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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 AN 8% EQUITY INTEREST  
IN HAINAN CNOOC TRANSPORTATION CO., LTD.**

On 8 November 2013, Basuo Port, a subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Shenxin, pursuant to which Basuo Port has agreed to purchase, and Shanghai Shenxin has agreed to sell, an 8% equity interest in Hainan CNOOC Transportation with a total consideration of RMB3,106,600 (equivalent to approximately HK\$3,918,862.66).

Before signing the Equity Transfer Agreement, the equity interest of Hainan CNOOC Transportation was owned as to 92.0% by Basuo Port and as to 8% by Shanghai Shenxin. Following the completion of the Acquisition, Hainan CNOOC Transportation will become a wholly-owned subsidiary of Basuo Port.

Shanghai Shenxin is a wholly-owned subsidiary of ZhongHai Investment, 95% of equity interest in which is 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.

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 8 November 2013, Basuo Port, a subsidiary of the Company, entered into the Equity Transfer Agreement with Shanghai Shenxin, pursuant to which Basuo Port has agreed to purchase, and Shanghai Shenxin has agreed to sell, an 8% equity interest in Hainan CNOOC Transportation.

Before signing the Equity Transfer Agreement, the equity interest of Hainan CNOOC Transportation was owned as to 92% by Basuo Port and as to 8% by Shanghai Shenxin. Following the completion of the Acquisition, Hainan CNOOC Transportation will become a wholly-owned subsidiary of Basuo Port.

## **2. THE ACQUISITION**

### **(a) Key Terms of the Acquisition**

#### *Target Equity*

Basuo Port has agreed to purchase, and Shanghai Shenxin has agreed to sell, an 8% equity interest in Hainan CNOOC Transportation in accordance with the terms and conditions in the Equity Transfer Agreement.

#### *Consideration*

The total consideration for the Acquisition is RMB3,106,600 (equivalent to approximately HK\$3,918,862.66). The Consideration was determined on the basis of normal commercial terms and arm's length negotiations between Basuo Port and Shanghai Shenxin, with reference to the appraised value of Hainan CNOOC Transportation of RMB38,832,200 (equivalent to approximately HK\$48,985,404.87) as at 31 December 2012 (being the reference date) and multiplying by 8%. Such appraisal was prepared by an independent PRC valuer based on an asset-based approach. As at 31 December 2012, the audited book value of the net asset of Hainan CNOOC Transportation was RMB37,027,124.77 (equivalent to approximately HK\$46,708,368.26). Shanghai Shenxin's original investment amount was RMB500,000 (equivalent to approximately HK\$630,731.78) in 2003.

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

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

Following the completion of the Acquisition, Hainan CNOOC Transportation will become a wholly-owned subsidiary of Basuo Port.

### **(b) Reasons For and Benefits of the Acquisition**

Hainan CNOOC Transportation has strong profitability with steady business development in the future. The Acquisition will increase the Company's economic return.

The Directors (including independent non-executive Directors) believe 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 Hainan CNOOC Transportation**

Hainan CNOOC Transportation was incorporated under the laws of the PRC and is principally engaged in the transportation service.

The total profits attributable to the equity to be acquired, which is an 8% equity interest in Hainan CNOOC Transportation, for the two years ended 31 December 2011 and 31 December 2012 are as follows:

	<b>For the year ended 31 December 2011 (RMB'000)</b>	<b>For the year ended 31 December 2012 (RMB'000)</b>
Net profits before taxation	1,312	1,199
Net profits after taxation	946	891

### **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 BASUO PORT**

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

Basuo Port is a subsidiary of the Company and mainly engaged in the port operation.

### **5. INFORMATION ON SHANGHAI SHENXIN**

Shanghai Shenxin is a company incorporated under the laws of the PRC and mainly engaged in 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 Basuo Port of an 8% equity interest in Hainan CNOOC Transportation from Shanghai Shenxin pursuant to the Equity Transfer Agreement
“Basuo Port”	海南八所港務有限責任公司 (Hainan Basuo Port Limited*), a company incorporated under the laws of the PRC which is currently a subsidiary of the Company

“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
“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 receipt by Basuo Port of 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 Basuo Port the same
“connected person”	has the meaning given to it in the Listing Rules
“Consideration”	the total consideration for the Acquisition, being RMB3,106,600
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the agreement dated 8 November 2013 entered into between Basuo Port and Shanghai Shenxin in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hainan CNOOC Transportation”	海南中海石油運輸服務有限公司 (Hainan CNOOC Transportation Co., Ltd.*), a company incorporated under the laws of the PRC
“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 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 RMB0.79273 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

8 November 2013

*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*