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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 45% EQUITY INTEREST IN JIANGXI ZHENGGE INVESTMENT CO., LTD. BY WAY OF CAPITAL INCREMENT

The board of Directors of the Company is pleased to announce that on 5 September 2014, Fuzhou Yihua Chemical Stock Co., Ltd. (“Fuzhou Yihua”), a wholly-owned subsidiary of the Company, entered into the Capital Increment Agreement with Jiangxi Zhengge Investment Co., Ltd. (“Jiangxi Zhengge”) in relation to the acquisition of 45% equity interest in Jiangxi Zhengge by way of capital increment (the “Transaction”) at a consideration of RMB80 million.

As each of the relevant percentage ratios set out in the Rule 14.07 of the Listing Rule is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Transaction is subject to the fulfillment of a number of conditions, the Transaction may or may not complete. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The board of Directors of the Company is pleased to announce that on 5 September 2014, Fuzhou Yihua, a wholly-owned subsidiary of the Company, entered into the Capital Increment Agreement with Jiangxi Zhengge. Pursuant to such agreement, Fuzhou Yihua agreed to, subject to the satisfaction of certain conditions, inject into Jiangxi Zhengge an amount of RMB80 million. Upon completion of the capital increment, Fuzhou Yihua will acquire 45% equity interest in Jiangxi Zhengge and the registered capital of Jiangxi Zhengge will be increased to RMB50 million.

DETAILS OF THE CAPITAL INCREMENT AGREEMENT

Parties

- (1) Fuzhou Yihua Chemical Stock Co., Ltd. (“Fuzhou Yihua”)
- (2) Jiangxi Zhengge Investment Co., Ltd. (“Jiangxi Zhengge”)

Interest to be acquired

45% equity interest in Jiangxi Zhengge

Consideration

The total consideration for the Transaction is RMB80 million

Basis of the consideration

The total consideration for the Transaction has taken into account:

1. the audited net asset value of Jiangxi Zhengge as at 31 July 2014 amounted to RMB67.73 million.
2. Jiangxi Zhengge has delisted a total of 51% equity interest in China Salt Jiangxi Lantai Chemical Co., Ltd. (“Jiangxi Lantai”) from the China Beijing Equity Exchange (www.cbex.com.cn) on 3 September and 5 September 2014. The audited net asset value of Jiangxi Lantai as at 31 May 2014 amounted to RMB125.09 million.

INFORMATION ON JIANGXI ZHENGGE

Jiangxi Zhengge and its subsidiaries, which have geographical competitive strength in several markets including Jiangxi, Guangdong and Hunan etc., are principally engaged in the sale of eco-friendly bleaching and disinfectant chemicals such as sodium chlorate and hydrogen peroxide. Jiangxi Zhengge and its subsidiaries entered into a Distribution Agreement with Jiangxi Lantai in May 2013 for the distribution of the eco-friendly bleaching and disinfectant chemicals, such as sodium chlorate and hydrogen peroxide, produced by Jiangxi Lantai.

As at 31 July 2014, the audited total asset value, net asset value, operating revenue and net profit after tax of Jiangxi Zhengge amounted to RMB128.29 million, RMB67.73 million, RMB196.84 million and RMB13.57 million respectively.

INFORMATION ON JIANGXI LANTAI

Jiangxi Lantai was incorporated in the Salt Chemical Industrial Park, Xingan County, Jiangxi Province in May 2008 with capital jointly contributed by Inner Mongolia Lantai Industry Holdings Limited (“Lantai Industry”) and Jiangxi Salt Chemical Co., Ltd. (“Jiangxi Salt Chemical”) which held 51% and 49% of its equity interest respectively. The major products of Jiangxi Lantai include sodium chlorate and hydrogen peroxide.

On 2 July 2014, Lantai Industry offered its 2% equity interest in Jiangxi Lantai together with the 49% equity interest held by Jiangxi Salt Chemical for joint public listing on China Beijing Equity Exchange (www.cbex.com.cn) to attract strategic investors with the intention of diversifying shareholdings, facilitating optimised allocation of state-owned capital and further transforming business model and shifting development approach to revitalize inefficient assets and improve the effectiveness and efficiency of operations.

As at 31 May 2014, the audited total asset value, total net asset value, operating revenue and operating profit of Jiangxi Lantai amounted to RMB500.07 million, RMB125.09 million, RMB99.13 million and RMB0.20 million respectively.

CONDITIONS AND COMPLETION

Completion of the Capital Increment Agreement by the Company is conditional upon, amongst other things:

- (a) Delisting of 51% equity interest in Jiangxi Lantai from China Beijing Equity Exchange (www.cbex.com.cn) by Jiangxi Zhengge having been approved at its general meeting and the filing for registration by China National Salt Industry Corporation, its effective controller, having been approved;
- (b) there being no applicable law or governmental order preventing or delaying the completion of the Capital Increment Agreement and the transactions contemplated thereunder;
- (c) there being no litigations or proceedings against Jiangxi Zhengge which have the effect of delaying or restricting the Transaction;
- (d) Jiangxi Zhengge having obtained all necessary governmental permits and licences for its day-to-day operation of business without being subject to any condition which may have a material adverse effect on the completion of the Capital Increment Agreement;
- (e) the representations and warranties of Jiangxi Zhengge being true and accurate at the date of completion and Jiangxi Zhengge having performed all of its obligations under the Capital Increment Agreement on or prior to the date of completion;
- (f) all consents and approvals from the board of directors and shareholders required to be obtained by Jiangxi Zhengge having been obtained; and
- (g) the parties having obtained all necessary governmental approvals in connection with the Capital Increment Agreement.

The board of Directors currently expects that completion of the Transaction will take place shortly, failing which either party shall have the right to terminate the Capital Increment Agreement, unless otherwise agreed.

INFORMATION ON THE PARTIES

The Company is a leading supplier of eco-friendly water treatment chemicals in China, engaging in the production and sales of water treatment-related eco-friendly products.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Jiangxi Zhengge and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

REASONS FOR THE TRANSACTION

It is the Company's growth strategy to consolidate its leading position in the eco-friendly bleaching and disinfectant chemical industry and to strengthen its market shares and geographical distributions in China for eco-friendly bleaching and disinfectant chemicals such as sodium chlorate and hydrogen peroxide through investment in or acquisition of target enterprises which have significant scale and technological advantages, with the aim of improving its overall profitability.

The eco-friendly bleaching and disinfectant chemicals, such as sodium chlorate and hydrogen peroxides, operated by Jiangxi Zhengge and its subsidiaries have geographical competitive strength in several markets including Jiangxi, Guangdong and Hunan etc..

Jiangxi Lantai is located in Xingan County, Jiangxi Province where abundant resources of rock salt can be found. Jiangxi Lantai has advanced production lines with an annual capacity of 50,000 tonnes of sodium chlorate and 150,000 tonnes of hydrogen peroxide. Such production lines utilise sophisticated homegrown and imported production skills and technologies featuring advanced technology, high degree of automation, low energy consumption and stable production process. Its products not only supply the domestic market needs, but also export to countries and regions including Japan, Korea, Thailand and Taiwan.

If the abovementioned Transaction is successfully completed, the Company will achieve strategic cooperation with two leading companies in the industry of eco-friendly water treatment chemical (i.e. Lantai Industry and Jiangxi Zhengge) and therefore consummating a major step in industry consolidation. This will enhance the Company's international profile and improve its competitiveness and profitability.

The board of Directors considers the Transaction an important step forward in achieving the Company's strategy of industry consolidation and expansion. Upon the completion of the Transaction, the Company, Lantai Industry and Jiangxi Zhengge will be benefited from the synergy that allows them to continue enhancing their influence and competitiveness in the global markets.

The board of Directors considers the terms of the Transaction, which are on normal commercial terms, to be fair and reasonable and the Transaction is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Company and Jiangxi Zhengge have not entered into any transaction which shall be aggregated with the Transaction pursuant to the Rule 14.22 of the Listing Rules.

As each of the relevant percentage ratios set out in the Rule 14.07 of the Listing Rule is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

| | |
|-----------------------|--|
| “Company” | China First Chemical Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| “PRC” | the People’s Republic of China |

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

Fujian, PRC, 5 September 2014

As at the date of this announcement, the Board comprises the chairman and 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. Chen Xiao, Dr. Kou Huizhong and Mr. Li Junfa.

香港交易及結算所有限公司及香港聯合交易所有限公司對本公告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本公告全部或任何部份內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。



CHINA FIRST CHEMICAL HOLDINGS LIMITED

一化控股(中國)有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：2121)

須予披露交易

以增資方式獲得江西正格投資有限公司45%股權

本公司董事會欣然宣佈，本公司全資附屬公司福州一化化學品股份有限公司(「福州一化」)已於2014年9月5日與江西正格投資有限公司(「江西正格」)訂立了《增資協議》，以增資方式獲得江西正格45%股權(「本交易」)，增資價款為人民幣80百萬元。

由於《上市規則》第14.07條所列的各個相關百分比率超過5%但不超過25%，根據《上市規則》第14章，本交易構成本公司的須予披露交易，須遵守申報與發出公告的規定。

本交易須待若干條件達成後才能完成，因此本交易未必一定能夠完成。本公司股東與有意投資者在買賣本公司證券時，務必審慎行事。

介紹

本公司董事會欣然宣佈，本公司全資附屬公司福州一化已於2014年9月5日與江西正格訂立了《增資協議》。根據該協議，福州一化同意在符合若干條件的前提下，向江西正格增資人民幣80百萬元。增資完成後，福州一化將獲得江西正格45%股權，江西正格註冊資本增加到50百萬元。

《增資協議》的詳細內容

訂約方

- (1) 福州一化化學品股份有限公司(「福州一化」)
- (2) 江西正格投資有限公司(「江西正格」)

將予獲得的權益

江西正格45%股權

價款

本交易的總價款為人民幣80百萬元

定價的基礎

本交易的總價款已考慮：

1. 江西正格截至2014年7月31日的經審計的資產淨值人民幣67.73百萬元。
2. 江西正格於2014年9月3日及9月5日在北京產權交易所(www.cbex.com.cn)摘牌中鹽江西蘭太化工有限公司(以下簡稱「江西蘭太」)合共51%股權；截至2014年5月31日江西蘭太經審計的資產淨值人民幣125.09百萬元。

江西正格的資料

江西正格及其附屬子公司主要從事氯酸鈉、雙氧水等環保型漂白消毒化學品的銷售，在江西、廣東、湖南等市場具有區域競爭優勢。江西正格及其附屬子公司於2013年5月與江西蘭太簽訂《經銷協議》，代理銷售江西蘭太生產的氯酸鈉、雙氧水等環保型漂白消毒化學品。

截至2014年7月31日江西正格經審計的資產總值人民幣128.29百萬元，資產淨值人民幣67.73百萬元，營業收入人民幣196.84百萬元，稅後淨利潤人民幣13.57百萬元。

江西蘭太的資料

江西蘭太於2008年5月在江西省新幹縣鹽化工工業園註冊成立，由內蒙古蘭太實業股份有限公司(「蘭太實業」)與中鹽江西鹽化有限公司(「江西鹽化」)共同出資組建，其中蘭太實業持有51%的股權，江西鹽化持有49%的股權，主要經營範圍為氯酸鈉與雙氧水等產品。

蘭太實業於2014年7月2日將持有的江西蘭太2%的股權與江西鹽化持有49%的股權一併在北京產權交易所(www.cbex.com.cn)實施聯合公開掛牌徵集方式交易，引入策略投資者，實現股權多元化，推動國有資本優化配置，進一步轉換經營機制與轉變發展方式，盤活低效資產，提高運營效率與經營效益。

截至2014年5月31日，江西蘭太經審計的資產總額人民幣500.07百萬元，淨資產總額人民幣125.09百萬元，營業收入人民幣99.13百萬元，營業利潤人民幣0.20百萬元。

條件及交割

下列條件(其中包括)必須達成，本公司才會完成《增資協議》：

- (a) 江西正格在北京產權交易所(www.cbex.com.cn)公開摘牌的江西蘭太51%股權已獲得其股東大會審批，及其實際控制人中國鹽業總公司備案批准；
- (b) 沒有任何適用法律或政府命令阻止或延遲完成《增資協議》及根據其進行的交易；
- (c) 江西正格未被提起任何可延遲或限制其進行本交易的訴訟或程序；
- (d) 江西正格已經取得日常業務經營所需的一切必要的政府許可和執照，而且沒有附加任何可能對完成《增資協議》有不利影響的條件；
- (e) 江西正格的陳述與保證在交割日必須真實準確，並且江西正格已在交割日或之前履行完畢其根據《增資協議》應履行的全部義務；
- (f) 江西正格已取得其必須從董事會及股東取得的全部同意及批准；及
- (g) 各方已取得《增資協議》所需的一切政府批准。

董事會目前預期本交易將於近期內完成，否則，除非訂約方另有議定，訂約方有權終止《增資協議》。

訂約方的資料

本公司是中國領先的水處理環保化學品供應商，生產及銷售水處理相關的環保產品。

董事在作出一切合理查詢後，盡其所知所信及所得的資料，江西正格和其最終的受益人是獨立於本公司及其關連人士的第三方，與本公司及其關連人士並無關連。

進行本交易的理由

本公司的一個增長策略是鞏固其在環保型漂白消毒化學品行業的領導地位，並通過對擁有規模優勢和技術優勢的目標企業進行投資或收購，以加強本公司在中國氯酸鈉、雙氧水等環保型水處理化學品的市場份額和區域佈局，繼而提升本公司整體盈利能力。

江西正格及其附屬子公司所經營的氯酸鈉、雙氧水等環保型漂白消毒化學品，在江西、廣東、湖南等市場具有區域競爭優勢。

江西蘭太位於江西省新幹縣，境內擁有儲量豐富的岩鹽資源。江西蘭太擁有年產5萬噸氯酸鈉和15萬噸雙氧水的先進生產線，均採用國內外成熟生產工藝技術，具有技術先進、自動化程度高、能耗低、生產工藝穩定等特點。除了滿足國內市場需求，產品還出口到日本、韓國、泰國、台灣等國家和地區。

若上述交易成功完成，本公司將實現與環保型水處理化學品行業內重要的公司蘭太實業和江西正格的策略合作，完成行業整合的重要步驟，擴大本公司國際影響力，提高競爭力和盈利能力。

董事會認為本交易是本公司落實行業整合及擴張策略的重要步驟，本交易完成之後，本公司將與蘭太實業和江西正格實現優勢互補，繼續提升在國際市場的影響力及競爭力。

董事會認為本交易的條款屬於正常商業條款，是公平合理的，因此本交易符合本公司與其股東的整體利益。

《上市規則》的影響

公司與江西正格之前沒有任何交易須根據《上市規則》第14.22條與本交易合並計算。

由於《上市規則》第14.07條所列的各個相關百分比率超過5%但不超過25%，根據《上市規則》第14章，本交易構成本公司的須予披露交易，須遵守申報與發出公告的規定。

釋義

本公告所用詞匯具有下列涵義：

| | | |
|--------|---|--|
| 「本公司」 | 指 | 一化控股(中國)有限公司，一家於開曼群島註冊成立的獲豁免有限公司，其股份於聯交所主板上市 |
| 「關連人士」 | 指 | 具有上市規則賦予該詞的涵義 |
| 「董事」 | 指 | 本公司董事 |
| 「香港」 | 指 | 中國香港特別行政區 |
| 「上市規則」 | 指 | 香港聯合交易所有限公司證券上市規則(經不時修訂) |
| 「中國」 | 指 | 中華人民共和國 |

承董事會命
一化控股(中國)有限公司
主席兼非執行董事
林強華

福建，中國，二零一四年九月五日

於本公告日期，董事會包括主席兼非執行董事林強華先生、執行董事陳洪先生、繆妃女士、林維華先生及獨立非執行董事陳曉博士、寇會忠博士及李君發先生。