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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**

Voluntary announcement in relation to the Strategic Cooperation Framework Agreement entered into between Sichuan Minjiang Snow Salt Chemical Industry Co., Ltd., a wholly-owned subsidiary of the Company, the State Key Laboratory of Automotive Safety and Energy of Tsinghua University (清華大學汽車安全與節能國家重點實驗室), Beijing Hydrogen Era Environmental Technology Company Limited (北京氫能時代環保科技有限公司), Sichuan Tianyi Science & Technology Co., Ltd. (四川天一科技股份有限公司), Chengdu Huaqi Houpu Holding Co., Ltd. (成都華氣厚普機電設備股份有限公司), Chengdu Bus Co., Ltd. (成都客車股份有限公司) and Shanghai Pujiang Specialty Gases Co., Ltd. (上海浦江特種氣體有限公司).

This voluntary announcement is made by China First Chemical Holdings Limited (the “Company”, together with its wholly-owned subsidiaries the “Group”) for the purpose of providing the shareholders and potential investors of the Company with the latest information on the recent development of the Group.

The Board is pleased to announce that, on 15 December 2016, Sichuan Minjiang Snow Salt Chemical Industry Co., Ltd. (“Minjiang Snow” or “Party C”), a wholly-owned subsidiary of the Company, has entered into the Strategic Cooperation Framework Agreement with the State Key Laboratory of Automotive Safety and Energy of Tsinghua University (清華大學汽車安全與節能國家重點實驗室) (“Party A”), Beijing Hydrogen Era Environmental Technology Company Limited (北京氫能時代環保科技有限公司) (“Party B”), Sichuan Tianyi Science & Technology Co., Ltd. (四川天一科技股份有限公司) (“Party D”), Chengdu Huaqi Houpu Holding Co., Ltd. (成都華氣厚普機電設備股份有限公司) (“Party E”), Chengdu Bus Co., Ltd. (成都客車股份有限公司) (“Party F”) and Shanghai Pujiang Specialty Gases Co., Ltd. (上海浦江特種氣體有限公司) (“Party G”), pursuant to which all parties have agreed to establish strategic cooperation relationship in respect of the HCNG (hydrogen enriched compressed natural gas) hybrid vehicles project in order to facilitate the development of HCNG vehicles business.

## I. SUMMARY OF THE STRATEGIC COOPERATION

1. The demonstration and promotion of HCNG (hydrogen enriched compressed natural gas) vehicles has begun nationwide in order to promote the energy saving of vehicles and achieve ultra-low emission (Phase 6 National Emission Standards). During the period of demonstration, Ministry of Industry and Information Technology, National Development and Reform Commission (National Energy Administration), Ministry of Environmental Protection and other governmental departments will joint force to run the demonstration project of HCNG (hydrogen enriched compressed natural gas) public buses and HCNG gas stations in selected cities (or areas) with appropriate conditions such as Chengdu, and will implement relevant supporting policies (including supporting funds), establish and improve the standards related to HCNG vehicles in order to gain experience for large-scale promotion and implementation. Based on the successful demonstration, HCNG (hydrogen enriched compressed natural gas) vehicles will be promoted nationwide.

Based on the principles of good faith, equality and mutual benefits, and common development, Sichuan Minjiang Snow Salt Chemical Industry Co., Ltd. (“Minjiang Snow” or “Party C”), a wholly-owned subsidiary of the Company, has entered into the Strategic Cooperation Framework Agreement with the State Key Laboratory of Automotive Safety and Energy of Tsinghua University (清華大學汽車安全與節能國家重點實驗室) (“Party A”), Beijing Hydrogen Era Environmental Technology Company Limited (北京氫能時代環保科技有限公司) (“Party B”), Sichuan Tianyi Science & Technology Co., Ltd. (四川天一科技股份有限公司) (“Party D”), Chengdu Huaqi Houpu Holding Co., Ltd. (成都華氣厚普機電設備股份有限公司) (“Party E”), Chengdu Bus Co., Ltd. (成都客車股份有限公司) (“Party F”) and Shanghai Pujiang Specialty Gases Co., Ltd. (上海浦江特種氣體有限公司) (“Party G”) on 15 December 2016. In order to accelerate the demonstration and promotion of HCNG (hydrogen enriched compressed natural gas) vehicles, facilitate the energy saving of vehicles, achieve ultra-low emission (Phase 6 National Emission Standards), and fully capitalize on the respective advantages of resources of the seven parties in the overall cooperation, channel integration and resources sharing of HCNG (hydrogen enriched compressed natural gas) vehicles project, all parties have agreed to establish strategic cooperation relationship in respect of the HCNG hybrid vehicles project in order to facilitate the development of HCNG vehicles business.

## II. BASIC INFORMATION ON THE STRATEGIC PARTNERS

### **Party A: State Key Laboratory of Automotive Safety and Energy of Tsinghua University (清華大學汽車安全與節能國家重點實驗室)**

The laboratory is one of the 75 state key laboratories constructed by SDPC with loans from the World Bank. It is established in reliance on Tsinghua University and covers two national key disciplines, namely automotive engineering and power machinery and engineering. Since its establishment, the laboratory has been focusing on three main issues of automobile, which are “safety, energy-saving and environmental protection”, as well as major demands of national economic development, targeting at international frontiers, achieving national target, locating common technologies of automobile industry, basic theories of multi-disciplinary research of automobile and engineering and basic problems of macro-development of automobile, dedicating to the research and development of green and smart eco-cars. It has formed its advantageous field of research and own characteristics. Meanwhile, it proactively carries out extensive and in-depth academic exchange and cooperation with would-renowned universities, research centers and automobile companies to establish scientific research bases generally leading in China with some in international advanced level, which serve as a national public scientific research platform for cross-region and cross-discipline integrated innovative research.

### **Party B: Beijing Hydrogen Era Environmental Technology Company Limited (北京氫能時代環保科技有限公司)**

Type: limited liability company (sole proprietorship of natural person)

Scope of operation: Technology promotion services; technology development, technology transfer and technology consultation. (Enterprises shall select operating items and operate autonomously according to law; items that shall be approved according to law can be operated upon approval of relevant departments; enterprises shall not engage in operations prohibited by industrial policies and restricted items in this city.)

### **Party D: Sichuan Tianyi Science & Technology Co., Ltd. (四川天一科技股份有限公司)**

Type: other joint-stock limited company (listed)

Scope of operation: research, development, production (operate through separate branches or operating premises), sales, technical services, relevant engineering design and contracting of carbon-1 chemical technology and catalyst, pressure swing adsorption separation technology and installation, industrial specialty valves, synthetic linalool, fine chemical products (vitamin E) (which do not contain medicines), industrial gases (the operation of hazardous chemicals is within the scope of operation approved by for Hazardous Chemicals Operation License); cylinder inspection; engineering consulting services (except otherwise specified by the state (projects involving certification of qualification are operated with qualified licenses); services involving certification of qualification are operated with qualified licenses); export business of self-produced products and technologies; import business of raw and auxiliary materials,

instruments and apparatuses, machinery and equipment, spare parts and technologies required for production (except those import and export goods and technologies restricted and prohibited by the state); material processing and “three forms of OEM and compensation trade”. Projects which are subject to pre-approval or permission as required by laws, regulations and the State Council are not included above.

**Party E: Chengdu Huaqi Houpu Holding Co., Ltd. (成都華氣厚普機電設備股份有限公司)**

Type: joint-stock limited company (listed, invested or controlled by natural person)

Scope of operation: design, development, manufacturing, sales, leasing, repair and technological services of equipment's of compressed and liquefied natural gas filling stations (except for those prohibited by national laws and regulations); sales, installation and relevant technical services of software and hardware of computers; mechanical products, chemicals (which do not contain hazardous materials), electricals (except otherwise specified by the state), production, sales and technical services of office equipment and stationery; fire-fighting equipment engineering, electrical and mechanical equipment installation works, chemical and oil equipment and pipeline installation works (the above items are operated with qualified licenses); export and import of goods, export and import of technology; design and consultation of ship and ship engineering (which is operated with qualified licenses); (For items subject to approval pursuant to laws, operation could only be commenced upon approval by relevant authorities).

**Party F: Chengdu Bus Co., Ltd. (成都客車股份有限公司)**

Type: other joint-stock limited company (non-listed)

Scope of operation: manufacturing, installation, repair, sales of buses, special buses and vehicle components; export and import of goods. (For items subject to approval pursuant to laws, operation could only be commenced upon approval by relevant authorities).

**Party G: Shanghai Pujiang Specialty Gases Co., Ltd. (上海浦江特種氣體有限公司)**

Type: limited liability company (domestic joint venture)

Scope of operation: sales of chemical products (see the hazardous chemical operation license for the scope), pressure vessels, gas equipment, instruments and apparatuses, metal materials and products, hardware and electrical equipment, corporate management consultation, and export and import of goods and export and import of technology. (For items subject to approval pursuant to laws, operation could only be commenced upon approval by relevant authorities)

### III. MAIN CONTENT OF THE FRAMEWORK AGREEMENT

#### (I) Main content of cooperation

The seven partners commenced cooperation in respect of overall cooperation, channel integration, sharing of resources and other aspects of the HCNG vehicle project by capitalizing their advantages. Specific division of labor is as follows: Party A: HCNG patents and technology application; Party B: promotion of HCNG technology and overall technology for HCNG vehicles and commercial demonstration work for whole industry chain; Party C: hydrogen purification and production installation and supply of source of hydrogen; Party D: technologies for massive hydrogen production by pressure swing adsorption and hydrogen production by coke oven gas; Party E: hydroforming machinery and hydrogen refueling station equipment, and relevant complementary market; Party F: research and development of HCNG buses and production of HCNG vehicles; Party G: transport of hydrogen and HCNG and operation of refueling stations.

#### (II) Rights and obligations of the parties

Based on the current progress of the project, the current rights and obligations of the parties shall form strategic cooperation framework supplementary agreement, cooperation agreements/contracts between each party, cooperation agreements/contracts among parties, bilateral cooperation agreements/contracts formed between individual units.

#### (III) Confidentiality

1. Each party shall keep the trade secrets of other parties obtained through business connections and other channels as strictly confidential, and shall not disclose to any other party without prior consent in writing by the relevant parties.
2. Save for the work required by this Agreement, without prior consent, use and replication of technical information, commercial information and other information of other parties shall be prohibited.

(IV) This Agreement shall come into force upon signature and seal of the parties. This Agreement shall be valid for three years from 15 December 2016 to 14 December 2019. This Agreement shall be automatically renewed for three years as mutually agreed if each party is satisfied with the cooperation.

#### **IV. IMPACT OF THE STRATEGIC COOPERATION AGREEMENT ON THE COMPANY**

1. Since this strategic cooperation agreement did not involve definite transaction amount, the impact on results of operation of the Company cannot be estimated at the moment.
2. The Company commenced cooperation with the cooperating parties for the HCNG (hydrogen-enriched compressed natural gas) vehicle project through this strategic cooperation, promoting the development of the above business together. Meanwhile, the cooperating parties achieve synergy effects, fully integrate their own resources and quality resources of the industry, and promote HCNG (hydrogen-enriched compressed natural gas) hybrid vehicles, which is in line with the development strategy of hydrogen resources industry chain application of the Company.

By Order of the Board  
**China First Chemical Holdings Limited**  
**Liem Djiang Hwa**  
*Chairman*

16 December 2016

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. Wang Xin  
Dr. Lin Zhang