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中海石油化学股份有限公司
China BlueChemical Ltd.*

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

(Stock Code: 3983)

CONNECTED TRANSACTION INVESTMENTS IN THE TRUST SCHEME

INTRODUCTION

On 24 April 2024, (i) the Company entered into the Trust Scheme Agreement No.1 with Zhonghai Trust, pursuant to which the Company agreed to invest in the Trust Scheme established by Zhonghai Trust for a total of RMB350 million with a term of one year from 24 April 2024 to 24 April 2025, and (ii) the Company entered into the Trust Scheme Agreement No.2 with Zhonghai Trust, pursuant to which the Company agreed to invest in the Trust Scheme established by Zhonghai Trust for a total of RMB350 million with a term of one year from 24 April 2025 to 24 April 2026, both using self-owned funds of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNOOC is the controlling shareholder of the Company and Zhonghai Trust is a non-wholly owned subsidiary of CNOOC. Therefore, Zhonghai Trust is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Investment under each of the Trust Scheme Agreements constitutes a connected transaction of the Company. Pursuant to the Listing Rules, as the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Investment under each of the Trust Scheme Agreements exceeds 0.1% but is less than 5%, such Investment is subject to reporting, announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 24 April 2024, (i) the Company entered into the Trust Scheme Agreement No.1 with Zhonghai Trust, pursuant to which the Company agreed to invest in the Trust Scheme established by Zhonghai Trust for a total of RMB350 million with a term of one year from 24 April 2024 to 24 April 2025, and (ii) the Company entered into the Trust Scheme Agreement No.2 with Zhonghai Trust, pursuant to which the Company agreed to invest in the Trust Scheme established by Zhonghai Trust for a total of RMB350 million with a term of one year from 24 April 2025 to 24 April 2026, both using self-owned funds of the Company.

THE TRUST SCHEME AGREEMENTS

The Trust Scheme Agreement No.1

Date of subscription:	24 April 2024
Parties:	(1) the Company; and (2) Zhonghai Trust
Custodian of the Trust Scheme:	Nanjing Branch of Industrial Bank Co., Ltd.
Name of the Trust Scheme:	Zhonghai Trust Wenying No. 15 Collective Open-end Fund Trust Scheme* (中海信托穩盈15號集合開放式資金信托計劃)
Investment scope:	On the basis of strict control of investment risks, the Trust Scheme will mainly invest in fixed-income products with good liquidity, including but not limited to the trust protection funds, monetary assets, debt assets, and public securities investment funds issued by financial institutions that only invest directly in standardized debt assets and monetary assets
Subscription amount:	RMB350 million
Type of investment return:	The Trust Scheme does not guarantee the principal and positive return
Risk level (internal risk rating by the trustee):	Medium to low
Expected annualized rate of return:	4.2%
Terms of investment:	365 days (24 April 2024 to 24 April 2025)
Right of early redemption:	The Company has no right of early redemption except with the consent of Zhonghai Trust

The Trust Scheme Agreement No.2

Terms of investment:	365 days (24 April 2025 to 24 April 2026)
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Save as the terms of investment set out above, all other major terms of the Trust Scheme Agreement No.2 are the same as the Trust Scheme Agreement No.1.

The terms of the Trust Scheme Agreements were determined after arm's length negotiation between the parties.

REASONS FOR AND BENEFITS OF THE INVESTMENT

Using temporary idle funds reasonably and effectively will enhance the capital gain of the Company, which is consistent with the core objectives of the Company to ensure capital safety and liquidity and meet the capital needs of the Group's daily operations and dividend payment, etc. The investment risks and potential returns of the Investment are in line with the needs of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and the transactions contemplated under the Trust Scheme Agreements are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED

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

Zhonghai Trust is 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNOOC is the controlling shareholder of the Company and Zhonghai Trust is a non-wholly owned subsidiary of CNOOC. Therefore, Zhonghai Trust is a connected person of the Company under Rule 14A.07 of the Listing Rules. The Investment under each of the Trust Scheme Agreements constitutes a connected transaction of the Company. Pursuant to the Listing Rules, as the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Investment under each of the Trust Scheme Agreements exceeds 0.1% but is less than 5%, such Investment is subject to reporting, announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Due to their positions in CNOOC, Ms. Shao Lihua and Mr. Yang Dongzhao have abstained from voting at the Board meeting on the resolution approving the Investment.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“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 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, the H shares of which are listed on the Stock Exchange (stock code: 3983)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Investment”	the Company’s investment in the Trust Scheme established by Zhonghai Trust
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Scheme”	the trust scheme named as Zhonghai Trust Wenying No. 15 Collective Open-end Fund Trust Scheme* (中海信托穩盈15號集合開放式資金信托計劃) offered by Zhonghai Trust

“Trust Scheme Agreements”	the Trust Scheme Agreement No.1 and the Trust Scheme Agreement No.2
“Trust Scheme Agreement No.1”	the trust agreement in relation to the Trust Scheme entered into between the Company and Zhonghai Trust on 24 April 2024 with investment term from 24 April 2024 to 24 April 2025
“Trust Scheme Agreement No.2”	the trust agreement in relation to the Trust Scheme entered into between the Company and Zhonghai Trust on 24 April 2024 with investment term from 24 April 2025 to 24 April 2026
“Zhonghai Trust”	Zhonghai Trust Co., Ltd., a company incorporated in the PRC and a state-owned non-banking financial institution jointly established by CNOOC and CITIC Limited

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

By Order of the Board
China BlueChemical Ltd.*
Kuang Xiaobing
Company Secretary

Beijing, the PRC
24 April 2024

As at the date of this announcement, the executive directors of the Company are Mr. Hou Xiaofeng and Mr. Li Ruiqing, the non-executive directors of the Company are Ms. Shao Lihua and Mr. Yang Dongzhao, and the independent non-executive directors of the Company are Mr. Yu Changchun, Mr. Lin Feng and Mr. Xie Dong.

* *For identification purpose only*