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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)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTIONS SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCTS

INTRODUCTION

BOCOM STRUCTURED DEPOSIT AGREEMENTS

Reference is made to the announcement of the Company dated 12 July 2019 (the “**Announcement**”) in relation to, among others, certain subscriptions for structured deposit products of BoCom by the Company. As disclosed in the Announcement, on 12 July 2019, the Company entered into the BoCom Structured Deposit Agreement No.4 with BoCom Beijing Branch and the BoCom Structured Deposit Agreement No.5 with BoCom Hainan Branch to subscribe structured deposit products of RMB300 million and RMB450 million, respectively, using self-owned funds of the Company.

On 20 January 2020, the Company entered into the BoCom Structured Deposit Agreement No.6 with BoCom Hainan Branch. Pursuant to the BoCom Structured Deposit Agreement No.6, the Company agreed to subscribe structured deposit product of RMB900 million using self-owned funds of the Company.

CMB STRUCTURED DEPOSIT AGREEMENT

On 20 January 2020, the Company entered into the CMB Structured Deposit Agreement No.1 with CMB Beijing Branch. Pursuant to the CMB Structured Deposit Agreement No.1, the Company agreed to subscribe structured deposit product of RMB400 million using self-owned funds of the Company.

BOC STRUCTURED DEPOSIT AGREEMENT

On 20 January 2020, the Company entered into the BOC Structured Deposit Agreement No.1 with BOC Hainan Branch. Pursuant to the BOC Structured Deposit Agreement No.1, the Company agreed to subscribe structured deposit product of RMB500 million using self-owned funds of the Company.

HONG KONG LISTING RULES IMPLICATIONS

As the BoCom Structured Deposit Agreement No.4, the BoCom Structured Deposit Agreement No.5 and the BoCom Structured Deposit Agreement No.6 were entered into between the Company and branches of BoCom within a 12 month period, pursuant to Rule 14.22 of the Hong Kong Listing Rules, these transactions shall be aggregated. Pursuant to the Hong Kong Listing Rules, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the aggregated transaction amounts of the BoCom Structured Deposit Agreements exceeds 5% but all of the ratios are below 25%, such transactions constitute discloseable transactions of the Company and shall be subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the CMB Structured Deposit Agreement No.1 exceeds 5% but all of the ratios are below 25%, such transaction constitutes a discloseable transaction of the Company and shall be subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the BOC Structured Deposit Agreement No.1 exceeds 5% but all of the ratios are below 25%, such transaction constitutes a discloseable transaction of the Company and shall be subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Hong Kong Listing Rules.

BACKGROUND

BOCOM STRUCTURED DEPOSIT AGREEMENTS

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THE BOCOM STRUCTURED DEPOSIT AGREEMENT NO.6

Parties: the Company; and

BoCom Hainan Branch

To the best of Directors’ knowledge, information and belief after making all reasonable enquiries, BoCom and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

Date: 20 January 2020

Product name: 交通銀行蘊通財富定期性結構性存款185天(匯率掛鈎看漲)
(BoCom Yuntong Fortune Periodic Structured Deposit (185 Days) (Bull Exchange Rates Linked)*)

Purchase amount:	RMB900 million
Term of product:	185 days (21 January 2020 to 24 July 2020)
Type of investment return:	principal-guaranteed floating income
Risk level of product (internal risk rating by the bank):	nil or minimal risk
Annualized rate of return of product expected by the Company:	4.05%
Right of early termination or redemption:	The Company has no right of early termination or redemption.

The terms of the BoCom Structured Deposit Agreement No.6 were determined after arm's length negotiation between the parties.

THE CMB STRUCTURED DEPOSIT AGREEMENT NO.1

Parties:	the Company; and CMB Beijing Branch
	To the best of Directors' knowledge, information and belief after making all reasonable enquiries, CMB and its ultimate beneficial owner are third parties independent of the Group and its connected persons.
Date:	20 January 2020
Product name:	招商銀行掛鈎黃金三層區間三個月結構性存款 (CMB Gold-linked Three-Horizon Structured Deposit for three months*)
Purchase amount:	RMB400 million
Term of product:	91 days (21 January 2020 to 21 April 2020)
Type of investment return:	principal-guaranteed floating income

Risk level of product (internal risk rating by the bank): nil or minimal risk

Annualized rate of return of product expected by the Company: 3.80%

Right of early termination or redemption: The Company has no right of early termination or redemption.

The terms of the CMB Structured Deposit Agreement No.1 were determined after arm's length negotiation between the parties.

THE BOC STRUCTURED DEPOSIT AGREEMENT NO.1

Parties: the Company; and

BOC Hainan Branch

To the best of Directors' knowledge, information and belief after making all reasonable enquiries, BOC and its ultimate beneficial owner are third parties independent of the Group and its connected persons.

Date: 20 January 2020

Product name: 掛鈎型結構性存款(機構客戶)(Linked Structured Deposits (Institutional Customers*))

Purchase amount: RMB500 million

Term of product: 90 days (22 January 2020 to 21 April 2020)

Type of investment return: principal-guaranteed floating income

Risk level of product (internal risk rating by the bank): nil or minimal risk

Annualized rate of return of product expected by the Company: 3.80%

Right of early termination or redemption: The Company has no right of early termination or redemption.

The terms of the BOC Structured Deposit Agreement No.1 were determined after arm's length negotiation between the parties.

REASONS AND BENEFITS

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 risk associated with subscription of structured deposit products is nil or minimal, while the Company can enjoy a relatively higher return from investments in structural deposit products after comparing quotes from different banks.

The Directors consider that the terms and the transactions contemplated under Structured Deposit Agreements are fair and reasonable, on normal commercial terms or better, 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 polyformaldehyde).

BoCom is a large commercial bank in the PRC. Both BoCom Beijing Branch and Hainan Branch are branches of BoCom.

CMB is a large commercial bank in the PRC. CMB Beijing Branch is a branch of CMB.

BOC is a large commercial bank in the PRC. BOC Hainan Branch is a branch of BOC.

HONG KONG LISTING RULES IMPLICATIONS

As the BoCom Structured Deposit Agreement No.4, the BoCom Structured Deposit Agreement No.5 and the BoCom Structured Deposit Agreement No.6 were entered into between the Company and branches of BoCom within a 12 month period, pursuant to Rule 14.22 of the Hong Kong Listing Rules, these transactions shall be aggregated. Pursuant to the Hong Kong Listing Rules, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the aggregated transaction amounts of the BoCom Structured Deposit Agreements exceeds 5% but all of the ratios are below 25%, such transactions constitute discloseable transactions of the Company and shall be subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Hong Kong Listing Rules.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 12 July 2019 in relation to, among others, certain subscriptions for structured deposit products of BoCom by the Company
“Board”	the board of Directors of the Company
“BOC”	中國銀行股份有限公司 (Bank of China Limited*), a joint stock company incorporated in the PRC with limited liability and a licensed bank in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 3988), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601988)
“BOC Structured Deposit Agreement No.1”	the BOC structured deposit agreement entered into between the Company and BOC Hainan Branch on 20 January 2020
“BoCom”	交通銀行股份有限公司 (Bank of Communications Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability and a licensed bank in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 3328), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601328)
“BoCom Structured Deposit Agreements”	collectively, BoCom Structured Deposit Agreement No.4, BoCom Structured Deposit Agreement No.5 and BoCom Structured Deposit Agreement No.6

“BoCom Structured Deposit Agreement No.4”	the BoCom structured deposit agreement entered into between the Company and BoCom Beijing Branch on 12 July 2019
“BoCom Structured Deposit Agreement No.5”	the BoCom structured deposit agreement entered into between the Company and BoCom Hainan Branch on 12 July 2019
“BoCom Structured Deposit Agreement No.6”	the BoCom structured deposit agreement entered into between the Company and BoCom Hainan Branch on 20 January 2020
“CMB”	招商銀行股份有限公司 (China Merchants Bank Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability and a licensed bank in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 3968), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600036)
“CMB Structured Deposit Agreement No.1”	the CMB structured deposit agreement entered into between the Company and CMB Beijing Branch on 20 January 2019
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong 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

“Structured Deposit Agreements” collectively, BoCom Structured Deposit Agreements, CMB Structured Deposit Agreement No.1 and BOC Structured Deposit Agreement No.1

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

Beijing, the PRC
20 January 2020

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

* *For identification purpose only*