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

(Stock Code: 3983)

CONNECTED TRANSACTION
ACQUISITION OF A 9.074% EQUITY INTEREST
IN SHANGHAI QIONGHUA TRADING CO., LTD.

On 24 December 2012, CNOOC Fudao, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Shenxin, pursuant to which CNOOC Fudao has agreed to purchase, and Shanghai Shenxin has agreed to sell, a 9.074% equity interest in Shanghai Qionghua with a total consideration of RMB3,714,500 (equivalent to approximately HK\$4,578,115.76).

Before signing the Equity Transfer Agreement, the equity interest of Shanghai Qionghua was owned as to 90.926% by CNOOC Fudao and as to 9.074% by Shanghai Shenxin. Following the completion of the Acquisition, Shanghai Qionghua will become a wholly-owned subsidiary of CNOOC Fudao.

Shanghai Shenxin is a wholly-owned subsidiary of ZhongHai Investment, 95% of equity interest in which is owned by the Company's ultimate parent company, CNOOC. As such, Shanghai Shenxin is a connected person of the Company. The Acquisition will constitute a connected transaction for the Company.

As the highest applicable percentage ratio exceeds 0.1% but is less than 5%, the Acquisition is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 24 December 2012, CNOOC Fudao, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Shenxin, pursuant to which CNOOC Fudao has agreed to purchase, and Shanghai Shenxin has agreed to sell, a 9.074% equity interest in Shanghai Qionghua.

Before signing the Equity Transfer Agreement, the equity interest of Shanghai Qionghua was owned as to 90.926% by CNOOC Fudao and as to 9.074% by Shanghai Shenxin. Following the completion of the Acquisition, Shanghai Qionghua will become a wholly-owned subsidiary of CNOOC Fudao.

2. THE ACQUISITION

(a) Key Terms of the Acquisition

Target Equity

CNOOC Fudao has agreed to purchase, and Shanghai Shenxin has agreed to sell, a 9.074% equity interest in Shanghai Qionghua in accordance with the terms and conditions in the Equity Transfer Agreement.

Consideration

The total consideration for the Acquisition is RMB3,714,500 (equivalent to approximately HK\$4,578,115.76). The Consideration was determined on the basis of normal commercial terms and arm's length negotiations between CNOOC Fudao and Shanghai Shenxin, with reference to the appraised value of Shanghai Qionghua of RMB43,513,800 (equivalent to approximately HK\$53,630,694.14) as at 31 December 2011 (being the reference date) deducting by an amount of RMB2,578,300 (equivalent to approximately HK\$3,177,750.94), being the dividend distribution by Shanghai Qionghua to its shareholders on 31 July 2012, and multiplying by 9.074%. Such appraisal was prepared by an independent PRC valuer based on an asset-based approach. As at 31 December 2011, the audited book net asset value of Shanghai Qionghua was RMB43,514,964 (equivalent to approximately HK\$53,632,128.77).

The Consideration for the Acquisition will be paid in cash on the Completion Date.

The consideration will be financed by the Group's internal resources.

Conditions to Completion of the Acquisition

Completion of the Acquisition is subject to the satisfaction of the following conditions:

- (1) by the Completion Date, the representations and warranties given by both parties to each other under the Equity Transfer Agreement remaining true, accurate and complete;
- (2) by the Completion Date (including the Completion Date), there being no events which would have material adverse impacts on the financial matters, assets and operations of Shanghai Qionghua and its subsidiaries;
- (3) the passing of resolutions by the shareholders at the general meeting of Shanghai Qionghua approving its amended articles of association;
- (4) all filings and approvals in connection with the Acquisition having been obtained from the relevant governing entities;
- (5) all necessary approvals having been obtained from the relevant internal departments of each of CNOOC Fudao and Shanghai Shenxin; and
- (6) all necessary documentation regarding the registration and filings with the industry and commerce authorities in respect of the Acquisition having been prepared.

(b) Reasons for and Benefits of the Acquisition

Shanghai and its adjacent area is one of the important sales regions for the Company's fertilisers. The Acquisition could gradually increase its sales volumes of fertilisers in Shanghai and its adjacent area.

The Directors (including independent non-executive Directors) of the Company confirm that the Acquisition is conducted on normal commercial terms, in the ordinary and usual course of the Company's business and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(c) Information on Shanghai Qionghua

Shanghai Qionghua was incorporated under the laws of the PRC and is principally engaged in the trading of fertilisers.

The total profits attributable to the equity to be acquired, which is a 9.074% equity interest in Shanghai Qionghua, for the two years ended 31 December 2010 and 31 December 2011 are as follows:

	For the year ended 31 December 2010 (RMB'000)	For the year ended 31 December 2011 (RMB'000)
Net profits before taxation	272	168
Net profits after taxation	207	121

3. LISTING RULES IMPLICATIONS

Shanghai Shenxin is a wholly-owned subsidiary of ZhongHai Investment, 95% of equity interests in which are owned by the Company's controlling shareholder, CNOOC. As such, Shanghai Shenxin is a connected person of the Company. The Acquisition will constitute a connected transaction for the Company within the meaning of the Listing Rules.

As the highest applicable percentage ratio exceeds 0.1% but is less than 5%, the Acquisition is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

4. INFORMATION ON THE COMPANY AND CNOOC FUDAO

The Company and its subsidiaries are principally engaged in the production and sale of fertilisers (mainly urea and phosphate fertilisers) and chemical products (primarily methanol and POM).

CNOOC Fudao is a wholly-owned subsidiary of the Company and mainly engaged in the production and sales of urea.

5. INFORMATION ON SHANGHAI SHENXIN

Shanghai Shenxin is a company incorporated under the laws of the PRC and mainly engaged in the development of real estate projects.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms have the following meanings:

“Acquisition”	the acquisition by CNOOC Fudao of a 9.074% equity interest in Shanghai Qionghua from Shanghai Shenxin pursuant to the Equity Transfer Agreement
“Board”	the board of directors of the Company
“Business Day”	a day which is not a Saturday, Sunday or a statutory holiday in the PRC
“CNOOC”	中國海洋石油總公司 (China National Offshore Oil Corporation*), a state-owned enterprise established in the PRC
“CNOOC Fudao”	海洋石油富島有限公司 (CNOOC Fudao Limited*), a company incorporated under the laws of the PRC which is currently a wholly-owned subsidiary of the Company
“Company”	中海石油化學股份有限公司 (China BlueChemical Ltd.*), a company incorporated under the laws of the PRC, the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Completion Date”	the third day after all the conditions to completion of the Acquisition have been satisfied (or, if applicable, waived) and CNOOC Fudao received the Completion Notice from Shanghai Shenxin
“Completion Notice”	a notice to be issued by Shanghai Shenxin within two Business Days from the date when all the conditions set out in the Equity Transfer Agreement have been satisfied, informing CNOOC Fudao the same
“connected person”	has the meaning given to it in the Listing Rules
“Consideration”	the total consideration for the Acquisition, being RMB3,714,500
“Directors”	the directors of the Company

“Equity Transfer Agreement”	the agreement dated 24 December 2012 entered into between CNOOC Fudao and Shanghai Shenxin in relation to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio”	has the meaning given to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Taiwan, the Macau Special Administrative Region and Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Qionghua”	上海瓊化經貿有限公司 (Shanghai Qionghua Trading Co., Ltd.*), a company incorporated under the laws of the PRC
“Shanghai Shenxin”	上海申信房地產有限公司 (Shanghai Shenxin Real Estate Co., Ltd.*), a company incorporated under the laws of the PRC
“Shareholders”	the shareholders of the Company
“ZhongHai Investment”	中海投資管理有限公司 (ZhongHai Investment and Management Co., Ltd.*), a company incorporated under the laws of the PRC

Unless otherwise stated, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB0.81136 to HK\$1.00, which is a rate announced by The People’s Bank of China as at the Business Day immediately preceding the date of this announcement, for illustration purposes 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

24 December 2012

As at the date of this announcement, the executive Director is Mr. Yang Yexin; the non-executive Directors are Mr. Li Hui, Mr. Yang Shubo and Mr. Zhu Lei; the independent non-executive Directors are Mr. Gu Zongqin, Ms. Lee Kit Ying and Mr. Lee Kwan Hung.

* For identification purpose only.