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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

Based on the unaudited consolidated accounts of the Group, the actual aggregate expenditure for the Group's acquisitions of services and supplies from the CNOOC Group for the year ended 31 December 2008 amounted to approximately RMB107,650,000, which had exceeded the annual cap of RMB74,800,000 for the same year. Nevertheless, the 2008 expenditure in this regard had not exceeded 2.5% in respect of each applicable percentage ratio calculated under Rule 14.07 of the Listing Rules.

The Directors (including all independent non-executive Directors) confirm that the above transactions were conducted in the ordinary and usual course of business of the Company, on normal commercial terms that were fair and reasonable, and were in the interest of the Company as far as the Shareholders were concerned.

BACKGROUND OF THE CONTINUING CONNECTED TRANSACTIONS

The Group has been acquiring services and supplies from the CNOOC Group under the terms of the Comprehensive Services and Product Sales Agreement. As CNOOC is the controlling shareholder of the Company, it and its Associates (other than the Group) are connected persons of the Company under rule 14A.11 of the Listing Rules. Therefore, the Group's acquisitions of services and supplies from the CNOOC Group constitute continuing connected transactions for the Company.

At the time of the Company's listing application, the Company sought for a waiver from the Stock Exchange from strict compliance with the announcement and (where applicable) independent Shareholders' approval requirements pursuant to Rule 14A.42(3) of the Listing Rules in respect of the expenditure in the Group's acquisitions of services and supplies provided by the CNOOC Group for the years from 2006 to 2008. The Stock Exchange granted such a waiver subject to, among other conditions, the annual expenditure of such continuing connected transactions for the year ended 31 December 2008 not exceeding RMB74,800,000.

ACTUAL EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2008

Based on the unaudited consolidated accounts of the Group, the actual aggregate expenditure for acquiring services and supplies provide by the CNOOC Group for the year ended 31 December 2008 amounted to approximately RMB107,650,000, which had exceeded the above-mentioned annual cap of RMB74,800,000 for the same year. Nevertheless, the 2008 expenditure in this regard had not exceeded 2.5% in respect of each applicable percentage ratio calculated under Rule 14.07 of the Listing Rules. The Company therefore makes this announcement to comply with the announcement requirement and will report such type of continuing connected transactions in its forthcoming 2008 annual report to comply with the reporting requirement.

The Directors consider that the increase in the expenditure in acquiring the services and supplies provided by the CNOOC Group during 2008 was mainly due to the following reasons:

1. certain projects of the Group were rescheduled and launched in 2008 rather than in 2006 and 2007 as initially planned. Such projects require design, construction and installation services and supplies from the CNOOC Group, resulting in an increase of the Group's expenditure for acquiring services and supplies from the CNOOC Group in 2008; and
2. rapid development and expansion of the Group's business in recent years has increased the demand for other services and supplies from the CNOOC Group in 2008. Such services and supplies include computer networking and office automation, human resources management, equipment testing and repairing and logistic services.

FUTURE CAPS

The future caps for the Group's acquisitions of services and supplies from the CNOOC Group under the Comprehensive Services and Product Sales Agreement have been announced on 5 November 2008 and approved by the Company's independent Shareholders at an extraordinary general meeting held on 30 December 2008. The caps for this category of continuing connected transactions for the years ending on 31 December 2009, 2010 and 2011 are RMB285,970,000, RMB318,899,000 and RMB338,872,000 respectively.

MEASURES ADOPTED BY THE GROUP FOR FUTURE COMPLIANCE

For the years ahead, the Directors and senior management of the Company will closely monitor and review regularly all continuing connected transactions and take prompt actions, including but not limited to, making necessary disclosure and (where applicable) obtaining prior independent Shareholders' approval as required under the Listing Rules. Further, the Company has been taking necessary measures to enhance the internal control procedures and strengthen the reporting system of the Group and facilitate the training and communications to relevant staff members with respect to the implementation and monitoring of continuing connected transactions in order to comply with the Listing Rules.

DIRECTORS' OPINION

The Directors (including all independent non-executive Directors) confirm that the above transactions were conducted in the ordinary and usual course of business of the Company, on normal commercial terms that were fair and reasonable, and were in the interest of the Company as far as the Shareholders were concerned. The Directors further believe that the above transactions were consistent with the commercial objectives of the Group.

DEFINITIONS

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

“Associates”	has the meaning ascribed thereto under the Listing Rules
“Company”	China BlueChemical Ltd.
“Comprehensive Services and Product Sales Agreement”	the comprehensive services and product sales agreement entered into between the Company and CNOOC on 1 September 2006, the term of which has been extended, pursuant to a supplemental agreement dated 5 November 2008 entered into between the same parties, for a new term commencing from 1 January 2009 and expiring on 31 December 2011
“CNOOC”	China National Offshore Oil Corporation (中國海洋石油總公司)
“CNOOC Group”	CNOOC and its Associates
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries and jointly controlled entities from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hainan Province, the PRC
6 March 2009

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. Tsui Yiu Wa, Alec, Mr. Zhang Xinzhi and Mr. Wang Wenshan.

* *for identification purpose only*