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

(Stock Code: 3983)

ANNOUNCEMENT

POSITIVE PROFIT ALERT

This announcement is made by China BlueChemical Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform its shareholders and potential investors that, based on information currently available, the Board expects the Group to record a net profit attributable to owners of the parent approximately from RMB50 million to RMB80 million for the year ended 31 December 2017 as compared to a net loss attributable to owners of the parent of approximately RMB216 million for the year ended 31 December 2016.

The principal factors contributing to the expected net profit attributable to owners of the parent of the Group include:

- (i) the higher selling price realized by the Company for the products of the Company in 2017 as compared to that in 2016; and
- (ii) the Company recognized assets impairment losses approximately from RMB420 million to RMB460 million in aggregate for the coal-based urea plant of CNOOC Huahe Coal Chemical Ltd* (中海石油華鶴煤化有限公司) and the phosphate fertilisers and compound fertilisers plants of Hubei Dayukou Chemical Co., Ltd.* (湖北大峪口化工有限責任公司) after conducting an impairment testing on coal-based urea plant and phosphate fertilisers and compound fertilisers plants of the Company in accordance with IAS 36, due to significant rise in the price of raw materials, such as coal and liquid ammonium in 2017.

The information contained in this announcement is only based on the preliminary assessment by the Company's management according to the latest unaudited management accounts of the Group. Detailed financial information of the Group will be disclosed in its 2017 annual report.

Shareholders and potential investors of the Company should exercise caution when investing in or dealing in the securities of the Company.

By order of the Board
China BlueChemical Ltd.*
Wu Xiaoxia
Company Secretary

Beijing, the PRC
26 January 2018

As at the date of this announcement, the executive director of the Company is Mr. Xia Qinglong, the non-executive directors of the Company are Mr. Chen Bi, Mr. Meng Jun and Mr. Guo Xinjun, and the independent non-executive directors of the Company are Ms. Lee Kit Ying, Mr. Lee Kwan Hung and Mr. Yu Changchun.

* *For identification purpose only.*