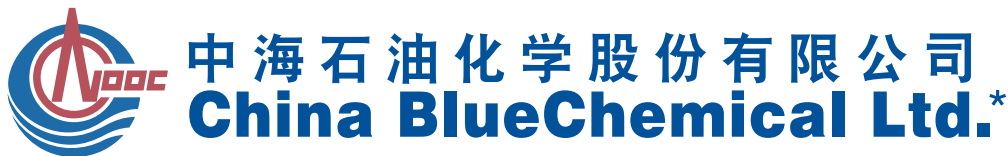


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*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 3983)

**CONTINUING CONNECTED TRANSACTIONS AND  
CONTINUING CONNECTED TRANSACTIONS AND  
DISCLOSEABLE TRANSACTIONS IN RELATION TO  
THE INVESTMENT AND WEALTH MANAGEMENT COOPERATION  
FRAMEWORK AGREEMENT**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**CONTINUING CONNECTED TRANSACTIONS**

The Group is required to conduct transactions with its connected persons in its ordinary and usual course of business, on normal commercial terms and on terms that are fair and reasonable as far as the Shareholders as a whole are concerned.

As some of the agreements governing the continuing connected transactions entered into by the Group and/or their respective annual caps will expire on 31 December 2023, the Board proposes to (1) enter into new agreements, and (2) set the annual caps for 2024 to 2026 in respect of the above-mentioned continuing connected transactions. The Board also proposes to enter into the Investment and Wealth Management Cooperation Framework Agreement and set the annual caps for 2024 to 2026 for the continuing connected transactions contemplated thereunder.

## **CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION IN RELATION TO THE INVESTMENT AND WEALTH MANAGEMENT COOPERATION FRAMEWORK AGREEMENT**

The Group proposes to enter into the Investment and Wealth Management Cooperation Framework Agreement with Zhonghai Trust. Given the highest applicable percentage ratio in respect of the Proposed Caps for the maximum daily investment balance (including accrued investment returns) under the Investment and Wealth Management Cooperation Framework Agreement is more than 5% but less than 25%, the continuing connected transactions contemplated thereunder also constitute discloseable transactions to the Company under Chapter 14 of the Listing Rules and are therefore subject to announcement requirement under Chapter 14 of the Listing Rules.

### **EGM**

The Company will convene the EGM to obtain the approval from the Independent Shareholders of, among other things:

1. the New Natural Gas Sale and Purchase Framework Agreement entered into between the Company and CNOOC International Trade, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions;
2. the CNOOC Comprehensive Services and Product Sales Agreement entered into between the Company and CNOOC, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions;
3. the Fudao Comprehensive Services and Product Sales Agreement entered into between the Company and Fudao Chemical, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions; and
4. the Investment and Wealth Management Cooperation Framework Agreement entered into between the Company and Zhonghai Trust, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions.

A circular containing, among other things, details relating to the Non-exempted Continuing Connected Transactions, the recommendation of the Independent Board Committee, the advice of Gram Capital and a notice of the EGM will be despatched by the Company to the Shareholders on or around 9 November 2023.

## CONTINUING CONNECTED TRANSACTIONS

The Group is required to conduct transactions with its connected persons in its ordinary and usual course of business, on normal commercial terms and on terms that are fair and reasonable as far as the Shareholders as a whole are concerned.

As some of the agreements governing the continuing connected transactions entered into by the Group and/or their respective annual caps will expire on 31 December 2023, the Board proposes to (1) enter into new agreements, and (2) set the annual caps for 2024 to 2026 in respect of the above-mentioned continuing connected transactions. The Board also proposes to enter into the Investment and Wealth Management Cooperation Framework Agreement and set the annual caps for 2024 to 2026 for the continuing connected transactions contemplated thereunder.

A summary of the above-mentioned continuing connected transactions is set out below.

### **Continuing connected transactions with CNOOC and its associates**

#### ***Properties Leasing Agreement***

The Group from time to time leases certain properties from CNOOC Group as well as leases certain properties to CNOOC Group in the ordinary and usual course of its business. On 18 October 2023, the Company entered into the Properties Leasing Agreement with CNOOC, pursuant to which: (1) CNOOC Group may provide properties leasing services and relevant property management services (if needed) to the Group; and (2) the Group may provide properties leasing services and relevant property management services (if needed) to CNOOC Group. The term of the Properties Leasing Agreement will commence on 1 January 2024 and expire on 31 December 2026.

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

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

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

*(1) property rent*

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

(2) *property management fees*

- a. shall not be higher than the property management fees standard for that property as approved by the state pricing regulatory authorities (if any);
- b. shall not be higher than the property management fees payable by other third party lessees of other properties owned by CNOOC Group or other owners (if any) in the same building; and
- c. shall not be higher than the property management fees standard for providing the same or similar types of property management services in the same area or adjacent areas.

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

(1) *property rent*

- a. shall not be lower than the property rent payable by other third party lessees of other properties owned by the Group or other owners (if any) in the same building; and
- b. shall not be lower than the property rent for the same or similar types of properties in the same area or the adjacent areas.

(2) *property management fees*

- a. shall not be lower than the property management fees standard for that property as approved by the state pricing regulatory authorities (if any);
- b. shall not be lower than the property management fees payable by other third party lessees of other properties owned by the Group or other owners (if any) in the same building; and
- c. shall not be lower than the property management fees standard for providing the same or similar types of property management services in the same area or adjacent areas.

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

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

## *New Natural Gas Sale and Purchase Framework Agreement*

Reference is made to the Prospectus of the Company, the announcements of the Company dated 5 November 2008, 9 November 2011, 28 March 2012, 28 October 2014, 3 November 2017 and 23 October 2020 and the circulars of the Company dated 14 November 2008, 31 December 2008, 15 November 2011, 7 November 2014, 13 November 2017 and 13 November 2020 in relation to, among other things, the continuing connected transactions of the Company.

- (1) Dongfang 1-1 Offshore Gasfield Natural Gas Sale and Purchase Agreement between the Company and CNOOC China Limited dated 28 July 2003, under which CNOOC China Limited has committed to supply natural gas to the Company for Fudao Phase II Urea Plant. The natural gas delivery period under this agreement is 20 years, commencing on 1 October 2003 and expired on 30 September 2023.
- (2) Dongfang 1-1 Offshore Gasfield Natural Gas Sale and Purchase Agreement between CNOOC Jiantao and CNOOC China Limited dated 10 March 2005, under which CNOOC China Limited has committed to supply natural gas to CNOOC Jiantao for Hainan Phase I Methanol Plant. The natural gas delivery period under this agreement is 20 years, commencing on 16 October 2006 and will expire on 15 October 2026.
- (3) Natural Gas Sale and Purchase Framework Agreement between the Company and CNOOC China Limited on 1 September 2006, under which CNOOC China Limited has committed to supply natural gas for the Company's future plants. This agreement does not include the transactions conducted under the two pre-existing agreements mentioned above. Under this framework agreement, CNOOC China Limited will sell natural gas to the Company and/or the Company's subsidiaries. The term of the agreement is of 20 years commencing on the date of the agreement. CNOOC China Limited and the Company or the Company's relevant subsidiaries will enter into separate agreements which will set out the specific terms and conditions for natural gas sales and purchases according to the principles laid down by this framework agreement.

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

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

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

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

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

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

- a. Dongfang 1-1 Natural Gasfield;
- b. Ledong Natural Gas Field and Natural Gas Adjustment Project;

- c. Dongfang 13-2 Gas Field Group;
- d. Dongfang 1-1 Gas Field Phase I Adjusted Project (Platform F);
- e. Dongfang 29-1 Gas Field;
- f. Dongfang 13-3 Gas Field; and
- g. Ledong 10-1 Gas Field.

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

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

- a. the quality of natural gas provided shall be satisfactory to the Group or shall comply with the requirements under the law (if any);
- b. the price for providing natural gas must be fair and reasonable; and
- c. the terms and conditions for the provision of natural gas are no less favorable to the Group than those offered by CNOOC International Trade to independent third parties.

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

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

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

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

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

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

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

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

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



- b. CNOOC Group has agreed to provide comprehensive services to the Group (including but not limited to engineering services, telecommunication and network services, construction services, management system/technology development, equipment leasing, equipment maintenance, project management, labour services, materials/equipment procurement, transportation services, technical training, catering, accommodation, medical, insurance services, conference/conference affair services, consultancy services, logistics management, etc.); and
- c. the Group has agreed to sell products (including but not limited to urea, phosphate fertiliser, methanol, potassium fertilizer, formaldehyde, ammonia, compound fertiliser, acrylonitrile, etc. and such other products as may be sold by the Group to the CNOOC Group under the CNOOC Comprehensive Services and Product Sales Agreement) to CNOOC Group, and CNOOC Group has agreed to sell products (including but not limited to potassium fertilizer, medicament and natural gas, etc. and such other products as may be sold by the CNOOC Group to the Group under the CNOOC Comprehensive Services and Product Sales Agreement) to the Group.

The term of the CNOOC Comprehensive Services and Product Sales Agreement will commence on 1 January 2024 and expire on 31 December 2026.

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

Under the CNOOC Comprehensive Services and Product Sales Agreement, the provision of services, supplies and products by the Group to CNOOC Group will be conducted on normal commercial terms and conditions which shall be no more favourable than those offered to independent third parties by the Group, and the provision of services, supplies and products by CNOOC Group to the Group will be conducted on normal commercial terms and conditions which shall be no less favourable than those offered by independent third parties to the Group and no less favourable than those offered to independent third parties by CNOOC Group, and the prices thereunder will be determined in accordance with the pricing principles set out in the CNOOC Comprehensive Services and Product Sales Agreement as follows:

- 1. As to provision of services, supplies and products by the Group to CNOOC Group:
  - a. not lower than the prices charged by the Group to other comparable independent third parties for the same type of services, supplies or products; or
  - b. with reference to the prices for providing or supplying the same type of services, supplies or products in the same areas charged under normal transaction condition by comparable independent third parties; or

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

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

In order to ensure that the price of the CNOOC Comprehensive Service and Product Sales Agreement with respect to provision of services and supplies and sales of products by the Group to the CNOOC Group is determined on a fair and reasonable basis and in accordance with the pricing principle, the Company has adopted the following procedures when determining the price of the services and supplies provided and the price of the products sold:

1. *As for provision of services and supplies by the Group to CNOOC Group*

Before entering into specific service or supply provision agreements with CNOOC Group, the designated department of the Group will evaluate and assess the scope of the relevant services or supplies requested and prepare a fee proposal based on detailed cost calculation referencing to cost of materials, products and labors, technical difficulties and expertise involved, as well as fee quotes of the Group to other independent third-party customers and the fees charged by competitors of the Group in the market (if available) collected from regional data available in the market and market data gathered by the Group's marketing team during on-site visits, which will be submitted to the senior management for approval. The senior management of the Company will determine the price of the Group's services or supplies based on the market information collected by the Group's marketing team with reference to the then marketing strategy of the Company, so as to ensure that the fees for the services or supplies that the Group will be charging CNOOC Group are competitive and comparable to those being offered to independent third-party customers of the Group.

2. *As for sales of products by the Group to CNOOC Group*

The Company has set up the Sales and Pricing Committee, which comprises senior management and executives from the Marketing Center, the Financial Management Department and the Audit Department of the Company, to determine the price of products for sale. The Marketing Center of the Company will gather market information, such as the recent market trend and the prices charged by competitors of the Group in the market collected from regional data quoted on specialised websites of industrial market information and available in the market and market data gathered by the Group's marketing team during on-site visits, and propose the selling price for the products to be sold taking into consideration the selling price proposed by the local marketing team and market information gathered. The proposed selling price will then be reported to the Sales and Pricing Committee which will review the rationales and basis for determining the proposed price before approving the price. The Sales and Pricing Committee will determine the selling price of the Group's products based on the market information collected by the Group's marketing team with reference to the then marketing strategy of the Company. The specific product sales agreements will then be entered into at the approved price.

In order to ensure that the price of the CNOOC Comprehensive Services and Product Sales Agreement with respect to provision of services and supplies and sales of products by CNOOC Group to the Group is determined on a fair and reasonable basis and in accordance with the pricing principle, the Company has set up the Procurement Sharing Center to determine the supplier of services, supplies and products. The following procedures have been adopted when determining the suppliers of the services, supplies and products:

The Procurement Sharing Center is responsible for carrying out tendering process to assess the quality and price of services, supplies and products, qualification of suppliers, and terms offered by no less than three suppliers to make sure the conditions offered by CNOOC Group in the separate agreements under the CNOOC Comprehensive Services and Product Sales Agreement are no less favorable to the Group than those offered by independent third parties to the Group (if practicable). If the above-mentioned tendering process is not available due to the exclusivity of certain services, supplies or products in certain places, requirements of government authorities or other reasons, the Procurement Sharing Center will negotiate with suppliers of services, supplies or products to make sure the pricing principles set out in the CNOOC Comprehensive Services and Product Sales Agreement are fulfilled.

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

## *Fudao Comprehensive Services and Product Sales Agreement*

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

- a. the Group has agreed to provide comprehensive services to Fudao Chemical (including but not limited to provision of office premises/facilities, labour services, technical training, project management, logistics management, accommodation/catering, port management, logistics assistance, transportation services, equipment leasing, equipment maintenance, materials/equipment procurement services, material supplies for utility system, etc.); and
- b. the Group has agreed to sell products (including but not limited to methanol, liquid ammonia, etc.) to Fudao Chemical and Fudao Chemical has agreed to sell products (including but not limited to acrylonitrile, acetonitrile, MMA, etc.) to the Group.

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

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

Under the Fudao Comprehensive Services and Product Sales Agreement, the provision of services and supplies and sales of products by the Group to Fudao Chemical will be conducted on normal commercial terms and conditions which shall be no more favourable than those offered to independent third parties by the Group, and the sales of products by Fudao Chemical to the Group will be conducted on normal commercial terms and conditions which shall be no less favourable than those offered to the Group by independent third parties and no less favourable those offered to independent third parties by Fudao Chemical, and the prices thereunder will be determined in accordance with the pricing principles set out in the Fudao Comprehensive Services and Product Sales Agreement as follows:

1. *As to provision of services and supplies and sales of products by the Group to Fudao Chemical:*
  - a. not lower than the prices charged by the Group to other comparable independent third parties for the same type of services, supplies or products; or

- b. with reference to the prices for providing or supplying the same type of services, supplies or products in the same areas charged under normal transaction condition by comparable independent third parties; or
- c. with reference to the prices for providing or supplying the same type of services, supplies or products in the adjacent areas charged under normal transaction condition by comparable independent third parties.

2. *As to sales of products by Fudao Chemical to the Group:*

- a. not higher than the prices charged by Fudao Chemical to its associates (other than members of the Group) or other comparable independent third parties (if any) for the same type of products (whichever is lower); or
- b. with reference to the prices for supplying the same type of products in the same areas charged under normal transaction conditions by comparable independent third parties; or
- c. with reference to the prices for supplying the same type of products in the adjacent areas charged under normal transaction conditions by comparable independent third parties.

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

In order to ensure that the price of the Fudao Comprehensive Service and Product Sales Agreement with respect to provision of services and supplies and sales of products by the Group to Fudao Chemical is determined on a fair and reasonable basis and in accordance with the pricing principle, the Company has adopted the following procedures when determining the price of the services and supplies provided and the price of the products sold:

1. *As for provision of services and supplies by the Group to Fudao Chemical:*

Before entering into specific service or supply provision agreements with Fudao Chemical, the designated department of the Group will evaluate and assess the scope of the relevant services or supplies requested and prepare a fee proposal based on detailed cost calculation referencing to cost of materials, products and labors, technical difficulties and expertise involved, as well as fee quotes of the Group to other independent third-party customers and the fees charged by competitors of the Group in the market (if available) collected from regional data available in the market and market data gathered by the Group's marketing team during on-site visits, which will be submitted to the senior management for approval. The senior management of the Company will determine the price of the Group's services or supplies based on the market information collected by the Group's marketing team with reference to the then marketing strategy of the Company, so as to ensure that the fees for the services or supplies that the Group will be charging Fudao Chemical are competitive and comparable to those being offered to independent third-party customers of the Group.

2. *As for sales of products by the Group to Fudao Chemical:*

The Company has set up the Sales and Pricing Committee, which comprises senior management and executives from the Marketing Center, the Financial Management Department and the Audit Department of the Company, to determine the price of products for sale. The Marketing Center of the Company will gather market information, such as the recent market trend and the prices charged by competitors of the Group in the market collected from regional data quoted on specialised websites of industrial market information and available in the market and market data gathered by the Group's marketing team during on-site visits, and propose the selling price for the products to be sold taking into consideration the selling price proposed by the local marketing team and market information gathered. The proposed selling price will then be reported to the Sales and Pricing Committee which will review the rationales and basis for determining the proposed price before approving the price. The Sales and Pricing Committee will determine the selling price of the Group's products based on the market information collected by the Group's marketing team with reference to the then marketing strategy of the Company. The specific product sales agreements will then be entered into at the approved price.

In order to ensure that the price of the Fudao Comprehensive Services and Product Sales Agreement with respect to the sales of products by Fudao Chemical to the Group is determined on a fair and reasonable basis and in accordance with the pricing principle, the Company has set up the Procurement Sharing Center to determine the supplier of products. The following procedures have been adopted when determining the suppliers of products:

The Procurement Sharing Center is responsible for carrying out tendering process to assess the quality and price of products, qualification of suppliers, and terms offered by no less than three suppliers to make sure the conditions offered by Fudao Chemical in the separate agreements under the Fudao Comprehensive Services and Product Sales Agreement are no less favorable to the Group than those offered by independent third parties to the Group (if practicable). If the above-mentioned tendering process is not available due to the exclusivity of certain products in certain places, requirements of government authorities or other reasons, the Procurement Sharing Center will negotiate with suppliers of products to make sure the pricing principles set out in the Fudao Comprehensive Services and Product Sales Agreement are fulfilled.

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

### ***Financial Services Agreement***

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

1. provision of financing to the Group, including but not limited to loans;
2. deposit services;
3. notes acceptance and discounting services;
4. arrangement of entrustment loans between the Company and its subsidiaries or among its subsidiaries;
5. transfer and settlement services, including transfer and settlement for transactions between the Company and/or its subsidiaries and for transactions between the Group and CNOOC Group; and
6. other financial services permitted by the CBIRC (now replaced by the NAFR) and/or the NAFR to the Group.

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

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

1. *Provision of loans to the Group*: the interest rates for such loans are determined in accordance with the loan prime rate (LPR) promulgated by the National Interbank Funding Center as authorised by the PBOC from time to time, and with appropriate discount to the comparable loan interest rate provided by major financing banks of the Company.
2. *Provision of deposit services*: the interest rates for such deposits are determined in accordance with the deposit benchmark interest rates for relevant financial institutions as promulgated by the PBOC from time to time, and shall be no less favourable than the comparable deposit interest rate offered by major financing banks of the Company.
3. *Notes acceptance and discounting services*: in providing note acceptance services to the Group, CNOOC Finance will charge service fees that are calculated in accordance with the par value, and the fee rates are determined with appropriate discount to the comparable rate provided by major financing banks of the Company; in providing note discounting services to the Group by CNOOC Finance, the interest rates are determined by reference to the latest notes market quote, and with applicable discount to the comparable interest rate provided by major financing banks of the Company.
4. *Arrangement of entrustment loans*: the annual service fees are to be calculated based on the outstanding principal of the loans, and the amount of service fees and loan interest together shall not exceed the interest for securing a loan of the same term from independent third-party financial institutions by the Group; and if the standard rates for the above service fees are provided by the PBOC or other competent regulatory authorities, the service fees shall be determined with reference to the standard rates provided by the PBOC or other competent regulatory authorities and with appropriate discount to the comparable standards provided by major financing banks of the Company.
5. *Transfer and settlement services in RMB (excluding cross-border payment settlement services)*: no service fee will be charged (relevant services in other currencies shall adopt principle 6 as set out below); and
6. *Other financial services*: service fees shall be determined with reference to the relevant standard charging rate promulgated from time to time by the PBOC or other competent regulatory authorities, and with appropriate discount to the comparable service fees provided by major financing banks of the Company.



In order to effectively implement the deposit services under the Financial Services Agreement, the Financial Management Department of the Group will obtain the rates and terms offered by CNOOC Finance and other major and independent PRC commercial banks and deposit benchmark interest rate by the PBOC from time to time and at least quarterly to make sure the rates and terms provided by CNOOC Finance are in compliance with the above-mentioned principles set out in the Financial Services Agreement.

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

### ***Investment and Wealth Management Cooperation Framework Agreement***

To reasonably and effectively utilise the temporary idle funds of the Group to enhance capital gain, the Company entered into the Investment and Wealth Management Cooperation Framework Agreement with Zhonghai Trust on 18 October 2023, pursuant to which Zhonghai Trust will provide to the Group the relevant investment products and other investment cooperation as follows:

1. *Investment products:* Zhonghai Trust may from time to time recommend its investment products to the Group and conduct investment products cooperation with the Group in accordance with market practice and normal commercial terms (including but not limited to trust products/trust plans, investment funds or assets management plans); and
2. *Other investment cooperation:* the Group and Zhonghai Trust may initiate other investment and wealth management cooperation in compliance with relevant laws and regulations through negotiation.

The term of Investment and Wealth Management Cooperation Framework Agreement will commence on 1 January 2024 and expire on 31 December 2026.

The transactions under the Investment and Wealth Management Cooperation Framework Agreement will be conducted in accordance with the following pricing principles:

1. The price for the provision of investment and wealth management products and/or services shall be determined through negotiation based on normal commercial terms when the specific agreement is made, with reference to the then applicable market terms and conditions for the similar type of investment and wealth management products or services provided by other independent non-banking financial institutions in the PRC; and
2. the terms and conditions for the provision of investment and wealth management products and/or services shall be no less favorable than those offered by Zhonghai Trust to other independent third-party investors in respect of the similar products or services.

The Group may, from time to time when the situation requires, enter into separate agreements in respect of the specific investment and wealth management cooperation according to the normal commercial terms and conditions and the principle laid down by the Investment and Wealth Management Cooperation Framework Agreement.

With a view to ensure the terms and conditions offered by Zhonghai Trust will be no less favourable than or at least equivalent to those offered by other independent non-banking financial institutions in the PRC, the Company will designate relevant personnel of the financial department of the Company to conduct searches on the market terms and conditions of similar products or services before entering into specific agreements with Zhonghai Trust. In addition, the Company will, on its best efforts, obtain prices or quotations for similar products or services from other independent non-banking financial institutions in the PRC and will compare the terms and conditions to ensure the investment products and the entrusted investment services are fair to the Company.

## **Continuing connected transactions with Kingboard and its associates**

### ***Kingboard Product Sales and Services Agreement***

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

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

The transactions under the Kingboard Product Sales and Services Agreement will be conducted on normal commercial terms and conditions which shall be no less favorable than those offered to independent third parties by the Group and priced in accordance with the following principles:

1. not lower than the prices charged by the Group to comparable independent third parties for sale or provision of the same type of products or services; or
2. with reference to the prices for supplying or providing the same type of products or services in the same areas charged under normal transaction condition by comparable independent third parties; or
3. with reference to the prices for supplying or providing the same type of products or services in the adjacent areas charged under normal transaction condition by comparable independent third parties.

Nevertheless, for the above-mentioned products and services, when relevant government authorities implement a government-prescribed price or government-issued guidance price in relation to the transactions contemplated under Kingboard Product Sales and Services Agreement during the term of the Kingboard Product Sales and Services Agreement, the relevant prices shall implement the government-prescribed price or shall be adjusted to not higher than the maximum price of the government-issued guidance price.

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

In order to ensure that the price of the Kingboard Product Sales and Services Agreement is determined on a fair and reasonable basis and in accordance with the pricing principle, the Company has adopted the following procedures when determining the price of the services provided and the price of the products sold:

*1. As for provision of services by the Group to Kingboard and its associates*

Before entering into specific service provision agreements with Kingboard and its associates, the designated department of the Group will evaluate and assess the scope of the relevant services requested and prepare a fee proposal based on detailed cost calculation referencing to cost of materials, products and labors, technical difficulties and expertise involved, as well as fee quotes of the Group to other independent third-party customers and the level of fees charged by competitors of the Group in the market (if available), which will be submitted to the management for approval, so as to ensure that the fees for the services that the Group will be charging Kingboard and its associates are competitive and comparable to those being offered to independent third-party customers of the Group.

2. *As for sales of products by the Group to Kingboard and its associates*

The Company has set up the Sales and Pricing Committee, which comprises senior management and executives from the Marketing Center, the Financial Management Department and the Audit Department of the Company, to determine the price of products for sale. The Marketing Center of the Company will gather market information, such as the recent market trend and the prices charged by competitors of the Group in the market, and propose the selling price for the products to be sold taking into consideration the selling price proposed by the local marketing team and market information gathered. The proposed selling price will then be reported to the Sales and Pricing Committee which will review the rationales and basis for determining the proposed price before approving the price. The specific products sales agreements will then be entered into at the approved price.

**HISTORICAL TRANSACTION FIGURES AND THE PROPOSED ANNUAL CAPS WITH RESPECT TO CONTINUING CONNECTED TRANSACTIONS**

Set out below are the historical amounts of the above-mentioned continuing connected transactions of the Company for the two previous financial years ended 31 December 2022 and the eight months ended 31 August 2023 and the approved annual caps for the three years ending 31 December 2023:

Category of the Continuing Connected Transactions	Year ended 31 December 2021		Year ended 31 December 2022		Eight months ended 31 August 2023	Year ended 31 December 2023
	Actual amount	Approved cap	Actual amount	Approved cap	Actual amount	Approved cap
<i>Amounts in RMB'000</i>						
<b>Properties Leasing Agreement:</b>						
Lease of properties by the Group from CNOOC Group	23,847	32,728	31,377	32,728	18,315	32,728
<b>Natural Gas Sale and Purchase Agreements:</b>						
Purchase of natural gas by the Group from CNOOC China Limited	2,622,160	2,814,157	3,255,157	3,300,000	2,068,117	3,480,000
				<i>(Note 1)</i>		<i>(Note 1)</i>

Category of the Continuing Connected Transactions	Year ended 31 December 2021		Year ended 31 December 2022		Eight months ended 31 August 2023	Year ended 31 December 2023
	Actual amount	Approved cap	Actual amount	Approved cap	Actual amount	Approved cap
<i>Amounts in RMB'000</i>						
<b>CNOOC Comprehensive Services and Product Sales Agreement</b>						
Provision of services and supplies and sales of products by CNOOC Group to the Group <i>(Note 2)</i>	450,264	893,208	476,866	900,221	842,326	2,620,000 <i>(Note 1)</i>
Provision of services and supplies and sales of products by the Group to CNOOC Group <i>(Note 3)</i>	599,162	766,115	595,173	795,696	551,609	810,356
<b>Fudao Comprehensive Services and Product Sales Agreement</b>						
Provision of services and supplies and sales of products by the Group to Fudao Chemical <i>(Note 4)</i>	–	–	48,308	70,000	197,606	320,000
Sales of products by Fudao Chemical to the Group <i>(Note 5)</i>	–	–	–	–	596,107	3,130,000
<b>Financial Services Agreement:</b>						
Deposits placed by the Group with CNOOC Finance	399,495	400,000	399,774	400,000	399,620	400,000
<b>Kingboard Product Sales and Services Agreement:</b>						
Sales of products and provision of services by the Group to Kingboard and/or its associates <i>(Note 6)</i>	262,391	315,893	257,002	336,929	159,280	355,965

*Notes:*

1. The initial annual caps were subsequently revised as set out in the announcement of the Company dated 11 November 2022, the circular of the Company dated 9 December 2022 and poll result announcement of the first extraordinary general meeting of 2022 of the Company dated 28 December 2022.
2. The difference between the actual transaction amount and the approved annual caps from 2021 to 2023 was mainly caused by (i) the cessation of the production plant for methanol and urea of CNOOC Tianye since 2021, resulting in a reduction of procurement such as raw materials from CNOOC Group by the Group; and (ii) that the acrylonitrile plant commenced production and running in 2023, while the annual cap was determined based on theoretical maximum amount of consumption of raw materials on a full-year running basis without considering factors such as the fact that the production volume of the acrylonitrile plant had not reached the maximum production capacity during the early stage of running.
3. The difference between the actual transaction amount and the approved annual caps from 2021 to 2023 was mainly caused by the cessation of the production plant for methanol and urea of CNOOC Tianye since 2021, resulting in a reduction of sales volume of urea from the Group to CNOOC Group.
4. The difference between the actual transaction amount and the approved annual caps from 2022 to 2023 was mainly due to the fact that while the acrylonitrile plant had its mechanical completion in November 2022 and commenced production and running in 2023, the annual caps were determined based on the assumption of immediate production and running upon mechanical completion, and based on theoretical maximum amount of consumption of raw materials on a full-year running basis in the next year without considering factors such as the fact that the production volume of the acrylonitrile plant had not reached the maximum production capacity during the early stage of running.
5. The difference between the actual transaction amount and the approved annual cap for 2023 was mainly due to the fact that while the acrylonitrile plant commenced production and running in 2023, the annual cap was determined based on theoretical maximum amount of production on a full-year running basis without considering factors such as the fact that the production volume of the acrylonitrile plant had not reached the maximum production capacity during the early stage of running.
6. The difference between the actual transaction amount and the approved annual caps from 2021 to 2023 was mainly due to a reduction of sales volume of products from and services provided by the Group to Kingboard and/or its associates as the price offered by third parties was more favourable.

The table below set out the proposed annual caps for the continuing connected transactions:

<b>Category of the Continuing Connected Transactions</b>		<b>Year ending 31 December 2024 <i>(Note 1)</i></b>	<b>Year ending 31 December 2025 <i>(Note 1)</i></b>	<b>Year ending 31 December 2026 <i>(Note 1)</i></b>
<i>Amounts in RMB'000</i>				
<b>Properties Leasing Agreement:</b>				
Lease of properties by the Group from CNOOC Group (annual rent and property management fees) <i>(Note 5)</i>	Caps <i>(Note 2)</i>	10,110	10,620	11,150
Lease of properties by the Group from CNOOC Group (right-of-use assets) <i>(Note 5)</i>	Caps <i>(Note 2)</i>	29,870	31,360	32,930
<b>New Natural Gas Sale and Purchase Framework Agreement:</b>				
Purchase of natural gas by the Group from CNOOC International Trade <i>(Note 6)</i>	Proposed Caps <i>(Note 3)</i>	6,066,047	6,066,047	6,066,047
<b>CNOOC Comprehensive Services and Product Sales Agreement:</b> <i>(Note 7)</i>				
Provision of services and supplies and sales of products by CNOOC Group to the Group <i>(Note 8)</i>	Proposed Caps <i>(Note 3)</i>	3,965,531	4,119,906	4,291,001
Provision of services and supplies and sales of products by the Group to CNOOC Group <i>(Note 9)</i>	Proposed Caps <i>(Note 3)</i>	1,644,621	1,811,923	1,897,441
<b>Fudao Comprehensive Services and Product Sales Agreement:</b> <i>(Note 10)</i>				
Provision of services and supplies and sales of products by the Group to Fudao Chemical <i>(Note 11)</i>	Proposed Caps <i>(Note 3)</i>	560,881	583,815	607,896
Sales of products by Fudao Chemical to the Group <i>(Note 12)</i>	Proposed Caps <i>(Note 3)</i>	4,215,625	4,426,407	4,647,727

<b>Category of the Continuing Connected Transactions</b>		<b>Year ending 31 December 2024 <i>(Note 1)</i></b>	<b>Year ending 31 December 2025 <i>(Note 1)</i></b>	<b>Year ending 31 December 2026 <i>(Note 1)</i></b>
		<i>Amounts in RMB '000</i>		
<b>Financial Services Agreement:</b> <i>(Note 13)</i>				
Deposits placed by the Group with CNOOC Finance <i>(Note 14)</i>	Caps <i>(Notes 2 and 4)</i>	390,000	390,000	390,000
<b>Investment and Wealth Management Cooperation Framework Agreement</b> <i>(Note 15)</i>	Proposed Caps <i>(Notes 3 and 4)</i>	1,900,000	1,900,000	1,900,000
<b>Kingboard Product Sales and Services Agreement:</b>				
Sales of products and provision of services by the Group to Kingboard and/or its associates <i>(Note 16)</i>	Caps <i>(Note 2)</i>	557,400	585,200	614,460

*Notes:*

1. In respect of all continuing connected transactions of the Company, the Directors have estimated the annual transaction figures for the coming three financial years ending on 31 December 2026 on the following basis:
  - (a) the continuing connected transactions continuing to be entered into on the terms and conditions set out in the relevant agreements;
  - (b) the continuing connected transactions continuing to be entered into in the ordinary and usual course of business of the Group and upon normal commercial terms;
  - (c) (where applicable) reference being made to the historical amounts for the two financial years ended 31 December 2022 and the eight months ended 31 August 2023; and
  - (d) no material adverse changes to the state of the PRC economy, the business expansion of the Group, the level of prices and demand for the Group's products and the materials and services needed by the Group for its operation and development.



2. These figures refer to continuing connected transactions which are expected to be exempt from Independent Shareholders' approval requirements under rule 14A.73(1) of the Listing Rules because the applicable percentage ratios are expected to be kept below 5%. The caps refer to the maximum annual transaction figures within which each relevant type of transactions will be conducted in the corresponding year. If the actual transaction amount exceeds the cap but is within the threshold of 5% of the applicable percentage ratios, the Company will make an announcement pursuant to Rule 14A.54 of the Listing Rules. If the actual transaction amount is expected to exceed the threshold of 5% of the applicable percentage ratios, the Company will seek prior approval of Independent Shareholders under Rule 14A.54 of the Listing Rules.
3. The Proposed Caps are subject to Independent Shareholders' approval at the EGM.
4. These caps refer to the maximum daily balance (and, in relation to the Investment and Wealth Management Cooperation Framework Agreement, including expected accrued investment returns) during the relevant period.
5. **Properties Leasing Agreement:** the caps refer to the leasing fees to be paid by the Group to CNOOC Group, and the determination of the caps is mainly based on data of historical transactions. According to International Financial Reporting Standard 16, (i) leases with a lease term of more than 12 months and of large amount are recognised as right-of-use assets and lease liabilities in the consolidated statement of financial position when the leased assets are available for use by the Group, and are recognised as depreciation of right-of-use assets and interest expenses on lease liabilities in the consolidated income statement; (ii) payments for leases with a lease term of 12 months or less and leases of low value assets are recognised as rental expenses in the consolidated income statement. Property management fees (if any) will all be recorded in the consolidated income statement for the relevant year. The Group has categorised the caps (for the Group acting as lessee) for the transactions contemplated under the Properties Leasing Agreement according to (i) the right-of-use assets leases and (ii) the short-term leases in accordance with IFRS 16 and the Listing Rules and property management fees.
6. **New Natural Gas Sale and Purchase Framework Agreement:** the determination of the annual caps is mainly based on: (1) the estimated price of natural gas to be supplied for Hainan Plants; (2) the theoretical maximum amount of gas consumption based on the highest possible operation days of each production plant of the Group in Hainan; and (3) a 10% buffer for fluctuation in commodity price, future operation needs of the Company and possible market change.
7. **CNOOC Comprehensive Services and Product Sales Agreement:** in order to facilitate effective internal control of the continuing connected transactions contemplated under the CNOOC Comprehensive Services and Product Sales Agreement, the Company will divide, so far as practicable, such transactions into two categories, which are (i) the provision of services and supplies and sales of products by CNOOC Group to the Group, and (ii) the provision of services and supplies and sales of products by the Group to CNOOC Group.

8. ***CNOOC Comprehensive Services and Product Sales Agreement (Provision of services and supplies and sales of products by CNOOC Group to the Group)***: the determination of the annual caps is mainly based on the following aspects: (1) the amount of potassium fertilizer, propene, materials for utility system, and acetone the Group expects to purchase from CNOOC Group; and (2) a 10% buffer for fluctuation in commodity price, future operation needs of the Company and possible market change.
9. ***CNOOC Comprehensive Services and Product Sales Agreement (Provision of services and supplies and sales of products by the Group to CNOOC Group)***: the determination of the annual caps is mainly based on (1) the estimated amount of sales of methanol, urea, phosphate fertiliser, compound fertiliser and logistics support to CNOOC Group by the Group; and (2) a 10% buffer for fluctuation in commodity price, future operation needs of the Company and possible market change.
10. ***Fudao Comprehensive Services and Product Sales Agreement***: in order to facilitate effective internal control of the continuing connected transactions contemplated under the Fudao Comprehensive Services and Product Sales Agreement, the Company will divide, so far as practicable, such transactions into two categories, which are (i) the provision of services and supplies and sales of products by the Group to Fudao Chemical and (ii) the sales of products by Fudao Chemical to the Group.
11. ***Fudao Comprehensive Services and Product Sales Agreement (Provision of services and supplies and sales of products by the Group to Fudao Chemical)***: the determination of the annual caps is mainly based on the following aspects: (1) the theoretical maximum amount of consumption of raw materials, including methanol and liquid ammonia, for daily operations based on the highest possible operation days of the plants of acrylonitrile project of Fudao Chemical during the respective year, and the estimated demand of relevant services provided by the Group to Fudao Chemical; (2) the market prices of relevant services, supplies and products in 2023; and (3) a 10% buffer for fluctuation in commodity price, future operation needs of the Company and possible market change.
12. ***Fudao Comprehensive Services and Product Sales Agreement (Sales of products by Fudao Chemical to the Group)***: the determination of the annual caps is mainly based on (1) the theoretical maximum amount of production of acrylonitrile, acetonitrile and MMA based on the highest possible operation days of the plants of acrylonitrile project of Fudao Chemical since formally commencing operation in 2023; (2) the market prices of acrylonitrile, acetonitrile and MMA in the recent years; and (3) a 10% buffer for fluctuation in commodity price, future operation needs of the Company and possible market change.
13. ***Financial Services Agreement***: in view of PBOC's liquidity regulation policies over domestic banks in the PRC, it is very important for the Group to be able to secure timely and sufficient financings from CNOOC Finance. There are two types of loans granted by CNOOC Finance to the Group: (1) loans where security over the Group's assets is required to be created in favour of CNOOC Finance; and (2) loans where no security over the assets of the Group is required to be created in favour of CNOOC Finance. As no type (1) loan had been obtained since 2012 and the Group does not anticipate that any type (1) loan will be granted by CNOOC Finance to the Group in the future, all loans granted by CNOOC Finance to the Group (which were previously referred to as the transactions in respect of the provision of loans to the Company) now do not require any security over the Group's assets. Therefore, these transaction contemplated thereunder constitute financial assistance provided by CNOOC Group to the Group which will be fully exempt from reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules. If any loan to be granted by CNOOC Finance to the Group in the future requires any security over the Group's assets to be given in respect of such loan, the Group will duly comply with the Listing Rules and make the relevant disclosures as appropriate.

14. ***Financial Services Agreement (Deposits placed by the Group with CNOOC Finance):*** the determination of the annual caps is mainly based on data of historical transactions, combined with arrangements such as fund settlement in the future.
15. ***Investment and Wealth Management Cooperation Framework Agreement:*** the maximum daily investment balance (including expected accrued investment returns) of the Group with Zhonghai Trust under the investment products and the other investment cooperation within the term of the Investment and Wealth Management Cooperation Framework Agreement for the three financial years ending 31 December 2026 are determined with reference to the current scale of wealth management of the Company, as well as its expectations on the expansion of its wealth management business and enhancement for returns. In particular, having considered the financial assets at fair value through profit or loss of approximately RMB1,156,150,000 and time deposits with original maturity over three months of approximately RMB9,900,000,000 of the Company as at 30 June 2023, the Directors are of the view that the the maximum daily investment balance (including expected accrued investment returns) of RMB1,900,000,000 only represents a relatively small portion of the Company's investment and is therefore at a reasonable level.
16. ***Kingboard Product Sales and Services Agreement:*** the determination of the annual caps is mainly based on (1) the Group's sales plan for methanol and the estimate on its future selling prices; and (2) a 10% buffer for fluctuation in commodity price, future operation needs of the Company and possible market change.

## **MEASURES TO ENSURE COMPLIANCE WITH THE LISTING RULES**

The Company has established comprehensive internal control system and adopted various internal control rules, including connected transaction management measures, sales and pricing management measures and procurement and tender administration measures, to ensure that the continuing connected transactions are conducted in accordance with the executed agreements. Before entering into a specific connected transaction agreement, the designated department of the Group will review and assess whether the rates and terms set out in the specific agreement are consistent with the executed framework agreement to ensure that the interests of the Company and Shareholders as a whole are taken into account and protected. The Company has set up the Audit Department to audit and assess the operation of the internal control management system of the Company and report to the audit committee of the Board and the Board in connection to the status of the internal control of the Company (including the implementation status of connected transactions) regularly. The audit committee of the Board and the supervisory committee of the Company will also regularly conduct assessment on the internal control system of the Company and its subsidiaries in order to ensure the effectiveness of the internal control system of the Group, including internal control measures in respect of connected transactions management. Furthermore, the audit committee of the Board convenes meetings twice a year to discuss and assess the implementation of connected transactions. In addition, the Company's external auditors shall conduct an interim review and a year-end audit on the Company's internal control measures, including connected transactions.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Company is one of the major subsidiaries of CNOOC which is one of the largest petroleum companies in China. In view of the extensive resources and experience of CNOOC Group, it is desirable for the Group to seek supports and maintain business relationships with CNOOC Group, and the transactions contemplated thereunder will secure a stable and reliable supply of raw material and services for the Company's production, expand the financing channels of the Company and lower its financing cost and reasonably and effectively utilise the temporary idle funds of the Group to enhance capital gain.

Kingboard is the business partner of the Company with respect to CNOOC Jiantao. It, together with its parent company Kingboard Holdings and its other associates, also maintains close business relationship with the Group in terms of product sale and purchase. It is beneficial for the Group to enter into commercial arrangements and transactions with Kingboard and its associates.

The continuing connected transactions of the Company are or will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms. The Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to carry out the continuing connected transactions as those transactions have facilitated and will continue to facilitate the operation of the Group's business. The Directors are of the view that the terms and annual caps of those transactions as described above are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

With respect to the continuing connected transactions that are exempt from Independent Shareholders' approval requirements under the Listing Rules, the Directors (including the independent non-executive Directors) are of the opinion that such transactions have been entered into, and will be carried out, in the ordinary and usual course of the Group's business, on an arm's length basis and on normal commercial terms, and that the terms and the annual caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES INVOLVED**

### **Information on the Group**

The Group mainly engages in the developments, production and sales of fertilisers (including urea, phosphate fertiliser and compound fertiliser) and chemical products (primarily methanol and acrylonitrile).

### **Information on CNOOC and its associates**

CNOOC is the controlling shareholder of the Company and is one of largest state-owned oil companies in the PRC specialising in exploration of oil and gas in the PRC with its headquarters in Beijing. It is the largest offshore oil and gas producer in the PRC. Since its establishment, it has sustained continuous developments and had advanced from a company engaging only in exploitation of oil and gas to an integrated conglomerate with prominent main business and a complete production chain including upstream petroleum businesses (such as exploration, development, production and sales of oil and gas), downstream petroleum businesses (such as refining, petrochemicals, use of natural gas, power generation, the manufacturing and sale of fertilisers and chemicals) and financial services.

CNOOC Limited is a subsidiary of CNOOC and is listed on the Stock Exchange (Stock Code: 0883) and the Shanghai Stock Exchange (Stock Code: 600938). CNOOC Limited and its subsidiaries principally engage in exploration, development, production and sales of offshore oil and natural gas.

CNOOC China Limited is a subsidiary of CNOOC Limited and principally engages in exploration, development, production and sales of offshore petroleum in the PRC.

CNOOC Finance is a subsidiary of CNOOC and a non-bank financial institution with the approval of the PBOC. It is subject to the supervision of the NAFR. It has been providing financial services to members of CNOOC Group (including the Group) as an intra-group service provider.

CNOOC International Trade is a subsidiary of CNOOC Limited and principally engages in wholesales of crude oil and refined products.

Fudao Chemical is a non-wholly owned subsidiary of the Company, with the Company indirectly holding its 51% equity interests and CNOOC indirectly holding its 49% equity interests. It mainly engages in the production, manufacturing and sales of acrylonitrile products and methyl methacrylate products.

Zhonghai Trust is a non-wholly owned subsidiary of CNOOC and a state-owned non-banking financial institution jointly established by CNOOC and CITIC Limited. Zhonghai Trust is engaged in the trust business approved by the State Administration of Financial Supervision and Administration and its own businesses include trust loans, credit asset securitisation, structured securities investment, private equity funds, equity trusts and financial consultancy.

### **Information on Kingboard and its associates**

Kingboard is a company incorporated in Hong Kong with limited liability and a subsidiary of Kingboard Holdings. The principal activities of Kingboard is investment holding.

Kingboard Holdings is a company incorporated in Cayman Islands with limited liability and the controlling shareholder of Kingboard. It is a company listed on the Stock Exchange (stock code: 0148). The principal activities of Kingboard Holdings and its subsidiaries are the manufacturing and sales of laminates, printed circuit boards, chemicals, magnetic products, property development and investments and investment business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the ultimate beneficial owner of Kingboard Holdings is Hallgain Management Limited, an independent third party of the Company.

## **LISTING RULES IMPLICATIONS**

### **CNOOC and its associates**

CNOOC is the controlling shareholder of the Company. Therefore, CNOOC and its associates (other than the Group) are the Company's connected persons under Rule 14A.07 of the Listing Rules. Given CNOOC Limited, CNOOC Finance and Zhonghai Trust are all subsidiaries of CNOOC and CNOOC International Trade is a wholly-owned subsidiary of CNOOC Limited, all of them are associates of CNOOC and therefore shall be deemed as connected persons of the Company under Rule 14A.07 of the Listing Rules.

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

As the highest applicable percentage ratio in respect of the Proposed Caps of each of the Non-exempted Continuing Connected Transactions exceeds 5%, these Non-exempted Continuing Connected Transactions are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Caps for the maximum daily investment balance (including accrued investment returns) under the Investment and Wealth Management Cooperation Framework Agreement is more than 5% but less than 25%, the transactions contemplated thereunder also constitute discloseable transactions to the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement requirement under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratios in respect of the annual caps for (i) the transactions for the lease of properties by CNOOC Group from the Group contemplated under the Properties Leasing Agreement, and (ii) the transactions for deposits placed by the Group with CNOOC Finance contemplated under the Financial Services Agreement, are more than 0.1% but less than 5%, these transactions are subject to reporting, annual review, and announcement requirements but shall be exempt from the circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transactions in respect of (i) the notes acceptance and discounting services, arrangement of entrustment loans between the Company and its subsidiaries or among its subsidiaries, transfer and settlement services and other financial services contemplated under the Financial Services Agreement, and (ii) the lease of properties by CNOOC Group from the Group contemplated under the Properties Leasing Agreement are less than 0.1%, these transactions are accordingly qualified under Rule 14A.76 of the Listing Rules as de minimis transactions and are fully exempt from reporting, annual review, announcement and Independent Shareholders' approval requirements.

### **Kingboard and its associates**

The Company and Kingboard holds 60% and 40% equity interests of CNOOC Jiantao, respectively. Thus, Kingboard is a substantial shareholder of CNOOC Jiantao, a subsidiary of the Company. Therefore, Kingboard and its associates (including Kingboard Holdings and its subsidiaries) are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Given that Kingboard and its associates are connected persons of the Company only at the subsidiary level and the Board has approved the transactions contemplated, despite that the highest applicable percentage ratio for the transactions contemplated under the Kingboard Product Sales and Services Agreement exceeds 5%, such transactions are only subject to reporting, annual review, and announcement requirements and are exempt from the circular, independent financial advice and Independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. The independent non-executive Directors have confirmed that the terms of the transactions contemplated thereunder are fair and reasonable; and that the transaction is on normal commercial terms or better and in the interest of the Company and its Shareholders as a whole.

## **VOTING AT THE BOARD MEETING AND THE EGM**

Due to their positions in CNOOC, Mr. Huang Hulong and Mr. Zhao Baoshun have abstained from voting at the Board meeting on the resolutions approving or agreeing to submit to Independent Shareholders for approval of the Properties Leasing Agreement, the New Natural Gas Sale and Purchase Framework Agreement, the CNOOC Comprehensive Services and Product Sales Agreement, the Fudao Comprehensive Services and Product Sales Agreement, the Financial Services Agreement and the Investment and Wealth Management Cooperation Framework Agreement and their respective annual caps or the Proposed Caps contemplated thereunder.

The Company will convene an EGM to obtain the approval from the Independent Shareholders of, among other things:

1. the New Natural Gas Sale and Purchase Framework Agreement entered into between the Company and CNOOC International Trade, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions;
2. the CNOOC Comprehensive Services and Product Sales Agreement entered into between the Company and CNOOC, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions;
3. the Fudao Comprehensive Services and Product Sales Agreement entered into between the Company and Fudao Chemical, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions; and
4. the Investment and Wealth Management Cooperation Framework Agreement entered into between the Company and Zhonghai Trust, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2024 to 2026 for such transactions.

At the EGM, CNOOC and its associates will abstain from voting with respect to the Non-exempted Continuing Connected Transactions. The relevant resolutions to be proposed at the EGM will be voted by poll in compliance with the Listing Rules.



For the purpose of the EGM, the Board has established the Independent Board Committee (comprising Mr. Yu Changchun, Mr. Lin Feng and Mr. Xie Dong, all of whom are independent non-executive Directors) to consider and advise the Independent Shareholders with respect to (1) New Natural Gas Sale and Purchase Framework Agreement, the CNOOC Comprehensive Services and Product Sales Agreement, the Fudao Comprehensive Services and Product Sales Agreement, and the Investment and Wealth Management Cooperation Framework Agreement, and (2) the Proposed Caps. The Company has also appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempted Continuing Connected Transactions and the Proposed Caps.

Details of the relevant advice and recommendation of Gram Capital, together with the principal factors and reasons taken into account by it in arriving at its advice and recommendation will be published in the circular to be dispatched on or around 9 November 2023 in accordance with the Listing Rules.

Upon approval of certain continuing connected transactions by the Independent Shareholders, the Company will comply with the requirements specified under Chapter 14A of the Listing Rules in respect of the conduct of the Non-exempted Continuing Connected Transactions.

#### **DESPATCH OF CIRCULAR**

The Company will despatch a circular in accordance with requirements under the Listing Rules, which will contain, among other things,

1. details on (1) the Non-exempt Continuing Connected Transactions and (2) the Proposed Caps;
2. a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders;
3. a letter from the Independent Board Committee to the Independent Shareholders; and
4. a notice of the EGM.

The circular is subject to review by the Stock Exchange. The Company expects that the circular will be dispatched on or around 9 November 2023 in accordance with the Listing Rules. The Shareholders and potential investors should refer to the circular for further information.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“CBIRC”	中國銀行保險監督管理委員會(China Banking and Insurance Regulatory Commission)
“CNOOC”	中國海洋石油集團有限公司(China National Offshore Oil Corporation*), a state-owned company established in China which is also the controlling Shareholder
“CNOOC China Limited”	中海石油(中國)有限公司(CNOOC China Limited*), a company established in China and a wholly-owned subsidiary of CNOOC Limited
“CNOOC Comprehensive Services and Product Sales Agreement”	the comprehensive services and product sales and purchase framework agreement dated 18 October 2023 entered into between the Company and CNOOC
“CNOOC Finance”	中海石油財務有限責任公司(CNOOC Finance Limited*), a company established in China and a wholly-owned subsidiary of CNOOC
“CNOOC Fudao”	海洋石油富島有限公司(CNOOC Fudao Limited*), a company established in the PRC and is currently a wholly-owned subsidiary of the Company
“CNOOC Group”	CNOOC and its associates, excluding the Group
“CNOOC International Trade”	中國海油國際貿易有限責任公司(CNOOC International Trade Limited*), a company incorporated in the PRC and a subsidiary of CNOOC Limited
“CNOOC Jiantao”	中海石油建滔化工有限公司(CNOOC Kingboard Chemical Limited*), a company established in China and the equity interest of which is owned as to 60% by the Company and 40% by Kingboard
“CNOOC Limited”	中國海洋石油有限公司(CNOOC Limited*), a company listed on the Stock Exchange (Stock Code: 0883) and the Shanghai Stock Exchange (Stock Code: 600938) and a subsidiary of CNOOC

“CNOOC Tianye”	中海石油天野化工有限責任公司(CNOOC Tianye Chemical Limited*), a company incorporated in the PRC and a non-wholly owned subsidiary of the Company
“Company”	中海石油化學股份有限公司(China BlueChemical Ltd.*), a company incorporated in the PRC and a subsidiary of CNOOC, the H shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company proposed to be convened, among other things, for the Independent Shareholders to consider and, if thought fit, approve the agreements in relation to certain continuing connected transactions and the Proposed Caps, and any adjournment thereof
“Financial Services Agreement”	the financial services framework agreement dated 18 October 2023 entered into between the Company and CNOOC Finance
“Fudao Chemical”	中海油富島(海南)化工有限公司(CNOOC Fudao (Hainan) Chemical Ltd.*), a limited company incorporated in the PRC, in which the Company and CNOOC indirectly hold the 51% and 49% equity interests, respectively
“Fudao Comprehensive Services and Product Sales Agreement”	the comprehensive services and product sales and purchase framework agreement dated 18 October 2023 entered into between the Company and Fudao Chemical
“Fudao Phase I Urea Plant”	the Company’s urea plant with a 520,000-tonne annual capacity in Hainan
“Fudao Phase II Urea Plant”	the Company’s urea plant with an 800,000-tonne annual capacity in Hainan
“Group”	the Company and its subsidiaries from time to time
“Hainan Phase I Methanol Plant”	the Company’s methanol plant with a 600,000-tonne annual capacity in Hainan
“Hainan Phase II Methanol Plant”	the Company’s methanol plant with an 800,000-tonne annual capacity in Hainan
“Hainan Plants”	Fudao Phase I Urea Plant, Fudao Phase II Urea Plant, Hainan Phase I Methanol Plant and Hainan Phase II Methanol Plant

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Yu Changchun, Mr. Lin Feng and Mr. Xie Dong, the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the agreements in relation to the Non-exempt Continuing Connected Transactions and the Proposed Caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempted Continuing Connected Transactions and the Proposed Caps
“Independent Shareholders”	Shareholders other than those who have interest in the relevant Non-exempted Continuing Connected Transactions
“Investment and Wealth Management Cooperation Framework Agreement”	the investment and wealth management cooperation framework agreement dated 18 October 2023 entered into between the Company and Zhonghai Trust
“Kingboard”	建滔投資有限公司(Kingboard Investments Limited*), a Hong Kong incorporated subsidiary of Kingboard Holdings, which holds 40% equity interest in CNOOC Jiantao
“Kingboard Holdings”	Kingboard Holdings Limited, a company listed on the Stock Exchange (stock code: 0148), formerly known as Kingboard Chemical Holdings Limited
“Kingboard Product Sales and Services Agreement”	the product sales and purchase and related services framework agreement dated 18 October 2023 entered into between the Company and Kingboard
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAFR”	the National Administration of Financial Regulation, which has replaced CBIRC as the new financial regulatory body in the PRC.

“Natural Gas Sale and Purchase Agreements”	the five long-term agreements the Group has entered into with CNOOC China Limited, including (i) the Dongfang 1-1 Offshore Gasfield Natural Gas Sale and Purchase Agreement entered into between the Company and CNOOC China Limited dated 28 July 2003, (ii) the Dongfang 1-1 Offshore Gasfield Natural Gas Sale and Purchase Agreement entered into between CNOOC Jiantao and CNOOC China Limited dated 10 March 2005, (iii) the Natural Gas Sale and Purchase Framework Agreement entered into between the Company and CNOOC China Limited dated 1 September 2006 and the Ledong Natural Gasfield Natural Gas Sale and Purchase Agreement entered into between the Company and CNOOC China Limited dated 26 March 2010 thereunder, (iv) the Dongfang 1-1 Gasfield Phase I Adjusted Project Natural Gas Sale and Purchase Framework Agreement entered into among the Company, CNOOC Fudao and CNOOC China Limited dated 28 October 2014 and the Dongfang 1-1 Gasfield Phase I Adjusted Project Natural Gas Sale and Purchase Agreement entered into among the Company, CNOOC Fudao and CNOOC China Limited dated 18 May 2015 thereunder, and (v) Dongfang 13-2 Gasfield Group Natural Gas Sale and Purchase Agreement entered into among the Company, CNOOC Fudao and CNOOC China Limited dated 3 November 2017
“NDRC”	National Development and Reform Commission of the PRC
“New Natural Gas Sale and Purchase Framework Agreement”	the natural gas sale and purchase framework agreement dated 18 October 2023 entered into between the Company and CNOOC International Trade
“Non-exempted Continuing Connected Transactions”	the continuing connected transactions contemplated under (i) the New Natural Gas Sale and Purchase Framework Agreement, (ii) the CNOOC Comprehensive Services and Product Sales Agreement, (iii) the Fudao Comprehensive Services and Product Sales Agreement, and (iv) the Investment and Wealth Management Cooperation Framework Agreement, which are subject to Independent Shareholders’ approval at the EGM
“PBOC”	中國人民銀行(the People’s Bank of China)
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Properties Leasing Agreement”	the properties leasing framework agreement dated 18 October 2023 entered into between the Company and CNOOC

“property(ies)”	certain buildings and/or land use rights
“Proposed Cap(s)”	the proposed maximum annual aggregate value(s) for each type of the Non-exempted Continuing Connected Transactions of the Company for each year in the period commencing from 1 January 2024 to 31 December 2026
“Prospectus”	the Hong Kong prospectus of the Company dated 18 September 2006
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“Zhonghai Trust”	中海信託股份有限公司(Zhonghai Trust Co., Ltd.*), a company incorporated in the PRC and a subsidiary of CNOOC

*In addition, the terms “associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “controlling shareholder”, “substantial shareholder”, “percentage ratio(s)” and “subsidiary” shall have the meanings ascribed to them under the Listing Rules.*

\* *The Chinese name(s) of the PRC entities have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*

By order of the Board  
**China Blue Chemical Ltd.\***  
**Kuang Xiaobing**  
*Company Secretary*

Beijing, the PRC  
18 October 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Hou Xiaofeng and Mr. Li Ruqing, 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*