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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) SUPPLEMENTARY INFORMATION ON THE INDEPENDENT INVESTIGATION; AND

(2) CONTINUED SUSPENSION OF TRADING IN SHARES

This announcement is made by China First Chemical Holdings Limited pursuant to Rules 13.09(2) of the Listing Rules.

References are made to the announcements of the Company dated 1 and 28 February, 31 May and 30 August 2019 respectively, informing the Shareholders of the Company and potential investors, among other things, the information on the Independent Investigation and the suspension of trading in the Shares; and the announcement of the Company dated 9 November 2018 in relation to the Resumption Guidance.

Unless otherwise defined, terms used in this announcement are same as those defined in the Company's announcement dated 30 August 2019.

SUPPLEMENTARY INFORMATION ON THE INDEPENDENT INVESTIGATION

As disclosed in the Company's announcements dated 1 and 28 February 2019, Grant Thornton, was appointed to conduct an appropriate investigation into the issues identified by the auditor of the Company as one of the Resumption Guidance. The Company would like to further provide additional information in regard to the scope and timetable of Grant Thornton's Independent Investigation. The scope of work of the Independent Investigation includes, among other things, (1) the issues and matters referred to in the receivables from a co-operative partner of a subsidiary of the Company of approximately RMB231 million for the purpose of the 2018 Interim Results; and (2) the unresolved issues and matters leading to the delay in the publication of the 2018 Interim Results and the despatch of the 2018 Interim Report including operating profits, tax paid, dividend payout, fixed assets, cash flows, change in management and construction in progress.

To achieve the above scope of work of Grant Thornton, Grant Thornton is carrying out the necessary work including but not limited to the following: (a) reviewing the relevant accounting documents, agreements, correspondences and other supporting documents, conducting the background checks of the relevant parties regarding the Independent Investigation; (b) conducting confirmation procedures with the relevant parties regarding the Independent Investigation; (c) interviewing the management, directors, and relevant employees as well as other relevant persons involved in the Independent Investigation; (d) reviewing internal control documentation and procedures regarding the Independent Investigation; and (e) carrying out computer forensics over the relevant electronic records and analyzing the information related to the Independent Investigation.

The progress and the estimated timetable of the Independent Investigation are as follows:

| Period | Events |
|-------------------------|--|
| 28 February 2019 | <ul style="list-style-type: none">— Date of engagement letter signed |
| March–April 2019 | <ul style="list-style-type: none">— Gathered, reviewed and analysed relevant documents and records— Attended telephone call meetings with the management and the financial advisor of the Company and formulated a substantial investigation plan |
| May–July 2019 | <ul style="list-style-type: none">— Gathered, reviewed and analysed relevant documents and records |
| August 2019 | <ul style="list-style-type: none">— Attended meetings in Fuzhou with the management— Visited the headquarters and offices of 2 subsidiaries of the Company and discussed with the finance team of the Company to understand the operation |
| September–November 2019 | <ul style="list-style-type: none">— Gather, review and analyse relevant documents and records— Understand and review the Company's relevant internal control procedures on the Independent Investigation— Conduct field visit to the investigation related companies— Conduct interviews with the management, directors, auditor, and relevant employees as well as other relevant persons— Perform independent company and individual background searches— Conduct confirmation procedures with the relevant parties regarding the Independent Investigation— Carry out computer forensics over the relevant electronic records and analyze the information related to the Independent Investigation. |
| December 2019 | <ul style="list-style-type: none">— Prepare a draft investigation report for discussion with the Company |

The Company is working closely with Grant Thornton to complete the Independent Investigation and to publish the announcement of the findings of the Independent Investigation and the remedial actions taken by the Company.

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 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.

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 under Rule 13.24A of the Listing Rules 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, 6 September 2019

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

Non-executive Director:

Mr. Liem Djiang Hwa (*Chairman*)

Executive Directors:

Mr. Chen Hong

Ms. Miao Fei

Mr. Lam Wai Wah

Independent non-executive Directors:

Dr. Lin Zhang

Dr. He Peipei

Mr. Lam Tak Yam