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If you are in any 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 securities in China Zenith Chemical Group Limited, you should at once hand this circular and 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 the transferee.

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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)

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A notice convening the SGM to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong, on Thursday, 17 October 2024 at 4:30 p.m. is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM, or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire and in such case, the proxy form shall be deemed to be revoked.

2 October 2024

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DEFINITIONS

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

“2023 Placing”	the placing of 280,000,000 new Shares under specific mandate conducted by the Company in December 2023 and completed in February 2024
“2024 Placing”	the placing of 300,000,000 new Shares under specific mandate conducted by the Company in May 2024 and completed in June 2024
“Announcement”	the announcement of the Company dated 20 September 2024 in relation to the Placing
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“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)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	no later than the seven Business Days following the satisfaction of all the conditions set out in the Placing Agreement (or such later date as may be agreed between the parties to the Placing Agreement in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in The Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and any of their respective associates
“Latest Practicable Date”	26 September 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2024 (or such later date as may be agreed between the Company and the Placing Agent)
“Placee(s)”	any individual(s), corporation(s) and/or institutional or professional investor(s) procured by or on behalf of the Placing Agents or its agent(s) to subscribe for any of the Placing Shares
“Placing”	the placing of up to 600,000,000 Placing Shares on a best effort basis on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Leeds Securities Investment Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 20 September 2024 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.1 per Placing Share
“Placing Share(s)”	a maximum of up to 600,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which, and for the sole purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, among others, the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Placing Shares
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the SGM to allot and issue a maximum of 600,000,000 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Winding-up Petition Announcement”	the announcement of the Company dated 20 September 2024 in relation to the winding up petition against the Company
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Law Tze Ping Eric
(Acting Chief Executive Officer)
Mr. Tang Yiduan
Mr. Shing Pan Yu James
Mr. Chin Chun Hin

Independent non-executive Directors:

Mr. Ma Wing Yun Bryan
Mr. Tam Ching Ho
Mr. Hau Chi Kit

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

*Head office and principal place of
business in Hong Kong:*

Suites 1003–1005, 10/F
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

2 October 2024

To the Shareholders,

Dear Sir or Madam,

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Placing.

The purpose of this circular is to provide you with further information regarding the Placing and to give you the notice of the SGM to be convened for the purpose of considering and, if thought fit, approving the Placing, the Placing Agreement, the allotment and issue of the Placing Shares pursuant to the Specific Mandate and the transactions contemplated thereunder.

LETTER FROM THE BOARD

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 20 September 2024 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties to subscribe for up to 600,000,000 Placing Shares at the Placing Price of HK\$0.1 per Placing Share.

Details of the Placing Agreement are set out below:

The Placing Agreement

Date : 20 September 2024 (after trading hours)

Parties : (i) the Company (as issuer); and
(ii) Leeds Securities Investment Limited (as placing agent).

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

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 3% of the aggregate Placing Price for the Placing Shares actually placed by the Placing Agent. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six Placees who shall be individuals, corporation(s) and/or institutional or professional investor(s) who and whose ultimate beneficial owners are independent of and not connected with the Company, the connected persons of the Company and their respective associates. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. Pursuant to the Placing Agreement, the Placing Agent will use its best endeavour to ensure that none of the

LETTER FROM THE BOARD

Places to be procured by the Placing Agent will, immediately upon Completion, become a substantial Shareholder (within the meaning of the Listing Rules).

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Placing, the maximum of 600,000,000 Placing Shares represent (i) approximately 44.39% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 30.74% of the issued share capital of the Company as enlarged by the allotment and issue of 600,000,000 Placing Shares.

The aggregate nominal value of the maximum of 600,000,000 Placing Shares is HK\$60,000,000.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents:

- (i) a premium of approximately 13.64% to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on 20 September 2024, being the date of the Placing Agreement;
- (ii) a premium of approximately 12.36% to the average closing price of approximately HK\$0.089 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement;
- (iii) no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules), represented by the theoretical diluted price of approximately HK\$0.1 per Share to the benchmarked price of approximately HK\$0.1 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Announcement of HK\$0.088 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement of HK\$0.089 per Share); and
- (iv) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the 2023 Placing and 2024 Placing represented by a discount of approximately 0.73%, represented by the cumulative theoretical diluted price of approximately HK\$0.099 per Share to the theoretical benchmarked price of HK\$0.1 per Share in respect of the 2023 Placing and 2024 Placing (as defined under Rule 7.27B of the Listing Rules, taking into account the benchmarked price of the 2023 Placing and the 2024 Placing, being HK\$0.1 per Share).

LETTER FROM THE BOARD

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions

The Placing is conditional upon the fulfilment of the following conditions:

- (i) the passing of necessary resolution(s) by the shareholders of the Company who are allowed to vote under the Listing Rules of the relevant resolution(s) to approve the Placing Agreement and the transactions contemplated hereunder, including the grant of the Specific Mandate at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

If the foregoing conditions are not fulfilled on or prior to the Long Stop Date, being 30 November 2024 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall be terminated and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses. As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Completion

Completion shall take place on the Completion Date, being not later than the seven Business Days following the satisfaction of all the conditions set out in the Placing Agreement (or such other date as may be agreed between the parties to the Placing Agreement in writing).

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

LETTER FROM THE BOARD

Specific Mandate to issue the Placing Shares

The Placing Shares will be issued under the Specific Mandate to be sought and approved by the Shareholders at the SGM.

Commission

The Placing Agent will be entitled to a commission of 3% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent.

Force Majeure

The Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 10:00 a.m. on the Completion Date if:

- (i) any material breach of any of the representations, warranties and undertakings set out in the Placing Agreement;
- (ii) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof;
- (iii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions;
- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise;
- (v) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (vi) any change or deterioration in the conditions of local, national or international securities markets occurs.

LETTER FROM THE BOARD

In the event that the Placing Agent terminates the Placing Agreement pursuant to the above, all obligations of each of the parties under the Placing Agreement, shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

The Directors are not aware of the occurrence of any of the above events as at the Latest Practicable Date.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Placing	
	<i>No. of Issued Shares</i>	<i>Approximate %</i>	<i>No. of Issued Shares</i>	<i>Approximate %</i>
<i>Substantial Shareholders</i>				
Mr. Cheung Hung	238,460,000	17.64%	238,460,000	12.2%
China Mining United Holding Group Co., Ltd	154,960,000	11.47%	154,960,000	7.94%
<i>Director</i>				
Mr. Chin Chun Hin (<i>Note 1</i>)	106,800,000	7.90%	106,800,000	5.47%
<i>Public Shareholders</i>				
Placees (<i>Note 2</i>)	–	–	600,000,000	30.74%
Other public Shareholders	851,328,168	62.99%	851,328,168	43.63%
Total	<u>1,351,548,168</u>	<u>100.00%</u>	<u>1,951,548,168</u>	<u>100.00%</u>

Notes:

- (1) Mr. Chin Chun Hin, an executive Director, is interested in 106,800,000 Shares. Ms. Hung Tsz Shan (the spouse of Mr. Chin Chun Hin) is deemed to be interested in the 106,800,000 Shares held by Mr. Chin Chun Hin by virtue of the SFO.
- (2) Pursuant to the Placing Agreement, the Placing Agent will use its best endeavour to ensure that none of the Placees to be procured by the Placing Agent will, immediately upon Completion, become a substantial Shareholder (within the meaning of the Listing Rules) and the Placees will become public shareholders of the Company upon Completion.

LETTER FROM THE BOARD

FUND-RAISING DURING THE PAST TWELVE MONTHS

The Company has conducted the following fund-raising activities involving issue of securities in the twelve (12) months before the date of the Announcement:

Date of announcement/ circular/prospectus	Fund-raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds
20 May 2024, 29 May 2024 and 28 June 2024	Placing of new shares under specific mandate	HK\$29.4 million	HK\$24 million and approximately HK\$5.4 million of such net proceeds for repayment of the Group's indebtedness and interest expenses; and for replenishing the working capital of the Group, respectively	HK\$27 million and approximately HK\$2.4 million of such net proceeds for repayment of the Group's indebtedness and interest expenses; and for replenishing the working capital of the Group, respectively
13 March 2024, 10 April 2024 and 19 April 2024	Placing of shares under general mandate	HK\$10.3 million	HK\$10.3 million for general working capital	HK\$10.3 million for general working capital
15 December 2023, 3 January 2024 and 2 February 2024	Placing of new shares under specific mandate	HK\$26.6 million	HK\$22.4 million and approximately HK\$4.2 million of such net proceeds for repayment of the Group's indebtedness and for replenishing the working capital of the Group, respectively	HK\$22.4 million and approximately HK\$4.2 million of such net proceeds for repayment of the Group's indebtedness and for replenishing the working capital of the Group, respectively

All of the net proceeds of HK\$66.3 million from the abovementioned fund-raising activities have been fully utilised as at the Latest Practicable Date. Save as disclosed above, the Company had not conducted any other equity fund-raising activities involving issue of securities in the past twelve months immediately prior to the date of the Announcement. As at the Latest Practicable Date, the Company does not have any concrete fundraising plan for the upcoming 12 months.

USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE PLACING

The Group is principally engaged in the manufacturing and sales of coal-related chemical products and chemical products for agriculture.

LETTER FROM THE BOARD

The gross proceeds from the Placing will be HK\$60,000,000 (assuming all the Placing Shares are fully placed). The net proceeds, after deduction of relevant expenses (including but not limited to placing commission, legal expenses and disbursements) of approximately HK\$2.1 million, are estimated to be approximately HK\$57.9 million, representing a net issue price of approximately HK\$0.0965 per Placing Share.

As at the Latest Practicable Date, the Company has cash and balances in the amount of HK\$164,000 with no specific intended uses. The Company intends to apply the net proceeds from the Placing (i) as to HK\$50 million for repayment of the Group's indebtedness, being bond payables and other loan repayables, and relevant interest expenses and (ii) as to HK\$7.9 million as general working capital of the Group.

Repayment of bond payables

As at the Latest Practicable Date, the Group has outstanding bond payables to be repaid by the Company in 12 months since the Latest Practicable Date in the total sum of HK\$902,110,000, and the bonds were all issued by the Company to raise funds for general working capital of the Group. Among all the above bonds issued by the Company, (a) the Company first issued the relevant bonds on 20 December 2013, which were matured on 20 December 2021 and the maturity date had been renewed and extended to 31 December 2023; (b) the last issue of the relevant bonds were made by the Company on 31 May 2018, which will be matured on 31 May 2025; (c) the earliest bond maturity date of the above bonds was 8 June 2021, which was issued on 8 June 2017; and (d) the latest bond maturity date of the above bonds will be 27 September 2025, which was issued on 27 September 2017.

The following table sets out the number of bondholders, the respective repayable period and the respective outstanding amount of all bond payables to be repaid by the Company in 12 months since the Latest Practicable Date.

No. of bondholders	Repayable period	Outstanding amount (HK\$'000)
74	Overdue	403,570
13	1–3 months	61,700
18	4–6 months	95,100
22	7–9 months	93,940
46	10–12 months	247,800
Total		<u>902,110</u>

LETTER FROM THE BOARD

The following table sets out the details of the repayment allocation of bond payables and loan repayables using the net proceeds from the Placing.

No. of payees	Nature	Status as at the Latest Practicable Date	Repayment allocation (HK\$'000)
1 (<i>Note 1</i>)	Bond payables	Repayable under court order	10,000
2 (<i>Note 2</i>)	Loan repayables	Repayable on demand	20,000
20	Bond payables	Matured and under negotiation with the bondholders	20,000
Total			50,000

Notes:

- As disclosed in the Winding-up Petition Announcement, the existing petitioner as at the date of the Winding-up Petition Announcement has been substituted by another creditor (the “**Substituted Creditor**”) and two other parties who had applied to be substituted to be the petitioner. The alleged outstanding claims of the Substituted Creditor and the two creditors applying to become the petitioner are exactly HK\$10 million, approximately HK\$13.7 million and approximately HK\$7.3 million, respectively. The Company will repay which ever party who will remain or become the petitioner, pursuant to the above allocation in the maximum amount of HK\$10 million.
- The total amount of loan repayables owed by the Company are approximately HK\$32 million, which will be partly repaid in the total amount of HK\$20 million pursuant to the above allocation.

As at the Latest Practicable Date, the Group expects additional funding in the amount of approximately HK\$120 million to HK\$150 million is required for further settlement of bond payables and loan repayables, for the next 12 months, which shall be satisfied by (i) the recovery of not less than HK\$100 million from liquidating a subsidiary of the Group; (ii) selling of an idle land in Mudanjiang, the PRC in the amount of approximately HK\$25 million to HK\$30 million; and (iii) the obtaining of bank borrowings in the amount of approximately HK\$30 million to HK\$50 million by pledging lands and buildings in use in Mudanjiang and Heihe, the PRC. The Company will comply with the relevant Listing Rules in relation to the above expected transactions, including but not limited to making the relevant disclosures, as and when necessary.

LETTER FROM THE BOARD

General working capital

The following table sets out the details of the allocation of the net proceeds from the Placing for general working capital:

Intended use	Amount (HK\$'000)
Audit fees	1,100
Rental fees	800
Legal fees	2,120
Corporate administration fees	250
Financial printer fees	450
Staff salaries	900
Valuation fees	480
Other general working capital	1,800
Total	<u>7,900</u>

The Board wishes to clarify that there were inadvertent typing mistakes on each of page 1 and 3 of the announcement of the Company dated 20 September 2024 respectively in relation to the identity of the previous placing agent who, together with the Company, terminated the placing agreement dated 22 August 2024 mutually and amicably in relation to the Company's previous placing of new shares under specific mandate, and which should be Ruibang Securities Limited instead of Leeds Securities Investment Limited as mistakenly stated in the announcement.

The abovementioned termination was primarily due to the decline in the price of the Shares following the previous placing agreement, which led to a loss of confidence in the ability to successfully place the shares with at least six placees by the former placing agent. Despite the higher placing commission of 3% charged by the new Placing Agent, they are confident in their ability to secure subscriptions from at least six placees for up to 600,000,000 Placing Shares as according to the Placing Agent, they have in contact with potential placees who are already holders of the Shares as at the Latest Practicable Date and the Placing Agent is in the view that they might be interested to acquire the Placing Shares.

The Directors are of the view that the higher placing commission as compared with the previous placing is in the best interest of the Company and its shareholders because (i) as the previous placing agent has terminated the previous placing agreement dated 22 August 2024 with the Company, the higher placing commission provides an incentive for the Placing Agent to conduct the Placing, which would allow the Company to continue to have the opportunity to raise funds in the form of placings; and (ii) the 3% placing commission is within the normal and prevailing rates in the market and the Company has conducted placings with similar rate of placing commission before.

LETTER FROM THE BOARD

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to repay indebtedness and interest expenses of the Group and finance its working capital needs. The Placing also represents a good opportunity to broaden the Shareholders' base and the capital base of the Company.

The Board has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under Specific Mandate.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement (including the placing commission) are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

GENERAL

The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to the Shareholders' approval at the SGM.

The Placing is subject to the Shareholders' approval at the SGM. The Placing Shares will be allotted and issued under the Specific Mandate and the Placing will be subject to the Shareholders' approval at the SGM.

SGM

A SGM will be held and convened for the purpose of considering and, if thought fit, approving the Placing Agreement and the transaction contemplated thereunder, including allotment and issue of the Placing Shares, and grant of the Specific Mandate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders and their respective close associates has any material interest in the Placing, the Placing Agreement, the allotment and issue of the Placing Shares pursuant to the Specific Mandate and the transactions contemplated thereunder and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Placing, the Placing Agreement, the allotment and issue of the Placing Shares pursuant to the Specific Mandate and the transactions contemplated thereunder at the SGM.

A notice for convening the SGM to be held at 22/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong, on Thursday, 17 October 2024 at 4:30 p.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for the SGM is also enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours

LETTER FROM THE BOARD

before the time fixed for the SGM. The completion of a form of proxy will not preclude you from attending and voting at the SGM in person.

CLOSURE OF REGISTER OF MEMBERS

In order to determine members who are entitled to attend the SGM, the transfer books and register of members will be closed from Monday, 14 October 2024 to Thursday, 17 October 2024, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the SGM, all registered holders of shares of the Company should ensure that all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 10 October 2024.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the Placing, the Placing Agreement, the allotment and issue of the Placing Shares pursuant to the Specific Mandate and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole and so recommend all Shareholders to vote in favour of the resolutions to be proposed at the SGM.

STATEMENT OF RESPONSIBILITY

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MISCELLANEOUS

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

The Placing is conditional upon satisfaction of its conditions in the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**SGM**”) of China Zenith Chemical Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) will be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong, on Thursday, 17 October 2024 at 4:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional placing agreement (the “**Placing Agreement**”) dated 20 September 2024 and entered into between the Company as issuer and Leeds Securities Investment Limited as the placing agent in relation to the placing of up to 600,000,000 shares of the Company (the “**Placing Shares**”) at the placing price of HK\$0.1 per Placing Share (a copy of the Placing Agreement having been produced to the SGM and marked “A” and initialed by the chairman of the SGM for the purpose of identification), and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares) be and are hereby approved, confirmed and ratified;
- (b) the board of Directors be and is hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Placing Shares, subject to and in accordance with the terms and conditions of the Placing Agreement; and

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- (c) any one or more Director(s) be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the Placing Agreement, and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 2 October 2024

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Head office and principal place of business in Hong Kong:

Suites 1003–1005, 10/F
Shui On Centre
6–8 Harbour Road
Wanchai
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll vote may be given either personally or by proxy. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the SGM was originally held within 12 months from such date.

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5. Where there are joint holders of any shares, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the SGM if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. The Company's register of members will be closed during the period from Monday, 14 October 2024 to Thursday, 17 October 2024, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 10 October 2024.
8. The voting at the SGM (or any adjournment thereof) shall be taken by way of poll.