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

(Stock Code: 3983)

ANNOUNCEMENT

RECEIPT OF AN ARBITRATION NOTICE

This announcement is made by China BlueChemical Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company has been served an arbitration notice by China International Economic and Trade Arbitration Commission (“**CIETAC**”) in relation to a request for arbitration from Shanxi Hualu Yangpoquan Coal Mining Co., Ltd. (“**Yangpoquan Coal**”), an associate of the Company in which the Company holds a 49% equity interest, requesting a reply by the Company by 24 July 2014 (the “**Arbitration**”). Yangpoquan Coal alleges that it is unable to maintain a normal operation due to its disputes with the Company in respect of the management of Yangpoquan Coal and other matters and claims compensation for damages in an amount of RMB1.1 billion for its losses suffered as a result of the aforesaid matters.

Shanxi Hualu Thermoelectricity Co., Ltd. (“**Shanxi Hualu**”), the controlling shareholder of Yangpoquan Coal, has also made a request for arbitration to CIETAC to terminate the equity transfer agreement dated 30 July 2009 (the “**Equity Transfer Agreement**”) in respect of the Company’s acquisition of a 49% equity interest in Yangpoquan Coal alleging the Company is in breach of the Equity Transfer Agreement. In addition, Shanxi Hualu has also requested to terminate the capital increase agreement dated 20 August 2009 (and its supplemental agreement) (the “**Capital Increase Agreements**”) in connection with the Company’s acquisition of a 51% equity interest in Shanxi Hualu Coal Chemical Ltd. (“**Hualu Chemical**”) in which Shanxi Hualu holds a 49% equity interest alleging the Company is in breach of the Capital Increase Agreements. Hualu Chemical was planned to engage in the making and sale of coal-based urea with the support of Yangpoquan Coal. Shanxi Hualu did not claim compensation for damages against the Company in its requests to terminate the Equity Transfer Agreement and the Capital Increase Agreements.

The Company denies all the allegations mentioned above. And the Company has engaged legal counsel to represent it to defend the arbitrations requested by Shanxi Hualu above and will engage legal counsel to represent it to defend the allegation in the Arbitration.

The Company will make further announcement(s) if and when appropriate in relation to the progress of the above arbitrations.

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

Beijing, the PRC
9 July 2014

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

* *For identification purpose only.*