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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)

FRAMEWORK AGREEMENT IN RELATION TO POSSIBLE ISSUE OF CONVERTIBLE BONDS AND NON-CONVERTIBLE BONDS

This announcement is made by China Zenith Chemical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, on 11 May 2022 (after trading hours), the Company and Beijing Gaoya Investment Management Limited (“**Strategic Partner**”) entered into a framework agreement (the “**Framework Agreement**”), pursuant to which the Strategic Partner expressed its intention to subscribe (the “**Subscription**”) for convertible bonds (the “**Convertible Bonds**”) and non-convertible bonds (the “**Non-Convertible Bonds**”) to be issued by the Company. Pursuant to the Framework Agreement, the initial terms of the Convertible Bonds and Non-Convertible Bonds are stated below:

CONVERTIBLE BONDS

It is intended the initial conversion price per share of the Convertible Bonds shall be HK\$0.3 and the number of conversion shares shall not exceed 800,000,000. The Convertible Bonds are zero coupon bonds and maturity date is two (2) years from the issue date of a Convertible Bonds.

NON-CONVERTIBLE BONDS

The principal amount of Non-Convertible Bonds shall not exceed HK\$150,000,000, interest at 5% per annum and maturity date is four (4) years from the issue date of a Non-Convertible Bonds.

Save for terms relating to confidentiality, termination, dispute resolution, binding effect and governing law, the Framework Agreement is not legally binding.

THE FRAMEWORK AGREEMENT

Date: 11 May 2022 (after trading hours)

Parties: (i) the Company; and
(ii) Beijing Gaoya Investment Management Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Strategic Partner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter

The Strategic Partner expressed its intention to subscribe for the Convertible Bonds and the Non-Convertible Bonds. The initial terms of the Convertible Bonds and Non-Convertible Bonds are stated below:

Convertible Bonds

It is intended the initial conversion price per share of the Convertible Bonds shall be HK\$0.3 and the number of conversion shares shall not exceed 800,000,000. The Convertible Bonds are zero coupon bonds and maturity date is two (2) years from the issue date of a Convertible Bonds.

Non-Convertible Bonds

The principal amount of Non-Convertible Bonds shall not exceed HK\$150,000,000, interest at 5% per annum and maturity date is four (4) years from the issue date of a Non-Convertible Bonds.

Detailed terms and conditions of the Subscription of the Convertible Bonds and Non-Convertible Bonds have not agreed and shall be subject to further negotiations between the parties to the Framework Agreement.

Formal subscription agreement

The parties to the Framework Agreement shall endeavour to negotiate, finalise and enter into a formal subscription agreement (the “**Subscription Agreement**”) in relation to the Subscription within ninety (90) days from the date of the Framework Agreement. The Subscription Agreement shall include terms which are customary in similar type of transaction, including but not limited to the following conditions:

- (a) the Stock Exchange having granted the listing of and permission to deal in the shares of the Company to be allotted and issued upon conversion of the Convertible Bonds and Non-Convertible Bonds; and
- (b) all necessary approvals, permits, waivers and consents in relation to the Subscription Agreement and the transactions contemplated thereunder having been obtained.

Term

If the parties to the Framework Agreement do not enter into the Subscription Agreement within ninety (90) days from the date of the Framework Agreement, the Framework Agreement shall terminate. The parties to the Framework Agreement agreed that, save for the provisions in relation to confidentiality, termination, dispute resolution, binding effect and governing law under the Framework Agreement, the Framework Agreement is not legally binding.

The Board wishes to emphasise that the Subscription is subject to, among other things, the signing of formal agreement(s) and the terms and conditions of which are yet to be agreed. As the Subscription may or may not proceed, shareholders and investors of the Company are advised to exercise with caution when dealing in securities of the Company. Further announcement will be made by the Company should any legally binding agreement be entered into as and when appropriate.

INFORMATION ON GAOYA INVESTMENT

Gaoya Investment is a company incorporated in the People’s Republic of China with limited liability and has a registered capital of RMB10,000,000, the substantial shareholder of which is Beijing Topnew Group Co., Ltd. (“**Topnew Group**”), which holds 40% of the equity interest.

Topnew Group is a company incorporated in the People's Republic of China with limited liability and has a registered capital of RMB601,970,000. Topnew Group is a **wholly owned subsidiary of the People's Government of Beijing Municipality**.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, Gaoya Investment and its ultimate beneficial owners are all third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

By order of the Board
China Zenith Chemical Group Limited
Chan Yuk Foebe
Chairman and Chief Executive Officer

Hong Kong, 11 May 2022

As at the date of this announcement, Ms. Chan Yuk Foebe, Mr. Gao Ran and Mr. Law Tze Ping Eric 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.