

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Zenith Chemical Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 362)

- (1) PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR
FOUR EXISTING SHARES HELD ON THE RECORD DATE AND
ISSUE OF BONUS SHARES ON THE BASIS OF ONE BONUS SHARE
FOR EVERY OFFER SHARE TAKEN UP UNDER THE OPEN OFFER;
(2) PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Underwriter



VC BROKERAGE LIMITED
滙盈證券有限公司

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

A notice convening the second EGM to be convened at 4:45 p.m. or immediately after conclusion of the First EGM whichever is later on 31 October 2016 is set out on pages 48 to 50 of this circular. A form of proxy for use at the second EGM is enclosed with this circular. Whether or not you plan to attend the second EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the second EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the second EGM or any adjournment thereof should you so wish.

28 September 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, capitalised terms used herein shall have the following meaning:

“Announcement”	the announcement of the Company dated 15 August 2016 in relation to, among other things, the proposed Open Offer and issue of Bonus Shares
“Articles”	the articles of association of the Company
“Application Form(s)”	the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
“associate”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of the Bonus Shares on the basis of one Bonus Share for every Offer Share taken up by the Qualifying Shareholders credited as fully paid at par (HK\$0.1) by way of capitalisation of the amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company
“Bonus Shares”	in respect of the Open Offer, an aggregate of 718,724,879 bonus Shares to be issued (for no additional payment) to the registered holders of Offer Shares on the basis of one bonus Share for every one Offer Shares taken up under the Open Offer subject to the terms and upon the conditions as set out in the Underwriting Agreement and the Prospectus Documents
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business throughout their normal business hours (other than a Saturday, Sunday or public holiday)
“Chan Undertaking”	an irrevocable undertaking dated 15 August 2016 and given by Mr. Chan in favour of the Company and the Underwriter
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Zenith Chemical Group Limited (stock code: 362), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)

DEFINITIONS

“Director(s)”	the director(s) of the Company
“First EGM”	the first extraordinary general meeting of the Company to be convened and held on 31 October 2016 at 4:30 p.m. at which resolutions will be proposed to approve the disposal of the Company’s interest in Better Day Bio-Chem Technology, details of which are disclosed in the Company’s circular dated 26 September 2016.
“Group”	collectively, the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	15 August 2016, being the last trading day before the suspension of the trading of the Shares for the purpose of the release of the Announcement
“Latest Practicable Date”	23 September 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 25 November or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Offer Shares (with Bonus Shares) as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Tuesday, 29 November or such other time as may be agreed between the Company and the Underwriter, being the third Business Day after (but excluding) the Latest Time for Acceptance
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Yuen Tung
“Non-Qualifying Shareholders”	Overseas Shareholders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places

DEFINITIONS

“Offer Share(s)”	new Shares to be allotted and issued under the Open Offer, being 718,724,879 Shares
“Open Offer”	the issue of one Offer Share for every four existing Shares held on the Record Date at the Subscription Price
“Overseas Shareholder(s)”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register are in a place(s) outside Hong Kong
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and Application Form(s)
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements to the Open Offer are to be determined
“Second EGM”	the second extraordinary general meeting of the Company to be convened and held on 31 October 2016 at 4:45 p.m. or immediately after conclusion of the First EGM whichever is later at which resolution(s) will be proposed to approve, among others, the Bonus Issue and the amendments to the Articles of Association
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Options”	collectively, (a) the share options granted to certain eligible participants under the Share Option Scheme conferring the holders thereof the right to subscribe for up to 34,000,000 Shares at a subscription price of HK\$0.425 per Share (subject to adjustments) as at the Latest Practicable Date; and (b) the share options granted to certain eligible participants under the Share Option Scheme conferring the holders thereof the right to subscribe for up to 46,000,000 Shares at a subscription price of HK\$1.05 per Share (subject to adjustments) as at the Latest Practicable Date

DEFINITIONS

“Share Option Scheme”	the Share Option Scheme of the Company adopted on 20 December 2012
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	VC Brokerage Limited
“Underwriting Agreement”	the underwriting agreement dated 15 August 2016 entered into among the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Open Offer
“Underwritten Shares”	614,267,472 Offer Shares, being all the Offer Shares less the aggregate number of the Offer Shares agreed to be taken up by Mr. Chan under the Chan Undertaking, which are fully underwritten by the Underwriter in accordance with the terms and subject to the conditions set out in the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

EXPECTED TIMETABLE

The expected timetable of the proposed Open Offer and the issue of the Bonus Shares is as follows:

2016

Despatch date of circular with notice of the Second EGM.....	28 September
Latest time for lodging forms of proxy for the Second EGM	4:45 p.m., 29 October
Date and time of the Second EGM.....	4:45 p.m. ^(Note) , 31 October
Announcement of voting results of the Second EGM	31 October
Last day of dealings in the Shares on a cum-entitlement basis	1 November
First day of dealings in the Shares on an ex-entitlement basis	2 November
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on 3 November
Register of members of the Company closes (both days inclusive)	4 November to 10 November
Record Date	10 November
Register of members of the Company re-opens.....	11 November
Despatch of the Prospectus Documents.....	11 November
Latest time for Acceptance of and payment for the Offer Shares	4:00 p.m. on 25 November
Open Offer and Underwriting Agreement expected to become unconditional on or before	4:00 p.m. on 29 November
Announcement of results of acceptance of the Offer Shares	30 November
Despatch of certificates for the Offer Shares and Bonus Shares	1 December
Despatch of refund cheques if the Open Offer is terminated	1 December
Dealings in the Offer Shares and the Bonus Shares commence.....	9:00 a.m. on 2 December

Note: The Second EGM shall be held on 31 October 2016 at 4:45 p.m. or immediately after conclusion of the First EGM whichever is later.

All times and dates specified in this circular refer to Hong Kong local times. Dates stated in this circular for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate in accordance with the Listing Rules.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to Latest Time for Termination if there occurs any of the following events:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (c) any adverse change in market conditions (whether foreseeable or not) (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter will or is reasonably likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient, impracticable or inadvisable to proceed with the Open Offer; or
 - (d) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
 - (e) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer; or
 - (f) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter will or is reasonably likely to adversely affect the prospects of the Company; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (g) there is any change in the circumstances of the Company or any member of the Group (whether foreseeable or not) which in the reasonable opinion of the Underwriter will or is reasonably likely to adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
 - (h) any suspension in or material restriction on the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, the Circular Documents or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,
- (2) If, prior to the Latest Time for Termination, there is:
- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
 - (b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriter,

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

LETTER FROM THE BOARD



China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 362)

Executive Directors:

Ms. Chan Yuk Foebe
Mr. Law Tze Ping Eric
Mr. Yu Defa

Independent non-executive Directors:

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

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head and principal place
of business:*

Room 4007
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

28 September 2016

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR
FOUR EXISTING SHARE HELD ON THE RECORD DATE AND
ISSUE OF BONUS SHARES ON THE BASIS OF ONE BONUS SHARE
FOR EVERY ONE OFFER SHARE TAKEN UP UNDER THE OPEN OFFER**
- (2) PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION
AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcement in relation to, among other things, the proposed Open Offer and the issue of the Bonus Shares.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the proposed Open Offer and the issue of the Bonus Shares; (ii) proposed amendment of the Articles of Association and (iii) the notice of the Second EGM.

PROPOSED OPEN OFFER AND ISSUE OF BONUS SHARES

The Board is pleased to announce that on 15 August 2016 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and certain other arrangements in respect of the Open Offer. Details of the proposed Open Offer and the issue of Bonus Shares are set out as follows:

Basis of the Open Offer:	One Offer Share for every four existing Shares held by the Qualifying Shareholders on the Record Date
Basis of the issue of Bonus Shares:	One Bonus Share for every Offer Share taken up under the Open Offer
Number of Shares in issue:	2,874,899,519 Shares as at the date of the Announcement
Number of Offer Shares:	718,724,879 Offer Shares
Number of Offer Shares agreed to be taken up by Mr. Chan:	104,457,407 Offer Shares
Number of Offer Shares underwritten by the Underwriter:	614,267,472 Offer Shares, being the number of the Offer Shares less the aggregate number of the Offer Shares agreed to be taken up by Mr. Chan under the Chan Undertaking. Accordingly, the Open Offer is fully underwritten
Subscription Price for the Offer Shares:	HK\$0.10 per Offer Share
Number of Bonus Shares:	718,724,879 Bonus Shares
Enlarged issued share capital upon completion of the Open Offer assuming no exercise of the outstanding Share Options on or prior to the Record Date:	4,312,349,277 Shares

It should be noted that with one Bonus Share being issued to every Offer Share taken up, effectively two Shares are offered for every four existing Shares under the Open Offer.

LETTER FROM THE BOARD

The Open Offer is only available to the Qualifying Shareholders and such Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements.

Subject to the satisfaction of the conditions of the Open Offer, the Bonus Shares will be issued to the registered holders of the Offer Shares on the basis of one Bonus Share for every Offer Share taken up under the Open Offer. On the basis of 718,724,879 Offer Shares to be issued under the Open Offer, 718,724,879 Bonus Shares will be issued.

As at the date of this announcement, the Company has 80,000,000 outstanding Share Options in issue. Such Share Options entitle the holders thereof to subscribe for an aggregate of 34,000,000 new Shares at an exercise price of HK\$0.425 per Share (all subject to adjustments) and an aggregate of 46,000,000 new Shares at an exercise price of HK\$1.05 per Share (all subject to adjustments). Holders of the 80,000,000 Share Options have irrevocably undertaken to the Company and the Underwriter that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date.

Save as disclosed above, the Company has no other options, warrants or other securities convertible or exchangeable into or giving rights to the holders thereof to subscribe or exchange for the Shares as at the date of this announcement.

The number of Offer Shares is arrived at based on one Offer Share for every four existing Shares held on the Record Date and issue of bonus shares on the basis of one Bonus Share for every Offer Share taken up under the Open Offer, taking into account (i) the 2,874,899,519 Shares in issue as at the date of this announcement; and (ii) assuming no new Shares will be issued after the date of this announcement and up to the Record Date. The Offer Shares and the Bonus Shares would represent in aggregate approximately 50.00% of the Company's existing issued share capital and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares and the Bonus Shares, assuming no exercise of the Share Options by the holders thereof on or prior to the Record Date.

The Company would remind the Shareholders that the Bonus Shares will be issued only to the Qualifying Shareholders who take up the Offer Shares, but not all Shareholders.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non- Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no Application Form will be sent to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

LETTER FROM THE BOARD

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited for registration no later than 4:30 p.m. on the date to be announced by the Company.

The entitlements to the Offer Shares are not transferable or capable of renunciation and there will not be any trading in the entitlements on the Stock Exchange.

Closure of register of members

The register of members of the Company will be closed from Friday, 4 November 2016 to Wednesday, 9 November 2016, both days inclusive. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.10 per Offer Share, payable in full upon application. The Subscription Price represents:

- (i) a discount of approximately 5.66% to the closing price per Share of HK\$0.106 as quoted on the Stock Exchange on 15 August 2016, being the Last Trading Day;
- (ii) a discount of approximately 7.41% to the average of the closing prices per Share of HK\$0.108 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 10.71% to the average of the closing prices per Share of HK\$0.112 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a premium of approximately 14.94% to the theoretical ex-rights price of HK\$0.087 per Share calculated based on the closing price per Share on the Last Trading Day.

The effective Subscription Price, after taking into account both the Offer Shares and the Bonus Shares, is approximately HK\$0.05, which represents a discount of approximately 43.18% to the closing price of HK\$0.088 per Share quoted on the Stock Exchange on the Latest Practicable Date. The net price per Offer Share (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) after deducting the related expenses of the Open Offer will be approximately HK\$0.10.

LETTER FROM THE BOARD

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market price of the Shares, the financial positions of the Group, the absence of excess application arrangement to Shareholders. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

As at the Latest Practicable Date, the par value of the Share is HK\$0.1 per Share. Accordingly, the Company is of the view that there is no room for further downward adjustment of the Subscription Price of HK\$0.1. Upon further discussion with the Underwriter, the parties to the Underwriting Agreement reached an understanding that the inclusion of issue of Bonus Shares in the Open Offer represents an alternative to further reduction in the Subscription Price while being beneficial to the Qualifying Shareholders and the Company as a whole. The discount to the adjusted closing price represented by the Subscription Price (together with the Bonus Issue which will effectively reduce the average price per Offer Share taken up to HK\$0.05) is made with a view to encouraging the Qualifying Shareholders to participate in the Open Offer and maintain their shareholdings in the Company accordingly and participate in the future growth of the Company.

The ratio of one Bonus Share for every Offer Share taken was determined after taking into account (i) the effective Subscription Price of HK\$0.05 per Offer Share (together with the one Bonus Share) which represents a discount of approximately 52.8% to the closing price the Share per of HK\$0.106 quoted on the Stock Exchange on Latest Trading Day; (ii) the shareholding dilution effect of approximately 33.3% to those Shareholders who do not qualify or do not elect to subscribe for in full their assured entitlements under the Open Offer (with the Bonus Issue); (iii) the price dilution effect of 18.0% based on the closing price of HK\$0.106 per Share as of the Last Trading Day and the theoretical ex-entitlement price of HK\$0.087 per Share calculated on the basis of the said closing price as of the Last Trading Day; and (iv) the appropriate ratio to lower the chance of creating odd lots.

On this basis, having considered the prevailing market price of the Shares, the financial positions of the Group, the absence of excess application arrangement to Shareholders with an objective to lower the further investment cost of Shareholders to encourage them to take up their entitlements and to participate in the potential growth of the Company, the Directors (including the independent non-executive Directors) consider that the Subscription Price, the subscription ratio, the ratio of Bonus Issue and the terms of the Open Offer (with the Bonus Issue) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of allotment

The basis of the allotment shall be one Offer Share for every four existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price and issue of bonus shares on the basis of one Bonus Share for every offer share taken up under the Open Offer. Application for all or any part of a Qualifying Shareholder's allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

LETTER FROM THE BOARD

The Directors consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares and the Bonus Shares

The Offer Shares and the Bonus Shares (when allotted, fully paid or credited as fully paid, and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares and the Bonus Shares. Holders of the Offer Shares and the Bonus Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares and Bonus Shares.

Rights of Overseas Shareholders

The Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Offer Shares to Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Open Offer will not be available to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Open Offer will be set out in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any Application Form to the Non-Qualifying Shareholders. The Offer Shares which would otherwise be allotted to the Non-Qualifying Shareholders under the Open Offer will be taken up by the Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

No application for excess Offer Shares

There is no arrangement for application for the Offer Shares by the Qualifying Shareholders in excess of their proportionate assured allotments under the Open Offer. If such application of the Offer Shares is arranged, the Company would be required to make additional administrative efforts and incur additional cost of at least HK\$200,000 to administer the excess application procedures. As (i) each Qualifying Shareholder will be given an equal opportunity to participate in the Open Offer; (ii) each Qualifying Shareholder would be entitled to subscribe for Offer Shares proportional to his respective shareholding; and (iii) the Underwriter will only take up the untaken Open Offer Shares which are not subscribed by the Qualifying Shareholders, the Company considers that such additional administrative efforts and cost would outweigh the benefits of the Shareholders' rights for the excess application. Accordingly, after arm's length negotiation with the Underwriter, the Company has decided that no excess application for the Offer Shares will be offered to the Qualifying Shareholders. Any Offers Shares that are not taken up by the Qualifying Shareholders will be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

When devising the structure of the Open Offer, the Company had considered a number of factors, including advice from the Underwriter in relation to the market practice, the cost effectiveness of various structures of an open offer relative to the size of the offer, the interests and

LETTER FROM THE BOARD

benefits of all the Shareholders as a whole rather than a particular class of the Shareholders. The Company has been advised it is common in the market not to arrange for excess application in order to save extra administrative time and costs (legal, share registrar, printing etc.). Further, if an open offer is popular with a high subscription rate, the additional shares to be obtained by qualifying shareholders would be minimal; and conversely, if an open offer is unpopular with a low subscription rate, there is a low chance that the qualifying shareholders would apply for additional open offer shares. Accordingly, an excess application arrangement in practice does not bring any substantial real benefits to the shareholders, but does incur extra costs and time as far as the Company is concerned. In addition, the Company also acknowledges that Qualifying Shareholders may further participate in the Open Offer by acquiring more Shares in the secondary market before the ex-entitlement date for the Open Offer with or without an excess application.

Fractions of Offer Shares

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares and the issue of Bonus Shares.

Dealings in the Offer Shares and the Bonus Shares in board lots of 10,000 Shares, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENTS

Undertaking given by Mr. Chan

Mr. Chan has given an irrevocable undertaking in favour of the Company and the Underwriter to subscribe for 104,457,407 Offer Shares to which Mr. Chan is entitled under the Open Offer.

Save as disclosed above, as at the date of this announcement, the Board has not received any information from any substantial Shareholders or Directors of their intention to take up the Offer Shares.

Undertakings given by holders of the Share Options

The holders of the 80,000,000 Share Options have irrevocably undertaken to the Company and the Underwriter that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date. The Company will procure all grantees of Share Options to be granted before the Record Date, if any, to give irrevocable undertakings in favour of the Company and the Underwriter not to exercise any of the Share Options held by them before the Record Date.

LETTER FROM THE BOARD

Underwriting Agreement

Taking into account the irrevocable undertakings given by Mr. Chan, pursuant to the Underwriting Agreement and subject to the terms and conditions thereof, the Underwriter has agreed to fully underwrite the remaining 614,267,472 Offer Shares (being the Underwritten Shares) at the Subscription Price of HK\$0.10 per Offer Share. The Underwriting Agreement provides that the Underwriter will be obliged to subscribe or procure subscription for any Offer Shares not taken up by the Qualifying Shareholders. The Company shall by not later than the Settlement Date pay to the Underwriter: (i) a commission, in Hong Kong dollars, of two per cent. of the aggregate Subscription Price in respect of the Underwritten Shares (being 614,267,472 Offer Shares) for which the Underwriter has agreed to subscribe or procure subscription pursuant to the Underwriting Agreement; and (ii) all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, VC Brokerage Limited is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on security) under the SFO and the Underwriter, its ultimate beneficial owner and its associates is third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus marked "For information only" and a letter in agreed form explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer to the Prohibited Shareholders on or before the Prospectus Posting Date;

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- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Offer Shares and the Bonus Shares either unconditionally or subject to conditions which the Company accepts and satisfaction of such conditions (if any) by no later than the Prospectus Posting Date;
- (d) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (e) compliance with and performance of all the undertakings and obligations of the Underwriter in all material respects under the terms of the Underwriting Agreement;
- (f) compliance with and performance of all undertakings and obligations of holders of the Share Options not to exercise any of the Share Options held by each of them before the Record Date;
- (g) compliance with and performance of all undertakings and obligations of Mr. Chan under the Chan Undertaking;
- (h) all requirements and conditions imposed by the Stock Exchange or under the Listing Rules or otherwise in connection with the transactions contemplated by the Underwriting Agreement having been fulfilled or complied with by not later than the Latest Time for Termination;
- (i) none of the representations, warranties or undertakings referred in the Underwriting Agreement being breached, untrue, inaccurate or misleading in any material respects;
- (j) the Company shall deliver to the Underwriter certified copies of the resolutions approving the Open Offer and the Bonus Issue on or before the Prospectus Posting Date;
- (k) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange and the SFC, as the case may require in connection with the Open Offer and/or issue of the Offer Shares by the relevant time that each consent and approval is required;
- (l) the passing by no later than the Prospectus Posting Date by the Shareholders at the EGM of ordinary resolutions to approve the Bonus Issue; and
- (m) the entering into of binding agreements by the Underwriter with certain sub-underwriters, which shall be Independent Third Parties, for sub-underwriting the Offer Shares, such that none of (i) the Underwriter together with its parties acting in concert (having the meaning under the Takeovers Code) nor (ii) any of the sub-underwriters and their respective parties acting in concert (having the meaning under the Takeovers Code) shall be interested in 15% or more of the issued share capital of the Company as enlarged by the Open Offer.

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Save that (d) and (j) which could be waived by the Underwriter and (e) and (m) which could be waived by the Company, all other conditions set out above are not capable of being waived. If the conditions of the Open Offer under the Underwriting Agreement are not fulfilled or as the case may be waived by the relevant dates and times specified in the Underwriting Agreement (or, in each case, such later date or time as the Underwriter may agree in writing with the Company pursuant to the Underwriting Agreement), the Underwriting Agreement will terminate and no party thereto will have any claim against any other party for costs, damages compensation or otherwise save for any antecedent breaches. If the Underwriting Agreement is terminated in accordance with its terms, the Open Offer will not proceed.

Further announcement(s) will be made by the Company if the expected timetable of the Open Offer and the issue of Bonus Shares is required to be amended.

Underwriting Commission

The Company will pay the Underwriter an underwriting commission in Hong Kong dollars, of 2% of the aggregate Subscription Price in respect of the Underwritten Shares for the Underwriter has agreed to subscribe or procure subscription and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter, but the Company shall continue to pay all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer. The Directors are of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

The Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to Latest Time for Termination if there occurs any of the following events:

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion

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of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (c) any adverse change in market conditions (whether foreseeable or not) (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter will or is reasonably likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient, impracticable or inadvisable to proceed with the Open Offer; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
- (e) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer; or
- (f) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter will or is reasonably likely to adversely affect the prospects of the Company; or
- (g) there is any change in the circumstances of the Company or any member of the Group (whether foreseeable or not) which in the reasonable opinion of the Underwriter will or is reasonably likely to adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (h) any suspension in or material restriction on the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, the Circular Documents or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

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(2) If, prior to the Latest Time for Termination, there is:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriter,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and sale of coal-related chemical products, biochemical products and generation and supply of power and steam. Coal-related chemical products comprise vinyl acetate products and polyvinyl-chloride products. Biochemical products include glucose and starch.

The gross proceeds of the Open Offer will be approximately HK\$71.9 million. It is expected that the aggregate expenses in connection with the Open Offer will be approximately HK\$1.8 million. The net cash proceeds from the Open Offer of approximately HK\$70.1 million will be used for (i) approximately HK\$23.2 million will be used to repay the other loan of approximately HK\$23,231,000 as referred to in the second paragraph of the sub-section 2(c) headed “Other loans”) in Appendix I to this circular; (ii) approximately HK\$29.0 million will be used to repay the bank loan; and (iii) the remaining net cash proceeds of approximately HK\$17.9 million will be used to strengthen the capital base of the Group and allow the Group to maintain sufficient financial flexibility necessary for its future business development. In view of the increase in profit margin by increasing the residential heat supplying areas, the Group has developed a long term plan to further enhance its investment in the heat and power business. It is the Group’s strategy to extend the residential heat supply area by acquisition of existing heat supplying pipelines from other heat suppliers or construction of heat supplying pipelines for the new residential area in Mudanjiang.

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As at the Latest Practicable Date, based on the Directors' latest estimate, the expected funding needs of the Group for the next 12 months from the Latest Practicable Date amounted to approximately HK\$176 million. In arriving at such estimation, the Directors' key assumptions included that: (i) the Group will be able to implement its business and investment plans as scheduled; (ii) there will be no material changes in the principal activities of the Group and the Group will be able to continue in business as a going concern during the relevant period; (iii) there will be no material change in the existing political, legal, fiscal or economic environment in Hong Kong and the PRC and (iv) there will be no material changes in interest rates and foreign exchange rates from those currently prevailing.

The proceeds from the Open Offer are not able to satisfy the Company's expected funding needs for the next 12 months but will be met by the currently available cash and bank balances and the funds generated from its operations. The Company does not have any plan to conduct further fund raising activities.

The Directors are of the view that the Open Offer will enable the Company to raise funds and provide the Company with the financial flexibility necessary for the Group's future development and investment purposes as and when suitable opportunities arise and improve the Group's overall financial position. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders to participate in the growth of the Company in proportion to their shareholdings.

To further illustrate, the Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for the business development of the Group. As such, when formulating the structure of the Open Offer, the Directors had taken into account various factors including but not limited to raising sufficient funds to further develop its principal business, while at the same time, to reduce the level of borrowings and indebtedness of the Group.

In addition, having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

In view of the above, the Directors consider the Open Offer is in the interests of the Company and Shareholders as a whole.

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The Directors believe that the Open Offer will enable the Group to (i) strengthen the capital base of the Group and enhance the financial position of the Group; and (ii) reduce current debts of the Group. The Group will be in a better financial position for future development as a result of the Open Offer. The Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) accordingly consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

The Open Offer is conditional upon, *inter alia*, the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” of this circular. In particular, the Open Offer is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE LATEST PRACTICABLE DATE

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the date of this circular:

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds as stated in the announcement and/or circular	Actual use of Proceeds/Remark
5 April 2016	Placing of Shares under general mandate of the Company.	Approximately HK\$43,000,000.	For general working capital (including but not limited to repayment of bank loans of the Group and/or for future development of the Company).	Used as general working capital

Save as disclosed in this paragraph, the Company has not conducted any fundraising activities in the past 12 months immediately preceding the date of this circular.

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EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Open Offer, on the basis of the public information available to the Company as of the date of this announcement, after the Directors having making reasonable enquiries and assuming there is no other changes in the shareholding structure of the Company since the date of this announcement:

	As at the date of this announcement		Immediately after completion of the Open Offer and the issue of Bonus Shares			
			Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer and the Bonus Issue (Note 2)		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer and the Bonus Issue	
	Number of Shares	Approx % of Shareholding	Number of Shares	Approx % of Shareholding	Number of Shares	Approx % of Shareholding
Chan Yuen Tung (Note 1)	417,829,629	14.53	626,744,443	14.53	626,744,443	14.53
The Underwriter (Note 2)	—	—	1,228,534,944	28.49	—	—
Other Shareholders	<u>2,457,069,890</u>	<u>85.47</u>	<u>2,457,069,890</u>	<u>56.98</u>	<u>3,685,604,834</u>	<u>85.47</u>
Total	<u>2,874,899,519</u>	<u>100.00</u>	<u>4,312,349,277</u>	<u>100.00</u>	<u>4,312,349,277</u>	<u>100.00</u>

Notes:

1. Mr. Chan Yuen Tung is a substantial shareholder of the Company. Mr. Chan has given an irrevocable undertaking in favour of the Company and the Underwriter to take up all the Offer Shares he is entitled to under the Open Offer.
2. The above information is for illustration purpose only. Such scenario will never occur as the Open Offer is conditional upon, *inter alia*, the entering into the binding agreements by the Underwriter with certain placees and/or sub-underwriters for placing and/or sub-underwriting the Offer Shares, such that neither (i) the Underwriter together with its parties acting in concert nor (ii) any of the placees and/or sub-underwriters and their respective parties acting in concert shall in aggregate be interested in 15% or more of the issued share capital of the Company as enlarged by the Open Offer.

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AMENDMENTS TO ARTICLES OF ASSOCIATION

The existing Articles of Association provides that the capitalization of the Company's reserves or funds by way of distribution of bonus shares to the Shareholders should be in the same proportion to their shareholdings. In order to give effect to the Bonus Issue (which will not be made to Shareholders on a pro rata basis as the Bonus Shares will only be issued to Shareholders who have taken up the Offer Shares) as proposed, the Board proposes to put forward a special resolution to the Shareholders for approval at the Second EGM in respect of the amendments to Article 153. (A) and (B) of the Articles, to allow the allotment and issue of the Bonus Shares not in proportion to the shareholding of the Shareholders by way of capitalisation of the reserve account of the Company. The Board proposes to make the following amendments to the Articles.

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

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

GENERAL

As the Open Offer would not increase either the issued share capital or the market capitalisation of the Company by more than 50%, the Open Offer is not required by the Listing Rules to be approved by the Shareholders in a general meeting. However, the reduction of the share premium account of the Company is required by the Memorandum and Articles of Association of the Company to be approved by an ordinary resolution of the Shareholders in a general meeting.

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To the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to approve the Bonus Issue at the EGM.

Subject to the issue of Bonus Shares being approved at the Second EGM, the Prospectus Documents containing, among other things, further details of the Open Offer is expected to be despatched by the Company to Qualifying Shareholders on or before Friday, 11 November, and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

The Prospectus Documents setting out details of the Open Offer and the issue of Bonus Shares will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied.

RECOMMENDATION

The Directors consider that the terms of the Open Offer, the issue of Bonus Shares and the proposed amendments to the Articles are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommends the Shareholders to vote in favour of the resolutions to be proposed at the Second EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION

Financial information of the Group for (i) each of the three years ended 30 June 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the years ended 30 June 2013 (pages 34 to 92), 2014 (pages 33 to 92) and 2015 (pages 34 to 96); and (ii) the six months ended 31 December 2015 is disclosed in the interim report of the Company for the six months ended 31 December 2015 (pages 4 to 23), respectively. The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 30 June 2013 and 2014. The qualification in the auditors' reports for the year ended 30 June 2015 was set out on pages 32 to 33 in the 2015 Annual Report.

The aforesaid Annual Reports and results announcement are available on the website of the Stock Exchange (<http://www.hkex.com.hk>). In particular, the web links of the Annual Reports are as follows:

2013 Annual Report

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/1030/LTN20131030400.pdf>

2014 Annual Report

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/1029/LTN20141029280.pdf>

2015 Annual Report

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1029/LTN20151029363.pdf>

2016 Interim Report

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0329/LTN20160329703.pdf>

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2016, being latest practicable date prior to this circular for ascertaining certain information relating to the indebtedness statement, the indebtedness of the Group was as follows:

(a) Interest-bearing bank borrowings

The Group had an outstanding principal of bank borrowings of approximately HK\$82,924,000, which were secured by the pledge of the Group's fixed assets, land held under finance leases and prepaid land lease payments, and the bank borrowings of approximately HK\$53,815,000 and HK\$29,109,000 is repayable within one year and over one year respectively. The bank loans were arranged at floating rates ranging from 2.10% to 7.21%.

(b) Bonds payable

The Group had an outstanding principal of bonds payable of approximately HK\$910,809,000, which were unsecured and interest bearing at coupon rates of 3% to 12%.

(c) Other loans

The Group had outstanding principal of other loans of approximately HK\$46,579,000.

A loan of approximately HK\$23,231,000 granted from an independent third party is interest bearing at 12% p.a., secured by the pledge of the Group's fixed assets and prepaid land lease payments and is repayable on demand. During the year ended 30 June 2013, the Group received a verdict from the Intermediate People's Court of Heilongjiang Province in the PRC in relation to the repayment of the other loan. According to the verdict, the other loan should be repaid before 20 March 2013. The lender has not taken any action to enforce the verdict since then and the Group is negotiating with the lender for discharge of partial interest and expects to repay the loan in early October 2016.

A loan of approximately HK\$23,348,000 is interest-free, secured by the pledge of the fixed assets and prepaid land lease payments of the borrower which is an indirect 63.11%-owned subsidiary of the Group. The loan is repayable on demand. During the year ended 30 June 2014, the Group received a verdict from the Intermediate People's Court of Heilongjiang Province in the PRC in relation to the repayment of the other loan. According to the verdict, the loan should be repaid before 8 May 2014. Despite the verdict and the fact that the Group had made pro rata shareholder's loan to the subsidiary for repaying the loan, repayment of the loan is pending since the non-controlling shareholder of the subsidiary has been refusing to make corresponding shareholder's loan to the subsidiary. The lender has not taken any enforcement action since the verdict becomes effective. The Group plans to dispose part of the assets of the subsidiary to repay the loan.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of the borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 31 July 2016.

Save as aforementioned in this indebtedness statement, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group since 31 July 2016, up to and including the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available resources and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2015, being the date to which the latest published audited consolidated accounts of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group has been loss making over the last couple of years. For the six months ended 31 December 2015 (the “Period”), loss attributable to owners of the Company amounted to approximately HK\$23 million, representing a decrease of approximately 46% when compared with that of the last corresponding period. The loss attributable to owners was mainly derived from the idle operating cost incurred which mainly comprised of depreciation and amortisation during the suspension of coal-related operation. The Disposal underlines the initiative of the management to get rid of idle assets and better utilize the Groups’ resources.

The management believes that worst situation of the Group had passed and foreseeing a brilliant prospect in coming years.

Heat and power division

During the Period, the Company has nearly completed the construction of 25 kilometers pipelines which has a capacity to supply heat for approximately 12 million square meters of residential areas. It is expected, by year 2018, the heat supplying area will increase to approximately 8 million square meters. The increase in residential heat supplying areas will much enhance the profit margin in higher level. Hence, it is strongly believed that the heat and power division will be the gold driver of the Group provided that the coal price remains stably.

Coal-related chemical production division Heihe

Heihe

As disclosed in the circular of the Company dated 17 May 2016, Heihe Longjiang Chemical Co. Ltd. (“**HLCCCL**”), the Group’s coal related chemical production in Heihe, the PRC was still incurring operating loss because of the suspension of calcium carbide production operation and HLCCCL filed a writ against both the Heihe City Local Government and the State Grid Heilongjiang Electric Power Company Limited (the “**Defendants**”) in relation to the electric supply for calcium carbide production. Calcium carbide production is

highly sensitive to two factors — electricity and raw material (i.e. coal). However, having considered (i) the current downward trend of coal price; (ii) the tentative settlement offer from the Defendants which will supply electricity to HLCCL at a lower cost; and (iii) completion of the installation of gas fired kiln system for production of calcium carbide in the third quarter of 2015 which will further lower the production cost by 20%, the Directors are of the view that the profitability of HLCCL will improve. The original estimated resumption of production in late May 2016 as stated in the 17 May 2016 circular was according to the management's best estimation back then. During the past few months HLCCL put in considerable efforts in achieving earlier stage for the resumption of production to bring the plant and equipment could be up and running. To resume full commercial production, numerous trial runs are needed to attain and maintain the stability of quality required for marketable products, and also a production logistics, including ordering and delivering of raw materials, need to be dealt with. HLCCL is currently on trial run and fine-tuning the plant and machinery with an aim to resume full production as soon as possible.

Mudanjiang

Although government policy on the grant of preferential tariff was promulgated in the recent years, the current low market prices of calcium carbide with an average of RMB2,200 per ton made production of the product unprofitable even with the government tariff. The management estimates production of coal-related products in the Mudanjiang plant would only break even if calcium carbide price increases to not less than RMB2,850 per ton. The management will closely monitor the market conditions and resumption of full production will be initiated only after the market price of calcium carbide recovers and remains stable above the breakeven level.

Appointment as window company of Mudanjiang City Government

On 25 August 2015, the Mudanjiang City Government appointed the Company as its Hong Kong based agent and foreign window company representing it in the negotiation of matters concerning the city government's listing of domestic enterprises and projects, fund raising exercise and transfer of equity interest. The Company was honored the appointment due to its contribution to the local economy and good relationship with Mudanjiang City Government. The appointment has no fixed term and is intended to be high level initiative for promotion of commercial and capital market activities. The duty was not set out in the appointment letter, nor has the Company performed since being appointed, any particular task, function or role as the local government's agent and window company.

Acquisition of Logistics Centres Project

On 26 August 2015, the Company entered into a share acquisition framework agreement ("Framework Agreement") with Mudanjiang Transportation Group Investment Limited ("Mudanjiang Transportation Group"), a PRC state-owned enterprise which is controlled by the Transport Department of the People's Government of Mudanjiang City, Heilongjiang Province, the PRC in relation to the construction and operation of the international and

domestic logistics centres in Mudanjiang City. The Framework Agreement has a term of 45 days from the date of execution and takes effect immediately upon signing. Pursuant to the Framework Agreement, the Company is going to acquire 70% equity interest of Mudanjiang Transportation Group which is undertaking the following projects:

- (a) Phase 1 of the Mudanjiang International Transportation and Logistics Centre which was still under construction (“**Logistic Centre**”);
- (b) Phase 2 of the Logistics Centre;
- (c) the drop and pull transportation project; and
- (d) the state-owned interest in the general commercial complex developed by the Mudanjiang Transportation Group.

The Company has been making progress and in-depth discussion with Mudanjiang Transportation Group and Government of Mudanjiang City for the cooperation of the logistic centres mentioned above. The negotiation of the acquisition is now entering into the final stage. The management understands that Phase 1 of the Logistic Centre has not commenced operation and Mudanjiang Transportation Group is in the course of applying various consents, licences and approvals from relevant government departments for commencement of operation of Phase 1 of the Logistics Centre. Definitive agreements will be entered into only after such consents, approvals and licences have been granted. It is the intention of the parties that if those consents, licences and approvals for the operation of Phase I of the Logistics Centre are not obtained on or before 31 October 2016, the Framework Agreement will be terminated and no definitive agreements will be entered into by the parties.

A. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this circular from the independent reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong.



The Board of Directors
China Zenith Chemical Group Limited
Room 4007, 40/F., China Resources Building,
No. 26 Harbour Road, Wanchai
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Zenith Chemical Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (“Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2015, and related notes (the “Unaudited Pro Forma Financial Information”) as set out on page 34 of the circular issued by the Company. The applicable criteria on the basis of which the directors have complied the Unaudited Pro Forma Financial Information are described on page 34 of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed open offer of the Company at a subscription price of HK\$0.1 per Offer Share on the basis of one Offer Share for every four existing shares and issue of bonus shares on the basis of one bonus share for every one offer share taken up under the open offer (the “Open Offer”) as if the transaction had taken place as at 31 December 2015. As part of this process, information about the Group’s consolidated statement of financial position of the Group as at 31 December 2015, as extracted from the published interim report of the Company for the six months ended 31 December 2015 dated 29 February 2016.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of the Open Offer on consolidated net tangible assets of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Your faithfully,

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 28 September 2016

Siu Jimmy
Practising Certificate Number: P05898

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared in accordance with paragraph 4.29(1) of the Listing Rules set out below to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if it had taken place on 31 December 2015.

The Unaudited Pro Forma Financial Information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Open Offer as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the consolidated net tangible assets attributable to equity shareholders of the Company as at 31 December 2015 and adjusted to reflect the effect of the Open Offer:

	Unaudited consolidated net tangible assets attributable to owners of the Company as at 31 December 2015 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 December 2015 <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share before the completion of the Open offer <i>HK\$</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after the completion of the Open offer <i>HK\$</i> <i>(Note 4)</i>
Proposed offer share issued					
718,724,879 offer shares and 718,724,879 bonus shares issued	2,106,068	70,085	2,176,153	0.733	0.505

Notes:

- (1) The unaudited consolidated net tangible assets of the Group as at 31 December 2015 has been extracted from the published interim report of the Company for the six months ended 31 December 2015 after deducting goodwill and other intangible assets of approximately HK\$37,904,000 and HK\$1,487,000 respectively.
- (2) The estimated net proceeds from the Open Offer is approximately HK\$70,085,000 are based on the 718,724,879 Offer Shares to be issued at the Subscription Price of HK\$0.1 per Offer Share and after deducting estimated expenses of approximately HK\$1,787,000.
- (3) The number of shares used for the calculation of this amount is 2,874,899,519 representing shares in issue as at Latest Practicable Date as if the completion of the Open Offer has taken place as at 31 December 2015.
- (4) The number of shares used for the calculation of this amount is 4,312,349,277 representing 2,874,899,519 issued shares plus 718,724,879 offer shares and 718,724,879 bonus shares issued upon completion of Open Offer.
- (5) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2015.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised share capital of the Company as at the Latest Practicable Date is as follows:

Authorised: HK\$

<u>5,000,000,000</u>	Shares of HK\$0.1 each	<u>500,000,000</u>
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Issued and fully paid or credited as fully paid:

<u>2,874,899,519</u>	Shares of HK\$0.1 each	<u>287,489,952</u>
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The authorised and issued share capital of the Company immediately following completion of the Open Offer will be as follows:

Immediately following the completion of the Open Offer and the Bonus Issue (assuming no exercise of the Share Options and no other Shares are allotted and issued on or before the Record Date)

Authorised: HK\$

<u>500,000,000,000</u>	Shares of HK\$0.1 each	<u>5,000,000,000</u>
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Issued and fully paid/to be issued:

2,874,899,519	Shares as at the Latest Practicable Date	287,489,952
718,724,879	Offer Shares to be allotted and issued under the Open Offer	71,872,488
718,724,879	Bonus Shares to be allotted and issued under the Bonus Issue	71,872,488
<u>4,312,349,277</u>	Shares upon completion of the Open Offer with the Bonus Issue	<u>431,234,928</u>

492,000,000 Shares had been issued by the Company since 30 June 2015, being the date of the latest published audited financial statements of the Company.

All the existing Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Offer Shares and the Bonus Shares (when allotted, issued and fully-paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Offer Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of Offer Shares and the Bonus Shares. As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

Details of the Share Options granted by the Company pursuant to the Share Option Scheme are as follows:

Name/ Category of Participants	As at 30 June 2015	Exercised	Lapsed	As at Latest Practicable Date	Date of grant	Exercise period	Exercise price
Ms. Chan Yuk Foebe	22,000,000	—	(22,000,000)	—	18 April 2013	18 April 2013 –17 April 2015	0.204
Ms. Chan Yuk Foebe	11,000,000	—	—	11,000,000	10 March 2015	10 March 2015 –9 March 2017	0.425
Mr. Law Tze Ping Eric	23,000,000	—	—	23,000,000	10 March 2015	10 March 2015 –9 March 2017	0.425
Employees	46,000,000	—	—	46,000,000	11 May 2015	11 May 2015 –10 May 2018	1.05
Total	<u>102,000,000</u>	<u>—</u>	<u>(22,000,000)</u>	<u>80,000,000</u>			

As mentioned above, as at the Latest Practicable Date, there were Share Options outstanding entitling the holders thereof to subscribe for an aggregate of 80,000,000 Shares.

Under the relevant terms and conditions, the Open Offer (with the Bonus Issue) may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the Share Options. Adjustments to the Share Options shall be made pursuant to the share option scheme adopted by the Company on 20 December 2012 and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding the adjustment of share options in compliance with Rule 17.03(13) of the Listing Rules.

The Company will inform the holders of the Share Options of the actual adjustments upon completion of the Open Offer (with the Bonus Issue), which is expected to be on 30 November 2016 based on the current timetable of the Open Offer (with the Bonus Issue) by way of announcement as and when appropriate.

As at the Latest Practicable Date, save for the outstanding Share Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date. All Offer Shares, when allotted and issued, shall rank *pari passu* with each other and in all respects with each other in all respects including rights to dividends, voting and return of capital. There is no arrangement under which future dividends will be waived or agreed to be waived.

The issued Shares are listed and traded on Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares of the Company:

Name of director	Capacity and nature of interest	Number of Shares	Approximate percentage of Shares in issue
Ms. Chan Yuk Foebe	Beneficial Owner	60,030,000	2.09%
Mr. Law Tze Ping Eric	Beneficial Owner	400,000	0.01%

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to section 352 of

the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following person (other than the Directors or chief executives of the Company as disclosed herein) had interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meeting of any member of the Group:

Long Position in Shares:

Name of substantial shareholder	Capacity	Number of Shares held	Approximate percentage of Shares in issue
Mr. Chan Yuen Tung	Beneficial Owner	417,829,629	14.53%

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Mr. Chan Yuen Tung (other than Directors or chief executives of the Company) was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Save as disclosed herein, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (i) none of the Directors had any interest, direct or indirect, in any assets which have been, since 30 June 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

- (ii) none of the Directors was materially interested in any contract or arrangement entered into with any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. Chan Yuk Foebe
Room 4007, 40/F.
China Resources Building
26 Harbour Road Wanchai
Hong Kong

Mr. Law Tze Ping Eric
Room 4007, 40/F.
China Resources Building
26 Harbour Road Wanchai
Hong Kong

Mr. Yu Defa
Room 4007, 40/F.
China Resources Building
26 Harbour Road Wanchai
Hong Kong

Independent Non-executive Directors

Mr. Ma Wing Yun Bryan
Room 4007, 40/F.
China Resources Building
26 Harbour Road Wanchai
Hong Kong

Mr. Tam Ching Ho
Room 4007, 40/F.
China Resources Building
26 Harbour Road Wanchai
Hong Kong

Mr. Hau Chi Kit
Room 4007, 40/F.
China Resources Building
26 Harbour Road Wanchai
Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 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
Company secretary	Mr. Ma Kin Ling Room 4007, 40/F. China Resources Building 26 Harbour Road Wanchai Hong Kong
Authorised representatives	Ms. Chan Yuk Foebe Room 4007, 40/F. China Resources Building 26 Harbour Road Wanchai Hong Kong Mr. Law Tze Ping Eric Room 4007, 40/F. China Resources Building 26 Harbour Road Wanchai Hong Kong
Underwriter	VC Brokerage Limited 28th Floor, The Centrium 60 Wyndham Street Central, Hong Kong
Auditors	Elite Partners CPA Limited 10/F., 8 Observatory Road Tsim Sha Tsui Kowloon, Hong Kong

Legal advisers

As to Hong Kong law
 Cheung & Liu Solicitors
 Units 1602–06, 16/F.
 FWD Financial Centre
 308 Des Voeux Road Central
 Sheung Wan
 Hong Kong

**Principal share registrar
and transfer office**

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

**Hong Kong branch share registrar
and transfer office**

Tricor Tengis Limited
 22/F, Hopewell Centre
 183 Queen's Road East
 Wanchai
 Hong Kong

Principal bankers

Hang Seng Bank Limited
 83 Des Voeux Road Central
 Central
 Hong Kong

Agricultural Bank of China
 No. 462 Zhong Yang Road Heihe City
 Heilongjiang Province
 PRC

6. LITIGATIONS

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Company and its subsidiaries) have been entered into by members of the Company and its subsidiaries within the two years immediately preceding the date of this circular:

- (a) a placing agreement dated 11 December 2014 (as supplemented by a supplemental agreement dated 11 February 2015) between Pico Zeman Securities (HK) Limited as the placing agent and the Company as the issuer for the placing of one or multiple tranches of 6% bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 for each of the 6%, 4-year terms bonds;
- (b) a placing agreement dated 20 January 2015 (as supplemented by a supplemental agreement dated 2 February 2015) between Pico Zeman Securities (HK) Limited as the placing agent and the Company as the issuer for the placing of the multiple tranches of 5% coupon unsecured, non-convertible and unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 (with face value of HK\$1,250,000 each) due on the tenth anniversary of the respective date(s) of issue of the bonds;
- (c) a placing agreement dated 13 April 2015 between Great Roc Capital Securities Limited as the placing agent and the Company as the issuer for the placing of the multiple tranches of 6.8% coupon unsecured, non-convertible and unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$200,000,000 (with face value of HK\$1,250,000 each) due on the fourth anniversary of the respective date(s) of issue of the bonds;
- (d) a placing agreement dated 19 May 2015 between Pico Zeman Securities (HK) Limited as the placing agent and the Company as the issuer for the placing of the multiple tranches of 5%-9% coupon unsecured, non-convertible and unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 (with face value of HK\$1,250,000 each) due on the expiry date agreed between Pico Zeman Securities (HK) Limited and the Company for each tranche of issue of the bonds;
- (e) a placing agreement dated 3 June 2015 between AMTD Asset Management Limited as the placing agent and the Company as the issuer for the placing of the multiple tranches of 6.8% coupon unsecured, non-convertible and unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$200,000,000 (with face value of HK\$1,250,000 each) due on the fourth anniversary of the respective date(s) of issue of the bonds;
- (f) a framework agreement between the Company and Mudanjiang Transportation Group dated 26 August 2015 in relation to the construction and operation of the international and domestic logistics centres in Mudanjiang City;

- (g) a placing agreement dated 16 September 2015 between Pico Zeman Securities (HK) Limited as the placing agent and the Company as the issuer for the placing of the multiple tranches of 5%–12% coupon unsecured, non-convertible and unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$100,000,000 (with face value of HK\$1,250,000 each) due on the expiry date agreed between Pico Zeman Securities (HK) Limited and the Company for each tranche of issue of the bonds;
- (h) a placing agreement dated 18 January 2016 between Pico Zeman Securities (HK) Limited as the placing agent and the Company as the issuer for the placing of the multiple tranches of 6.8% coupon unsecured, non-convertible and unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$200,000,000 (with face value of HK\$1,250,000 each) due on the fourth anniversary of the respective date(s) of issue of the bonds;
- (i) a share acquisition framework agreement dated 29 February 2016 between the Company as the purchaser and Mudanjiang Transportation Group as the vendor for the acquisition of 70% of the registered capital of Mudanjiang Transportation Group Investment Limited immediately before completion for a consideration of approximately RMB167.4 million (equivalent to approximately HK\$197.5 million) which shall be satisfied by the allotment and issue of the consideration shares;
- (j) a placing agreement dated 5 April 2016 between Mr. Chan Yuen Tung as the vendor, the Company and VC Brokerage Limited as the placing agent of Mr. Chan Yuen Tung for the placing of a maximum of 138,000,000 placing shares at the placing price of HK\$0.315 per placing share and a subscription agreement dated 5 April 2016 between the Company as the issuer and Mr. Chan Yuen Tung as the subscriber for subscribing a maximum of 138,000,000 new Shares with an aggregate maximum nominal value of HK\$13,800,000 at the subscription price of HK\$0.315 per subscription share;
- (k) a share purchase agreement dated 18 March 2016 between Dragon Boom Investments Limited, a wholly owned subsidiary of the Company as the vendor and Hope High Holdings Limited as the purchaser for the acquisition of the 23 shares with a par value of US\$1 each in the share capital of Racing Dragon Group Limited, representing 23% of the issued share capital of Racing Dragon Group Limited for a consideration of HK\$142,970,000;
- (l) a subscription agreement dated 30 June 2016 between Triasia Holdings Limited as the subscriber and the Company as the issuer for subscribing the convertible bonds for an aggregate principal amount of HK\$400,000,000 in eight separate batches of HK\$50,000,000 each, bearing no interest and the maturity date is three years from the respective date of issue;

- (m) a sale and purchase agreement dated 15 July 2016 between the Company as the vendor and Direct High Limited as the purchaser for the disposal of the entire issued share capital of Better Day Bio-Chem Technology Limited which in turn directly and indirectly holds the entire equity interests in Mudanjiang Gaoke Bio-Chem Co. Limited for a consideration of RMB192,000,000 (equivalent to approximately HK\$222,720,000); and
- (n) the Underwriting Agreement.

8. PARTICULAR OF DIRECTORS

Executive Directors

Ms. Chan Yuk Foebe (陳昱), aged 47, is the chairman and chief executive officer of the Group and joined the Group in January 2004. Ms. Chan is responsible for the overall management and business development of the Group. Ms. Chan holds a bachelor's degree in Accountancy from the Queensland University of Technology in Australia. Ms. Chan has more than 10 years' experience in the areas of corporate finance and management. Ms. Chan is a non-executive director of Heng Tai Consumables Group Limited ("Heng Tai") (Stock Code: 197), whose shares are listed on the main board of the Stock Exchange. Save as disclosed herein, Ms. Chan did not hold any other directorships in listed public companies in the last three years. Ms. Chan Yuk Foebe was appointed as the Chairman and a member of nomination committee with effect from 2 February 2012.

Mr. Law Tze Ping Eric (羅子平), aged 36, is an executive director of the Company. Prior to the joining of the Group, Mr. Law worked as a business consultant and provided consultancy services for listed and non-listed companies in Hong Kong. Mr. Law did not hold any other directorships in listed public companies in the last three years. Mr. Law was appointed as the executive director with effect from 3 March 2015.

Mr. Yu Defa (于德發), aged 49, is an executive director of the Company. He is currently acted as the chief operation director of Heihe LongJiang Chemical Co. Ltd., a subsidiary of the Company. Mr. Yu had been the sales and operating general manager of medium-sized enterprises with more than ten years of extensive experiences in sales operation and management.

He joined the Group in October 2011 and promoted to be the deputy general manager of Heihe LongJiang Chemical Co. Ltd. in October 2013. Mr. Yu majored in civil work engineering in Harbin University of Science and Technology in 1988 to 1990. Mr. Yu did not hold any other directorships in listed public companies in the last three years. Mr. Yu Defa was appointed as the executive director with effect from 5 May 2014.

Independent Non-executive Directors

Mr. Ma Wing Yun Bryan (馬榮欣), aged 50, appointed on 28 February 2001, is an independent non-executive director and is also the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Ma is the finance director of Union Sun International Group Limited, a non-listed company with affiliates dealing in property development in the PRC. He was an independent director of Celestial Nutrifoods Limited (the shares of which are listed on the main board of Singapore Exchange Securities Trade Limited (the “Singapore Exchange”)) until 18 July 2011. Moreover, Mr. Ma was an independent director of China Oilfield Technology Services Group Limited (the shares of which are listed on the main board of the Singapore Exchange) until 30 May 2010. He has approximately 20 years of experience in the areas of audit, financial management and operational management. Mr. Ma is a fellow member of The Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Ma was appointed as an independent non-executive director in February 2001.

Mr. Tam Ching Ho (譚政豪), aged 45, appointed on 30 June 2007, is an independent non-executive director and is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Tam is a certified public accountant (practising) registered with the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Mr. Tam has worked in a reputable international accounting firm, where he specialised in providing assurance services for pre-listing, listed and multinational companies, for about eight years. He has also held senior positions in several companies, including mainly the financial controller of a company listed on the main board of the Stock Exchange and another company listed on the Main Board of the Singapore Exchange Limited for a total of about seven years. Mr. Tam has accumulated extensive experience in corporate finance and administration, listing compliance, investor relations, accounting and auditing. Mr. Tam holds a bachelor’s degree in accountancy. He is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants. Mr. Tam is also an independent non-executive director of Chaoda Modern Agriculture (Holdings) Limited (Stock Code: 682), the shares of which are listed on the main board of the Stock Exchange. Mr. Tam was a Supervisory Board member of CBF China Bio-Fertilizer AG, the shares of which were listed in the Entry Standard of Frankfurt Stock Exchange, from 8 December 2010 to 31 January 2013. Save as disclosed herein, Mr. Tam did not hold any other directorships in listed companies in the last three years.

Mr. Hau Chi Kit (侯志傑), aged 44, is an independent non-executive director of the Company. He was a barrister-at-law in private practice in Hong Kong from 2001 to 2008. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Mr. Hau is currently a solicitor not in private practice and was an independent non-executive director of CNC Holdings Limited (Stock Code: 8356), a company listed on the Growth Enterprises Market of the Stock Exchange from 16 May 2011 to 18 May 2015. Mr. Hau is also an independent non-executive director of both eForce Holdings Limited (Stock Code:

943), a company listed on the main board of the Stock Exchange and Celebrate International Holdings Limited (Stock Code: 8212), a company listed on the Growth Enterprises Market of the Stock Exchange with effect from 1 May 2015. Save as disclosed herein, Mr. Hau did not hold any other directorships in listed companies in the last three years. Mr. Hau was appointed as the independent non-executive director and a member of each of the audit committee, remuneration committee and nomination committee with effect from 18 December 2013.

9. EXPERTS AND CONSENTS

The following is the qualification of the professional adviser who has given opinion or advice which is contained in this circular:

Name	Qualification
Elite Partners CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, Elite Partners CPA Limited has given and has not withdrawn its consents to the issue of this circular with the inclusion of their letters, and reference to its names in the form and context in which it appears.

As at the Latest Practicable Date, Elite Partners CPA Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Elite Partners CPA Limited did not have any direct or indirect interests in any assets which have since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

11. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which compete or may compete either directly or indirectly with the business of the Group.

12. EXPENSES

The expenses in connection with the Open Offer, including, underwriting commission, printing, registration, translation, legal and accountancy charges and other related expenses, are estimated to amount to approximately HK\$1,787,000 and are payable by the Company.

13. GENERAL

- (a) The registered office of the Company is situated at Room 4007, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Mr. Ma Kin Ling, a member of the Hong Kong Institute of Certified Public Accountants.
- (d) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong and from outside Hong Kong.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of China Zenith Chemical Group Limited at Room 4007, 40/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 31 October 2016:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the financial years ended 30 June 2014 and 30 June 2015;
- (c) the accountants' report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II of this circular;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (e) the written consent referred to in the paragraph headed "Experts and Consents" above;
- (f) a copy of each circular issued pursuant to the requirements set out in Chapter 14 which has been issued since the date of the latest published audited accounts; and
- (g) this circular.



China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 362)

NOTICE IS HEREBY GIVEN that a second extraordinary general meeting of China Zenith Chemical Group Limited (the “Company”) will be held on Monday, 31 October 2016 at 4:45 p.m. or immediately after conclusion of the first extraordinary meeting the Company held on the same day at 4:30 p.m. whichever is later to consider and, if thought fit, pass, with or without amendments, the following resolution(s) which will be proposed as resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT** subject to and conditional upon: (i) the passing of the special resolution as set out in the notice convening this meeting; (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Offer Shares (as defined below) and the Bonus Shares (as defined below); (iii) the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Open Offer” included in the circular to shareholders of the Company dated 28 September 2016 (the “**Circular**”):
 - (a) the Underwriting Agreement be and is hereby confirmed, approved and ratified;
 - (b) the Open Offer (as defined in the Circular), the issue of Bonus Shares (as defined in the Circular), the Underwriting Agreement (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved;
 - (c) subject to the allotment and issue of the Offer Shares, upon the recommendation of the Directors, the capitalisation of an amount standing to the credit of the share premium account of the Company and the application of such amount in paying up in full at par of 718,724,879 Bonus Shares for the allotment and issue, credited as fully paid at par, to the first registered holder of the Offer Shares be and is hereby approved; and
 - (d) the Directors be and are hereby authorised to allot and issue the Offer Shares and the Bonus Shares and to do all such acts and things, to sign and execute all such further documents and to take such steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient; to give effect to or in connection with the Open Offer, the issue of the Bonus Shares the Underwriting Agreement and any of the transactions contemplated thereunder.”

NOTICE OF THE SECOND EGM

SPECIAL RESOLUTION

2. “**THAT**

- (a) the proposed amendments to the Articles (as detailed in the Circular) be and are hereby approved; and
- (b) the Directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including, but not limited to, determining the amount to be capitalised out of the share premium account of the Company and the number of Bonus Shares to be allotted, issued and distributed in the manner referred to in paragraph (a) of this Resolution.”

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

Hong Kong, 28 September 2016

As of the date hereof, the Board comprised the following Directors:

Executive Directors:

Ms. Chan Yuk Foebe
Mr. Law Tze Ping Eric
Mr. Yu Defa

Independent non-executive Directors:

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

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head and principal place
of business:*

Room 4007
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

- 1. A member entitled to attend and vote at the above meeting is entitled to appoint one or if he is a holder of more than one share of the Company, one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

NOTICE OF THE SECOND EGM

2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or other authority, must be lodged with the Hong Kong share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting convened.
4. Where there are joint holders of shares of the Company, any one of such persons may vote at the above meeting (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share will alone be entitled to vote in respect thereof.
5. Members of the Company whose names appear on the register of members maintained by the Company's branch Share registrar in Hong Kong, Tricor Tengis Limited at 22/F., Hopewell Centre, 183 Queen's Road East, Hong Kong at 4:45 p.m. on 30 October 2016 shall qualify for attending and voting at the extraordinary general meeting.
6. Unless otherwise specified herein, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 28 September 2016.
7. This notice has been printed in English and Chinese. In the event of any inconsistency, the English text of this notice shall prevail over its Chinese text.