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## **China Zenith Chemical Group Limited**

### **中國天化工集團有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 362)**

## **DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE COMPANY**

### **FORMATION OF JOINT VENTURE COMPANY**

The Board is pleased to announce that on 13 March 2024 (after trading hours of the Stock Exchange), the Company has entered into the JV Agreement with China Mining pursuant to which the parties agreed to establish the JV Company with a registered capital of RMB20 million. Upon its establishment, the JV Company will be owned as to 51% by the Company and 49% by China Mining.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the formation of the JV Company exceed 5% but less than 25%, the formation of the JV Company constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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## **THE JV AGREEMENT**

Date: 13 March 2024 (after trading hours of the Stock Exchange)

Parties: (1) the Company; and  
(2) China Mining.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, China Mining and its ultimate beneficial owners are Independent Third Parties.

### **Formation of the JV Company and its registered capital**

Pursuant to the JV Agreement, the Company and China Mining agree to establish the JV Company that shall be principally engaged in production and sales of mineral products and chemical products.

Upon its establishment, the JV Company will be owned as to 51% by the Company and 49% by China Mining. The registered share capital of the JV Company shall be RMB20,000,000, which will be contributed in cash as to 51% by the Company (i.e. RMB10,200,000), and 49% by China Mining (i.e. RMB9,800,000). The total registered share capital shall be injected into the JV Company within one year after the establishment of the JV Company. Accordingly, the JV Company will be accounted for as a subsidiary of the Group and its financial results will be consolidated into the consolidated financial statements of the Group. The capital contribution of RMB10,200,000 by the Company will be funded by internal resources of the Group.

The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement with reference to the total registered share capital of the JV Company and their respective shareholding interest in the JV Company.

### **Corporate governance**

The board of directors of the JV Company shall comprise five directors. The Company is entitled to nominate three directors and China Mining is entitled to nominate two directors.

The Company is also entitled to nominate two supervisors, one vice general manager and the chief financial officer of the JV Company. China Mining is entitled to nominate one supervisor, one general manager and one financial manager of the JV Company. The chairman of the supervisors shall be nominated by the Company.

The official seal, legal representative seal, contract seal and other seals of the JV Company shall be managed by personnel determined by the board of directors, but the financial seal shall be managed by the chief financial officer.

The total investment amount of the JV Company shall be determined by the Company and China Mining depending on the business development needs of the JV Company.

Loans, guarantees, and investments to be entered into by the JV Company shall be unanimously agreed by the Company and China Mining and orchestrated accordingly by the board of directors and management of the JV Company.

### **Distribution of profit**

Each shareholder of the JV Company shall be entitled to, on a pro rata basis of the contributed registered capital, receive the dividend.

### **INFORMATION ON THE PARTIES TO THE JV AGREEMENT**

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of coal-related chemical products and chemical products for agriculture.

China Mining is a an enterprise established in the PRC under the direct management of the Central Government with businesses covering trading and sales, sales of mineral products, sales of chemical products, sales of communication devices, leasing and sales of real estates, sales of construction materials, largescale agriculture and consultation services, etc. The company is renowned of its expertise and capability in these segments. As at 31 December 2023, its unaudited total assets was approximately RMB16.6 billion, its unaudited total liabilities amounted to approximately RMB5.5 billion, its unaudited bank and cash balance was approximately RMB700 million and its total gearing ratio was approximately 33%. Its unaudited annual total revenue was approximately RMB11.3 billion, unaudited annual profit was approximately RMB1.4 billion and the profit margin was approximately 12% for the year ended 31 December 2023.

### **REASONS FOR AND BENEFITS OF FORMATION OF THE JV COMPANY**

The JV Company will be established in Hengqin, Zhuhai, the PRC for the production and sales of mineral products and chemical products. China Mining will be responsible for the development of mineral product and chemical product trading business of the JV Company, while the Company will be responsible for the sales of the relevant products to the overseas market and deep processing of the products.

The Directors believe that the formation of the JV Company will enable better business development of the Company and China Mining through complementary advantages, synergy and resources integration. The JV Company will create higher value for the shareholders and the potential investors of the Company, and will achieve outstanding performance in the areas of mineral products and chemical products.

The terms of the JV Agreement were negotiated between the parties thereto after arm's length negotiations. In light of the above, the Directors consider that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“Business Day(s)”	means any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“China Mining”	中礦聯合控股集團有限公司 (for transliteration purpose only, China Mining United Holding Group Co., Ltd.)
“Company”	China Zenith Chemical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 362)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	a third party independent of and not connected with the Company and/or its subsidiaries and their respective connected persons
“JV Agreement”	the joint venture agreement dated 13 March 2024 entered into between the Company and China Mining in relation to the formation of the JV Company
“JV Company”	the company to be formed under the JV Agreement and to be established under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board  
**China Zenith Chemical Group Limited**  
**Law Tze Ping Eric**  
*Acting Chief Executive Officer*

Hong Kong, 13 March 2024

*As at the date of this announcement, Mr. Law Tze Ping Eric, Mr. Tang Yiduan, Mr. Shing Pan Yu James, Mr. Chin Chun Hin and Ms. Chan Yuk Foebe (duties suspended) are the executive Directors; and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.*