO Limited and BDO China Shu Lun Pan CPAs (collectively, "BDO") were appointed as the overseas and domestic auditors of the Company for the year 2024 at the 2023 annual general meeting of the Company. On 21 October 2024, the Company received a resignation letter from BDO in relation to its resignation as the domestic and overseas auditors of the Company with effective from 21 October 2024. As of the date of BDO's resignation, BDO has not commenced any audit work on the consolidated financial statements of the Company for the year 2024.

On 30 October 2024, the Board of the Company resolved to appoint Mazars ZSZH Certified Public Accountants LLP and Forvis Mazars CPA Limited as the new domestic and overseas auditors of the Company, respectively, to fill the casual vacancy following the resignation of BDO, with effect from 30 October 2024 and to hold office until the conclusion of the extraordinary general meeting to be held by the Company. On 20 December 2024, Mazars ZSZH Certified Public Accountants LLP and Forvis Mazars CPA Limited were appointed as the domestic and overseas auditors of the Company at the 2024 extraordinary general meeting. Their terms of office will expire at the 2024 annual general meeting, at which a resolution will be proposed by the Company for the reappointment of Mazars ZSZH Certified Public Accountants LLP and Forvis Mazars CPA Limited as the domestic and overseas auditors of the Company, respectively. For details of the aforementioned change of auditors by the Company, please refer to the announcements of the Company dated 21 October 2024 and 30 October 2024, as well as the circular dated 5 November 2024.

For and on behalf of the Board
Chairman of the Board
Hou Xiaofeng

Beijing the PRC, 18 March 2025

Report of the Supervisory Committee

In 2024, all members of the Supervisory Committee of the Company conscientiously performed their supervisory duties pursuant to the Company Law, the Articles, the Rules of Procedures for Meetings of the Supervisory Committee and the Listing Rules. The Supervisory Committee conducted inspection on a regular basis to ensure the compliance of the Company's operation and business operations, attended all of the Company's general meetings and Board meetings, supervised the acts of the Directors and senior management of the Company in the performance of their duties, and visited the Company's major production bases for site investigation and inspection when necessary. During the year, the Supervisory Committee adequately performed its supervisory functions to the effect that all shareholders' interests were effectively safeguarded.

1 Meetings of the Supervisory Committee

In 2024, the Supervisory Committee held three meetings. These meetings were all convened in compliance with requirements of relevant laws and regulations and the Articles. Specifically:

(1) On 22 March 2024, the Supervisory Committee held the first meeting for 2024 in Shenzhen, at which the committee considered and approved the Report of the Supervisory Committee for 2023 and the candidates for the non-employee representative Supervisor of the new session of the Supervisory Committee and the remunerations of Supervisors, reviewed the annual financial report of the Company for 2023, and discussed the main tasks of the Supervisory Committee for 2024.

(2) On 28 May 2024, the Supervisory Committee held the second meeting for 2024 in Beijing, at which the committee elected the chairman of the new session of the Supervisory Committee.

(3) On 19 August 2024, the Supervisory Committee held the third meeting for 2024 in Xiahe County, GanSu Province, at which the committee reviewed the interim financial report of the Company for 2024, and discussed the prioritized tasks for the second half of 2024.

2 Principal inspection and supervision work carried out by the Supervisory Committee in 2024

(1) Members of the Supervisory Committee carried out supervision and inspection on the financial position of the Company and on matters such as the implementation of the Company's internal control system, by ways including regularly checking the financial reports and financial budgets of the Company and reviewing the Company's accounting books, vouchers, related contracts and other relevant information from time to time.

(2) Members of the Supervisory Committee attended one annual general meeting, one H shareholders' class meeting, one domestic shareholders' class meeting and one extraordinary general meeting. Mr. Li Xiaoyu, the independent Supervisor of the Company, acted as the scrutineer for the vote-taking at these meetings.

(3) Members of the Supervisory Committee attended five Board physical meetings, at which the committee exercised effective supervision over the legality and compliance of the procedures of Board meetings for considering and approving matters and the implementation of resolutions of general meetings by the Board.

(4) Key members of the Supervisory Committee communicated with management of the Company from time to time to understand the business operations, development plan and all significant decisions and important events of the Company.

(5) In 2024, members of the Supervisory Committee visited Hainan base to investigate and inspect their production, operation and management of CNOOC Fudao Limited and CNOOC Fudao (Hainan) Chemical Ltd.* (中海油富島(海南)化工有限公司).

3 Independent opinions issued by the Supervisory Committee on relevant matters

(1) Operation and management of the Company

During the reporting period, the company carefully assesses the business situation, studies and establishes strategic directions, promotes the transformation and upgrading of traditional industrial structure, continuously enhances production and operation control, and achieves long-term and efficient operation of production facilities; Strengthen market promotion and promote convenient agrochemical services. The Company made timely, accurate and complete information disclosures. The procedures for all decision-makings at the general meetings and Board meetings of the Company were legal and compliant. The Directors and senior management of the Company faithfully discharged their duties under the Articles and conscientiously implemented the resolutions passed at the general meetings and the Board meetings without jeopardising the Company's interests or violating the laws and regulations.

(2) Financial position of the Company

Members of the Supervisory Committee conducted supervision and inspection of the Company's financial management system and financial conditions, and reviewed the relevant financial information, such as the financial reports and profit distribution plans, proposed to be tabled at the general meeting by the Board. After due examination, the Supervisory Committee is of the view that the Company has strictly complied with the financial and economic laws and regulations and the fiscal system, the financial management system has been sound and effective, the accounting treatments have been applied with consistency, and the Company's financial reports represent an objective and fair view of the financial position and operating results of the Company.

The Supervisory Committee reviewed the unqualified opinion audit report in respect of the financial position and operating results of the Company for 2024 issued by Mazars ZSZH Certified Public Accountants LLP and Forvis Mazars CPA Limited in accordance with the PRC and international accounting standards, respectively, and had no objection to the report.

(3) Connected transactions

The Supervisory Committee reviewed the connected transactions of the Company and its subsidiaries with their connected persons during the reporting period, and is of the view that relevant provisions of the Listing Rules have been complied with, and that the prices under the connected transactions were reasonable, open and fair without any prejudice to the interests of the shareholders and the Company.

(4) Implementation of resolutions of the general meetings

The Supervisory Committee had no objection to the reports and motions tabled by the Board at the general meetings for consideration during the reporting period, and is of the view that the Board has conscientiously implemented the resolutions approved at the general meetings.

In 2025, the Supervisory Committee will continue to comply with the requirements under the Company Law, the Articles, the Rules of Procedures for Meetings of the Supervisory Committee and the Listing Rules, conscientiously perform their supervisory duties, independently exercise their powers and functions in accordance with the law, closely monitor the Company's day-to-day operations and significant initiatives in the course of business development, continue to conduct investigation and research, and supervise the acts of the Directors and senior management of the Company in the performance of their duties, with aims of promoting the Company's regulated operation and healthy development and faithfully protecting the interests of all shareholders and the Company.

By order of the Supervisory Committee
Chairman of the Supervisory Committee
Zhang Bing

Beijing, the PRC, 17 March 2025

Independent Auditor's Report

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To the shareholders of China BlueChemical Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of China BlueChemical Ltd. (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 58 to 133, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report - Continued

Key Audit Matters (Continued)

Recoverability of carrying amounts of certain non-current assets	How our audit addressed the key audit matter
Refer to notes 14, 15, 16 and 18 to the consolidated financial statements and the material accounting policy information under Notes 2(d), 2(f), 2(g), 2(h) and 2(p). As at 31 December 2024, the carrying amounts of property, plant and equipment, mining rights, prepaid lease payments and intangible assets of approximately RMB7,177,198,000, RMB126,839,000, RMB332,968,000 and RMB129,691,000 respectively, represented approximately 89% of the total non-current assets of the Group. Management performed assessment at the end of each reporting period on whether there is any indicator that these non-current assets may be impaired. Should indication of an impairment exist, an impairment assessment will be performed accordingly. The recoverable amounts of these non-current assets are assessed by value-in-use calculations which are based on future discounted cash flows on a cash generating unit basis. Management has concluded that there was no impairment in respect of those non-current assets as at 31 December 2024. This area is significant to our audit because of the significance of the carrying amounts of those non-current assets and the significant management judgment involved in determining the value-in-use calculations prepared based on future discounted cash flows. The judgment focuses on revenue growth rates, gross and operating margins and discount rates. All these factors are with estimation uncertainties and may impact the results of the impairment assessments.	Our procedures in relation to recoverability of carrying amounts of these non-current assets included: • Obtained an understanding of the key internal controls over the impairment assessment process and assessed the management process to identify cash-generating units; • evaluated the internal sources and external sources of information to identify impairment indications, if any; • evaluated the appropriateness of the value-in-use model adopted for the impairment assessments; • compared the current year's actual results with prior year's budgets to consider whether any past forecast including any assumptions, with hindsight, had been aggressive; • assessed the reasonableness of key assumptions such as revenue growth rates and gross and operating margins by comparing to commercial contracts, available market reports and historical trend analyses; • assessed the discount rates used by considering and recalculating the adjusted weighted average cost of capital for the non-current assets and comparable companies within the same industry, as well as considering territory specific factors; • reconciled input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data, where applicable; and • evaluated management's sensitivity analysis around the key assumptions, to ascertain the extent of change in those assumptions that either individually or collectively would be required for those non-current assets to be impaired, where applicable.

Independent Auditor's Report - Continued

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Independent Auditor's Report - Continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 18 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Chan Chi Wai
Practising Certificate number: P05708

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**11,946,459**	12,989,832
Cost of sales		**(10,241,839)**	(10,928,762)
Gross profit		**1,704,620**	2,061,070
Other income	5	**105,610**	89,717
Selling and distribution costs		**(91,335)**	(114,839)
Administrative expenses		**(629,079)**	(602,741)
Other expenses		**(17,899)**	(27,718)
Change in fair value of financial assets at fair value through profit or loss		**69,399**	88,284
Finance income	6	**351,080**	357,941
Finance costs	7	**(52,759)**	(34,185)
Impairment loss and provision for expected credit losses ("ECLs") allowances	8	**(17,840)**	(6,183)
Exchange losses, net		**(3,586)**	(9,624)
Gain on disposal of subsidiaries		**-**	858,229
Share of profits of joint ventures	19	**45,775**	1,796
Share of profits of associates	20	**3,235**	2,238
Profit before income tax	8	**1,467,221**	2,663,985
Income tax expenses	11	**(316,092)**	(289,887)
Profit for the year		**1,151,129**	2,374,098
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement loss on provision for retirement benefit	31	**(4,755)**	(1,171)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**132**	52
Share of other comprehensive loss of joint ventures	19	**(5,203)**	(3,923)
Share of other comprehensive income of associates	20	**30**	22
		(5,041)	(3,849)
Other comprehensive loss for the year, net of tax		**(9,796)**	(5,020)
Total comprehensive income for the year		**1,141,333**	2,369,078

Consolidated Statement of Comprehensive Income - Continued

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Profit attributable to:			
Owners of the Company		1,071,273	2,381,681
Non-controlling interests		79,856	(7,583)
		1,151,129	2,374,098
Total comprehensive income attributable to:			
Owners of the Company		1,061,477	2,376,661
Non-controlling interests		79,856	(7,583)
		1,141,333	2,369,078
Earnings per share attributable to owners of the Company			
- Basic and diluted for the year (RMB per share)	13	0.23	0.52

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**7,177,198**	7,142,912
Mining rights	15	**126,839**	128,113
Prepaid lease payments	16	**332,968**	342,775
Investment properties	17	**64,486**	68,979
Intangible assets	18	**129,691**	152,565
Interests in joint ventures	19	**333,906**	293,905
Interests in associates	20	**127,404**	126,162
Financial asset at fair value through other comprehensive income	21	**600**	600
Deferred tax assets	22	**123,890**	155,122
Other long-term prepayment for property, plant and equipment		**94,332**	121,168
Loan receivable	23	**208,252**	208,408
		8,719,566	8,740,709
CURRENT ASSETS			
Inventories	24	**1,124,718**	974,450
Trade receivables	25	**23,621**	56,513
Bills receivable	26	**80,349**	207,144
Contract assets	27(a)	**12,783**	20,188
Prepayments, deposits and other receivables	28	**436,808**	890,414
Financial assets at fair value through profit or loss	21	**1,830,485**	2,893,726
VAT recoverable		**156,022**	226,814
Pledged bank deposits	29	**11,715**	10,119
Time deposits with original maturity over three months	29	**11,000,000**	9,700,000
Cash and cash equivalents	29	**679,928**	597,269
		15,356,429	15,576,637
TOTAL ASSETS		**24,075,995**	24,317,346
EQUITY			
CAPITAL AND RESERVES			
Issued capital	30	**4,610,000**	4,610,000
Reserves		**13,241,389**	12,736,800
Proposed dividends	12	**556,888**	954,270
Equity attributable to owners of the Company		**18,408,277**	18,301,070
Non-controlling interests	42(ii)	**1,098,684**	1,106,088
TOTAL EQUITY		**19,506,961**	19,407,158

Consolidated Statement of Financial Position - Continued

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for retirement benefit	31	**252,591**	258,192
Interest-bearing bank and other borrowings	32	**1,626,693**	1,349,275
Lease liabilities	36	**29,680**	10,491
Deferred tax liabilities	22	**20,138**	16,430
Deferred revenue	33	**125,348**	129,937
Other long-term liabilities		**1,636**	1,789
		2,056,086	1,766,114
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	32	**434,410**	651,691
Trade payables	34	**1,067,996**	1,138,388
Contract liabilities	27(b)	**398,273**	610,135
Other payables and accruals	35	**544,129**	640,911
Lease liabilities	36	**28,341**	9,995
Income tax payable		**39,799**	92,954
		2,512,948	3,144,074
TOTAL LIABILITIES		**4,569,034**	4,910,188
TOTAL EQUITY AND LIABILITIES		**24,075,995**	24,317,346
NET CURRENT ASSETS		**12,843,481**	12,432,563
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,563,047**	21,173,272
NET ASSETS		**19,506,961**	19,407,158

These financial statements on pages 58 to 133 were approved and authorised for issue by the Board of Directors on 18 March 2025 and signed on its behalf by

Hou Xiaofeng
Director

He Qunhui
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company			
	Share capital RMB'000	Capital reserve RMB'000 (Note i)	Statutory surplus reserve RMB'000 (Note ii)	Special reserve RMB'000 (Note iii)
Balance at 1 January 2024	4,610,000	1,109,316	1,993,069	106,058
Profit for the year	-	-	-	-
Exchange differences on translating of foreign operations	-	-	-	-
Share of other comprehensive loss of joint ventures and associates	-	-	-	-
Remeasurement loss on provision for retirement benefit (note 31)	-	-	-	-
Other comprehensive loss for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Appropriation and utilisation of safety fund, net	-	-	-	(12,159)
2024 proposed dividends (note 12)	-	-	-	-
2023 final dividends declared and paid (note 12)	-	-	-	-
Transfer from retained earnings	-	-	135,935	-
Dividends paid to non-controlling interests	-	-	-	-
Balance at 31 December 2024	4,610,000	1,109,316	2,129,004	93,899

Retained earnings RMB'000	Proposed dividends RMB'000	Translation reserve RMB'000	Total RMB'000	Non -controlling interests RMB'000	Total equity RMB'000
9,530,123	954,270	(1,766)	18,301,070	1,106,088	19,407,158
1,071,273	-	-	1,071,273	79,856	1,151,129
-	-	132	132	-	132
-	-	(5,173)	(5,173)	-	(5,173)
(4,755)	-	-	(4,755)	-	(4,755)
(4,755)	-	(5,041)	(9,796)	-	(9,796)
1,066,518	-	(5,041)	1,061,477	79,856	1,141,333
12,159	-	-	-	-	-
(556,888)	556,888	-	-	-	-
-	(954,270)	-	(954,270)	-	(954,270)
(135,935)	-	-	-	-	-
-	-	-	-	(87,260)	(87,260)
9,915,977	556,888	(6,807)	18,408,277	1,098,684	19,506,961

Consolidated Statement of Changes in Equity - Continued

For the year ended 31 December 2024

	Attributable to owners of the Company			
	Share capital RMB'000	Capital reserve RMB'000 (Note i)	Statutory surplus reserve RMB'000 (Note ii)	Special reserve RMB'000 (Note iii)
Balance at 1 January 2023	4,610,000	1,109,316	1,806,554	74,648
Profit for the year	-	-	-	-
Exchange differences on translating of foreign operations	-	-	-	-
Share of other comprehensive loss of joint ventures and associates	-	-	-	-
Remeasurement loss on provision for retirement benefit (Note 31)	-	-	-	-
Other comprehensive loss for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Appropriation and utilisation of safety fund, net	-	-	-	33,561
2023 proposed dividends (note 12)	-	-	-	-
2022 final dividends declared and paid	-	-	-	-
Transfer from retained earnings	-	-	186,515	-
Dividends paid to non-controlling interests	-	-	-	-
Capital contribution from non-controlling interests (note 42)(ii)	-	-	-	-
Disposal of subsidiaries	-	-	-	(2,151)
Balance at 31 December 2023	4,610,000	1,109,316	1,993,069	106,058

Notes:

i. The capital reserve mainly comprises of (i) share premium arising from the issuance of H shares; and (ii) contribution and distribution from/to ultimate holding company.

ii. Statutory surplus reserve represents statutory reserve fund. In accordance with relevant rules and regulations in the People's Republic of China (the "**PRC**"), the Group's PRC subsidiaries are required to transfer an amount of their profit after income tax to the statutory reserve fund at financial year end, until the accumulated total of the fund reaches 50% of their registered capital. The appropriation to the statutory reserve fund is determined by the articles of association of the Company's subsidiaries and approval by the boards of directors of the subsidiaries.

iii. Special reserve represents safety fund. The Group's PRC subsidiaries are required to appropriate an amount of safety fund, in accordance with relevant PRC rules and regulations. Safety fund is used to improve, renovate and maintain safety facilities and equipment and update the safety supplies for the operation personnel, etc.

	Retained earnings	Proposed dividends	Translation reserve	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	8,323,959	820,580	2,083	16,747,140	1,029,450	17,776,590
	2,381,681	-	-	2,381,681	(7,583)	2,374,098
	-	-	52	52	-	52
	-	-	(3,901)	(3,901)	-	(3,901)
	(1,171)	-	-	(1,171)	-	(1,171)
	(1,171)	-	(3,849)	(5,020)	-	(5,020)
	2,380,510	-	(3,849)	2,376,661	(7,583)	2,369,078
	(33,561)	-	-	-	-	-
	(954,270)	954,270	-	-	-	-
	-	(820,580)	-	(820,580)	-	(820,580)
	(186,515)	-	-	-	-	-
	-	-	-	-	(160,260)	(160,260)
	-	-	-	-	205,800	205,800
	-	-	-	(2,151)	38,681	36,530
	9,530,123	954,270	(1,766)	18,301,070	1,106,088	19,407,158

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Profit before income tax		**1,467,221**	2,663,985
Adjustment for:			
Loss on disposal of property, plant and equipment and intangible assets		**7,047**	732
Finance income	6	**(351,080)**	(357,941)
Finance costs	7	**52,759**	34,185
Share of profits of joint ventures	19	**(45,775)**	(1,796)
Share of profits of associates	20	**(3,235)**	(2,238)
Gain on disposal of subsidiaries		**-**	(858,229)
Impairment loss and provision for ECLs allowances	8	**17,840**	6,183
Depreciation and amortisation	8	**666,048**	627,514
Release of government grants	33	**(45,395)**	(34,553)
Change in fair value of financial assets at fair value through profit or loss		**(69,399)**	(88,284)
(Reversal of) Write-down of inventories		**(721)**	104,493
Operating profit before working capital changes		**1,695,310**	2,094,051
Increase in inventories		**(149,547)**	(28,823)
Net decrease in trade receivables, bills receivable, contract assets, prepayments, deposits and other receivables, VAT recoverable and other long-term prepayments for property, plant and equipment and loan receivable		**693,237**	245,474
Net decrease in trade payables, contract liabilities, other payables and accruals and other long-term liabilities		**(371,784)**	(245,594)
Decrease in provision for retirement benefit		**(10,356)**	(37,356)
Cash generated from operations		**1,856,860**	2,027,752
Income tax paid		**(334,307)**	(484,127)
Net cash from operating activities		**1,522,553**	1,543,625
INVESTING ACTIVITIES			
Interest received		**351,080**	357,941
Dividend received		**2,594**	2,912
Net cash inflow in respect of partial disposal of a subsidiary		**-**	140,996
Net cash outflow in respect of deemed disposal of a subsidiary		**-**	(10,084)
Increase in pledged bank deposits		**(1,596)**	(5,916)
Purchases of property, plant and equipment		**(601,358)**	(618,178)
Proceeds from disposal of property, plant and equipment		**-**	12,209
Purchases of intangible assets		**(3,171)**	(124,758)
Purchases of investment properties		**-**	(10,667)
Purchases of prepaid lease payments		**-**	(209)
Purchases of financial assets at fair value through profit or loss		**(2,100,000)**	(2,850,000)
Disposal of financial assets at fair value through profit or loss		**3,232,640**	3,662,130
Government grants received	33	**40,806**	52,490
Placement of time deposits with original maturity over three months		**(5,900,000)**	(3,700,000)
Withdrawal of time deposits with original maturity over three months		**4,600,000**	2,400,000
Net cash used in investing activities		**(379,005)**	(691,134)

Consolidated Statement of Cash Flows - Continued

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES			
Bank and other borrowings raised	44	**867,505**	2,234,516
Repayment of bank and other borrowings	44	**(807,201)**	(2,188,422)
Interest paid	44	**(51,366)**	(33,315)
Dividends paid	44	**(954,270)**	(820,580)
Dividends paid to non-controlling interests	44	**(87,260)**	(160,260)
Payment of lease liabilities	44	**(28,429)**	(21,796)
Capital contribution from non-controlling interests	42(i)(ii)	**-**	205,800
Net cash used in financing activities		**(1,061,021)**	(784,057)
Net increase in bank balances and cash		**82,527**	68,434
Cash and cash equivalents at 1 January		**597,269**	528,783
Effect on exchange rate changes on cash and cash equivalents		**132**	52
Cash and cash equivalents at 31 December	29	**679,928**	597,269

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

China BlueChemical Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 3 July 2000 as a limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at No.3 Park Third Road, Basuo Town, Dongfang City, Hainan Province, the PRC.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the manufacture and sale of urea, methanol, phosphorus fertilisers which include mono-ammonium phosphate ("MAP") and diammonium phosphate ("DAP"), compound fertilisers and acrylonitrile ("AN").

The ultimate holding company of the Company is China National Offshore Oil Corporation ("CNOOC"), a state-owned enterprise established in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Group, except for the subsidiary incorporated in Hong Kong, and all amounts are rounded to the nearest thousand ("RMB'000") except otherwise indicated.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by International Accounting Standards Board and the applicable disclosure requirements of the Companies Ordinance (the "CO"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

Adoption of revised IFRS Accounting Standards

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following revised IFRS Accounting Standards that are relevant to the Group and effective from the current year:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

Adoption of revised IFRS Accounting Standards (Continued)

Amendments to IAS 1: Non-current Liabilities with Covenants (Continued)

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, using consistent accounting policies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. The carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them) is derecognised. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, when applicable, the cost on initial recognition of an interest in an associate or a joint venture.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (Continued)

In the Company's statement of financial position which is presented within these notes, an investment in a subsidiary is stated at cost less impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influences. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net interests in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An interest in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the interest in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. In the Company's statement of financial position, interests in associates and joint ventures are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(d) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	1.80% to 7.14%
Plant and machinery	5.00% to 19.00%
Motor vehicles	6.00% to 19.50%
Computer and electronic equipment	18.00% to 20.00%
Office and other equipment	5.28% to 20.00%

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents the items of property, plant and equipment under construction and pending installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the year of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(e) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The principal annual rates used for depreciation purpose are 4.67% to 5%. Refer to note 2(p) to the consolidated financial statements for the accounting policies for impairment of non-financial assets.

(f) Mining rights

Mining rights are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the units of production method utilising only proved and probable mineral reserve in the depletion base.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Leasing

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under IAS 40 (see accounting policy (e)) and held for own use under IAS 16 (see accounting policy (d)) are carried at cost less accumulated depreciation and impairment losses. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iii) Accounting as a lessor

The Group leases certain of its buildings under operating lease arrangements with leases negotiated for terms from one year to ten years to CNOOC group companies and third-party companies. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Intangible assets with finite lives are subsequently amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period.

Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of ten years.

(i) Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

FVTPL: Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECLs on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, interest-bearing bank and other borrowings and long-term liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Sales of urea, methanol, phosphorus fertilisers which include MAP and DAP fertilisers, acrylonitrile and compounded fertiliser

Customers obtain control of the goods when the goods are delivered and have been accepted. Revenue is thus recognised upon when the customers accepted the goods. There is generally only one performance obligation. Contracts generally have no rights of return. Invoices are usually payable within 30 days.

(ii) Provision of port operation and transportation services

Revenue from provision of port operation, which including port loading and unloading services and transportation services, is recognised over time based on the services provided as the customers simultaneously receives and consumes the benefits of the Group's performance. The Group considers the port operation and transportation services as a single performance obligation.

For revenue recognised over time under IFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition (Continued)

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(l) Income taxes

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities, based on taxable profit for the year and tax rates that have been enacted or subsequently enacted by the end of the reporting year, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Foreign currency

Foreign currency transactions are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(n) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(o) Provision for retirement benefit

The Group participates and makes contributions into the government-regulated defined contribution pension scheme, medical benefit plan and housing fund at a fixed percentage of wages and salaries of the existing full time employees in the PRC and have no further legal or constructive obligations to make additional contributions. The contributions are charged as an expense to the profit or loss as incurred.

The Company and the non-wholly owned subsidiaries of the Company, 海南八所港務有限責任公司 (transliterated as Hainan Basuo Port Limited Company Limited) ("Hainan Basuo Port"), pay termination benefits to qualifying early retirees in accordance with an internal retirement plan and post-employment allowances to retired employees in accordance with the local labour regulations (collectively "provision for retirement benefit"), as detailed in note 31 to the consolidated financial statements. The cost of providing the provision for retirement benefit is assessed using the projected unit credit method, with actuarial valuation method being carried out at the end of each reporting period. The Group's employee benefit liability costs include service cost, net interest expense and remeasurement. Remeasurement, including actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in the year in which they occur in other comprehensive income that will not be reclassified to profit or loss and reflected immediately in retained profits. Net interest is calculated by applying the discount rate at the beginning of the year to the net employee benefit liability. The service cost and net interest are included in cost of sales and administrative expenses.

(p) Impairment of assets other than financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets (other than financial assets) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on a carrying value of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less cost of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would be otherwise have been allocated to the asset is allocated pro rata to the other assets of the units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

(q) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expense for losses already incurred for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Dividends

Final dividends proposed by the directors of the Company are classified as a separate allocation of retained profits within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(t) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

(u) Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) Future changes in IFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, the following new / revised IFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 21	Lack of Exchangeability [1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments [2]
Annual Improvements to IFRSs	Volume 11 [2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity [2]
IFRS 18	Presentation and Disclosure in Financial Statements [3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] The effective date to be determined

The directors do not anticipate that the adoption of the new / revised IFRS Accounting Standards in future periods will have any material impact on the results of the Group.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(a) Impairment on non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets or CGUs used in ways specific to the Group's operation may not be readily available, therefore management use the value in use model in determining the recoverable amount of the CGUs. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years approved by management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

In determining the value in use, expected cash flows generated by the CGUs are discounted to their present value, which requires significant judgments and estimates with respect to the discount rate as well as the underlying cash flows. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions.

Notwithstanding that the Group has used all available information to make this estimation, inherent uncertainty exists and actual write-off may be higher than the amount estimated and will have an impact to profit or loss in the year in which such estimate is revised or when actual write-off occur.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. The assessment requires management to make estimates and assumptions relating to the future taxable profits and the period over which the deferred tax assets are expected be realised. In developing these estimations, management considers future earnings, availability of taxable temporary differences, and the ability of the Group's relevant subsidiaries to offset any of its accumulated losses against these expected profits. Where the actual or expected tax positions of the relevant subsidiaries of the Group in future are different from the original estimates and assumptions, such differences will impact the recognition of deferred tax assets and income tax charge in the year in which such estimates and assumptions has been changed. The amount of deferred tax assets are disclosed in note 22 to the consolidated financial statements.

(c) Write-down of inventories to net realisable value

The write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down involves management's judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, these differences will have an impact on the carrying amounts of the inventories and the write-down charge/write-back in the year in which these estimates have been changed. The amount of write-down of inventories is disclosed in note 24 to the consolidated financial statements.

(d) Impairment loss on trade receivables, contract assets, deposits and other receivables

As disclosed in notes 25, 27(a) and 28 to the consolidated financial statements, the measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment if a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(e) Depreciation of property, plant and equipment

The cost of items of property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and machinery to be 5 to 18 years, and other assets ranging from 5 to 50 years.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore depreciation charges might be revised in future.

The amount of depreciation of property, plant and equipment for the year ended 31 December 2024 is disclosed in note 14 to the consolidated financial statements.

(f) Fair value measurement

A number of assets and liabilities included in the Company's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (i.e. not derived from market data).

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(f) Fair value measurement (Continued)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures certain financial instruments at fair value. The detailed information in relation to the fair value measurement of the financial instruments is disclosed in note 40(b) to the consolidated financial statements.

(g) Impairment of investments and receivables

The Group assesses annually if interests in subsidiaries / associates / joint ventures have suffered any impairment in accordance with IAS 36 and follows the guidance of IFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

4. OPERATING SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods and services delivered or produced. The measure reported for resources allocation and segment's performance assessment is the same as last annual financial statements. Hence, the Group has reportable operating segments as follows:

(a) the urea segment is engaged in the manufacture and sale of urea;

(b) the methanol segment is engaged in the manufacture and sale of methanol;

(c) the phosphorus and compound fertiliser segment is engaged in the manufacture and sale of phosphorus fertilisers which include MAP and DAP and compound fertilisers;

(d) the acrylonitrile segment is engaged in the manufacture and sale of acrylonitrile and related products; and

(e) the "others" segment mainly comprises segments engaged in provision of port operations and transportation services; trading of fertilisers and chemicals; manufacture and sale of Bulk Blending ("BB") fertiliser, Polyoxymethylene ("POM") and woven plastic bags.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2 to the consolidated financial statements. Segment performance is evaluated based on segment result and is measured consistently with profit before income tax in the consolidated financial statements. However, the Group's finance income, finance costs, exchange losses, net, other expenses, share of results of associates and joint ventures, gain on disposal of subsidiaries, provision for ECLs allowance on trade and other receivables, impairment losses of investment properties, change in fair value of financial assets at FVTPL and income tax expenses are managed on a group basis and are not allocated to operating segments.

Inter-segment sales are determined on an arm's length basis in a manner similar to transactions with third parties.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Operating segments

	Urea RMB'000	Methanol RMB'000	Phosphorus and compound fertiliser RMB'000	Acrylonitrile RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
Year ended 31 December 2024							
Segment revenue:							
Sales to external customers	3,710,198	3,090,713	2,686,992	2,010,636	447,920	-	11,946,459
Inter-segment sales	-	-	-	-	183,445	(183,445)	-
Total	3,710,198	3,090,713	2,686,992	2,010,636	631,365	(183,445)	11,946,459
Segment profit (loss) before income tax	503,098	669,433	71,146	(2,393)	(151,468)	-	1,089,816
Interest and unallocated income							420,479
Corporate and other unallocated expenses							(88,498)
Exchange losses, net							(3,586)
Share of profits of joint ventures							45,775
Share of profits of associates							3,235
Profit before income tax							1,467,221
As at 31 December 2024							
Total segment assets	3,961,610	1,870,285	1,891,518	2,367,111	13,622,453	(222,782)	23,490,195
Unallocated assets							585,800
Total assets							24,075,995
Total segment liabilities	1,463,528	357,835	446,879	1,924,101	326,744	(222,782)	4,296,305
Unallocated liabilities							272,729
Total liabilities							4,569,034
Other segment information							
Depreciation and amortisation	252,709	56,227	123,223	160,364	73,525	-	666,048
Provision for ECLs allowance on trade and other receivables	-	-	-	-	17,840	-	17,840
Capital expenditure*	229,827	40,312	182,647	9,913	206,234	-	668,933

* Capital expenditure consists of additions to property, plant and equipment, prepaid lease payments and intangible assets.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Operating segments (Continued)

	Urea	Methanol	Phosphorus and compound fertiliser	Acrylonitrile (note (c))	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023							
Segment revenue:							
Sales to external customers	4,676,853	3,033,373	2,707,045	1,303,207	1,269,354	-	12,989,832
Inter-segment sales	-	-	-	-	196,152	(196,152)	-
Total	4,676,853	3,033,373	2,707,045	1,303,207	1,465,506	(196,152)	12,989,832
Segment profit (loss) before income tax	967,274	637,163	130,419	(87,252)	(214,397)	-	1,433,207
Interest and unallocated income							446,225
Corporate and other unallocated expenses							(68,086)
Exchange losses, net							(9,624)
Share of profits of joint ventures							1,796
Share of profits of associates							2,238
Gain on disposal of subsidiaries							858,229
Profit before income tax							2,663,985
As at 31 December 2023							
Total segment assets	3,267,268	1,546,674	1,699,339	2,848,760	14,556,290	(176,774)	23,741,557
Unallocated							575,789
Total assets							24,317,346
Total segment liabilities	561,639	283,766	420,843	2,336,149	1,209,943	(176,774)	4,635,566
Unallocated							274,622
Total liabilities							4,910,188
Other segment information							
Depreciation and amortisation	299,542	63,088	136,490	78,814	49,580	-	627,514
Impairment loss of investment properties	-	-	2,690	-	-	-	2,690
Provision for ECLs allowance on trade and other receivables	-	-	7	-	3,486	-	3,493
Capital expenditure*	198,358	44,886	99,963	94,935	337,221	-	775,363

* Capital expenditure consists of additions to property, plant and equipment, prepaid lease payments and intangible assets.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Operating segments (Continued)

1 Inter-segment revenues are eliminated on consolidation.

2 Segment assets include all assets but excludes deferred tax assets, financial asset at FVOCI and interests in joint ventures and associates.

3 Segment liabilities do not include deferred tax liabilities and provision for retirement benefit.

Geographic information

(a) Revenue from external customers, based on their locations

	2024 RMB'000	2023 RMB'000
Sales to external customers		
- The PRC	11,945,384	12,942,371
- Others	1,075	47,461
	11,946,459	12,989,832

(b) Non-current assets

All of the non-current assets are located in the PRC.

(c) Comparative figures information

Having considered the increasing results and financial position attributable to the group from acrylonitrile segment, the management of the Company considered to disclose acrylonitrile as a new segment. The re-presentation of comparative information of segment results, financial position under acrylonitrile segment, where necessary, to conform to the basis of presentation and the classification adopted in the current year.

Information about major customer

No single customer contributed 10% or more to the Group's revenue for both years.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

5. REVENUE AND OTHER INCOME

Revenue, which is the Group's turnover, represents the invoiced values of goods sold, net of value added tax, and after discounts, and the value of services rendered during the year.

An analysis of revenue and other income is as follows:

	2024 RMB'000	2023 RMB'000
Revenue		
Sale of goods, recognised at a point in time*	11,570,480	12,632,165
Rendering of services, recognised over time*	375,979	357,667
	11,946,459	12,989,832
Other income		
Income from sale of other materials, recognised at a point in time*	26,698	13,267
Income from rendering of other services, recognised over time*	6,351	4,742
Gross rental income	10,698	10,316
Government grants (note 33)	45,395	34,553
Indemnities received	4,646	3,535
Sundry income	11,822	23,304
	105,610	89,717

* Revenue from contracts with customer within the scope of IFRS 15.

6. FINANCE INCOME

Finance income represents interest income on bank and financial institution deposits during the years.

7. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	51,199	33,315
Interest on lease liabilities	1,560	870
	52,759	34,185

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging (crediting):

	2024 RMB'000	2023 RMB'000
Cost of inventories sold	**9,916,085**	10,470,656
(Reversal of) write-down of inventories	**(721)**	104,493
Cost of services provided	**326,475**	353,613
Cost of sales recognised as expenses	**10,241,839**	10,928,762
Depreciation and amortisation*:		
Depreciation of property, plant and equipment		
- Owned property, plant and equipment	**599,930**	567,787
- Right-of-use assets included:		
- Buildings	**27,615**	20,298
- Motor vehicles	**163**	363
Amortisation of mining rights (note 15)	**1,274**	1,063
Depreciation of prepaid lease payments (note 16)	**9,807**	9,704
Depreciation of investment properties (note 17)	**4,493**	4,192
Amortisation of intangible assets (note 18)	**22,766**	24,107
	666,048	627,514
Provision for impairment loss on investment properties (note 17)	**-**	2,690
Provision for ECLs allowance on trade receivables (note 25)	**728**	977
Provision for ECLs allowance on other receivables (note 28)	**17,112**	2,516
	17,840	6,183
Auditors' remuneration:		
- Audit services	**1,700**	2,970
- Other services	**1,570**	85
Employee benefit expense (including directors' and supervisors' remunerations explained in note 9):		
- Wages and salaries	**864,443**	872,824
- Defined contribution pension scheme	**251,861**	255,870
- Early retirement benefits and provision for post-employment allowances	**32,772**	7,492
- Housing fund	**88,315**	88,775
- Other benefits	**90,562**	86,788

* Depreciation and amortisation included in "cost of sales", "selling and distribution costs" and "administrative expenses" amounting to approximately RMB631,003,000 *(2023: RMB555,217,000)*, RMB1,074,000 *(2023: RMB3,292,000)* and RMB33,971,000 *(2023: RMB69,005,000)* respectively in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

9. DIRECTORS AND SUPERVISORS REMUNERATION

Details of the directors' and supervisors' remuneration for the year disclosed pursuant to the Listing Rules and the CO are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Fee	-	-
Other emoluments:		
Salaries and other allowances	**1,161**	1,151
Discretionary bonuses	**1,631**	1,116
Pension scheme contributions	**384**	331
	3,176	2,598

The remuneration of each of the directors and supervisors of the Group for the year ended 31 December 2024 was set out below:

	Fee RMB'000	Salaries and other allowances RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Directors					
Non-executive directors					
Shao Lihua	-	-	-	-	-
Yang Dongzhao (note 9.1)	-	-	-	-	-
	-	-	-	-	-
Executive directors					
Hou Xiaofeng	-	206	320	121	647
He Qunhui (note 9.2)	-	46	443	37	526
Li Ruiqing (note 9.3)	-	244	410	117	771
	-	496	1,173	275	1,944
Independent non-executive directors					
Yang Wanhong (note 9.4)	-	77	-	-	77
Yu Changchun (note 9.5)	-	53	-	-	53
Lin Feng	-	260	-	-	260
Xie Dong	-	130	-	-	130
	-	520	-	-	520
Supervisors					
Liu Lijie	-	80	458	109	647
Li Xiaoyu	-	65	-	-	65
Zhang Bing	-	-	-	-	-
	-	145	458	109	712
Total	-	1,161	1,631	384	3,176

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

9. DIRECTORS AND SUPERVISORS REMUNERATION (CONTINUED)

The remuneration of each of the directors and supervisors of the Group for the year ended 31 December 2023 was set out below:

	Fee	Salaries and other allowances	Discretionary bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Non-executive directors					
Shao Lihua (note 9.6)	-	-	-	-	-
Yang Dongzhao (note 9.7)	-	-	-	-	-
Zhao Baoshun (note 9.8)	-	-	-	-	-
Huang Hulong (note 9.9)	-	-	-	-	-
	-	-	-	-	-
Executive directors					
Hou Xiaofeng	-	210	370	116	696
Li Zhi (note 9.10)	-	-	-	-	-
Li Ruiqing (note 9.11)	-	270	300	112	682
	-	480	670	228	1,378
Independent non-executive directors					
Yu Changchun	-	130	-	-	130
Lin Feng	-	260	-	-	260
Xie Dong	-	130	-	-	130
	-	520	-	-	520
Supervisors					
Liu Lijie	-	86	446	103	635
Li Xiaoyu	-	65	-	-	65
Liu Jianyao (note 9.12)	-	-	-	-	-
Zhang Bing (note 9.13)	-	-	-	-	-
	-	151	446	103	700
Total	-	1,151	1,116	331	2,598

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

9. DIRECTORS AND SUPERVISORS REMUNERATION (CONTINUED)

Notes:

9.1 Yang Dongzhao resigned as non-executive director on 20 December 2024.
9.2 He Qunhui appointed as executive director on 20 December 2024.
9.3 Li Ruiqing resigned as executive director on 30 October 2024.
9.4 Yang Wanhong appointed as independent non-executive director on 28 May 2024.
9.5 Yu Changchun resigned as independent non-executive director on 28 May 2024.
9.6 Shao Lihua appointed as non-executive director on 22 December 2023.
9.7 Yang Dongzhao appointed as non-executive director on 22 December 2023.
9.8 Zhao Baoshun resigned as non-executive director on 22 December 2023.
9.9 Huang Hulong resigned as non-executive director on 22 December 2023.
9.10 Li Zhi resigned as executive director on 28 March 2023.
9.11 Li Ruiqing appointed as executive director on 25 May 2023.
9.12 Liu Jianyao resigned as supervisor on 22 December 2023.
9.13 Zhang Bing appointed as supervisor on 22 December 2023.

No directors, supervisors and five highest paid individuals have waived emoluments in respect of the years ended 31 December 2024 and 2023. No emoluments have been paid by the Group to the directors, supervisors and five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2024 and 2023.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest employees of the Group during the year are analysed as follows:

	2024 Number	2023 Number
Directors and supervisors	3	3
Non-director and non-supervisor employees	2	2
	5	5

Details of the remunerations of non-director and non-supervisor highest paid employees during the year are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other allowances	439	442
Discretionary bonuses	1,014	854
Pension scheme contributions	229	222
	1,682	1,518

The number of the highest paid employees who are non-director and non-supervisor whose remunerations fell within the following bands is as follows:

	2024 Number	2023 Number
HKDNil to HKD1,000,000 (RMBNil to RMB940,000)	2	2

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

11. INCOME TAX EXPENSES

	2024 RMB'000	2023 RMB'000
Current tax		
PRC Enterprise Income Tax	**272,987**	380,015
Under provision in respect of prior year	**8,165**	9,447
	281,152	389,462
Charge (Credit) to deferred tax (note 22)	**34,940**	(99,575)
	316,092	289,887

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which the subsidiaries of the Group are domiciled and operate.

(a) Enterprise Income Tax ("EIT")

Under the Enterprises Income Tax Law of the PRC (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Certain subsidiaries located in Hailan that for encouraged industry in Hainan Free Trade Port and have a practical operational record are entitled to a reduced enterprise income tax rate of 15%.

(b) Hong Kong Profits Tax

Hong Kong Profits Tax has not been provided as the Group had no assessable profits for both years.

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before income tax	**1,467,221**	2,663,985
Tax at the statutory tax rate of 25% *(2023: 25%)*	**366,805**	665,996
Tax effect of income tax at concessionary rate	**(73,895)**	(82,615)
Under provision in prior year	**8,165**	9,447
Tax effect of share of profits of joint ventures and associates	**(12,253)**	(1,008)
Tax effect of tax losses not recognised	**73,310**	35,750
Utilisation of tax losses not previously recognised	**(16,180)**	(18,890)
Tax effect of income not taxable for tax	**(29,860)**	(319,628)
Tax effect of expenses not deductible for tax	**-**	835
Income tax expenses	**316,092**	289,887
The Group's effective income tax rate	**22%**	11%

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

12. PROPOSED DIVIDENDS

	2024	2023
	RMB'000	RMB'000
Proposed dividends – RMB0.1208 *(2023: RMB0.207)* per ordinary share	**556,888**	954,270

The proposed final dividend for the year ended 31 December 2023 was approved at the annual general meeting on 28 May 2024. Proposed final dividend for the year ended 31 December 2024 is subject to the approval of the Company's shareholders at the forthcoming 2024 annual general meeting.

Upon listing of the Company's shares on the Stock Exchange, the Company may not distribute dividends exceeding the lower of the profit after tax as determined under Chinese Accounting Standards for Business Enterprises ("**CAS**") and IFRS Accounting Standards.

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of profit earned in 2008 and beyond. In respect of all shareholders whose names appear on the Company's register of members who are not individuals, which are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting enterprise income tax of 10%.

13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2024	2023
	RMB'000	RMB'000
Earnings		
Profits for the year attributable to owners of the Company	**1,071,273**	2,381,681

	Number of shares	Number of shares
	2024	2023
	'000	'000
Shares		
Number of shares in issue during the year	**4,610,000**	4,610,000

The Company did not have any potential ordinary shares outstanding to be issued during the years ended 31 December 2024 and 2023. Diluted earnings per share is equal to basic earnings per share.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Computer and electronic equipment RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2024							
At beginning of the year	**1,953,770**	**4,364,308**	**20,678**	**89,213**	**257,848**	**457,095**	**7,142,912**
Additions	**31**	**23,825**	**3,488**	**487**	**1,408**	**636,523**	**665,762**
Disposals	**-**	**(2,660)**	**(431)**	**(54)**	**(157)**	**(201)**	**(3,503)**
Transfer	**86,463**	**128,521**	**1,892**	**2,627**	**7,593**	**(227,096)**	**-**
Transfer to intangible assets	**-**	**-**	**-**	**-**	**-**	**(265)**	**(265)**
Depreciation	**(195,984)**	**(394,262)**	**(6,108)**	**(8,060)**	**(23,294)**	**-**	**(627,708)**
At the end of the year	**1,844,280**	**4,119,732**	**19,519**	**84,213**	**243,398**	**866,056**	**7,177,198**
At 31 December 2024							
Cost	**4,807,477**	**11,484,704**	**156,478**	**1,154,564**	**622,803**	**933,408**	**19,159,434**
Accumulated depreciation and impairment losses	**(2,963,197)**	**(7,364,972)**	**(136,959)**	**(1,070,351)**	**(379,405)**	**(67,352)**	**(11,982,236)**
Net carrying amounts	**1,844,280**	**4,119,732**	**19,519**	**84,213**	**243,398**	**866,056**	**7,177,198**
Reconciliation of carrying amount – year ended 31 December 2023							
At beginning of the year	1,897,756	2,651,426	28,614	47,479	253,390	2,159,069	7,037,734
Additions	21,132	5,274	3,639	1,612	2,267	616,472	650,396
Disposals	(647)	(327)	(150)	(469)	(211)	(11,343)	(13,147)
Transfer	217,643	2,000,919	220	61,235	8,011	(2,288,028)	-
Transfer to intangible assets	-	-	-	-	-	(19,075)	(19,075)
Depreciation	(173,726)	(377,138)	(11,615)	(20,644)	(5,325)	-	(588,448)
Disposal of subsidiaries	(8,388)	84,154	(30)	-	(284)	-	75,452
At the end of the year	1,953,770	4,364,308	20,678	89,213	257,848	457,095	7,142,912
At 31 December 2023							
Cost	4,734,633	11,364,967	151,542	1,154,728	615,570	524,642	18,546,082
Accumulated depreciation and impairment losses	(2,780,863)	(7,000,659)	(130,864)	(1,065,515)	(357,722)	(67,547)	(11,403,170)
Net carrying amounts	1,953,770	4,364,308	20,678	89,213	257,848	457,095	7,142,912

The Group has capitalised borrowing costs amounting to RMB1,604,000 on qualifying assets during the year (*2023: RMBNil*).

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use-assets

	Included in property, plant and equipment		(note 16)	
	Motor vehicles	Buildings	Prepaid lease payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Reconciliation of carrying amount – year ended 31 December 2024				
At beginning of the year	**917**	**20,804**	**342,775**	**364,496**
Additions	**1,676**	**62,728**	**-**	**64,404**
Depreciation	**(163)**	**(27,615)**	**(9,807)**	**(37,585)**
At the end of the year	**2,430**	**55,917**	**332,968**	**391,315**
Reconciliation of carrying amount – year ended 31 December 2023				
At beginning of the year	-	24,369	359,510	383,879
Additions	1,483	17,649	209	19,341
Depreciation	(363)	(20,298)	(9,704)	(30,365)
Disposal	(203)	-	-	(203)
Disposal of subsidiaries	-	(916)	(7,240)	(8,156)
At the end of the year	917	20,804	342,775	364,496

15. MINING RIGHTS

	2024	2023
	RMB'000	RMB'000
Reconciliation of carrying amount		
At beginning of the year	**128,113**	129,176
Amortisation	**(1,274)**	(1,063)
At the end of the year	**126,839**	128,113
Cost	**158,665**	158,665
Accumulated amortisation	**(31,826)**	(30,552)
	126,839	128,113

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

16. PREPAID LEASE PAYMENTS

	2024 RMB'000	2023 RMB'000
At beginning of the year	342,775	359,510
Additions	-	209
Depreciation	(9,807)	(9,704)
Disposal of subsidiaries	-	(7,240)
At the end of the year	332,968	342,775

The terms of prepaid lease payment are from 35 years to 70 years *(2023: 35 years to 70 years)*.

17. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Reconciliation of carrying amount		
At beginning of the year	68,979	75,861
Depreciation	(4,493)	(4,192)
Impairment loss	-	(2,690)
At the end of the year	64,486	68,979
Cost	135,158	135,158
Accumulated depreciation and impairment losses	(70,672)	(66,179)
	64,486	68,979

Fair value measurement of the investment properties:

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period, categorised into three-level fair value hierarchy as defined in IFRS13 "Fair Value Measurement".

	Fair value measurement categorised into significant unobservable inputs (level 3)	
	2024 RMB'000	2023 RMB'000
Recurring fair value measurement		
Investment properties	70,152	68,979

As at 31 December 2024, the carrying value of the aforesaid investment properties was RMB64,486,000, and the directors of the Company carried out the review of the recoverable amounts of the investment properties using the fair value based on a valuation carried out by China Enterprise Appraisals, an independent valuer not connected with the Group. The fair value was RMB70,152,000 *(2023: RMB68,979,000)*, which was determined based on the direct comparison approach and there has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The management of the Company considered that the reversal of impairment loss is immaterial and therefore no reversal of impairment loss *(2023: impairment loss of RMB2,690,000)* was recognised during the year.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

18. INTANGIBLE ASSETS

	Computer software RMB'000	Patents and licenses RMB'000	Total RMB'000
Reconciliation of carrying amount – year ended 31 December 2024			
At beginning of the year	**46,805**	**105,760**	**152,565**
Additions	**3,171**	**-**	**3,171**
Transfer from construction in progress	**265**	**-**	**265**
Disposal	**(1,298)**	**(2,246)**	**(3,544)**
Amortisation	**(14,650)**	**(8,116)**	**(22,766)**
At the end of the year	**34,293**	**95,398**	**129,691**
At 31 December 2024			
Cost	**97,253**	**129,554**	**226,807**
Accumulated amortisation	**(62,960)**	**(34,156)**	**(97,116)**
	34,293	**95,398**	**129,691**
Reconciliation of carrying amount – year ended 31 December 2023			
At beginning of the year	19,517	13,339	32,856
Additions	23,255	101,503	124,758
Transfer from construction in progress	19,075	-	19,075
Amortisation	(15,025)	(9,082)	(24,107)
Disposal of subsidiaries	(17)	-	(17)
At the end of the year	46,805	105,760	152,565
At 31 December 2023			
Cost	124,993	138,327	263,320
Accumulated amortisation	(78,188)	(32,567)	(110,755)
	46,805	105,760	152,565

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

19. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Cost	**266,199**	266,199
Share of post-acquisition profits and other comprehensive income, net of dividends received	**67,707**	27,706
	333,906	293,905

The joint ventures are accounted for using the equity method in the consolidated financial statements.

The Group's trade receivables, other receivables and trade payables with its joint ventures are disclosed in notes 25, 28 and 34 to the consolidated financial statements respectively.

Particulars of the joint ventures of the Group at the end of the reporting period are set out as follows:

Name of the entity (Note (ii))	Place and date of incorporation and place of operation	Registered capital '000		Percentage of equity interest attributable to the Company 2024 %	Principal activities
貴州錦麟化工有限責任公司 (transliterated as Guizhou Jinlin Chemical Co., Ltd.) (Note (i))	The PRC, 12 April 2007	RMB584,221	Direct	**33.99** *(2023: 33.99)*	Phosphorus mining and processing, manufacturing and sales of phosphorus ore and chemical products
CBC (Canada) Holding Corp. ("CBC (Canada)") (中海化學(加拿大)控股公司) (Note (iii), (iv))	Canada, 28 May 2013	CAD24,000	Direct	**60.00** *(2023: 60.00)*	Investment holding
海南八所港勞動服務有限公司 (transliterated as Hainan Basuo Port Labour Service Limited) (Note (i))	The PRC, 24 April 2005	RMB5,000	Indirect	**36.56** *(2023: 36.56)*	Provision of overseas shipping services
中國八所外輪代理有限公司 (transliterated as China Basuo Overseas Shipping Agency Co., Ltd.) (Note (i))	The PRC, 16 October 2000	RMB1,800	Indirect	**36.56** *(2023: 36.56)*	Provision of overseas shipping services

Notes:

(i) These entities established in the PRC are domestic limited liability companies.

(ii) The English translation of the company names of the companies established in the PRC is for reference only. The official names of these joint ventures are in Chinese.

(iii) The Chinese translation of the company name of the company established in the Canada is for reference only. The official name of this joint venture is in English.

(iv) The Company and another shareholder mutually agreed in writing on 1 April 2016 to establish joint control over CBC (Canada) by requiring unanimous votes in all CBC (Canada)'s resolutions. The Company has determined that it has no control but joint control over CBC (Canada), accordingly, the Company considers CBC (Canada) as a joint venture.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

19. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised financial information of Guizhou Jinlin Chemical Co., Ltd., the material joint venture of the Group which is accounted for using equity method:

	Guizhou Jinlin Chemical Co., Ltd.	
	2024	2023
	RMB'000	RMB'000
At 31 December		
Gross amount		
Current assets	**212,942**	179,578
Non-current assets	**1,165,799**	674,729
Current liabilities	**(356,386)**	(56,915)
Non-current liabilities	**(106,624)**	(20,861)
Year ended 31 December		
Gross amount		
Revenue	**312,257**	31,628
Profit and total comprehensive income	**139,200**	3,271
Reconciled to the Group's interest in the joint venture		
Gross amounts of net assets of the joint venture	**915,731**	776,531
Group's effective equity interest	**33.99%**	33.99%
Group's share of net assets of the joint venture and carrying amount in the consolidated financial statements	**311,257**	263,943

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024	2023
	RMB'000	RMB'000
The Group's share of losses and other comprehensive losses	**(6,742)**	(3,239)
Dividend received	**(571)**	-
Aggregate carrying amounts of the Group's interests in joint ventures	**22,649**	29,962

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

20. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost	**124,079**	124,079
Share of post-acquisition profits and other comprehensive income, net of dividends received	**3,325**	2,083
	127,404	126,162

The above associates are accounted for using equity method in the consolidated financial statements.

The Group's loan receivable, trade receivables, contract liabilities, other receivables, trade payables and other payables with its associates are disclosed in notes 23, 25, 27(b), 28, 34 and 35 to the consolidated financial statements respectively.

Particulars of the associates of the Group at the end of the reporting period are set out as follows:

Name of the entity (Notes (i) and (ii))	Place and date of incorporation and place of operation	Registered capital '000		Percentage of equity interest attributable to the Company 2024 %	Principal activities
廣西富島農業生產資料有限公司 (transliterated as Guangxi Fudao Agricultural Means of Production Limited) ("**Guangxi Fudao**")	The PRC, 11 January 2003	RMB30,000	Indirect	**34.00** *(2023: 34.00)*	Trading of fertilisers and chemicals
中石油(內蒙古)新材料有限責任公司 (transliterated as PetroChina (Inner Mongolia) New Material Company Limited) ("**New Material Company**")	The PRC, 18 December 2000	RMB2,272,856	Direct	**25.27** *(2023: 25.27)*	Manufacturing and sale of fertilisers and methanol
聯合惠農農資(北京)有限公司 (transliterated as United Agricultural Means of Production (Beijing) Co., Ltd.)	The PRC, 7 June 2016	RMB100,000	Direct	**30.00** *(2023: 30.00)*	Merchandising

Notes:

(i) These entities established in the PRC are domestic limited liability companies.

(ii) The English translation of the company names of the associates established in the PRC is for reference only. The official names of these associates are in Chinese.

The aggregate financial information in respect of the Group's associates is set out below since no single associate is individually material.

	2024 RMB'000	2023 RMB'000
The Group's share of profits and other comprehensive income	**3,265**	2,260
Dividend received	**(2,023)**	-
Aggregate carrying amounts of the Group's interests in associates	**127,404**	126,162

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

21. OTHER FINANCIAL ASSETS

	2024	2023
	RMB'000	RMB'000
Non-current		
Designated FVOCI		
Financial asset at FVOCI	**600**	600
Current		
Mandatory FVTPL		
Financial assets at FVTPL	**1,830,485**	2,893,726

Financial asset at FVOCI represents unlisted equity investment. The fair value of unlisted equity investment is determined based on transaction price and factors or events that have occurred after the acquisition date. Since there was no significant change in market condition or the performance and operation of the investee, the directors of the Company considered the fair value of the unlisted equity investment was approximately its carrying amount.

Financial assets at FVTPL represent wealth management products in licensed bank. Change in fair value of financial assets at FVTPL of RMB69,399,000 *(2023: RMB88,284,000)* was recognised during the year. The wealth management products will mature within 6 months *(2023: within 6 months)*.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

22. DEFERRED TAX ASSETS / LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**123,890**	155,122
Deferred tax liabilities	**(20,138)**	(16,430)
	103,752	138,692

The following are the major deferred tax liabilities and assets recognised and movements during the current and prior year:

	Accelerated tax depreciation RMB'000	Impairment losses RMB'000	Wages and salaries RMB'000	Fair value adjustment on acquisition of subsidiaries RMB'000	Unused tax losses RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	(10,617)	37,497	-	(831)	-	13,090	39,139
(Charge) Credit to profit of loss	(5,813)	6,161	207	831	100,092	(1,903)	99,575
Disposal of subsidiaries	-	-	-	-	-	(22)	(22)
As at 31 December 2023 and 1 January 2024	(16,430)	43,658	207	-	100,092	11,165	138,692
(Charge) Credit to profit of loss	(3,708)	(1,238)	839	-	(32,565)	1,732	(34,940)
As at 31 December 2024	**(20,138)**	**42,420**	**1,046**	**-**	**67,527**	**12,897**	**103,752**
Represented by:							
As at 31 December 2023							
Deferred tax assets:	**-**	**43,658**	**207**	**-**	**100,092**	**11,165**	**155,122**
Deferred tax liabilities	**(16,430)**	**-**	**-**	**-**	**-**	**-**	**(16,430)**
As at 31 December 2024							
Deferred tax assets	**-**	**42,420**	**1,046**	**-**	**67,527**	**12,897**	**123,890**
Deferred tax liabilities	**(20,138)**	**-**	**-**	**-**	**-**	**-**	**(20,138)**

As at 31 December 2024, the Group has unused tax losses of RMB751,923,000 *(2023: RMB656,892,000)* available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB270,108,000 *(2023: RMB400,368,000)* of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB305,422,000 *(2023: RMB256,524,000)*, due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB305,422,000 *(2023: RMB256,524,000)* that will expire in 5 years.

At the end of the reporting period, the Group has deductible temporary differences of RMB436,679,000 *(2023: RMB423,922,000)* that has not been recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

22. DEFERRED TAX ASSETS / LIABILITIES (CONTINUED)

At the end of the reporting period, the Group has the following tax losses for which no deferred tax assets recognised arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the year in which the tax loss was incurred:

	2024 RMB'000	2023 RMB'000
Year of expiry		
2024	-	74,156
2025	35,077	35,077
2026	-	-
2027	-	-
2028	153,498	147,291
2029	116,847	-
	305,422	256,524

23. LOAN RECEIVABLE

Loan receivable comprises of:

	2024 RMB'000	2023 RMB'000
Unsecured loan		
- Principal	208,252	208,252
- Interest	-	156
	208,252	208,408

The Group's loan receivable is due from an associate, New Material Company, and denominated in RMB. The loan receivable is unsecured, interest-bearing at 5-year Loan Prime Rate minus 1.75% per annum and repayable on 8 May 2026. The interest would be paid by quarter.

A maturity profile of the loan receivable as at the end of the reporting period, based on the maturity date, is as follows:

	2024 RMB'000	2023 RMB'000
Over one year but within two years	208,252	-
Over two years but within three years	-	208,408
	208,252	208,408

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

24. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials and spare parts	**402,558**	465,924
Work in progress	**239,847**	265,122
Finished goods	**541,698**	303,510
	1,184,103	1,034,556
Write-down	**(59,385)**	(60,106)
	1,124,718	974,450

25. TRADE RECEIVABLES

Sales of the Group's fertilisers and chemicals including urea, MAP, DAP, acrylonitrile and methanol are normally settled on an advance receipt basis whereby the customers are required to pay in advance either by cash or by bank acceptance drafts. In the case of export sales, the Group may also accept irrevocable letters of credit issued in its favour.

The trading terms of the Group with its customers other than the above are mainly on credit. The credit period is generally one month, except for some high-credit customers, where payments may be extended.

An ageing analysis of trade receivables at the end of the reporting year, based on the invoice date and net of impairment of trade receivables of the Group, is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**20,777**	47,122
Over one year but within two years	**-**	1,265
Over two years but within three years	**534**	8,126
Over three years	**2,310**	-
	23,621	56,513

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2024 RMB'000	2023 RMB'000
Not past due	**20,777**	47,122
Past due within one year	**-**	1,265
Past due within two years	**534**	8,126
Past due within three years	**2,310**	-
	23,621	56,513

Receivables that were not past due related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due related to a number of independent customers that have a good track record with the Group.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

25. TRADE RECEIVABLES (CONTINUED)

The ECLs are assessed collectively for receivables that were not credit-impaired and individually for credit-impaired trade receivables with an aggregate carrying amount of RMB1,705,000 *(2023: RMB977,000)*. The Group assessed impairment loss based on the accounting policy stated in note 2(i) to the consolidated financial statements for the years ended 31 December 2024 and 2023. Further details on the group's credit policy and credit risk arising from trade receivables are set out in note 41(iii) to the consolidated financial statements.

Movement in the ECLs allowance in respect of trade receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	977	-
Provision of ECLs allowance	728	977
At end of the year	1,705	977

As at 31 December 2024, the amounts due from ultimate holding company, associates, joint venture and the Company's subsidiaries' non-controlling shareholders and the non-controlling shareholders' subsidiaries (the "**Other Related Parties**") and the subsidiaries and associates of the ultimate holding company, excluding CNOOC Finance Corporation Limited (collectively referred to as the "**CNOOC group companies**") included in the trade receivables which are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to the major customers of the Group, are detailed as follow:

	2024 RMB'000	2023 RMB'000
CNOOC group companies	9,065	29,225
Ultimate holding company	-	8,568
Associates	2,844	11,456
Joint venture	1,714	840
	13,623	50,089

26. BILLS RECEIVABLE

The bills receivable of the Group as at 31 December 2024 and 2023 all mature within twelve months.

At 31 December 2024, the Group has transferred bills receivable of RMB101,547,000 *(2023: RMB247,924,000)* having maturity less than twelve months from the reporting dates to its suppliers to settle its payables through endorsing the bills to its suppliers. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing bank failed to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant.

At 31 December 2024, the Group's maximum exposure to loss, which is same as the amount payable by the Group to banks or the suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB101,547,000 *(2023: RMB247,924,000)*.

The fair value of bills receivable are close to their carrying amounts given all bills receivable will mature within twelve months.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

27. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

Contract assets represent the Group's rights to consideration from customers for the provision of port operation and transportation services but not billed at the end of the reporting period under such contracts. Any amounts previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customers.

	2024 RMB'000	2023 RMB'000
Contract assets arising from:		
Provision of port operation and transportation services	**12,783**	20,188

The expected timing of recovery or settlement for contract assets as at 31 December 2024 is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**12,783**	20,188

As at 31 December 2024, the amount due from CNOOC group companies included in the above contract assets amounted to RMB8,134,000 *(2023: RMB11,003,000)*.

(b) Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to customers for which the Group has received consideration (or an amount of consideration is due) from the customer.

	2024 RMB'000	2023 RMB'000
Contract liabilities arising from:		
Sale of goods	**398,273**	610,135

	2024 RMB'000	2023 RMB'000
At beginning of the year	**610,135**	782,618
Decrease in contract liabilities as a result of recognition of revenue during the year	**(609,971)**	(775,327)
Increase in contract liabilities as a result of billing in advance of sales of goods	**398,109**	602,844
At the end of the year	**398,273**	610,135

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

27. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities (Continued)

The expected timing of recognising as revenue for contract liabilities as at 31 December 2024 is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**398,069**	609,972
Over one year but within two years	**68**	3
Over two years but within three years	**3**	47
Over three years but within four years	**20**	113
Over four years	**113**	-
	398,273	610,135

As at 31 December 2024, the amounts due to CNOOC group companies and associates included in the above contract liabilities can be analysed as follow:

	2024 RMB'000	2023 RMB'000
CNOOC group companies	**17,321**	30,595
Associates	**6,616**	27,631
	23,937	58,226

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments of raw material of acrylonitrile	**36,292**	343,453
Interest receivables	**355,750**	200,671
Deposits and other receivables	**64,394**	348,806
Less: impairment loss	**(19,628)**	(2,516)
	436,808	890,414

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Movement in the loss allowance in respect of other receivables during the year is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	2,516	7,792
Provision of impairment loss	17,112	2,516
Written off of impairment loss	-	(7,792)
At the end of the year	19,628	2,516

Except for certain other receivables from associates that had significant increase in credit risk, there was neither significant increase in credit risk for other remaining receivables since initial recognition nor credit impairment that has occurred during the year. The loss allowance for these other remaining receivables was limited to 12 months ECLs.

Apart from the loss allowance mentioned above, none of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

The amounts due from the ultimate holding company, CNOOC group companies, associates and joint venture included in the above, which are unsecured, non-interest bearing and have no fixed repayment terms, can be analysed as follows:

	2024 RMB'000	2023 RMB'000
Ultimate holding company	5,001	-
CNOOC group companies	17,768	303,623
Associates	28,249	35,950
Joint venture	7,358	14,296
	58,376	353,869

Maximum outstanding balances during the year:

	2024 RMB'000	2023 RMB'000
Ultimate holding company	5,001	950
CNOOC group companies	303,623	303,623
Associates	35,950	35,950
Joint venture	14,296	20,820

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

29. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND TIME DEPOSITS WITH MATURITY OVER THREE MONTHS

	2024	2023
	RMB'000	RMB'000
Cash and bank and financial institution balances	**11,691,643**	10,307,388
Less: Pledged bank deposits	**(11,715)**	(10,119)
Time deposits with original maturity over three months	**(11,000,000)**	(9,700,000)
Cash and cash equivalents in the consolidated statement of cash flows	**679,928**	597,269

The Group's cash and bank balances were denominated in RMB as at 31 December 2024 and 2023, except for (i) RMB10,666,000 *(2023: RMB5,200,000)* which was translated from US$1,484,000 *(2023: US$734,000)* and (ii) RMB1,856,000 *(2023: RMB6,000)* which was translated from HK$2,004,000 *(2023: HK$7,000)*.

The RMB is not freely convertible into other currencies. However, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at 31 December 2024, included in the Group's cash and cash equivalents were RMB388,974,000 *(2023: RMB399,725,000)* deposited in CNOOC Finance, a licensed financial institution, which is a subsidiary of the ultimate holding company. Time deposits earn interest at rates ranging from 2.15% to 3.75% per annum, of which RMB10,700,000,000 will recover over one year.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

30. ISSUED CAPITAL

	2024		2023	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	**RMB'000**	'000	RMB'000
Registered capital	**4,610,000**	**4,610,000**	4,610,000	4,610,000
Issued and fully paid:				
Domestic Shares of RMB1 each, currently not listed:				
- State-owned shares	**2,739,000**	**2,739,000**	2,739,000	2,739,000
- Other legal person shares	**75,000**	**75,000**	75,000	75,000
H shares of RMB1 each	**1,796,000**	**1,796,000**	1,796,000	1,796,000
As at 31 December	**4,610,000**	**4,610,000**	4,610,000	4,610,000

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

31. PROVISION FOR RETIREMENT BENEFIT

The Company provides provision for post-employment and early retirement benefits to employees and qualifying retirees. A subsidiary, Hainan Basuo Port provides early retirement benefits to qualifying retirees.

	2024 RMB'000	2023 RMB'000
Provision for post-employment	51,561	44,991
Early retirement benefits	201,030	213,201
Provision for retirement benefit	252,591	258,192

Movement of provision for post-employment and early retirement benefits are as follows:

	Post-employment allowances RMB'000	Early retirement benefits RMB'000
At 1 January 2023	44,304	250,073
Service cost	-	220
Net interest cost	1,499	4,852
Benefits paid	(1,983)	(41,944)
Remeasurement loss recognised in other comprehensive income	1,171	-
At 31 December 2023 and 1 January 2024	44,991	213,201
Net interest cost	4,316	23,337
Benefits paid	(2,501)	(35,508)
Remeasurement loss recognised in other comprehensive income	4,755	-
At 31 December 2024	51,561	201,030

The principal assumptions used in determining provision for post-employment and early retirement benefits of the Group as at 31 December 2024 and 2023 are shown below:

	Provision for post-employment		Early retirement benefits	
	2024	2023	2024	2023
Discount rate				
- The Company*	1.75%	2.75%	1.5%	2.50%
- Hainan Basuo Port	N/A	N/A	2%	2.40%
Annual growth rate of employee benefits				
- The Company*	0%	0%	2.5%	2.50%
- Hainan Basuo Port	N/A	N/A	6%	7.00%

* Upon the suspension of Urea and Methanol operations of New Material Company in 2021, the employees and labours have been laid off or replacement to other companies within the Group, severance payments for provision for post-employment and early retirement benefits of RMB33,090,000 and RMB275,352,000 respectively, which were performed by an independent actuary service provider, were recognised as other expenses during the year ended 31 December 2021. During the year ended 31 December 2022, the total severance payments of RMB308,442,000 had been transferred from other long-term liabilities to provision for retirement benefit.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

31. PROVISION FOR RETIREMENT BENEFIT (CONTINUED)

The directors of the Company have reviewed the actuarial valuation as at 31 December 2024 and 2023 which was performed by an independent actuary service provider, using the valuation method detailed under note 2(o) to the consolidated financial statements, and considered that the Group's current provision for the net benefit expenses was adequate as at 31 December 2024. The directors of the Group do not expect significant changes in principal assumptions.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Within one year	**434,410**	651,691
More than one year, but not more than two years	**826,000**	188,000
More than two years, but not more than five years	**615,000**	871,000
More than five years	**185,693**	290,275
	2,061,103	2,000,966
Analysed for reporting purposes as:		
Current	**434,410**	651,691
Non-current	**1,626,693**	1,349,275

As at 31 December 2024, bank borrowings of RMB1,980,005,000 *(2023: RMB1,800,789,000)* were unsecured with effective interest rate of 1.9%-2.6% per annum *(2023: 2.15%-3.35% per annum)*, payable within 2025 to 2034 *(2023: payable within 2024 to 2033)*. The amounts due were based on the scheduled repayment dates set out in the loan agreements.

As at 31 December 2024, other borrowings of RMB81,098,000 *(2023: RMB200,177,000)* were unsecured and due to the CNOOC Finance with effective interest rates of 2.15%-2.9% per annum *(2023: 3.75% per annum)*, payable within 2029 *(2023: payable within 2029 to 2033)*. The amounts due were based on the scheduled repayment dates set out in the loan agreements.

33. DEFERRED REVENUE

Deferred revenue represents government grants. The deferred revenue generated from government grants is recognised in the consolidated statement of comprehensive income according to the depreciation periods of the related assets and the periods in which the related costs incurred. There are no unfulfilled conditions attaching to the government grants.

	2024 RMB'000	2023 RMB'000
Balance at beginning of the year	**129,937**	112,000
Additions	**40,806**	52,490
Credit to profit or loss	**(45,395)**	(34,553)
Balance at end of the year	**125,348**	129,937

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

34. TRADE PAYABLES

The trade payables are unsecured, non-interest-bearing and are normally settled in 30 to 180 days. An ageing analysis of trade payables of the Group, based on invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Trade payables	**1,067,996**	1,138,388

	2024 RMB'000	2023 RMB'000
Within one year	**1,022,590**	1,096,734
Over one year but within two years	**42,349**	35,508
Over two years but within three years	**1,527**	5,367
Over three years	**1,530**	779
	1,067,996	1,138,388

As at 31 December 2024, the amounts due to ultimate holding company, CNOOC group companies, associate, joint venture and Other Related Parties included in the above, which are unsecured, non-interest bearing and have no fixed repayment terms, can be analysed as follows:

	2024 RMB'000	2023 RMB'000
CNOOC group companies	**364,373**	359,937
Associate	**-**	3,474
Joint venture	**71**	-
Other Related Parties	**6,346**	5,646
	370,790	369,057

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

35. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Accrued payroll	**189,756**	185,130
Other payables	**108,012**	177,464
Payable to government	**17,015**	16,975
Other tax payables	**70,573**	99,515
Port construction fee payable	**158,773**	158,773
Payables in relation to the construction and purchase of property, plant and equipment	**-**	3,054
	544,129	640,911

The amounts due to the CNOOC group companies and associate included in the above, which are unsecured, non-interest bearing and have no fixed repayment terms, can be analysed as follows:

	2024 RMB'000	2023 RMB'000
CNOOC group companies	**810**	3,255
Associate	**6,959**	6,998
	7,769	10,253

36. LEASES

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the jurisdictions from which it operates. The periodic rent is fixed over the lease term.

The Group also leases certain items of motor vehicles and buildings. Leases of motor vehicles and buildings comprise only fixed payments over the lease terms.

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Ownership interests in leasehold land, carried at amortised cost (note 16)	**332,968**	342,775
Building leased for own use, carried at depreciated cost (note 14)	**55,917**	20,804
Motor vehicles, carried at depreciated cost (note 14)	**2,430**	917

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

36. LEASES (CONTINUED)

Lease liabilities

	Motor vehicles RMB'000	Building RMB'000	Total RMB'000
At 1 January 2024	**939**	**19,547**	**20,486**
Additions	**1,676**	**62,728**	**64,404**
Interest expense	**90**	**1,470**	**1,560**
Lease payments	**(177)**	**(28,252)**	**(28,429)**
At 31 December 2024	**2,528**	**55,493**	**58,021**

	Motor vehicles RMB'000	Land and building RMB'000	Total RMB'000
At 1 January 2023	-	23,444	23,444
Additions	1,483	17,649	19,132
Interest expense	42	828	870
Lease payments	(380)	(21,416)	(21,796)
Disposal	(206)	-	(206)
Disposal of subsidiaries	-	(958)	(958)
At 31 December 2023	939	19,547	20,486

The present value of future lease payments are analysed as:

	2024 RMB'000	2023 RMB'000
Current liabilities	**28,341**	9,995
Non-current liabilities	**29,680**	10,491
	58,021	20,486

37. COMMITMENT AND CONTINGENT LIABILITIES

Capital commitments

In addition to the leases as detailed in note 36 above, the Group had the following capital commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided, for acquisition of plant and machinery	**219,664**	159,073

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS

During the year, the Group had the following material transactions with related parties:

(1) Transactions with related parties

	2024 RMB'000	2023 RMB'000
(A) Included in revenue and other income		
(i) CNOOC group companies		
Sale of goods	**712,695**	818,768
Provision of packaging and assembling services	**84,102**	96,957
Provision of transportation services	**6,059**	4,216
Provision of logistics services	**3,700**	1,930
Provision of labour services	**42,807**	105,216
Lease of property and land	**6,646**	6,904
(ii) Other Related Parties		
Sale of goods	**234,082**	239,086
(B) Included in cost of sales and other expenses		
(i) CNOOC group companies		
Purchase of raw materials	**4,508,463**	4,501,859
Purchase of finished goods	**1,966,418**	1,267,384
Labour service	**227,198**	201,412
Construction and installation services	**-**	(2,936)
Lease of offices and related charges	**32,299**	31,139
Logistics services	**5,419**	5,312
Transportation services	**515**	14,418
Network service	**18,147**	330
(C) Included in finance income/costs		
(i) CNOOC Finance		
Finance income	**4,409**	4,416
Fees and charges	**2,061**	2,096

These transactions listed above were conducted in accordance with terms agreed among the Group and CNOOC group companies and Other Related Parties.

Except for finance income from CNOOC Finance, the above transactions also constitute connected transactions or continuing connected transactions under the Listing Rules.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Balances with related parties

Details for following balances are mainly set out in notes 23, 25, 27, 28, 29, 32, 34 and 35 to the consolidated financial statements. The balance with CNOOC Finance resulted from interest and loans. Others were mainly formed through routine trading transactions, reception of construction services, and other miscellaneous transactions with related parties.

	Amounts due from		Amounts due to	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Ultimate holding company	**5,001**	8,568	**-**	-
CNOOC group companies	**34,967**	343,851	**382,504**	393,787
Associates	**239,345**	255,814	**13,575**	38,103
Joint venture	**9,072**	15,136	**71**	-
CNOOC Finance	**-**	-	**81,098**	200,177
Other Related Parties	**-**	-	**6,346**	5,646

In addition, as at 31 December 2024, the deposits placed by the Group with CNOOC Finance were amounted to RMB388,974,000 *(2023: RMB399,725,000)*, as detailed in note 29 to the consolidated financial statements.

(3) Compensation of key management personnel of the Group

	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	**6,647**	5,149
Post-employment benefits	**341**	146
Total compensation paid to key management personnel	**6,988**	5,295

Further details of directors' and supervisors' emoluments are set out in note 9 to the consolidated financial statements.

(4) Transactions with other state-owned enterprises ("SOE") in the PRC

The Group has entered into extensive transactions covering the sales of goods and rendering of services, receipt of construction services, purchases of goods, services or property, plant and equipment and making deposits and borrowings with state-owned banks in the PRC, with SOEs other than CNOOC group companies, in the normal course of business at terms comparable to those with other non-SOEs. Certain specific and major raw materials provided by SOE suppliers are from Heilongjiang Longmei Hegang Mining Co., Ltd. (the "Longmei") and Longmei mainly supplied coal to a subsidiary of the Company, CNOOC Huahe Coal Chemical Limited. During the reporting period, the Group made a total procurement of RMB802,878,000 *(2023: RMB1,118,716,000)* from Longmei. Urea and phosphorus sold by the Company and CNOOC Fudao (Shanghai) Chemical Limited, a subsidiary of the Company, to the Guangdong Tianhe Agricultural Means of Production Co. Ltd. was amounted to RMB667,021,000 *(2023: RMB736,076,000)* during the year ended 31 December 2024 which constituted most of the sales to SOEs. Except for the above two SOEs, sales to and procurements from other SOEs are considered as specific but not significant transactions.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

38. RELATED PARTY TRANSACTIONS (CONTINUED)

(4) Transactions with other state-owned enterprises ("SOE") in the PRC (Continued)

In addition, the Group has certain of its cash, pledged bank deposits and time deposits and outstanding interest-bearing bank and other borrowings with certain state-owned banks in the PRC, excluding CNOOC Finance as at 31 December 2024, as summarised below:

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	290,944	5,643
Pledged bank deposits	11,715	10,119
Time deposits	11,000,000	9,700,000
	11,302,659	9,715,762
Interest-bearing bank and other borrowings	1,980,005	1,800,789

Deposit interest rates and loan interest rates are at the market rates.

39. FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair value of financial assets and liabilities

	2024		2023	
	Carrying amounts RMB'000	Fair value RMB'000	Carrying amounts RMB'000	Fair value RMB'000
Financial assets at FVTPL				
- Wealth management products	-	1,830,485	-	2,893,726
Financial assets at FVOCI				
- Unlisted equity investment	-	600	-	600
- Bills receivable	-	80,349	-	207,144
Financial assets at amortised cost				
- Loan receivable	208,252	-	208,408	-
- Trade receivables	23,621	-	56,513	-
- Contract assets	12,783	-	20,188	-
- Deposits and other receivables	400,516	-	546,961	-
- Pledged bank deposits	11,715	-	10,119	-
- Time deposits	11,000,000	-	9,700,000	-
- Cash and cash equivalents	679,928	-	597,269	-
Financial liabilities at amortised cost				
- Trade payables	1,067,996	-	1,138,388	-
- Other payables and accruals	544,129	-	640,911	-
- Interest-bearing bank and other borrowings	2,061,103	-	2,000,966	-
- Other long-term liabilities	1,636	-	1,789	-

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

40. FAIR VALUE AND FAIR VALUE HIERARCHY

(a) Financial instruments not measured at fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements not measured at fair value on a recurring basis (but fair value disclosures are required) approximate their fair values.

The fair values of loan receivable, trade receivables, contract assets, financial assets included in deposits and other receivables, pledged bank deposits, time deposits, cash and cash equivalents, trade payables, other payables, and other long-term liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The carrying amounts of the non-current portion of interest-bearing bank and other borrowings approximate their fair values as the interest rates will adjust periodically based on People's Bank of China's benchmark rates and is close to market interest rate.

(b) Financial instruments measured at fair value

The valuation techniques used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

Information about level 2 fair value measurements

The fair value of wealth management products was calculated as the present value of the estimated future cash flows based on market interest rates of instruments with similar terms and risks.

Information about level 3 fair value measurements

The fair value of unlisted equity investment was determined based on transaction price and factors or events that have occurred after the acquisition date. Since there was no significant change in market conditions or the performance and operation of the investment, the directors considered the fair value of the unlisted equity investment was approximately the transaction price.

The fair value of bills receivable was close to their carrying amounts given all bills receivable will mature within twelve months.

Bills receivable as at 31 December 2023 was realised during the year. Bills receivable as at 31 December 2024 will be realised within twelve months.

There were no changes in valuation techniques during the year.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (i.e. not derived from market data).

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

40. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(b) Financial instruments measured at fair value (Continued)

	31 December 2024		
	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
- Wealth management products	1,830,485	-	1,830,485
Financial assets at FVOCI			
- Unlisted equity investment	-	600	600
- Bills receivable	-	80,349	80,349

	31 December 2023		
	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
- Wealth management products	2,893,726	-	2,893,726
Financial assets at FVOCI			
- Unlisted equity investment	-	600	600
- Bills receivable	-	207,144	207,144

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2 to the consolidated financial statements.

(i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings and leases liabilities with floating interest rates.

As at 31 December 2024, the Group's interest-bearing bank and other borrowings and lease liabilities bear variable interest rates amounted to RMB2,119,124,000 *(2023: RMB2,021,452,000)*.

The interest rates and the terms of repayment of the Group's interest-bearing bank and other borrowings and lease liabilities are disclosed in notes 32 and 36 to the consolidated financial statements respectively.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would be decreased/increased by approximately RMB7,947,000 *(2023: RMB7,580,000)*.

(ii) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets	
	2024	2023
	RMB'000	RMB'000
United States dollar ("USD")	**10,666**	5,200
HKD	**1,856**	6

The Group has transactional currency exposures, which arise from sales or purchases in currencies other than the functional currency of the entities comprising the Group. Approximately 1% *(2023: 1%)* of the Group's sales were denominated in currencies other than functional currency of the entities comprising the Group.

The Group's monetary assets, loans and transactions are principally denominated in RMB, USD and HKD. The Group was exposed to foreign currency risk arising from the changes in the exchange rates of USD and HKD against RMB.

The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(ii) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in USD and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against USD and HKD respectively. 5% *(2023: 5%)* are the sensitivity rates used in the current year when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonable possible change in foreign exchange rates. A negative number below indicates an increase in loss (or decrease in profit) and decrease in equity where the RMB strengthen against USD and HKD. For a 5% *(2023: 5%)* weakening of the RMB against USD and HKD, there would be an equal and opposite impact on the loss/profit or equity.

	Impact of USD		Impact of HKD	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Sensitivity rate	**5%**	5%	**5%**	5%
Profit or loss	**(400)**	(217)	**(70)**	-*
Equity	**(400)**	(217)	**(70)**	-*

* Less than RMB1,000.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of reporting period does not reflect the exposure during the year. USD denominated sales are seasonal with lower sales volumes in the last quarter of the financial year.

(iii) Credit risk

The carrying amounts of the Group's cash and cash equivalents, trade receivables, other receivables and other current assets except for prepayments and VAT recoverable, represent the Group's maximum exposure to credit risk in relation to its financial assets.

<u>Trade and other receivables</u>

The majority of the Group's trade receivables are related to the sale of fertilisers and methanol. The sale of fertilisers is normally settled on an advance receipt basis whereby the customers are required to pay in advance either by cash or by bank acceptance drafts. The trading terms of the Group with its methanol customers are mainly on credit. The credit period is generally one month.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and only long-standing customers are granted with credit terms. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The ECLs rate is reviewed, and adjusted if appropriate, at the end of each reporting period. The ECLs rate remained the same during the year as the business and customer base of the Group remained stable and there were no significant fluctuations on the historical credit loss incurred. In addition, there is no significant change on the economic indicators based on the assessment of the forward-looking information. Based on evaluation on ECLs rate and the carrying amount of trade receivables and contract assets, the directors of the Company are of the opinion that the ECLs in respect of trading receivables and contract assets are considered as immaterial.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(iii) Credit risk (Continued)

Trade and other receivables (Continued)

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer and by geographical region. Deposits in financial institutions are not exposed to credit risk as these financial institutions are with high credit rating. No other financial assets carry a significant exposure to credit risk.

In estimating the ECLs and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial assets are credit-impaired, the Group has taken into account the historical actual credit loss experience, financial information and adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the year.

After considering the above factors, the management assesses the trade and other receivables from an associate had a significant increase in credit risk during the year due to a prolonged repayment of the associate and life-time ECL will be recognised.

The Group does not hold any collateral over trade and other receivables from an associate as at 31 December 2024. As at 31 December 2024, the Group recognised a loss allowance on other receivables from an associate of RMB19,021,000 *(2023: RMB3,309,000)* based on the discounted cashflows from a renewal of repayment plan.

(iv) Liquidity risk

The Group monitors its risk to a shortage of funds. The Group considers the maturity of both its financial investments and financial assets (e.g. trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. As at 31 December 2024, the balance of the Group's interest-bearing bank and other borrowings was RMB2,061,103,000 *(2023: RMB2,000,996,000)*.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	2,061,103	2,190,863	477,261	859,659	654,309	199,634
Trade payables	1,067,996	1,067,996	1,067,996	-	-	-
Other payables and accruals (note)	266,785	266,785	266,785	-	-	-
Lease liabilities	58,021	59,023	29,203	23,886	5,628	306
Other long-term liabilities	1,636	1,636	-	-	1,636	-
	3,455,541	3,586,303	1,841,245	883,545	661,573	199,940

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

41. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(iv) Liquidity risk (Continued)

	2023					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	2,000,966	2,279,550	893,626	193,963	894,429	297,532
Trade payables	1,138,388	1,138,388	1,138,388	-	-	-
Other payables and accruals (Note)	339,291	339,291	339,291	-	-	-
Lease liabilities	20,486	21,831	10,657	5,697	4,958	519
Other long-term liabilities	1,789	1,789	-	382	1,407	-
	3,500,920	3,780,849	2,381,962	200,042	900,794	298,051

In addition to the amounts shown in the above table as at 31 December 2024, the Group may also be required to settle the maximum exposure to loss arising from endorsed bills arrangements with full recourse as detailed in note 26 to the consolidated financial statements within the next 12 months, amounting to RMB101,547,000 *(2023: RMB247,924,000)* in aggregate.

Note: Other payables and accruals excluding accrued payroll, payable to government, other tax payables.

(v) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders, raise new debt or issue new shares. No changes were made in the objectives, policies or processes for managing capital in 2024 and 2023.

The Group monitors capital using a gearing ratio, which is calculated as interest-bearing debts divided by net asset plus interest-bearing debts. The gearing ratios as at the end of the reporting years were as follows:

	2024	2023
	RMB'000	RMB'000
Interest-bearing debts (Note)	**2,119,124**	2,021,452
Net assets	**19,506,961**	19,407,158
Net assets plus interest-bearing debts	**21,626,085**	21,428,610
Gearing ratio	**9.80%**	9.43%

Note: Interest-bearing debts comprises interest-bearing bank and other borrowings and lease liabilities as detailed in notes 32 and 36 to the consolidated financial statements respectively.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(i) General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary (Note(ii))	Place and date of incorporation and place of operation	Registered / Issued capital	Percentage of equity interest attributable to the Company		Principal activities
		'000		%	
海洋石油富島有限公司 (transliterated as CNOOC Fudao Limited) (Note (i))	PRC 31 December 2001	RMB477,400	Direct Indirect	**100.00** *(2023: 100.00)* -	Manufacture and sale of fertilisers
海南中海石油運輸服務有限公司 (transliterated as Hainan CNOOC Transportation Co., Ltd.) (Note (i))	PRC 22 October 2001	RMB6,250	Direct Indirect	- **73.11** *(2023: 73.11)*	Provision of transportation services
海南八所港務有限責任公司 (transliterated as Hainan Basuo Port Limited) (Note (i))	PRC 25 April 2005	RMB514,034	Direct Indirect	**73.11** *(2023: 73.11)* -	Port operation
中海石油建滔化工有限公司 (transliterated as CNOOC Kingboard Chemical Limited) ("CNOOC Kingboard") (Note (i))	PRC 31 October 2003	RMB500,000	Direct Indirect	**60.00** *(2023: 60.00)* -	Manufacture and sale of methanol
海油富島(上海)化學有限公司 (transliterated as CNOOC Fudao (Shanghai) Chemical Limited) (Note (i))	PRC 7 January 2002	RMB27,000	Direct Indirect	**100.00** *(2023: 100.00)* -	Trading of fertilisers
八所中理外輪理貨有限公司 (transliterated as China Basuo Ocean Shipping Tally Co., Ltd.) (Note (i))	PRC 9 May 2008	RMB300	Direct Indirect	- **61.41** *(2023: 61.41)*	Provision of overseas shipping services
湖北大峪口化工有限責任公司 (transliterated as Hubei Dayukou Chemical Limited) ("Hubei Dayukou") (Note (i))	PRC 12 August 2005	RMB1,103,127	Direct Indirect	**79.98** *(2023: 79.98)* -	Phosphate mining and processing, manufacture and sale of MAP and DAP fertilisers
中海石油華鶴煤化有限公司 (transliterated as CNOOC Huahe Coal Chemical Limited) (Note (i))	PRC 26 May 2006	RMB2,335,600	Direct Indirect	**100.00** *(2023: 100.00)* -	Manufacture and sale of fertilisers

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(i) General information of subsidiaries (Continued)

Name of subsidiary (Note(ii))	Place and date of incorporation and place of operation	Registered / Issued capital	Percentage of equity interest attributable to the Company		Principal activities
		'000		%	
黑龍江瑞鶴礦業有限公司 (transliterated as Heilongjiang Ruihe Mining Co., Ltd.) (Note (i))	PRC 18 August 2022	RMB1,000	Direct Indirect	- **100.00** *(2023: 100.00)*	Trading of coal and coal products, coal mining
中海油(海南)富島化工有限公司 (transliterated as CNOOC (Hainan) Fudao Chemical Limited) ("Fudao Chemical") (Notes (i))	PRC 19 October 2020	RMB720,000	Direct Indirect	- **51.00** *(2023: 51.00)*	Manufacture and sale of acrylonitrile and methyl methacrylate
China BlueChemical (Hong Kong) Limited (中海化學(香港)有限公司)	Hong Kong 14 November 2013	HKD100	Direct Indirect	**100.00** *(2023: 100.00)* -	Trading of fertilisers

Note:

(i) These entities established in the PRC are domestic limited liability companies.

(ii) The English translation of the company names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

	Proportion of ownership interest and voting rights held by non-controlling interest		Profit (Loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	2024	2023	**2024**	2023	**2024**	2023
			RMB'000	RMB'000	**RMB'000**	RMB'000
CNOOC Kingboard	**40.00%**	40.00%	**96,371**	84,848	**418,443**	403,387
Hainan Basuo Port	**26.89%**	26.89%	**2,681**	2,039	**179,395**	177,226
Hubei Dayukou	**20.02%**	20.02%	**14,723**	12,431	**293,977**	284,680
Fudao Chemical	**49.00%**	49.00%	**(34,075)**	(101,965)	**217,104**	251,179

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

CNOOC Kingboard

	2024 RMB'000	2023 RMB'000
Current assets	447,078	486,545
Non-current assets	716,066	668,392
Current liabilities	(117,032)	(146,355)
Non-current liabilities	(5)	(114)
Net assets	1,046,107	1,008,468
Non-controlling interests	418,443	403,387
Revenue	1,315,259	1,265,851
Expenses	(1,074,331)	(1,053,729)
Profit and total comprehensive income	240,928	212,122
Profit and total comprehensive income attributable to:		
Owners of the Company	144,557	127,274
Non-controlling interests	96,371	84,848
Profit and total comprehensive income	240,928	212,122
Dividends paid to non-controlling interests	81,315	156,732
Net cash inflow from operating activities	165,605	254,276
Net cash inflow from investing activities	1,666	155,071
Net cash outflow from financing activities	(203,389)	(391,861)
Effect of foreign exchange rate changes	289	101
Net cash (outflow) inflow	(35,829)	17,587

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Hainan Basuo Port

	2024	2023
	RMB'000	RMB'000
Current assets	**121,014**	113,501
Non-current assets	**1,071,768**	933,129
Current liabilities	**(383,416)**	(324,366)
Non-current liabilities	**(142,221)**	(63,186)
Net assets	**667,145**	659,078
Non-controlling interests	**179,395**	177,226
Revenue	**291,420**	306,436
Expenses	**(281,450)**	(298,851)
Profit and total comprehensive income	**9,970**	7,585
Profit and total comprehensive income attributable to:		
Owners of the Company	**7,289**	5,546
Non-controlling interests	**2,681**	2,039
Profit and total comprehensive income	**9,970**	7,585
Dividends paid to non-controlling interests	**512**	1,271
Net cash inflow from operating activities	**77,371**	32,652
Net cash outflow from investing activities	**(180,952)**	(58,084)
Net cash inflow from financing activities	**103,583**	26,199
Net cash inflow	**2**	767

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Hubei Dayukou

	2024 RMB'000	2023 RMB'000
Current assets	**715,914**	685,771
Non-current assets	**1,199,160**	1,156,836
Current liabilities	**(409,427)**	(398,857)
Non-current liabilities	**(37,451)**	(21,985)
Net assets	**1,468,196**	1,421,765
Non-controlling interests	**293,977**	284,680
Revenue	**2,688,315**	2,720,161
Expenses	**(2,614,785)**	(2,658,076)
Profit and total comprehensive income	**73,530**	62,085
Profit and total comprehensive income attributable to:		
Owners of the Company	**58,807**	49,654
Non-controlling interests	**14,723**	12,431
Profit and total comprehensive income	**73,530**	62,085
Dividends paid to non-controlling interests	**5,426**	-
Net cash inflow from operating activities	**121,825**	358,543
Net cash (outflow) inflow from investing activities	**(57,845)**	40,353
Net cash outflow from financing activities	**(66,805)**	(401,637)
Effect of foreign exchange rate changes	**2,819**	4,312
Net cash (outflow) inflow	**(6)**	1,571

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Fudao Chemical

	2024 RMB'000	2023 RMB'000
Current assets	302,987	602,003
Non-current assets	2,064,185	2,246,758
Current liabilities	(424,436)	(1,019,510)
Non-current liabilities	(1,499,665)	(1,316,640)
Net assets	443,071	512,611
Non-controlling interests	217,104	251,179
Revenue	2,046,911	1,278,997
Expenses	(2,116,452)	(1,487,089)
Loss and total comprehensive loss	(69,541)	(208,092)
Loss and total comprehensive loss attributable to:		
Owners of the Company	(35,466)	(106,127)
Non-controlling interests	(34,075)	(101,965)
Loss and total comprehensive loss	(69,541)	(208,092)
Capital contribution from non-controlling interests	-	205,800
Net cash inflow (outflow) from operating activities	277,967	(117,782)
Net cash outflow from investing activities	(241,726)	(507,198)
Net cash (outflow) inflow from financing activities	(36,240)	608,251
Effect of foreign exchange rate changes	-	101
Net cash inflow (outflow)	1	(16,628)

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	57,963	29,731
Investment properties	3,969	4,835
Prepaid lease payments	39,718	40,882
Intangible assets	11,221	20,790
Investment in subsidiaries	5,597,987	5,597,391
Interests in joint ventures	215,662	213,487
Interest in associates	78,161	78,161
Deferred tax assets	97,576	127,630
Loans receivable	982,822	1,123,924
	7,085,079	7,236,831
Current Assets		
Trade receivables	955	17,413
Prepayments, deposits and other receivables	356,319	521,469
Financial assets at FVTPL	1,678,163	2,741,833
Time deposits with original maturity over three months	10,500,000	9,200,000
Cash and cash equivalents	592,977	481,744
	13,128,414	12,962,459
TOTAL ASSETS	20,213,493	20,199,290
EQUITY		
Capital And Reserves		
Issued capital	4,610,000	4,610,000
Reserves	12,562,622	11,807,943
Proposed dividends	556,888	954,270
TOTAL EQUITY	17,729,510	17,372,213
LIABILITIES		
Non-Current Liabilities		
Provision for retirement benefit	250,513	255,086
Lease liabilities	16,557	-
Deferred revenue	9,089	6,696
Other long-term liabilities	8,578	8,835
	284,737	270,617

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	2024 RMB'000	2023 RMB'000
Current Liabilities		
Trade payables	**8,704**	11,030
Other payables and accruals	**2,176,616**	2,543,343
Lease liabilities	**13,644**	2,087
Income tax payable	**282**	-
	2,199,246	2,556,460
Total Liabilities	**2,483,983**	2,827,077
TOTAL EQUITY AND LIABILITIES	**20,213,493**	20,199,290
NET CURRENT ASSETS	**10,929,168**	10,405,999
TOTAL ASSETS LESS CURRENT LIABILITIES	**18,014,247**	17,642,830
NET ASSETS	**17,729,510**	17,372,213

Movement in Company's reserves

The Company's movement in reserves and proposed dividends for the years ended 31 December 2024 and 2023 were as follows:

	Notes	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Special reserve RMB'000	Retained profits RMB'000	Proposed dividends RMB'000	Total reserves RMB'000
1 January 2023		1,366,392*	1,803,815*	69*	7,805,544*	820,580	11,796,400
Total comprehensive income for the year		-	-	-	1,786,393	-	1,786,393
Appropriation and utilisation of safety fund, net		-	-	(69)	69	-	-
Transfer from retained profits		-	186,515	-	(186,515)	-	-
2023 proposed final dividends	12	-	-	-	(954,270)	954,270	-
2022 final dividends declared and paid	12	-	-	-		(820,580)	(820,580)
At 31 December 2023 and 1 January 2024		**1,366,392***	**1,990,330***	**-***	**8,451,221***	**954,270**	**12,762,213**
Total comprehensive income for the year		-	-	-	**1,311,567**	-	**1,311,567**
Transfer from retained profits		-	**135,935**	-	**(135,935)**	-	-
2024 proposed final dividends	12	-	-	-	**(556,888)**	**556,888**	-
2023 final dividends declared and paid	12	-	-	-	-	**(954,270)**	**(954,270)**
At 31 December 2024		**1,366,392***	**2,126,265***	**-***	**9,069,965***	**556,888**	**13,119,510**

* These reserve accounts comprise the Company's reserves of RMB12,562,622,000 *(2023: RMB11,807,943,000)* in the Company' statement of financial position.

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Dividends payables RMB'000
At 1 January 2023	2,054,911	23,444	-
Changes from cash flow:			
Dividend paid	-	-	(980,840)
Bank and other borrowings raised	2,234,516	-	-
Repayment of bank and other borrowings	(2,188,422)	-	-
Interest paid	(33,315)	-	-
Payment of lease liabilities	-	(21,796)	-
Other changes:			
Dividend declared to non-controlling interests	-	-	160,260
2022 final dividend declared	-	-	820,580
Finance costs (Note 7)	33,315	870	-
New leases	-	19,132	-
Disposal of lease liabilities	-	(206)	-
Disposal of subsidiaries	(100,039)	(958)	-
At 31 December 2023	2,000,966	20,486	-
At 1 January 2024	**2,000,966**	**20,486**	**-**
Changes from cash flow:			
Dividend paid	**-**	**-**	**(1,041,530)**
Bank and other borrowings raised	**867,505**	**-**	**-**
Repayment of bank and other borrowings	**(807,201)**	**-**	**-**
Interest paid	**(51,366)**	**-**	**-**
Payment of lease liabilities	**-**	**(28,429)**	**-**
Other changes:			
Dividend declared to non-controlling interests	**-**	**-**	**87,260**
2023 final dividend declared	**-**	**-**	**954,270**
Finance costs (Note 7)	**51,199**	**1,560**	**-**
New leases	**-**	**64,404**	**-**
At 31 December 2024	**2,061,103**	**58,021**	**-**

Notes to the Consolidated Financial Statements - Continued

For the year ended 31 December 2024

45. EVENTS AFTER THE REPORTING YEAR

There was no material event after the reporting date.

46. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 18 March 2025.

Glossary

Acrylonitrile (AN)	C_3H_3N, a colorless liquid, consisting of a vinyl group linked to a nitrile, often appears yellow due to impurities. Acrylonitrile is an important monomer for the manufacture of useful plastics such as polyacrylonitrile.
Ammonia	NH_3, a colorless, combustible alkaline gas. Ammonia is a compound of nitrogen and hydrogen, it is used extensively for the manufacture of fertilisers and a wide variety of nitrogen-containing organic and inorganic chemicals;
BB fertilisers	Bulk blended fertilisers, according to the PRC national standard being a chemical compound containing at least two primary plant nutrients among N, P and K;
Compound fertilisers	Chemically obtained fertiliser, composed of at least two primary plant nutrients, also contained secondary nutrients;
DAP	di-ammonium phosphate, $(NH_4)_2HPO_4$, a type of phosphate fertiliser;
Formaldehyde	CH_2O, a colorless, poisonous gas, made by the oxidation of methanol;
MAP	mono-ammonium phosphate, $NH_4H_2PO_4$, a type of phosphate fertiliser;
Methanol	CH_3OH, or methyl alcohol, or wood alcohol, a colorless, flammable liquid, produced synthetically by the direct combination of hydrogen and carbon monoxide gases, heated under pressure in the presence of a catalyst;
Natural gas	Colorless, highly flammable gaseous hydrocarbon consisting primarily of methane and ethane. It is a type of petroleum that commonly occurs in association with crude oil. Natural gas is often found dissolved in oil at the high pressures existing in a reservoir, and it also can be present as a gas cap above the oil;
P fertiliser or phosphate fertiliser	a fertiliser containing phosphorus (P) as the main nutrient, common examples include MAP and DAP;
Urea	$H_2N\text{-}CO\text{-}NH_2$, nitrogen fertiliser formed by reacting ammonia with carbon dioxide at high pressure (containing 46% nitrogen);
Utilisation rate	A percentage calculated by dividing the actual annual production volume by the designed annual production volume.

Company Information

Registered Office	NO.3, Park Third Road, Basuo Town, Dongfang City, Hainan Province, the PRC
Address of headquarter	Kaikang CNOOC Mansion, No.15, Sanqu, Anzhenxili, Chaoyang District, Beijing, the PRC
Principal place of business in the PRC	NO.3, Park Third Road, Basuo Town, Dongfang City, Hainan Province, the PRC
Representative Office in Hong Kong	65/F., Bank of China Tower, No.1 Garden Road, Central, Hong Kong
Joint Company Secretary	Kuang Xiaobing Ng Sau Mei
Authorized representatives	Hou Xiaofeng Kuang Xiaobing
Principal banker	Industrial and Comercial Bank of China, Hainan Branch
Auditor	Forvis Mazars CPA Limited 42nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Hong Kong law legal adviser	Freshfields 55th Floor, One Island East, Taikoo Place, Quarry Bay, Hong Kong
The PRC law legal adviser	Jun He Law Offices China Resources Building, 20th Floor, 8 Jianguomenbei Avenue
H Share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong
Investor Relations/Public Relations	
Hong Kong	Tel: (852) 22132533 Fax: (852) 25259322
Beijing	Tel: (86) 010 84527343 Fax: (86) 010 84527254
Webiste	www.chinabluechem.com.cn
Stock Code	Hong Kong Stock Exchange: 3983