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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 Transfer of 100% equity of Yongtai Juyuan Hydropower Station Co., Ltd.

The board of Directors is pleased to announce that Fuzhou Yihua Chemical Stock Co., Ltd. (“Fuzhou Yihua”), a wholly-owned subsidiary of the Company, entered into an “Equity Transfer Agreement” with a purchaser Pingnan Zhongsheng Commercial Management Co., Ltd. (“Pingnan Zhongsheng”) on 9 April 2018 to transfer 100% equity of Yongtai Juyuan Hydropower Station Co., Ltd at a consideration of RMB70 million.

According to Rule 14.07 of the Listing Rules, as each of the relevant percentages are more than 5% but less than 25%, the transfer constitutes a discloseable transaction of the Company under the Listing Rules.

The board of Directors is pleased to announce that Fuzhou Yihua, a wholly-owned subsidiary of the Company entered into an “Equity Transfer Agreement” with a purchaser on 9 April 2018. Pursuant to the agreement, the Company agreed that 100% equity of Yongtai Juyuan Hydropower Station Co., Ltd. would be transferred to the purchaser at a consideration of RMB70 million, subject to certain conditions.

DETAILS OF THE EQUITY TRANSFER AGREEMENT ARE AS FOLLOWS:

“Equity Transfer Agreement” dated 9 April 2018

Vendor

Fuzhou Yihua Chemical Stock Co., Ltd, a wholly-owned subsidiary of the Company

Purchaser

Pingnan Zhongsheng Commercial Management Co., Ltd.

Equity to be transferred

100% equity of Yongtai Juyuan Hydropower Station Co., Ltd.

Consideration

The aggregated consideration for the transfer is RMB70 million.

INFORMATION OF PINGNAN ZHONGSHENG

The registered capital of Pingnan Zhongsheng Commercial Management Co., Ltd., which was established in Pingnan County in January 2017, is RMB50 million. It has an experienced hydropower management and operation team with solid financial strength.

According to an assets valuation report prepared by a third party, the net carrying value of the assets of Yongtai Juyuan Hydropower Station Co., Ltd approximately amounted to RMB70 million as at 28 February 2018.

CONDITIONS AND COMPLETION

The completion of the “Equity Transfer Agreement” by Fuzhou Yihua is subject to the fulfillment of, among others, the following conditions:

- (a) the representation and warranty of the Purchaser shall be true and accurate as at the date of completion and all obligations having been performed under the “Equity Transfer Agreement” on or before the date of completion by the Purchaser;
- (b) there are no applicable laws or statutory orders prohibiting or causing a delay to the closing of the “Equity Transfer Agreement” and the transaction contemplated thereunder;
- (c) no litigation or proceeding is instituted by the Purchaser which delays or restricts the acquisition;
- (d) the Purchaser has obtained all the consents and approvals required from the board of Directors and the shareholders; and
- (e) the parties have obtained all statutory consents required under the “Equity Transfer Agreement”.

The completion of the “Equity Transfer Agreement” by the Purchaser is subject to the fulfillment of, among others, the following conditions:

- (a) the representation and warranty of Fuzhou Yihua shall be true and accurate as at the date of completion and all obligations having been performed under the “Equity Transfer Agreement” on or before the date of completion by Fuzhou Yihua;

- (b) there are no applicable laws or statutory orders prohibiting or causing a delay to the closing of the “Equity Transfer Agreement” and the transaction contemplated thereunder; and
- (c) no litigation or proceeding is instituted by Fuzhou Yihua which delays or restricts the acquisition.

INFORMATION OF THE PARTIES

The Company principally engages in the production and sales of bleaching and disinfectant chemicals, foaming agents and other specialty chemicals in the PRC.

To the best of the Directors’ knowledge, belief and information having made all reasonable enquiries, the Purchaser is a third party independent of, and not connected with, the Company and its connected persons.

THE REASON FOR THE TRANSFER

One of the Company’s growth strategies is to consolidate its leading position in the bleaching and disinfectant chemicals industry by concentrating resources on developing its main business. The transfer of subsidiary will be more beneficial to the optimization of asset structure and will help guarantee the new park construction for chemicals, so that the Company could strengthen its market shares in China for its bleaching and disinfectant chemicals so as to improve its overall business performance.

The Directors consider that the terms of the transfer are in accordance with normal commercial terms, and are fair and reasonable. Therefore, the transaction is in the interest of the Company and the shareholders as a whole.

THE IMPLICATIONS OF THE LISTING RULES

The Company and the Purchaser have not entered into any transaction which shall be consolidated with the transaction pursuant to Rule 14.22 of the Listing Rules.

According to Rule 14.07 of the Listing Rules, as each of the relevant percentages are more than 5% but less than 25%, the transfer constitutes a discloseable transaction of the Company under the Listing Rules, and thus is subject to the reporting and announcement requirements.

The completion of the transfer is subject to the fulfillment of certain conditions, so the transfer may or may not proceed. The shareholders and the potential investors of the Company shall exercise cautions when dealing with the securities of the Company.

DEFINITIONS

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

“Company”	means 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 same meaning as ascribed to this term under the Listing Rules
“Directors”	the directors 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

9 April 2018

As at the date of this announcement, the board of Directors 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. Wang Xin, Dr. Lin Zhang and Dr. He Peipei.