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

(Stock code: 03983)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

FINANCIAL HIGHLIGHTS

1. Revenue amounted to RMB4,745.3 million
2. Gross profit amounted to RMB926.7 million
3. Net profit attributable to owners of the parent amounted to RMB505.0 million
4. Basic earnings per share was RMB0.11

(I) UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the six months ended 30 June 2015*

		Six months ended	
		30 June	30 June
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
Revenue	4	4,745,343	5,263,729
Cost of sales		(3,818,599)	(3,859,154)
Gross profit		926,744	1,404,575
Other income and gains	4	151,305	86,263
Selling and distribution costs		(188,158)	(193,896)
Administrative expenses		(186,333)	(198,609)
Other expenses		(2,313)	(3,581)
Finance income		4,811	4,248
Finance costs		(14,834)	(286)
Exchange gains, net		8,069	4,235
Share of losses of joint ventures		(97)	(150)
Share of losses of associates		(2,399)	(380,443)
Profit before tax		696,795	722,356
Income tax expenses	5	(156,004)	(194,818)
Profit for the period	6	540,791	527,538
Profit for the period attributable to:			
Owners of the parent		504,984	447,528
Non-controlling interests		35,807	80,010
		540,791	527,538
Earnings per share attributable to ordinary owners of the parent			
— Basic for the period (<i>RMB</i>)	7	0.11	0.10

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2015

	Six months ended	
	30 June	30 June
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	<u>540,791</u>	<u>527,538</u>
Other comprehensive income that may be reclassified subsequently to profit or loss		
Fair value gains on unlisted investments during the period	135,355	60,264
Less: Reclassification adjustment upon maturity of unlisted investments	(135,355)	(60,264)
Exchange differences arising on translation	<u>(13,293)</u>	<u>2,871</u>
Total comprehensive income for the period	<u>527,498</u>	<u>530,409</u>
Total comprehensive income for the period attributable to:		
Owners of the parent	491,691	450,399
Non-controlling interests	<u>35,807</u>	<u>80,010</u>
	<u>527,498</u>	<u>530,409</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015 (Unaudited) <i>RMB'000</i>	31 December 2014 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		9,912,426	9,908,502
Prepayments for property, plant and equipment		23,424	65,192
Mining and exploration rights		473,292	474,410
Prepaid lease payments	8	591,540	569,533
Intangible assets		14,280	16,236
Investments in joint ventures		212,961	213,058
Investments in associates	9	325,151	337,798
Available-for-sale investments		600	600
Deferred tax assets		657,334	688,418
Other long-term prepayment		12,646	12,000
		<u>12,223,654</u>	<u>12,285,747</u>
CURRENT ASSETS			
Inventories		1,369,113	1,227,525
Trade receivables	10	177,477	141,493
Bills receivable	10	63,842	66,271
Prepayments, deposits and other receivables		707,866	686,635
Pledged bank deposits		5,200	5,709
Time deposits with original maturity over three months		35,447	—
Cash and cash equivalents		5,474,253	5,525,928
		<u>7,833,198</u>	<u>7,653,561</u>
TOTAL ASSETS		<u><u>20,056,852</u></u>	<u><u>19,939,308</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION — continued

At 30 June 2015

		30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
	<i>Notes</i>		
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Issued capital		4,610,000	4,610,000
Reserves		8,928,042	8,436,351
Proposed dividends	11	—	553,200
Equity attributable to owners of the parent		13,538,042	13,599,551
Non-controlling interests		1,048,916	1,149,735
TOTAL EQUITY		14,586,958	14,749,286
NON-CURRENT LIABILITIES			
Benefits liability		22,573	25,898
Interest-bearing bank and other borrowings		1,771,000	1,951,000
Deferred tax liabilities		56,902	58,866
Deferred revenue		114,924	144,077
Other long-term liabilities		116,888	116,559
		2,082,287	2,296,400
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		712,850	139,256
Trade payables	12	445,886	430,170
Bills payable	12	20,127	27,833
Other payables and accruals		1,550,822	1,569,405
Obligations under finance lease		439,021	565,992
Obligation arising from a put option to a non-controlling shareholder		83,602	87,398
Derivative financial instruments		47,942	50,072
Income tax payable		87,357	23,496
		3,387,607	2,893,622
TOTAL LIABILITIES		5,469,894	5,190,022
TOTAL EQUITY AND LIABILITIES		20,056,852	19,939,308
NET CURRENT ASSETS		4,445,591	4,759,939
TOTAL ASSETS LESS CURRENT LIABILITIES		16,669,245	17,045,686
NET ASSETS		14,586,958	14,749,286

(II) NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

China BlueChemical Ltd. (the “Company”) was established in the People’s Republic of China (the “PRC”) on 3 July 2000 as a limited liability company under the name of CNOOC Chemical Limited 中海石油化學有限公司. The Company was restructured and its name was changed to China BlueChemical Ltd. 中海石油化學股份有限公司 on 25 April 2006. The registered office of the Company is located at No. 1 Zhu Jiang South Street, Dongfang City, Hainan Province, the PRC.

In September and October 2006, the Company issued an aggregate 1,610,000,000 new H shares at a price of HK\$1.90 per share to the public, which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the manufacture and sale of urea, methanol, phosphorus fertilisers which include mono-ammonium phosphate (“MAP”) and di-ammonium phosphate (“DAP”) fertilisers, compound fertiliser and polyoxymethylene (“POM”).

The immediate holding company and ultimate holding company of the Company is China National Offshore Oil Corporation (“CNOOC”), a state-owned enterprise established in the PRC.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant, among others, for the preparation of Group’s condensed consolidated financial statements, and the application of which has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle

3. OPERATING SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods and services delivered or produced. The measure reported for resources allocation and segment’s performance assessment is the same as last annual financial statements. Hence, the Group has reportable operating segments as follows:

- (a) the urea segment is engaged in the manufacture and sale of urea;
- (b) the phosphorus and compound fertiliser segment is engaged in the manufacture and sale of MAP, DAP and compound fertiliser;
- (c) the methanol segment is engaged in the manufacture and sale of methanol; and

- (d) the “others” segment mainly comprises segments engaged in manufacture and sale of Bulk Blending (the “BB”) fertiliser, POM and woven plastic bags, trading of fertilisers and chemicals, port operations and provision of transportation services.

Segment performance is evaluated based on segment result and is measured consistently with profit before tax in the consolidated financial statements. However, segment result for each operating segment does not include interest and unallocated income, corporate and other unallocated expenses, finance costs, net exchange gains, change in fair value of derivative financial instruments, share of losses of joint ventures and associates and income taxes, which are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are determined on an arm’s length basis in a manner similar to transactions with third parties. Inter-segment sales are eliminated on consolidation.

	Phosphorus and compound					
	Urea	fertiliser	Methanol	Others	Elimination	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2015 (Unaudited)						
Segment revenue:						
Sales to external customers	1,545,317	1,217,822	1,364,490	617,714	—	4,745,343
Inter-segment sales	—	—	—	93,673	(93,673)	—
Total	1,545,317	1,217,822	1,364,490	711,387	(93,673)	4,745,343
Segment results:						
Segment profit before tax	<u>424,372</u>	<u>92,431</u>	<u>73,082</u>	<u>10,623</u>	<u>—</u>	<u>600,508</u>
Interest and unallocated income						145,575
Corporate and other unallocated expenses						(60,787)
Exchange gains, net						8,069
Change in fair value of derivative financial instruments						5,926
Share of losses of joint ventures						(97)
Share of losses of associates						(2,399)
Profit before tax						<u>696,795</u>
Six months ended 30 June 2014 (Unaudited)						
Segment revenue:						
Sales to external customers	1,620,343	1,089,315	1,814,704	739,367	—	5,263,729
Inter-segment sales	—	—	—	186,792	(186,792)	—
Total	1,620,343	1,089,315	1,814,704	926,159	(186,792)	5,263,729
Segment results:						
Segment profit before tax	<u>447,418</u>	<u>7,320</u>	<u>622,239</u>	<u>1,055</u>	<u>—</u>	<u>1,078,032</u>
Interest and unallocated income						62,269
Corporate and other unallocated expenses						(45,244)
Exchange gains, net						4,235
Change in fair value of derivative financial instruments						3,657
Share of losses of joint ventures						(150)
Share of losses of associates						(380,443)
Profit before tax						<u>722,356</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced values of goods sold, net of value added tax, after allowances for returns and discounts; and the value of services rendered during the period.

An analysis of revenue, other income and gains is as follows:

	Six months ended	
	30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Revenue		
Sale of goods	4,535,908	5,073,027
Rendering of services	209,435	190,702
	<u>4,745,343</u>	<u>5,263,729</u>
Other income and gains		
Gain on maturity of available-for-sales financial assets	135,355	60,264
Gain on disposal of items of property, plant and equipment	—	38
Income from sale of other materials	4,260	9,850
Income from rendering of other services	3,270	4,380
Gross rental income	659	1,141
Government grants	3,623	10,020
Others	4,138	570
	<u>151,305</u>	<u>86,263</u>

5. INCOME TAX EXPENSES

	Six months ended	
	30 June 2015 (Unaudited) RMB'000	30 June 2014 (Unaudited) RMB'000
Current tax in the PRC	126,884	308,567
Deferred tax	29,120	(113,749)
	<u>156,004</u>	<u>194,818</u>

(a) Enterprise income tax ("EIT")

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

CNOOC Fudao Limited and Hubei Dayukou Chemical Co., Ltd., subsidiaries of the Company, are entitled to preferential EIT rate of 15% for the three years ending 31 December 2016 after being assessed as a high-tech enterprise.

(b) Hong Kong profits tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(c) **Corporate income tax in Canada**

No provision for Canadian income tax has been made as the Group has no assessable profits arising in Canada.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is arrived at after charging and crediting:

	Six months ended	
	30 June	30 June
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	3,675,606	3,686,565
Cost of services provided	142,993	152,065
Depreciation of property, plant and equipment	388,633	413,425
Amortisation of mining rights	1,118	1,111
Amortisation of prepaid lease payments	7,683	8,084
Amortisation of intangible assets	2,543	5,726
Changes in fair value of derivative financial instruments	(2,130)	(8,526)
Change in fair value of obligation arising from a put option to a non-controlling shareholder	(3,796)	4,869
Write-back of bad debts recovered	—	(8)
Write-down of inventories to net realisable value, included in cost of sales	—	20,524
	—————	—————

7. EARNINGS PER SHARE

	Six months ended	
	30 June	30 June
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period attributable to owners of the parent	504,984	447,528
	—————	—————

	Six months ended	
	30 June	30 June
	2015	2014
	'000	'000
Number of ordinary shares	4,610,000	4,610,000
	—————	—————

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 June 2014 and the six months ended 30 June 2015.

8. PREPAID LEASE PAYMENTS

During the six months ended 30 June 2015, the Group acquired RMB30,208,000 land use rights (six months ended 30 June 2014: Nil). There is no disposal of land use right during the six months ended 30 June 2015 and 2014.

In June 2014, pursuant to <Notification to Seize the State Owned Construction Land Use Right> (the "Notification") issued by the local land bureau, CNOOC Hualu was requested to deregister without compensation the land use right certificate of its idle land on or before 25 July 2014, or else the local land bureau will invalidate that land use right certificate. An appeal was made subsequently by CNOOC Hualu to

the local government and the local government affirmed the decision set out in the Notification. CNOOC Hualu appealed further to court. As of the date of issuance of the interim financial statements, the local land bureau has not invalidated the land use right certificate and the court has not awarded any judgement.

Management is of the view, judging from the progress of the incident, that the land use right will probably be seized without compensation in the near future. Therefore, management assessed the recoverable amounts of the land use right and related construction in progress on the land (included in property, plant and equipment), of which net carrying amounts amounted to RMB99,804,000 in total, as of 31 December 2014, to be Nil, and full impairment was made accordingly in profit and loss for the year then ended.

As of the date of issuance of the interim financial statements, directors are of the view that there is no evidence the payables for acquisition of the land use right under the Notification amounting to RMB26,339,000 (31 December 2014: RMB26,339,000), presented under “Other long term liabilities” and “Other payables and accruals”, are no longer payable.

9. INVESTMENT IN ASSOCIATES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Cost of investment in associates	797,467	807,715
Share of post-acquisition profits and other comprehensive income, net of dividends received, including impairment of Shanxi Hualu Yangpoquan Coal Mining Co., Ltd. (note)	<u>(472,316)</u>	<u>(469,917)</u>
	<u>325,151</u>	<u>337,798</u>

The above associate is accounted for using the equity method in these consolidated financial statements.

Particulars of the associates of the Group are set out as follows:

Name of the entity	Place and date of incorporation and operation	Registered capital '000	Direct Indirect	Percentage of equity interest attributable to the Company %	Principal activities
Shanxi Hualu Yangpoquan Coal Mining Co., Ltd. (“Yangpoquan Coal”) (山西華陽坡泉煤礦有限公司(以下簡稱“陽坡泉煤礦”))	PRC 3 August 2001	RMB52,000	Direct Indirect	49.00 —	Mining and sale of coal
China Basuo Overseas Shipping Agency Co., Ltd. (中國八所外輪代理有限公司)	PRC 24 May 2000	RMB1,800	Direct Indirect	— 36.56	Provision of overseas shipping services
Western Potash Corporation (西鉀公司)	Canada 5 April 2007	CAD140,944	Direct Indirect	— 19.90	Acquisition, evaluation, and exploration of mineral properties containing potash

During the year ended 31 December 2014, according to a notice from the Intermediate People’s Court of Xinzhou City, Shanxi Province (“the Xinzhou Court”), all assets of Yangpoquan Coal, including mining rights, machineries and equipment, real estate, stock of raw coal and office supplies (the “Assets of Yangpoquan Coal”) are to be foreclosed through auction in satisfaction of the defaulted and outstanding debts (“the Debts”) of Yangpoquan Coal in the amount of RMB302,678,000 owed to Hequ Branch of Industrial and Commercial Bank of China Limited (“ICBC”). Due to the failure of the auction, the management took consideration the carrying amount of investment in Yangpoquan Coal, together with the relevant taxes and other costs to be incurred and the carrying amounts of liabilities of Yangpoquan Coal, the fair value less cost of disposal of

Yangpoquan Coal was estimated to be RMB373,652,000 and the Group's share amounted to RMB183,090,000. Accordingly, an impairment of RMB470,140,000 was recognised and presented as "share of losses of associates" for the year ended 31 December 2014.

As approved by Xinzhou Court in April 2015, Shanxi Branch of China Cinda Asset Management Co., Ltd. ("Cinda") bought the Debts from ICBC and becomes the applicant for the said auction in place of ICBC. As of the date of issuance of the interim financial statements, Cinda has not initiated any proceeding to exercise its rights assumed from ICBC. The directors are of the view that no further impairment indication presents and no further impairment charge is required for the current period.

10. TRADE RECEIVABLES AND BILLS RECEIVABLE

Sales of the Group's fertilisers including urea, MAP and DAP are normally settled on an advance receipt basis either by cash or by bank acceptance drafts from customers. In the case of export sales, the Group may also accept irrevocable letters of credit issued in its favour. The trading terms of the Group with its methanol and POM customers are generally on one-month credit, except for some high-credit customers, where payments may be extended.

An aging analysis of trade receivables and bills receivable as at the end of the reporting period, based on the invoice date and net of impairment of trade receivables of the Group, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within six months	238,784	199,637
Over six months but within one year	1,627	3,727
Over one year but within two years	—	3,476
Over two years but within three years	908	924
	241,319	207,764

As at 30 June 2015, the amounts due from CNOOC, its subsidiaries, and associates, (other than the ultimate holding company collectively referred to as the "CNOOC group companies") included in the above trade receivable balances are in aggregate RMB34,313,000 (31 December 2014: RMB29,478,000). The amounts due are unsecured, non-interest-bearing and repayable on similar credit terms to those offered to the major customers of the Group.

As at 30 June 2015, the Group has transferred bills receivable through endorsement to its suppliers to settle its payables amounted to RMB144,396,000 (31 December 2014: RMB108,613,000). As at 30 June 2015, the Group discounted bill receivables with an aggregate carrying amount of RMB27,500,000 to a bank for cash proceeds of RMB27,131,000 (31 December 2014: discounted bills receivable with an aggregate carrying amount of RMB45,050,000 to a bank for cash proceeds of RMB44,116,000). The directors considered the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant. Hence, the Group has derecognised these bills receivable and payables to suppliers in its entirety, given the limited exposure in respect of the settlement obligation of these bills receivable.

All the bills receivables endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

11. PROPOSED DIVIDENDS

Pursuant to the articles of association of the Company, the net profit after tax of the Company for the purpose of profit distribution is deemed to be the lesser of (i) the net profit determined in accordance with the PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with IFRSs.

During the current interim period, a final and special dividend of RMB0.12 per share in respect of the year ended 31 December 2014 (six months ended 30 June 2014: RMB0.14 per share in respect of the year ended 31 December 2013) was declared and paid to the owners of the Company. The aggregate amount of the final and special dividend declared and paid in the interim period of 2015 amounted to RMB553,200,000 (six months ended 30 June 2014: RMB645,400,000).

The board of directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

12. TRADE PAYABLES AND BILLS PAYABLE

The trade payables and bills payable are non-interest-bearing and are normally settled in 30 to 180 days. An aging analysis of trade payables and bills payable of the Group, based on invoice date, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within six months	432,432	365,143
Over six months but within one year	17,215	76,992
Over one year but within two years	2,884	12,952
Over two years but within three years	10,860	1,508
Over three years	2,622	1,408
	<u>466,013</u>	<u>458,003</u>

As at 30 June 2015, the amounts due to CNOOC group companies included in the above trade payable and bills payable balances amounted to RMB194,524,000 (31 December 2014: RMB131,518,000).

(III) MANAGEMENT DISCUSSION AND ANALYSIS

1. Sector Review

Fertiliser Industry

In 2015, the PRC government continued to consolidate the position of agriculture as the foundation of the economy and promote the continuous increase in rural incomes in accordance with the guiding principle of “supplying grains stably, increasing income, enhancing quality and efficiency and striving for innovation”. While providing larger subsidies to agriculture, the PRC government also gradually refines its agricultural subsidy policy, improves the means of providing such subsidies and enhances the efficiency of such policies. Meanwhile, in order to ensure the security of national food supply and improve the incentives to farmers to grow grains, the PRC government continued to implement floor prices for wheat and grain rice, which have remained unchanged from 2014.

In the first half of 2015, further market-oriented reforms of domestic chemical fertilisers industry has been carried out by the PRC government: preferential railway transportation price for chemical fertilisers was abolished from 1 February 2015; on 19 April 2015, the PRC government announced that preferential electricity price for chemical fertilisers industry would be gradually abolished and the same electricity price would apply to chemical fertiliser production as other industrial and commercial businesses in the same power usage category, with all preferential electricity price abolished with effect from 20 April 2016. Meanwhile, the PRC government continued to push forward natural gas market reforms, as the prices for legacy gas and incremental gas were unified on 1 April 2015, with prices of the gas used for chemical fertilisers rising by no more than RMB0.2 per cubic metre. The aforementioned reforms will gradually lead the chemical fertilisers industry in the PRC towards a sizable and environmental-friendly development.

In 2015, the PRC government abolished the gap between high- and low-season tariff rates for urea and phosphate fertiliser exports. A unified tariff rate has been imposed throughout the year, with the rate for urea being RMB80 per tonne and the rate for ammonium phosphate being RMB100 per tonne. It will thus be favourable to domestic fertiliser production enterprises with advantages in export. Benefiting from the favourable export policies for urea and ammonium phosphate, the export volumes for urea and ammonium phosphate in the PRC significantly increased in the first half of 2015, alleviating the oversupply in the domestic chemical fertiliser market.

(I) Urea

Domestic urea production volume in the first half of 2015 was approximately 36.3 million tonnes (in kind), representing a slight increase by approximately 2% as compared to the first half of 2014. The export volume of urea was 6.74 million tonnes (in kind), representing a significant increase of approximately 62% as compared to the same period of last year.

In the first four months of 2015, domestic market price of urea fluctuated in a narrow range between RMB1,600 and RMB1,700 per tonne. The domestic market price of urea began to rise in May, driven by the kick-off of high season for domestic chemical fertilisers use and strong international demands. By the end of June, domestic market price of urea fluctuated in the range of RMB1,750 to RMB1,800 per tonne.

(II) Phosphate fertilisers

In the first half of 2015, domestic production volume of ammonium phosphate was approximately 14.48 million tonnes (in kind), an increase by approximately 17% as compared to the first half of 2014. Export volume of ammonium phosphate was 4.22 million tonnes (in kind), representing a significant increase of 126% as compared to the same period of last year.

In the first half of 2015, international market prices for ammonium phosphate remained stable. Domestic market price of DAP fluctuated in a narrow price range between RMB3,000 and RMB3,100 per tonne.

Methanol

National economic growth slowed down in the first half of 2015. Downstream demands from traditional sectors for methanol grew slowly, with methanol-to-olefin driving the growth of methanol demands in the country.

In the first half of 2015, domestic production volume of methanol was approximately 19.2 million tonnes, representing an increase of approximately 10% as compared to the same period of the last year, while net import volume increased significantly to 2.47 million tonnes, representing an increase of 110% compared to the same period of the last year.

Affected by the plunging international crude oil prices in the second half of 2014, the domestic market price for methanol dropped significantly since mid-December 2014. Up to mid-January 2015, it dropped to RMB1,900 per tonne. In February, methanol prices began to rebound in the domestic market as international energy prices bottomed up and the demands for methanol increased driven by commencement of production of new domestic methanol-to-olefin projects. In late May, methanol prices rose to RMB2,600 per tonne in major domestic markets, and then dropped slightly to around RMB2,450 per tonne in late June.

2. Business Review

During the reporting period, major overhauls conducted in our urea plants of Fudao Phase I and Phase II and the methanol plants of Hainan Phase II and CNOOC Tianye, leading to a fall in the Company's production volume of urea and methanol as compared to the same period last year. Utilisation rate of our ammonium phosphate plants continued to increase, with our production volume of phosphate fertilisers and compound fertilisers breaking its historical records. Due to prolonged depression of POM prices caused by severe oversupply of mid-to-low end POM products in the PRC, operations in the POM plants in CNOOC Tianye have been closed. Our coal-based urea project located in Hegang, Heilongjiang Province succeeded in its trial operation in April 2015, produced qualified products in May 2015, and commenced commercial operation on 1 July 2015.

Benefiting from favourable export policies for chemical fertilisers, the oversupply in the domestic chemical fertiliser market was alleviated during the reporting period. Leveraging on its advantages in geographical locations, brand recognition and exports, the Company strengthened its export business while stabilizing its domestic sales channels, exporting 324,000 tonnes of urea and 150,000 tonnes of DAP, respectively, in the first half of the year, representing a significant increase compared to the same period of last year.

Production and sales details of the Group's various plants during the reporting period are set out below:

	For the six months ended 30 June					
		2015	Utilisation		2014	Utilisation
Chemical fertilisers	Production	Sales	rate	Production	Sales	rate
	(tonnes)	volume	(%)	(tonnes)	volume	(%)
		(tonnes)			(tonnes)	
<i>Urea</i>						
Fudao Phase I	272,030	257,480	104.6	287,465	274,381	110.6
Fudao Phase II	358,338	319,053	89.6	426,602	427,261	106.7
CNOOC Tianye	305,903	319,500	117.7	259,656	224,229	99.9
Group total	936,271	896,033	101.8	973,723	925,871	105.8
<i>Phosphate fertilisers and compound fertilisers</i>						
DYK MAP	32,498	28,831	43.3	16,190	9,718	21.6
DYK DAP Phase I						
(Note)	151,399	109,707	86.5	150,163	153,355	85.8
DYK DAP Phase II	289,931	295,012	116.0	274,896	257,238	110.0
Group total	473,828	433,550	94.8	441,249	420,311	88.2
<i>Chemical products</i>						
<i>Methanol</i>						
Hainan Phase I	309,913	310,989	103.3	314,676	310,011	104.9
Hainan Phase II	359,430	341,291	89.9	395,073	384,375	98.8
CNOOC Tianye	98,455	94,218	98.5	103,906	80,726	103.9
Group total	767,798	746,498	96.0	813,655	775,112	101.7
<i>POM</i>						
CNOOC Tianye POM	4,019	5,804	13.4	13,529	8,800	45.1
Group total	4,019	5,804	13.4	13,529	8,800	45.1

Note: The DYK DAP Phase I Plant produced 125,326 tonnes of DAP and 26,073 tonnes of compound fertilisers, totaling at 151,399 tonnes, and sold 95,318 tonnes of DAP and 14,389 tonnes of compound fertilisers, totaling at 109,707 tonnes, respectively, in the first half of 2015. In the first half of 2014, the DYK DAP Phase I Plant produced 116,212 tonnes of DAP and 33,951 tonnes of compound fertilisers, totaling at 150,163 tonnes, and sold 128,296 tonnes of DAP and 25,059 tonnes of compound fertilisers, totaling at 153,355 tonnes, respectively.

BB fertilisers

In the first half of 2015, the Group produced a total of 21,242 tonnes of BB fertilisers with a sales volume of 23,684 tonnes.

3. Financial Review

Revenue and gross profit

During the reporting period, the Group's revenue was RMB4,745.3 million, a decrease of RMB518.4 million, or 9.8%, from RMB5,263.7 million in the same period of 2014.

During the reporting period, the Group's external revenue from urea was RMB1,545.3 million, a decrease of RMB75.0 million, or 4.6%, from RMB1,620.3 million in the same period of 2014. The decrease was primarily attributable to (1) a decrease in the sales volume of urea by 29,838 tonnes, leading to a decrease in our revenue by RMB52.2 million; and (2) a decrease in revenue by RMB22.8 million due to a drop in the selling price of urea by RMB25.5 per tonne.

During the reporting period, the Group's external revenue from phosphate fertilisers and compound fertilisers was RMB1,217.8 million, an increase of RMB128.5 million, or 11.8%, from RMB1,089.3 million in the same period of 2014. The increase was primarily attributable to (1) an increase in the sales volume of phosphate fertilisers and compound fertilisers by 13,239 tonnes, resulting in an increase in revenue by RMB37.2 million; and (2) an increase in revenue by RMB91.3 million caused by a rise in the price of phosphate fertilisers and compound fertilisers by RMB217.3 per tonne.

During the reporting period, the Group's external revenue from methanol was RMB1,364.5 million, a decrease of RMB450.2 million, or 24.8%, from RMB1,814.7 million in the same period of 2014. The decrease was primarily attributable to (1) a decrease in the sales volume of methanol by 28,614 tonnes, resulting in a decrease in revenue by RMB67.0 million; and (2) a decrease in revenue by RMB383.2 million caused by a drop in the selling price of methanol by RMB513.4 per tonne.

During the reporting period, the Group's external revenue from other segments (primarily comprising manufacture and sales of BB fertilisers, POM and woven plastic bags, trading in fertilisers and chemicals, port operations and provision of transportation services) decreased by RMB121.7 million, or 16.5%, to RMB617.7 million as compared to RMB739.4 million in the same period of 2014, which was primarily attributable to (1) a decrease in revenue by RMB25.8 million caused by a drop in the sales volume of POM by 2,996 tonnes and a decrease in the selling price of POM by RMB577.4 per tonne; and (2) a decrease in revenue by RMB89.0 million in the trading segment.

The Group's gross profit for the reporting period amounted to RMB926.7 million, a decrease of RMB477.9 million, or 34.0%, from RMB1,404.6 million for the same period of 2014. The decrease was primarily attributable to (1) a decrease in the gross profit of methanol by RMB550.3 million mainly due to a drop in both sales volume and selling price of methanol, together with the major overhaul of our methanol plants; (2) a decrease in sales volume of urea causing a decrease in gross profit of urea by RMB22.5 million; partially offset by (3) an increase in the gross profit of phosphate fertilisers and compound fertilisers by RMB91.4 million caused by an uplift in both sales volume and selling price coupled with a drop in unit production cost of phosphate fertilisers and compound fertilisers.

Other income and gains

The Group's other gains for the reporting period amounted to RMB151.3 million, an increase by RMB65.0 million, or 75.3%, from RMB86.3 million in the same period of 2014. The increase was primarily attributable to (1) an increase in gains from investments in entrusted asset management by RMB75.1 million, partially offset by (2) a decrease in government subsidies by RMB6.4 million.

Selling and distribution costs

The Group's selling and distribution costs for the reporting period amounted to RMB188.2 million, a decrease of RMB5.7 million, or 2.9%, from RMB193.9 million in the same period of 2014.

Administrative expenses

The Group's administrative expenses for the reporting period amounted to RMB186.3 million, a decrease of RMB12.3 million, or 6.2%, from RMB198.6 million in the same period of 2014. The decrease was primarily attributable to (1) the impairment losses provided for in 2014 for our POM plants and Hualu Coal Mining leading to a decrease in the depreciation, amortization and taxation on land by RMB5.6 million; and (2) a decrease in expenses on retired personnel by RMB3.1 million.

Other expenses

The Group's other expenses for the reporting period amounted to RMB2.3 million, a decrease of RMB1.3 million, or 36.1%, from RMB3.6 million in the same period of 2014. The decrease was principally due to a decrease in handling fees charged by financial institutions by RMB1.7 million.

Finance income and finance costs

The Group's finance income for the reporting period increased by RMB0.6 million, or 14.3%, to RMB4.8 million from RMB4.2 million in the same period of 2014.

The Group's finance costs for the reporting period amounted to RMB14.8 million, an increase by RMB14.5 million from RMB0.3 million in the same period of 2014. The increase was primarily attributable to our new financial leases and liquidity loans.

Exchange gains, net

During the reporting period, the Group recorded exchange gains of RMB8.0 million, an increase of RMB3.8 million, or 90.5%, compared with an exchange gain of RMB4.2 million in the same period of 2014, which was primarily attributable to (1) exchange gains of RMB5.1 million from the Group's export of urea and DAP settled in US dollars ("USD"); and (2) exchange losses of RMB2.9 million from our dividend payment.

Share of profits of associates and joint ventures

The Group's share of losses of associates and joint ventures for the reporting period amounted to RMB2.5 million, a decrease of RMB378.1 million, or 99.3%, from the share of losses of associates and joint ventures of RMB380.6 million in the same period of 2014. The decrease was principally attributable to (1) a notice in 2014 from the Intermediate People's Court of Xinzhou City, Shanxi Province (the "Xinzhou Court"), according to which all assets of Shanxi Hualu Yangpoquan Coal Mining Co., Ltd. ("Yangpoquan Coal"), including mining rights, machineries and equipment, real estate, stock of raw coal and office supplies (the "Assets of Yangpoquan Coal") are to be put on auction in satisfaction of the defaulted and outstanding debts of Yangpoquan Coal owed to Hequ Branch of Industrial and Commercial Bank of China Limited. As a result of failure of the auction dated 15 August 2014, a notice was served by the Xinzhou Court on 20 August 2014 to conduct a second auction scheduled on 4 September 2014 in connection with the Assets of Yangpoquan Coal. Under relevant regulations of the PRC law, the base price of the second auction will not be less than 80% of the judicially appraised value of the Assets of Yangpoquan Coal recognised by the Xinzhou Court. In the event of a successful bid at the base price, the Company made an estimate of the recoverable amount of the Assets of Yangpoquan Coal as well as its share of the recoverable amount of the net assets of Yangpoquan Coal according to its shareholding, taking into account the carrying value of the Company's long-term equity investments, auction transaction taxes and the liabilities incurred by Yangpoquan Coal. An asset impairment loss of RMB376.0 million was recognised, and no impairment losses were recorded for the reporting period.

Income tax expense

The Group's income tax expense for the reporting period was RMB156.0 million, a decrease of RMB38.8 million, or 19.9%, from RMB194.8 million in the same period of 2014. The decrease was principally due to a decrease in EIT expenses by RMB30.8 million following a clarification in the preferential tax policies resulting in an EIT tax rate of 15% applicable to Fudao Phase I in the first half of 2015, as compared to the EIT tax rate of 25% applicable in the first half of 2014.

Net profit for the period

The Group's net profit for the reporting period was RMB540.8 million, an increase by RMB13.3 million, or 2.5%, from RMB527.5 million in the same period of 2014.

Dividends

The board of directors of the Company (the "Board") did not recommend the payment of an interim dividend for the six months period ended 30 June 2015.

During the reporting period, the Company distributed the final and special dividends totaling RMB553.2 million in cash for 2014.

Capital expenditure

During the reporting period, the Group's capital expenditure in respect of acquisitions, property, plant and equipment as well as prepaid land lease payments amounted to RMB389.2 million. Our capital expenditure primarily included: (1) RMB356.0 million for the Huahe 520,000 tonnes/year Urea Project; and (2) an investment of RMB33.2 million for upgrades and equipment purchases for our production plants.

Pledge of assets

As at 30 June 2015, the Group did not pledge any assets.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital structure in order to safeguard its normal production and operations, maximising shareholders' value. The Group manages its capital structure and makes timely adjustments in light of changing economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of new debts or issue of new shares. The gearing ratio of the Group as at 30 June 2015 (calculated as interest-bearing liabilities divided by the sum of total equity and interest bearing liabilities) was 16.7%.

Cash and cash equivalents

As at the beginning of the reporting period, the Group's cash and cash equivalents were RMB5,525.9 million. For the reporting period, the net cash inflow from operating activities was RMB571.8 million, net cash outflow from investing activities was RMB183.3 million, net cash outflow from financing activities was RMB437.3 million, and the effect caused by the exchange movement on cash and cash equivalents was a decrease of RMB2.8 million. As at 30 June 2015, the Group's cash and cash equivalents were RMB5,474.3 million. The Group has sufficient working capital to meet the funds required for its day-to-day operation and future development.

Human resources and training

As at 30 June 2015, the Group had 6,566 employees. The Company has a comprehensive remuneration system and a systematic welfare plan as well as an effective performance appraisal system in place to ensure that the remuneration policy of the Company effectively provides incentives to its staff. The Company determines staff remuneration according to their positions, performance and capability.

During the reporting period, the Company held 6,943 training courses, with a total of 70,030 enrolments and 210,823 training hours according to its annual training plan.

During the reporting period, the Company held 95 safety training courses of various types, with a total of 2,818 enrolments and 53,801 training hours, covering topics such as safety awareness, regulatory information, standard operation procedures for various positions, the HSE system, emergency management, traffic safety and occupational hygiene knowledge.

Market risks

The major market risks of the Group are exposure to changes in selling prices of key products and in costs of raw materials (mainly natural gas, coal, phosphate ore, synthetic ammonia and sulphur), fuels (mainly natural gas and coal), energy costs and fluctuations in interest rates or exchange rates.

Commodity price risk

The Group is also exposed to risks in commodity prices arising from changes in product selling prices and costs of raw materials and fuels.

Interest rate risk

The major interest rate risk that the Group is exposed to includes the Group's short-term and long-term debt obligations which are subject to floating interest rates.

Foreign exchange risk

The Group's revenue was primarily denominated in Renminbi and secondarily in USD. During the reporting period, the Renminbi to USD exchange rate ranged between 6.1079 and 6.1617. Fluctuation in the RMB to USD exchange rate may affect our revenue from sales of products, import of our equipment and raw materials.

Inflation and currency risk

According to the National Bureau of Statistics of China, the consumer price index of the PRC increased by 1.4% during the reporting period, which did not have a significant effect on the Group's operating results for the period.

Subsequent events and contingent liabilities

On 4 July 2015, Beijing Tairui Innovation Capital Management Ltd. ("Tairui") entered into an agreement with Western Potash Corp. ("Western Potash"), pursuant to which Tairui will subscribe for the new shares issued by Western Potash in an amount of 80,000,000 Canadian dollars. After the acquisition, Tairui will hold a 51% ownership stake in Western Potash.

On 23 July 2015, CBC (Canada) Holding Corp. ("CBC (Canada)"), a subsidiary of the Company, decided to exercise its pre-emptive right after the acquisition of 51% shares in Western Potash Corp. by Tairui was approved at the extraordinary general meeting of Western Potash Corp.. After the transaction, CBC (Canada) will hold a 10.1% ownership stake in Western Potash.

The transactions above were approved at the extraordinary general meeting of Western Potash Corp. held on 24 August 2015.

After the reporting period and up to the date of this announcement, the Group had no material subsequent events or material contingent liabilities.

Material litigation and arbitration

As at 30 June 2015, the Company had no material litigation and arbitration.

4. Sector Outlook

Looking forward into the second half of 2015, as the chemical fertiliser use will enter into low season in China, the trend of domestic market prices for urea and the trend of international urea market prices will be highly relevant to each other. Affected by the demand-supply balance of ammonium phosphate in the global market, its domestic market prices is expected to continue fluctuating in a narrow range. The resumption of levying value-added tax on chemical fertilisers by the PRC government from 1 September 2015 will bring a profound impact on the market-oriented reforms for the domestic chemical fertiliser industry.

As for the methanol industry, although downstream demands for methanol from traditional sectors are affected by the economic slowdown at home and abroad, growth in demand for methanol will be driven by the increase of China's production capacity of methanol-to-olefin in the second half of 2015.

5. Our Key Tasks in the second half of 2015

1. To continue to strengthen HSE and refined production management, and to achieve safe and stable operations for each production unit; and to closely track the market conditions of domestic and international markets of chemical fertilisers and the chemical industry for the purposes of matching production against sales;
2. To ensure the completion of annual production tasks and achievement of operation targets by tightening cost and expense control;
3. To proceed with the implementation of upgrades of Fudao Phase I Urea Plant as scheduled, making sure that Fudao Phase I Urea Plant will be able to maintain stable production with the natural gas produced by Dongfang 1-1 gas field phase I adjustment project after the stable supply period of natural gas from Yacheng 13-1 gas field ends in 2016;
4. To further improve the feasibility report of Xinhua coal mine which is supplementary to the coal-based urea project in Heilongjiang Huahe;
5. To continue to research on the feasibility of producing high-end chemical products with natural gas in Hainan to complement the development of offshore gas fields in the southern Hainan;
6. To make active efforts in expanding the fertiliser trading business;
7. To strive to resolve the dispute with the joint venture partner of the Yangpoquan Coal; and
8. To continue to look for development opportunities in China and overseas that fit the Company's development strategy.

(IV) SUPPLEMENTAL INFORMATION

Audit Committee

The Audit Committee has reviewed, with the management, the accounting principles and standards adopted by the Group and discussed internal control and financial reporting matters, including the review of the interim results for the six months ended 30 June 2015. The Group's unaudited interim results for the six months ended 30 June 2015 have been reviewed independently by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. Neither the Audit Committee nor Messrs. Deloitte Touche Tohmatsu has any disagreement over the accounting treatments adopted in preparing the interim results during the reporting period.

Compliance with Corporate Governance Code

The Company strives to maintain a high level of corporate governance in order to enhance transparency and ensure the protection of the overall interests of the shareholders. During the six months ended 30 June 2015, the Company had complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Board confirms that, having made specific enquiries with all directors and supervisors of the Company, during the six months ended 30 June 2015, all members of the Board and all supervisors have complied with the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules.

Purchase, Sale and Redemption of the Company's Listed Securities

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Disclosure on the Website of the Stock Exchange

This results announcement is published on the HKExnews website (<http://www.hkexnews.hk>) and on the Company's website (<http://www.chinabluechem.com.cn>). The 2015 Interim Report will be available on the HKExnews and the Company's website in due course.

By Order of the Board
China BlueChemical Ltd.*
Li Hui
Chairman

Hong Kong, the People's Republic of China, 26 August 2015

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

* For identification purpose only