

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further financial information about (1) how the proposed listing might have affected the net tangible assets of the Group after the completion of the Global Offering; and (ii) how the proposed listing might have affected the unaudited pro forma forecast earnings per share for the year ending 31 December 2006.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position or results of operations.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and position of the financial periods concerned.

## A UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of the Group, which has been prepared for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 March 2006. It is based on the audited net tangible assets attributable to the equity holders of the parent as at 31 March 2006 as shown in the accountants' report of our Company, the text of which is set out in Appendix IA to this Prospectus, and is adjusted as follows:

	Audited net tangible assets attributable to equity holders of the parent as at 31 March 2006	Estimated net proceeds receivable by the Company from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share  (HK\$ equivalent) (Note 4)
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	
Based on an Offer Price of HK\$1.38 per H Share . . .	3,336,693	1,866,353	5,203,046	1.183	1.156
Based on an Offer Price of HK\$1.90 per H Share . . .	3,336,693	2,585,270	5,921,963	1.346	1.315

### Notes:

- The net tangible assets attributable to equity holders of the parent as at 31 March 2006:

	<u>RMB'000</u>
Audited net assets of the Group as set out in Appendix IA . . . . .	3,759,464
Less: Minority interests . . . . .	(421,504)
Net assets attributable to equity holders of the parent . . . . .	3,337,960
Less: Intangible assets . . . . .	(1,267)
Net tangible assets attributable to equity holders of the parent . . . . .	<u>3,336,693</u>

Notes: (continued)

2. The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK\$1.38 or HK\$1.90 per H Share, being the low or high end of the stated offer price range, after deduction of the underwriting fees and related expenses payable by the Company and takes no account of any H Shares which may be issued upon exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.00 to RMB1.02334, the PBOC rate prevailing on 31 August 2006.
3. The unaudited pro forma adjusted net tangible assets per Share is calculated based on 4,400,000,000 Shares in issue immediately following the completion of the Global Offering without taking into account any H Shares which may be issued upon exercise of the Over-allotment Option.
4. The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB1.02334 to HK\$1.00, the PBOC rate prevailing on 31 August 2006.
5. The Group's property interests as at 30 June 2006 have been valued by Sallmans (Far East) Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV "Property Valuation". The above unaudited pro forma adjusted net tangible assets do not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to RMB79,910,000. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2006. If the valuation surplus was recorded in the Group's financial statements, the depreciation of buildings and amortization of prepaid land lease payments of the Group for the year ending 31 December 2006 would have been increased by approximately RMB404,000 and RMB1,160,000, respectively (equivalent to HK\$395,000 and HK\$1,134,000 based on an exchange rate of RMB1.02334 to HK\$1.00, the PBOC rate prevailing on 31 August 2006).
6. The calculation of the unaudited pro forma adjusted net tangible assets per Share has not taken into account of the following subsequent events after the balance sheet date of 31 March 2006 but immediately preceding the date of the Company's listing on the Hong Kong Stock Exchange, which, when happened, will decrease the unaudited pro forma adjusted net tangible assets per Share:
  - (i) In accordance with the Provisional Regulations Relating to Corporate Reorganization of Enterprises and Related Management of State-owned Capital and Financial Treatment notice (財政部關於印發<<企業公司制改建有關國有資本管理與財務處理的暫行規定>>的通知) issued by the Ministry of Finance (English title is a direct translation of Chinese title of the notice), which became effective from 27 August 2002, the Company is required to make a distribution (the "Pre-establishment Distribution") to CNOOC in an amount equal to its net profit, as determined in accordance with PRC GAAP, generated from 1 January 2006 to 24 April 2006, the date immediately prior to the date on which the Company was reorganized into a joint stock limited company.

Pursuant to a supplementary agreement to the promotion agreement of the Company dated 10 July 2006, the Company's existing shareholders agreed to distribute a Pre-establishment Distribution of RMB264,538,000 to the Company's then sole shareholder, CNOOC. The Company confirmed that the Pre-establishment Distribution will be settled in full prior to the listing of its Shares on the Hong Kong Stock Exchange.
  - (ii) On 25 April 2006, the existing shareholders of the Company unanimously resolved that they will be entitled to, in the same proportion as their respective shareholdings in the Company, all of the undistributed profit, as determined in accordance with PRC GAAP, of the Company for the period from 25 April 2006, the date of the Company's reorganization into a joint stock limited company, to the last day of the month immediately preceding the listing of the Company's Shares on the Hong Kong Stock Exchange. The directors have preliminarily estimated that the amount of such distribution would be approximately RMB312,000,000.

**B UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE**

The following unaudited pro forma forecast earnings per Share for the year ending 31 December 2006 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2006. It has been prepared for illustrative purpose only and, because of its nature, it may not give a true and fair picture of the financial results of the Group following the Global Offering.

Forecast net profit attributable to equity holders of the parent for the year ending 31 December 2006 (Note 1) .....	not less than RMB1,460,500,000 (about HK\$1,427,200,000 equivalent)
Unaudited pro forma forecast earnings per Share (Note 2) .....	not less than RMB33.19 cents (about HK\$32.43 cents equivalent)

## Notes:

- The forecast net profit attributable to equity holders of the parent for the year ending 31 December 2006 is extracted from the profit forecast as set out in the subsection headed "Profit Forecast" under the section headed "Financial Information" in the Prospectus. The bases on which the above profit forecast for the year ending 31 December 2006 has been prepared are summarized in Appendix III to the Prospectus. The forecast net profit attributable to equity holders of the parent for the year ending 31 December 2006 included the excess over the cost of a business combination in connection with the acquisition of Tianye Chemical of RMB577,619,000, details of which are described in note (e) to Section 8 of the accountants' report of our Company, the text of which is set out in Appendix IA to this Prospectus.
- The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast net profit attributable to equity holders of the parent for the year ending 31 December 2006 and a total of 4,400,000,000 Shares issued and outstanding during the entire year, adjusted, as if the Global Offering had occurred on 1 January 2006, but without taking into account any Shares which may be issued upon exercise of the Over-allotment Option.
- The forecast net profit attributable to equity holders of the parent and the unaudited pro forma forecast earnings per Share are converted into Hong Kong dollars at an exchange rate of RMB1.0233 to HK\$1.00, the PBOC rate prevailing on 31 August 2006.

**C COMFORT LETTER ON UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS AND UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE**

*The following is the text of a report, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma adjusted net tangible assets and the unaudited pro forma forecast earnings per share.*



18th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

18 September 2006

The Board of Directors  
China BlueChemical Ltd.  
J.P. Morgan Securities (Asia Pacific) Limited  
UBS AG

Dear Sirs,

We report on the unaudited pro forma adjusted net tangible assets (the “Unaudited Pro Forma Adjusted NTA”) and the unaudited pro forma forecast earnings per share (the “Unaudited Pro Forma Forecast EPS”) set out in sections A and B, respectively, of Appendix II to the prospectus (the “Prospectus”) dated 18 September 2006 issued by China BlueChemical Ltd. (previously known as CNOOC Chemical Limited) (the “Company”, and together with its subsidiaries are referred to as the “Group”) in connection with the placing and public offer of 1,400,000,000 shares of RMB1 each in the Company (the “Global Offering”), which has been prepared by the directors of the Company solely for illustrative purposes, to provide information about how the Global Offering of the Company might have affected the financial information of the Group presented therein.

***Respective Responsibilities of Directors of the Company and Reporting Accountants***

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Adjusted NTA and the Unaudited Pro Forma Forecast EPS (collectively, the “Unaudited Pro Forma Financial Information”) in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Auditing Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

***Basis of Opinion***

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company set out in sections A and B of Appendix II of the Prospectus, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2006 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2006 or any future periods.

***Opinion***

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**Ernst & Young**

*Certified Public Accountants*

Hong Kong