

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dongguang Chemical Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**DONGGUANG CHEMICAL LIMITED**  
**東光化工有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1702)**

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting to be held as a physical meeting at 10:00 a.m. at Chengdong Industrial Zone, Dongguang County, Hebei Province, the PRC on Thursday, 25 May 2023 is set out on pages 17 to 22 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting (i.e. by 10:00 a.m. on Tuesday, 23 May 2023) or any adjournment thereof to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

25 April 2023

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:00 a.m. at Chengdong Industrial Zone, Dongguang County, Hebei Province, the PRC on Thursday, 25 May 2023, the notice of which is set out on pages 17 to 22 of this circular, and any adjournment thereof
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Dongguang Chemical Limited 東光化工有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate
“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 People’s Republic of China

## DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	18 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase the Shares on the Stock Exchange the aggregate number of which shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

\* For identification purpose only



**DONGGUANG CHEMICAL LIMITED**  
**東光化工有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1702)**

*Executive Directors:*

Mr. Wang Zhihe  
Mr. Sun Zushan  
Mr. Xu Xijiang

*Non-executive Director:*

Ms. Chen Jimin

*Independent non-executive Directors:*

Ms. Lin Xiuxiang  
Mr. Liu Jincheng  
Mr. Ng Sai Leung

*Registered office:*

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Principal place of business in*

*Hong Kong:*  
Unit 1615-20, 16/F  
Tower II, Grand Century Place  
193 Prince Edward Road West  
Mongkok, Kowloon  
Hong Kong

25 April 2023

To the Shareholders

Dear Sir/Madam

**PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include, inter alia: (a) ordinary resolutions on the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (b) ordinary resolutions relating to the proposed re-election of the Directors.

## LETTER FROM THE BOARD

### ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with new Shares up to 20% of the aggregate number of Shares in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 620,944,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 124,188,800 Shares.

### REPURCHASE MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will also be proposed to give the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the aggregate number of Shares in issue as at the date of passing of the relevant resolution. In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting to authorise the increase in the total number of new Shares which may be allotted and issued under the Issue Mandate by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or by any applicable law or Companies Act to be held; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in the Appendix I to this circular.

### RE-ELECTION OF DIRECTORS

According to Article 105(A) of the Articles, at each annual general meeting, one third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

## LETTER FROM THE BOARD

According to Article 105(B) of the Articles, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

By virtue of Articles 105(A) and 105(B) of the Articles, Mr. Sun Zushan, Ms. Chen Jimin and Mr. Ng Sai Leung will retire as Directors at the Annual General Meeting, and they, being eligible, will offer themselves for re-election at the Annual General Meeting.

The nomination committee of the Company has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Board diversity policy of the Company, Director nomination policy, the Company's corporate strategy and the independence of the independent non-executive Directors.

The nomination committee of the Company and the Board, having reviewed the Board's composition and noted that Mr. Sun Zushan, Ms. Chen Jimin and Mr. Ng Sai Leung are eligible for nomination and re-election under the Articles and the Company's policy for nomination of Directors, resolved to make recommendations on the re-election of the above Directors by the Shareholders at the Annual General Meeting.

The recommendations on re-election were made in accordance with the Company's policy for nomination of Directors and took into account the diversity aspects (including, without limitation, skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender) under the Board diversity policy of the Company. The nomination committee of the Company and the Board also took into consideration the perspectives, skills and experience that Mr. Ng Sai Leung could bring to the Board as an independent non-executive Director, including without limitation, his expertise in corporate finance and investment banking, respectively, and his contributions to the Board and its diversity. The Company has received from Mr. Ng the annual confirmation of his independence according to Rule 3.13 of the Listing Rules and the nomination committee of the Company and the Board is satisfied with his independence with reference to the guidelines set out therein.

Particulars of Mr. Sun Zushan, Ms. Chen Jimin and Mr. Ng Sai Leung are set out in Appendix II to this circular.

## LETTER FROM THE BOARD

### ACTIONS TO BE TAKEN

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the proposed grant of the Issue Mandate, Repurchase Mandate and Extension Mandate; and
- (b) the proposed re-election of Directors.

A form of proxy for use at the Annual General Meeting is enclosed herewith and published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.dg-chemical.com](http://www.dg-chemical.com). Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time for the Annual General Meeting (i.e. by 10:00 a.m. on Tuesday, 23 May 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the Annual General Meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to Article 72 of the Articles. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### SPECIAL ARRANGEMENTS FOR THE ANNUAL GENERAL MEETING

The following additional arrangements will be made for the Annual General Meeting for facilitating the attendance of Shareholders:

- (a) the Board understands that Shareholders may not be able to attend the Annual General Meeting in person at the Annual General Meeting venue. If Shareholders wish to exercise their voting rights at the Annual General Meeting, they are recommended to cast their vote by lodging their proxy forms with the Company's Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the "**Share Registrar**") in advance of the Annual General Meeting and appointing the chairman of the Annual General Meeting to vote on their behalf at the Annual General Meeting.
- (b) in appointing the chairman of the Annual General Meeting as proxy, the duly completed and signed proxy form must be lodged with the Share Registrar not later than 48 hours before the time of the Annual General Meeting (i.e. 10:00 a.m. on Tuesday, 23 May 2023), or any adjournment thereof.

## LETTER FROM THE BOARD

- (c) Registered Shareholders will be able to view and participate in the Annual General Meeting through a live webcast through e-Meeting System and submit questions online during the Annual General Meeting, which can be accessed using computers, mobile phones or any browser-enabled electronic or communication devices.
- (d) For registered Shareholders, login details and information of the Annual General Meeting are included in the "Letter to Shareholders regarding the e-Meeting System" which will be despatched within seven business days from the despatch of the notice of the Annual General Meeting.

For proxies or corporate representatives, login details and information of the Annual General Meeting will be provided to the email provided by the registered Shareholder one day before the date of the Annual General Meeting.

If registered Shareholders, proxies or corporate representatives have any enquiries regarding the above arrangement, they should contact the Share Registrar at +852-2980-1333 from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

- (e) If you are a non-registered Shareholder, you may instruct your banks, brokers or other custodians to appoint a proxy to attend the Annual General Meeting via the e-Meeting System if you wish.
- (f) No remote voting system is provided. For the avoidance of doubt, presence through the e-Meeting System is not counted as quorum or attendance of the Annual General Meeting, and will not revoke any proxy instrument previously delivered to the Company by the same Shareholder.
- (g) Shareholders may submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 10:00 a.m. on Tuesday, 23 May 2023 (being not less than 48 hours before the Annual General Meeting) by email to [info@dg-chemical.com](mailto:info@dg-chemical.com). They may also raise questions during the Annual General Meeting through the live dialogue function. The Board will arrange for as many of the questions asked to be answered as possible at the Annual General Meeting.

### RECOMMENDATION

The Board considers that the ordinary resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

## LETTER FROM THE BOARD

### CLOSURE OF REGISTER OF MEMBERS

For determination of the entitlement to attend and vote at the Annual General Meeting, the transfer books and register of members will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023 (both days inclusive) during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 19 May 2023.

For determination of the entitlement to the proposed final dividend, conditional upon the passing of the resolution approving the declaration of the proposed final dividend at the Annual General Meeting, the transfer books and register of members will be closed from Thursday, 1 June 2023 to Monday, 5 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited, at the address stated above not later than 4:30 p.m. on Wednesday, 31 May 2023.

### BAD WEATHER ARRANGEMENTS

If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 7:30 a.m. on the date of the Annual General Meeting, the meeting will be postponed. The Company will post an announcement on its website ([www.dg-chemical.com](http://www.dg-chemical.com)) and website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify the Shareholders of the date, time and place of the rescheduled meeting.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

### MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
For and on behalf of the Board of  
**Dongguang Chemical Limited**  
東光化工有限公司  
**Wang Zhihe**  
*Chairman*

*This Appendix I serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.*

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at Latest Practicable Date, there were a total of 620,944,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 62,094,400 Shares which represents 10% of the aggregate number of Shares in issue as at the date of passing such resolution.

## **3. REASONS FOR THE REPURCHASE**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

## **4. FUNDING OF REPURCHASES**

In repurchasing the Company's securities, the Company may only apply funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Act and other applicable laws of the Cayman Islands.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2022, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve calendar months immediately preceding (and including) the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
April 2022	2.30	2.00
May 2022	2.20	2.10
June 2022	2.50	2.20
July 2022	2.54	2.30
August 2022	2.30	2.30
September 2022	2.30	1.80
October 2022	2.30	1.79
November 2022	2.29	1.90
December 2022	2.62	2.10
January 2023	2.76	2.60
February 2023	2.80	2.60
March 2023	2.80	2.60
April 2023 ( <i>Note</i> )	2.52	2.50

*Note:* Up to the Latest Practicable Date

## 6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

On the basis of the respective shareholding held by Sino-Coal Chemical Holding Group Limited ("**Sino-Coal Holding**") and Bloom Ocean Investments Limited ("**Bloom Ocean**") as at the Latest Practicable Date set out below, the exercise in full of the Repurchase Mandate may give rise to an obligation for Sino-Coal Holding and/or Bloom Ocean to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not have any present intention to exercise the proposed Repurchase Mandate to such an extent as would give rise to such an obligation.

Name	Number of Shares	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Sino-Coal Holding	279,680,000 Shares (Note 1)	45.04%	50.05%
Bloom Ocean	180,320,000 Shares (Note 2)	29.04%	32.27%
Total:	<u>460,000,000 Shares</u>	<u>74.08%</u>	<u>82.32%</u>

*Notes:*

1. These Shares were registered in the name of and beneficially owned by Sino-Coal Holding (which is owned as to approximately 33.059% by Timely Moon Limited (“**Timely Moon**”). Timely Moon is wholly owned by Mr. Wang Zhihe.
2. These Shares were registered in the name of and beneficially owned by Bloom Ocean which is owned as to approximately 44.27% by Timely Moon and approximately 44.01% by Plenty Sun Limited.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

## 7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

## 8. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and the regulations set out in the memorandum of association of the Company and the Articles.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

## APPENDIX II PARTICULARS OF DIRECTORS FOR RE-ELECTION

*The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:*

### EXECUTIVE DIRECTOR

#### Mr. Sun Zushan

##### *Position and experience*

Mr. Sun Zushan (“**Mr. Sun**”), aged 70, was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. He was appointed as member of the remuneration committee on 20 June 2017.

Mr. Sun is also the chief operating officer of the Group, and is responsible for overall operational management of the Group. Mr. Sun is one of the founders of the Group. He has over 52 years of experience in operation, and over 24 years of experience in managing the business of manufacturing coal-based fertiliser. Mr. Sun joined the Group in July 1998. He was the general manager of Hebei Dongguang Chemical Co., Ltd.\* (河北省東光化工有限責任公司) (“**Dongguang Chemical**”) from March 2012 to December 2017. Mr. Sun was the deputy general manager of Dongguang Chemical from July 1998 to February 2012, the deputy factory director and director of Hebei Dongguang Huafei Factory\* (河北省東光縣化肥廠) (“**Dongguang Huafei**”) from May 1998 to June 1998, assistant factory director of Dongguang Huafei from March 1997 to April 1998, chief of sales division of Dongguang Huafei from April 1994 to February 1997, the director of the technology transformation office of Dongguang Huafei from April 1991 to April 1994, the chief of production division of Dongguang Huafei from June 1989 to April 1991, the chief of supply division of Dongguang Huafei from January 1989 to June 1989, the deputy branch chemical factory director of Dongguang Huafei from September 1986 to January 1989, the deputy chief of equipment division of Dongguang Huafei from July 1984 to August 1986, the deputy director of chemical workshop of Dongguang Huafei from September 1978 to June 1984, the repairman of repair workshop of Dongguang Huafei from May 1974 to August 1978 and the operator of transform workshop of Dongguang Huafei from June 1970 to May 1974. He is also a director of certain subsidiaries of the Group.

Mr. Sun has not held other held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

##### *Length of service*

Mr. Sun has entered into a service contract with the Company in relation to his appointment as an executive Director for a term of one year and shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months’ written notice to the other. Mr. Sun is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

## APPENDIX II PARTICULARS OF DIRECTORS FOR RE-ELECTION

### *Relationships*

Mr. Sun is a director of Sino-Coal Holding (a controlling Shareholder). Sino-Coal Holding is owned as to approximately 6.908% by Power Moon Limited, a company wholly owned by Mr. Sun. Save as disclosed, as far as the Directors are aware, Mr. Sun does not have any relationships with other Directors, senior management of the Group, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders.

### *Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Sun was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

### *Director's emoluments*

Pursuant to the aforementioned service agreement and as at the Latest Practicable Date, Mr. Sun's emoluments are set out below:

- (a) Mr. Sun is entitled to an annual salary of HK\$360,000. Such salary is subject to an annual increment at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase.
- (b) Mr. Sun is entitled to a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for the time being of the Company shall not exceed 10% of the audited consolidated or combined net profit of the Group (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company.

The above emoluments of Mr. Sun have been determined with reference to his role and duties, experience and responsibilities as well as the prevailing market conditions and are subject to revision in future by the decision of the Board based on the recommendation of the remuneration committee of the Company.

**NON-EXECUTIVE DIRECTOR**

**Ms. Chen Jimin**

*Position and experience*

Ms. Chen Jimin (“**Ms. Chen**”), aged 49, was appointed as a non-executive Director on 6 April 2018.

Ms. Chen has over 19 years of experience in finance, management and investment. Ms. Chen had worked for Hebei Guofu Agricultural Investment Group Limited (河北省國富農業投資集團有限公司) from July 1996 to May 2006. Since then, she has been working for its subsidiary, Guofu (Hong Kong) Holdings Limited (國富(香港)控股有限公司) as a member of the board of directors as well as the general manager, and currently as its Chairlady who is in charge of the company operation, management and team formation, and participated in the preparation of initial public offerings for various enterprises. She had worked as the vice general manager of China U-Ton Holdings Limited (中國優通控股有限公司), a company then listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8232), and was in charge of investment, finance and external relationships from November 2010 to July 2012. Ms. Chen was awarded the designation of a Fellow Chartered Financial Practitioner by the Asia Pacific Financial Services Association in February 2008 and obtained the qualification of an Accredited Financial Planner from the American Association for the Certification of Training Program in April 2008.

Ms. Chen has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Pursuant to the letter of appointment issued by the Company to Ms. Chen, Ms. Chen has been appointed for a term of three years and shall be automatically renewable for successive terms of two years upon the expiry of the current term unless terminated by either party giving not less than three months’ notice in writing to the other. Ms. Chen is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

*Relationships*

Save that Ms. Chen is an employee of Guofu (Hong Kong) Holdings Limited (a substantial Shareholder), she does not have any relationships with other Directors, senior management of the Group, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders.

## APPENDIX II PARTICULARS OF DIRECTORS FOR RE-ELECTION

### *Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Ms. Chen was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

### *Director's emoluments*

Ms. Chen does not receive any directors' fee nor is she entitled to any other emoluments for her appointment as non-executive Director.

## INDEPENDENT NON-EXECUTIVE DIRECTOR

### **Mr. Ng Sai Leung**

#### *Position and experience*

Mr. Ng Sai Leung ("**Mr. Ng**"), aged 50, was appointed as an independent non-executive Director, and chairman of the audit committee and corporate governance committee of the Company on 20 June 2017.

Mr. Ng has over 20 years of experience in investment banking and business assurance industries. Mr. Ng has been the Managing Director and Head of Corporate Finance of Shanxi Securities International Capital Limited, a licensed corporation under the SFO which principally engages in the provision of investment banking services, since August 2019. He has been appointed as an independent non-executive director of Yunhong Guixin Group Holdings Limited (formerly known as MEIGU Technology Holding Group Limited), a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8349) with effect on 16 December 2016. He was also the managing director of Baron Global Financial Services Limited (currently known as VBG Capital Limited), a licensed corporation under the SFO which principally engages in the provision of investment banking services, from January 2015 to August 2019, a director of the investment banking department of CMB International Capital Corporation Limited, which principally engages in the provision of investment banking services to global, local institutional and corporate clients as well as individual investors, from August 2010 to January 2015, a vice president and senior vice president of the corporate finance division of CIMB Securities (HK) Ltd., a company which principally engages in the provision of a full range of services from cash equities, equity sales and research and debt capital markets through to financial/corporate advisory and merger and acquisitions, from June 2006 to August 2010, a senior manager and an associate director of MasterLink Securities (HK) Corp., Ltd., a company which principally engages in the provision of corporate finance advisory services, from May 2004 to May 2006, an assistant manager, manager and senior manager of the corporate finance department of Tai Fook Capital Limited (currently known as Haitong International Capital Limited), a company which principally engages in the provision of corporate finance advisory services, from September 1999 to April 2004, an officer of the compliance department of Hong Kong Futures Exchange Limited from March 1998 to September 1999, and a junior internal officer of the private banking division of Swiss Bank Corporation, an investment bank which then principally

## APPENDIX II PARTICULARS OF DIRECTORS FOR RE-ELECTION

engaged in the provision of financial services, from March 1997 to February 1998. He also worked as an accountant of Ernst & Young from August 1995 to March 1997. Mr. Ng was certified as a certified public accountant from the Board of Public Accountants of the State of Montana, the US in September 1997. He is also a member of the Chartered Financial Analyst Institute.

Save as disclosed, Mr. Ng has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

### *Length of service*

Pursuant to the letter of appointment issued by the Company to Mr. Ng, Mr. Ng has been appointed for a term of three years and shall be automatically renewable for successive terms of two years upon the expiry of the current term unless terminated by either party giving not less than three months' notice in writing to the other. Mr. Ng is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

### *Relationships*

As far as the Directors are aware, Mr. Ng does not have any relationships with other Directors, senior management of the Group, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders.

### *Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Ng was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

### *Director's emoluments*

Pursuant to the aforementioned letter of appointment and as at the Latest Practicable Date, Mr. Ng is entitled to an annual director's fee of HK\$180,000, which has been determined with reference to her role and duties, experience and responsibilities as well as the prevailing market conditions and are subject to revision in future by the decision of the Board based on the recommendation of the remuneration committee of the Company.

## **GENERAL**

As far as the Directors are aware and save as disclosed above, there are no other matters concerning any of the above Directors that need to be brought to the attention of the Shareholders in relation to their re-election and there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

# NOTICE OF ANNUAL GENERAL MEETING



## DONGGUANG CHEMICAL LIMITED 東光化工有限公司

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

**(Stock Code: 1702)**

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Dongguang Chemical Limited (“**Company**”) will be held as a physical meeting at 10:00 a.m. at Chengdong Industrial Zone, Dongguang County, Hebei Province, the PRC on Thursday, 25 May 2023 for the following purposes:

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company and the auditors of the Company for the year ended 31 December 2022;
2. to declare a final dividend for the year ended 31 December 2022 of HK8 cents per share of US\$0.0001 each in the capital of the Company;
3. (a) to re-elect, each as a separate resolution, the following person as a director of the Company:
  - (i) Mr. Sun Zushan;
  - (ii) Ms. Chen Jimin; and
  - (iii) Mr. Ng Sai Leung;(b) to authorise the board of directors of the Company to fix the directors’ remuneration;
4. to re-appoint BDO Limited as the auditors of the Company and to authorise the board of directors of the Company to fix their remuneration; to consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions:

## NOTICE OF ANNUAL GENERAL MEETING

5. “THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the directors of Dongguang Chemical Limited (“**Company**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “**Share**”) of US\$0.0001 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate number of Shares in issue on the date of the passing of this resolution; and
  - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of Shares purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of Shares in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

## NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law or the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

## NOTICE OF ANNUAL GENERAL MEETING

6. **“THAT:**
- (a) subject to paragraph (b) below, the exercise by the directors of Dongguang Chemical Limited (**“Company”**) during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (each, a **“Share”**) of US\$0.0001 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
  - (b) the aggregate number of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of Shares in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law or the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands to be held; or
    - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

## NOTICE OF ANNUAL GENERAL MEETING

7. “**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the general mandate granted to the directors of Dongguang Chemical Limited (“**Company**”) pursuant to paragraph (a) of resolution numbered 5 above be and it is hereby extended by the addition to the aggregate number of the shares (each, a “**Share**”) of US\$0.0001 each in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate number of Shares purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

By order of the Board  
**Dongguang Chemical Limited**  
東光化工有限公司  
**Wang Zhihe**  
*Chairman*

The PRC, 25 April 2023

*Registered office:*  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
Unit 1615-20, 16/F, Tower II,  
Grand Century Place  
193 Prince Edward Road West  
Mongkok, Kowloon  
Hong Kong

*Notes:*

1. As set out in the section headed “Special Arrangements for the Annual General Meeting” of this circular, the Board understands that Shareholders may not be able to attend the Annual General Meeting in person at the Annual General Meeting venue. If Shareholders wish to exercise their voting rights at the Annual General Meeting, they are recommended to cast their vote by lodging their proxy forms with the Company’s Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at the address stated in note 2 below in advance of the Annual General Meeting and appointing the chairman of the Annual General Meeting to vote on their behalf at the Annual General Meeting. Registered Shareholders will be able to view and participate in the Annual General Meeting through a live webcast through e-Meeting System, which can be accessed using computers, mobile phones or any browser-enabled electronic or communication devices. In the case of joint holders of Shares only ONE PAIR of log-in username and password will be provided to the joint holders. Any one of such joint holders may view and participate in the Annual General Meeting. No remote voting system is provided. For the avoidance of doubt, presence through the e-Meeting System is not counted as quorum or attendance of the Annual General Meeting, and will not revoke any proxy instrument previously delivered to the Company by the same Shareholder. Please refer to this circular for further details on the special arrangements for the Annual General Meeting.

A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 48 hours before the time of the above meeting (i.e. by 10:00 a.m. on Tuesday, 23 May 2023) or any adjourned meeting.
3. For the purpose of determining members who are qualified for attending the annual general meeting, the register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, during which no transfer of share will be effected. In order to qualify for attending the annual general meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch register and transfer office in Hong Kong at the address stated in note 2 above not later than 4:30p.m. on Friday, 19 May 2023 for registration.
4. For the purpose of determining members who are qualified for the proposed final dividend, conditional on the passing of resolution no.2 set out in this notice, the register of members of the Company will be closed from Thursday, 1 June 2023 to Monday, 5 June 2023, both days inclusive, during which no transfer of Share will be effected. In order to qualify for the proposed final dividend, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch register and transfer office in Hong Kong at the address stated in note 2 above not later than 4:30p.m. on Wednesday, 31 May 2023 for registration.
5. In relation to proposed resolutions numbered 5 and 7 above, approval is being sought from the shareholders of the Company for the grant to the directors of the Company a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The directors of the Company wish to state that they will exercise the powers conferred thereby to allot and issue Shares in circumstances which they deem appropriate for the benefit of the Company and its shareholders as a whole.
6. In relation to proposed resolution numbered 6 above, the directors of the Company wish to state that they will exercise the powers conferred thereby to purchase Shares in circumstances which they deem appropriate for the benefit of the Company and its shareholders as a whole. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix I to the circular of which this notice of the Annual General Meeting forms part.
7. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto to, but if more than one of such joint holders are present at the above meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Share shall alone be entitled to vote in respect thereof.
9. References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the Board comprises Mr. WANG Zhihe, Mr. SUN Zushan and Mr. XU Xijiang as executive directors; Ms. CHEN Jimin as non-executive director; Ms. LIN Xiuxiang, Mr. LIU Jincheng and Mr. NG Sai Leung as independent non-executive directors.*