

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 your 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 (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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 GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;**
- (2) PROPOSED RE-ELECTION OF DIRECTORS; AND**
- (3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 12 December 2016 at 4:30 p.m. is set out on pages 14 to 18 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, 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 the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

10 November 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held at Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 12 December 2016 at 4:30 p.m. to consider and, if thought fit, approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate and the proposed re-election of Directors
“Annual Report”	the annual report of the Company for the year ended 30 June 2016
“Articles” or “Articles of Association”	the articles of association of the Company, as amended from time to time, and the “Article” shall mean an article of the Articles of Association
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Zenith Chemical Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of granting of the General Mandate
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	7 November 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of granting of the Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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

(Chairman and Chief Executive Officer)

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 office and principal place of
business in Hong Kong:*

Room 4007, 40/F.

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

10 November 2016

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, among other things, the granting of the General Mandate and the Repurchase Mandate to the Directors and the re-election of Directors.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the granting of the General Mandate and the Repurchase Mandate and the re-election of Directors and the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate and the Repurchase Mandate.

General Mandate

At the AGM, an ordinary resolution will be proposed such that the Directors be given an unconditional general mandate (i.e. the General Mandate) to allot, issue and deal with, unissued Shares or underlying shares of the Company (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate nominal amount of up to 20% of the issued Shares as at the date of granting of the General Mandate.

In addition, a separate ordinary resolution will further be proposed for extending the General Mandate authorising the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details on the Repurchase Mandate are further elaborated below.

As at the Latest Practicable Date, the Company has an aggregate of 2,874,899,519 Shares in issue. The Company has announced an open offer (“**Open Offer**”) on the basis of one offer share for four existing Shares held on 10 November 2016 and the issue of bonus shares (“**Bonus Issue**”) on the basis of one bonus shares for every offer share taken up under the open offer. Details of the Open Offer are disclosed in the circular of the Company dated 28 September 2016. Subject to completion of the Open Offer and based on the current timetable for the Open Offer, 718,724,879 offer shares and 718,728,879 bonus shares will be issued before the date of the AGM, and accordingly, the total number of issued Shares would increase to 4,312,349,277 Shares at the date of the AGM (assuming no further issue of new Shares from the date hereof and up to the AGM other than the shares to be issued under the Open Offer (with the Bonus Issue). Subject to the passing of the relevant resolutions for the approval of the General Mandate, the Company would be allowed under the General Mandate to allot, issue and deal with a maximum of 862,469,855 Shares. However, given the authorized share capital the Company is HK\$500,000,000 divided into 5,000,000,000 Shares of HK\$0.1 each, utilization of the General Mandate in full will exceed the authorized share capital of the Company. Based on the current authorized share capital, the General Mandate can only be utilized to allot and issue a maximum of 687,650,723 Shares.

LETTER FROM THE BOARD

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Stock Exchange of an aggregate amount of up to 10% of the issued share capital of the Company as at the date of granting of the Repurchase Mandate.

Subject to completion of the Open Offer (with the Bonus Issue) and based on the current timetable for the Open Offer and subject to the passing of the relevant resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 431,234,927 Shares.

The General Mandate (including the extended General Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate (including the extended General Mandate) and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the General Mandate (including the extended General Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

Pursuant to Article 112, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. Pursuant to Article 108, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Articles 108, each of Mr. Yu Defa, Mr. Tam Ching Ho and Mr. Hau Chi Kit shall retire from office by rotation at the AGM, and being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

At the AGM, ordinary resolutions will be proposed to re-elect each of Mr. Yu Defa as executive Director and Mr. Tam Ching Ho and Mr. Hau Chi Kit, as independent non-executive Directors.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

AGM

A notice convening the AGM to be held at Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 12 December 2016 at 4:30 p.m. is set out on pages 14 to 18 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate and the re-election of Directors.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkex.com.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, 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 the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement in relation to the results of the AGM will be made by the Company thereafter.

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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate and the proposed re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM. The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

MISCELLANEOUS

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

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

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. Repurchase of securities from connected parties

The Listing Rules prohibit the Company from knowingly purchasing its securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling to the Company his/her/its securities of the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,874,899,519 fully paid Shares Assuming Completion of the Open Offer (with the Bonus Issue), the total issued shares of the Company would be increased to 4,312,349,272 Shares before the AGM.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM other than those Shares to be allotted and issued pursuant to the Open Offer (with the Bonus Issue), the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 431,234,927 fully paid Shares, representing approximately 10% of the issued share capital of the Company as at the date of passing of the resolution.

3. Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. Funding of repurchases

Repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the laws of the Cayman Islands and the memorandum of association of the Company and the Articles and for such purpose.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 30 June 2016, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months immediately prior to the Latest Practicable Date (after adjustment of the ex-entitlement of the Open Offer (with the Bonus Issue) were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2015		
November	0.692	0.589
December	0.658	0.589
2016		
January	0.623	0.564
February	0.598	0.137
March	0.282	0.137
April	0.299	0.231
May	0.265	0.226
June	0.256	0.205
July	0.239	0.068
August	0.127	0.068
September	0.092	0.069
October	0.079	0.066
November (up to the Latest Practicable Date)	0.083	0.071

6. Disclosure of interests and minimum public holding

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholder is interested in more than 10% of the Shares then in issue:

Name	Capacity	Number of Shares held (long position)	Approximate percentage of shareholding
Chan Yuen Tung	Beneficial owner	409,689,629	14.25%

Mr. Chan Yuen Tung has undertaken to take up his entitlement in full under the Open Offer (with the Bonus Issue).

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholder in the Shares would be increased to:

Name	Percentage holding
Chan Yuen Tung	15.83%

Assuming no further issue or repurchase of Shares prior to the date of the AGM other than those Shares to be issued under the Open Offer (with the Bonus Issue), if the exercise of the Repurchase Mandate were in full, the shareholding percentage (if the present shareholding remains the same) of Chan Yuen Tung would increase to approximately 15.83%. Such increase will not give rise to an obligation on the part of Chan Yuen Tung to make a general offer for all the Shares not already owned by him and agreed to be acquired by him under Rules 26 and 32 of the Takeovers Code. The Directors are not aware of any other consequences which will give rise under the Takeovers Code as a result of the exercise of the power in full under the Repurchase Mandate.

At as the Latest Practicable Date, the Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of the above Shareholders, or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

7. Shares repurchase made by the Company

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous six months immediately prior to the Latest Practicable Date.

Details of the Directors, who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) Mr. Yu Defa (“Mr. Yu”)

Mr. Yu, aged 49, is an executive Director of the Company, currently acted as the chief operation director of Heihe LongJiang Chemical Co. Ltd., a subsidiary of the Company with a monthly salary of RMB8,000. 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.

As at the Latest Practicable Date, Mr. Yu does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company or its subsidiaries nor does he have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Yu does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date hereof, nor does he hold any other position with the Company and other members of the Group or possess any other major professional qualifications.

Mr. Yu has entered into a letter of appointment with the Company on 5 May 2016 and his appointment is initially for 2 years. His appointment is also subject to retirement by rotation and/or re-election at the annual general meeting of the Company according to the Articles of Association. He is entitled to monthly emolument of HK\$10,000, which was determined by the Board with reference to his duties and responsibilities and the prevailing market conditions. The emolument will be reviewed by the Board and the remuneration committee of the Company on an annual basis.

Save as disclosed above, in relation to the appointment of Mr. Yu, the Board is not aware of any information that required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matters that ought to be brought to the attention of the Shareholders of the Company.

(2) Mr. Tam Ching Ho (“Mr. Tam”)

Mr. Tam, 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”). He has worked in a reputable international accounting firm for about eight years and specialised in providing assurance services for pre-listing, listed and multinational companies. 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 graduated from City University of Hong Kong with a bachelor's degree of arts with honours 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. Save as disclosed herein, Mr. Tam did not hold any other directorships in listed companies in the last three years.

Mr. Tam has entered into a service contract with the Company commencing from 7 December 2015, which shall, subject to the re-appointment as a Director in accordance with the Articles of Association, continue until terminated by either party giving not less than three months' notice in writing to the other. Mr. Tam is entitled to HK\$10,000 per month payable by the Group under the service contract. Mr. Tam's emoluments is determined by the Board with reference to Mr. Tam's experience, duties and responsibilities and the prevailing market practice, and in accordance with the remuneration policy adopted by the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Tam did not hold any Shares within the meaning of Part XV of the SFO. Save as being an independent non-executive Director, Mr. Tam does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company or its subsidiaries.

Save as disclosed above, there is no other matter that needs to be brought to the attention of the Shareholders in relation to the re-election of Mr. Tam and there is no information required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matters that ought to be brought to the attention of the Shareholders of the Company.

(3) Mr. Hau Chi Kit (“Mr. Hau”)

Mr. Hau, aged 44, appointed on 18 December 2013 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. He was a barrister-at-law in private practice in Hong Kong from 2001 to 2008. Prior to becoming a barrister, he worked at the Securities and Futures Commission. Mr. Hau is currently a solicitor and is an independent non-executive director of eForce Holdings Limited (Stock Code: 943), a company listed on the main board of the Stock Exchange and Trillion Grand Corporate Company Limited (Stock Code: 8103), a company listed on the Growth Enterprises Market (the “GEM”) of the Stock Exchange. In the past three years, he was an independent non-executive director of CNC Holdings Limited (Stock Code: 8356) from May 2011 to May 2015 and Celebrate International Holdings Limited (Stock Code: 8212) from May 2015 to November 2015, all being companies listed on the GEM of the Stock Exchange. Save as disclosed herein, Mr. Hau did not hold any other directorships in listed companies in the last three years.

As at the Latest Practicable Date, Mr. Hau does not have relationship with any Directors, senior management or substantial or controlling Shareholders of the Company or its subsidiaries nor does he have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Hau does not hold any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date hereof, nor does he hold any other position with the Company and other members of the Group or possess any other major professional qualifications.

Mr. Hau has entered into a letter of appointment with the Company on 18 December 2015 and his appointment is initially for 2 years. His appointment is also subject to retirement by rotation and/or re-election at the annual general meeting of the Company according to the Articles of Association. He is entitled to annual emoluments of HK\$120,000, which were determined by the Board with reference to his duties and responsibilities and the prevailing market conditions. The emoluments will be reviewed by the Board and the remuneration committee of the Company on an annual basis.

Save as disclosed above, in relation to the appointment of Mr. Hau, the Board is not aware of any information that required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matters that ought to be brought to the attention of the Shareholders of the Company.



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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of China Zenith Chemical Group Limited (the “**Company**”) will be held at Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Monday, 12 December 2016 at 4:30 p.m. to transact the following:

AS ORDINARY RESOLUTIONS:

1. To receive and approve the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditor of the Company for the year ended 30 June 2016;
2.
 - (a) To re-elect Mr. Yu Defa as executive Director;
 - (b) To re-elect Mr. Tam Ching Ho as independent non-executive Director;
 - (c) To re-elect Mr. Hau Chi Kit as independent non-executive Director; and
 - (d) To authorise the board of Directors to fix the Directors’ remuneration;
3. To re-appoint Elite Partners CPA Limited as the auditor of the Company and to authorise the board of Directors to fix its remuneration;
4. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 6),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law (Law 3 of 1961, as consolidated and revised) (the “**Companies Law**”) or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

NOTICE OF AGM

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable laws of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

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

“**THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

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

Hong Kong, 10 November 2016

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

Notes:

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

NOTICE OF AGM

5. For the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 9 December 2016 to Monday, 12 December 2016 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for attending at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch registrars, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Saturday, 10 December 2016.