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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)

COMPLETION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

Joint Placing Agents



Guotai Junan Securities (Hong Kong) Limited



**China Investment Securities International
Brokerage Limited**

The Board is pleased to announce that the condition set out in the Placing Agreement has been fulfilled. The Placing was completed on 18 May 2017 and an aggregate of 21,000,000 Placing Shares (representing approximately 4.02% of the issued share capital of the Company as enlarged by the 21,000,000 Placing Shares) have been allotted and issued to not less than six Placees at the Placing Price of HK\$5.15 per Placing Share.

Reference is made to the announcement of the Company dated 28 April 2017 (the “**Announcement**”) in relation to the Placing of up to 21,000,000 Placing Shares in the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that the condition set out in the Placing Agreement has been fulfilled. The Placing was completed on 18 May 2017 and an aggregate of 21,000,000 Placing Shares (representing approximately 4.02% of the issued share capital of the Company as enlarged by the 21,000,000 Placing Shares) have been allotted and issued to not less than six Placees at the Placing Price of HK\$5.15 per Placing Share.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placees and their ultimate beneficial owners are independent of, not connected with and not acting in concert with the Directors, chief executive and substantial shareholders of the Company

and its subsidiaries and their respective associates and are not connected persons (each as defined in the Listing Rules) of the Company. None of the Placees has become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after completion of the Placing.

The gross proceeds from the Placing of 21,000,000 Placing Shares at the Placing Price of HK\$5.15 per Placing Share are approximately HK\$108 million and the net proceeds, after deducting the placing commission payable to the Joint Placing Agents and other expenses incurred in the Placing, are approximately HK\$106 million.

The Company intends to apply the net proceeds raised from the Placing in the following manners:

- (i) 50% is used for construction and operation of cathode materials for lithium ion batteries-ironic phosphate project. With its competitive advantage in technology research and development as well as ample production experiences accrued in the fine chemical industry, the Group is actively exploring new business segments. With the level of environmental protection awareness growing both domestically and internationally, the demand for battery materials grows rapidly, particularly in the market of high performance cathode materials for batteries. The Group seizes this opportunity to further expand its product range to the area of cathode materials for lithium ion batteries-ironic phosphate, and is planning to build a new iron phosphate product production line in Cangzhou, Hebei province to produce the high-performance iron phosphate product. Iron phosphate is the core raw material for producing cathode materials for lithium ion batteries-ironic phosphate, which is finally used as cathode materials for lithium ion batteries and widely applied in the area of automotive power battery, energy storage battery, lithium battery for daily electronic products etc.. This product has very strong market synergy with one of our major products named n-methyl-pyrrolidone (“NMP”). The downstream of NMP is used as lithium-ion battery solution; and
- (ii) 50% for providing additional working capital for the Group. With the continuous expansion of the business scale of the Group, especially with the expansion of current production capacity and commencement of the production of new products, the Group has the need to purchase more raw materials, to increase the cost of sales, to increase the marketing cost and to increase the recruitment cost to employ more professions, which will lead to growing need for the Group’s working capital. As such, the Group plans to meet its need for additional working capital through the Placing.

EFFECTS ON SHAREHOLDING STRUCTURE

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company immediately before and after the completion of the Placing is set out below:

Shareholders	Immediately before completion of the Placing		Immediately after completion of the Placing	
	No. of Shares	Approximately %	No. of Shares	Approximately %
Cavalli Enterprises Inc. (Note 1)	345,058,500	68.86	345,058,500	66.09
Wider Pacific Limited (Note 2)	30,596,000	6.11	30,596,000	5.86
Winshare Hongtai (Shenzhen) Investment Partnership (Limited Partnership)*	34,425,500	6.87	34,425,500	6.59
Public Shareholders				
The Placees (Note 3)	–	–	21,000,000	4.02
Other public Shareholders	91,045,000	18.16	91,045,000	17.44
Total	<u>501,125,000</u>	<u>100</u>	<u>522,125,000</u>	<u>100</u>

Notes:

1. The 345,058,500 Shares are held by Cavalli Enterprises Inc., which is wholly-owned by Mr. Ge Yi, an executive Director. Ms. Qi Lin is the spouse of Mr. Ge Yi. Hence, each of Mr. Ge Yi and Ms. Qi Lin is deemed to be interested in these 345,058,500 Shares under the SFO.
2. Ocean Equity Partners Fund L.P. and Ocean Equity Partners Fund II L.P. directly own 66% and 34% interests in Wider Pacific Limited respectively. Ocean Equity Partners Fund II GP Limited in turn owns 100% interests in Ocean Equity Partners Fund II L.P. and Ocean Equity Partners Fund GP Limited in turn owns 100% interests in Ocean Equity Partners Fund L.P.. Hence, each of Ocean Equity Partners Fund GP Limited, Ocean Equity Partners Fund II GP Limited, Ocean Equity Partners Fund L.P. and Ocean Equity Partners Fund II L.P. is deemed to be interested in these 30,596,000 Shares.
3. The Placing Shares have been placed to the Placees who and whose ultimate beneficial owners are independent of, not connected with and not acting in concert with the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates and are not connected persons (each as defined in the Listing Rules) of the Company. None of the Placees has become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after completion of the Placing. Accordingly, the shareholding held by the Placees is regarded as held by the public.

By order of the Board
Tsaker Chemical Group Limited
Ge Yi
Chairman

Beijing, the PRC, 18 May 2017

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