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## **Tsaker Chemical Group Limited**

**彩客化學集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1986)**

### **VOLUNTARY ANNOUNCEMENT ASSETS LEASING AGREEMENT**

This announcement is made by Company on a voluntary basis to provide the shareholders and potential investors of the Company with the latest information on the recent development of the businesses of the Group.

#### **THE ASSETS LEASING AGREEMENT**

The Board is pleased to announce that on 21 December 2016 (after trading hours), Tsaker Chemical Xiajin, a wholly-owned subsidiary of the Company, entered into the Assets Leasing Agreement with Xiajin Zhenhua, pursuant to which Xiajin Zhenhua agreed to lease to Tsaker Chemical Xiajin the Assets in relation to the production of OBA (i.e. (i) OBA for textile printing and dyeing; and (ii) OBA for detergent) for a Term of three years (from 1 January 2017 to 31 December 2019) at a rental fee of RMB4,300,000 (equivalent to approximately HK\$4,831,000) per annum. The Term may be renewed prior to its expiry by either party giving written notice to the other, and on mutually agreed terms.

Pursuant to the Assets Leasing Agreement, if Xiajin Zhenhua intends to transfer all or any part of the Assets to any third party during the Term, Tsaker Chemical Xiajin shall have right of first refusal to acquire such Assets under the same conditions.

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSETS LEASING AGREEMENT**

The Group is principally engaged in the production of fine chemicals, including DSD Acid, that function as critical dye, pigment and agricultural chemical intermediates. DSD Acid and other dye intermediates the Group produces are the core dye intermediates, without comparable substitute, for the production of OBA. OBA is commonly used to brighten or whiten paper and textile and also the core ingredient, without any comparable substitutes, for the production of dyes for paper and textile, and fluorescent whitening agents for plastics and consumer goods. OBA is most likely to be found in daily used paper, textile, detergents and cosmetics. Given the wide range of application of OBA, the Directors are of the view that by entering into the Assets Leasing Agreement, the Group would be able to expand its businesses to the production of OBA, being the downstream application of DSD Acid, which would in turn expand the product range and diversify the income streams of the Group, as well as increasing the Group's market share in the DSD Acid industry.

## DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context otherwise requires:

“Assets”	the assets and facilities in the relation to the production of OBA
“Assets Leasing Agreement”	the operating lease agreement dated 21 December 2016 entered into between the Tsaker Chemical Xiajin and Xiajin Zhenhua
“Board”	the board of Directors
“Company”	Tsaker Chemical Group Limited (彩客化學集團有限公司*), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1986)
“Director(s)”	the director(s) of the Company
“DSD Acid”	4,4’-Diaminostilbene-2,2’-disulfonic acid, which is used as an intermediate of dyes, fluorescent whitening agents and pesticides
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person, persons, company or companies which is or are independent of and not connected with the Company and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associate(s)
“OBA”	optical brightening agents that are widely adopted in the production of paper, detergent and textile (for the purpose of this announcement means (i) OBA for textile printing and dyeing; and (ii) OBA for detergent)
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC

“Term”	term of the Assets Leasing Agreement, being from 1 January 2017 to 31 December 2019
“Tsaker Chemical Xiajin”	彩客化學(夏津)有限公司(Tsaker Chemical (Xiajin) Company Limited*), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Xiajin Zhenhua”	夏津縣振華化學科技有限公司(Xiajin Zhenhua Chemical & Technology Company Limited*), a company established under the laws of the PRC and an Independent Third Party

By Order of the Board  
**Tsaker Chemical Group Limited**  
**Ge Yi**  
*Chairman*

Beijing, the PRC, 21 December 2016

*As at the date of this announcement, the Board comprises Mr. Ge Yi, Ms. Duan Weihua, Ms. Jin Ping and Mr. Bai Kun as executive Directors, Mr. Xiao Yongzheng and Mr. Fontaine Alain Vincent as non-executive Directors and Mr. Ho Kenneth Kai Chung, Mr. Zhu Lin and Mr. Yu Miao as independent non-executive Directors.*

\* *For identification purpose only*

*For ease of reference, sums in RMB in this announcement are translated at the rate HK\$1.0 = RMB0.89. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.*