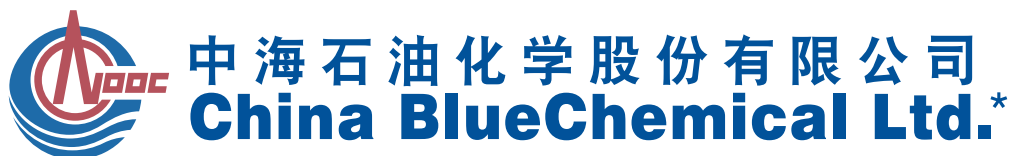


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

**(Stock Code: 3983)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**FINANCIAL HIGHLIGHTS**

1. Revenue amounted to RMB13,398 million
2. Gross profit amounted to RMB2,936 million
3. Profit attributable to owners of the Company amounted to RMB1,498 million
4. Basic earnings per share amounted to RMB0.32
5. Proposed final dividends amounted to RMB0.155 per share

**(I) AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2021*

		<b>2021</b>	2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	4	<b>13,398,008</b>	10,417,493
Cost of sales		<b><u>(10,461,599)</u></b>	<u>(9,083,765)</u>
Gross profit		<b>2,936,409</b>	1,333,728
Other income	4	<b>109,982</b>	125,825
Other gains and losses, net	5	<b>(3,587)</b>	54,256
Selling and distribution costs		<b>(118,507)</b>	(183,126)
Administrative expenses		<b>(542,300)</b>	(432,558)
Other expenses		<b>(358,862)</b>	(28,367)
Change in fair value of financial assets at fair value through profit or loss		<b>6,122</b>	—
Finance income	6	<b>372,708</b>	272,632
Finance costs	7	<b>(50,559)</b>	(75,987)
Impairment losses	8	<b>(304,326)</b>	—
Exchange gains/(losses), net		<b>363</b>	(13,207)
Gains on disposal of a subsidiary	16	<b>68,707</b>	—
Gains on disposal of an associate	16	<b>455,103</b>	—
Gains on deemed disposal of a joint venture	11	<b>67,036</b>	—
Share of profits/(losses) of joint ventures		<b>717</b>	(405)
Share of profits of associates		<b><u>2,600</u></b>	<u>824</u>
Profit before income tax	8	<b>2,641,606</b>	1,053,615
Income tax expenses	9	<b><u>(1,000,171)</u></b>	<u>(274,458)</u>
		<b><u>1,641,435</u></b>	<u>779,157</u>
Profit attributable to:			
Owners of the Company	10	<b>1,497,598</b>	745,485
Non-controlling interests		<b><u>143,837</u></b>	<u>33,672</u>
		<b><u>1,641,435</u></b>	<u>779,157</u>
Earnings per share attributable to owners of the Company			
— Basic for the year (RMB per share)	10	<b><u>0.32</u></b>	<u>0.16</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	<u>1,641,435</u>	<u>779,157</u>
<b>Other comprehensive income for the year, net of tax:</b>		
Exchange differences arising on translation of foreign operations	(246)	(1,703)
Share of other comprehensive income of joint ventures	(1,161)	(3,964)
Share of other comprehensive income of associates	<u>(52)</u>	<u>(145)</u>
Other comprehensive income for the year, net of tax	<u>(1,459)</u>	<u>(5,812)</u>
Total comprehensive income for the year	<u><u>1,639,976</u></u>	<u><u>773,345</u></u>
Total comprehensive income attributable to:		
Owners of the Company	1,496,139	739,673
Non-controlling interests	<u>143,837</u>	<u>33,672</u>
	<u><u>1,639,976</u></u>	<u><u>773,345</u></u>

Details of the proposed dividends for the year are disclosed in Note 13.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>6,742,510</b>	6,532,764
Mining rights		<b>130,279</b>	131,862
Prepaid lease payments		<b>533,210</b>	546,770
Investment properties		<b>86,196</b>	93,500
Intangible assets		<b>39,840</b>	27,427
Investment in joint ventures	<i>11</i>	<b>289,524</b>	223,550
Investment in associates		<b>34,424</b>	35,019
Financial asset at fair value through other comprehensive income		<b>600</b>	600
Deferred tax assets		<b>37,517</b>	470,816
Other long-term prepayment		<b>75,867</b>	—
		<b><u>7,969,967</u></b>	<u>8,062,308</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>1,231,545</b>	1,001,505
Trade receivables	<i>12</i>	<b>35,409</b>	25,082
Bills receivable		<b>176,853</b>	610,794
Contract assets		<b>7,259</b>	13,157
Prepayments, deposits and other receivables		<b>332,375</b>	426,519
Financial assets at fair value through profit or loss		<b>2,756,122</b>	—
VAT recoverable		<b>434,380</b>	234,980
Pledged bank deposits		<b>13,219</b>	7,350
Time deposits with original maturity over three months		<b>7,800,000</b>	7,400,000
Cash and cash equivalents		<b>674,449</b>	2,765,441
		<b><u>13,461,611</u></b>	<u>12,484,828</u>
A disposal group and a non-current asset classified as held for sale	<i>16</i>	<b>—</b>	200,632
		<b><u>13,461,611</u></b>	<u>12,685,460</u>
<b>TOTAL ASSETS</b>		<b><u>21,431,578</u></b>	<u>20,747,768</u>
<b>EQUITY</b>			
<b>CAPITAL AND RESERVES</b>			
Issued capital		<b>4,610,000</b>	4,610,000
Reserves		<b>10,502,551</b>	9,720,962
Proposed dividends	<i>13</i>	<b>714,550</b>	368,800
Equity attributable to owners of the Company		<b>15,827,101</b>	14,699,762
Non-controlling interests		<b>1,087,573</b>	928,375
<b>TOTAL EQUITY</b>		<b><u>16,914,674</u></b>	<u>15,628,137</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Benefits liability		<b>6,059</b>	31,274
Interest-bearing bank borrowings		<b>571,991</b>	10,000
Lease liabilities		<b>17,120</b>	21,636
Deferred tax liabilities		<b>27,331</b>	14,456
Deferred revenue		<b>125,804</b>	123,474
Other long-term liabilities		<b>326,560</b>	16,080
		<b><u>1,074,865</u></b>	<u>216,920</u>
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>447,750</b>	1,940,971
Trade payables	<i>14</i>	<b>1,335,288</b>	740,413
Contract liabilities		<b>811,122</b>	677,766
Other payables and accruals		<b>667,949</b>	1,456,746
Lease liabilities		<b>8,695</b>	5,126
Income tax payable		<b>171,235</b>	79,174
		<b>3,442,039</b>	4,900,196
Liabilities associated with a disposal group classified as held for sale	<i>16</i>	<u>—</u>	<u>2,515</u>
		<b><u>3,442,039</u></b>	<u>4,902,711</u>
<b>TOTAL LIABILITIES</b>		<b><u>4,516,904</u></b>	<u>5,119,631</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>21,431,578</u></b>	<u>20,747,768</u>
<b>NET CURRENT ASSETS</b>		<b><u>10,019,572</u></b>	<u>7,782,749</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>17,989,539</u></b>	<u>15,845,057</u>
<b>NET ASSETS</b>		<b><u>16,914,674</u></b>	<u>15,628,137</u>

## **(II) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2021*

### **1. GENERAL INFORMATION**

China BlueChemical Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) on 3 July 2000 as a limited liability. The registered office of the Company is located at No. 3, Park Third Road, Basuo Town, Dongfang City, Hainan Province, PRC.

In September and October 2006, the Company issued an aggregate 1,610,000,000 new H shares at a price of HKD1.90 per share to the public, which were 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”), compound fertilisers and polyformaldehyde (“POM”).

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

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

### **2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)**

#### **(a) Adoption of new or revised IFRSs**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
---	--

The Group also elected to adopt the following amendment early:

Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
-----------------------	---

None of the above new or amended IFRSs has a material impact on the Group’s results and financial position for the current or prior period.

**(b) New or revised IFRSs that have been issued but are not yet effective**

The following new or revised IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to 2018–2020 Cycle <sup>1</sup>
Amendments to IAS 16	Proceed before Intended Use <sup>1</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
IFRS 17	Insurance Contracts <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company do not anticipate that the applications of the amendments and revision in the future will have significant impacts on the financial statements.

### 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 MAP and DAP and compound fertilisers;
- (c) the methanol segment is engaged in the manufacture and sale of methanol; and
- (d) 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 ("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 consolidated financial statements. However, the Group's finance income, finance costs, exchange gains/losses, other gains and losses, net, other expenses, share of results of associates and joint ventures, impairment losses, change in fair value of financial assets at fair value through profit or loss ("FVTPL") and income tax expenses are managed on a group basis and are not allocated to operating segments.

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



## Operating segments

	Urea RMB'000	Methanol RMB'000	Phosphorus and compound fertiliser RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>						
<b>Segment revenue:</b>						
Sales to external customers	4,352,870	3,213,056	2,814,900	3,017,182	—	13,398,008
Inter-segment sales	—	—	—	140,019	(140,019)	—
Total	<u>4,352,870</u>	<u>3,213,056</u>	<u>2,814,900</u>	<u>3,157,201</u>	<u>(140,019)</u>	<u>13,398,008</u>
Segment profit/(loss) before income tax	<u>1,020,731</u>	<u>1,056,594</u>	<u>322,411</u>	<u>(14,152)</u>	<u>—</u>	<u>2,385,584</u>
Interest and unallocated income						375,243
Corporate and other unallocated expenses						(713,747)
Exchange gains, net						363
Share of profits of joint ventures						717
Share of profits of associates						2,600
Gains on deemed disposal of a joint venture						67,036
Gains on disposal of a subsidiary						68,707
Gains on disposal of an associate						<u>455,103</u>
Profit before income tax						<u>2,641,606</u>
<b>As at 31 December 2021</b>						
Total segment assets	4,562,104	2,265,553	1,909,417	12,698,582	(366,143)	21,069,513
Unallocated						<u>362,065</u>
Total assets						<u>21,431,578</u>
Total segment liabilities	318,034	369,160	790,947	3,371,512	(366,143)	4,483,510
Unallocated						<u>33,394</u>
Total liabilities						<u>4,516,904</u>
<b>Other segment information:</b>						
Depreciation and amortisation	295,731	78,411	127,818	55,779	—	557,739
Impairment loss of property, plant and equipment	264,444	36,259	—	—	—	300,703
Impairment loss of investment properties	—	—	1,867	—	—	1,867
Capital expenditure*	<u>165,900</u>	<u>66,246</u>	<u>85,794</u>	<u>989,424</u>	<u>—</u>	<u>1,307,364</u>

	Urea RMB'000	Methanol RMB'000	Phosphorus and compound fertiliser RMB'000	Others RMB'000	Elimination RMB'000	Total RMB'000
<b>Year ended 31 December 2020</b>						
<b>Segment revenue:</b>						
Sales to external customers	4,055,126	2,331,577	2,105,007	1,925,783	—	10,417,493
Inter-segment sales	—	—	—	323,290	(323,290)	—
<b>Total</b>	<b>4,055,126</b>	<b>2,331,577</b>	<b>2,105,007</b>	<b>2,249,073</b>	<b>(323,290)</b>	<b>10,417,493</b>
Segment profit/(loss) before income tax	676,981	133,898	104,050	(71,060)	—	843,869
Interest and unallocated income						326,888
Corporate and other unallocated expenses						(104,354)
Exchange losses, net						(13,207)
Share of losses of joint ventures						(405)
Share of profits of associates						824
<b>Profit before income tax</b>						<b>1,053,615</b>
<b>As at 31 December 2020</b>						
Total segment assets	6,652,644	2,397,277	1,939,763	9,636,072	(808,605)	19,817,151
Unallocated						930,617
<b>Total assets</b>						<b>20,747,768</b>
Total segment liabilities	2,168,336	369,956	1,094,525	2,247,174	(808,605)	5,071,386
Unallocated						48,245
<b>Total liabilities</b>						<b>5,119,631</b>
<b>Other segment information:</b>						
Depreciation and amortisation	302,286	163,499	131,807	50,659	—	648,251
Capital expenditure*	261,373	117,934	38,219	36,913	—	454,439

\* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

1 Inter-segment revenues are eliminated on consolidation.

2 Segment assets do not include deferred tax assets, financial asset at FVOCI and investments in joint ventures and associates.

3 Segment liabilities do not include dividends payable, deferred tax liabilities and benefits liability.

## Geographic information

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

	2021 RMB'000	2020 RMB'000
Sales to external customers:		
— PRC	12,181,247	9,762,177
— Others	<u>1,216,761</u>	<u>655,316</u>
	<u><u>13,398,008</u></u>	<u><u>10,417,493</u></u>

### (b) Non-current assets

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

## Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

## 4. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	2021 RMB'000	2020 RMB'000
<b>Revenue</b>		
Sale of goods, recognised at a point in time*	13,021,629	10,018,754
Render of services, recognised overtime*	<u>376,379</u>	<u>398,739</u>
	<u><u>13,398,008</u></u>	<u><u>10,417,493</u></u>
<b>Other income</b>		
Income from sale of other materials, recognised at a point in time*	10,281	29,611
Income from render of other services, recognised overtime*	6,294	8,508
Gross rental income	579	5,743
Government grants	26,464	29,784
Indemnities received	24,680	2,980
Sundry income	<u>41,684</u>	<u>49,199</u>
	<u><u>109,982</u></u>	<u><u>125,825</u></u>

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

## 5. OTHER GAINS AND LOSSES, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Gain on maturity of financial assets at FVTPL	12,508	56,960
Dividend income	—	150
Reversal of impairment losses on trade and other receivables	5,157	—
Loss on disposal of property, plant and equipment	<u>(21,252)</u>	<u>(2,854)</u>
	<u><u>(3,587)</u></u>	<u><u>54,256</u></u>

## 6. FINANCE INCOME

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

## 7. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank borrowings	49,334	74,611
Interest on lease liabilities	<u>1,225</u>	<u>1,376</u>
	<u><u>50,559</u></u>	<u><u>75,987</u></u>

## 8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold	10,085,796	8,785,262
Write-down/(reversal of write-down) of inventories	49,838	(1,596)
Cost of services provided	<u>325,965</u>	<u>300,099</u>
Cost of sales recognised as expenses	10,461,599	9,083,765
Depreciation and amortisation:		
Depreciation of property, plant and equipment		
— Owned property, plant and equipment	522,611	616,832
— Right-of-use assets included		
— Buildings	2,006	2,030
— Plant and machinery	2,991	2,788
Amortisation of mining rights	1,583	1,882
Amortisation of prepaid lease payments	15,103	15,214
Amortisation of investment properties	5,437	5,945
Amortisation of intangible assets	<u>8,008</u>	<u>3,560</u>
	<u>557,739</u>	<u>648,251</u>
Impairment losses:		
Impairment loss of property, plant and equipment	300,703	—
Impairment loss of investment properties	1,867	—
Impairment loss of associates	<u>1,756</u>	<u>—</u>
	<u>304,326</u>	<u>—</u>
Other expenses*	358,862	28,367
Auditors' remuneration	2,303	4,252
Employee benefit expense (including directors' and supervisors' remunerations):		
Wages and salaries	855,677	706,066
Defined contribution pension scheme	101,405	30,985
Early retirement benefits and post-employment allowances	490	761
Medical benefit costs	54,414	43,960
Housing fund	<u>77,906</u>	<u>71,945</u>

\* Included in other expenses were severance payments of RMB308,442,000 related to the layoff of certain labours and employees upon the suspension of urea and methanol operations of a subsidiary.

## 9. INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax	560,997	237,374
Deferred tax	<u>446,174</u>	<u>30,707</u>
	1,007,171	268,081
(Over)/under-provision in prior year	<u>(7,000)</u>	<u>6,377</u>
	<u><u>1,000,171</u></u>	<u><u>274,458</u></u>

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which 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 both years.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before income tax	<u>2,641,606</u>	<u>1,053,615</u>
Tax at the statutory tax rate of 25%	660,402	263,404
Income tax on concessionary rate	(75,124)	(6,579)
(Over)/under-provision in respect of prior year	(7,000)	6,377
Tax effect of share of profits of joint ventures and associates	(829)	(105)
Tax effect of tax losses not recognised	111,962	9,570
Utilisation of tax losses not recognised	(56,434)	—
Tax effect of deductible temporary differences not recognised	387,747	17,918
Utilisation of deductible temporary differences not recognised	(2,327)	(2,446)
Income not taxable for tax	(22,227)	(14,595)
Expenses not deductible for tax	<u>4,001</u>	<u>914</u>
Income tax expenses	<u><u>1,000,171</u></u>	<u><u>274,458</u></u>
The Group’s effective income tax rate	<u><u>38%</u></u>	<u><u>26%</u></u>

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profits for the year attributable to owners of the Company	<u>1,497,598</u>	<u>745,485</u>

	Number of shares	
	2021 '000	2020 '000
<b>Shares</b>		
Number of shares in issue during the year	<u>4,610,000</u>	<u>4,610,000</u>

The Group had no potential dilutive ordinary shares in issue during the year.

## 11. INVESTMENT IN JOINT VENTURES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of investment in joint ventures	265,299	265,299
Share of post-acquisition profits/(losses) and other comprehensive income, net of dividends received	<u>24,225</u>	<u>(41,749)</u>
	<u>289,524</u>	<u>223,550</u>

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

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

Name of subsidiaries	Place and date of incorporation and operation	Registered capital '000		Percentage of equity interest attributable to the Company		Principal activities
				2021	2020	
				%	%	
貴州錦麟化工有限責任公司 (transliterated as Guizhou Jinlin Chemical Co., Ltd.) (Note)	PRC 12 April 2007	RMB584,221	Direct Indirect	<b>33.99</b> —	41.26 —	Phosphorus mining and processing manufacture 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 Indirect	<b>60.00</b> —	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	Direct Indirect	— <b>36.56</b>	— 36.56	Provision of overseas shipping services

*Note:*

On 15 November 2021, the joint venture has entered into capital contribution agreement with a new investor, pursuant to the agreement, the new investor has contributed RMB300,000,000 to the joint venture, in which RMB102,823,000 was paid as the registered capital and representing 17.60% of equity interest of the joint venture and the remaining RMB197,177,000 was recognised as capital reserve of the joint venture. As a result of the capital contribution agreement, the equity interest attributed to the Group has decreased from 41.26% to 33.99% and gain on deemed disposal of a joint venture of RMB67,036,000 was recognised in the consolidated statement of profit or loss for the year.



The following table illustrates the summarised financial information of Guizhou Jinlin Chemical Co., Ltd., that are material to the Group and are accounted for using equity method:

	<b>Guizhou Jinlin Chemical Co., Ltd.</b>	
	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>As 31 December</b>		
Current assets	<b>304,085</b>	65,998
Non-current assets	<b>491,060</b>	426,369
Current liabilities	<b>(12,735)</b>	(9,980)
Non-current liabilities	<b>(4,870)</b>	(4,870)
<b>Year ended 31 December</b>		
Revenue	—	—
Profit/(loss) for the year	<u><b>23</b></u>	<u>(70)</u>
<b>Reconciled to the Group's interests in the joint venture</b>		
Gross amounts of net assets of the joint venture	<b>777,540</b>	477,517
Group's effective equity interest	<b>33.99%</b>	41.26%
Group's share of net assets of the joint venture	<b>264,286</b>	197,024
Carrying amount in the consolidated financial statements	<u><b>264,286</b></u>	<u>197,024</u>

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

	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
The Group's share of losses and other comprehensive income	<u><b>(1,035)</b></u>	<u>(4,340)</u>
Aggregate carrying amounts of the Group's investment in joint ventures	<u><b>25,238</b></u>	<u>26,526</u>

## 12. TRADE RECEIVABLES

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

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	<b>35,409</b>	25,844
Less: impairment loss	<u>—</u>	<u>(762)</u>
Net carrying amounts	<u><b>35,409</b></u>	<u>25,082</u>

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within one year	<u><b>35,409</b></u>	<u>25,082</u>

The expected credit losses (“ECLs”) allowance is assessed collectively for receivables that were neither past due nor impaired and individually for impaired trade receivables with an aggregate carrying amount of RMBNil (2020: RMB762,000).

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Neither past due nor impaired	<u><b>35,409</b></u>	<u>25,082</u>

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group.

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Balance at beginning of the year	<b>762</b>	762
Reversal of impairment loss	<u>(762)</u>	<u>—</u>
Balance at end of the year	<u><b>—</b></u>	<u>762</u>

As at 31 December 2021, the amount due from the ultimate holding company, its subsidiaries and associates (other than the ultimate holding company collectively referred to as the “CNOOC group companies”), associates and joint ventures included in the above balances, which are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to the major customers of the Group, can be analysis as follow:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
CNOOC group companies	<b>13,288</b>	5,632
Associates	<b>2,166</b>	3,206
Joint ventures	<b>325</b>	—
	<b><u>15,779</u></b>	<u>8,838</u>

### 13. PROPOSED DIVIDENDS

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Proposed dividends — RMB0.155 (2020: RMB0.080) per ordinary share	<b><u>714,550</u></b>	<u>368,800</u>

The proposed final dividend for the year ended 31 December 2020 was approved at the annual general meeting on 27 May 2021. Proposed final dividend for year ended 31 December 2021 is subject to the approval of the Company’s shareholders at the forthcoming 2021 annual general meeting.

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

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%.

### 14. TRADE PAYABLES

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within one year	<b>1,286,545</b>	729,489
Over one year but within two years	<b>45,865</b>	7,018
Over two years but within three years	<b>1,704</b>	1,560
Over three years	<b>1,174</b>	2,346
	<b><u>1,335,288</u></b>	<u>740,413</u>

## 15. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

### (i) General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place and date of incorporation and operation	Registered capital '000		Percentage of equity interest attributable to the Company %	Principal activities
海洋石油富島有限公司 (transliterated as CNOOC Fudao Limited)	PRC 31 December 2001	RMB477,400	Direct Indirect	100.00 —	Manufacture and sale of fertilisers
海南中海石油塑編有限公司 (transliterated as Hainan CNOOC Plastic Co., Ltd.)	PRC 28 April 2002	RMB12,716	Direct Indirect	100.00 —	Manufacture and sale of woven plastic bags
海南中海石油運輸服務有限公司 (transliterated as Hainan CNOOC Transportation Co., Ltd.)	PRC 22 October 2001	RMB6,250	Direct Indirect	— 73.11	Provision of transportation services
海南八所港務有限責任公司 (transliterated as Hainan Basuo Port Limited) (“Hainan Basuo Port”)	PRC 25 April 2005	RMB514,034	Direct Indirect	73.11 —	Port operation
中海石油天野化工有限責任公司 (transliterated as CNOOC Tianye Chemical Limited) (“CNOOC Tianye”)	PRC 18 December 2000	RMB2,272,856	Direct Indirect	92.27 —	Manufacture and sale of fertilisers and methanol
中海石油建滔化工有限公司 (transliterated as CNOOC Kingboard Chemical Limited) (“CNOOC Kingboard”)	PRC 31 October 2003	RMB500,000	Direct Indirect	60.00 —	Manufacture and sale of methanol
海油富島(上海)化學有限公司 (transliterated as CNOOC Fudao (Shanghai) Chemical Limited)	PRC 7 January 2002	RMB27,000	Direct Indirect	— 100.00	Trading of fertilisers
八所中理外輪理貨有限公司 (transliterated as China Basuo Ocean Shipping Tally Co., Ltd.)	PRC 9 May 2008	RMB300	Direct Indirect	— 61.41	Provision of overseas shipping services
中海油華鹿山西煤炭化工有限公司 (transliterated as CNOOC Hualu Shanxi Coal Chemical Co., Ltd) ( <i>Note</i> )	PRC 29 November 2005	RMB61,224	Direct Indirect	— —	Preparatory work for a methanol and, dimethyl ether project

Name of subsidiaries	Place and date of incorporation and operation	Registered capital '000		Percentage of equity interest attributable to the Company %	Principal activities
湖北大峪口化工有限責任公司 (transliterated as Hubei Dayukou Chemical Limited) ("Hubei Dayukou")	PRC 12 August 2005	RMB1,103,127	Direct Indirect	79.98 —	Phosphate mining and processing manufacture and sale of MAP and DAP fertilisers
廣西富島農業生產資料有限公司 (transliterated as Guangxi Fudao Agricultural Means of Production Limited)	PRC 11 January 2003	RMB20,000	Direct Indirect	— 51.00	Trading of fertilisers and chemicals
中海石油華鶴煤化有限公司 (transliterated as CNOOC Huahe Coal Chemical Limited)	PRC 26 May 2006	RMB1,035,600	Direct Indirect	100.00 —	Manufacture and sale of fertilisers
中海油(海南)富島化工有限公司 (transliterated as CNOOC (Hainan) Fudao Chemical Limited)	PRC 19 October 2020	RMB300,000	Direct Indirect	51.00 —	Manufacture and sale of acrylonitrile and methyl methacrylate
China BlueChemical (Hong Kong) Limited (中海化學(香港)有限公司)	Hong Kong 14 November 2013	HKD100	Direct Indirect	100.00 —	Trading of fertilisers

*Note:*

The company was disposed on 21 January 2021. Details of the transaction are stated in Note 16.

**(ii) Details of non-wholly owned subsidiaries that have material non-controlling interests**

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Proportion of ownership interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	2021	2020	2021	2020
			RMB'000	RMB'000	RMB'000	RMB'000
CNOOC Kingboard	<b>40.00%</b>	40.00%	<b>148,945</b>	(3,020)	<b>469,311</b>	314,820
Hainan Basuo Port	<b>26.89%</b>	26.89%	<b>7,320</b>	14,540	<b>205,339</b>	198,019
CNOOC Tianye	<b>7.73%</b>	7.73%	<b>(70,575)</b>	(236)	<b>(33,860)</b>	36,714
Hubei Dayukou	<b>20.02%</b>	20.02%	<b>54,289</b>	7,725	<b>271,191</b>	216,912

## 16. DISPOSAL OF A SUBSIDIARY AND AN ASSOCIATE

The Group has entered into 2 equity transaction agreements dated on 18 June 2020 with Hequ Taiyang Coal Industry Co., Ltd. (the “**Purchaser**”) to dispose (i) the Group’s 51% equity interest in a subsidiary, CNOOC Hualu Shanxi Coal Chemical Co., Ltd. (“**CNOOC Hualu**”), which under other segment; and (ii) 49% equity interest in an associate, Shanxi Hualu Yangpoquan Coal Mining Co., Ltd. (“**Yangpoquan Coal**”), at considerations of RMB102,066,000 and RMB637,000,000 respectively.

As at 31 December 2020, assets and liabilities of CNOOC Hualu and investment in an associate Yangpoquan were classified as “A disposal group and a non-current asset classified as held for sales” and “liabilities associated with a disposal group classified as held for sale” respectively. The Group received deposits of RMB719,066,000, which recognised under other payables and accruals, from the Purchaser on 31 December 2020. The Group was in view of that the equity transaction agreements have not yet been completed and they will provide necessary assistance and cooperation on procedures including the registration of the equity interests change and issuance of new business licenses so as to complete the disposal.

On 21 January 2021, the Group transferred the equity interests of CNOOC Hualu and Yangpoquan to the Purchaser.

### (a) Disposal of a subsidiary

The net asset of CNOOC Hualu at the dated of disposal were as follow:

	<b>2021</b>
	<i>RMB’000</i>
<b>Net assets disposal of:</b>	
Cash and cash equivalents	4
Prepayments, deposits and other receivables	6,153
Inventories	48
Property, plant and equipment	3,293
Prepaid lease payments	9,237
Other payables and accruals	(206)
Interest-bearing bank borrowings	(182)
Deferred tax liabilities	<u>(3,000)</u>
	15,347
Non-controlling interests	18,012
Consideration	<u>(102,066)</u>
Gain on disposal of a subsidiary	<u><u>(68,707)</u></u>
Satisfied by:	
Deposit received	82,066
Cash consideration received during the period	20,000
Cash and cash equivalents disposed of	<u>(4)</u>
Net cash inflow arising on disposal	<u><u>102,062</u></u>

**(b) Disposal of an associate**

	<b>2021</b> <i>RMB'000</i>
Investment in an associate	181,897
Consideration	<u>(637,000)</u>
Gain on disposal of an associate	<u><u>(455,103)</u></u>
Net cash inflow arising on disposal satisfied by:	
Deposit received	<u><u>637,000</u></u>

**(c) A disposal group classified as held for sale**

As at 31 December 2020, the following assets and liabilities relating to a disposal group, CNOOC Hualu, were reclassified as held for sale in the consolidated statement of financial position.

	<b>2020</b> <i>RMB'000</i>
<b>Assets classified as held for sale</b>	
Cash and cash equivalents	4
Prepayments, deposits and other receivables	6,153
Inventories	48
Property, plant and equipment	3,293
Prepaid lease payments	<u>9,237</u>
	<u><u>18,735</u></u>
<b>Liabilities associated with a disposal group classified as held for sale</b>	
Other payables and accruals	206
Deferred tax liabilities	<u>2,309</u>
	<u><u>2,515</u></u>

CNOOC Hualu incurred net profit of RMB28,364,000 during the year ended 31 December 2020. The disposal of CNOOC Hualu did not constitute a discontinued operation as it does not represent a major line of business.

**(d) A non-current asset classified held for sale**

As at 31 December 2020, the following non-current asset relating to Yangpoquan Coal was reclassified as held for sale in the consolidated statement of financial position.

	<b>2020</b> <i>RMB'000</i>
<b>Assets classified as held for sale</b>	
Investment in an associate	<u><u>181,897</u></u>

### (III)MANAGEMENT DISCUSSION AND ANALYSIS

#### 1. Sector Review

##### *Chemical fertiliser industry*

In 2021, the global economy was still affected by the COVID-19 pandemic. There was a general phenomenon of increasing stockpiling of grain across the countries, which led to an upward trend in international grain prices. It has always been emphasised by the PRC government that safeguarding grain safety is a critical national strategy. Therefore, it is imperative to stand firm on the commitment to grain safety by maintaining stable grain sown area so that Chinese people can have grain mainly produced in China. According to the data from the National Bureau of Statistics of China, in 2021, China remained as the largest grain producer in the world, with national total grain output of 682.85 million tonnes, up by 2.0% over 2020.

The COVID-19 pandemic continued to strike the global industry chain in 2021, among which the chemical fertiliser industry was also affected where prices hit peak for the recent decade. In the first half of the year, production cost of fertilisers surged as a result of factors such as higher bulk material prices, increasing environmental cost and rising electricity tariff. Meanwhile, fertiliser prices hiked as driven by the international market together with low social inventories. In the second half of the year, thanks to the intensive rollout of a series of national policies on ensuring supply and price stability, raw material prices declined, resulting in a gradual easing in prices of fertiliser products since the fourth quarter.

##### (1) *Urea*

According to industry statistics, the domestic production volume of urea amounted to approximately 54.58 million tonnes (in kind) in 2021, representing a year-on-year decrease of 2.7%. Meanwhile, the statistics from General Administration of Customs of the PRC (“GACC”) showed that China exported a total of approximately 5.30 million tonnes of urea in 2021, representing a year-on-year decrease of 2.8% over 2020.

In 2021, the urea price continued the rising trend seen at the fourth quarter of the previous year. Owing to the increased international urea price, tight supply and strong demand, the domestic urea price increased further in the first half of the year, and in particular, the high-end price rose to RMB2,900 per tonne. The price experienced a high volatility in the second half of the year. Bolstered by factors such as tight supply of raw materials and urea tenders in India, the price skyrocketed to its all-time high of more than RMB3,000 per tonne in October. With the rollout of national policies on ensuring fertiliser supply and price stability and on coal production ramp-up and price capping, the urea price has eased down since mid-October and stood firmly at RMB2,400 per tonne in December.



## (2) *Phosphate fertilisers*

According to industry statistics, the domestic annual output of ammonium phosphate was approximately 28.80 million tonnes (in kind) in 2021, representing a year-on-year decrease of approximately 12.8% over 2020. Meanwhile, the statistics from GACC showed that the export volume of DAP of China was 6.26 million tonnes in 2021, representing a year-on-year increase of 9.2% over 2020.

The overall price of phosphate fertilisers continued to ratchet up in 2021. In the first half of the year, driven by export demand as well as the demand from domestic spring farming, the export volume and price simultaneously increased. The tight supply also boosted the prices to rise. It is worth noting that the DAP price reached RMB3,500 per tonne in June. In the second half of the year, the market price stayed steadily at high levels as underpinned by factors such as strong international demand, deficient supply in spot market and support of costs. The price of DAP remained at above RMB3,600 per tonne.

## ***Chemical industry***

Although the overall domestic chemical industry has been hard hit by the COVID-19 pandemic, it was, to a certain extent, restored by its promising development momentum in 2021.

Against the backdrop of tight supply of bulk raw materials, natural gas and coal in the international market, the relatively strong demand resonated with the tightened supply. Domestically, under the dual control over energy consumption intensity and volume, the chemicals market continued to grow in line with the increase in coal price, which subsequently returned to be rational and in turn, corrected the prices of chemical products. All in all, the industry experienced a great movement in prices throughout the year.

### (1) *Methanol*

According to industry statistics, the cumulative domestic production volume of methanol was approximately 73.51 million tonnes in 2021, representing a year-on-year increase of approximately 9.4% over 2020. China's import volume of methanol dropped in 2021. The annual import volume for the year decreased by 1.79 million tonnes or 13.8% compared with last year to approximately 11.22 million tonnes.

Compared with 2020, the general business environment in the PRC's methanol industry further improved in 2021, with the methanol price keeping its restorative growth. During the year, the market price was highly volatile. It fluctuated upward from January to October. Under the background of tight coal supply, dual control over energy consumption intensity and volume as well as power rationing, the market price in

Southern China topped at RMB4,150 per tonne in mid-October, a new record high for the recent decade. As the tight supply of coal eased, the methanol price rebounded rapidly after mid-October and adjusted to around RMB2,540 per tonne at the end of the year.

(2) *POM*

According to industry statistics, China recorded a POM output of 340 thousand tonnes in 2021, representing a year-on-year increase of 17%, indicating a significantly strengthened supply capacity.

In 2021, the annual average price of POM in China was RMB18,063 per tonne, representing a year-on-year increase of 51%. The price went upward throughout the year from RMB13,842 per tonne at the beginning of the year to RMB21,991 per tonne at the end of the year, up by RMB8,149 per tonne on an annual basis.

## 2. **Business Review**

### *Production Management*

To cope with the COVID-19 impacts, in 2021, the Company further strengthened its management of safety production and pandemic prevention and control. With these efforts, the Company achieved stable performance in safety, environmental protection and pandemic prevention and control. Both the Fudao Phase II urea plant and the Hainan Phase I methanol plant broke the national record of long-term operation with a continuous operation period of 629 days and 674 days, respectively. Meanwhile, in order to realise a robust operation in the future, nine sets of plants commenced planned maintenance works in an orderly manner. In view of enhancing the Company's standard of ESG management, the CNOOC Tianye urea plant and methanol plant suspended production. Due to the above factors, the Company recorded a decrease in the production volumes of urea, methanol and POM while there was an increase in the production volume of phosphate fertilisers. In 2021, the Company produced 2,029 thousand tonnes of urea, 975 thousand tonnes of phosphate and compound fertilisers, 1,398 thousand tonnes of methanol and 31 thousand tonnes of POM.

Details of production of the Group's plants in 2021 are set out as follows:

	For the year ended 31 December			
	2021		2020	
	Production	Utilisation	Production	Utilisation
	(tonnes)	rate	(tonnes)	rate
		(%)		(%)
<b>Chemical fertilisers</b>				
<b>Urea</b>				
Fudao Phase I	611,846	117.7	513,106	98.7
Fudao Phase II	817,405	102.2	903,261	112.9
CNOOC Tianye	—	—	557,344	107.2
CNOOC Huahe	<u>599,630</u>	<u>115.3</u>	<u>646,948</u>	<u>124.4</u>
Group total	<u><u>2,028,880</u></u>	<u><u>86.0</u></u>	<u><u>2,620,659</u></u>	<u><u>111.0</u></u>
<b>Phosphate Fertilisers and Compound Fertilisers</b>				
DYK MAP	67,834	45.2	56,830	37.9
DYK DAP Phase I ( <i>Note</i> )	311,678	89.1	306,001	87.4
DYK DAP Phase II	<u>595,458</u>	<u>119.1</u>	<u>552,186</u>	<u>110.4</u>
Group total	<u><u>974,970</u></u>	<u><u>97.5</u></u>	<u><u>915,017</u></u>	<u><u>91.5</u></u>
<b>Chemical Products</b>				
<b>Methanol</b>				
Hainan Phase I	583,430	97.2	602,842	100.5
Hainan Phase II	814,818	101.9	849,460	106.2
CNOOC Tianye	—	—	<u>109,901</u>	<u>55.0</u>
Group total	<u><u>1,398,248</u></u>	<u><u>87.4</u></u>	<u><u>1,562,203</u></u>	<u><u>97.6</u></u>
<b>POM</b>				
CNOOC Tianye POM	<u>30,967</u>	<u>77.4</u>	<u>37,594</u>	<u>94.0</u>
Group total	<u><u>30,967</u></u>	<u><u>77.4</u></u>	<u><u>37,594</u></u>	<u><u>94.0</u></u>

*Note:* In 2021, DYK DAP Phase I Plant produced 30,686 tonnes of DAP and 280,992 tonnes of compound fertilisers, respectively, amounting to 311,678 tonnes in total. In 2020, DYK DAP Phase I Plant produced 39,624 tonnes of DAP and 266,377 tonnes of compound fertilisers, respectively, amounting to 306,001 tonnes in total.

## *Sales Management*

In 2021, by grasping the favourable opportunities brought about by the generally strong domestic fertiliser and methanol markets, the Company managed to surpass the scheduled sales progress of compound fertilisers and reduce the inventories to the lowest level for the recent three years. With precise market study and analysis, promotion of scientific and refined product pricing and further enhancement of brand value, the Company generally achieved its target position as a price leader for its key products among industry peers in the same regions. The Company completed the construction of e-commerce and logistics platforms for trading all of its self-produced products online. In line with the production volume, sales volume of the Company's self-produced urea, methanol and POM declined while that of phosphate and compound fertilisers remained stable basically in 2021. The Company sold 1,988 thousand tonnes of urea, 1,367 thousand tonnes of methanol, 972 thousand tonnes of phosphate fertilisers and compound fertilisers and 31 thousand tonnes of POM. During the year, the Company exported a total of 164 thousand tonnes of urea and 120 thousand tonnes of DAP.

### *Urea*

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

<b>Sales region</b>	<b>For the year ended 31 December</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Volume</b>	<b>Percentage</b>	<b>Volume</b>	<b>Percentage</b>
	<b>(tonnes)</b>	<b>(%)</b>	<b>(tonnes)</b>	<b>(%)</b>
North-eastern China	<b>650,438</b>	<b>32.7</b>	739,195	28.8
Northern China	<b>107,872</b>	<b>5.4</b>	514,335	20.0
Eastern China	<b>37,688</b>	<b>1.9</b>	26,573	1.0
South-eastern China	<b>182,760</b>	<b>9.2</b>	179,574	7.0
Southern China	<b>779,779</b>	<b>39.2</b>	763,201	29.8
Hainan	<b>66,016</b>	<b>3.3</b>	95,219	3.7
International	<b>163,831</b>	<b>8.2</b>	248,728	9.7
Total	<b><u>1,988,384</u></b>	<b><u>100.0</u></b>	<b><u>2,566,825</u></b>	<b><u>100.0</u></b>

### *Phosphate Fertilisers and Compound Fertilisers*

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

Sales region	For the year ended 31 December			
	2021		2020	
	Volume (tonnes)	Percentage (%)	Volume (tonnes)	Percentage (%)
North-eastern China	214,042	22.0	285,178	29.0
Northern China	435,523	44.8	376,969	38.3
Eastern China	62,382	6.4	69,499	7.1
South-eastern China	73,573	7.6	56,571	5.7
Southern China	65,897	6.8	81,326	8.3
International	<u>120,311</u>	<u>12.4</u>	<u>113,879</u>	<u>11.6</u>
Total	<u><u>971,727</u></u>	<u><u>100.0</u></u>	<u><u>983,422</u></u>	<u><u>100.0</u></u>

### *Methanol*

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

Sales region	For the year ended 31 December			
	2021		2020	
	Volume (tonnes)	Percentage (%)	Volume (tonnes)	Percentage (%)
North-eastern China	—	—	48,921	3.2
Northern China	—	—	35,773	2.3
Eastern China	198,145	14.5	178,217	11.5
South-eastern China	81,772	6.0	79,750	5.2
Southern China	979,357	71.7	1,077,683	70.0
Hainan	105,316	7.7	111,819	7.3
International	<u>1,991</u>	<u>0.1</u>	<u>7,965</u>	<u>0.5</u>
Total	<u><u>1,366,581</u></u>	<u><u>100.0</u></u>	<u><u>1,540,128</u></u>	<u><u>100.0</u></u>

### ***BB Fertilisers***

In 2021, the Group produced a total of 39,825 tonnes of BB fertilisers and achieved a sales volume of 38,816 tonnes.

### ***Sea-land logistics services***

In 2021, Basuo Port in Hainan completed a volume of throughput of 12.31 million tonnes.

## **3. Financial Review**

### ***Revenue***

During the reporting period, the Group's revenue was RMB13,398.0 million, representing an increase of RMB2,980.5 million, or 28.6%, from that of RMB10,417.5 million in the same period of 2020. This was primarily attributable to the year-on-year significant increase in the selling prices of urea, methanol and phosphate and compound fertilisers of the Group.

During the reporting period, the Group realised an external revenue from urea of RMB4,352.9 million, representing an increase of RMB297.8 million, or 7.3%, from that of RMB4,055.1 million in the same period of 2020. This was primarily attributable to (1) an increase of RMB609.3 per tonne in the selling price of urea, which resulted in an increase in revenue of RMB1,211.6 million; and (2) a decrease of 578,441 tonnes in the sales volume of urea, which resulted in a decrease in revenue of RMB913.8 million that partially offset the above increase.

During the reporting period, the Group realised an external revenue from phosphate and compound fertilisers of RMB2,814.9 million, representing an increase of RMB709.9 million, or 33.7%, from that of RMB2,105.0 million in the same period of 2020. This was primarily attributable to (1) an increase of RMB756.3 per tonne in the selling price of phosphate and compound fertilisers, which resulted in an increase in revenue of RMB734.9 million; and (2) a decrease of 11,694 tonnes in the sales volume of phosphate and compound fertilisers, which resulted in a decrease in revenue of RMB25.0 million that partially offset the above increase.

During the reporting period, the Group realised an external revenue from methanol of RMB3,213.1 million, representing an increase of RMB881.5 million, or 37.8%, from that of RMB2,331.6 million in the same period of 2020. This was primarily attributable to (1) an increase of RMB837.3 per tonne in the selling price of methanol, which resulted in an increase in revenue of RMB1,144.2 million; and (2) an decrease of 173,547 tonnes in the sales volume of methanol, which resulted in a decrease in revenue of RMB262.7 million that partially offset the above increase.

During the reporting period, the Group realised an external revenue from other segments (primarily comprising port operations and provision of transportation services; trading in fertilisers and chemicals; and production and sales of POM, BB fertilisers and liquid ammonia) of RMB3,017.2 million, representing an increase of RMB1,091.4 million, or 56.7%,

from that of RMB1,925.8 million in the same period of 2020. This was primarily attributable to (1) the combined effect of the increase in selling price and decrease in sales volume of POM during this year, which resulted in an increase in revenue of RMB98.3 million; (2) the increase in trading volume of the marketing company and Guangxi Fudao in line with the gradual improvement of the marketing platform, which resulted in an increase in revenue of RMB1,023.3 million from the trading business this year as compared to last year; (3) an increase of RMB4.9 million in the revenue from BB fertilisers which was mainly caused by the combined effect of higher selling prices and lower sales volume; (4) a decrease of RMB22.4 million in revenue due to the throughput of Basuo Port; and (5) a decrease of RMB12.7 million in revenue from the sales of liquid ammonia, formaldehyde, and carbon dioxide.

### *Cost of sales*

During the reporting period, the Group's cost of sales was RMB10,461.6 million, representing an increase of RMB1,377.8 million, or 15.2%, from that of RMB9,083.8 million in 2020.

During the reporting period, the Group's cost of sales for urea was RMB3,215.9 million, representing an increase of RMB7.6 million, or 0.2%, from that of RMB3,208.3 million in 2020. This was primarily attributable to (1) factors including the increase in raw material prices, which resulted in a year-on-year increase of RMB730.6 million in the cost of sales; (2) a year-on-year decrease of 578,441 tonnes in the sales volume this year, which resulted in a decrease in cost of RMB723.0 million.

During the reporting period, the Group's cost of sales for phosphate and compound fertilisers was RMB2,424.7 million, representing an increase of RMB468.0 million, or 23.9%, from that of RMB1,956.7 million in 2020. This was primarily attributable to (1) the increase in prices of raw materials used for producing phosphate and compound fertilisers such as synthetic ammonia and phosphoric acid, which resulted in a year-on-year increase of RMB491.3 million in the cost of sales; and (2) a decrease of 11,694 tonnes in the sales volume of phosphate and compound fertilisers, which resulted in a decrease of RMB23.3 million in the cost of sales.

During the reporting period, the Group's cost of sales for methanol was RMB2,093.3 million, representing a decrease of RMB87.3 million, or 4.0%, from that of RMB2,180.6 million in 2020. This was primarily attributable to (1) a decrease of 173,547 tonnes in the sales volume of methanol, which resulted in a decrease of RMB245.7 million in the cost of sales; and (2) the suspension of operation of the production plants for overhaul during the year, as well as the slight increase in natural gas prices, which resulted in an increase of RMB158.4 million in the cost of sales.

During the reporting period, the Group's cost of sales for other segments was RMB2,727.7 million, representing an increase of RMB989.4 million, or 56.9%, from that of RMB1,738.2 million in 2020. This was primarily attributable to (1) an increase of RMB983.5 million in the cost of the trading business; and (2) the combined effect of the increase in raw material prices



and the decrease in sales volume of POM during this year, which resulted in an increase of RMB29.7 million in the cost of sales; and (3) a year-on-year decrease of RMB23.8 million in the cost of sales for BB fertilisers and liquid ammonia.

### ***Gross profit***

During the reporting period, the Group's gross profit was RMB2,936.4 million, representing an increase of RMB1,602.7 million, or 120.2%, from that of RMB1,333.7 million in 2020. This was primarily attributable to (1) the significant increase in the selling price of methanol in 2021, which exceeded the increase in costs, resulting in an increase of RMB968.7 million in the gross profit from methanol; (2) the significant increase in the price of urea in 2021, which exceeded the increase in costs, resulting in an increase of RMB290.1 million in the gross profit from urea; (3) the significant increase in the price of phosphate and compound fertilisers, which exceeded the increase in costs, resulting in an increase of RMB241.9 million in the gross profit; (4) the significant increase in the price of POM, which exceeded the increase in costs, resulting in a year-on-year increase of RMB68.6 million in the gross profit; (5) an increase of RMB39.8 million in the gross profit from the trading business; (6) an increase of RMB41.3 million in the gross profit from other segments; and (7) a year-on-year decrease of RMB47.7 million in the gross profit from Basuo Port due to the year-on-year increase in the costs of throughput.

### ***Other income***

During the reporting period, the Group's other income was RMB110.0 million, representing a decrease of RMB15.8 million, or 12.6%, from that of RMB125.8 million in 2020. This was primarily attributable to the year-on-year decrease of RMB16.9 million from the profit from the trading of methanol and the maintenance service of CNOOC Tianye and the sales of waste rocks of DYK Chemical.

### ***Other gains and losses, net***

During the reporting period, the Group's other gains and losses, net were RMB-3.6 million, representing a decrease of RMB57.8 million, or 106.6%, from RMB54.2 million in 2020. This was primarily attributable to (1) a year-on-year decrease of RMB44.5 million in the interests from wealth management products; (2) a year-on-year decrease of RMB30.9 million in the gain on disposal of fixed assets; and (3) the compensations for demolition of the east wall of the living area of CNOOC Tianye, which increased the gains by RMB12.5 million.



### ***Selling and distribution expenses***

During the reporting period, the Group's selling and distribution expenses amounted to RMB118.5 million, representing a decrease of RMB64.6 million, or 35.3% from that of RMB183.1 million in 2020. This was primarily attributable to (1) a year-on-year decrease of RMB77.9 million in commission charges, inspection charges and other direct selling expenses due to the overall decrease in sales volume during the year; and (2) a year-on-year increase of RMB13.3 million in sales agent fees.

### ***Administrative expenses***

During the reporting period, the Group's administrative expenses amounted to RMB542.3 million, representing an increase of RMB109.7 million, or 25.4%, from that of RMB432.6 million in 2020. This was primarily attributable to (1) an increase of RMB83.5 million in staff costs; (2) a year-on-year increase of RMB7.4 million in depreciation and amortisation charges; (3) a year-on-year increase of RMB11.3 million in consultation fees, health, safety and environmental protection fees and other fees; (4) a year-on-year increase of RMB3.2 million in expenditures for technology research; and (5) a year-on-year increase of RMB4.3 million in property tax, land use tax and other taxes.

### ***Other expenses***

During the reporting period, the Group's other expenses amounted to RMB358.9 million, representing an increase of RMB330.5 million, or 1,163.7%, from that of RMB28.4 million in 2020. This was primarily attributable to (1) the provision of RMB308.4 million for the employee severance costs of CNOOC Tianye; (2) an increase of RMB9.6 million in bank handling fees and interest expenses on discounting bills; and (3) an increase of RMB17.5 million in the expenses incurred for the retirement and disposal of inefficient and ineffective assets.

### ***Finance income and finance costs***

During the reporting period, the Group's finance income amounted to RMB372.7 million, representing an increase of RMB100.1 million, or 36.7%, from that of RMB272.6 million in 2020. This was primarily attributable to the addition of large-denomination certificate of deposits and fixed deposits with principal amount of RMB2,300.0 million by the Group in 2021, which resulted in an increase of RMB86.9 million in finance income.

During the reporting period, the Group's finance costs were RMB50.6 million, representing a decrease of RMB25.4 million, or 33.5%, from that of RMB76.0 million in 2020. This was primarily attributable to the scaling down of loans for fixed assets and finance leases, which resulted in a decrease in finance costs.

### ***Net exchange (losses)/gains***

During the reporting period, the Group recorded a net exchange gain of RMB0.4 million, as compared to a net exchange loss of RMB13.2 million in 2020, representing a difference of RMB13.6 million. This was primarily attributable to the decrease of exchange losses arising from the Group's foreign exchange transactions as the group reduced its export business and adopted the spot settlement policy for foreign exchange collection in 2021.

### ***Impairment loss on assets***

During the reporting period, the Group recognised an impairment loss on assets of RMB304.3 million, primarily attributable to: (1) the recognition of impairment of RMB222.1 million on the fixed assets of CNOOC Tianye; (2) the recognition of impairment of RMB78.5 million on the construction in progress of CNOOC Tianye; (3) the recognition of impairment of RMB1.9 million on the investment properties of DYK Chemical; and (4) the recognition of impairment of RMB1.8 million on the equity investment in Inner Mongolia Hong Feng Packaging Co., Ltd. of CNOOC Tianye.

### ***Share of net profit/loss of associates and joint ventures***

During the reporting period, the Group's share of profit of associates and joint ventures was RMB3.3 million, representing an increase of RMB2.9 million as compared to the share of loss of associates and joint ventures of RMB0.4 million in 2020. This was primarily attributable to (1) a year-on-year increase of RMB0.5 million in the share of profit of CBC (Canada) Holding Corp. recognised during the year; (2) an increase of RMB2.9 million in the share of profit of United Wealthfert Co., Ltd. recognised during the year; (3) a year-on-year increase of RMB0.6 million in the share of profit of Guizhou Jinlin Chemical Co., Ltd. recognised during the year; and (4) a year-on-year decrease of RMB1.1 million in the share of profit of China Basuo Overseas Shipping Agency Co., Ltd. and Inner Mongolia Hong Feng Packaging Co., Ltd. recognised during the year.

### ***Income tax expenses***

During the reporting period, the Group's income tax expenses were RMB1,000.2 million, representing an increase of RMB725.7 million, or 264.4% from that of RMB274.5 million in 2020. This was primarily attributable to (1) a corresponding increase in income tax expenses for the current period as the Group recorded a year-on-year increase in profit before tax for the year; and (2) the increase in reversal of deferred income tax assets provided by CNOOC Tianye, a subsidiary of the Company, in prior years.

### ***Net profit for the year***

During the reporting period, the Group's net profit was RMB1,641.4 million, representing an increase of RMB862.3 million as compared to that of RMB779.2 million in 2020.

### ***Dividends***

The board of directors of the Company (the “Board”) recommended the payment of a final dividend for 2021 in the amount of RMB714.6 million, or RMB0.155 per share. The proposed final dividend for 2021 will be subject to the approval by the shareholders of the Company at the 2021 annual general meeting.

### ***Capital expenditure***

During the reporting period, the Group’s total capital expenditure for the year amounted to RMB1,825.0 million, including RMB1,574.0 million for oil refining and chemicals projects, RMB112.7 million for environmental management, energy conservation and low carbon projects, RMB73.5 million for base construction (production accessories) projects, RMB13.9 million for mining projects, RMB21.9 million for information system construction projects, RMB25.2 million for technology research (capital expenditures) projects, RMB3.8 million for office equipment project, and RMB2.9 million for charitable projects.

Key projects mainly included: (1) the chemical project in respect of acrylonitrile in the amount of RMB1,467.7 million; (2) the chemical project in respect of DYK Chupi Mountain Phosphogypsum Dry Slag Yard Project (Phase I) in the amount of RMB59.6 million; and (3) the chemical project in respect of Fudao Phase I Desalinated Water and Raw Water Modification in the amount of RMB19.8 million.

### ***Pledge of assets***

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

### ***Capital management***

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit ranking and healthy capital structure in order to safeguard its normal production and operations and maximise shareholders’ value. The Group manages its capital structure and makes timely adjustments in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of new debts or issue of new shares. The gearing ratio of the Group as at 31 December 2021 (calculated as interest-bearing liabilities divided by the sum of total equity and interest-bearing liabilities) was 5.8%, representing a decrease of 5.4% compared to 11.2% as at 31 December 2020, which was primarily attributable to the increase in the Company’s capital by RMB1,286.5 million during the reporting period and the decrease in its lease liabilities, obligations under finance leases and interest-bearing bank borrowings by RMB932.2 million as compared to last year.

### ***Cash and cash equivalents***

At the beginning of 2021, the Group had cash and cash equivalents of RMB2,765.4 million. In 2021, the net cash inflow from operating activities was RMB2,938.7 million, the net cash outflow from investing activities was RMB3,662.7 million, the net cash outflow from financing activities was RMB1,366.7 million, and the decrease from the effect of foreign exchange rate changes on cash and cash equivalents was RMB0.2 million. As at 31 December 2021, the Group's cash and cash equivalents were RMB674.4 million. The Group has sufficient working capital to meet the funding requirements for its day-to-day operation and future development.

### ***Human resources and training***

As at 31 December 2021, the Group had 4,663 employees. The aggregate of employees' wages and allowances for 2021 was approximately RMB797.1 million. The Group has a comprehensive remuneration system and a systematic welfare plan as well as an effective performance appraisal system in place to ensure that the remuneration policy of the Group effectively provides incentive to its staff. The Group determines staff remuneration according to their positions, performance and capability.

During the reporting period, the Company strictly implemented its annual training plan and recorded a total of 386,736 enrolments with a total of 434,452.76 training hours (including online training). The Company also organised 11,915 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 161,326 enrolments and 572,138 training hours.

### ***Market risk***

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

### ***Interest rate risk***

The 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 revenue is primarily denominated in RMB, secondarily in United States dollar (USD). The Group's purchases of equipment and materials are primarily denominated in RMB, secondarily in USD. During the reporting period, the RMB to USD exchange rate ranged between 6.3498 and 6.5713. Fluctuations in RMB to USD exchange rate have impacts on the Company's import of equipment and raw materials, export of products as well as the financing activities in USD.

As at 31 December 2021, the balance of the Group's deposits in USD was US\$0.27 million.

### ***Inflation and currency risk***

According to data of National Bureau of Statistics of China, the consumer price index of the PRC increased by 0.9% during the reporting period, which did not have any significant impact on the Group's operating results for the year.

### ***Liquidity risk***

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

As at 31 December 2021, based on the carrying amount of borrowings as shown in the financial statements, the Group's borrowings in the amount of RMB447.8 million would become due within one year. The Group has sufficient capital and is not exposed to liquidity risk.

### ***Subsequent events***

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

### ***Contingent liabilities***

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

### ***Material litigation and arbitration***

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

### *Material acquisitions and disposals of subsidiaries and associates of the Company*

In respect of the transfer of the 51% equity interest and the creditor's right of RMB61.47502275 million in CNOOC Hualu Shanxi Coal Chemical Co., Ltd. (中海油華鹿山西煤炭化工有限公司) and the 49% equity interests in Shanxi Hualu Yangpoquan Coal Mining Co., Ltd. (山西華鹿陽坡泉煤礦有限公司) through listing-for-sales, the transaction was completed in the reporting period.

#### **4. Sector Outlook**

Looking forward to 2022, China will adhere to its economic development principle of seeking progress while maintaining stability under the triple pressures of contracting demand, supply shocks and weakening expectations. With respect to the fertilisers industry, players will strive to achieve green development and transformation upgrade under the dual goals of carbon peaking and carbon neutrality, by holding stability while pursuing a progressive development. The intensifying market competition and stricter environmental standards will further promote integration in the domestic fertilisers industry. As the production cost has been inflated, fertiliser prices are expected to remain at high levels. In respect of methanol, with the slowdown of new methanol production capacity, the relatively stable demand in the methanol-to-olefins and traditional downstream methanol industries and the increasing demand from wider applications of new energy-related fine chemicals, it is expected to present a price fluctuation in market prices throughout the year 2022.

#### **5. Our Key Tasks in 2022**

1. To further enhance our HSE and refined production management and proactively achieve the Company's initiative in respect of carbon peaking and carbon neutrality amid the impacts and uncertainties of the COVID-19 pandemic;
2. To further deepen the marketing reform through digital means so as to stimulate expansion of trade, coordination of resources and brands, as well as realisation of marketing value in a wider area and at a deeper level;
3. To further strengthen lean management to form an optimal inventory structure with economic efficiency;
4. To ensure the success of trial operation of the acrylonitrile project and get well-prepared for production and sales;
5. To seize the opportunities arising from the construction of Hainan Free Trade Port and push forward the development of the petrochemical wharf project;
6. To vigorously promote technology innovation, enter into technological cooperation focusing on the efficient utilisation of CO<sub>2</sub>-rich natural gas conversion and the extension of acrylonitrile downstream industry chain, and explore opportunities for new projects;

7. To systemically promote digital transformation and smart development; and
8. To increase efforts in exploring opportunities for corporate development and accelerate the study on key projects.

#### **(IV) SUPPLEMENTAL INFORMATION**

##### **Audit Committee**

The Audit Committee has reviewed, with the management, the accounting principles and standards adopted by the Group, and discussed the internal control and financial reporting matters. The annual results for the year ended 31 December 2021 have been audited by BDO Limited in accordance with Auditing Standard 700 (Engagement for the auditing of financial statements) issued by Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed the financial report for the year ended 31 December 2021.

##### **Compliance With Corporate Governance Code**

During the reporting period, the Company had complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except the followings.

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 CEO and 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 authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company; and (iv) the overall strategic and other key business, financial, and operational policies of the Company are made collectively after thorough discussion at both Board and senior management levels.



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.

### **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 10 of the Listing Rules. The Board confirms that, having made specific enquiries with all Directors and Supervisors by the Company, during the reporting period ended 31 December 2021, all members of the Board and all Supervisors have complied with the required standards as set out in the Model Code.

### **Closure of the Register of Members in Respect of the Annual General Meeting**

The register of members of the Company will be closed from 27 April 2022 to 27 May 2022 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance at the annual general meeting of the Company for 2021 (the “AGM”), all instruments of transfer, accompanied by the relevant H share certificates, must be lodged with the Hong Kong share registrar for H shares, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4: 30 p.m. on 26 April 2022.

### **Proposed Final Dividends and Closure of the Register of Members**

The Board has recommended the payment of final dividends of RMB0.155 (tax included) per share for the year ended 31 December 2021 to shareholders of the Company whose names appear on the register of members of the Company on the proposed record date, 8 June 2022. The proposed final dividends for 2021 will be subject to the approval of shareholders of the Company at the AGM to be held on 27 May 2022. For the holders of domestic shares, dividends will be paid in RMB. For the holders of H shares, dividends will be paid in Hong Kong dollars. The final dividends are expected to be paid to the shareholders of the Company on or around 30 June 2022.

The register of members of the Company will be closed from 3 June 2022 to 8 June 2022 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the proposed final dividends, all instruments of transfer, accompanied by the relevant H share certificates, must be lodged with the Hong Kong share registrar for H shares, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4: 30 p.m. on 2 June 2022.



## **Withholding of Enterprise Income Tax and Individual Income Tax in respect of Dividends Payment**

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its Implementation Regulations, which became effective on 1 January 2008, the Company shall withhold enterprise income tax at the rate of 10% when distributing dividends to non-resident enterprises whose names appeared on the register of members of H shares. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, its nominees or agents, other organisations and bodies, shall be deemed to be shares held by non-resident enterprise shareholders, and accordingly, dividend payable to them shall be subject to withholding of enterprise income tax. As the Company is a foreign investment enterprise, the Company is not required to withhold non-resident individual income tax for non-resident individual holders of H shares.

The Company shall not be responsible for any claims arising from the untimely or inaccurate determination of the capacity of the shareholders of the Company or any disputes in respect of the withholding mechanism.

Should there be any changes to the withholding for payment requirements applicable prior to the payment of the dividends, the Company will make an announcement in a timely manner on such changes.

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

During 2021, 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 2021 Annual 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**  
*Executive Director, President*

Beijing, the People's Republic of China, 30 March 2022

*As at the date of this announcement, the executive Directors of the Company are Mr. Hou Xiaofeng and Mr. Li Zhi, the non-executive directors of the Company are Mr. Huang Hulong and Mr. Zhao Baoshun, and the independent non-executive directors of the Company are Mr. Yu Changchun, Mr. Lin Feng and Mr. Xie Dong.*

\* For identification purpose only.