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

(Stock Code: 3983)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

1. Revenue amounted to RMB11,946 million
2. Gross profit amounted to RMB1,705 million
3. Profit attributable to owners of the Company amounted to RMB1,071 million
4. Basic earnings per share amounted to RMB0.23
5. Proposed final dividends amounted to RMB0.1208 per share

(I) AUDITED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	11,946,459	12,989,832
Cost of sales		<u>(10,241,839)</u>	<u>(10,928,762)</u>
Gross profit		1,704,620	2,061,070
Other income	4	105,610	89,717
Selling and distribution costs		(91,335)	(114,839)
Administrative expenses		(629,079)	(602,741)
Other expenses		(17,899)	(27,718)
Change in fair value of financial assets at fair value through profit or loss		69,399	88,284
Finance income	5	351,080	357,941
Finance costs	6	(52,759)	(34,185)
Impairment loss and provision for expected credit losses ("ECLs") allowances	7	(17,840)	(6,183)
Exchange losses, net		(3,586)	(9,624)
Gain on disposal of subsidiaries		–	858,229
Share of profits of joint ventures		45,775	1,796
Share of profits of associates		<u>3,235</u>	<u>2,238</u>
Profit before income tax	7	1,467,221	2,663,985
Income tax expenses	8	<u>(316,092)</u>	<u>(289,887)</u>
Profit for the year		<u><u>1,151,129</u></u>	<u><u>2,374,098</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
Other comprehensive loss:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement loss on provision for retirement benefit		<u>(4,755)</u>	<u>(1,171)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		132	52
Share of other comprehensive loss of joint ventures		(5,203)	(3,923)
Share of other comprehensive income of associates		<u>30</u>	<u>22</u>
		<u>(5,041)</u>	<u>(3,849)</u>
Other comprehensive loss for the year, net of tax		<u>(9,796)</u>	<u>(5,020)</u>
Total comprehensive income for the year		<u><u>1,141,333</u></u>	<u><u>2,369,078</u></u>
Profit attributable to:			
Owners of the Company		1,071,273	2,381,681
Non-controlling interests		<u>79,856</u>	<u>(7,583)</u>
		<u><u>1,151,129</u></u>	<u><u>2,374,098</u></u>
Total comprehensive income attributable to:			
Owners of the Company		1,061,477	2,376,661
Non-controlling interests		<u>79,856</u>	<u>(7,583)</u>
		<u><u>1,141,333</u></u>	<u><u>2,369,078</u></u>
Earnings per share attributable to owners of the Company			
– Basic and diluted for the year (RMB per share)	<i>10</i>	<u><u>0.23</u></u>	<u><u>0.52</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		7,177,198	7,142,912
Mining rights		126,839	128,113
Prepaid lease payments		332,968	342,775
Investment properties		64,486	68,979
Intangible assets		129,691	152,565
Interests in joint ventures	<i>11</i>	333,906	293,905
Interests in associates	<i>12</i>	127,404	126,162
Financial asset at fair value through other comprehensive income		600	600
Deferred tax assets		123,890	155,122
Other long-term prepayment for property, plant and equipment		94,332	121,168
Loan receivable		208,252	208,408
		<u>8,719,566</u>	<u>8,740,709</u>
CURRENT ASSETS			
Inventories		1,124,718	974,450
Trade receivables	<i>13</i>	23,621	56,513
Bills receivable		80,349	207,144
Contract assets		12,783	20,188
Prepayments, deposits and other receivables		436,808	890,414
Financial assets at fair value through profit or loss		1,830,485	2,893,726
VAT recoverable		156,022	226,814
Pledged bank deposits		11,715	10,119
Time deposits with original maturity over three months		11,000,000	9,700,000
Cash and cash equivalents		679,928	597,269
		<u>15,356,429</u>	<u>15,576,637</u>
TOTAL ASSETS		<u><u>24,075,995</u></u>	<u><u>24,317,346</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2024*

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY			
CAPITAL AND RESERVES			
Issued capital		4,610,000	4,610,000
Reserves		13,241,389	12,736,800
Proposed dividends	9	556,888	954,270
		<hr/>	<hr/>
Equity attributable to owners of the Company		18,408,277	18,301,070
Non-controlling interests		1,098,684	1,106,088
		<hr/>	<hr/>
TOTAL EQUITY		19,506,961	19,407,158
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
NON-CURRENT LIABILITIES			
Provision for retirement benefit		252,591	258,192
Interest-bearing bank and other borrowings		1,626,693	1,349,275
Lease liabilities		29,680	10,491
Deferred tax liabilities		20,138	16,430
Deferred revenue		125,348	129,937
Other long-term liabilities		1,636	1,789
		<hr/>	<hr/>
		2,056,086	1,766,114
		<hr/>	<hr/>
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		434,410	651,691
Trade payables	14	1,067,996	1,138,388
Contract liabilities		398,273	610,135
Other payables and accruals		544,129	640,911
Lease liabilities		28,341	9,995
Income tax payable		39,799	92,954
		<hr/>	<hr/>
		2,512,948	3,144,074
		<hr/>	<hr/>
TOTAL LIABILITIES		4,569,034	4,910,188
		<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES		24,075,995	24,317,346
		<hr/>	<hr/>
NET CURRENT ASSETS		12,843,481	12,432,563
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,563,047	21,173,272
		<hr/>	<hr/>
NET ASSETS		19,506,961	19,407,158
		<hr/> <hr/>	<hr/> <hr/>

(II) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

(a) Adoption of revised IFRS Accounting Standards

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

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

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

(b) Future changes in IFRS Accounting Standards

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

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

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ The effective date to be determined

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

- 1 Inter-segment revenues are eliminated on consolidation.
- 2 Segment assets include all assets but excludes deferred tax assets, financial asset at fair value through other comprehensive income (“FVOCI”) and interests in joint ventures and associates.
- 3 Segment liabilities do not include deferred tax liabilities and provision for retirement benefit.

Geographic information

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Sales to external customers		
– The PRC	11,945,384	12,942,371
– Others	1,075	47,461
	<u>11,946,459</u>	<u>12,989,832</u>

(b) *Non-current assets*

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

(c) *Comparative figures information*

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

Information about major customer

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

4. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

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

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

5. FINANCE INCOME

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

6. FINANCE COSTS

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

7. PROFIT BEFORE INCOME TAX

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

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

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

8. INCOME TAX EXPENSES

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

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

(a) Enterprise Income Tax (“EIT”)

Under the EIT Law of the PRC (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Certain subsidiaries located in Hainan classified as encouraged industry in Hainan Free Trade Port and have a practical operational record are entitled to a reduced enterprise income tax rate for 15% (i.e. EIT rate is 10%).

(b) Hong Kong Profits Tax

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

9. PROPOSED DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Proposed dividends – RMB0.1208 (2023: RMB0.207) per ordinary share	<u>556,888</u>	<u>954,270</u>

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

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

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings		
Profits for the year attributable to owners of the Company	<u>1,071,273</u>	<u>2,381,681</u>
	Number of shares	Number of shares
	2024 '000	2023 '000
Shares		
Number of shares in issue during the year	<u>4,610,000</u>	<u>4,610,000</u>

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

11. INTERESTS IN JOINT VENTURES

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

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

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

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

Notes:

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

12. INTERESTS IN ASSOCIATES

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

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

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

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

Notes:

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

13. TRADE RECEIVABLES

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

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

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

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

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

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

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

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

The ECLs are assessed collectively for receivables that were not credit-impaired and individually for credit-impaired trade receivables with an aggregate carrying amount of RMB1,705,000 (2023: RMB977,000).

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	977	–
Provision of ECLs allowance	<u>728</u>	<u>977</u>
At end of the year	<u><u>1,705</u></u>	<u><u>977</u></u>

14. TRADE PAYABLES

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u><u>1,067,996</u></u>	<u><u>1,138,388</u></u>
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	1,022,590	1,096,734
Over one year but within two years	42,349	35,508
Over two years but within three years	1,527	5,367
Over three years	<u>1,530</u>	<u>779</u>
	<u><u>1,067,996</u></u>	<u><u>1,138,388</u></u>

15. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

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

Name of subsidiary <i>(Note(ii))</i>	Place and date of incorporation and place of operation	Registered/ Issued capital '000		Percentage of equity interest attributable to the Company %	Principal activities
海洋石油富島有限公司 (transliterated as CNOOC Fudao Limited) <i>(Note (i))</i>	PRC 31 December 2001	RMB477,400	Direct	100.00 <i>(2023: 100.00)</i>	Manufacture and sale of fertilisers
			Indirect	–	
海南中海石油運輸服務有限公司 (transliterated as Hainan CNOOC Transportation Co., Ltd.) <i>(Note (i))</i>	PRC 22 October 2001	RMB6,250	Direct	–	Provision of transportation services
			Indirect	73.11 <i>(2023: 73.11)</i>	
海南八所港務有限責任公司 (transliterated as Hainan Basuo Port Limited) <i>(Note (i))</i>	PRC 25 April 2005	RMB514,034	Direct	73.11 <i>(2023: 73.11)</i>	Port operation
			Indirect	–	
中海石油建滔化工有限公司 (transliterated as CNOOC Kingboard Chemical Limited) (“CNOOC Kingboard”) <i>(Note (i))</i>	PRC 31 October 2003	RMB500,000	Direct	60.00 <i>(2023: 60.00)</i>	Manufacture and sale of methanol
			Indirect	–	
海油富島(上海)化學有限公司 (transliterated as CNOOC Fudao (Shanghai) Chemical Limited) <i>(Note (i))</i>	PRC 7 January 2002	RMB27,000	Direct	100.00 <i>(2023: 100.00)</i>	Trading of fertilisers
			Indirect	–	
八所中理外輪理貨有限公司 (transliterated as China Basuo Ocean Shipping Tally Co., Ltd.) <i>(Note (i))</i>	PRC 9 May 2008	RMB300	Direct	–	Provision of overseas shipping services
			Indirect	61.41 <i>(2023: 61.41)</i>	
湖北大峪口化工有限責任公司 (transliterated as Hubei Dayukou Chemical Limited) (“Hubei Dayukou”) <i>(Note (i))</i>	PRC 12 August 2005	RMB1,103,127	Direct	79.98 <i>(2023: 79.98)</i>	Phosphate mining and processing, manufacture and sale of MAP and DAP fertilisers
			Indirect	–	
中海石油華鶴煤化有限公司 (transliterated as CNOOC Huahe Coal Chemical Limited) <i>(Note (i))</i>	PRC 26 May 2006	RMB2,335,600	Direct	100.00 <i>(2023: 100.00)</i>	Manufacture and sale of fertilisers
			Indirect	–	

Name of subsidiary <i>(Note(ii))</i>	Place and date of incorporation and place of operation	Registered/ Issued capital '000		Percentage of equity interest attributable to the Company %	Principal activities
黑龍江瑞鶴礦業有限公司 (transliterated as Heilongjiang Ruihe Mining Co., Ltd.) <i>(Note (i))</i>	PRC 18 August 2022	RMB1,000	Direct Indirect	– 100.00 <i>(2023: 100.00)</i>	Trading of coal and coal products, coal mining
中海油(海南)富島化工有限公司 (transliterated as CNOOC (Hainan) Fudao Chemical Limited) ("Fudao Chemical") <i>(Notes (i))</i>	PRC 19 October 2020	RMB720,000	Direct Indirect	– 51.00 <i>(2023: 51.00)</i>	Manufacture and sale of acrylonitrile and methyl methacrylate
China BlueChemical (Hong Kong) Limited (中海化學(香港)有限公司)	Hong Kong 14 November 2013	HKD100	Direct Indirect	100.00 <i>(2023: 100.00)</i> –	Trading of fertilisers

Note:

- (i) These entities established in the PRC are domestic limited liability companies.
- (ii) The English translation of the company names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

(III) MANAGEMENT DISCUSSION AND ANALYSIS

1. Sector Review

Chemical fertiliser industry

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

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

(1) Urea

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

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

(2) *Phosphate and compound fertilisers*

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

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

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

Chemical industry

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

(1) *Methanol*

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

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

(2) *Acrylonitrile*

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

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

2. Business Review

Production Management

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

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

	For the year ended 31 December			
	2024		2023	
	Production (tonnes)	Utilisation rate (%)	Production (tonnes)	Utilisation rate (%)
Chemical fertilisers				
Urea				
Fudao Phase I	532,516	102.4	505,957	97.3
Fudao Phase II	749,679	93.7	823,051	102.9
CNOOC Huahe	635,607	122.2	676,925	130.2
Group total	<u>1,917,802</u>	<u>104.2</u>	<u>2,005,933</u>	<u>109.0</u>
Phosphate Fertilisers and Compound Fertilisers				
DYK MAP	56,501	37.7	46,530	31.0
DYK DAP Phase I (Note)	323,272	92.4	363,368	103.8
DYK DAP Phase II	475,631	95.1	404,369	80.9
Group total	<u>855,404</u>	<u>85.5</u>	<u>814,267</u>	<u>81.4</u>

	For the year ended 31 December			
	2024		2023	
	Production (tonnes)	Utilisation rate (%)	Production (tonnes)	Utilisation rate (%)
Chemical Products				
Methanol				
Hainan Phase I	621,842	103.6	636,282	106.0
Hainan Phase II	816,535	102.1	825,804	103.2
Group total	<u>1,438,377</u>	<u>102.7</u>	<u>1,462,086</u>	<u>104.4</u>
Acrylonitrile and relating products				
Acrylonitrile	167,788	83.9	129,400	64.7
Acetonitrile	5,638	94.0	4,175	69.6
MMA	56,362	80.5	31,208	44.6
Group total	<u>229,788</u>	<u>83.3</u>	<u>164,783</u>	<u>59.7</u>

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

Sales Management

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

Urea

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

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

Phosphate Fertilisers and Compound Fertilisers

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

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

Methanol

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

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

Acrylonitrile and relating products

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

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

BB Fertilisers

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

Sea-land logistics services

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

3. Financial Review

Revenue

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

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

During the reporting period, the Group realised an external revenue from phosphate and compound fertilisers of RMB2,687 million, representing a decrease of RMB20.0 million, or 0.7%, from that of RMB2,707.0 million in 2023. This was primarily attributable to (1) an increase of RMB67.1 per tonne in the selling price of phosphate and compound fertilisers, resulting in an increase of RMB54.0 million in revenue; and (2) a decrease of 22,605.8 tonnes in the sales volume of phosphate and compound fertilisers, resulting in a decrease of RMB74.0 million in revenue.

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

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

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

Cost of sales

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

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

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

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

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

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

Gross profit

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

Other income

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

Selling and distribution costs

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

Administrative expenses

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

Other expenses

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

Finance income and finance costs

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

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

Net exchange losses

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

Impairment loss on assets

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

Share of net profits/losses of associates and joint ventures

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

Income tax expenses

During the reporting period, the Group's income tax expense was RMB316.1 million, representing an increase of RMB26.2 million, or 9.0% from that of RMB289.9 million in 2023. This was primarily attributable to (1) a corresponding decrease of RMB10.9 million in income tax expenses for the current period as the Group recorded a year-on-year decrease in profit before tax for the year; (2) reversal of deferred income tax of RMB37.8 million due to long-term equity investment loss in CNOOC Tianye; and (3) a decrease of RMB0.7 million in deferred income tax due to tax-accounting differences of Fudao and the impact of the write-down of inventories.

Net profit for the year

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

Dividends

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

Capital expenditure

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

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

Asset Pledge

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

Capital management

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

Cash and cash equivalents

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

Human resources and training

As at 31 December 2024, the Group had 3,653 employees. The aggregate of employees' wages and allowances for 2023 was approximately RMB866.1 million. The Group has a comprehensive remuneration system and a systematic welfare plan as well as an effective performance appraisal system in place to ensure that the remuneration policy of the Group effectively provides incentive to its staff. The Company determines staff remuneration according to their positions, performance and capability.

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

Market risk

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

Commodity price risk

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

Interest rate risk

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

Foreign exchange risk

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

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

Inflation and currency risk

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

Liquidity risk

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

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

Subsequent events

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

Contingent liabilities

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

Material litigation and arbitration

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

Major acquisitions and disposals of subsidiaries and associates of the Company

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

4. Sector Outlook

2025:

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

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

The domestic production capacity of methanol is expected to increase significantly compared with 2024. Meanwhile, the planned production capacity in downstream sector of methanol is substantial, which will further drive the demand for methanol. It is expected that the contradiction between supply and demand of methanol will be eased. Considering the favorable macroeconomic conditions and active downstream production, the methanol market may show a trend of boom in both supply and demand.

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

5. Our Key Tasks in 2025

1. To strengthen the management of the safety system to create an efficient, safe and intelligent production environment;
2. To improve measures to strengthen the foundation and expand the market, innovate sales models and ensure price realization;
3. To strengthen energy conservation and environmental protection to increase efficiency, gradually complete the replacement of low-efficiency equipment;
4. To refine brand construction, do a good job in brand synergy and unify the brand image;
5. To develop and introduce new categories of fertilizers, help reduce fertilizer reduction and increase efficiency, soil health, and stabilize and increase production; and
6. To deepen the research on the application of carbon-rich natural gas and CO₂ resource-based technology, and promote technological breakthroughs of key projects.

(IV) SUPPLEMENTAL INFORMATION

Audit Committee

The Audit Committee has reviewed, with the management, the accounting principles and standards adopted by the Group, and discussed the internal control and financial reporting matters. The figures contained in the preliminary announcement of our Group's results for the year were based on the Group's consolidated financial statements for the year ended 31 December 2024 which have been agreed with the Group's auditor, Forvis Mazars CPA Limited. The work performed by Forvis Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Forvis Mazars CPA Limited on the preliminary announcement. The Audit Committee has reviewed the financial report for the year ended 31 December 2024.

Compliance With Corporate Governance Code

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

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

We refer to the announcement of the Company dated 18 March 2025 in relation to, among other things, the resignation of Mr. Hou Xiaofeng as the chief executive officer and president of the Company and the appointment of Mr. Rao Shicai as the chief executive officer and president of the Company, both with effect from 18 March 2025. Accordingly, as at the date of this announcement, the Company has re-complied with code provision C.2.1 of the Corporate Governance Code.

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

In respect of the transactions of securities by our Directors and Supervisors, the Company has adopted a set of standard code on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 of the Listing Rules. The Board confirms that, having made specific enquiries with all Directors and Supervisors by the Company, during the reporting period ended 31 December 2024, all members of the Board and all Supervisors have complied with the required standards as set out in the Model Code.

Proposed Final Dividends and Further Announcement of the Date of the Annual General Meeting and Closure of the Register of Members

The Board has recommended the payment of final dividends of RMB0.1208 (tax included) per share for the year ended 31 December 2024. The proposed final dividends for 2024 will be subject to the approval of shareholders of the Company at the 2024 annual general meeting (the “AGM”). For the holders of domestic shares, dividends will be paid in RMB. For the holders of H shares, dividends will be paid in Hong Kong dollars. The final dividends are expected to be paid to the shareholders of the Company on or around 30 June 2025. The date of the AGM and the closure of the register of members in respect of the AGM and the proposed final dividends will be announced separately by the Company.

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

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

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

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

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

During 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Disclosure on the Website of the Stock Exchange

This results announcement is published on the HKExnews website (<http://www.hkexnews.hk>) and on the Company's website (<http://www.chinabluechem.com.cn/>). The 2024 Annual Report will be available on the HKExnews and the Company's website in due course.

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

Beijing, the People's Republic of China, 18 March 2025

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

* *For identification purpose only.*