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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**

### **FORMATION OF A PHOSPHATE MINING AND PROCESSING JOINT VENTURE COMPANY IN YICHANG CITY OF CHINA**

On 15 May 2008, the Company, Yichang Geological Exploration League of Hubei Province (“Yichang Geological League”) and Yichang Honghe Mineral Development Company Limited (“Yichang Honghe”) entered into a Co-operation Agreement. Pursuant to the Co-operation Agreement, the parties have agreed to establish China Bluechem Yichang Mining Ltd., a joint venture company (the “JV”) with the purpose of phosphate mining and processing in Yichang City, Hubei Province of China.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

To the best of the Directors’ knowledge, information and belief after making all reasonable enquiries, Yichang Geological League and Yichang Honghe are independent third parties and are not connected persons of the Company within the meaning of the Listing Rules.

The business scope of the JV includes exploration of phosphate mine, mining, mineral processing and sales of phosphate ore. The JV will build a project with an annual phosphate mining capacity of 1,500,000 tonnes and a middle-low grade mineral processing annual capacity of 1,000,000 tonnes respectively. The project is expected to be completed within two years after the incorporation of the JV.

The JV to be established is intended to be a limited liability company under the Company Law of the PRC. The total investment amount for the Joint Venture is RMB418,000,000 (with a registered capital of RMB50,000,000) which shall be contributed as 51%, 34% and 15% in cash by the Company, Yichang Geological League and Yichang Honghe respectively, of which RMB329,120,000 will be used to purchase the prospecting concession of the phosphate mine. The total reserves volume of the phosphate mine is 118.3 million tones, including economically recoverable reserve of 92.8 million tonnes and prospect reserves volume of 25.5 million tonnes.

## DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the following respective meanings:

- “China” or “PRC” means the People’s Republic of China
- “Company” means China BlueChemical Ltd.
- “Co-operation Agreement” means the agreement in relation to the formation of a joint venture company dated 15 May 2008 and entered into between the Company, Yichang Geological Exploration League of Hubei Province and Yichang Honghe Mineral Development Company Limited
- “Director” means a director of the Company
- “Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- “Yichang Geological Exploration League of Hubei Province” 湖北省宜昌地質勘探大隊 is a national business unit under 湖北省地質礦產勘查開發局
- “Yichang Honghe Mineral Development Company Limited” 宜昌宏和礦業開發有限公司 is a national enterprise under 湖北省宜昌市夷陵區; its principal activities include investment in mineral-related businesses, exploration, mining, processing and transportation of mineral products.

By order of the board of Directors of  
**China BlueChemical Ltd.\***  
**Quan Changsheng**  
*Company Secretary*

Haikou, Hainan, the People’s Republic of China  
15 May 2008

*As at the date of this announcement, the executive Directors are Mr. Yang Yexin, Mr. Fang Yong and Mr. Chen Kai, the non-executive Director is Mr. Wu Mengfei, and the independent non-executive Directors are Mr. Wang Wenshan, Mr. Zhang Xinzhi, Mr. Wu Xiaohua and Mr. Tsui Yiu Wa, Alec.*

\* *for identification purpose only*