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## **CHINA FIRST CHEMICAL HOLDINGS LIMITED**

**一化控股(中國)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2121)**

### **VOLUNTARY ANNOUNCEMENT IN RELATION TO TECHNOLOGICAL IMPROVEMENT AND EXPANSION PROJECT OF FUJIAN RONGPING CHEMICAL CO., LTD**

This voluntary announcement is made by China First Chemical Holdings Limited (the “Company”, together with its wholly-owned subsidiaries referred to as the “Group”) to update the shareholders and potential investors of the Company on the recent development of the Group.

The Board is pleased to announce that, Fujian Rongping Chemical Co., Ltd. (hereinafter referred to as “Rongping Chemical”), a wholly-owned subsidiary of the Company, has recently commenced a technological improvement and expansion project in Pingnan Fine Chemical Industrial Park, and a feasibility study report in relation to the first phase of the project has been completed.

The Pingnan Fine Chemical Industrial Park located in Pingnan County, Ningde City, Fujian Province enjoys obvious geographical advantages. It is situated on the west shore of Taiwan Strait and adjacent to Zhejiang Province and Guangdong Province, commanding the position as one of the important economic regions in East China, which together make it excellent for marketing. The park was established to promote the aggregation of competitive industries, industrialization of advanced technologies, as well as enhancement of economic efficiency and competitiveness of the high-tech industries by capitalizing on the advantages of hydropower resources and optimising the resources allocation in Pingnan County. The park intends to pose Rongping Chemical as the leading enterprise that helps to attract establishment of high value-added production, research and development enterprises and eco-friendly chemical products. The park has been labelled as a key project and key technological support project of Fujian Province.

According to the feasibility study, the first phase of the technological improvement and expansion project mainly involves bleaching and disinfectant chemicals such as sodium chlorate and hydrogen peroxide, with an expected construction period of 3 years. Over RMB 900 million, which will be funded by internal capitals and bank loans of the Company, is expected to be invested in the first phase of the project.

The Company will proceed further with the preparation work based on the feasibility study, which includes the enhancement and approval of the feasibility study report, the safety evaluation report, the environment evaluation report, the preliminary design as well as the approval of the preliminary design, laying a good foundation for a successful commencement of the first phase construction.

The Company entered into “the Strategic Cooperative Framework Agreement on the Integrated Energy-Related Construction Project of Pingnan Fine Chemical Industrial Park (屏南精細化工園區綜合能源項目建設戰略合作框架協議)” with the People’s Government of Pingnan County and the Fujian Branch of the State Power Investment Corporation in respect of the comprehensive strategic cooperation in the construction of clean energy project in the Pingnan Fine Chemical Industrial Park and the integrated intelligent energy field, so as to facilitate the park’s healthy development.

Being in the eco-friendly chemical industry for over 50 years, the Company has now evolved into an industry leader in the field of advanced oxidation technologies. The Company enjoys advantages in terms of technology and resources in two major development sectors, namely the national environmental protection policies and the hydrogen energy strategies. The Company believes that environmental protection technologies and hydrogen energy will become the essential directions and innovative ways for the enhancement of the Company’s strategic development. Through the establishment of the new park project and based on its industrial development, the Company will further expand by leveraging on its water recycling and hydrogen energy high technologies.

By Order of the Board  
**China First Chemical Holdings Limited**  
**Liem Djiang Hwa**  
*Chairman and non-executive Director*

PRC, 12 July 2016

*As at the date of the Company’s announcement, the Board comprises the Chairman and the non-executive Director namely Mr. Liem Djiang Hwa, the executive Directors namely Mr. Chen Hong, Ms. Miao Fei and Mr. Lam Wai Wah, and the independent non-executive Directors namely Dr. Kou Huizhong, Dr. Wang Xin and Dr. Lin Zhang.*