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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)

CONTINUING CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS IN RELATION TO THE FINANCIAL SERVICES AGREEMENT

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

HALCYON 鎧盛

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 2026, the Board proposes to (1) enter into new agreements, and (2) set the annual caps for 2027 to 2029 in respect of the above-mentioned continuing connected transactions.

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS IN RELATION TO THE FINANCIAL SERVICES AGREEMENT

The Group entered into a Financial Services Agreement with CNOOC Finance. As the highest applicable percentage ratio in respect of the Proposed Caps of the maximum daily deposit balance (including accrued deposit interest) under the Financial Services Agreement exceeds 5% but is less than 25%, the continuing connected transactions contemplated thereunder also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the announcement requirements 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 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 2027 to 2029 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 2027 to 2029 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 2027 to 2029 for such transactions; and

4. the Financial Services Agreement entered into between the Company and CNOOC Finance, the continuing connected transactions relating to the deposit services contemplated thereunder, and the proposed annual caps for 2027 to 2029 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 Independent Financial Adviser and a notice of the EGM will be despatched by the Company to the Shareholders on or before 7 December 2026.

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 2026, the Board proposes to (1) enter into new agreements, and (2) set the annual caps for 2027 to 2029 in respect of the above-mentioned continuing connected transactions.

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 16 November 2026, 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 2027 and expire on 31 December 2029, the agreement may be renewed upon mutual agreement.

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, authorised or filed 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, authorised or filed 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.

Natural Gas Sale and Purchase Framework Agreement

In order to secure stable and reliable supply of natural gas for the Group's production of fertilizers and chemical products, on 16 November 2026, the Company entered into the 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. Ledong Natural Gas Field and Adjustment Project Natural Gas;

b. Dongfang 13-2 Gas Field Group Natural Gas;

c. Dongfang 1-1 Gas Field Phase I Adjusted Project (Platform F) Gas Field Natural Gas;

d. Ledong 22-1 Gas Field Comprehensive Adjusted Project Natural Gas;

e. Dongfang 1-1 Gas Field CCUS Enhanced Oil Recovery Project Natural Gas;

f. Dongfang 1-1 Gas Field Well Block 7 Natural Gas;

g. Dongfang 1-4 Gas Field Natural Gas;

h. Dongfang 13-2 Gas Field Comprehensive Adjusted Project Natural Gas;

i. Dongfang 29-1 Gas Field Phase II Natural Gas.

The term of the Natural Gas Sale and Purchase Framework Agreement will commence on 1 January 2027 and expire on 31 December 2029, the agreement may be renewed upon mutual agreement.

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 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 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 conditions and 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 Natural Gas Sale and Purchase Framework Agreement during the term of the 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 Natural Gas Sale and Purchase Framework Agreement shall be determined through fair negotiation between the Group (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.

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

The transactions under the Natural Gas Sale and Purchase Framework 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 Group will collaborate with the relevant responsible department(s) and unit(s) of CNOOC International Trade 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 purchase 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 purchase price for long-term domestic natural gas sales is in accordance with the pricing principle.

CNOOC Comprehensive Services and Product Sales Agreement

On 16 November 2026, 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, equipment leasing, equipment maintenance, materials/equipment procurement 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 2027 and expire on 31 December 2029, the agreement may be renewed upon mutual agreement.

In order to facilitate effective internal control of the continuing connected transactions contemplated under the CNOOC Comprehensive Services and Product Sales Agreement, the Group 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 sales of 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 sales of 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 sales of 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 conditions 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 conditions by comparable independent third parties.

2. As to provision of services, supplies and sales of 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 conditions 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 conditions by comparable independent third parties.

Nevertheless, for the above-mentioned services, supplies and products, when relevant government authorities implement a government-prescribed price or government-guided 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 or a price that does not exceed the upper limit of the government-guided price and is not lower than the benchmark price of the government-guided 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 the Group to the CNOOC Group is determined on a fair and reasonable basis and in accordance with the pricing principle, the Group 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 Group 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 supplier 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 and 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 the provision of services and supplies and sales of products, and the terms and conditions of the provision of services and supplies and sales of products according to the principles laid down by the CNOOC Comprehensive Services and Product Sales Agreement.

Fudao Comprehensive Services and Product Sales Agreement

On 16 November 2026, 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 2027 and expire on 31 December 2029, the agreement may be renewed upon mutual agreement.

In order to facilitate effective internal control of the continuing connected transactions contemplated under the Fudao Comprehensive Services and Product Sales Agreement, the Group 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 than 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 conditions 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 conditions 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 or government-guided 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 or a price that does not exceed the upper limit of the government-guided price and is not lower than the benchmark price of the government-guided price accordingly.

In order to ensure that the price of the Fudao Comprehensive Services 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 Group 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. On 16 November 2026, the Company entered into the Financial Services Agreement with CNOOC Finance, 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 NAFR to the Group.

The term of the Financial Services Agreement will commence on 1 January 2027 and expire on 31 December 2029, the agreement may be renewed upon mutual agreement.

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 of 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 Services 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.

CNOOC Finance has issued a letter of undertaking to the Company in respect of the Financial Services Agreement, pursuant to which CNOOC Finance unconditionally and irrevocably undertakes that, during the term of the Financial Services Agreement: (1) CNOOC Finance has established sound internal control, financial accounting and other relevant systems, and all business activities it engages in comply with the provisions of relevant laws and regulations, so as to ensure the security of the Company's deposits; and (2) with regard to the deposits placed by the Company with CNOOC Finance through the deposit services provided under the Financial Services Agreement, CNOOC Finance shall use its best endeavours and take all reasonable measures to ensure that such deposits are primarily used to provide financial services such as settlement and loans to the Company, and will make every effort to meet the Group funding requirements.

Continuing connected transactions with Kingboard and its associates

Kingboard Product Sales and Services Agreement

On 16 November 2026, the Company entered into the Kingboard Product Sales and Services Agreement with Kingboard, 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 2027 and expire on 31 December 2029, the agreement may be renewed upon mutual agreement.

The transactions under the Kingboard Product Sales and Services Agreement will be conducted on normal commercial terms and conditions which shall be no more 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 conditions 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 conditions 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 and not lower than the benchmark price of the government-guided 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 2025 and the nine months ended 30 September 2026 and the approved annual caps for the three years ending 31 December 2026:

	Year ended 31 December 2024		Year ended 31 December 2025		Nine months ended 30 September 2026	Year ended 31 December 2026
Category of the Continuing Connected Transactions	**Actual amount**	**Approved cap**	**Actual amount**	**Approved cap**	**Actual amount**	**Approved cap**
			RMB'000			
Properties Leasing Agreement						
Lease of properties by the Group from CNOOC Group (property rent and property management fees)	4,720	10,110	8,674	10,620	6,270	11,150
Lease of properties by the Group from CNOOC Group (right-of-use assets)	27,580	29,870	30,391	31,360	20,984	32,930
Provision of lease of properties by the Group to CNOOC Group	6,646	7,550	7,189	7,550	5,003	7,550
Natural Gas Sale and Purchase Framework Agreement						
Purchase of natural gas by the Group from CNOOC International Trade *(Note 1)*	2,918,979	6,066,047	3,002,327	6,066,047	2,377,828	6,066,047
CNOOC Comprehensive Services and Product Sales Agreement						
Provision of services and supplies and sales of products by CNOOC Group to the Group *(Note 2)*	1,840,764	3,965,531	1,930,185	4,119,906	1,509,611	4,291,001

Category of the Continuing Connected Transactions	Year ended 31 December 2024		Year ended 31 December 2025		Nine months ended 30 September 2026	Year ended 31 December 2026
	Actual amount	Approved cap	Actual amount	Approved cap	Actual amount	Approved cap
	RMB'000					
Provision of services and supplies and sales of products by the Group to CNOOC Group *(Note 3)*	546,256	1,644,621	459,752	1,811,923	1,025,860	1,897,441
Fudao Comprehensive Services and Product Sales Agreement						
Provision of services and supplies and sales of products by the Group to Fudao Chemical *(Note 4)*	303,113	560,881	295,193	583,815	221,910	607,896
Sales of products by Fudao Chemical to the Group *(Note 5)*	1,966,418	4,215,625	1,988,357	4,426,407	1,288,577	4,647,727
Financial Services Agreement						
Deposits placed by the Group with CNOOC Finance	389,830	390,000	389,708	390,000	389,500	390,000
Kingboard Product Sales and Services Agreement						
Sales of products and provision of services by the Group to Kingboard and/or its associates *(Note 6)*	234,082	557,400	222,923	585,200	217,263	614,460

Notes:

1. The difference between the actual transaction amounts and the approved annual caps for the period from 2024 to 2026 was due to the fact that such annual caps were set with reference to natural gas price fluctuations over the past three years. During the period from 2024 to 2026, affected by the linkage effect of year-on-year declines in crude oil prices and product prices, natural gas prices declined year-on-year and did not reach the forecast level, resulting in a relatively low utilisation rate.

2. The difference between the actual transaction amounts and the approved annual caps for the period from 2024 to 2026 was due to the fact that such annual caps were set with reference to fluctuations in the prices of raw materials such as potash fertiliser and propylene over the past three years. During the period from 2024 to 2026, the purchase prices of raw materials such as potash fertiliser and propylene did not reach the forecast level, resulting in a relatively low utilisation rate.

3. The difference between the actual transaction amounts and the approved annual caps for the period from 2024 to 2026 was due to the fact that such annual caps were set with reference to fluctuations in the prices of methanol, urea and other products over the past three years. During the period from 2024 to 2026, the selling prices of methanol, urea and other products did not reach the forecast level, resulting in a relatively low utilisation rate.

4. The difference between the actual transaction amounts and the approved annual caps for the period from 2024 to 2026 was due to the fact that such annual caps were set with reference to fluctuations in the prices of methanol and liquid ammonia over the past three years. During the period from 2024 to 2026, the selling prices of methanol and liquid ammonia did not reach the forecast level, resulting in a relatively low utilisation rate.

5. The difference between the actual transaction amounts and the approved annual caps for the period from 2024 to 2026 was due to the fact that such annual caps were set with reference to fluctuations in the prices of acrylonitrile, MMA and acetonitrile over the past three years. During the period from 2024 to 2026, the selling prices of acrylonitrile, MMA and acetonitrile did not reach the forecast level, resulting in a relatively low utilisation rate.

6. The difference between the actual transaction amounts and the approved annual caps for the period from 2024 to 2026 was due to the fact that such annual caps were set with reference to fluctuations in the price of methanol over the past three years. During the period from 2024 to 2026, the selling price of methanol did not reach the forecast level, resulting in a relatively low utilisation rate.

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

Category of the Continuing Connected Transactions		**Year ending 31 December 2027** *(Note 1)*	**Year ending 31 December 2028** *(Note 1)*	**Year ending 31 December 2029** *(Note 1)*
			RMB'000	
Properties Leasing Agreement				
Lease of properties by the Group from CNOOC Group (property rent and property management fees) *(Note 5)*	Proposed Annual Caps *(Note 2)*	13,076	13,529	14,005
Lease of properties by the Group from CNOOC Group (right-of-use assets) *(Note 5)*	Proposed Annual Caps *(Note 2)*	48,053	48,466	48,899
Provision of lease of properties by the Group to CNOOC Group *(Note 6)*	Proposed Annual Caps *(Note 2)*	8,645	9,070	9,516
Natural Gas Sale and Purchase Framework Agreement				
Purchase of natural gas by the Group from CNOOC International Trade *(Note 7)*	Proposed Annual Caps *(Note 3)*	5,364,130	5,364,130	5,364,130

Category of the Continuing Connected Transactions		Year ending 31 December 2027 *(Note 1)*	Year ending 31 December 2028 *(Note 1)*	Year ending 31 December 2029 *(Note 1)*
			RMB'000	
CNOOC Comprehensive Services and Product Sales Agreement *(Note 8)*				
Provision of services and supplies and sales of products by CNOOC Group to the Group *(Note 9)*	Proposed Annual Caps *(Note 3)*	2,239,864	2,341,449	2,452,634
Provision of services and supplies and sales of products by the Group to CNOOC Group *(Note 10)*	Proposed Annual Caps *(Note 3)*	3,462,633	3,578,176	3,668,727
Fudao Comprehensive Services and Product Sales Agreement *(Note 11)*				
Provision of services and supplies and sales of products by the Group to Fudao Chemical *(Note 12)*	Proposed Annual Caps *(Note 3)*	434,190	448,653	463,840
Sales of products by Fudao Chemical to the Group *(Note 13)*	Proposed Annual Caps *(Note 3)*	556,900	570,400	579,840
Financial Services Agreement *(Note 14)*				
Maximum daily deposit balance (including accrued deposit interest) placed by the Group with CNOOC Finance *(Note 15)*	Proposed Annual Caps *(Notes 3 and 4)*	1,700,000	1,700,000	1,700,000
Kingboard Product Sales and Services Agreement				
Sales of products and provision of services by the Group to Kingboard and/or its associates *(Note 16)*	Proposed Annual Caps *(Note 2)*	509,440	534,912	561,664

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 2029 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 2025 and the nine months ended 30 September 2026; 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 the Listing Rules. The annual caps refer to the maximum annual transaction figures for each relevant type of transactions will be conducted in the corresponding year.

3. The Proposed Annual Caps are subject to Independent Shareholders' approval at the EGM.

4. These caps refer to the maximum daily balance during the relevant period.

5. ***Properties Leasing Agreement:*** the annual 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. ***Property Lease Agreement:*** the annual caps refer to the lease fees to be paid by CNOOC Group to the Group, and the determination of the caps is mainly based on data of historical transactions, with a 5% buffer applied annually to account for possible market change.

7. ***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.

8. ***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.

9. ***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 amount of potassium fertilizer, propylene, materials for utility system, and acetone the Group expects to purchase from CNOOC Group.

10. ***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 the estimated amount of sales of acrylonitrile series products, methanol, urea, phosphorus fertilisers, compound fertiliser and logistics support to CNOOC Group by the Group.

11. ***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.

12. ***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; and (2) the market prices of relevant services, supplies and products in recent years.

13. ***Fudao Comprehensive Services and Product Sales Agreement (Sales of products by Fudao Chemical to the Group):*** the determination of such 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; and (2) the market prices of acrylonitrile, acetonitrile and MMA in the recent years.

14. ***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.

15. ***Financial Services Agreement (Deposits placed by the Group with CNOOC Finance):*** In determining the maximum daily deposit balance (including interest) of the Group with CNOOC Finance, the Company has taken into account the following specific factors:

    (1) For the three years ended 31 December 2023, 31 December 2024 and 31 December 2025, the Group's cash and time deposits were approximately RMB13,157 million, RMB13,491 million and RMB14,019 million, respectively, representing steady year-on-year growth. As the Group's business continues to develop, the scale of cash and time deposits is expected to grow further in 2026. Having taken into account the Company's near-term development plans and funding requirements for 2026, strictly complied with relevant regulatory requirements such as the CSRC's "Several Provisions on the Standardized Operation of Listed Companies and CNOOC Finance of the Group" (《關於上市公司與集團中海石油財務規範運作的若干規定》), and made reference to the deposit positions of listed companies with CNOOC Finance, the Company proposes to set the annual cap for the maximum daily deposit balance (including accrued interest) with CNOOC Finance at RMB1.7 billion. The proposed cap represents 12.13% of the Group's cash and time deposits as at the end of 2025. In view of the expected further growth in the scale of the Group's cash and time deposits in 2026, the proposed annual cap arrangement is reasonable and prudent, as it not only provides the Group with sufficient room for fund allocation, but also fully safeguards the interests of all Shareholders.

    (2) The cash flow generated from the Company's daily operations is expected to continue to grow, with a corresponding expansion in the scale of idle funds and a further increase in demand for secure and convenient deposit channels.

    (3) The deposit rates offered by CNOOC Finance are determined by reference to the relevant benchmark rates published by the PBOC, floating within the range permitted by policy, and are not lower than the comparable deposit rates offered by the Company's major financing banks. They are fair and cost-effective, and help the Company enhance the return on its idle funds.

    (4) Having taken into account the Group's cash position, expected operating cash flow and centralized fund management arrangements, the above maximum daily deposit balance cap matches the Group's overall funding scale and fund utilisation needs.

16. ***Kingboard Product Sales and Services Agreement:*** the determination of such annual caps is mainly based on the Group's sales plan for methanol and the estimate on its future selling prices.

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 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.

According to the Group's three-year business plan, the transaction volume of products sold and services provided by the Group to CNOOC Group is expected to increase. Pursuant to the Financial Services Agreement entered into between the Group and CNOOC Finance, no service fees will be charged for RMB transfer and settlement services (excluding cross-border payment settlement services). Given that fund settlements within the Group's system are primarily handled through CNOOC Finance, and in order to accommodate the growth in business settlements, enhance capital efficiency, and reduce settlement costs, the Group proposes to increase the proposed annual cap on the Group's maximum daily deposit balance (including accrued deposit interest) with CNOOC Finance under the Financial Services Agreement. Funds deposited will earn interest at a fair market rate, with deposit rates no less favorable than comparable deposit rates offered by major financing banks of the Company. Deposits may be withdrawn at any time at the depositor's discretion, with no withdrawal restrictions.

The Group will construct a 1.2 million tonnes per year natural gas-to-methanol project between 2027 and 2029, which will entail phased financing needs. CNOOC Finance may provide financing on normal commercial terms; if its interest rates are no less favorable than those of external banks, the Group may select the most advantageous option to optimize financing costs. If the terms do not offer a competitive advantage in the market, external financing will be prioritized. If financing provided by CNOOC Finance is utilized, in order to allow sufficient operational flexibility for the Group's centralized project fund management, the proposed annual cap on the Group's maximum daily deposit balance (including accrued deposit interest) with CNOOC Finance under the Financial Services Agreement will need to be correspondingly increased.

The Group's operations and development have benefited from leveraging the synergies of CNOOC Group's integrated upstream and downstream operations. Strengthening ties with CNOOC Finance will help the Group fully utilize CNOOC Group's resources, including support from CNOOC Group regarding natural gas raw materials and other business operations, and will contribute to the Group's sustainable development.

CNOOC Finance is a licensed institution regulated by the National Financial Supervisory Administration and operates on a sound financial footing. The Group will continue to assess its risk profile to ensure the safety of deposited funds. This continuing connected transaction is conducted on normal commercial terms; the terms are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

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 proposed 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.

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 and CNOOC Finance 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 Annual 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 ratios in respect of the annual caps for the transactions contemplated under the Properties Leasing 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 Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Caps of the maximum daily deposit balance (including accrued deposit interest) under the Financial Services Agreement exceeds 5% but is less than 25%, the continuing connected transactions contemplated thereunder also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the announcement requirements under Chapter 14 of the Listing Rules.

As the loan services under the Financial Services Agreement are provided on normal commercial terms (or terms more favourable to the Group) and no assets of the Group are required to be pledged as security for the financial assistance provided by CNOOC Finance, such transactions are fully exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As all applicable percentage ratios for the annual caps on transactions in respect of other financial services contemplated under the Financial Services 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 subject to reporting, annual review, and announcement requirements and are exempt from 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, Ms. Shao Lihua and Mr. He Qizhong 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 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 Financial Services Agreement and their respective annual caps or the Proposed Annual Caps contemplated thereunder.

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

1. the 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 2027 to 2029 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 2027 to 2029 for such transactions;

3. the Fudao Comprehensive Services and Product Sales Agreement to be entered into between the Company and Fudao Chemical, the continuing connected transactions contemplated thereunder, and the proposed annual caps for 2027 to 2029 for such transactions; and

4. the Financial Services Agreement entered into between the Company and CNOOC Finance, the continuing connected transactions relating to the deposit services contemplated thereunder, and the proposed annual caps for 2027 to 2029 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 all independent non-executive Directors) to consider and advise the Independent Shareholders with respect to (1) 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 continuing connected transactions relating to the deposit services contemplated under the Financial Services Agreement, and (2) the Proposed Annual Caps. The Company has also appointed 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 Annual Caps.

Details of the relevant advice and recommendation of Independent Financial Adviser, 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 before 7 December 2026 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 Annual Caps;

2. a letter from Independent Financial Adviser 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 before 7 December 2026 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
"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 16 November 2026 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
"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 Annual Caps, and any adjournment thereof
"Financial Services Agreement"	the financial services framework agreement dated 16 November 2026 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 16 November 2026 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 all 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 Annual Caps
"Independent Financial Adviser" or "Halcyon Capital"	Halcyon 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 Annual Caps
"Independent Shareholders"	Shareholders other than those who have interest in the relevant Non-exempted Continuing Connected Transactions
"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 16 November 2026 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.
"NDRC"	National Development and Reform Commission of the PRC
"Natural Gas Sale and Purchase Framework Agreement"	the natural gas sale and purchase framework agreement dated 16 November 2026 entered into between the Company and CNOOC International Trade
"Non-exempted Continuing Connected Transactions"	the continuing connected transactions contemplated under (i) the 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 related deposit services under the Financial Services 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 16 November 2026 entered into between the Company and CNOOC
"property(ies)"	certain buildings and/or land use rights
"Proposed Annual 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 2027 to 31 December 2029
"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

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 BlueChemical Ltd.*
Hou Xiaofeng
Chairman

Beijing • the PRC
16 November 2026

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

* *For identification purpose only*