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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)

(1) BUSINESS UPDATE;
**(2) UPDATE ON THE PUBLICATION OF 2018 INTERIM RESULTS AND
DELAY IN DESPATCH OF THE 2018 INTERIM REPORT
AND**
(3) CONTINUED SUSPENSION OF TRADING IN SHARES

This announcement is made by China First Chemical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to:

- (1) the announcements of the Company dated 15 August 2018, 21 August 2018, 31 August 2018 and 30 October 2018 respectively, in relation to, among other things, the suspension of trading in the shares of the Company (the “**Shares**”) pending the publication of the interim results of the Group for the six months ended 30 June 2018 (the “**2018 Interim Results**”) and the despatch of the interim report of the Group for the six months ended 30 June 2018 (the “**2018 Interim Report**”);
- (2) the announcement of the Company dated 9 November 2018 in relation to the resumption guidance for the Company issued by the Stock Exchange (the “**Resumption Guidance**”) and the delisting framework applicable to the Company under the Listing Rules; and
- (3) the announcement of the Company dated 14 November 2018 in relation to the appointment of an independent non-executive director and chairman of the audit committee of the Company.

BUSINESS UPDATE

As of the date of this announcement, the Group is carrying out business and operation activities as usual. Benefitted from the stringent government policies of water treatment and environmental protection in China, the bleaching and disinfectant and water treatment products of the Group are in strong demand. Apart from the growth in the demand from downstream customers, some of the small and medium-sized manufacturers in the industry were ordered to suspend production for remedial action by local environmental protection departments as these manufacturers failed to meet the environment and sewage disposal standards. Currently, the market remains undersupplied, especially starting from the fourth quarter of this year, the prices of bleaching and disinfectant products have been on the rise. The Group continues to establish strategic partnerships with scientific research institutes such as Fujian Haixi Research Institute of the Chinese Academy of Sciences (中國科學院福建海西研究院), Beijing University of Chemical Technology (北京化工大學) and Fuzhou University (福州大學), taking the road of Industry-Academia-Research development and involving in a wide range of businesses in areas such as waste water treatment, solid waste treatment and eco-friendly pharmaceuticals with an aim to turning the Group into a service provider of integrated water treatment. In order to reduce energy consumption, improve production efficiency and enhance market competitiveness, the construction of the new chemical industrial park was commenced in 2016 and has been pushed forward steadily. It is expected the construction will complete and put into operation in 2020.

UPDATE ON THE PUBLICATION OF 2018 INTERIM RESULTS AND DELAY IN DESPATCH OF THE 2018 INTERIM REPORT

As announced by the Company on 30 October 2018, the Company was in the process of appointing an investigating accountant to review the information and documents in relation to receivables from a co-operative partner of a subsidiary of the Company of approximately RMB231 million for the purpose of the 2018 Interim Results as soon as the independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise was appointed so that the Board can draw on his experience and knowledge. Such independent non-executive Director was appointed on 14 November 2018.

Accordingly, the Company has commenced the process to appoint an investigating accountant and it is expected that this appointment will take place on or before 20 December 2018. The Company expects that upon completion of the review by the investigating accountant, the Company will proceed to the process of the publication of the 2018 Interim Results and the 2018 Interim Report involving the review by the audit committee of the board of directors of the Company (the “**Board**”) and the approval by the Board.

The Company is taking appropriate steps to resolve the issues causing the suspension of trading in the Shares and to fully satisfy the Resumption Guidance to the Stock Exchange’s satisfaction. The Company will seek to resume trading in the Shares as soon as possible.

CONTINUED SUSPENSION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 am on 31 August 2018 and will remain suspended pending satisfaction of the Resumption Guidance.

The Company will keep its shareholders and potential investors informed of any material development in connection with the above matters, including but not limited to any material change to the resumption progress, by way of publication of the quarterly announcements and/or further announcements as and when appropriate.

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

The People's Republic of China, 5 December 2018

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Chen Hong
Ms. Miao Fei
Mr. Lam Wai Wah

Non-executive Director:

Mr. Liem Djiang Hwa (*Chairman*)

Independent non-executive Directors:

Dr. Lin Zhang
Dr. He Peipei
Mr. Ng Ka Lok