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中海石油化学股份有限公司
China BlueChemical Ltd.*

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

(Stock Code: 3983)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

1. Revenue amounted to RMB5,850 million
2. Gross profit amounted to RMB848 million
3. Profit attributable to owners of the Company amounted to RMB641 million
4. Basic earnings per share was RMB0.14

(I) UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2025*

		Six months ended	
		30 June 2025	30 June 2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB '000	RMB '000
Revenue	4	5,850,248	6,006,640
Cost of sales		(5,002,371)	(5,003,497)
Gross profit		847,877	1,003,143
Other income	4	25,160	32,550
Other gains and losses, net	5	83,716	2,019
Selling and distribution costs		(33,526)	(39,963)
Administrative expenses		(283,355)	(281,526)
Other expenses		(27,049)	(2,572)
Change in fair value of financial assets at fair value through profit or loss		21,671	40,791
Finance income		162,908	172,631
Finance costs		(24,448)	(27,023)
Reversal of impairment loss on trade receivables	6	17	177
Exchange gains (losses), net		823	(5,921)
Share of profits of joint ventures		61,025	3,036
Share of profits of associates		4,256	1,377
Profit before income tax	6	839,075	898,719
Income tax expenses	7	(115,310)	(155,345)
Profit for the period		723,765	743,374
Other comprehensive income (loss) for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations		(82)	41
Share of other comprehensive income (loss) of joint ventures		2,471	(4,276)
Other comprehensive income (loss) for the period, net of tax		2,389	(4,235)
Total comprehensive income for the period		726,154	739,139

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2025

		Six months ended	
		30 June 2025	30 June 2024
		(Unaudited)	(Unaudited)
Notes		RMB'000	RMB'000
Profit for the period attributable to:			
	Owners of the Company	640,561	686,827
	Non-controlling interests	83,204	56,547
		<u>723,765</u>	<u>743,374</u>
Total comprehensive income for the period attributable to:			
	Owners of the Company	642,950	682,592
	Non-controlling interests	83,204	56,547
		<u>726,154</u>	<u>739,139</u>
Earnings per share attributable to owners of the Company			
	– Basic and diluted for the period (RMB per share)	8 0.14	0.15

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,945,107	7,177,198
Mining rights		126,759	126,839
Prepaid lease payments	9	325,906	332,968
Investment properties		62,240	64,486
Intangible assets		119,424	129,691
Interests in joint ventures	10	396,863	333,906
Interests in associates	11	129,546	127,404
Financial assets at fair value through other comprehensive income		600	600
Deferred tax assets		124,566	123,890
Other long-term prepayment for property, plant and equipment		82,938	94,332
Loan receivable	12	—	208,252
		<u>8,313,949</u>	<u>8,719,566</u>
CURRENT ASSETS			
Inventories		1,220,250	1,124,718
Trade receivables	13	109,834	23,621
Bills receivable	14	122,771	80,349
Contract assets		22,216	12,783
Prepayments, deposits and other receivables		665,733	436,808
Loan receivable	12	208,252	—
Financial assets at fair value through profit or loss		1,152,724	1,830,485
Value-added tax recoverable		208,716	156,022
Pledged bank deposits		13,289	11,715
Time deposits with original maturity over three months		12,000,000	11,000,000
Cash and cash equivalents		533,057	679,928
		<u>16,256,842</u>	<u>15,356,429</u>
TOTAL ASSETS		<u><u>24,570,791</u></u>	<u><u>24,075,995</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 30 June 2025*

		30 June 2025	31 December 2024
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
EQUITY			
CAPITAL AND RESERVES			
Issued capital		4,610,000	4,610,000
Reserves		13,884,339	13,241,389
Proposed dividends	15	<u>—</u>	<u>556,888</u>
Equity attributable to owners of the Company		18,494,339	18,408,277
Non-controlling interests		<u>1,077,388</u>	<u>1,098,684</u>
TOTAL EQUITY		<u>19,571,727</u>	<u>19,506,961</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for retirement benefit		236,026	252,591
Interest-bearing bank and other borrowings		1,372,762	1,626,693
Lease liabilities		28,081	29,680
Deferred tax liabilities		18,583	20,138
Deferred revenue		137,569	125,348
Other long-term liabilities		<u>1,636</u>	<u>1,636</u>
		<u>1,794,657</u>	<u>2,056,086</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*At 30 June 2025*

		30 June 2025	31 December 2024
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		907,861	434,410
Trade payables	<i>16</i>	1,022,988	1,067,996
Contract liabilities		441,843	398,273
Other payables and accruals		732,368	544,129
Lease liabilities		26,458	28,341
Income tax payable		72,889	39,799
		3,204,407	2,512,948
TOTAL LIABILITIES		4,999,064	4,569,034
TOTAL EQUITY AND LIABILITIES		24,570,791	24,075,995
NET CURRENT ASSETS		13,052,435	12,843,481
TOTAL ASSETS LESS CURRENT LIABILITIES		21,366,384	21,563,047
NET ASSETS		19,571,727	19,506,961

(II) NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

China BlueChemical Ltd. (the “Company”) was established in the People’s Republic of China (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 Off shore 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 interim 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 Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The interim 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 interim condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

The IASB has issued revised IFRS Accounting Standards that is first effective on 1 January 2025 and is therefore applicable for the current accounting period of the Group.

Amendments to IAS 21

Lack of Exchangeability

The adoption of the amendment does not have any significant impact on the Group’s accounting policies.

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 phosphorus fertilisers which include Bulk Blending ("BB") fertiliser, 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 provision of port operations and transportation services and trading of other fertilisers and chemicals.

Segment performance is evaluated based on segment result and is measured consistently with profit before income tax in the interim condensed consolidated financial statements. However, segment result for each operating segment does not include finance income, finance costs, reversal of impairment loss on trade receivables, exchange gains (losses), net, other gains and losses, net, other expenses, change in fair value of financial assets at fair value through profit or loss ("FVTPL"), share of results of associates and joint ventures and income tax expenses, 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.

	Phosphorus and compound						
	Urea	fertiliser	Methanol	Acrylonitrile	Others	Elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2025							
(Unaudited)							
Segment revenue:							
Sales to external customers	1,660,765	1,343,230	1,592,768	1,074,748	178,737	–	5,850,248
Inter-segment sales	–	–	–	–	87,829	(87,829)	–
Total	<u>1,660,765</u>	<u>1,343,230</u>	<u>1,592,768</u>	<u>1,074,748</u>	<u>266,566</u>	<u>(87,829)</u>	<u>5,850,248</u>
Segment profit (loss) before income tax	<u>122,469</u>	<u>21,726</u>	<u>465,098</u>	<u>15,110</u>	<u>(68,247)</u>	<u>–</u>	<u>556,156</u>
Interest and unallocated income							268,295
Corporate and other unallocated expenses							(51,480)
Exchange gains, net							823
Share of profits of joint ventures							61,025
Share of profits of associates							<u>4,256</u>
Profit before income tax							<u>839,075</u>

	Urea	Phosphorus and compound fertiliser (Note a)	Methanol	Acrylonitrile	Others (Note a)	Elimination	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Six months ended 30 June 2024							
(Unaudited)							
Segment revenue:							
Sales to external customers	2,102,435	1,371,290	1,478,553	824,910	229,452	–	6,006,640
Inter-segment sales	–	–	–	–	88,137	(88,137)	–
Total	<u>2,102,435</u>	<u>1,371,290</u>	<u>1,478,553</u>	<u>824,910</u>	<u>317,589</u>	<u>(88,137)</u>	<u>6,006,640</u>
Segment profit (loss) before income tax	<u>372,632</u>	<u>82,966</u>	<u>314,302</u>	<u>12,193</u>	<u>(67,889)</u>	<u>–</u>	<u>714,204</u>
Interest and unallocated income							215,441
Corporate and other unallocated expenses							(29,418)
Exchange losses, net							(5,921)
Share of profits of joint ventures							3,036
Share of profits of associates							<u>1,377</u>
Profit before income tax							<u>898,719</u>

(a) Comparative figures information

Having considered the expansion of and increase in the results attributable to the Group from BB fertiliser business, the management of the Company determined to reclassify BB fertiliser business from others segment to phosphorus and compound fertiliser segment. The re-presentation of comparative information of segment revenue and segment results, where necessary, to conform to the basis of presentation and the classification adopted in the current period. As a result, the segment revenue from phosphorus and compound fertiliser segment and other segment were increased and decreased by RMB34,778,000 respectively; and the segment profit (loss) before income tax from phosphorus and compound fertiliser segment and other segment was increased and decreased by RMB1,734,000 respectively 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 2025	30 June 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods, recognised at a point in time*	5,671,511	5,840,931
Render of services, recognised over time*	178,737	165,709
	<u>5,850,248</u>	<u>6,006,640</u>
Other income		
Income from sale of other materials, recognised at a point in time*	1,451	5,012
Income from render of other services, recognised over time*	482	2,687
Gross rental income	805	1,278
Government grants^	19,892	20,625
Indemnities received	1,927	1,171
Sundry income	603	1,777
	<u>25,160</u>	<u>32,550</u>

* 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 2025	30 June 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	5,463	2,019
Gain on disposal of prepaid lease payment	78,253	—
	<u>83,716</u>	<u>2,019</u>

6. 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	30 June
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	4,869,819	4,867,848
Reversal of write-down of inventories	(11,901)	(2,711)
Cost of services provided	144,453	138,360
	<u>5,002,371</u>	<u>5,003,497</u>
Cost of sales recognised as expenses	<u>5,002,371</u>	<u>5,003,497</u>
Depreciation and amortisation*:		
Depreciation of property, plant and equipment		
– Owned property, plant and equipment	297,123	332,150
– Right-of-use assets included:		
– Buildings	15,133	12,056
– Motor vehicles	1,134	239
Amortisation of mining rights	80	526
Depreciation of prepaid lease payments	5,215	4,732
Depreciation of investment properties	2,246	2,246
Amortisation of intangible assets	10,267	10,907
	<u>331,198</u>	<u>362,856</u>
Reversal of impairment loss on trade receivables	<u>(17)</u>	<u>(177)</u>

- * Depreciation and amortisation included in “cost of sales”, “selling and distribution costs” and “administrative expenses” amounting to approximately RMB293,567,000 (six months ended 30 June 2024: RMB328,930,000), RMB530,000 (six months ended 30 June 2024: RMB542,000) and RMB37,101,000 (six months ended 30 June 2024: RMB33,384,000) respectively in the condensed consolidated statement of comprehensive income.

7. INCOME TAX EXPENSES

	Six months ended	
	30 June	30 June
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	115,917	151,845
Under-provision in respect of prior year	1,624	4,048
	117,541	155,893
Credit to deferred tax	(2,231)	(548)
	115,310	155,345

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

(a) Enterprise Income Tax (“EIT”)

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

(b) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2025 and 2024.

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended	
	30 June	30 June
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	640,561	686,827

	Six months ended	
	30 June	30 June
	2025	2024
	'000	'000
	(Unaudited)	(Unaudited)
Shares		
Number of shares in issue during the period	4,610,000	4,610,000

The Company did not have any potential ordinary shares outstanding to be issued during the six months ended 30 June 2025 and 2024. Diluted earnings per share is equal to basic earnings per share.

9. PREPAID LEASE PAYMENTS

The Group did not acquire any land use right during the six months ended 30 June 2025 and 2024. Prepaid lease payments with carrying amounts of RMB1,847,000 (*six months ended 30 June 2024: Nil*) were disposed of during the six months ended 30 June 2025.

10. INTERESTS IN JOINT VENTURES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Carrying amount in joint ventures	396,863	333,906

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 2025 %	31 December 2024 %	
貴州錦麟化工有限責任公司 (transliterated as Guizhou Jinlin Chemical Co., Ltd.) (Note (i))	The PRC, 12 April 2007	RMB584,221	Direct	33.99	33.99	Phosphorus mining and processing, manufacturing and sales of phosphorus ore and chemical products
CBC (Canada) Holding Corp. (“CBC (Canada)”) (中海化學(加拿大)控股公司 (Notes (ii, iii)))	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) (Note (i))	The 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.) (Note (i))	The PRC, 16 October 2000	RMB1,800	Indirect	36.56	36.56	Provision of overseas shipping services

Notes:

- (i) The English translation of the company names of the companies established in the PRC is for reference only. The official names of these joint ventures are in Chinese.
- (ii) The Chinese translation of the company name of the company established in the Canada is for reference only. The official name of this joint venture is in English.
- (iii) The Company and another shareholder mutually agreed in writing on 1 April 2016 to establish joint control over CBC (Canada) by requiring unanimous votes in all CBC (Canada)'s resolutions. The Company has determined that it has no control but joint control over CBC (Canada), accordingly, the Company considers CBC (Canada) as a joint venture.

11. INTERESTS IN ASSOCIATES

	30 June 2025 RMB '000 (Unaudited)	31 December 2024 RMB '000 (Audited)
Carrying amount in associates	129,546	127,404

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

Name of the entity (Note (i))	Place and date of incorporation and place of operation	Registered capital '000		Percentage of equity interest attributable to the Company		Principal activities
				30 June 2025	31 December 2024	
				%	%	
廣西惠多利農業科技有限公司 (transliterated as Guangxi Huiduoli Agricultural Technology Company Limited) ("Guangxi Huiduoli")	The PRC, 11 January 2003	RMB30,000	Indirect	34.00	34.00	Trading of fertilisers and chemicals
中石油(內蒙古)新材料有限責任公司(transliterated as PetroChina (Inner Mongolia) New Material Company Limited) ("New Material Company")	The PRC, 18 December 2000	RMB2,272,856	Direct	25.27	25.27	Manufacturing and sale of fertilisers and methanol
聯合惠農農資(北京)有限公司 (transliterated as United Agricultural Means of Production (Beijing) Co., Ltd.)	The PRC, 7 June 2016	RMB100,000	Direct	30.00	30.00	Merchandising

Note:

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

12. LOAN RECEIVABLE

Loan receivable comprises of:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Unsecured loan		
– Principal	208,252	208,252

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

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within one year	208,252	–
Over one year but within two years	–	208,252
	208,252	208,252

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current portion	208,252	–
Non-current portion	–	208,252
	208,252	208,252

13. TRADE RECEIVABLES

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

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

An 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, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within one year	106,950	20,777
Over one year but within two years	—	—
Over two years but within three years	—	534
Over three years	2,884	2,310
	109,834	23,621

As at 30 June 2025, the amounts due from associates, joint ventures and the Company's subsidiaries' non-controlling shareholders and the non-controlling shareholders' subsidiaries (the "Other Related Parties") and the subsidiaries and associates of the ultimate holding company, excluding CNOOC Finance Corporation Limited (collectively referred to as the "CNOOC group companies") included in the trade receivables which are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to the major customers of the Group, are detailed as follow:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
CNOOC group companies	78,212	9,065
Associates	2,844	2,844
Joint ventures	1,111	1,714
	82,167	13,623

14. BILLS RECEIVABLE

The bills receivable of the Group as at 30 June 2025 and 31 December 2024 all mature within twelve months.

As at 30 June 2025, the Group has transferred bills receivable of nil (31 December 2024: RMB101,547,000) having maturity less than twelve months from the reporting dates to its suppliers to settle its payables through endorsing the bills to its suppliers. The Group has derecognised these bills receivable and the payables to suppliers in their entirety. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing bank failed to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant.

As at 30 June 2025, 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 nil (31 December 2024: RMB101,547,000).

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

15. PROPOSED DIVIDENDS

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

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

During the six months ended 30 June 2025, a final dividend of RMB0.1208 per share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: a final dividend of RMB0.207 per share in respect of the year ended 31 December 2023) was declared and paid to the owners of the Company. The dividend declared and paid during the six months ended 30 June 2025 amounted to RMB556,888,000 (six months ended 30 June 2024: RMB954,270,000).

The board of directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: RMBNil).

16. 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 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within one year	1,020,751	1,022,590
Over one year but within two years	751	42,349
Over two years but within three years	—	1,527
Over three years	1,486	1,530
	<u>1,022,988</u>	<u>1,067,996</u>

As at 30 June 2025, the amounts due to CNOOC group companies, joint ventures and 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 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
CNOOC group companies	433,344	364,373
Joint ventures	3,338	71
Other Related Parties	1,214	6,346
	<u>437,896</u>	<u>370,790</u>

(III) MANAGEMENT DISCUSSION AND ANALYSIS

(a) Sector Review

Chemical fertiliser industry

Impacted by changes in domestic supply and demand fundamentals and relevant policies, the fertiliser market generally showed a trend of rising followed by volatile consolidation in the first half of 2025.

- *Urea*

The market prices of urea fluctuated dramatically, dominated alternatively by policy expectations and core supply-demand imbalances. In the first quarter, driven by demand for fertiliser for spring ploughing, prices fluctuated upwards from a low level, rising from RMB1,570 per ton in early January to a high of RMB1,980 per ton at the end of March. In the second quarter, weakening industrial and agricultural demand and weaker-than-expected exports led to a volatile price pattern, with mainstream prices falling to RMB1,750–1,830 per ton by the end of June. The average market price for the first half of the year was RMB1,804 per ton, down RMB434 per ton or 19% compared with last year.

- *Phosphate fertilisers*

The market prices of phosphate fertilisers remained relatively high overall, showing an increasing trend compared with last year, though the rate of increase varied. MAP saw a larger increase than DAP.

The average market price of MAP was RMB3,268 per ton, up 6.48% compared with last year. The pessimistic sentiment at the beginning of the first quarter, which continued from the end of last year, led to weak market demand, pushing prices down to a first-half low of RMB3,010 per ton. Subsequently, supported by soaring sulphur prices and spring fertiliser demand, prices continued to rise. After the spring fertiliser demand ended in the second quarter, prices briefly retreated. Subsequently, boosted by positive news on phosphate fertiliser exports, prices began a second round of increases, reaching a first-half high of RMB3,403 per ton.

The average market price of DAP was RMB3,954 per ton, up 1.59% compared with last year. Slow progress in winter fertiliser preparations in the first quarter, coupled with stagnant trading during the Spring Festival, pushed prices down to a first-half low of RMB3,808 per ton. Later in the quarter, driven by rising sulphur prices and the surge in demand for spring fertiliser preparations, prices gradually rebounded. In the second quarter, supported by the demand for spring fertiliser preparations, prices rose to the highest point in the first half of the year at RMB4,032 per ton; after the end of spring fertiliser use, prices fell slightly due to weak demand for summer fertiliser use.

Chemical industry

In the first half of 2025, the downward shift in the centre of gravity of international oil prices, coupled with the intensification of trade policy disturbances such as tariffs, had put continuous pressure on prices in the domestic chemical industry, and the overall operation remains weak.

(I) Methanol

The methanol market has experienced a cycle of high price volatility, a weak decline, and then a rebound. In the first quarter, reduced imports maintained a tight supply-demand balance, keeping prices volatile at a high level. Prices in Guangdong fluctuated between RMB2,608 and RMB2,735 per ton, while in Fujian between RMB2,630 and RMB2,835 per ton. In the second quarter, the US “reciprocal tariff” policy triggered global economic turmoil. This, coupled with increased imports, weakened supply and demand, putting continued downward pressure on prices. By mid-June, the futures market rebounded, driven by the outbreak of conflict in the Middle East (which drove up crude oil prices) and the shutdown of methanol plants in Iran to reduce production capacity, driving a broad-based strengthening in spot prices. During this period, prices in Guangdong ranged from RMB2,260 to RMB2,620 per ton, and in Fujian from RMB2,285 to RMB2,733 per ton.

(II) Acrylonitrile

The domestic acrylonitrile market experienced an initial rise followed by a decline. In the first quarter, due to a temporary supply shortage, prices remained at a high level, peaking near RMB12,000 per ton. In the second quarter, with the commissioning of new production capacity and the resumption of operations at plants undergoing maintenance, market supply became more abundant, and prices shifted to a low level range and fluctuated between RMB8,000 to RMB9,000 per ton. The average price in the first half of the year was RMB9,350.41 per ton, down 5.4% from RMB9,888.10 per ton in the same period last year.

The core reason for the decline in the average price of acrylonitrile in the first half of the year was that the growth of industry consumption was insufficient to meet supply growth, leading to a persistent oversupply situation. On the supply side, the gradual release of new capacity from companies such as Yulong Petrochemical, Sinochem Quanzhou, and Zhenhai Refining and Chemical drove production to a 15.63% increase compared with last year, of approximately 1.953 million tons. While demand improved, with downstream demand for ABS, acrylamide and acrylic fibre totalling approximately 1.697 million tons, up 18.67% compared with last year, but this still failed to offset the increase in supply. The imbalance in supply and demand drove prices downwards.

(b) Business Review

During the reporting period, the Company continued to strengthen production and operations control and system management, deeply implementing the concept of green development, and maintaining an overall stable production safety situation. In the first half of the year, key production indicators performed exceptionally well: Hainan Fudao's methanol production and Basuo Port's cumulative throughput both reached record highs for the same period. Huahe Coal Chemical's fertiliser plant achieved a record-breaking 314-day operation cycle breaking its own record. As a result, the Company produced 968,000 tons of urea, 781,000 tons of methanol, 450,000 tons of phosphate and compound fertilisers, and 132,000 tons of acrylonitrile products in the first half of the year.

Faced with a complex and volatile market situation in the first half of the year, the Company continued to deepen market research and judgment, and adhere to scientific and accurate pricing principles. By establishing a weekly production and sales coordination meeting mechanism, the Company optimised storage and transportation links to ensure efficient product distribution. At the same time, it increased its efforts to generate export revenue and comprehensively promote market expansion and efficiency. In the first half of the year, the Company sold 996,000 tons of urea, 726,000 tons of methanol, 386,000 tons of phosphate and compound fertilisers, and 127,000 tons of acrylonitrile products.

The Company accelerated the implementation of key projects, successfully producing the first ton of green methanol in China using municipal waste as feedstock and earning the International Sustainability and Carbon Certification (ISCC). This product was successfully used on domestically produced dual-fuel vessels, marking the first green methanol bunkering in China.

In the first half of the year, the Company achieved unified access to monitoring data for its environmental information system, achieving 100% compliance with pollutant emissions standards for three consecutive years and maintaining zero environmental pollution incidents. Specifically, Dayukou Chemical's comprehensive utilisation rate of phosphogypsum increased from 61.15% to 73.09%, exceeding target requirements.

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						
Chemical fertilisers	2025			2024		
	Production	Sales	Utilisation	Production	Sales	Utilisation
	volume (tonnes)	volume (tonnes)	rate (%)	volume (tonnes)	volume (tonnes)	rate (%)
Urea						
CNOOC Fudao Phase I	274,365	265,479	105.5	261,314	262,043	100.5
CNOOC Fudao Phase II	357,682	373,106	89.4	371,940	391,374	93.0
CNOOC Huahe	335,600	357,248	129.1	340,222	349,845	130.9
Group total	967,647	995,833	105.2	973,476	1,003,262	105.8
Phosphate fertilisers and compound fertilisers						
DYK MAP	34,028	29,158	45.4	31,114	28,834	41.5
DYK DAP Phase I (Note 1)	167,806	172,664	95.9	172,419	165,823	98.5
DYK DAP Phase II	247,794	183,979	97.8	241,548	206,348	96.6
Group total	449,628	385,801	89.9	445,081	401,005	89.0
Chemical products						
Methanol						
Hainan Phase I	345,313	318,406	115.1	332,234	315,953	110.7
Hainan Phase II	436,153	407,768	109.0	374,750	352,507	93.7
Group total	781,466	726,174	111.6	706,984	668,460	101.0
Acrylonitrile and relating products						
Acrylonitrile	95,367	93,652	95.4	72,712	67,157	72.7
Acetonitrile	3,219	3,095	107.3	2,306	2,077	76.9
MMA	33,592	30,597	96.0	22,473	19,184	64.2
Group total	132,178	127,344	95.8	97,491	88,418	70.6

Note 1: In the first half of 2025, the DYK DAP Phase I Plant produced 0 tonnes of DAP and 167,806 tonnes of compound fertilisers, amounting to 167,806 tonnes in total, and sold 0 tonnes of DAP and 172,664 tonnes of compound fertilisers, amounting to 172,664 tonnes in total. 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.

BB fertilisers

In the first half of 2025, the Group produced a total of 13,396 tonnes of BB fertilisers with a sales volume of 11,155 tonnes.

(c) Financial Review

Revenue and gross profit

During the reporting period, the Group's revenue was RMB5,850.2 million, representing a decrease of RMB156.4 million, or 2.6%, from that of RMB6,006.6 million in the same period of 2024. This was primarily attributable to the fluctuation in the urea market, resulting in a significant year-on-year decrease in the selling price of urea for the Group.

During the reporting period, the Group realised an external revenue from urea of RMB1,660.8 million, representing a decrease of RMB441.6 million, or 21.0%, from that of RMB2,102.4 million during the same period of 2024. This was primarily attributable to (1) a decrease of RMB427.9 per tonne in the selling price of urea, resulting in a decrease of RMB426.1 million in revenue; and (2) a decrease of 7,428.9 tonnes in the sales volume of urea, resulting in a decrease of RMB15.5 million in revenue.

During the reporting period, the Group realised an external revenue from phosphate and compound fertilisers of RMB1,343.2 million, representing a decrease of RMB28.1 million, or 2.0%, from that of RMB1,371.3 million in the same period 2024. This was primarily attributable to (1) a decrease of 2,896.5 tonnes in the sales volume of phosphate and compound fertilisers, resulting in an decrease of RMB9.6 million in revenue; and (2) a decrease of RMB45.0 per tonne in the selling price of phosphate and compound fertilisers, resulting in an decrease of RMB18.5 million in revenue.

During the reporting period, the Group realised an external revenue from methanol of RMB1,592.8 million, representing an increase of RMB114.2 million, or 7.7%, from that of RMB1,478.6 million in the same period of 2024. This was primarily attributable to (1) an decrease of RMB18.5 per tonne in the selling price of methanol, which decreased the revenue by RMB13.4 million; and (2) a increase of 57,713.7 tonnes in the sales volume of methanol, which increased the revenue by RMB127.6 million.

During the reporting period, the Group realised an external revenue from acrylonitrile series products of RMB1,074.7 million, representing an increase of RMB249.8 million, or 30.3%, from that of RMB824.9 million in the same period of 2024. This was primarily attributable to (1) a decrease of RMB889.9 per tonne in the selling price of acrylonitrile series products, which decreased the revenue by RMB113.3 million; and (2) an increase of 38,925.7 tonnes in the sales volume of acrylonitrile series products, which increased the revenue by RMB363.1 million.

During the reporting period, the Group realised an external revenue from other segments (primarily comprising port operations and provision of transportation services; trading in fertilisers and chemicals and the production and sale of liquid ammonia, etc) of RMB178.7 million, representing a decrease of RMB50.8 million, or 22.1%, from that of RMB229.5 million in the same period of 2024. This was primarily attributable to (1) a decrease in the Company's trading volume, resulting in a reduction of RMB51.0 million in trading revenue; (2) an increase of RMB2.8 million in revenue due to cargo handling and transportation volumes of Basuo Port; (3) a decrease of RMB2.6 million in revenue from the sales of liquid ammonia, formaldehyde and carbon dioxide, etc.

During the reporting period, the Group's gross profit was RMB847.9 million, representing a decrease of RMB155.2 million, or 15.5%, from RMB1,003.1 million in the same period of 2024. This was primarily attributable to (1) a decrease of RMB263.5 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 RMB73.1 million in gross profit of phosphate and compound fertilisers due to a decrease of sales volume, a decrease in price and a decrease in cost; (3) an increase of RMB149.3 million in the gross profit due to an increase in sales volume of methanol and a decrease in cost, offsetting the decrease in price; (4) a decrease of RMB3.3 million in the gross profit of acrylonitrile series products due to a decrease in price and an increase in cost, partially offset by an increase in sales volume; and (5) an increase of RMB35.4 million in the gross profit due to an increase in cargo handling and transportation volumes at Basuo Port, partially offset by a reduction in trade volume.

Other income and other gains and losses, net

During the reporting period, the Group's other income amounted to RMB25.2 million, representing an decrease of RMB7.4 million, or 22.7%, from that of RMB32.6 million in the same period of 2024. This was primarily due to decreases of RMB2.2 million in labor services revenue and RMB3.6 million in materials sales revenue.

During the reporting period, the Group's other gains and losses, net amounted to RMB83.7 million, representing an increase of RMB81.7 million compared to RMB2.0 million in the same period of 2024, a growth rate of 4,085.0%. The increase was primarily attributable to the disposal gain related to urban renewal projects by the Basuo Port companies, which resulted in an increase of RMB77.9 million compared to the same period last year.

Selling and distribution costs

During the reporting period, the Group's selling and distribution costs amounted to RMB33.5 million, representing a decrease of RMB6.5 million, or 16.3%, from that of RMB40.0 million in the same period of 2024. This was primarily attributable to (1) a year-on-year decrease of RMB3.4 million in labour costs for sales agency; (2) a year-on-year decrease of RMB1.1 million in promotional expenses due to the impact of exhibition and sales plans.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB283.4 million, representing an increase of RMB1.9 million, or 0.7%, from that of RMB281.5 million in the same period of 2024, remaining largely unchanged year-on-year.

Other expenses

During the reporting period, the Group's other expenses amounted to RMB27.0 million, representing a increase of RMB24.4 million, or 938.5%, from that of RMB2.6 million in the same period of 2024. This was primarily attributable to a year-on-year increase of RMB25.0 million in external donations during the current year.

Finance income and finance costs

During the reporting period, the Group's finance income amounted to RMB162.9 million (of which finance income from sizable certificate of deposit business amounted to RMB156.6 million), representing a decrease of RMB9.7 million, or 5.6%, from that of RMB172.6 million (of which finance income from sizable certificate of deposit business amounted to RMB163.8 million) in the same period of 2024.

During the reporting period, the Group's finance costs amounted to RMB24.4 million, representing an decrease by RMB2.6 million, or 9.6%, from that of RMB27.0 million in the same period of 2024. This was primarily attributable to the year-on-year decreased of loan interest rates.

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

Net exchange gains (losses), net

During the reporting period, the Group recorded net exchange gains of RMB0.8 million, representing an increase in gain of RMB6.7 million from net exchange losses of RMB5.9 million in the same period of 2024. This was primarily attributable to significant fluctuations in the exchange rate between the announcement and distribution of H shares dividends last year.

Gain on disposal of subsidiaries

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

Share of net gains and losses of associates and joint ventures

During the reporting period, the Group's share of profits of associates and joint ventures amounted to RMB65.3 million, representing an increase of RMB60.9 million, or 1,384.1%, from that of RMB4.4 million in the same period of 2024. This was primarily attributable to significant year-on-year increase in the operating performance of Guizhou Jinlin Chemical Co., Ltd. (貴州錦麟化工有限責任公司) for the year, resulting in the recognition of an increase of RMB58.5 million in the investment income in it for the year.

Income tax expense

During the reporting period, the Group's income tax expense amounted to RMB115.3 million, representing an decrease of RMB40.0 million from that of RMB155.3 million in the same period of 2024, representing a decrease of 25.8%. 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 RMB49.5 million in current income tax expense; and (2) the disposal gains related to urban renewal projects by the Basuo Port companies increased current income tax expenses by RMB11.7 million.

Net profit for the period

During the reporting period, the Group's net profit was RMB723.8 million, representing a decrease of RMB19.6 million, or 2.6%, as compared with that of RMB743.4 million for the same period of 2024.

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 2025. During the reporting period, the Company made dividend payments for 2024 in cash in the total amount of RMB556.9 million.

Capital expenditures

During the reporting period, the Group had total capital expenditures of RMB78.76 million, including RMB49.76 million for construction of the midstream and downstream projects, RMB0.37 million for base construction (production accessories), RMB16.82 million for technical renovation projects, RMB4.07 million for energy conservation, safety and environmental protection projects, RMB6.71 million for informatisation construction and electronic office equipment and RMB1.03 million for technology research projects (capital expenditures).

The key projects mainly included: (1) the chemical project in respect of DYK Chupi Mountain Phosphogypsum Dry Slag Yard Project (Phase II) in the amount of RMB27.83 million; (2) the expenditure of the underground mining engineering project of DYK Company with an annual phosphate ore output of 1.60 million tonnes in the amount of RMB19.48 million; (3) the expenditure for the research and application of domestic technology in the Secondary Reformer of Fudao Phase I Plant in the amount of RMB4.01 million.

Pledge of assets

As at 30 June 2025, 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 take the form of borrowing new debts or issuing new shares. As at 30 June 2025, the Group had total interest-bearing liabilities of RMB2,335.2 million, all of which were floating-rate liabilities. The gearing ratio of the Group as at 30 June 2025 (calculated as interest-bearing liabilities divided by the sum of equity and interest-bearing liabilities) was 10.7%.

Cash and cash equivalents

At the beginning of 2025, the Group had cash and cash equivalents of RMB679.9 million. For the first half of 2025, net cash inflow from operating activities was RMB584.8 million, net cash outflow from investing activities was RMB249.5 million, net cash outflow from financing activities was RMB482.0 million, and the decrease in cash and cash equivalents due to the effect of foreign exchange rate changes was RMB0.1 million. As at 30 June 2025, the Group's cash and cash equivalents were RMB533.1 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 2025, the Group had a total of 3,675 employees, and the total remuneration and allowances of employees amounted to approximately RMB439.9 million for the first half of 2025. 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 2025, the Company strictly followed the annual training plan with a total of 41,140 enrolments and a total of 169,305 training hours. The Company also organised a total of 2,713 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 34,557 enrolments and 99,363 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 7.1586 and 7.1745. 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 2025, the balance of the Group's deposits in USD was US\$10.1 million, and the balance of the Group's deposits in HKD was HK\$2.0 million.

Inflation and currency risk

According to the National Bureau of Statistics of China, the consumer price index of the PRC decreased 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 acquisition and disposal.

(d) Sector Outlook

In the second half of 2025, urea will remain in a capacity expansion cycle. Despite some growth expectations for industrial and agricultural demand, the overall market will continue to be “oversupplied”. In the third quarter, prices may see a temporary upward trend, driven by the combined impact of the export window and agricultural demand. Entering the fourth quarter, the release of new capacity and weakening demand will create a ripple effect, and prices are expected to remain under pressure. The prices of monoammonium phosphate may fluctuate within a narrow range at a high level, supported by strong raw material costs and favourable demand factors. The diammonium phosphate market is expected to maintain a stable consolidation cycle. In the third quarter, domestic autumn storage and export demand will resonate, resulting in strong overall demand and stable prices. In the fourth quarter, the demand for phosphate fertiliser is expected to decline overall, putting downward pressure on prices, but overall fluctuations will be relatively limited, supported by cost factors.

In the second half of the year, methanol supply remains accommodative, with import arrivals projected to increase. While the market will experience its traditional peak season of September and October, and downstream demand may see a temporary improvement, the supply and demand landscape is expected to fluctuate frequently, with the overall market trend characterised by wide fluctuations. The market should be closely monitored for the impact of factors such as seasonal downstream supply and demand, crude oil price fluctuations, the pace of import arrivals and methanol futures trends. Regarding acrylonitrile, growth is expected on both the supply and demand sides in the second half of the year, but with the continued release of new production capacity, the oversupply situation will further intensify. Overall, any improvement in acrylonitrile prices will require major domestic companies to reduce plant loads.

(e) Our Key Tasks in the second half of 2025

- Improve the equipment management system to ensure safe and stable operation of equipment and strengthen the foundation of intrinsic safety;
- Focus on establishing quality positioning, expand market and sales, and enhance marketing effectiveness;
- Promote the “AI+” initiative to accelerate the deep integration of digital technology and the real economy;
- Promote the study of key projects for the utilisation of carbon-rich natural gas;
- Strengthen communication matrix management to continuously enhance brand value; and
- Explore more investment opportunities in the green fuel industry.

(IV) 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 2025. The Group’s unaudited interim results for the six months ended 30 June 2025 have been reviewed independently by the Company’s external auditor, Forvis Mazars CPA 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 Forvis Mazars CPA 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 2025, 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 on the same day, Mr. Hou Xiaofeng, an executive director, was appointed by the Board to perform the duties and responsibilities of the chairman of the Board until the effective date of the appointment of the new chairman of the Board. On 30 October 2024, Mr. Hou Xiaofeng was appointed as the 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, serves 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 eight directors, which is in compliance with the Listing Rules; (ii) Mr. Hou Xiaofeng and the other directors are aware of and undertake to fulfill their fiduciary duties as directors, which require, among other things, that they act for the benefit and in the best interest of the Company and make decisions for the Company accordingly; (iii) the balance of power and responsibilities is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels. On 18 March 2025, Mr. Hou Xiaofeng resigned as the chief executive officer and president of the Company. Since then, the Company has re-complied with code provision C.2.1 of the Corporate Governance Code.

Under code provision F.1.3 of the Corporate Governance Code, the chairman of the Board should attend the annual general meeting of the Company. Mr. Hou Xiaofeng was unable to attend the 2024 annual general meeting, H Shareholders' class meeting and domestic Shareholders' class meeting held on 29 May 2025 due to other business arrangements. The above meetings were chaired by Ms. He Qunhui at the time, being an executive Director. Ms. He Qunhui, together with other members of the Board who attended the annual general meeting and the Shareholders' class meeting, were of sufficient calibre to answer questions at the meetings and had answered questions at the meetings competently.

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

The Board confirms that, having made specific enquiries with all directors and supervisors of the Company, during the six months ended 30 June 2025, all members of the Board and all supervisors have complied with the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix C3 to the Listing Rules.

Purchase, Sale and Redemption of the Company's Listed Securities

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Disclosure on the Website of the Stock Exchange

This results announcement is published on the HKExnews website (<http://www.hkexnews.hk>) and on the Company's website (<http://www.chinabluechem.com.cn>). The 2025 Interim Report will be available on the HKExnews and the Company's website in due course.

By Order of the Board
China BlueChemical Ltd.*
Hou Xiaofeng
Chairman

Beijing, the People's Republic of China, 19 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Hou Xiaofeng, Mr. Rao Shicai and Ms. He Qunhui, the non-executive directors of the Company are Ms. Shao Lihua and Mr. He Qizhong, and the independent non-executive directors of the Company are Mr. Lin Feng, Mr. Xie Dong and Mr. Yang Wanhong.

* For identification purpose only