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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 with limited liability)

(Stock Code: 362)

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of China Zenith Chemical Group Limited (the “**Company**”) dated 15 August 2016 in relation to the proposed open offer on the basis of one offer share for four existing shares of the Company held on the record date (“**Open Offer**”) and proposed issue of bonus shares on the basis of one bonus share for every offer share taken up under the open offer (“**Bonus Issue**”). The Company announces that the board of directors (the “**Board**”) of the Company proposed to make the following amendments to the articles of association of the Company (the “**Articles**”) to facilitate the Bonus Issue.

The existing Articles provides that the capitalisation of the Company’s reserves or funds by way of distribution of bonus shares to the shareholders of the Company (“**Shareholders**”) should be in the same proportion to their shareholdings. In order to give effect to the Bonus Issue (which will not be made to Shareholders on a pro rata basis as the bonus shares under the Bonus Issue will only be issued to Shareholders who have taken up the offer shares under the Open Offer) as proposed, the Board

proposes to put forward a special resolution to the Shareholders for approval at an extraordinary general meeting of the Company (“**EGM**”) in respect of the amendments to Article 153.(A) and 153.(B) of the Articles, to allow the allotment and issue of the bonus shares not in proportion to the shareholding of the Shareholders by way of capitalisation of the reserve account of the Company. The Board proposed to make the following amendments to the Articles.

Existing Provisions	Amended Provisions
<p>Article 153.</p> <p>(A) The Company in general meeting may, upon the recommendation of the Directors, resolve to capitalise any sum standing to the Company’s reserves (including any share premium account or undistributable reserve,) or any undivided profits not required for the payment or provision of the dividend on any shares with a preferential right to dividend, by appropriating such sum or profits to the holders of shares on the register at the close of business on the date of the relevant resolution (or such other date as may be specified therein or determined as provided therein) in the proportion in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend on shares either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full unissued shares or debentures or other securities of the Company to be allotted and distributed credited as fully paid to and amongst such shareholders in the proportion aforesaid, or partly in one way and partly in the other.</p>	<p>Article 153.</p> <p>(A) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) or otherwise available for distribution and accordingly that such amount be set free for distribution among the shareholders or any class of shareholders who would be entitled thereto if it were distributed by way of dividend and in the same proportions (or such other proportions as the Board may propose and as approved by an ordinary resolution of the Company on each occasion), on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such shareholders respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such shareholders, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares the Company to be allotted to such shareholders credited as fully paid.</p>

Existing Provisions	Amended Provisions
<p>(B) Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the reserves or profits and undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures, or other securities and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Article, the Directors may settle any difficulty which may arise in regard to a capitalisation issue as they think fit, and in particular may disregard fractional entitlements or round the same up or down and may determine that cash payments shall be made to any shareholders in lieu of fractional entitlements or that fractions of such value as the Directors may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned, and no shareholders who are affected thereby shall be deemed to be, and they shall be deemed not to be, a separate class of shareholders for any purposes whatsoever. The Directors may authorise any person to enter on behalf of all shareholders interested in a capitalisation issue any agreement with the Company or other(s) providing for such capitalisation and matters in connection therewith and any agreement made under such authority shall be effective and binding upon all concerned. Without limiting the generality of the foregoing, any such agreement may provide for the acceptance by such persons of the shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.</p>	<p>(B) Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the reserves or profits and undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures, or other securities and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Article, the Directors may settle any difficulty which may arise in regard to a capitalisation issue as they think fit, and in particular may <u>resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may</u> disregard fractional entitlements or round the same up or down and may determine that cash payments shall be made to any shareholders in lieu of fractional entitlements or that fractions of such value as the Directors may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the shareholders concerned, and no shareholders who are affected thereby shall be deemed to be, and they shall be deemed not to be, a separate class of shareholders for any purposes whatsoever. The Directors may authorize<u>appoint</u> any person to enter<u>sign</u> on behalf of all shareholders interested in a capitalisation issue<u>entitled to participate in the capitalisation</u> any agreement with the Company or other(s) providing for such capitalisation and matters in connection therewith and any agreement made under such authority shall be effective and binding upon all concerned. Without limiting the generality of the foregoing, any such agreement may provide for the acceptance by such persons of the shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.</p>

A circular containing, among other things, details of the proposed amendments to the Articles, together with a notice of the EGM, will be despatched to the Shareholders in due course.

On behalf of the board of
China Zenith Chemical Group Limited
Chan Yuk Foebé
Chairman and Chief Executive Officer

Hong Kong, 23 September 2016

As at the date hereof, Ms. Chan Yuk Foebé, Mr. Law Tze Ping Eric and Mr. Yu Defa 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.