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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)

VOLUNTARY ANNOUNCEMENT

The Board is pleased to announce that the Company entered into the Equity Transfer Agreement on 16 July 2010 with CNCEC, pursuant to which the Company has agreed to acquire and CNCEC has agreed to sell 80% of the equity interest in Huahe Chemical in Hegang City, Heilongjiang Province. The total consideration for the Equity Transfer is RMB81,810,000 (equivalent to approximately HK\$93,872,633.39). Upon completion of the Equity Transfer, the Company will be directly interested in 80% of the equity interest in Huahe Chemical. The Equity Transfer Agreement is subject to the approval or confirmation of SASAC of the PRC.

Huahe Chemical has obtained approval to construct a 520,000 ton-urea per annum project in Hegang City, Heilongjiang Province and also acquired a coal exploration right in Xinhua District in Hegang City, Heilongjiang Province.

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that the Company entered into the Equity Transfer Agreement on 16 July 2010 with CNCEC, pursuant to which the Company has agreed to acquire and CNCEC has agreed to sell 80% of the equity interest in Huahe Chemical in Hegang City, Heilongjiang Province. The total consideration for the Equity Transfer is RMB81,810,000 (equivalent to approximately HK\$93,872,633.39). Upon completion of the Equity Transfer, the Company will be directly interested in 80% of the equity interest in Huahe Chemical.

The total consideration under the Equity Transfer Agreement will be funded by internal resources of the Company.

The Equity Transfer Agreement is subject to the approval or confirmation of SASAC of the PRC.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

Upon the completion of the Equity Transfer, the Company will utilize coal resources acquired to construct a coal and urea production base that integrates upper stream and lower stream. This new production base will further enhance the Company's urea production capacity and maintain the Company's cost competitiveness. In addition, this urea production base is located within the prime regions for crop production in the Northeast of the PRC, which will optimize the layout of the Company's domestic fertilizer production bases.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, CNCEC is an Independent Third Party.

On such basis, the Directors are of the view that the terms of the Equity Transfer Agreement are fair and reasonable, and the entering into of the Equity Transfer Agreement is in the best interests of the Company and Shareholders as a whole.

GENERAL INFORMATION

The core business of the Company is currently the production and sales of urea (the most commonly used nitrogenous fertilizer in the PRC), phosphate fertilizers and chemical products, which comprises mainly methanol.

Huahe Chemical is a company incorporated in the PRC and is mainly engaged in fertilizer production. Huahe Chemical has obtained approval to construct a 520,000 ton-urea per annum project in Hegang City, Heilongjiang Province and also acquired a coal exploration right in Xinhua District in Hegang City, Heilongjiang Province. Prior to the Equity Transfer, CNCEC held 80% of the equity interest in Huahe Chemical.

CNCEC is a company incorporated in the PRC and is an industrial engineering construction group which is directly administrated by SASAC of the PRC.

DEFINITION

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

“Board”	the board of Directors
“CNCEC”	中國化學工程集團公司 (China National Chemical Engineering Group Corporation*), a company incorporated in the PRC and is a large comprehensive corporation directly administrated by SASAC of the PRC
“Company”	中海石油化學股份有限公司 (China BlueChemical Ltd.*), a company incorporated in the PRC and the H share of which are listed in the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Equity Transfer”	the transfer of 80% of the equity interest in Huahe Chemical from CNCEC to the Company pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the agreement dated 16 July 2010 entered into between the Company and CNCEC pursuant to which the Company has agreed to acquire and CNCEC has agreed to sell 80% of the equity interest in Huahe Chemical

“Huahe Chemical”	鶴崗市華鶴煤化股份有限公司 (Hegang Huahe Coal Chemical Ltd.*), a company incorporated in the PRC with limited liability
“Independent Third Party”	person(s) or company(ies) together with its/their beneficial owner(s) who or which is/are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, third party(ies) independent of the Company and the connected person(s) (as defined in the Listing Rules) to the Company
“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
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

Unless otherwise stated, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB0.87150 to HK\$1.00, which is a rate announced by The People’s Bank of China as at the date of this announcement, for reference purpose only. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rate at all.

By order of the Board
China BlueChemical Ltd.*
Quan Changsheng
Company Secretary

Beijing, the PRC
16 July 2010

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. Zhang Xinzhi, Mr. Tsui Yiu Wa, Alec and Mr. Gu Zongqin.

* *For identification purpose only.*