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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)

**ISSUE OF
GUARANTEED NOTE IN THE
PRINCIPAL AMOUNT OF US\$15,000,000;
AND
GUARANTEED CONVERTIBLE BOND IN THE PRINCIPAL
AMOUNT OF US\$15,000,000**

ISSUE OF CONVERTIBLE BOND AND NOTE

The Board is pleased to announce that, on 25 July 2016 (after trading hours), the Company as issuer entered into the Subscription Agreement with the Initial Investor as subscriber, and with Mr. Liem Djiang Hwa as the individual guarantor and China First Chemical Limited as the corporate guarantor, pursuant to which the Company conditionally agreed to issue the Convertible Bond and the Note, each in the principal amount of US\$15,000,000, to the Initial Investor. The net proceeds from the Subscriptions will be used by the Company to finance the general investments and working capital funding requirements.

In relation to the Convertible Bond and the Note, Mr. Liem and China First Chemical Limited agreed to irrevocably and unconditionally guarantee the punctual performance by the Company of all of its obligation under the Finance Documents.

As at the date of this announcement, the Company has a total of 802,191,000 Issuer Shares. 30% of the Convertible Bonds in the amount of US\$4,500,000 is at the price of HK\$1.9205 and 70% of the Convertible Bonds in the amount of US\$10,500,000 is at the price of HK\$2.1949. Based on the foreign exchange rate on the date of purchase of such Note and Convertible Bonds, assuming full conversion of the Convertible Bonds at the Conversion Price of HK\$1.9205 for 30% of the principal amount of the Convertible Bonds and HK\$2.1949 for 70% of the principal amount of the Convertible Bonds, the Convertible Bonds will be convertible into 55,283,840 Conversion Shares, representing approximately 6.89% of the Company's existing issued share capital and approximately 6.45% of the Company's issued share capital as enlarged by the allotment and issue of the Convertible Shares.

GENERAL

The obligation of the Initial Investor to subscribe and pay for the CB Consideration Amount is conditional on, among others, the Listing Committee of the Stock Exchange having granted its approval regarding the listing of, and a permission to deal in, all the possible Conversion Shares. The Conversion Shares will be issued and allotted under the General Mandate granted to the Directors by the Shareholders.

No application will be made for the listing of any of the Note or the Convertible Bond on the Stock Exchange or any other stock exchange.

Shareholders and potential investors should note that the Subscription is subject to conditions and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Issuer Shares.

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, on 25 July 2016 (after trading hours), the Company as issuer entered into the Subscription Agreement with the Initial Investor as subscriber, and with Mr. Liem Djiang Hwa as the individual guarantor and China First Chemical Limited as the corporate guarantor, pursuant to which the Company conditionally agreed to issue the Convertible Bond and the Note, each in the principal amount of US\$15,000,000, to the Initial Investor. The Conversion Shares will be allotted and issued under the General Mandate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Initial Investor and their respective associates and ultimate beneficial owners are Independent Third Parties.

Assuming full conversion of the Convertible Bonds at the Conversion Price of HK\$1.9205 for 30% of the principal amount of the Convertible Bonds and HK\$2.1949 for 70% of the principal amount of the Convertible Bonds, the Convertible Bonds will be convertible into 55,283,840 Conversion Shares, representing approximately 6.89% of the Company's existing issued share capital and approximately 6.45% of the Company's issued share capital as enlarged by the allotment and issue of the Conversion Shares. It is not expected that the

Initial Investor or any of its associates or ultimate beneficial owners will become a Substantial Shareholder as a result of the full Conversion of the Convertible Bonds subscribed by it.

THE PRINCIPLE TERMS OF THE SUBSCRIPTION AGREEMENT

- Date: 25 July 2016
- Issuer: the Company
- Subscriber: The Initial Investor
- Issue of the Note and the Convertible Bond: Pursuant to the Subscription Agreement, the Company will, subject to the terms and conditions as set out in the Subscription Agreement, issue the Note and the Convertible Bond to the Investor each up to a maximum principal amount of US\$15,000,000.
- Note Consideration Amount: The amount equals to the relevant Note Subscription Amount after deducting the amount representing the costs and expenses incurred by the Initial Investor on the Note Issue Date.
- Note Closing Conditions: Completion and issuance of the Note is upon the conditions that:
- (1) The Initial Investor having received all of the documents and evidence in the conditions precedent documents in form and substance satisfactory to it on or prior to the date of the Notice of Issuance or otherwise waived by the Initial Investor;
 - (2) The representations and warranties of each Obligor contained in the Finance Documents to which it is a party being correct, accurate and not misleading on the date of the Subscription Agreement and each Issue Date;
 - (3) No default is outstanding or would result from the issuance by the Issuer of any Note to the Initial Investor;
 - (4) The aggregate number of Issuer Shares deposited into the Issuer Share Custody Account represents at least 30% of the entire issued capital of the Issuer;
 - (5) Satisfactory commercial, financial and legal due diligence of each Obligor, the Group and their respective business;

- (6) Approval of the transactions contemplated under the Finance Documents from the investment committee of the Initial Investor have been obtained and such approval not being revoked;
- (7) The Initial Investor is satisfied with the results of all necessary “know your customer” requirements and other anti-money laundering checks;
- (8) The Individual Guarantor remains to be a director of the Issuer, the controlling shareholder of the Issuer and has the power to direct the management and policies of the Issuer, whether through ownership of voting capital, by control or otherwise;
- (9) Yihua Crown Limited remains to beneficially own, directly or indirectly, 62.14 per cent. of the issued share capital of the Corporate Guarantor and Yihua Fortune Limited remains to beneficially own, directly or indirectly, 37.86 per cent. of the issued share capital of the Corporate Guarantor;
- (10) The Individual Guarantor remains to beneficially own, directly or indirectly, 100 per cent. of the issued share capital of Yihua Crown Limited;
- (11) On the date of the Subscription Agreement and each Issue Date, (a) the Total Assets do not exceed 2.3 times the Total Net Asset; and (b) the Total Net Assets is not less than RMB2,000,000,000 (or its equivalent in any other currency),

The above conditions should be in form and substance satisfactory to the Initial Investor.

(the “**Note Closing Conditions**”)

CB consideration amount:

The amount equals to the Convertible Bond Subscription Amount (as the case may be) after deducting the amount representing the costs and expenses incurred by the Initial Investor on the Issue Date.

CB Closing Conditions:

Completion and issuance of the Convertible Bonds is upon the conditions that:

- (1) The Initial Investor having received all of the documents and evidence in the conditions precedent documents in form and substance satisfactory to it on or prior to the date of the Notice of Issuance or otherwise waived by the Initial Investor;

- (2) The representations and warranties of each Obligor contained in the Finance Documents to which it is a party being correct, accurate and not misleading on the date of the Subscription Agreement and each Issue Date;
- (3) No default is outstanding or would result from the issuance by the Issuer of any Convertible Bond to the Initial Investor;
- (4) The aggregate number of Issuer Shares deposited into the Issuer Share Custody Account represents at least 30% of the entire issued capital of the Issuer;
- (5) Satisfactory commercial, financial and legal due diligence of each Obligor, the Group and their respective business;
- (6) Approval of the transactions contemplated under the Finance Documents from the investment committee of the Initial Investor have been obtained and such approval not being revoked;
- (7) The Initial Investor is satisfied with the results of all necessary “know your customer” requirements and other anti-money laundering checks;
- (8) The Individual Guarantor remains to be a director of the Issuer, the controlling shareholder of the Issuer and has the power to direct the management and policies of the Issuer, whether through ownership of voting capital, by control or otherwise;
- (9) Yihua Crown Limited remains to beneficially own, directly or indirectly, 62.14 per cent. of the issued share capital of the Corporate Guarantor and Yihua Fortune Limited remains to beneficially own, directly or indirectly, 37.86 per cent. of the issued share capital of the Corporate Guarantor;
- (10) The Individual Guarantor remains to beneficially own, directly or indirectly, 100 per cent. of the issued share capital of Yihua Crown Limited;
- (11) On the date of the Subscription Agreement and each Issue Date, (a) the Total Assets do not exceed 2.3 times the Total Net Asset; and (b) the Total Net Assets is not less than RMB2,000,000,000 (or its equivalent in any other currency),

The above conditions should be in form and substance satisfactory to the Initial Investor.

(12) The Listing Approval have been obtained; and

(13) The Initial Investor have received a copy of the General Mandate and any other evidence that the Issuer has sufficient authorized but unissued shares in its share capital which is authorized to be issued pursuant to the General Mandate to enable it to perform its obligations under the Convertible Bond Instrument when the Conversion Rights are exercised in full.

(the “**CB Closing Conditions**”)

PRINCIPLE TERMS OF THE NOTE

Issuer:	the Company
Principal Amount:	US\$15,000,000
Issue Price:	US\$15,000,000
Default Interest:	<p>In the case of an event of default where the Company fails to pay any amount in respect of the Note, the Default Interest shall accrue on the aggregate unpaid amount owed by the Company to such Noteholder from the relevant due date of such unpaid amount until the date on which such unpaid amount is settled in full by the Company at a rate of 20 per cent. per annum (on the basis of a 360-day year), and such Default Interest shall be payable by the Company monthly in cash;</p> <p>In the case of any other event of default, the Default Interest shall accrue on the total outstanding principal amount of the Note from the date on which such event of default occurs until the date on which such event of default has been fully remedied in the opinion of the Noteholder at a rate of 20 per cent. per annum (on the basis of a 360-day year), and such Default Interest shall be payable monthly in cash.</p>
Form and denomination:	The Notes will be issued in registered form represented by, and subject to the terms and conditions set out in, three Note Instruments with denomination of US\$5,000,000 each and in aggregate principal amount of US\$15,000,000.
Note Original Maturity Date:	The date falling 24 months from the first Note Issue Date.
Transferability:	The Note(s) will be freely transferable subject to the terms and conditions of the Finance Documents.

Redemption:

- (1) Redemption at maturity: Unless previously redeemed or purchased and cancelled, subject to the terms and conditions of the Finance Document, the Company shall redeem all the outstanding Note held by the Noteholder on the Original Maturity Date.
- (2) Voluntary Redemption: The Company may on or after the first anniversary of the Note Issue Date, provided that no event of default is outstanding at that time, by giving not less than 30 days' prior written notice to the Noteholder and the Agent, redeem all or any portion of the Notes issued to the Noteholder in full prior to the Original Maturity Date, or, if the Original Maturity Date is extended to the Final Maturity Date (and if the Original Maturity Date or the Final Maturity Date is not a Business Day, the Business Day immediately following such date).
- (3) Default Redemption: Upon the occurrence of an event of default, the Majority Noteholder may elect to require the Company to redeem all or such portion of the Notes (as determined by the Noteholder in its sole discretion) in the aggregate of an amount equal to:
- (a) the sum of one percent of the principal amount of such Notes;
 - (b) the sum of the total principal amount outstanding of such portion of the Note;
 - (c) all amounts of accrued but unpaid interest (including any default interest) on such portion of the Note then outstanding; and
 - (d) an amount determined by the Noteholder that would yield to the Noteholder an annualized internal rate of return of 20 per cent. on the face value of such portion of the Note held by the Noteholder redeemed or to be redeemed calculated from the Note Issue Date of that Note to the date of such redemption.
- Status of the Note: The Note constitutes direct, unconditional and guaranteed obligations of the Issuer and shall at all times rank *pari passu*, without any preference among themselves.

PRINCIPLE TERMS OF CONVERTIBLE BOND

The terms of the Convertible Bond have been negotiated between the Company and the Initial Investor on an arm's length basis. The principal terms of the Convertible Bond are summarized below:

Issuer:	the Company
Principal Amount:	US\$15,000,000
Issue Price:	US\$15,000,000
Default Interest:	<p>In the case of an event of default where the Company fails to pay any amount in respect of the Convertible Bond, the Default Interest shall accrue on the aggregate unpaid amount owed by the Company to such Convertible Bond Holder from the relevant due date of such unpaid amount until the date on which such unpaid amount is settled in full by the Company at a rate of 20 per cent. per annum (on the basis of a 360-day year), and such Default Interest shall be payable by the Company monthly in cash;</p> <p>In the case of any other event of default, the Default Interest shall accrue on the total outstanding principal amount of the Convertible Bond from the date on which such event of default occurs until the date on which such event of default has been fully remedied in the opinion of the Convertible Bond Holder at a rate of 20 per cent. per annum (on the basis of a 360-day year), and such Default Interest shall be payable monthly in cash.</p>
Form and denomination:	The Convertible Bonds will be issued in registered form represented by, and subject to the terms and conditions set out in, two Convertible Bond Instruments with denomination of US\$2,250,000 each and five Convertible Bond Instruments with denomination of US\$2,100,000 each and in aggregate principal amount of US\$15,000,000.
CB Original Maturity Date:	The date falling 24 months from the first Convertible Bond Issue Date.
Transferability:	The Conversion Shares will be freely transferable subject to the terms and conditions of the Finance Documents.
Conversion Price:	HK\$1.9205 per Conversion Share for 30% of the principal amount of the Convertible bonds and HK\$2.1949 per Conversion Share for 70% of the principal amount of the Convertible Bonds. (subject to adjustments)

Conversion Shares: 55,283,840 new shares based on the Conversion Price (subject to adjustments of the Conversion Price), representing approximately 6.89% of the issued share capital of the Company as at the date of this announcement and approximately 6.45% of the issued capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there was no repurchase of Shares or issue of other new Shares).

Conversion: Holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Issuer Shares at the Conversion Price on the CB Original Maturity Date.

Adjustment to the Conversion Price: The Conversion Price is subject to adjustments upon the occurrence of, among other matters, subdivision or consolidation or capitalization issues, rights issues and other dilutive event in such manner in accordance with the terms and conditions of the Convertible Bonds. Each adjustment made pursuant to the adjustment event(s) would be certified by auditors of the Company, independent reputable accounting firms, merchant banks or other reputable financial institutions appointed by the Company.

Redemption:

(1) Redemption at maturity: Unless previously redeemed or purchased and cancelled, subject to the terms and conditions of the Finance Document, the Company shall redeem all the outstanding Convertible Bond held by the Convertible Bond Holder on the Original Maturity Date.

(2) Voluntary Redemption: The Company may on or after the first anniversary of the Convertible Bond Issue Date, provided that no event of default is outstanding at that time, by giving not less than 30 days' prior written notice to the Convertible Bond Holder and the Agent, redeem all or any portion of the Convertible Bond issued to the Convertible Bond Holder in full prior to the Original Maturity Date, or, if the Original Maturity Date is extended to the Final Maturity Date (and if the Original Maturity Date or the Final Maturity Date is not a Business Day, the Business Day immediately following such date).

- (3) Default Redemption Upon the occurrence of an event of default, the Majority Convertible Bond Holder may elect to require the Company to redeem all or such portion of the Convertible Bond (as determined by the Convertible Bond Holder in its sole discretion) in the aggregate of an amount equal to:
- (a) the sum of one percent of the principal amount of such Convertible Bond;
 - (b) the sum of the total principal amount outstanding of such portion of the Convertible Bond;
 - (c) all amounts of accrued but unpaid interest (including any default interest) on such portion of the Convertible Bond then outstanding; and
 - (d) an amount determined by the Convertible Bond Holder that would yield to the Convertible Bond Holder an annualized internal rate of return of 20 per cent. on the face value of such portion of the Convertible Bond held by the Convertible Bond Holder redeemed or to be redeemed calculated from the Convertible Bond Issue Date of that Convertible Bond to the date of such redemption.

Voting Rights: Holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any general meeting of the Company.

Status of the Convertible Bond: The Convertible Bond constitutes direct, unconditional and guaranteed obligations of the Issuer and shall at all times rank *pari passu*, without any preference among the Note and Convertible Bond.

Listing: No application will be made for listing of any of the Convertible Bond on the Stock Exchange or any other stock exchange.

Comparison of Conversion Price

The Conversion Price of HK\$1.9205 per new Issuer Share for 30% of the principal amount of Convertible Bonds represents:

- (a) a premium of 35.2% to the closing price of the Shares of HK\$1.4200 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 37.2% to the average closing price of the Shares of HK\$1.4000 per Share for the last five consecutive trading days up to and including the Last Trading Day;

- (c) a premium of approximately 35.2% over the average closing price of the Shares of HK\$1.4200 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and

The Conversion Price of HK\$2.1949 per new Issuer Share for 70% of the principal amount of the Convertible Bonds represents:

- (a) a premium of 54.6% to the closing price of the Shares of HK\$1.4200 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 56.8% to the average closing price of the Shares of HK\$1.4000 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 54.6% over the average closing price of the Shares of HK\$1.4200 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and

The initial Conversion Price has been determined by the Company and the Subscriber after arm's length negotiations with reference to the recent closing prices of the Issuer Shares.

GENERAL MANDATE

Based on the principal amount of US\$15,000,000 of the Convertible Bond and the Conversion Price of HK\$1.9205 per Conversion Share for 30% of the principal amount of the Convertible bonds and HK\$2.1949 per Conversion Share for 70% of the principal amount of the Convertible Bonds, the Company will issue up to 55,283,840 Conversion Shares upon exercise of the conversion right attaching to the Convertible Bond.

The Directors were authorized to allot and issue up to 160,438,200 Shares under the General Mandate. The issuable Shares, or as the case may be, the remaining issuable Shares under the General Mandate are sufficient for the allotment and the issue of the Conversion Shares (assuming there will be no other issue of new Shares). It is therefore intended that the Conversion Shares will be allotted and issued under the General Mandate.

Application will be made by the Company to the Stock Exchange to approve the issue of the Convertible Bond and to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Conversion Shares, to be issued upon the exercise of the Convertible Bond.

GUARANTEE OF THE FINANCE DOCUMENTS

On or prior to the Completion, Mr. Liem as individual guarantor and China First Chemical Limited as corporate guarantor will irrevocably and unconditionally guarantee, among other matters, the punctual performance by the Company of all its obligations under the Finance Documents. Mr. Liem and China First Chemical Limited shall ensure that at all times their payment obligations under the Subscription Agreement rank at least *pari passu* with the claims of all their other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to the companies, or in the case of individual guarantor, to individuals generally.

REASONS FOR THE SUBSCRIPTION AGREEMENT AND THE USE OF THE PROCEEDS

The Company is an investment holding company and the Group is principally engaged in manufacturing and the sale of bleaching and disinfectant chemical products, foaming agent products and other specialty chemical products in the PRC.

The Directors (including the independent non-executive Directors) consider the entering into of the Subscription Agreement and the issue of the Note and the Convertible Bond by the Company offers a good opportunity for the Company to obtain financing and serves as an appropriate means of raising capital for the Group since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The net proceeds from the Subscriptions will be used by the Company to finance the general investments and working capital funding requirements. In particular, the net proceeds would be used to fund the project with Pingnan Fine Chemical Industrial Park (as disclosed in the announcement dated 12 July 2016 of the Company). The first phase of the technological improvement and expansion project mainly involves bleaching and disinfectant chemical such as sodium chlorate and hydrogen peroxide, with an expected construction period of 3 years for over RMB900 million.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements are on normal commercial terms, which were arrived at after arm's length negotiations between the Company and each of the Subscribers, and that the issue of the Convertible Bonds and the Note pursuant to the terms thereof are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE INITIAL INVESTOR

The Company is an exempted company with limited liability under the laws of the Cayman Islands. The Group principally manufactures and sells bleaching and disinfectant chemical products, foaming agent products and other specialty chemical products in the PRC.

The Investor is a limited company incorporated under the laws of the British Virgin Islands, acting as the Initial Investor, as well as an agent and trustee for subsequent transferees of the Note and the Convertible Bonds.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are Independent Third Parties.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

There had not been any equity funding raising activity conducted by the Group in the past 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the shareholding structure immediately before and after the exercise in full of the conversion rights attaching to the Convertible Bond at the price of HK\$1.9205 per Conversion Share for 30% of the principal amount of the Convertible bonds and HK\$2.1949 per Conversion Share for 70% of the principal amount of the Convertible Bonds, assuming the outstanding aggregate principal amount of the Convertible Bond is US\$15,000,000.

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price of HK\$1.9205 and HK\$2.1949 respectively	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Mr. Liem Djiang Hwa	419,949,888	52.35% ⁽¹⁾	419,949,888	48.98%
Mr. Lam Wai Wah	419,949,888	52.35% ⁽²⁾	419,949,888	48.98%
Yihua Crown Limited	419,949,888	52.35% ⁽¹⁾	419,949,888	48.98%
Yihua Fortune Limited	419,949,888	52.35% ⁽²⁾	419,949,888	48.98%
China First Chemical Ltd	419,949,888	52.35%	419,949,888	48.98%
China Renaissance Capital Investment II GP	180,050,112	22.44% ⁽³⁾	180,050,112	20.99%
China Renaissance Capital Investment II, L.P.	180,050,112	22.44% ⁽⁴⁾	180,050,112	20.99%
China Harvest Fund II, L.P.	180,050,112	22.44% ⁽⁵⁾	180,050,112	20.99%
Trophy Group Limited	180,050,112	22.44%	180,050,112	20.99%
Other public Shareholders	202,191,000	25.21%	202,191,000	23.58%
The Subscriber	—	—	55,283,840	6.45%
Total	<u>802,191,000</u>	<u>100%</u>	<u>857,474,840</u>	<u>100%</u>

Notes:

- (1) Mr. Liem Djiang Hwa is indirectly interested in the Company through Yihua Crown Limited, which in turn is indirectly interested in our Company through China First Chemical Ltd.
- (2) Mr. Lam Wai Wah is indirectly interested in the Company through Yihua Fortune Limited, which in turn is indirectly interested in the Company through China First Chemical Ltd.
- (3) China Renaissance Capital Investment II GP is the general partner of China Renaissance Capital Investment II, L.P. pursuant to a partnership agreement.
- (4) China Renaissance Capital Investment II, L.P. is the general partner of China Harvest Fund II, L.P..
- (5) China Harvest Fund II, L.P. is the sole shareholder of Trophy Group Limited.

GENERAL

Shareholders and potential investors should be aware of and take note that the Completion are conditional upon satisfaction of certain conditions as set out in the Finance Documents and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Issuer Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	The board of Directors
“Business Day”	a day other than Saturday or Sunday on which banks are open for business in Hong Kong.
“Completion”	completion of the issue of the Note and the Convertible Bonds pursuant to the terms of the Subscription Agreements
“Convertible Bonds”	the convertible bonds to be issued by the Company pursuant to the Subscription Agreements
“Conversion Price”	The price at which the Conversion Shares will be issued upon conversion of the Convertible Bond, subject to adjustments from time to time under the terms and conditions of the Convertible Bonds
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the whole or part thereof into Conversion Shares
“Conversion Shares”	Shares fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond
“Directors”	the directors of the Company
“Final Maturity Date”	Means: (a) in relation to a Note, the date falling 12 months from the Original Maturity Date of the Note; and (b) in relation to a Convertible Bond, the date falling 12 months from the Original Maturity Date of the Convertible Bonds.

“Finance Document”	Means: (1) the Investment/Subscription Agreement; (2) each Note Instrument; (3) each Convertible Bond Instrument; (4) the Supplemental Deed; (5) a Notice of Issuance; (6) a Voluntary Redemption Notice; (7) a Conversion Notice; (8) an Extension Notice; (9) the Warning Notice; or (10) any other document designated as such by the Issuer and the Agent
“General Mandate”	a resolution of the shareholders passed in the annual general meeting of the Issuer held on 13 June 2016 granting the board of directors of the Issuer the authority to issue no more than 20% of the issued shares of the Issuer as at the date of such annual general meeting, which represents 160,438,200 Issuer Shares
“Group”	the Company and its Subsidiaries
“Guarantor”	Individual Guarantor or the Corporate Guarantor
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Hong Kong dollar or HK\$”	the lawful currency for the time being of Hong Kong
“Independent Third Party(ies)”	independent third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Initial Investor”	Chance Talent Management Limited
“Investor Accession Deed”	a deed by which an Investor (other than the Initial Investor) becomes a party to the Subscription Agreement.
“Issue Date”	a Note Issue Date or a Convertible Bond Issue Date

“Issuer Share”	any share in the issued capital of the Issuer that is listed on the Hong Kong Stock Exchange
“Listing Approval”	an approval granted by the Hong Kong Stock Exchange for the listing of and permission to deal in, the Issuer Shares to be issued as a result of the exercise of the conversion rights under the Convertible Bonds
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Majority Convertible Bond Holders”	at any time, one or more Convertible Bond Holders holding more than 50 per cent. of the total principal amount of the Convertible Bonds outstanding at that time
“Majority Noteholders”	at any time, one or more Noteholders holding more than 50 per cent. of the total principal amount of the Notes outstanding at that time
“Note (Convertible bond) Closing Conditions”	condition precedents to the Completion pursuant to the terms of the Subscription Agreements
“Note Holder(s)”	the registered holder(s) of the Note
“Obligor”	the Issuer or a Guarantor, and Obligors means all of them
“Original Maturity Date”	Means: <ul style="list-style-type: none"> (1) in relation to a Note, the date falling 24 months from the first Note Issue Date; and (2) in relation to a Convertible Bond, the date falling 24 months from the first Convertible Bond Issue Date
“PRC”	People’s Republic of China, but (solely for the purpose of the Finance Documents) excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	the lawful currency for the time being of the PRC
“Security Interest”	any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect
“Subscription Agreement(s)”	the conditional subscription agreement dated 25 July 2016 and entered into between the Company as issuer, the Investor as subscriber and Mr. Liem and China Fist Chemical Limited as guarantor in respect of the issue of the Note and the Convertible Bond

“the Company”

China First Chemical Holdings Limited

“%”

per cent

By order of the Board
CHINA FIRST CHEMICAL HOLDINGS LIMITED
Liem Djiang Hwa
Chairman and Non-executive Director

PRC, 25 July 2016

As at the date of the Company’s announcement, the Board comprises the Chairman and the non-executive Director namely Mr. Liem Djiang Hwa, the executive Directors namely Mr. Chen Hong, Ms. Miao Fei and Mr. Lam Wai Wah, and the independent non-executive Directors namely Dr. Kou Huizhong, Dr. Wang Xin and Dr. Lin Zhang.