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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of China Zenith Chemical Group Limited (“**Company**”) will be held at 4:30 p.m. on Monday, 13 March 2017 at Room 4007, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong to consider and, if thought fit, pass the following resolutions as special resolutions of the Company.

SPECIAL RESOLUTIONS

1. “**THAT:**

- (a) the articles of association of the Company be and are hereby amended by adding the following new Article 197 immediately after the existing Article 196 (“**Amendment to Articles**”):

Transfer By Way Of Continuation

197. The Company may exercise the power contained in the Companies Law to be deregistered in the Cayman Islands and registered by way of continuation in another jurisdiction; and

- (b) the directors of the Company (“**Directors**”) be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Amendment to Articles.”

2. “**THAT:**

- (a) subject to the passing of special resolution numbered 1 above and obtaining all necessary governmental and regulatory consents, the change of the domicile of the Company (“**Change of Domicile**”) from the Cayman Islands to Bermuda by way of de-registration as a company under the laws of the Cayman Islands and continuation of the Company as an exempted company under the laws of Bermuda be and is hereby approved;

- (b) the memorandum of continuance, a copy of which has been produced to the Meeting marked “A” and initialled by the chairman of the Meeting (“**Chairman**”) for the purpose of identification, be and is hereby adopted in substitution for the memorandum of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
 - (c) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the bye-laws of the Company, a copy of which has been produced to the Meeting marked “B” and initialled by the Chairman for the purpose of identification, be and is hereby adopted in substitution for the articles of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
 - (d) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the maximum number of Directors shall, for the time being, be fixed at twenty (20) and the Directors be and are hereby authorised to fill any vacancies on the board of Directors and to appoint additional Directors up to the maximum number determined herein or such other maximum number as may be determined from time to time by members of the Company in general meeting and to appoint alternate Directors at their discretion; and
 - (e) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the foregoing.”
3. “**THAT** subject to the passing of special resolutions numbered 1 and 2 above:
- (a) the proposed Share Consolidation whereby every four (4) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$0.40 each;
 - (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;
 - (c) following the Share Consolidation, (i) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.30 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.10 (“**New Shares**”); and (ii) the par value of all Consolidated Shares in the authorised share capital of the Company be reduced from HK\$0.40 each to HK\$0.10 each resulting in the reduction of authorised share capital of the Company from HK\$500,000,000 to HK\$125,000,000 divided into 1,250,000,000 New Shares of par value of HK\$0.10 each;

- (d) subject to and forthwith upon the Capital Reduction becoming effective, the authorised share capital be increased from HK\$125,000,000 (divided into 1,250,000,000 New Shares) to HK\$500,000,000 (divided into 5,000,000,000 New Shares) by the creation of 3,750,000,000 New Shares;
 - (e) the credits arising from the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation and the Capital Reduction be transferred to the Contributed Surplus Account;
 - (f) the amount standing to the credit of the Contributed Surplus Account be applied in any manner as may be permitted under the Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended) in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying dividend and/or making any other distribution out of the contributed surplus account from time to time without further authorisation from the Shareholders; and
 - (g) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the foregoing.
4. “**THAT** subject to the passing of special resolutions numbered 1 and 2 above and conditional upon the Change of Domicile (as defined in special resolution numbered 2 above) becoming effective and The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below), with effect from the 21st day (if it is not a business day in Hong Kong, the immediately following business day in Hong Kong) after the effective date of the Change of Domicile (“**Effective Date**”):
- (a) the credits arising from the Capital Reduction be transferred to the Contributed Surplus Account (as defined in special resolution numbered 3 above) and the Directors be and are hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the bye-laws of the Company in effect from time to time and all applicable laws including, without limitation, (i) eliminating or setting off the accumulated losses of the Company as at the Effective Date; (ii) eliminating or setting off the accumulated losses of the Company as may arise from time to time; and/or (iii) paying dividend and/or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed; and
 - (b) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the Capital Reorganisation involving the Share Consolidation and the Capital Reduction and (where applicable) to aggregate all fractional New Shares and sell them for the benefits of the Company.”

5. “**THAT** subject to the passing of special resolutions numbered 1 and 2 above and conditional upon the Change of Domicile (as defined in special resolution numbered 2 above) becoming effective:
- (a) the entire amount standing to the credit of the share premium account of the Company as at the day of passing this resolution be reduced to nil and transferred the credits arising from the reduction of share premium to the Contributed Surplus Account (the “**Reduction of Share Premium Account**”);
 - (b) the Directors be and are hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account as a result of the Reduction of Share Premium Amount in any manner as may be permitted under the bye-laws of the Company in effect from time to time and all applicable laws including, without limitation, (i) eliminating or setting off the accumulated losses of the Company as at the Effective Date; (ii) eliminating or setting off the accumulated losses of the Company as may arise from time to time; and/or (iii) paying dividend and/or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed; and
 - (c) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Reduction of Share Premium Account for the benefits of the Company.”

ORDINARY RESOLUTION

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the additional shares of HK\$0.10 each in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the share option scheme adopted by the Company on 20 December 2012 (the “**Share Option Scheme**”), the refreshment of the limit in respect of the granting of options to subscribe for Shares under the Share Option Scheme be and is hereby approved, provided that:

- (a) the total number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution (the “**Refreshed Limit**”);
- (b) options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme) will not be counted for the purpose of calculating the Refreshed Limit;

- (c) the Directors be and are hereby unconditionally authorised to offer or grant options pursuant to the Share Option Scheme to subscribe for Shares up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares upon the exercise of such options; and
- (d) such increase in the Refreshed Limit shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company exceed 30% of the Shares in issue from time to time.”

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

Hong Kong, 17 February 2017

Registered office:
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

*Head office and principal place of business in
Hong Kong:*
Room 4007, 40/F,
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

1. As at the date hereof, the Board comprises Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric and Mr. Yu Defa as the executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit as the independent non-executive Directors.
2. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any share, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he/she were solely entitled to vote; but if more than one of such joint holders be present at the meeting in person or by proxy, then the one of such holders whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.