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

(Stock Code: 3983)

ANNOUNCEMENT

PROFIT WARNING

This announcement is made by China BlueChemical Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that, based on information currently available, the Board expects the Group to record a net loss attributable to owners of the parent of RMB200 million to RMB250 million for the year ended 31 December 2016 as compared to a net profit attributable to owners of the parent of approximately RMB829.7 million for the year ended 31 December 2015.

The principal factors for the expected net loss of the Group include:

- (I) the extremely low selling prices in the market for the principal products of the Company, namely urea, phosphate and methanol as a result of the severe domestic and overseas market environment in the first three quarters of 2016;
- (II) a suspension of Fudao Phase II urea plant to repair the leakage of a key equipment from 7 April 2016 to 20 July 2016;
- (III) a nearly two-month scheduled suspension of Fudao Phase I urea plant for facility upgrades in the first half of 2016; and
- (IV) CNOOC Tianye urea plant suspended till the date of this announcement following the scheduled maintenance from 18 July 2016 to 11 August 2016 due to the extremely low selling prices in the urea market and gas supply shortage in winter.

The information contained in this announcement is only based on the preliminary assessment by the Company’s management according to the latest unaudited management accounts of the Group. Detailed financial information of the Group will be disclosed in its 2016 annual report.

Shareholders of the Company and potential investors should exercise caution when investing in or dealing in the securities of the Company.

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

Beijing, the PRC
20 January 2017

As at the date of this announcement, the executive Director is Mr. Xia Qinglong, the non-executive Directors are Mr. Chen Bi, Mr. Xie Weizhi and Mr. Guo Xinjun and the independent non-executive Directors are Ms. Lee Kit Ying, Mr. Lee Kwan Hung and Mr. Yu Changchun.

* *For identification purpose only.*