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

(Stock Code: 3983)

ANNOUNCEMENT

POSITIVE PROFIT ALERT AND BUSINESS UPDATE

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 its shareholders and potential investors that, based on information currently available, the Board expects the Group to record a net profit attributable to equity holders of the parent approximately from RMB720 million to RMB750 million for the period ended 30 June 2018 as compared to a net profit attributable to equity holders of the parent of approximately RMB290 million for the period ended 30 June 2017.

The principal factor contributing to the increase in the expected net profit attributable to equity holders of the parent of the Group is the higher selling price realized by the Company for its products in the first half of 2018 as compared to that in the same period in 2017.

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 2018 interim report.

The Board wishes to further announce that the Group’s Line A of CNOOC Tianye polyformaldehyde plant, located in Hohhot, Inner Mongolia of the PRC, with a designed production capacity of 20,000 tons per annum, has resumed operation. The plant is currently under stable operation after a period of trial running, and the sales of the product are expected to be launched in the second half of the year.

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

By order of the Board
China BlueChemical Ltd.*
Wu Xiaoxia
Company Secretary

Beijing, the PRC
20 July 2018

As at the date of this announcement, the executive directors of the Company are Mr. Xia Qinglong and Mr. Wang Weimin, the non-executive directors of the Company are Mr. Meng Jun 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.*