



中海石油化学股份有限公司 China BlueChemical Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 3983)

ANNOUNCEMENT

Potential Business Opportunity for Establishing a Granular Urea Factory in Jincheng City, Shanxi Province, PRC

The Company is currently in negotiation with the municipal government of Jincheng City, Shanxi Province, PRC in respect of the Company's strategic plan of establishing a 1 million-t/a granular urea factory in Jincheng City.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Mr. Yang Yexin, the Chief Executive Officer of the Company, recently met with the mayor of Jincheng City, Shanxi Province, PRC, and on that occasion both parties conducted further negotiation in respect of the Company's strategic plan of establishing a 1 million-t/a granular urea factory in Jincheng City. Developing nitrogenous fertilizer projects in various cities in PRC is one of the Company's business strategies. The Board anticipates that, by combining the financial strength and technologies related to chemical development owned by the Company with the coal resource, advantageous location, convenient transportation and low cost benefit enjoyed by Jincheng City, this project can strengthen the Company's leading position in the domestic nitrogenous fertilizer industry and will bring greater return to its shareholders. To accelerate the progress of the proposed project, a steering group has been jointly set up by the municipal government of Jincheng City and the relevant personnel of the Company after that meeting to study the proposals in detail for the project afterwards.

Definitions

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the following respective meanings:

"Board"	the board of directors of the Company;
"Company"	China BlueChemical Ltd.; and
"PRC"	the People's Republic of China.

By order of the Board
China BlueChemical Ltd.
Meng Jun
Company secretary

Haikou, the PRC
26 April 2007

As at the date of this announcement, the executive directors are Mr. Yang Yexin, Mr. Fang Yong and Mr. Chen Kai, the non-executive director is Mr. Wu Mengfei, and the independent non-executive directors are Mr. Wang Wenshan, Mr. Zhang Xinzhi, Mr. Wu Xiaohua and Mr. Tsui Yiu Wa, Alec.

* for identification purpose only