



中海石油化学股份有限公司
China BlueChemical Ltd.

(於中華人民共和國註冊成立的股份有限公司)
(a joint stock limited company incorporated in the People's
Republic of China with limited liability)

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Financial Highlights

Selected data of condensed consolidated statement of profit or loss

For the six months ended 30 June 2024

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

Selected data	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Revenue	6,006,640	6,175,701
Cost of sales	(5,003,497)	(5,112,084)
Gross profit	1,003,143	1,063,617
Other income, other gains and losses	34,569	58,079
Selling and distribution costs	(39,963)	(47,168)
Administrative expenses	(281,526)	(272,738)
Other expenses	(2,572)	(3,611)
Change in fair value of financial assets at fair value through profit or loss	40,791	50,708
Finance income	172,631	161,454
Finance costs	(27,023)	(9,957)
Written off of impairment loss	177	-
Exchange losses, net	(5,921)	(13,183)
Gain on disposal of a subsidiary	-	852,397
Share of profits/(losses) of joint ventures	3,036	(499)
Share of profits of associates	1,377	1,259
Profit before income tax	898,719	1,840,358
Income tax expenses	(155,345)	(114,885)
Profit for the period	743,374	1,725,473
Profit for the period attributable to:		
Owners of the Company	686,827	1,715,398
Non-controlling interests	56,547	10,075
	743,374	1,725,473
Earnings per share attributable to ordinary owners of the Company		
- Basic and diluted for the period (RMB per share)	0.15	0.37

Selected data of condensed consolidated statement of financial position

As at 30 June 2024

(All amounts expressed in thousands of Renminbi)

Selected data	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Assets		
Non-current assets	8,573,285	8,740,709
Current assets	15,547,046	15,576,637
Total assets	24,120,331	24,317,346
Equity and liabilities		
Total equity	19,104,774	19,407,158
Non-current liabilities	2,063,318	1,766,114
Current liabilities	2,952,239	3,144,074
Total equity and liabilities	24,120,331	24,317,346

Operational Highlights

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

		For the six months ended 30 June					
		Production volume (tonnes)			Utilisation rate (%)		
		2024	2023	Change %	2024	2023	Change
Chemical Fertilisers							
Urea	Fudao Phase I	261,314	288,492	(9.4)	100.5	111.0	(9.5)
	Fudao Phase II	371,940	414,717	(10.3)	93.0	103.7	(10.3)
	CNOOC Huahe	340,222	340,707	(0.1)	130.9	131.0	(0.1)
	Group total	973,476	1,043,916	(6.7)	105.8	113.5	(6.8)
Phosphate Fertilisers and Compound Fertilisers	DYK MAP	31,114	20,885	49.0	41.5	27.8	49.0
	DYK DAP Phase I (Note 1)	172,419	179,561	(4.0)	98.5	102.6	(4.0)
	DYK DAP Phase II	241,548	200,868	20.3	96.6	80.3	20.3
	Group total	445,081	401,314	10.9	89.0	80.3	10.8
Chemical Products							
Methanol	Hainan Phase I	332,234	296,083	12.2	110.7	98.7	12.2
	Hainan Phase II	374,750	390,580	(4.1)	93.7	97.6	(4.0)
	Group total	706,984	686,663	3.0	101.0	98.1	3.0
Acrylonitrile and relating products	Acrylonitrile	72,712	44,518	63.3	72.7	44.5	63.4
	Acetonitrile	2,306	1,258	83.3	76.9	41.9	83.5
	MMA	22,473	10,813	107.8	64.2	30.9	107.8
	Group total	97,491	56,589	72.3	70.6	41.0	72.2

Product sales volume of the Group's various plants (Unit: tonne)

		For the six months ended 30 June		
		2024	2023	Change %
Chemical Fertilisers				
Urea	Fudao Phase I	262,043	280,033	(6.4)
	Fudao Phase II	391,374	402,433	(2.8)
	CNOOC Huahe	349,845	362,527	(3.5)
	Group total	1,003,262	1,044,993	(4.0)
Phosphate Fertilisers and Compound Fertilisers	DYK MAP	28,834	23,135	24.6
	DYK DAP Phase I (Note 1)	165,823	173,208	(4.3)
	DYK DAP Phase II	206,348	155,629	32.6
	Group total	401,005	351,972	13.9
Chemical Products				
Methanol	Hainan Phase I	315,953	284,073	11.2
	Hainan Phase II	352,507	370,617	(4.9)
	Group total	668,460	654,690	2.1
Acrylonitrile and relating products	Acrylonitrile	67,157	21,770	208.5
	Acetonitrile	2,077	701	196.1
	MMA	19,184	5,701	236.5
	Group total	88,418	28,172	213.9

Note 1: In the first half of 2024, the DYK DAP Phase I Plant produced 0 tonnes of DAP and 172,419 tonnes of compound fertilisers, amounting to 172,419 tonnes in total, and sold 0 tonnes of DAP and 165,823 tonnes of compound fertilisers, amounting to 165,823 tonnes in total. In the first half of 2023, the DYK DAP Phase I Plant produced 0 tonnes of DAP and 179,561 tonnes of compound fertilisers, amounting to 179,561 tonnes in total, and sold 8,095 tonnes of DAP and 165,113 tonnes of compound fertilisers, amounting to 173,208 tonnes in total.

CEO's Report

Dear shareholders,

In the first half of 2024, the domestic economy continued its upward trend, with overall economic performance remaining stable and showing progress. At the same time, challenges such as insufficient effective domestic demand and increasing adverse effects from the external environment also existed. The domestic fertiliser market initially declined before rising, and the chemical industry prices fluctuated with a tendency towards rising. The Company has strengthened safety production management in a complex market environment, and the overall safety situation remained stable. The Company actively expanded the market and increased efficiency, enhancing the quality positioning as a “plant nutrition solution provider”. Meanwhile, our continuous promotion of refined management that strives for excellence has steadily improved governance efficiency. In the first half of the year, the Company achieved revenue of RMB6,007 million and recorded a net profit attributable to the owners of the Company of RMB687 million. Despite the overhaul of multiple plants, the Company still performed well in achieving its target plans, with performance at an industry-leading level.

The Company has consistently adhered to a philosophy of green and sustainable development. Its methanol plant has been awarded the honorary title of “Energy Efficiency Leader” by the China Petroleum and Chemical Industry Federation for 13 consecutive years, and our synthetic ammonia plant has been awarded the honorary title of “Water Efficiency Leader” by the China Nitrogen Fertiliser Industry Association for 5 consecutive years. It has successfully passed the “Industry Stewardship Champion” certification by the International Fertilizer Industry Association.

Review of the first half of the year

During the reporting period, the Company continuously strengthened production and operation control, constantly improved the rationality and economy of equipment maintenance cycles, and released a 5-year rolling plan for equipment maintenance. The major overhauls of the Fudao Phase I urea unit, Fudao Phase II urea unit, and Hainan Phase II methanol unit were all completed successfully ahead of schedule, laying a solid foundation for subsequent stable operations. In the first half of the year, the Company produced 973,000 tonnes of urea, 707,000 tonnes of methanol, 445,000 tonnes of phosphate fertilisers and compound fertilisers, and 97,000 tonnes of acrylonitrile series products. Except for urea, the production of other products increased year-on-year.

In terms of marketing, facing the complex and ever-changing market situation, the Company has further strengthened market analysis and priced scientifically and precisely. We explored deeply the market competitiveness and price elasticity of products, and promoted the development of the competitive sales business of fertilisers and methanol. We strengthened direct sales through e-commerce, with e-commerce direct sales volume increasing by 54% year-on-year. In the first half of the year, the Company sold 1.003 million tonnes of urea, 668,000 tonnes of methanol, 401,000 tonnes of phosphate fertilisers and compound fertilisers, and 88,000 tonnes of acrylonitrile series products.

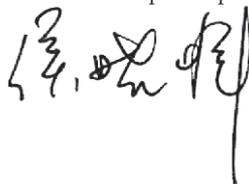
In the first half of the year, the Company strengthened environmental compliance management and made every effort to promote the upgrading of facilities. The Company's online pollutant emission data has met the standard hundred-percent for 2 consecutive years, and the number of environmental pollution incidents has remained at “0”. Our energy efficiency indicators continued to maintain a leading position in the industry, and the energy conservation and emission reduction indicators performed well overall. In the first half of the year, the Company's overall production safety situation was stable, and no production safety accidents occurred.

Outlook for the second half of 2024

Looking ahead to the second half of the year, the overall supply increase of urea is expected to exceed the demand increase. Domestic urea prices are expected to be weak in the third quarter, but will improve later with the preparation of fertilisers for winter wheat. The overall supply of phosphate fertilisers is sufficient, while with the combined effects of international procurement, domestic autumn wheat demand, and the demand release of winter fertiliser storage, the overall demand is expected to be relatively strong with prices remaining cautiously optimistic. Methanol supply is relatively abundant, while imports are expected to resume growth, downstream demand is expected to grow, and the cost side will provide price support. It is expected that the supply and demand situation will change frequently, with the market mainly exhibiting wide fluctuations. Both supply and demand for acrylonitrile are expected to grow, but the increase in supply will be more prominent. The market may continue to experience an oversupply, and spot prices are expected to remain weak.

In the second half of the year, the Company will strive to ensure the safe and stable operation of production facilities, and enhance risk mitigation capabilities. We will continuously optimise resource allocation, leverage locational advantages, and enhance product competitiveness; further explore the potential for marketing efficiency improvement; and improve refined management standards and establish a cost control indicator system. We will strengthen our brand building, and strive to create a benchmark base for green agriculture brands; emphasise digitalisation, intelligence, and green and low-carbon initiatives, and promote equipment upgrades; and conduct research on the development planning of green strategic emerging industries.

Hou Xiaofeng
Chief Executive Officer (CEO), President



Management Discussion and Analysis

Sector Review

Chemical fertiliser industry

“Food stabilises the world, while agriculture stabilises a country,” thus to ensure food security is “the top priority” of China’s development. Since the first half of the year, impacted by the domestic supply and demand fundamentals and relevant policies, the domestic fertiliser market first suppressed and then rose generally.

(I) Urea

With urea market fluctuations in the first half of the year, the prices in the first quarter were mainly downward, while in the second quarter, prices began to rise sharply. In the first quarter, farmers’ motivation to purchase fertiliser was reduced even during the spring ploughing season as the grain prices had continued to fall since the fourth quarter of 2023, and the release of market demand was not concentrated. Consequently, the market prices of urea fluctuated and fell. In the second quarter, with the gradual release of industrial and agricultural demands, the support from market was stronger, and the market prices of urea also rose. In the first half of the year, the average market price of urea was RMB2,395 per tonne, down RMB264 per tonne compared with last year, representing a drop of approximately 10%.

(II) Phosphate fertilisers

The market prices of phosphate fertilisers remained relatively high in the first half of the year, with little year-on-year decline.

In the first half of the year, the average market price of MAP in the domestic market was RMB3,053 per tonne, representing a year-on-year decline of 0.72%. In the first quarter, affected by the insufficient operating rate of compound fertilisers, the MAP market ran weakly, and the prices fluctuated and dropped. In the second quarter, the MAP prices showed a trend of first fell and then rose. With the collective push of the tight market supply and the rising operating rate of downstream compound fertilisers, the MAP prices continued to rise after May, from the low point of approximately RMB2,800 per tonne to approximately RMB3,200 per tonne.

In the first half of the year, the average price of DAP in the domestic market was RMB3,651 per tonne, representing a year-on-year decline of 0.49%. In the first quarter, with the spring ploughing season underway, domestic sales demand was strong, and the prices remained stable supported by demand and exports. In the second quarter, although the domestic market demand for corn fertilisers in the summer was limited for DAP, the domestic DAP prices remained relatively stable with the support of favourable export and international markets.

Chemical industry

In the first half of 2024, international crude oil prices continued to be strong, driving the prices of major chemicals to rise generally. With the overall industrial chain demand repaired, the prices in the chemical industry fluctuated and ran strong.

(I) Methanol

In the first half of the year, domestic methanol production was about 39.36 million tonnes, with an increase of 4.35 million tonnes compared with the same period last year, representing an increase of about 12.4% year-on-year. While imports of methanol were about 6.37 million tonnes, representing a decrease of 0.33 million tonnes, i.e. 4.9% as compared with the same period last year.

In the first half of the year, the overall methanol market prices showed a trend of going up and coming down, and the price realisation of methanol was relatively good. In the first quarter, methanol prices continued to move upwards as overseas demand prices rose and imports declined beyond expectations, with Guangdong market prices running in the range of RMB2,380 to RMB2,685 per tonne and Inner Mongolia methanol prices running in the range of RMB1,905 to RMB2,075 per tonne. In the second quarter, methanol import prices rose and coal prices rebounded to form cost support, together with rising oil prices and futures prices and import arrivals less than expected and other factors, the market prices ran strong. While later, the maintenance in downstream olefin plants affected the demand for methanol, and the market price fell back, with Guangdong market prices running in the range of RMB2,520 to RMB2,760 per tonne, and Inner Mongolia prices running in the range of RMB2,060 to RMB2,440 per tonne.

(II) Acrylonitrile

In the first half of the year, the domestic production of acrylonitrile was about 1.689 million tonnes, representing an increase of 108,000 tonnes compared with the same period of last year, i.e. an increase of 6.83% year-on-year. Imports of acrylonitrile were about 46,600 tonnes, representing a decrease of 40,600 tonnes compared with the same period last year, i.e. a decrease of 46.56% year-on-year.

In the first half of the year, the domestic market price of acrylonitrile fluctuated high and fell back, and the average market price was RMB9,828 per tonne, with an increase of 2.11% year-on-year. The main positive support for the market to go higher came from the supply side. The industry capacity utilisation rate continued to be low, unplanned suspension and reduced load were more concentrated, resulting in a temporary shortage of supply, thus giving the market rising conditions and the price rose to a high point of RMB10,800 per tonne in April. With the resumption of equipment maintenance in May, the supply increased and the prices fell; and to the end of June, the mainstream self-pickup prices of the port in East China fell to RMB9,450 per tonne.

Business Review

During the reporting period, the Company continued to strengthen production and operation control, the overall production safety situation was stable, and the industrial structure continued to be optimised. The rationality and economy of equipment maintenance cycle were improved, and a 5-year rolling plan for equipment maintenance was issued. The major overhaul of CNOOC Fudao Limited (海洋石油富島有限公司, “CNOOC Fudao”) Phase I Urea Plant, CNOOC Fudao Phase II Urea Plant and Hainan Phase II Methanol Plant was all completed ahead of schedule, which laid a solid foundation for the subsequent sound operation. In the first half of the year, the Company produced 973,000 tonnes of urea, 707,000 tonnes of methanol, 445,000 tonnes of phosphate fertilisers and compound fertilisers, and 97,000 tonnes of acrylonitrile and related products.

In the first half of the year, facing a complex and volatile market situation, the Company further strengthened the market research and judgment, and priced scientifically and accurately. We developed the market competitiveness of our products and our price elasticity, promoting the competitive sales business on fertiliser and methanol. We strengthened the direct sales of e-commerce, direct sales of e-commerce increased by 54% year-on-year. In the first half of the year, the Company sold 1.003 million tonnes of urea, 668,000 tonnes of methanol, 401,000 tonnes of phosphate fertilisers and compound fertilisers, and 88,000 tonnes of acrylonitrile and related products.

The acrylonitrile project successfully passed its completion quality acceptance, with a passing rate of 100%. Huahe coal chemical green compound fertiliser project ran smoothly in its trial production.

In the first half of the year, the Company strengthened its environmental protection compliance management and made every effort to promote the upgrading of its facilities. The Company’s online pollutant emission data has been 100% up to standard for two consecutive years, and the number of environmental pollution accidents has remained at zero. Our energy efficiency index continued to lead the industry, and the energy conservation and emission reduction indicators were generally good.

Production and sales details of the Group’s various plants during the reporting period are set out below:

	For the six months ended 30 June					
	2024			2023		
	Production volume (tonnes)	Sales volume (tonnes)	Utilisation rate (%)	Production volume (tonnes)	Sales volume (tonnes)	Utilisation rate (%)
Chemical fertilisers						
Urea						
CNOOC Fudao Phase I	261,314	262,043	100.5	288,492	280,033	111.0
CNOOC Fudao Phase II	371,940	391,374	93.0	414,717	402,433	103.7
CNOOC Huahe	340,222	349,845	130.9	340,707	362,527	131.0
Group total	973,476	1,003,262	105.8	1,043,916	1,044,993	113.5
Phosphate fertilisers and Compound fertilisers						
DYK MAP	31,114	28,834	41.5	20,885	23,135	27.8
DYK DAP Phase I (Note 1)	172,419	165,823	98.5	179,561	173,208	102.6
DYK DAP Phase II	241,548	206,348	96.6	200,868	155,629	80.3
Group total	445,081	401,005	89.0	401,314	351,972	80.3
Chemical products						
Methanol						
Hainan Phase I	332,234	315,953	110.7	296,083	284,073	98.7
Hainan Phase II	374,750	352,507	93.7	390,580	370,617	97.6
Group total	706,984	668,460	101.0	686,663	654,690	98.1
Acrylonitrile and relating products						
Acrylonitrile	72,712	67,157	72.7	44,518	21,770	44.5
Acetonitrile	2,306	2,077	76.9	1,258	701	41.9
MMA	22,473	19,184	64.2	10,813	5,701	30.9
Group total	97,491	88,418	70.6	56,589	28,172	41.0

Note 1: In the first half of 2024, the DYK DAP Phase I Plant produced 0 tonnes of DAP and 172,419 tonnes of compound fertilisers, amounting to 172,419 tonnes in total, and sold 0 tonnes of DAP and 165,823 tonnes of compound fertilisers, amounting to 165,823 tonnes in total. In the first half of 2023, the DYK DAP Phase I Plant produced 0 tonnes of DAP and 179,561 tonnes of compound fertilisers, amounting to 179,561 tonnes in total, and sold 8,095 tonnes of DAP and 165,113 tonnes of compound fertilisers, amounting to 173,208 tonnes in total.

BB fertilisers

In the first half of 2024, the Group produced a total of 8,300 tonnes of BB fertilisers with a sales volume of 9,242 tonnes.

Financial Review

Revenue and gross profit

During the reporting period, the Group's revenue was RMB6,006.6 million, representing a decrease of RMB169.1 million, or 2.7%, from that of RMB6,175.7 million in the corresponding period of 2023. This was primarily attributable to the decrease in the sales volume of urea, as well as the year-on-year decrease in the selling prices of urea and phosphate and compound fertilisers of the Group.

During the reporting period, the Group realised an external revenue from urea of RMB2,102.4 million, representing a decrease of RMB417.6 million, or 16.6%, from that of RMB2,520.0 million in the corresponding period of 2023. This was primarily attributable to (1) a decrease of RMB315.9 per tonne in the selling price of urea, which decreased the revenue by RMB330.1 million; and (2) a decrease of 41,731 tonnes in the sales volume of urea, which decreased the revenue by RMB87.5 million.

During the reporting period, the Group realised an external revenue from phosphate fertilisers and compound fertilisers of RMB1,336.5 million, representing an increase of RMB142.9 million, or 12.0%, from that of RMB1,193.6 million in the corresponding period of 2023. This was primarily attributable to (1) an increase of 49,033 tonnes in the sales volume of phosphate and compound fertilisers, which increased the revenue by RMB163.4 million; and (2) a decrease of RMB58.4 per tonne in the selling price of phosphate and compound fertilisers, which decreased the revenue by RMB20.5 million, partially offsetting the above increase.

During the reporting period, the Group realised an external revenue from methanol of RMB1,478.6 million, representing an increase of RMB78.6 million, or 5.6%, from that of RMB1,400.0 million in the corresponding period of 2023. This was primarily attributable to (1) an increase of RMB73.5 per tonne in the selling price of methanol, which increased the revenue by RMB48.1 million; and (2) an increase of 13,770 tonnes in the sales volume of methanol, which increased the revenue by RMB30.5 million.

During the reporting period, the Group realised an external revenue from acrylonitrile series products of RMB824.9 million, representing an increase of RMB594.3 million, or 257.7%, from that of RMB230.6 million in the corresponding period of 2023. This was primarily attributable to (1) an increase of RMB1,143.5 per tonne in the selling price of acrylonitrile series products, which increased the revenue by RMB32.2 million; and (2) an increase of 60,246 tonnes in the sales volume of acrylonitrile series products, which increased the revenue by RMB562.1 million.

During the reporting period, the Group realised an external revenue from other segments (primarily comprising port operations and provision of transportation services; trading of chemical fertilisers and chemical products; and production and sales of Huahe high tower compound fertilisers, BB fertilisers and liquid ammonia) of RMB264.2 million, representing a decrease of RMB567.3 million, or 68.2%, from that of RMB831.5 million in the corresponding period of 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 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, its business will no longer be included in the Group's consolidation scope in 2024, resulting in a year-on-year decrease, with a total reduction of RMB396.7 million in trading revenue; (2) no sales volume of POM this year, resulting in a decrease of RMB124.0 million in revenue; (3) a decrease in both the sales volume and price of BB fertilisers, resulting in a decrease of RMB17.0 million in revenue; (4) a decrease of RMB23.5 million in revenue due to cargo handling and transportation volumes of Basuo Port; (5) a decrease of RMB14.0 million in revenue from the sales of liquid ammonia, formaldehyde and carbon dioxide, etc.; and (6) the commencement of production of Huahe high tower fertiliser, resulting in an increase of RMB7.9 million in revenue, offsetting the aforementioned decrease.

During the reporting period, the Group's gross profit was RMB1003.1 million, representing a decrease of RMB60.5 million, or 5.7%, from RMB1063.6 million in the corresponding period of 2023. This was primarily attributable to (1) a decrease of RMB173.4 million in gross profit of urea due to a decrease in sales volume and price of urea, offset by a decrease in its cost; (2) a decrease of RMB21.4 million in the gross profit due to no POM sales in this year, compared to that of the corresponding period of last year; (3) a decrease of RMB6.6 million in the gross profit of CNOOC Fudao BB fertiliser due to a decrease in sales volume and price; (4) a decrease of RMB40.6 million in the gross profit due to a reduction in trade volume and cargo handling and transportation volumes at Basuo Port; (5) an increase of RMB45.9 million in the gross profit of phosphate and compound fertilisers due to an increase in sales volume and a decrease in cost, offsetting the decrease in price; (6) an increase of RMB31.7 million in the gross profit of methanol due to an increase in price and sales volume, offsetting the increase in cost; and (7) an increase of RMB103.7 million in the gross profit due to an increase in sales volume of acrylonitrile series products, an increase in price, and a decrease in cost, partially offsetting the above increases.

Other income and other gains and losses

During the reporting period, the Group's other income was RMB32.6 million, representing a decrease of RMB24.9 million, or 43.3%, from that of RMB57.5 million in the corresponding period of 2023. This was primarily attributable to (1) a year-on-year decrease of RMB14.8 million in receipts of each government grants; (2) a decrease of RMB10.1 million in gain from the wealth management products and others.

During the reporting period, the Group's other gains and losses amounted to RMB2.0 million, representing an increase of RMB1.4 million, or 233.3%, from that of RMB0.6 million in the corresponding period of 2023. This was primarily attributable to an increase in non-operating income from gains on damage and retirement of non-current assets by RMB1.4 million for the year.

Selling and distribution costs

During the reporting period, the Group's selling and distribution costs amounted to RMB40.0 million, representing a decrease of RMB7.2 million, or 15.3%, from that of RMB47.2 million in the corresponding period of 2023. This was primarily attributable to the disposal of the subsidiary 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 RMB7.5 million in the corresponding period of last year).

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB281.5 million, representing an increase of RMB8.8 million, or 3.2%, from that of RMB272.7 million in the corresponding period of 2023. This was primarily attributable to (1) an increase of RMB1.3 million in staff costs; (2) an increase of RMB7.5 million in travel fees, outsourcing fees and consultation fees.

Other expenses

During the reporting period, the Group's other expenses amounted to RMB2.6 million, representing a decrease of RMB1.0 million, or 27.8%, from that of RMB3.6 million in the corresponding period of 2023. This was primarily attributable to (1) a decrease of RMB0.7 million in financial expenses; and (2) a decrease of RMB0.3 million in non-operating expenses such as external donations.

Finance income and finance costs

During the reporting period, the Group's finance income amounted to RMB172.6 million (of which finance income from sizable certificate of deposit business amounted to RMB163.8 million), representing an increase of RMB11.1 million from that of RMB161.5 million (of which finance income from sizable certificate of deposit business amounted to RMB152.8 million) in the corresponding period of 2023.

During the reporting period, the Group's finance costs amounted to RMB27.0 million, representing an increase by RMB17.0 million from that of RMB10.0 million in the corresponding period of 2023, such increase in finance costs was mainly due to the increased interest expenses after the commencement of production of acrylonitrile series products.

During the reporting period, the Group had sound financial resources, mainly including bank borrowings and financings from other financial institutions.

Net exchange (losses)/gains

During the reporting period, the Group recorded net exchange losses of RMB5.9 million, representing a decrease in loss of RMB7.3 million from net exchange losses of RMB13.2 million in the corresponding period of 2023. It was mainly due to the exchange losses arising from the export forward letter of credit receipts attributable to exchange rate fluctuations in the corresponding period of last year.

Gain on disposal of some of subsidiaries

During the reporting period, the Group had no disposal of subsidiaries.

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 RMB4.4 million, representing an increase of RMB3.6 million, or 450%, from that of RMB0.8 million in the corresponding period of 2023. This was primarily attributable to (1) the recognition of an increase of RMB3.5 million in the investment income in Guizhou Jinlin Chemical Co., Ltd. (貴州錦麟化工有限責任公司) for the year; (2) the recognition of an increase of RMB0.2 million in the investment income in United Wealthfert Co., Ltd. (聯合惠農農資(北京)有限公司) for the year.

Income tax expense

During the reporting period, the Group's income tax expense amounted to RMB155.3 million, representing an increase of RMB40.4 million from that of RMB114.9 million in the corresponding period of 2023, representing an increase of 35.2%. This was primarily attributable to (1) a year-on-year decrease in operating profit before tax recorded by the Group for the year, which resulted in a corresponding decrease of RMB44.1 million in current income tax expense; and (2) an increase of RMB84.6 million in deferred income tax expense (deferred income tax assets with future loss carry-forwards arising from the loss of equity interests due to the disposal of equity interests in CNOOC Tianye Chemical Limited (中海石油天野化工有限责任公司) in the corresponding period of last year).

Net profit for the period

During the reporting period, the Group's net profit was RMB743.4 million, representing a decrease of RMB982.1 million, or 56.9%, as compared with that of RMB1,725.5 million for the corresponding period of 2023.

Dividends

The board of directors of the Company (the "Board") does not recommend payment of an interim dividend for the six months period ended 30 June 2024. During the reporting period, the Company made dividend payments for 2023 in cash in the total amount of RMB954.3 million.

Capital expenditures

During the reporting period, the Group had total capital expenditures of RMB196.37 million, including RMB135.37 million for construction of the midstream and downstream projects, RMB4.59 million for base construction, RMB34.08 million for technical renovation projects, RMB3.13 million for energy conservation, safety and environmental protection projects, RMB4.36 million for informatisation construction and electronic office equipment and RMB14.84 million for technology research projects.

The key projects mainly included: (1) the expenditure of the underground mining engineering project of Hubei Dayukou Chemical Limited (湖北大峪口化工有限责任公司, "Dayukou Chemical" or "DYK") with an annual phosphate ore output of 1.60 million tonnes in the amount of RMB15.66 million; (2) the expenditure of Basuo Port new port area petrochemical wharf project of Chemical in the amount of RMB45.44 million; and (3) the expenditure of the 35,000 cubic metres liquid ammonia receiving station project of CNOOC Fudao in the amount of RMB41.52 million.

Pledge of assets

As at 30 June 2024, no property, plant and equipment was charged by the Group as collateral for interest-bearing bank borrowings.

Capital management

The primary objective of the Group's capital management is to maintain a relatively high credit ranking and sound capital structure in order to safeguard its normal production and operation 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 the capital structure, the Group may raise capital by way of new debts or issuance of new shares. As at 30 June 2024, the Group had total interest-bearing liabilities of RMB2,262 million, all of which were floating-rate liabilities. The gearing ratio of the Group as at 30 June 2024 (calculated as interest-bearing liabilities divided by the sum of equity and interest-bearing liabilities) was 10.6%.

Cash and cash equivalents

At the beginning of 2024, the Group had cash and cash equivalents of RMB597.27 million. For the first half of 2024, net cash inflow from operating activities was RMB883.61 million, net cash inflow from investing activities was RMB126.33 million, net cash outflow from financing activities was RMB888.25 million, and the increase in cash and cash equivalents due to the effect of foreign exchange rate changes was RMB0.04 million. As at 30 June 2024, the Group's cash and cash equivalents were RMB719.00 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 of 30 June 2024, the Group had a total of 3,676 employees, and the total remuneration and allowances of employees amounted to approximately RMB239.6 million for the first half of 2024. 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 mechanism effectively provides incentive to its staff. The Company determines staff remuneration according to their positions, performances and capabilities.

As of 30 June 2024, the Company strictly followed the annual training plan with a total of 43,359 enrolments and a total of 128,384 training hours. The Company also organised a total of 3,377 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 72,391 enrolments and 128,296 training hours.

Market risks

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

Commodity price risk

The Group is also exposed to commodity price risk arising from changes in the selling prices of its products 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 United States dollar (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 7.0770 and 7.1270. Fluctuations in RMB to USD exchange rate will 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 30 June 2024, the balance of the Group's deposits in USD was US\$12.9 million, and the balance of the Group's deposits in HKD was HK\$0.008 million.

Inflation and currency risk

According to the National Bureau of Statistics of China, the consumer price index of the PRC increased by 0.1% year-on-year during the reporting period, which did not have any significant impact on the Group's operating results for the year.

Subsequent events

Subsequent to the end of the recording period and up to the date of this announcement, the Group had no significant event.

Contingent liabilities

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

Material litigation and arbitration

During the reporting period, the Group was not involved in any material litigation or arbitration.

Material acquisitions and disposals of subsidiaries and associates of the Company

During the reporting period, the Group did not have any acquisitions and dispositions.

Sector Outlook

In the second half of 2024, there is an expectation of new production capacity coming into production in terms of urea supply. In terms of demand, the demand of agriculture is relatively stable, and the demand of industry will increase. Overall, the increase in supply is higher than the increase in demand. It is expected that domestic urea prices will weaken in July and August, and improve later with the preparation of winter wheat fertiliser. The overall supply of phosphate fertilisers is sufficient. With the superposition of international procurement and domestic autumn wheat demand and the release of winter reserve fertiliser demand, the overall demand is expected to be relatively strong. Supply and demand are expected to be in a tight balance, and the price trend remains cautiously optimistic.

In the second half of the year, the methanol supply is relatively sufficient, and imports are expected to resume growth. Downstream demand is expected to grow, while the cost side will continue to provide price support. It is expected that the supply and demand situation will change frequently, and the market will be dominated by wide ranges of fluctuations. The main focus is on the downstream seasonal supply and demand situation, crude oil prices, imports to ports, methanol futures trends, etc., which will have an impact on the market. In the second half of the year, both the supply and demand of acrylonitrile are expected to grow, but the incremental supply performance will be more prominent. The oversupply in the market may continue, and the spot price will maintain a weak trend, which is expected to fluctuate between RMB9,000 to RMB10,000 per tonne. In the third quarter, with the overhaul of Jilin petrochemical equipment and the expected reduction of production by some manufacturers, the prices may rebound slightly from the bottom. In the fourth quarter, with the release of new production capacity and the expectation of high operating rate, the prices may be under pressure.

Our Key Tasks in the second half of 2024

1. Ensure the safe and stable operation of production equipment and enhance our ability to resolve risks;
2. Continue to optimise resource allocation, give play to regional advantages, enhance product competitiveness, and further tap the potential for marketing efficiency;
3. Improve the level of refined management and build a cost control indicator system;
4. Strengthen brand building and create a benchmark base for green agricultural brands;
5. Highlight digitalisation, intelligence, green and low-carbon, and promote equipment upgrades; and
6. Conduct research on the development plan of green and strategically new industries.

Supplemental Information

Audit Committee

The Audit Committee has reviewed, with the management of the Company, the accounting principles and standards adopted by the Group and discussed internal control and financial reporting matters, including the review of the interim results for the six months ended 30 June 2024. The Group's unaudited interim results for the six months ended 30 June 2024 have been reviewed independently by the Company's external auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. Neither the Audit Committee nor BDO Limited, the independent auditor, has any disagreement over the accounting treatments adopted in preparing the interim results for the reporting period.

Compliance with Corporate Governance Code

The Company strives to maintain a high level of corporate governance in order to enhance transparency and ensure the protection of the overall interests of the shareholders. During the six months ended 30 June 2024, save as disclosed below, the Company had complied with all code provisions of the Corporate Governance Code (the "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").

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. 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 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 the Board has three independent non-executive directors out of the seven 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. The Company will use its best endeavor to identify suitable candidates to fill the vacancies and to re-comply with the relevant requirements of the Corporate Governance Code as soon as practicable.

Code provision C.1.6 of the Corporate Governance Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Yu Changchun, an independent non-executive director of the Company who resigned with effect from 28 May 2024, did not attend the 2023 annual general meeting, H shareholders' class meeting and domestic shareholders' class meeting of the Company held on 28 May 2024 due to other business arrangements.

Disclosures on Changes of Directors, Supervisors and Chief Executive

At the annual general meeting of the Company held on 28 May 2024, Mr. Yang Wanhong was appointed as an independent non-executive Director of the Company. At the Board meeting convened on the same day, Mr. Yang Wanhong was appointed as the chairman of the Investment Review Committee of the Board, a member of the Audit Committee of the Board and a member of the Nomination Committee of the Board.

Mr. Yu Changchun, a member of the Board of the sixth session, did not offer himself as a candidate for re-election as a member of the Board of the seventh session due to other work commitments.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

In respect of the transactions of securities by our Directors and Supervisors, the Company has adopted a set of standard code on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules. The Board confirms that, having made specific enquiries with all directors and supervisors of the Company, during the six months ended 30 June 2024, all members of the Board and all supervisors have complied with the required standards as set out in the Model Code.

Interests of Substantial Shareholders

As at 30 June 2024, to the best knowledge of any of the Directors and chief executives of the Company, pursuant to the register required to be kept under Section 336 of the Securities and Futures Ordinance (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) are set out as below:

Names of substantial shareholders	Capacity	Number of Shares held (shares)	Description 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	258,370,484(L)	H Shares	14.39(L)	5.60(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 30 June 2024, including 2,813,999,878 domestic shares and 1,796,000,122 H shares.
- (2) Ms. Shao Lihua, the non-executive Directors of the Company, also serve as the deputy general manager at Strategy and Planning Department of CNOOC; Mr. Yang Dongzhao, the non-executive Directors, also serve as the deputy general manager at Quality, Health, Safety and Environment Department of CNOOC.
- (3) MGD Holdings indirectly holds these shares through its controlled corporations, namely Daher Capital LTD and DFG LTD.

Save as disclosed above, to the best knowledge of any of the Directors and chief executives of the Company, as at 30 June 2024, no person (other than a Director, Supervisor 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.

Purchase, Sale or Redemption of the Listed Securities of the Company and its Subsidiaries

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company or any of its subsidiaries (including sales of treasury shares (as defined under the Listing Rules)).

As at 30 June 2024, the Company did not have any treasury shares.

Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares

As at 30 June 2024, none of the Directors, Supervisors, chief executives or their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "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 to have under such provisions of the SFO), or which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in the Listing Rules, except that the associate of Ms. Liu Lijie, a Supervisor of the Company, held 220,000 H shares of the Company.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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

Introduction

We have reviewed the interim condensed consolidated financial statements of China BlueChemical Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 14 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the “**interim condensed consolidated financial statements**”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“**IAS 34**”). The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

BDO Limited
Certified Public Accountants

Amy Yau Shuk Yuen
Practising Certificate no. P06095

Hong Kong, 20 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended	
		30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Revenue	4	6,006,640	6,175,701
Cost of sales		(5,003,497)	(5,112,084)
Gross profit		1,003,143	1,063,617
Other income	4	32,550	57,476
Other gains and losses, net	5	2,019	603
Selling and distribution costs		(39,963)	(47,168)
Administrative expenses		(281,526)	(272,738)
Other expenses		(2,572)	(3,611)
Change in fair value of financial assets at fair value through profit or loss		40,791	50,708
Finance income		172,631	161,454
Finance costs	6	(27,023)	(9,957)
Written off impairment loss	8	177	-
Exchange losses, net	7	(5,921)	(13,183)
Gain on disposal of a subsidiary	29	-	852,397
Share of profits/(losses) of joint ventures		3,036	(499)
Share of profits of associates		1,377	1,259
Profit before income tax	8	898,719	1,840,358
Income tax expense	9	(155,345)	(114,885)
Profit for the period		743,374	1,725,473
Other comprehensive income for the period, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		41	106
Share of other comprehensive loss of joint ventures		(4,276)	(340)
Share of other comprehensive income of associates		-	40
Other comprehensive loss for the period		(4,235)	(194)
Total comprehensive income for the period		739,139	1,725,279

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - Continued

For the six months ended 30 June 2024

	Notes	Six months ended	
		30 June 2024	30 June 2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period attributable to:			
Owners of the Company		686,827	1,715,398
Non-controlling interests		56,547	10,075
		<u>743,374</u>	<u>1,725,473</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		682,592	1,715,204
Non-controlling interests		56,547	10,075
		<u>739,139</u>	<u>1,725,279</u>
Earnings per share attributable to owners of the Company			
- Basic and diluted for the period (RMB per share)	10	0.15	0.37

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	7,049,419	7,142,912
Mining rights		127,587	128,113
Prepaid lease payments	12	338,043	342,775
Investment properties		66,733	68,979
Intangible assets		139,412	152,565
Interests in joint ventures	13	292,170	293,905
Interests in associates	14	125,516	126,162
Financial assets at fair value through other comprehensive income		600	600
Deferred tax assets	15	156,615	155,122
Other long-term prepayments for property, plant and equipment		68,811	121,168
Loan receivable	16	208,379	208,408
		8,573,285	8,740,709
CURRENT ASSETS			
Inventories	17	1,022,998	974,450
Trade receivables	18	124,905	56,513
Bills receivable	19	153,485	207,144
Contract assets		25,838	20,188
Prepayments, deposits and other receivables	20	854,026	890,414
Financial assets at fair value through profit or loss	21	2,109,251	2,893,726
Value-added tax recoverable		125,836	226,814
Pledged bank deposits		11,707	10,119
Time deposits with original maturity over three months		10,400,000	9,700,000
Cash and cash equivalents	22	719,000	597,269
		15,547,046	15,576,637
TOTAL ASSETS		24,120,331	24,317,346
EQUITY			
CAPITAL AND RESERVES			
Issued capital	23	4,610,000	4,610,000
Reserves		13,419,392	12,736,800
Proposed dividends	24	-	954,270
Equity attributable to owners of the Company		18,029,392	18,301,070
Non-controlling interests		1,075,382	1,106,088
TOTAL EQUITY		19,104,774	19,407,158

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits liability		238,437	258,192
Interest-bearing bank and other borrowings	25	1,638,002	1,349,275
Lease liabilities		37,720	10,491
Deferred tax liabilities	15	17,375	16,430
Deferred revenue	26	129,995	129,937
Other long-term liabilities		1,789	1,789
		2,063,318	1,766,114
CURRENT LIABILITIES			
Trade payables	27	1,104,440	1,138,388
Contract liabilities		429,444	610,135
Other payables and accruals	28	744,349	640,911
Interest-bearing bank and other borrowings	25	560,062	651,691
Lease liabilities		25,920	9,995
Income tax payable		88,024	92,954
		2,952,239	3,144,074
TOTAL LIABILITIES		5,015,557	4,910,188
TOTAL EQUITY AND LIABILITIES		24,120,331	24,317,346
NET CURRENT ASSETS		12,594,807	12,432,563
TOTAL ASSETS LESS CURRENT LIABILITIES		21,168,092	21,173,272
NET ASSETS		19,104,774	19,407,158

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 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 period	-	-	-	-
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-
Appropriation and utilisation of safety fund, net	-	-	-	18,586
2023 final dividends paid (Note 24)	-	-	-	-
Dividends paid to non-controlling interest	-	-	-	-
Transfer to retained earnings	-	-	(101)	-
Balance at 30 June 2024 (Unaudited)	4,610,000	1,109,316	1,992,968	124,644
Balance at 1 January 2023	4,610,000	1,109,316	1,806,554	74,648
Profit for the period	-	-	-	-
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-
Appropriation and utilisation of safety fund, net	-	-	-	23,307
2022 final dividends paid (Note 24)	-	-	-	-
Capital contribution from non-controlling interests	-	-	-	-
Disposal of a subsidiary (Note 29)	-	-	-	(2,151)
Dividends paid to non-controlling interest	-	-	-	-
Balance at 30 June 2023 (Unaudited)	4,610,000	1,109,316	1,806,554	95,804

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 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
686,827	-	-	686,827	56,547	743,374
-	-	(4,235)	(4,235)	-	(4,235)
686,827	-	(4,235)	682,592	56,547	739,139
(18,586)	-	-	-	-	-
-	(954,270)	-	(954,270)	-	(954,270)
-	-	-	-	(87,253)	(87,253)
101	-	-	-	-	-
10,198,465	-	(6,001)	18,029,392	1,075,382	19,104,774
8,323,959	820,580	2,083	16,747,140	1,029,450	17,776,590
1,715,398	-	-	1,715,398	10,075	1,725,473
-	-	(194)	(194)	-	(194)
1,715,398	-	(194)	1,715,204	10,075	1,725,279
(23,307)	-	-	-	-	-
-	(820,580)	-	(820,580)	-	(820,580)
-	-	-	-	205,800	205,800
-	-	-	(2,151)	46,952	44,801
-	-	-	-	(160,251)	(160,251)
10,016,050	-	1,889	17,639,613	1,132,026	18,771,639

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	Six months ended	
		30 June 2024	30 June 2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Net cash generated from operating activities		883,608	378,521
INVESTING ACTIVITIES			
Interest received		172,631	161,454
Dividend received from associates		2,023	2,305
Dividend received from joint ventures		495	523
Government grants received		20,683	32,317
Placement of time deposits with original maturity over three months		(1,500,000)	(2,000,000)
Withdrawal of time deposits with original maturity over three months		800,000	500,000
(Increase)/decrease in pledged bank deposits		(1,588)	3,385
Purchase of property, plant and equipment		(200,462)	(305,169)
Proceeds from disposal of property, plant and equipment		5,039	17,352
Purchase of intangible assets		-	(48,592)
Proceeds from disposal of intangible assets		2,246	-
Purchase of investment properties		-	(1,487)
Purchase of financial assets at fair value through profit or loss		(2,100,000)	(1,150,000)
Disposal of financial assets at fair value through profit or loss		2,925,266	3,662,130
Net cash inflow in respect of partial disposal of a subsidiary	29	-	140,996
Net cash flow generated from investing activities		126,333	1,015,214
FINANCING ACTIVITIES			
Dividends paid		(954,270)	(820,580)
Dividends paid to non-controlling interests		(87,253)	(160,251)
New bank and other borrowings raised		589,615	1,234,367
Repayment of bank and other borrowings		(392,517)	(1,288,895)
Interest paid		(26,433)	(9,765)
Payment of lease liabilities		(10,946)	(9,486)
Capital contribution from non-controlling interests		-	205,800
Other finance charges		(6,447)	(9,435)
Net cash flow used in financing activities		(888,251)	(858,245)
Net increase in cash and cash equivalents		121,690	535,490
Cash and cash equivalents at beginning of the period		597,269	528,777
Effect of foreign exchange rate changes		41	106
Cash and cash equivalents at end of the period		719,000	1,064,373

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

China BlueChemical Ltd. (the “**Company**”) was established in the PRC and the registered office of the Company is located at No.3, Park Third Road, Basuo Town, Dongfang City, Hainan Province, PRC. The ultimate holding company of the Company is China National Offshore Oil Corporation (“**CNOOC**”), a state-owned enterprise established in the PRC.

The Company’s ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 di-ammonium phosphate (“**DAP**”) fertilisers, compound fertiliser and acrylonitrile (“**AN**”).

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and the significant judgments made by the management in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2023.

The IASB has issued new or amended International Financial Reporting Standard (“**IFRS Accounting Standards**”) that is first effective on 1 January 2024 and is therefore applicable for the current accounting period of the Group.

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

The new or amended IFRS Accounting standards did not have any material impact on the Group’s accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

3. 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 phosphorus and compound fertiliser segment is engaged in the manufacture and sale of MAP, DAP and compound fertiliser;
- (c) the methanol segment is engaged in the manufacture and sale of methanol;
- (d) the acrylonitrile segment is engaged in the manufacture and sale of acrylonitrile and relating products; and
- (e) the "others" segment mainly comprises segments engaged in port operations and provision of transportation services; trading of fertilisers and chemicals; manufacture and sale of Bulk Blending (the "BB") fertiliser, POM and woven plastic bags.

Segment performance is evaluated based on segment result and is measured consistently with profit before income tax in the condensed consolidated financial statements. However, segment result for each operating segment does not include finance income, finance costs, exchange losses, net, other gains and losses, net, other expenses, change in fair value of financial assets at fair value through profit or loss ("FVTPL"), gain on disposal of a subsidiary, share of results of associates and joint ventures and income tax expense, which are managed on a group basis and are not allocated to operating segments.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods, recognised at a point in time*	5,840,931	5,986,489
Render of services, recognised over time*	165,709	189,212
	6,006,640	6,175,701
Other income		
Income from sale of other materials, recognised at a point in time*	5,012	12,946
Income from render of other services, recognised over time*	2,687	236
Gross rental income	1,278	442
Government grants [^]	20,625	35,206
Indemnities received	1,171	960
Sundry income	1,777	7,686
	32,550	57,476

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

[^] There are no unfulfilled conditions attaching to the government grants.

5. OTHER GAINS AND LOSSES, NET

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	2,019	603

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

6. FINANCE COSTS

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	26,433	9,407
Interest on lease liabilities	590	550
	27,023	9,957

7. EXCHANGE LOSSES, NET

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Exchange gains	1,800	4,246
Exchange losses	(7,721)	(17,429)
	(5,921)	(13,183)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

8. PROFIT BEFORE INCOME TAX

The Group's profit before income tax for the period is arrived at after charging/(crediting):

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	4,867,848	4,889,260
(Reversal of write-down)/write-down of inventories	(2,711)	67,793
Cost of services provided	138,360	155,031
Cost of sales recognised as expenses	5,003,497	5,112,084
Depreciation and amortisation*:		
Depreciation of property, plant and equipment		
- Owned property, plant and equipment	332,150	244,259
- Right-of-use assets included:		
- Buildings	12,056	8,321
- Motor vehicles	239	-
Amortisation of mining rights	526	466
Amortisation of prepaid lease payments	4,732	4,806
Amortisation of investment properties	2,246	3,583
Amortisation of intangible assets	10,907	6,389
	362,856	267,824
Written off impairment loss on trade receivables (Note 18)	(177)	-

* Depreciation and amortisation included in "cost of sales", "selling and distribution costs" and "administrative expenses" amounting to approximately RMB328,930,000 (six months ended 30 June 2023: RMB231,014,000), RMB542,000 (six months ended 30 June 2023: RMB2,564,000) and RMB33,384,000 (six months ended 30 June 2023: RMB34,246,000) respectively in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

9. INCOME TAX EXPENSE

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	151,845	199,411
Under-provision in prior year	4,048	448
	155,893	199,859
Deferred tax (Note 15)	(548)	(84,974)
Total income tax expense	155,345	114,885

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%.

(b) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	686,827	1,715,398
	Six months ended	
	30 June 2024	30 June 2023
	'000	'000
	(Unaudited)	(Unaudited)
Shares		
Number of shares in issue during the period	4,610,000	4,610,000

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment including construction in progress with an aggregate cost amounting to RMB253,972,000 (six months ended 30 June 2023: RMB239,248,000). Property, plant and equipment with carrying amount of RMB3,020,000 (six months ended 30 June 2023: RMB16,749,000) were disposed of during the six months ended 30 June 2024.

12. PREPAID LEASE PAYMENTS

The Group did not acquire any land use right during the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

13. INTERESTS IN JOINT VENTURES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cost of interests in joint ventures	266,199	266,199
Share of post-acquisition profits and other comprehensive income, net of dividends received	25,971	27,706
	292,170	293,905

The Group's trade receivables, other receivables and trade payables with its joint ventures were disclosure in Note 18, 20 and 27 respectively.

Particulars of the joint ventures of the Group are set out as follows:

Name of the entity	Place and date of incorporation and operation	Registered capital '000		Percentage of equity interest attributable to the Company		Principal activities
				30 June	31 December	
				2024	2023	
				%	%	
貴州錦麟化工有限責任公司 (transliterated as Guizhou Jinlin Chemical Co., Ltd.)	PRC 12 April 2007	RMB584,221	Direct	33.99	33.99	Phosphorus mining and processing, manufacturing and sales of phosphorus ore and chemical products
CBC (Canada) Holding Corp. (中海化學(加拿大)控股公司)	Canada 28 May 2013	CAD24,000	Direct	60.00	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)	PRC 24 April 2005	RMB5,000	Indirect	36.56	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.)	PRC 16 October 2000	RMB1,800	Indirect	36.56	36.56	Provision of overseas shipping services

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

14. INTERESTS IN ASSOCIATES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cost of interests in associates	123,179	123,179
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,337	2,983
	125,516	126,162

The Group's loan receivable, trade receivables, other receivables, trade payables and other payables with its associates were disclosed in Notes 16, 18, 20, 27 and 28 respectively.

Particulars of the associates of the Group are set out as follows:

Name of the entity	Place and date of incorporation and operation	Registered capital '000		Percentage of equity interest attributable to the Company		Principal activities
				30 June	31 December	
				2024	2023	
				%	%	
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 ”)	PRC 18 December 2000	RMB2,272,856	Direct	25.27	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.)	PRC 7 June 2016	RMB100,000	Direct	30.00	30.00	Merchandising
廣西惠多利農業科技有限公 司 (transliterated as Guangxi Huiduoli Agricultural Technology Company Limited) (“ Guangxi Huiduoli ”)	PRC 11 January 2003	RMB30,000	Indirect	34.00	34.00	Trading of fertilisers and chemicals

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

15. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the condensed 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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Deferred tax assets	156,615	155,122
Deferred tax liabilities	(17,375)	(16,430)
	139,240	138,692

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

15. DEFERRED TAX ASSETS/LIABILITIES - Continued

The following are the major deferred tax liabilities and assets recognised and movements thereon during the period:

	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
At 1 January 2023							
(Audited)	(10,617)	37,497	-	(831)	-	13,090	39,139
(Charge)/credit to profit or loss	(13,448)	(703)	-	831	100,092	(1,798)	84,974
At 30 June 2023							
(Unaudited)	(24,065)	36,794	-	-	100,092	11,292	124,113
(Charge)/credit to profit or loss	7,635	6,864	207	-	-	(105)	14,601
Disposal of subsidiaries	-	-	-	-	-	(22)	(22)
At 31 December 2023 and 1 January 2024							
(Audited)	(16,430)	43,658	207	-	100,092	11,165	138,692
(Charge)/credit to profit or loss	(742)	(1,564)	-	-	-	2,854	548
At 30 June 2024							
(Unaudited)	(17,172)	42,094	207	-	100,092	14,019	139,240
Represented by:							
Deferred tax assets	-	42,094	207	-	100,092	14,222	156,615
Deferred tax liabilities	(17,172)	-	-	-	-	(203)	(17,375)

As at 30 June 2024, the Group has unused tax losses of RMB109,233,000 (31 December 2023: RMB656,892,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMBNil (31 December 2023: RMB400,368,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB109,233,000 (31 December 2023: RMB256,524,000), due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB109,233,000 (31 December 2023: RMB256,524,000) that will expire in 5 years.

At the end of the reporting period, the Group has deductible temporary differences of RMB423,583,000 (31 December 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

16. LOAN RECEIVABLE

Loan receivable comprises of:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Unsecured loan		
- principal	208,252	208,252
- interest	127	156
	208,379	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 2.2% per annum and repayable on 8 May 2026.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Over one year but within two years	208,379	-
Over two years but within three years	-	208,408
	208,379	208,408

17. INVENTORIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Raw materials and spare parts	400,981	465,924
Work in progress	167,344	265,122
Finished goods	512,068	303,510
	1,080,393	1,034,556
Write-down	(57,395)	(60,106)
Net realisable value	1,022,998	974,450

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

18. TRADE RECEIVABLES

Sales of the Group's fertilisers and chemicals including urea, methanol, acrylonitrile, MAP and DAP 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 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.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	124,905	56,513

An aging analysis of trade receivables at the end of the reporting period, based on the invoice date and net of impairment of trade receivables of the Group, was as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	114,040	47,122
Over one year but within two years	851	1,265
Over two years but within three years	8,564	8,126
Over three years	1,450	-
	124,905	56,513

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Not past due	114,040	47,122
Past due within one year	851	1,265
Past due within two years	8,564	8,126
Past due within three years	1,450	-
	124,905	56,513

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

18. TRADE RECEIVABLES - Continued

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.

As at 30 June 2024, the expected credit losses (“ECLs”) are assessed collectively for receivables that were not credit-impaired and individually for credit-impaired trade receivables with an aggregate carrying amount of RMB800,000 (31 December 2023: RMB977,000). The ECLs rate for the six months ended 30 June 2024 remained the same as the year ended 31 December 2023. Based on evaluation on ECLs rate and the carrying amount of trade receivables, the directors of the Company are of the opinion that the ECLs in respect of trade receivables are considered as immaterial.

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Balance at beginning of the period/year	977	-
(Written off)/provision of impairment loss	(177)	977
Balance at end of the period/year	800	977

As at 30 June 2024, the amounts due from the ultimate holding company, its subsidiaries and associates (other than the ultimate holding company collectively referred to as the “CNOOC group companies”), ultimate holding company, associates and joint ventures included in the above trade receivables, which are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to the major customers of the Group, can be analysed as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
CNOOC group companies	64,705	29,225
Ultimate holding company	-	8,568
Associates	35,620	11,456
Joint ventures	1,220	840
	101,545	50,089

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

19. BILLS RECEIVABLE

The bills receivable of the Group as at 30 June 2024 and 31 December 2023 all mature within twelve months.

As at 30 June 2024, the Group has transferred bills receivable having maturity less than twelve months from the reporting dates to its suppliers to settle its payables through endorsing the bills to its suppliers amounted to RMB128,272,000 (31 December 2023: RMB247,924,000). 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.

As at 30 June 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 RMB128,272,000 (31 December 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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments	215,248	343,453
Deposits and other receivables	641,294	549,477
Less: impairment loss	(2,516)	(2,516)
	854,026	890,414

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Balance at beginning of the period/year	2,516	7,792
Provision of impairment loss	-	2,516
Written off impairment loss	-	(7,792)
Balance at end of the period/year	2,516	2,516

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - Continued

The impairment loss relates to the ECLs on certain other receivables, there was neither significant increase in credit risk since initial recognition nor credit impairment that has occurred during the period/year. The loss allowance for these 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 ventures included in the above, which are unsecured, non-interest bearing and have no fixed repayment terms, can be analysed as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Ultimate holding company	1,062	-
CNOOC group companies	161,160	303,623
Associates	36,330	35,950
Joint ventures	3,560	14,296
	202,112	353,869

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Wealth management products	2,109,251	2,893,726

Financial assets at FVTPL represent wealth management products in licensed banks and financial institutions. Change in fair value of financial assets at FVTPL of RMB40,791,000 (six months ended 30 June 2023: RMB50,708,000) was recognised for the six months ended 30 June 2024. The wealth management products will mature on 4 November 2024, 3 December 2024, 2 April 2025, 20 May 2025, 26 May 2025, 10 June 2025, 12 June 2025 and 13 June 2025. (31 December 2023: the wealth management products will mature on 23 February 2024, 2 April 2024, 24 April 2024, 20 May 2024, 7 June 2024 and 26 June 2024).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

22. CASH AND CASH EQUIVALENTS

The Group's bank balances and cash were denominated in RMB as at 30 June 2024 and 31 December 2023, except for amounts of RMB91,647,000 (31 December 2023: RMB5,200,000) which was translated from US\$12,859,000 (31 December 2023: US\$734,000) and RMB7,000 (31 December 2023: RMB6,000) which was translated from HK\$8,000 (31 December 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 30 June 2024, included in the Group's cash and cash equivalents were RMB389,614,000 (31 December 2023: RMB399,725,000) deposited in CNOOC Finance Corporation Limited ("CNOOC Finance"), a licensed financial institution, which is a subsidiary of the ultimate holding company.

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.

23. ISSUED CAPITAL

	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Number of shares '000	Nominal value RMB'000	Number of shares '000	Nominal value 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 30 June 2024 (unaudited) and 31 December 2023 (audited)	4,610,000	4,610,000	4,610,000	4,610,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

24. PROPOSED DIVIDENDS

Pursuant to the articles of association of the Company, the net profit after income tax of the Company for the purpose of profit distribution is deemed to be the lesser of (i) the net profit determined in accordance with the PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with IFRS Accounting Standards.

During the six months ended 30 June 2024, a final dividend of RMB0.207 per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: a final dividend of RMB0.178 per share in respect of the year ended 31 December 2022) was declared and paid to the owners of the Company. The dividend declared and paid during the six months ended 30 June 2024 amounted to RMB954,270,000 (six months ended 30 June 2023: RMB820,580,000).

The board of directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 30 June 2024, bank borrowings of RMB2,198,064,000 (31 December 2023: RMB1,800,789,000) were unsecured with effective interest rates of 2.15%-3.75% per annum (31 December 2023: 2.15%-3.35%), payable within 2024 and 2033 (31 December 2023: payable within 2024 and 2033). The amounts due were based on the scheduled repayment dates set out in the loan agreements.

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

26. DEFERRED REVENUE

Deferred revenue mainly includes unconditional government grants. The deferred revenue generated from government grants is recognised in the condensed consolidated statement of profit or loss and other comprehensive income according to the depreciation periods of the related assets and the periods in which the related costs incurred.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

27. TRADE PAYABLES

The trade payables are unsecured, non-interest-bearing and are normally settled in 30 to 180 days. An aging analysis of trade payables of the Group, based on invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	1,073,618	1,096,734
Over one year but within two years	27,708	35,508
Over two years but within three years	823	5,367
Over three years	2,291	779
	1,104,440	1,138,388

As at 30 June 2024, the amounts due to the CNOOC group companies, associates, joint ventures and the Company's subsidiaries' non-controlling shareholders and the non-controlling shareholders' subsidiaries (the "Other Related Parties") included in the above, which are unsecured, non-interest bearing and have no fixed repayment terms, can be analysed as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
CNOOC group companies	356,114	359,937
Associates	887	3,474
Joint ventures	3,249	-
Other Related Parties	4,652	5,646
	364,902	369,057

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

28. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Accrued payroll	381,887	185,130
Other payables	131,782	177,464
Payables to government	16,850	16,975
Other tax payables	54,813	99,515
Port construction fee payable	158,773	158,773
Payables in relation to the construction and purchase of property, plant and equipment	244	3,054
	744,349	640,911

As at 30 June 2024, the amounts due to CNOOC group companies and associates included in the above, which are unsecured, non-interest bearing and have no fixed repayment terms, can be analysed as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
CNOOC group companies	3,538	3,255
Associates	6,960	6,998
	10,498	10,253

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

29. DISPOSAL OF A SUBSIDIARY

The Group entered into an equity transaction agreement dated on 18 December 2022 with 中國石油天然氣股份有限公司 (transliterated as PetroChina Company Limited) (the “**Purchaser**”) to partially dispose of the Group’s 67% of equity interest in a subsidiary, New Material Company (formerly known as CNOOC Tianye Chemical Limited), which is under urea and methanol segments, at a net consideration of RMB154,082,000.

The equity transaction was completed on 27 April 2023. Upon the completion of the equity transaction, the Group’s equity interests in New Material Company decreased from 92.27% to 25.27% and the directors of the Group determined that the Group had lost its practical ability to unilaterally direct the relevant activities of New Material Company. Accordingly, with effect from the date of completion of the equity transaction, the financial statements of New Material Company ceased to be consolidated in the condensed consolidated financial statements of the Group and the remaining equity interests of 25.27% in New Material Company held by the Group are recognised as interests in associates. Gain on disposal of a subsidiary of RMB852,397,000 was recognised for the period ended 30 June 2023.

The net liabilities of New Material Company at the date of disposal were as follows:

	30 June 2023 RMB’000 (Unaudited)
Net liabilities disposed of:	
Property, plant and equipment	268,250
Prepaid lease payments	158,357
Inventories	27,469
Prepayments, deposits and other receivables	28,025
Cash and cash equivalents	13,086
Interest-bearing other borrowings	(761,105)
Trade payables	(244,306)
Contract liabilities	(33,082)
Other payables and accruals	(59,515)
Lease liabilities	(20,355)
Income tax payable	(4,429)
Deferred revenue	(5,429)
Other long-term liabilities	(2,613)
Deferred tax liabilities	(29,308)
	<u>(664,955)</u>
Non-controlling interests	46,952
Special reserve reclassified to profit or loss upon partial disposal	(2,151)
Deemed interest in an associate	(78,161)
Net consideration received	<u>(154,082)</u>
Gain on disposal of a subsidiary	<u>(852,397)</u>
Satisfied by:	
Cash consideration received during the period	154,082
Cash and cash equivalents disposal of	<u>(13,086)</u>
Net cash inflow arising on partial disposal	<u>140,996</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

30. COMMITMENTS AND CONTINGENT LIABILITIES

a. Contingent liabilities

At the end of the reporting period, the Group did not have any significant contingent liability.

b. Capital commitments

As at 30 June 2024 and 31 December 2023, the Group had the following capital commitments:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided, for acquisition of:		
- land and buildings	2,028	-
- plant and machinery	224,316	159,073

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

31. RELATED PARTY TRANSACTIONS

(1) During the period, the Group had the following material transactions with related parties:

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(A) Included in revenue and other income		
(a) CNOOC group companies		
Sale of goods	419,821	554,627
Provision of packaging and assembling services	41,277	50,066
Provision of transportation services	2,403	2
Provision of logistics services	376	901
Provision of labour services	29,810	39,309
Provision of lease of property and land	3,323	3,492
	497,010	648,397
(b) Other Related Parties		
Sale of goods	110,417	129,982
(B) Included in cost of sales and other expenses		
(a) CNOOC group companies		
Purchase of raw materials	2,118,960	2,073,486
Purchase of finished goods	800,445	291,573
Labour services	59,637	90,318
Lease of offices	16,623	14,278
Logistics services	2,792	2,851
Network services	2,502	1,323
Transportation services	260	152
	3,001,219	2,473,981
(C) Included in finance income/costs		
(a) CNOOC Finance		
Finance income	2,572	1,686
Fees and charges	1,941	1,924
Interest on other borrowings	-	1,992

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

31. RELATED PARTY TRANSACTIONS - Continued

(2) Balances with related parties

Details of the following balances are set out in loan receivable (Note 16), trade receivables (Note 18), contract assets, prepayments, deposits and other receivables (Note 20), interest-bearing bank and other borrowings (Note 25), trade payables (Note 27), contract liabilities and other payables and accruals (Note 28) to the condensed 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.

	Due from related parties		Due to related parties	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Ultimate holding company	1,062	8,568	-	-
CNOOC group companies	240,236	343,851	449,721	393,787
Associates	280,329	255,814	8,810	38,103
Joint ventures	5,181	15,136	3,249	-
CNOOC Finance	-	-	-	200,177
Other Related Parties	-	-	4,652	5,646
			30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Deposits placed by the Group with CNOOC Finance			389,614	399,725

(3) Compensation of key management personnel of the Group

	Six months ended	
	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Short-term employee benefits	2,211	2,227
Post-employment benefits	76	70
	2,287	2,297

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

31. RELATED PARTY TRANSACTIONS - Continued

(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, with SOEs other than CNOOC group companies, in the normal course of business at terms comparable to those with other non-SOEs.

The Group’s deposits and borrowings with certain state-owned banks in the PRC as at 30 June 2024 and 31 December 2023 are summarised below:

	30 June 2024 RMB’000 (Unaudited)	31 December 2023 RMB’000 (Audited)
Cash and cash equivalents	718,357	405,368
Pledged bank deposits	11,707	10,119
Time deposits	3,000,000	9,700,000
	3,730,064	10,115,487
Interest-bearing bank and other borrowings	2,198,064	2,000,966

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

32. FINANCIAL INSTRUMENTS

(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 condensed 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 trade receivables, financial assets included in deposits and other receivables, pledged bank deposits, time deposits, cash and cash equivalents, trade payables and other payables, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The carrying amounts of the loan receivable and 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 condition 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.

There were no changes in valuation techniques during the period.

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; and

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued

For the six months ended 30 June 2024

32. FINANCIAL INSTRUMENTS - Continued

(b) Financial instruments measured at fair value - Continued

	30 June 2024		
	(Unaudited)		
	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL			
- Wealth management products	2,109,251	-	2,109,251
Financial assets at FVOCI			
- Unlisted equity investment	-	600	600
- Bills receivable	-	153,485	153,485
	31 December 2023		
	(Audited)		
	Level 2	Level 3	Total
	RMB'000	RMB'000	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 six months ended 30 June 2024 and 30 June 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.

33. EVENTS AFTER THE REPORTING PERIOD

There is no material event after the reporting period.

34. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 20 August 2024.

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 Commercial Bank of China, Hainan Branch
Auditor	BDO Limited 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Hong Kong law legal adviser	Freshfields Bruckhaus Deringer 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
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Website	www.chinabluechem.com.cn
Stock Code	Hong Kong Stock Exchange: 3983



