

Dated 21 JUN 2022

**CHINA ZENITH CHEMICAL GROUP LIMITED**  
(中國天化工集團有限公司)  
as Issuer

and

**WONG CHUI BING**  
as Subscriber

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**CONVERTIBLE BONDS SUBSCRIPTION AGREEMENT**  
in relation to the issue of Convertible Bonds  
in an aggregate principal amount of up to HK.\$16,800,000 by

**CHINA ZENITH CHEMICAL GROUP LIMITED**  
(中國天化工集團有限公司)  
*(a company incorporated in the Cayman Islands  
and continued in Bermuda with limited liability)*

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**THIS CONVERTIBLE BONDS SUBSCRIPTION AGREEMENT** (this "Agreement") is made on

**BETWEEN:**

1. **CHINA ZENITH CHEMICAL GROUP LIMITED** (中國天化工集團有限公司), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose registered office is at Victoria Place, 5<sup>th</sup> Floor, 31 Victoria Street, Hamilton HM10, Bermuda (the "Company"); and
2. **WONG CHUI BING**, holder of HKID [REDACTED] whose address is situate at [REDACTED] (the "Subscriber").

**WHEREAS:**

- (A) The Company is a company listed on the Main Board of the Stock Exchange with stock code 362. Further details of the Company are set out in Schedule 3 of this Agreement.
- (B) The Company desires to issue to the Subscriber, and the Subscriber desires to subscribe from the Company convertible bonds of an aggregate principal amount of HK\$16,800,000 in the form attached hereto in Schedule 4 (the "Convertible Bonds") pursuant to the terms and subject to the conditions of this Agreement.
- (C) The Company has, at the date of this Agreement, an authorized share capital of HK\$500,000,000 divided into 5,000,000,000 Shares (as defined below) with a par value of HK\$0.10 each, of which 2,660,560,978 Shares have been issued and are fully paid and are listed on the Stock Exchange (as defined below).
- (D) As at the date of this Agreement, the Company is indebted to the Subscriber in the sum of HK\$16,800,000 (the "Debt") which is due and payable by the Company to the Subscriber on or before 20 September 2022 pursuant to a loan agreement dated 20 June 2022 entered into between the Company and the Subscriber under which the Company shall borrow and the Subscriber shall advance a loan in the sum of HK\$16,800,000 to the Company for a term of three (3) months from the date of the said loan agreement at an interest rate of 7.5% per annum.
- (E) The Company and the Subscriber desire to enter into this Agreement under which the Subscriber shall subscribe for the Convertible Bonds and the subscription monies will be settled by setting off against the Debt and subject to the terms and conditions hereof.

**IT IS HEREBY AGREED:**

## 1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement (including the Recitals above), the following expressions shall, unless the context requires otherwise, have the following meanings:

“Bond Certificate”	the certificate to be issued in respect of the Convertible Bonds substantially in the form set out in Schedule 4;
“Bondholder”	means a holder of any amount of the Convertible Bonds from time to time;
“Business Day”	any day (excluding a Saturday) on which banks generally open for normal banking business in Hong Kong;
“Closing”	has the meaning ascribed to it in Clause 2.2;
“Closing Date”	has the meaning ascribed to it in Clause 2.2;
“Company Warranties”	the representations, warranties and undertakings contained in Clause 4.1 and Schedule 2;
“Conditions”	the terms and conditions to be attached to or form part of the Convertible Bonds (with such amendments thereto as the parties may agree), and “Condition” refers to the relative numbered paragraph of the Conditions;
“Conditions Precedent”	the conditions set out in Clause 3.1;
“Consideration”	has the meaning ascribed to it in Clause 2.1;
“control”	means, with respect to any Person, the power or authority, whether exercised or not, to direct the business, management, policies or activities of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to appoint or remove or control the composition of a majority of the board of directors of such Person. The terms “controlled” and “controlling” have meanings correlative to the foregoing;
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the principal amount (or any part(s) thereof) of the Convertible Bonds into Shares;
“Conversion Shares”	the Shares to be issued by the Company under the Convertible Bonds upon exercise of the Conversion Rights

or otherwise pursuant to the Conditions;

<b>“Convertible Bonds” or “Bond”</b>	the HK\$16,800,000 zero-coupon convertible bonds due 2025 proposed to be issued by the Company to the Subscriber (or their nominee(s)) pursuant hereto and convertible into the Shares at the initial conversion price of HK\$0.1 per Share, subject to adjustment;
<b>“Debt”</b>	As defined in recital (D);
<b>“Encumbrance”</b>	means any interest or equity of any Person (including any right to acquire, option or right of pre-emption or first offer or first refusal) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or other security agreement or arrangement or any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership;
<b>“General Mandate”</b>	means the general mandate to allot, issue and deal with Shares (up to such number the aggregate nominal amount of which is equal to 20 per cent. of the aggregate nominal amount of the share capital of the Company at the date of passing the ordinary resolution, consisting of as at that date 354,741,463 Shares) granted to the directors of the Company by shareholders of the Company at its annual general meeting held on 9 December 2021 in the terms of the ordinary resolution set out in the notice of annual general meeting of the Company dated 16 November 2021;
<b>“Governmental Authority”</b>	means any nation or government or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission, instrumentality, securities exchange, supervisory or regulatory body of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization;
<b>“Group”</b>	the group of companies consisting of the Company and its Subsidiaries and the expression <b>“member of the Group”</b> and <b>“Group Member”</b> shall be construed accordingly;
<b>“HK\$”</b>	the lawful currency of Hong Kong;
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock

	Exchange;
<b>“Long Stop Date”</b>	means 31 July 2022;
<b>“Material Adverse Effect”</b>	means an adverse effect resulting in any loss, directly or indirectly, of at least HK\$100,000 or its equivalent, to the Company and/or any other Group Member in the aggregate;
<b>“Party”</b>	a named party to this Agreement and its successors and permitted assigns;
<b>“Parties”</b>	means collectively all the parties to this Agreement;
<b>“Person”</b>	means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity;
<b>“SFO”</b>	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
<b>“Shares”</b>	ordinary shares of HK\$0.10 each in the capital of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subscriber Warranties”</b>	the representations, warranties and undertakings contained in Clause 4.2 and Schedule 2;
<b>“Subscription”</b>	the subscription of the Convertible Bonds by the Subscriber in accordance with this Agreement;
<b>“subsidiary” and “holding company”</b>	shall have the respective meanings assigned to those expressions by sections 15 and 13 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong), save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinances of the Laws of Hong Kong and to any unincorporated body of persons;
<b>“Tax” or “Taxes” or “Taxation”</b>	means all applicable forms of taxation, duties, levies imposts and social security charges, whether direct or indirect including without limitation corporate income tax, wage withholding tax, national social security contributions and employee social security contributions, value added tax, business tax, customs and excise duties, capital tax and other legal transaction taxes, dividend withholding tax, dividend distribution tax, land taxes, environmental taxes and duties and any other type of taxes or duties payable by virtue of any applicable national, regional or local law or regulation and which may be due directly or by virtue of joint and several liability in any relevant jurisdiction;

together with any interest, penalties, surcharges or fines relating to them, due, payable, levied, imposed upon or claimed to be owed in any relevant jurisdiction;

**“Transaction Documents”**

means (i) this Agreement, and (ii) the Convertible Bonds as represented by the Bond Certificate (together with the Terms and Conditions); and

**“Warranties”**

the Company Warranties and the Subscriber Warranties.

1.2 Any reference to a document being **“in the agreed form”** means in the form of the document or the draft thereof signed for identification on behalf of the Subscriber and the Company with (in the case of a draft) such alterations (if any) as may be agreed between the Subscriber and the Company.

1.3 Save as otherwise expressly stated herein, references to any statute, statutory provision or the Listing Rule includes a reference to that statute, statutory provision or the Listing Rule as from time to time amended, extended or re-enacted.

1.4 In this Agreement, references to:

- (a) Recitals and Clauses are to the recitals and clauses of this Agreement;
- (b) the singular includes the plural and vice versa;
- (c) words importing gender or the neuter include both genders and the neuter; and
- (d) persons include bodies corporate or unincorporate.

1.5 Headings are for convenience only and shall not affect the interpretation of this Agreement.

## 2. **ISSUE AND SUBSCRIPTION OF THE CONVERTIBLE BONDS**

2.1 Subject to the terms and conditions hereof, the Company shall issue to the Subscriber, and the Subscriber shall subscribe from the Company, on the Closing Date, the Convertible Bonds in an aggregate principal amount of HK\$16,800,000 (such principal amount, the **“Consideration”**).

2.2 The consummation of the issue and subscription of the Convertible Bonds shall be conducted by exchange of signed originals of relevant documents (by such means as determined by the Subscriber), on a date no later than three (3) Business Days after the fulfillment or waiver of the conditions to the Closing as set forth in Clause 3 (other than those conditions which can be satisfied only at the Closing or with respect to actions the relevant

Party shall take at the Closing itself) or at such other place and time as the Company and the Subscriber may mutually agree upon (the "Closing", and the date of the Closing, the "Closing Date").

2.3 At the Closing, the Company shall deliver or cause to be delivered the following items to the Subscriber:

(i) a Bond Certificate representing the Convertible Bonds in the aggregate principal amount of HK\$16,800,000 duly executed by the Company in favour of the Subscriber;

(ii) a certified true copy of the Company's register of Bondholders reflecting the entry of the Subscriber as the holder of the Convertible Bonds in the aggregate principal amount of HK\$16,800,000;

(iii) a compliance certificate dated as of the Closing Date signed by a duly authorized director of the Company certifying that all the conditions specified in Clause 3.1 have been fulfilled (or being waived as the case may be), that each copy document provided is correct, complete and in full force and effect as at the date of this Agreement and on each day up to and including the Closing Date, and that there shall have been no Material Adverse Effect since the date of this Agreement;

(iv) counterparts of each Transaction Document to which the Company is a party, duly executed by the Company; and

(v) a certified true copy of the directors' resolutions approving, among other things, (A) the issue of the Bond Certificate and the Convertible Bonds by the Company to the Subscriber; (B) the execution of the Transaction Documents to which the Company is a party; (C) the issue of the Conversion Shares upon the conversion of the Convertible Bonds; and (D) the transactions contemplated under the relevant Transaction Documents to which the Company is a party.

2.4 At the Closing, the Subscriber shall:

(i) pay the Consideration to the Company, by way of setting off the Debt due to the Subscriber in full; and

(ii) deliver or cause to be delivered executed counterparts of each Transaction Document to which the Subscriber is a party.

### 3. CONDITIONS PRECEDENT

3.1 The obligation of the Subscriber to subscribe for the Convertible Bonds is subject to the fulfillment (or waiver) of each of the following conditions at or prior to the Closing:

(a) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares falling to be issued upon exercise

of the Conversion Rights attached to the Convertible Bonds and the approval not having been subsequently revoked or cancelled;

- (b) the Company Warranties having remained true and accurate and not misleading in all respects as at Closing;
- (c) the Subscriber Warranties having remained true and accurate and not misleading in all respects as at Closing; and
- (d) the Parties having obtained all necessary consents and approvals in respect of this Agreement and the transactions contemplated hereunder.

3.2 If any of the conditions has not been fulfilled or waived (other than condition (a) which cannot be waived by the Parties) on or before the Long Stop Date, this Agreement shall lapse and none of the Parties shall have any obligations and liabilities towards each other save for any prior breaches of the terms of this Agreement.

#### 4. REPRESENTATIONS AND WARRANTIES

4.1 The Company represents and warrants to the Subscriber that each of the representations and warranties as set out in this Clause 4 and Schedule 1 is true, accurate and not misleading in all material respects as of the date of this Agreement and (except for the Company Warranties expressed to be given on a specific date) each of the Company Warranties will continue to be true, accurate and not misleading in all material respects on each day up to and including the date on which all the Convertible Bonds have been fully redeemed, repaid or converted, and all obligations of the Company under the Transaction Documents have been fully performed and discharged as if repeated on each such day by reference to the facts and circumstances subsisting at that date and on the basis that any reference in the Company Warranties, whether express or implied, to the date of this Agreement is substituted by a reference to that date.

4.2 The Subscriber hereby represents, warrants and undertakes to the Company each of the representations and warranties as out in this Clause 4 and Schedule 2 as at the date hereof and each of the Subscriber Warranties will continue to be true, accurate and not misleading in all material respects on each day up to and including the Closing Date.

4.3 Each of the Warranties shall be construed as a separate and independent Warranty and, except where expressly provided to the contrary, shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other terms of this Agreement.

4.4 The Subscriber agrees that (a) the Company is entering into this Agreement in reliance upon the terms of the Warranties made by the Subscriber, (b) the Subscriber make the Subscriber Warranties with the intention of inducing the Company to enter into this Agreement;



and (c) accordingly the Company has been induced to enter into this Agreement relying on each of the Subscriber Warranties.

## **5. CONFIDENTIALITY AND ANNOUNCEMENTS**

5.1 Each of the Parties undertakes to the other that it will not, at any time after the date of this Agreement, divulge or communicate to any person other than to its professional advisers, or when required by law, or to its respective officers or employees whose province it is to know the same any confidential information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of any of the others which may be within or may come to its knowledge and it shall use its best endeavours to prevent the publication or disclosure of any such confidential information concerning such matters.

5.2 Save as required by law or the Listing Rules or by the Stock Exchange or by any relevant regulatory authority, none of the Parties shall make any announcement or release or disclose any information in relation to this Agreement or the transactions contemplated hereunder or disclose the identity of any of the other party without the written consent of the other party (such consent not to be unreasonably withheld or delayed). The Subscriber hereby acknowledges that the Company will need to make an announcement in respect of the entering into of this Agreement and transactions contemplated under this Agreement pursuant to the Listing Rules.

5.3 In the event of this Agreement ceasing to have effect, each of the Parties undertakes to return to the other Parties all information and documents which have been provided to the other Parties in connection with this Agreement and also undertakes not to use any such information gained by it to further itself in its trade or to the detriment of the other Parties unless such information had already been known to it or had become or subsequently becomes public knowledge otherwise than by reason of any act or default of that Party, its officers or employees or professional advisers.

## **6. EXPENSES**

The Company shall pay all Taxes, costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby.

## **7. TIME OF THE ESSENCE**

Any date or period mentioned in any Clause may be extended by mutual agreement between the Parties, but, as regards any date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.



## 8. NOTICES

8.1 All notices delivered hereunder shall be in writing and shall be communicated to the following addresses:

If to the Company, to:

Address: Room 4007, 40/F China Resources Building, 26 Harbour Road,  
Wanchai, Hong Kong  
Facsimile: (852) 2845-3535  
Attention: The board of directors

If to the Subscriber, to:

Address:   
Telephone: 

8.2 Any such notice shall be served either by hand or by facsimile. Any notice shall be deemed to have been served, if served by hand, when delivered, and if sent by facsimile on receipt of confirmation of transmission. Any notice received on a day which is not a Business Day shall be deemed to be received on the next Business Day.

## 9. GENERAL

9.1 This Agreement shall be binding on and enure for the benefit of the successors of each of the Parties and (subject to the other provisions of this Agreement and the Conditions) permitted assigns provided that the benefits and obligations or any part thereof bestowed upon each party to this Agreement shall not be capable of being assigned, transferred, encumbered or otherwise disposed of save and except any assignment, transfer, encumbrance or disposal thereof in connection with a transfer of the Convertible Bonds by the holder in accordance with the Conditions.

9.2 The exercise of or failure to exercise any right or remedy in respect of any breach of this Agreement shall not, save as provided herein, constitute a waiver by such Party of any other right or remedy it may have in respect of that breach.

9.3 Any right or remedy conferred by this Agreement on any Party for breach of this Agreement (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.

9.4 Any provision of this Agreement which is capable of being performed after Closing but which has not been performed on or before Closing and all Warranties contained in or entered

into pursuant to this Agreement shall remain in full force and effect notwithstanding Closing.

9.5 This Agreement (together with the other documents referred to herein including, without limitation, the Convertible Bond) constitutes the entire agreement between the Parties with respect to its subject matter (none of the parties having relied on any representation or warranty made by the other Parties which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all the Parties.

9.6 This Agreement supersedes all and any previous agreements, arrangements or understandings between the Parties relating to the matters referred to in this Agreement and all such previous agreements, understanding or arrangements (if any) shall cease and determine with effect from the date hereof.

9.7 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

9.8 Each of the Parties agrees to do and execute or procure to be done and executed all such further acts, deeds, documents and things as may be reasonable and appropriate for such party to do or execute or procure to be done in order to give full effect to the terms of this Agreement.

## 10. COUNTERPARTS

This Agreement may be executed in any number of counterparts each of which when executed and delivered is an original, but all the counterparts together constitute the same document.

## 11. GOVERNING LAW AND JURISDICTION

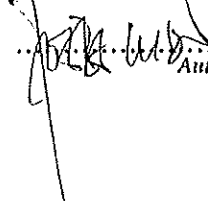
This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong for the time being in force and the Parties hereby irrevocably submit to the non-exclusive jurisdiction of the Hong Kong courts in connection herewith.

*[The remainder of this page is left blank intentionally]*

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

SIGNED by )  
for and on behalf of )  
CHINA ZENITH CHEMICAL )  
GROUP LIMITED )  
in the presence of: )

For and on behalf of  
中國天化工集團有限公司  
CHINA ZENITH CHEMICAL GROUP LIMITED  
.....  
Authorized Signature(s)



SIGNED by )  
WONG CHUI BING (HKID: [REDACTED]) )  
in the presence of: )



## SCHEDULE 1

### COMPANY WARRANTIES

In consideration of the Subscriber entering into this Agreement and agreeing to perform its obligations hereunder, the Company hereby warrants and represents to and for the benefit of the Subscriber as follows:

1. subject to fulfilment of the Conditions, the Company has the necessary power and authority to enable it to issue the Convertible Bonds free from any lien, charge, encumbrance or third party right whatsoever and together with all rights attaching thereto at the Closing Date and the Company has not exercised any lien over any of the Convertible Bonds;
2. the Conversion Shares will be allotted and issued in accordance with the memorandum of association and bye-laws of the Company and with all relevant laws of Hong Kong, Bermuda and the applicable rules and regulations of the Stock Exchange (including but not limited to the Listing Rules) and will rank *pari passu* in all respects inter se and with all other Shares in issue on the Closing Date;
3. the Conversion Shares will on allotment and issue be free from all liens, charges, encumbrances and third party rights of whatsoever nature and together with all rights attaching thereto as at the Closing Date including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Conversion Shares, the record date for which shall fall on or after the Closing Date;
4. subject to fulfilment of the Conditions, all necessary consents and authorisations have been obtained to enable the Company to issue the Convertible Bonds, the Company has the full legal capacity to enter into this Agreement and this Agreement when duly executed will constitute valid and legally binding and enforceable obligations of the Company;
5. the execution and delivery of and the performance of obligations under this Agreement will not result in:
  - (i) a violation of any provision of the memorandum of association and bye-laws of the Company; or

- (ii) a breach of, or constitute a default under, any instrument to which the Company is a party or by which the Company is bound; or
  - (iii) a violation of any law or regulation in any jurisdiction having the force of law (including but not limited to the SFO and the Listing Rules) or of any order, judgment or decree of any court or governmental agency or agreement to which the Company is a party or by which the Company is bound;
6. all information supplied by the Company to the Subscriber in connection with this Agreement is true, complete and accurate in all material respects as at the date it was given and is not misleading in any material respect;
  7. the Company does not have any actual knowledge of any matter concerning the Group which has not been disclosed by the Group to the public or which is not otherwise in the public domain, and which is material in the context of the Subscription and would make it inadvisable or inexpedient to proceed with the Subscription;
  8. save as disclosed in public documents issued by the Company and so far as the Company is aware after due and careful enquiry, neither the Company nor any of its Subsidiaries is involved in or the subject of any material litigation, arbitration or governmental proceeding or investigation by any governmental authority; and no such litigation, arbitration, proceeding or investigation is threatened or pending, nor are there any circumstances which may give rise to any such litigation, arbitration, proceeding or investigation, which if decided adversely to the Company or any of the Subsidiaries would have or have had a Material Adverse Effect on the financial position of the Group (as a whole) and which is material in the context of the Subscription; and
  9. so far as the Company is aware after due and careful enquiry, no material outstanding indebtedness of the Company has become payable or repayable by reason of any default of the Company and so far as the Company is aware after due and careful enquiry, no event has occurred which, with the lapse of time or fulfilment of any condition or the giving of the notice or the compliance with the formality, may result in such indebtedness becoming repayable prior to its maturity date and, so far as the Company is aware, no person has demanded or threatened to demand repayment of the same.

## SCHEDULE 2

### **SUBSCRIBER WARRANTIES**

1. The Subscriber has the right to enter into and perform his/her obligations under this Agreement which, upon execution and delivery, will constitute his/her legal, valid and binding obligations enforceable against him/her in accordance with its terms.
2. The Subscriber acknowledges that this Agreement is made with the Subscriber in reliance upon its representation to the Company, which the Subscriber confirms by executing this Agreement, that the Convertible Bonds and any Conversion Shares issued upon exercise of the Conversion Rights will be acquired for the Subscriber's own account, not as a nominee or agent (unless otherwise specified on the Subscriber's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that the Subscriber has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Subscriber further represents that the Subscriber does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Convertible Bonds and/or the Conversion Shares.
3. The Subscriber meets all suitability standards imposed on him/her by applicable law in connection with the subscription of the Convertible Bonds.

The Subscriber shall be deemed to have repeated all the Subscriber Warranties on the basis that they will at all times from the date of this Agreement up to and including the Closing Date be true, accurate and not misleading in all respects and the Subscriber Warranties shall have effect as if given at Closing as well as the date of this Agreement.

### SCHEDULE 3

#### **DETAILS OF THE COMPANY**

**(as at the date of this Agreement)**

- Company Name : China Zenith Chemical Group Limited  
中國天化工集團有限公司
- Place of Incorporation : Incorporated in the Cayman Islands and continued in Bermuda
- Date of initial listing on Main Board : 2 May 2001
- Company Form : a company incorporated in the Cayman Islands and continued in Bermuda with limited liability
- Stock No. : 362
- Authorized Share Capital : HK\$500,000,000.00 divided into 5,000,000,000 shares of par value of HK\$0.10 each
- Issued Share Capital : 2,660,560,978 shares of par value of HK\$0.10 each
- Directors : **Executive Directors**  
Ms. Chan Yuk Foebe  
Mr. Gao Ran  
Mr. Law Tze Ping Eric
- Non-executive Directors**  
Mr. Liu Yangyang
- 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
- Principal Business : The Company is a Hong Kong-based investment holding company principally engaged in chemical businesses. The Company operates through two segments. Heat and Power segment is engaged in the generation and supply of heat and power. Calcium Carbide segment is engaged in the manufacture and sales of calcium carbide.



SCHEDULE 4

BOND CERTIFICATE

Certificate No. [•]

Principal Amount: HK\$[•]

**CHINA ZENITH CHEMICAL GROUP LIMITED**

(中國天化工集團有限公司)

(the “Company”)

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

**[ZERO] COUPON CONVERTIBLE BONDS DUE [2025]**

**THIS CERTIFICATE** (the “Certificate”) represents in aggregate principal amount of HK\$[•] [Zero] Coupon Convertible Bonds Due [2025] (the “Convertible Bonds”) of the Company, issued pursuant to the memorandum of association and bye-laws of the Company and the Convertible Bonds Subscription Agreement dated [•] 2022 entered into between the Company and [•] (as the same may be amended, supplemented or otherwise modified from time to time) (the “Subscription Agreement”).

**THIS IS TO CERTIFY** that [•] is the registered holder of the Convertible Bonds of the principal amount stated above. The Convertible Bonds are issued subject to and with the benefit of the attached terms and conditions (“Conditions”) which are deemed to be part of it. The Conditions are binding on both the holder of the Convertible Bonds and the Company. The Company undertakes (both to the holder of the Convertible Bonds and to any lawful transferee thereof pursuant to Condition 2) to perform its obligations in accordance with the Conditions.

The Bondholder is entitled to require the Company to convert the whole or any part(s) of the principal amount of the Convertible Bonds into ordinary shares in the capital of the Company, subject to and in accordance with the Conditions.

The Bondholder is entitled to all the benefits of the Convertible Bonds and may enforce the agreements contained herein and exercise the remedies provided for hereby or otherwise available in respect hereof, all in accordance with the Conditions.

**Note:** This Bond cannot be transferred to bearer on delivery and is transferable only to the extent permitted by Condition 2 of the Conditions. This Bond must be delivered to the Company for cancellation and reissue of an appropriate certificate in the event of any such transfer.

(For endorsement in the event of partial conversion)

Date

Amount Converted

Amount Outstanding

EXECUTED AS A DEED by: )  
CHINA ZENITH CHEMICAL )  
GROUP LIMITED )  
(中國天化工集團有限公司) )

Common Seal

on [•] )  
)  
)

The Common Seal is affixed in )  
accordance with its bye-laws )  
in the presence of )  
)  
)

\_\_\_\_\_  
Signature of authorized person

\_\_\_\_\_  
Office held

\_\_\_\_\_  
Name of authorized person

Witness Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Occupation: \_\_\_\_\_

(Signature page to Convertible Bonds Certificate and Terms and Conditions)



## TERMS AND CONDITIONS

This Bond is in the principal amount of HK\$16,800,000 and is issued by and convertible into shares of China Zenith Chemical Group Limited (the “**Company**”). This Bond shall be held subject to and with the benefit of the terms and conditions set out below. In this Bond, the words and expressions set out below shall have the meanings attributed to them below unless the context otherwise required:

<b>“Adjustment”</b>	any adjustment which may be made to the Conversion Price pursuant to Condition 7;
<b>“Bondholder”</b>	the person who is for the time being the holder of this Bond;
<b>“Business Day”</b>	a day (except Saturday) on which banks in Hong Kong are open for business for more than four hours;
<b>“closing price per Share”</b>	the closing price per Share for one or more board lots of the Shares quoted on the daily quotation sheet of the Stock Exchange. If such closing price cannot be calculated for the Shares on a particular date on the foregoing bases, the closing price per Share on such date shall be the fair market value as mutually determined by the Company and the Bondholder. If the Company and the Bondholder are unable to agree upon the fair market value of the Shares, then it shall be as determined in good faith by an approved merchant bank or auditors of the Company for the time being;
<b>“Companies Law”</b>	the Companies Act 1981 of Bermuda as amended, supplemented, or otherwise modified;
<b>“Conditions”</b>	the terms and conditions attached to or endorsed on this Bond and “ <b>Condition</b> ” refers to the relative numbered paragraph of the Conditions;
<b>“Conversion Price”</b>	HK\$0.1 per Share, subject to the Adjustment;
<b>“Conversion Rights”</b>	the rights attached to this Bond to convert the whole of the principal amount (and not part thereof) into Shares;
<b>“Conversion Shares”</b>	the Shares to be issued by the Company under this Bond (whether upon exercise by the Bondholder of the

	Conversion Rights, or otherwise pursuant to the Conditions);
<b>“Convertible Bonds”</b>	the series of convertible bonds in the aggregate principal amount of HK\$100,000 issued by the Company pursuant to the agreement of even date between the Company and the Bondholder, of which this Bond forms part;
<b>“Event of Default”</b>	shall have the meaning ascribed thereto in Condition 9;
<b>“Exercise Date”</b>	a date on which a notice is given pursuant to Condition 8.1 in respect of the exercise of the Conversion Rights in accordance with the Conditions;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the of the Stock Exchange;
<b>“Maturity Date”</b>	has the meaning ascribed thereto in Condition 1;
<b>“month”</b>	is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month provided that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that later month;
<b>“Ordinary Resolution”</b>	has the meaning set out in paragraph 17 of Schedule 2;
<b>“Shares”</b>	the shares of HK\$0.10 each in the share capital of the Company existing on the date of this Bond and all other (if any) stock or shares from time to time and for the time being ranking <i>pari passu</i> therewith and all other (if any) shares or stock resulting from any sub-division, consolidation or re-classification thereof;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“trading day”</b>	a day on which the Shares are traded on the Stock Exchange for a minimum of 3 hours and an official

closing price per Share is provided by the Stock Exchange;

“HK\$” and “cents” Hong Kong dollars and cents, respectively.

The expressions “**Company**” and “**Bondholder**” shall where the context permits include their respective successors and permitted assigns and any persons deriving title under them.

In this Bond, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender or the neuter include both genders and the neuter; references to this Agreement or any issue document shall be construed as references to such document as the same may be amended or supplemented from time to time. Condition headings are inserted for reference only and shall be ignored in construing this Bond.

## 1. MATURITY

Subject as provided herein, the outstanding principal amount of this Bond shall, unless previously converted into Shares or repaid in accordance with the Conditions, be automatically redeemed in accordance with the Conditions on the [third (3<sup>rd</sup>)] anniversary of the issue date of this Bond (the “**Maturity Date**”).

## 2. STATUS AND TRANSFER

2.1 The obligations of the Company arising under this Bond constitute general, unconditional, unsecured, unsubordinated obligations of the Company and rank, and shall rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. No application shall be made for a listing of this Bond.

2.2 This Bond may not be assigned or transferred without the prior written consent of the Company. Subject to the receipt of such consent, this Bond may be assigned or transferred to any third party which is not a connected person (as defined in the Listing Rules) of the Company, subject only to compliance of the conditions hereunder and further subject to the conditions, approvals, requirements and any other provisions of or under:

- (a) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations;
- (b) the approval for listing in respect of the Conversion Shares; and
- (c) all applicable laws and regulations.



2.3 Any assignment or transfer of this Bond shall be in respect of the whole of the outstanding principal amount of this Bond. Title to this Bond passes only upon the issue of a new Bond to the transferee or assignee of this Bond in accordance with Condition 2.5(b). The Bondholder shall (except as otherwise required by law) be treated as the absolute owner of this Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, this Bond) and no person shall be liable for so treating the Bondholder.

2.4 Notwithstanding any other provisions of this Condition 2, this Bond shall not be transferred to any company or other person which is a connected person (as defined in the Listing Rules) of the Company.

2.5 In relation to any assignment or transfer of this Bond permitted under or otherwise pursuant to this Condition 2:

(a) this Bond may only be transferred by execution of a form of transfer (the “**Transfer Form**”) which shall be in any usual or common form under the hand of the transferor and the transferee (or their duly authorized representatives) or, where either the transferor or transferee is a corporation, under its common seal (if any) and under the hand of one of its officers duly authorized in writing or otherwise executed by a duly authorized officer thereof. In this Condition “transferor” shall, where the context permits or requires, include joint transferors or can be construed accordingly;

(b) this Bond must be delivered for cancellation to the Company accompanied by:

(i) a duly executed Transfer Form;

(ii) in the case of the execution of the Transfer Form on behalf of a corporation by its officers, the authority of that person or those persons to do so;

(iii) such other evidence as the Company may reasonably require if the Transfer Form is executed by some other person on behalf of the Bondholder; and

(iv) such other evidence (including legal opinions) as the Company may reasonably require to support that the conditions and requirements of this Condition 2 are satisfied,

and the Company shall, within ten (10) Business Days of receipt of such documents from the Bondholder, cancel the existing Bond and issue a new Bond under seal of the Company in respect of the principal amount of this Bond, in favour of the transferee or assignee as applicable;

(c) the transferor shall give written notice to the Company within four (4) Business Days after the transfer; and

(d) the Company shall maintain and give a full and complete register of the Bondholders, the conversion, exchange, cancellation and destruction of this Bond, any replacement Bond issued in substitution for any defaced, lost, stolen or destroyed Bond and of details of all Bondholders from time to time. The Company shall make available such register to the Bondholder for inspection at all reasonable times.

2.6 For the purpose of this Condition 2 but without prejudice to Condition 2.5, any change in:

(a) the beneficial ownership of this Bond (whether or not the registered holder of this Bond is changed); or

(b) the ultimate control of the Bondholder;

shall be deemed a transfer of this Bond, and the relevant Bondholder shall procure that the conditions, requirements and other provisions regarding transfer under this Condition 2 shall be followed and complied with by the beneficial owner of this Bond and by its ultimate controller and ultimate beneficial shareholder accordingly.

2.7 Any legal and other costs and expenses which may be incurred by the Company in connection with any transfer or assignment of this Bond or any request therefor shall be borne by the Bondholder.

### 3. INTEREST

This Bond is a zero coupon bond and bears no interest.

### 4. PAYMENTS

4.1 All payments by the Company hereunder shall be made in immediately available funds free and clear of any withholdings or deductions for any present or future taxes, imposts, levies, duties or other charges. In the event that the Company is required by law to make any such deduction or withholding from any amount paid, the Company shall pay to the Bondholder such additional amount as shall be necessary so that the Bondholder continues to receive a net amount equal to the full amount which it would have received if such withholding or deduction had not been made.

4.2 All payments by the Company shall be made, not later than 12:00 noon (Hong Kong time) on the due date, by remittance to such bank account in Hong Kong as the Bondholder may notify the Company from time to time.

4.3 If the due date for payment of any amount in respect of this Bond is not a Business Day,

the Bondholder shall be entitled to payment on the next following Business Day in the same manner together with interest accrued in respect of any such delay.

4.4 The Company shall not be obliged to make any payment on the redemption of this Bond until it has received this Bond.

## 5. CONVERSION

5.1 Subject to receipt by the Company of the documents referred to in Condition 8.1, the Bondholder shall have the right to convert on any Business Day the whole (or part only in an integral multiple of HK\$100,000) of the principal amount of this Bond into Shares at any time and from time to time at the Conversion Price, so that the number of Conversion Shares which fall to be issued (subject to Condition 5.2) shall be calculated by applying the formula : -

$$n = \frac{x}{y}$$

where n = number of Conversion Shares to be issued

x = the principal amount of this Bond; and

y = the Conversion Price applicable on the relevant Exercise Date

5.2 No fraction of a Share shall be issued on conversion of this Bond. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit. Shares issued upon conversion pursuant to Condition 5.1 of this Bond shall rank *pari passu* in all respects with all other existing Shares outstanding at the Exercise Date and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.

## 6. EARLY REDEMPTION

6.1 Subject to Condition 6.2 and provided that the Company has given to the Bondholder not less than ten (10) Business Days' prior notice in writing of its intention to redeem the Bonds, the Company may at any time after the issue of the Bonds up to the date immediately prior to the Maturity Date, redeem in whole or in part the outstanding Bonds by payment to the Bondholder in cash of an amount equal to 100 per cent. of the outstanding principal amount of the Bonds together with such additional amount as may be payable under these Conditions. Notice of intention to redeem the Bond shall not be effective until actually received by the Bondholder but once having been given by the Company shall be irrevocable.

6.2 Provided always that the notice to redeem under Condition 6.1 shall not be served (and

if served shall be ineffectual) one (1) month prior to the Maturity Date.

## 7. ADJUSTMENTS

7.1 Subject as hereinafter provided, the Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions:

(a) If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the revised nominal amount; and

B = the former nominal amount.

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.

(b) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C + D}$$

where:

C = the aggregate nominal amount of the issued Shares immediately before such issue; and

D = the aggregate nominal amount of the Shares issued in such capitalization.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

(c) If and whenever the Company shall make any Capital Distribution (as defined in Condition

7.2) (except where, and to the extent that, the Conversion Price falls to be adjusted under sub-paragraph (b) above) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:-

$$\frac{E - F}{E}$$

where:

E = the market price (as defined in Condition 7.2) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the Capital Distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved merchant bank or auditors of the Company for the time being, of the portion of the Capital Distribution or of such rights which is attributable to one Share;

Provided that:

(i) if in the opinion of the relevant approved merchant bank or auditors of the Company (as the case may be), the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine, and in such event the above formula shall be construed as if F meant the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights; and

(ii) the provisions of this sub-paragraph (c) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the Capital Distribution or grant.

(d) If and whenever the Company shall after the date hereof offer to holders of Shares new Shares for subscription by way of rights, or shall grant to holders of Shares any options, warrants or other rights to subscribe for or purchase any Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer by the following fraction:-

$$\frac{G + \frac{H \times I}{J}}{G + H}$$

where:-

- G = the number of Shares in issue immediately before the date of such announcement;
- H = the aggregate number of Shares so offered for subscription;
- I = the amount (if any) payable for the rights, options or warrants or other rights to subscribe for each new Share, plus the subscription price payable for each new Share;
- J = the greater of either the closing price per Share on the trading day immediately prior to such announcement or the Conversion Price in effect immediately prior to the trading day immediately prior to such announcement.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer.

(i) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the Total Effective Consideration per Share (as defined below in this sub-paragraph (d)) initially receivable for such securities is less than the greater of either the closing price per Share at the date of the announcement of the terms of issue of such securities or the Conversion Price in effect immediately prior to the date of the announcement of the terms of issue of such securities (for the purpose of this section (i), the “**Applicable Price**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the Total Effective Consideration receivable for the securities issued would purchase at the Applicable Price and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities, at the initial conversion or exchange rate or subscription price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the conversion or exchange rate or subscription price.

(ii) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (i) of this sub-paragraph (d) are modified so that the Total Effective Consideration (as defined below in this sub-paragraph (d)) per Share initially

receivable for such securities shall be less than the greater of either the closing price per Share at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription or the Conversion Price in effect immediately prior to the date of announcement of the proposal to modify such rights of conversion or exchange or subscription (for the purpose of this section (ii), the “**Applicable Price**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the Total Effective Consideration receivable for the securities issued at the modified conversion price would purchase at the Applicable Price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price, such adjustment shall take effect as at the date upon which such modification taken effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalization issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-paragraph (d), the “**Total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the Total Effective Consideration per Share initially receivable for such securities shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

(e) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than the greater of either the closing price per Share at the date of the announcement of the terms of such issue or the Conversion Price in effect immediately prior to the date of the announcement of the terms of such issue (for the purpose of this sub-paragraph (e), the “**Applicable Price**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at the Applicable Price and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued. Such adjustment shall become effective on the date of the issue.

(f) If and whenever the Company shall issue Shares for the acquisition of assets at

a Total Effective Consideration per Share (as defined below in this sub-paragraph (f)) which is less than the greater of either the closing price per Share at the date of the announcement of the terms of such issue or the Conversion Price in effect immediately prior to the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted in such manner as may be determined by an approved merchant bank or the auditors of the Company, such adjustment to become effective on the date of issue. For the purposes of this sub-paragraph (f), **“Total Effective Consideration”** shall be the aggregate consideration credited as being paid for such Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the **“Total Effective Consideration per Share”** shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

7.2 For the purposes of this Condition 7:

**“announcement”** shall include the release of an announcement to the press or the delivery or transmission by telephone, telex or otherwise of an announcement to the Stock Exchange and **“date of announcement”** shall mean the date on which the announcement is first so released, delivered or transmitted;

**“approved merchant bank”** means a merchant bank of repute in Hong Kong selected by the Company and approved in writing by the Bondholder (such approval not to be unreasonably withheld) for the purpose of providing a specific opinion or calculation or determination hereunder;

**“Capital Distribution”** shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution provided that any such dividend shall not automatically be so deemed if it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Shares for all financial periods as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each financial period ended 31 December;

**“issue”** shall include allot;

**“market price”** mean the average of the closing prices of one Share on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place ending on such dealing day last preceding the day on or as of which the market price is to be ascertained;

**“reserves”** includes unappropriated profits;



“rights” includes rights in whatsoever form issued; and

“Shares” includes, for the purposes of Shares comprised in any offer pursuant to subparagraph (d) of Condition 7.1, any such ordinary shares of the Company as, when fully paid, shall be Shares;

7.3 The provisions of Condition 7.1 shall not apply to:

(a) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon exercise of any rights (including any conversion of this Bond) to acquire Shares;

(b) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share option scheme;

(c) an issue of fully-paid Shares by way of capitalization of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into, or rights to acquire, Shares; or

(d) an issue of Shares pursuant to a scrip dividend scheme.

7.4 Any adjustment to the Conversion Price shall be made to the nearest one cent so that any amount under half a cent shall be rounded down and any amount of half of a cent or more shall be rounded up.

7.5 Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case:

(a) in which the amount by which the same would be reduced in accordance with the foregoing provisions of this Condition would be less than one cent and any adjustment that would otherwise be required then to be made shall not be carried forward; and/or

(b) if as a result of such adjustment, the Conversion Price shall fall below the then nominal value of each Share.

7.6 Whenever the Conversion Price is adjusted as herein provided the Company shall give prompt notice of the same to the Bondholder (on behalf of the holders of the Convertible Bonds from time to time) (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof).

7.7 Notwithstanding any other provision of this Condition 7, no adjustment shall be made

which would (but for this Condition 7.7) result in the Conversion Price being reduced so that on conversion, Shares would fall to be issued at a discount to their nominal value.

7.8 Any adjustment to the Conversion Price shall not involve an increase in the Conversion Price (except upon any consolidation of the Shares pursuant to Condition 7.1(a)).

7.9 Every adjustment to the Conversion Price shall be certified in writing either by the auditors of the Company for the time being or by an approved merchant bank (as defined in Condition 7.2).

7.10 The Company shall make available for inspection as its principal place of business in Hong Kong at all times after the effective date of the adjustment in the Conversion Price and so long as the Bond remains outstanding, a signed copy of the certificate of the auditors of the Company or an approved merchant bank and a certificate signed by a director of the Company setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to the adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Bondholder.

## **8. PROCEDURE FOR CONVERSION AND SHARE ISSUE**

8.1 The Conversion Rights pursuant to Condition 5.1 may, subject as provided herein, be exercised on any Business Day, prior to five (5) Business Days prior to the Maturity Date, by the Bondholder delivering a written notice to the Company in accordance with Condition 14 stating the intention of the Bondholder to convert this Bond into Shares. Any such conversion notice shall be in the form annexed to the Conditions in Schedule 1.

8.2 The Bondholder shall pay all taxes and stamp duty, issue and registration duties (if any) and Stock Exchange trading fee and Securities and Futures Commission levy and other applicable levies and charges (if any) arising on any conversion.

8.3 (a) The Shares arising on conversion shall be allotted and issued by the Company, credited as fully paid to the Bondholder or as it may direct, within four Business Days after, and with effect from, the later of the Exercise Date or the date on which this Bond is delivered to and received by the Company for cancellation.

(b) The certificate for the Shares to which the Bondholder shall become entitled in consequence of any conversion shall be issued in board lots to the extent practicable, with one certificate for any odd lot of Shares arising from conversion, and shall be issued and made available for collection at the Company's address specified in Condition 14 within the four Business Day period provided for in sub-paragraph (a) above.

## 9. **EVENTS OF DEFAULT**

If any of the following events (“**Events of Default**”) occurs, the sole remedy of the Bondholder shall be to give notice to the Company that this Bond is immediately due and payable at its principal amount then outstanding:

(a) other than as a result of or in circumstances where an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange ceases; or

(b) if there is a material breach by the Company of its obligations set out in the Conditions,

provided that notwithstanding the foregoing, if the Company shall fail to issue any Conversion Shares in accordance with the Conditions the Bondholder shall be entitled to bring an action against the Company for either specific performance or damages.

## 10. **VOTING**

The Bondholder shall not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it being the Bondholder.

## 11. **EXPERTS**

In giving any certificate or making the Adjustments, the auditors of the Company or (as the case may be) any approved merchant bank (as defined in Condition 7.2) appointed shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Bondholder and all persons claiming through or under them respectively.

## 12. **MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

### 12.1 **Meetings**

This Bond contains provisions in Schedule 2 for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Ordinary Resolution of a modification of the Convertible Bonds or the provisions of the Bond. The quorum at any such meeting for passing an Ordinary Resolution will be two or more persons holding or representing at least ten (10) per cent in principal amount of the Convertible Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount

of the Convertible Bonds so held or represented. An Ordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Bond provides that a written resolution signed by or on behalf of a Bondholder or the Bondholders of not less than 50 per cent of the aggregate principal amount of the Convertible Bonds outstanding shall be as valid and effective as a duly passed Ordinary Resolution.

#### **12.2 Modifications and Waivers**

Modifications to the Bond may be effected only by deed poll, executed by the Company and expressed to be supplemental to the Bond, and (save for minor amendments by the Company which shall not adversely affect the rights of the Bondholders under the Bond) only if it shall first have been sanctioned by Ordinary Resolution of the Bondholders.

#### **12.3 Interests of Bondholders**

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification or waiver) the Company shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Company shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Company any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

#### **13. REPLACEMENT BOND**

If this Bond is lost or mutilated, the Bondholder shall forthwith notify the Company and a replacement Bond shall be issued if the Bondholder provides the Company with: (i) a declaration by the Bondholder or its officer that this Bond had been lost or mutilated (as the case may be) or other evidence that the certificate for this Bond had been lost or mutilated, together with the mutilated Bond (if applicable); and (ii) an appropriate indemnity in such form and content as the Company may reasonably require. Any Bond replaced in accordance with this Condition shall forthwith be cancelled.

14. **NOTICES**

Any notice required or permitted to be given by delivering it to the party:

(a) in the case of the Bondholder, at the following address:

[REDACTED]  
Telephone : [REDACTED]

(b) in the case of the Company, at the following address:

Room 4007, 40/F China Resources Building, 26 Harbour Road, Wanchai,  
Hong Kong  
Facsimile : (852) 2845-3535  
Attention : The Board of Directors

or to such other Hong Kong address or facsimile as the Company may have notified to the Bondholder or vice versa pursuant to this Condition 14 and may be given by sending it by registered post or by hand to such address or to such other address as the party concerned may have notified to the other parties in accordance with this Condition and such notice shall be deemed to be served on the day of delivery (or on the immediately following Business Day, if the day of delivery is not a Business Day or if the delivery or transmission is made after 5:00 p.m. Hong Kong time), or in the case of registered post 48 hours after posting, or if sooner upon acknowledgement of receipt by or on behalf of the party to which it is addressed. Acknowledgement in writing of receipt of a notice by or on behalf of a party, signed or initialed by any employee of such party, shall be evidence that such notice has been duly served in accordance with this Condition.

15. **AMENDMENT**

The terms and conditions of this Bond may be varied, expanded or amended by agreement in writing between the Company and the Bondholder.

16. **GOVERNING LAW AND JURISDICTION**

This Bond is governed by and shall be construed in accordance with Hong Kong law and the Company and the Bondholder agree to submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection herewith.

SCHEDULE 1

CONVERSION NOTICE

*[To be attached to the Conditions]*

The undersigned hereby irrevocably elects to convert the entire principal amount of the convertible bond (“**Bond**”) attached hereto issued to us dated [•] into shares of HK\$0.1 each in China Zenith Chemical Group Limited (the “**Company**”) in accordance with the Conditions (as defined in the Bond) and the terms below. The undersigned acknowledges that no interest is payable on the Bond on conversion.

Principal Amount: [in integral multiples of HK\$100,000] \_\_\_\_\_  
(the Bond must be attached to this notice)

Exercise Date: \_\_\_\_\_  
(the date this notice is given, or deemed to be given, by the Bondholder)

Applicable Conversion Price: \_\_\_\_\_

Name in which Shares to be issued: \_\_\_\_\_

Address of shareholder: \_\_\_\_\_

Signature of Bondholder: \_\_\_\_\_

Name of Bondholder: \_\_\_\_\_

## SCHEDULE 2

### PROVISIONS FOR MEETINGS OF BONDHOLDERS

1. The Company at any time may, and upon a request in writing of one or more Bondholders holding not less than one-tenth in principal amount of the Convertible Bonds for the time being outstanding shall, convene a meeting of Bondholders. Every such meeting shall be held at such time and place as the directors of the Company may reasonably approve.
2. Subject to paragraph 17 below, at least 14 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the day, time and place of meeting shall be given to the Bondholders. The accidental omission to any notice to any of the Bondholders shall not invalidate the proceedings at any meeting.
3. A person (who may, but need not, be a Bondholder) nominated in writing by the Company shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time fixed for the meeting the Bondholders present shall choose one of their number to be chairman, failing which the Company may appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.
4. At any such meeting any two or more persons present in person holding Convertible Bonds or being proxies or representatives and holding or representing in the aggregate not less than one-tenth in principal amount of the Convertible Bonds for the time being outstanding shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.
5. If within 30 minutes from the time fixed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Bondholders, be dissolved. In any other case it shall stand adjourned for such period, not being less than 8 days nor more than 28 days, and to such place, as may be decided by the chairman. At such adjourned meeting two or more persons present in person holding Convertible Bonds or voting certificates or being proxies or representatives (whatever the principal amount of the Bonds so held or represented) shall form a quorum and may pass any resolution and

decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had a quorum been present at such meeting.

6. The chairman may with the consent of (and shall if directed by) any meeting adjourn such meeting from time to time from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
7. At least 7 days' notice of any meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and such notice shall state the quorum required at such adjourned meeting. It shall not, however, otherwise be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) which he may have as a Bondholder or as a proxy or representative.
9. At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, the Company or by one or more persons holding one or more Convertible Bonds or being proxies or representatives and holding or representing in the aggregate not less than one-fiftieth in principal amount of the Convertible Bonds for the time being outstanding, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
10. If at any meeting a poll is so demanded, it shall be taken in such manner and (subject as provided below) either at once or after such an adjournment as the chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuation of the meeting for the transaction of any business other than the question on which the poll has been demanded.
11. Any poll demanded at any meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment.



12. The Company (through its representatives) and financial and legal advisers may attend and speak at any meeting of Bondholders. No one else may attend at any meeting of Bondholders or join with others in requesting the convening of such a meeting unless he is the holder of a Convertible Bond or is a proxy or a representative.
13. At any meeting on a show of hands every person who is present in person and who produces a Convertible Bond or is a proxy or a representative shall have one vote and on a poll every person who is so present shall have one vote in respect of each HK\$[1,000,000] in principal amount of the Bonds so produced or in respect of which he is a proxy or a representative. Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
14. A Bondholder is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Bondholder.
15. A meeting of Bondholders shall, subject to the Conditions, in addition to the powers given above, but without prejudice to any powers conferred on other persons by this Bond, have power exercisable by Ordinary Resolution:
  - (a) to sanction any proposal by the Company for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Bondholders against the Company or against any of its property whether such rights shall arise under this Bond or otherwise;
  - (b) to sanction any scheme or proposal for the exchange, substitution or sale of the Convertible Bonds for, or the conversion of the Convertible Bonds into, or the cancellation of the Convertible Bonds in consideration of, shares, stock, notes, notes, debentures, debenture stock and/or other obligations and/or securities of the Company or any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, notes, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
  - (c) to assent to any modification of this Bond or the Convertible Bonds which shall be proposed by the Company;
  - (d) to authorise anyone to concur in and do all such things as may be necessary to

carry out and give effect to any Ordinary Resolution;

- (e) to give any authority, discretion or sanction which under this Bond or the Convertible Bonds is required to be given by Ordinary Resolution;
- (f) to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committee any powers or discretions which the Bondholders could themselves exercise by Ordinary Resolution;
- (g) to approve the substitution of any entity for any liability in respect of any act or omission for which it may become responsible under this Bond or the Convertible Bonds;
- (h) to make any modification to the provisions contained in this Bond or the Convertible Bonds which would have the effect of:
  - (i) changing the maturity of the Convertible Bonds or the dates on which interest is payable in respect of the Convertible Bonds; or
  - (ii) modifying the status and conversion terms of the Convertible Bonds; or
  - (iii) reducing or cancelling the principal amount of, or other amounts in respect of, the Convertible Bonds; or
  - (iv) modifying the provisions contained in this Schedule 2 concerning the quorum required at any meeting of Bondholders or the majority required to pass an Ordinary Resolution; or
  - (v) changing the currency of payment of the Convertible Bonds; or
  - (vi) to sanction any compromise or arrangement proposed to be made between the Company and the Bondholders or any of them; or
  - (vii) to discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under this Bond or the Conditions; or
  - (viii) amending this proviso.

16. An Ordinary Resolution passed at a meeting of Bondholders duly convened and held in accordance with this Bond shall be binding upon all the Bondholders, whether or not present at such meeting and whether or not they vote in favour, and each of the Bondholders shall be bound to give effect to it accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justify the passing of it.
17. The expression Ordinary Resolution means a resolution passed at a meeting of Bondholders duly convened and held in accordance with these provisions by a majority consisting of not less than half of the votes cast. A written resolution signed by or on behalf of a holder or the holders of not less than 50 per cent of the aggregate principal amount of Convertible Bonds outstanding shall be as valid and effective as a duly passed Ordinary Resolution.
18. Minutes of all resolutions and proceedings at every such meeting shall be made and entered in the books to be from time to time provided for that purpose by the Company and any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding meeting of Bondholders, shall be conclusive evidence of the matters contained in them and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.
19. Subject to all other provisions contained in this Bond the Company may without the consent of the Bondholders prescribe such further regulations regarding the holding of the meetings of Bondholders and attendance and voting at them as the Company may in its sole discretion determine including particularly (but without prejudice to the generality of the foregoing) such regulations and requirements as the directors of the Company think reasonable so as to satisfy themselves that persons who purport to requisition a meeting in accordance with paragraph 1 are, in fact, Bondholders, their proxies or representatives.