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## **China Zenith Chemical Group Limited**

### **中國天化工集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 362)**

# **PROPOSED CHANGE OF DOMICILE PROPOSED AMENDMENT TO ARTICLES PROPOSED CAPITAL REORGANISATION PROPOSED REDUCTION OF SHARE PREMIUM AND PROPOSED REFRESHMENT OF SHARE OPTION SCHEME MANDATE LIMIT**

## **PROPOSED CHANGE OF DOMICILE**

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The implementation of the Change of Domicile will not affect the continuity of the Company and its listing status on the Stock Exchange.

## **PROPOSED AMENDMENT TO ARTICLES**

To facilitate the Change of Domicile, it is proposed that a new article be added to the Articles to allow the Company to be deregistered in the Cayman Islands and registered by way of continuation in another jurisdiction.

## **PROPOSED ADOPTION OF NEW MEMORANDUM OF CONTINUANCE AND BYE-LAWS**

In connection with the Change of Domicile, it is proposed that the New Memorandum of Continuance and the Bye-laws be adopted by the Company to replace, respectively, the Memorandum and the Articles in order to comply with the company law of Bermuda.

## **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation after the Change of Domicile becoming effective which comprises the following:

- (i) every four (4) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$0.40 each;
- (ii) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;
- (iii) following the Share Consolidation, (i) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.30 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.10; and (ii) the par value of all Consolidated Shares in the authorised share capital of the Company be reduced from HK\$0.40 each to HK\$0.10 each resulting in the reduction of authorised share capital of the Company from HK\$500,000,000 to HK\$125,000,000 divided into 1,250,000,000 shares of par value of HK\$0.10 each;
- (iv) subject to and forthwith upon the Capital Reduction becoming effective, the authorised share capital of the Company be increased from HK\$125,000,000 (divided into 1,250,000,000 New Shares) to HK\$500,000,000 (divided into 5,000,000,000 New Shares) by the creation of 3,750,000,000 New Shares;
- (v) the credits arising from the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation and the Capital Reduction be transferred to the Contributed Surplus Account; and
- (vi) the amount standing to the credit of the Contributed Surplus Account be applied in any manner as may be permitted under the Bye-laws of the Company and the Companies Act in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying dividend and/or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the Shareholders.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

## **PROPOSED REDUCTION OF SHARE PREMIUM**

Subject to the approval of the Shareholders at the EGM by way of a special resolution, the Board proposes to reduce the entire amount standing to the credit of the share premium account of the Company to nil and transfer the credits arising from the reduction of share premium to the Contributed Surplus Account after the Change of Domicile becoming effective. As at 30 June 2016, the Company had a credit balance of approximately HK\$1,837,370,000 standing in its share premium account.

## **PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT FOR THE SHARE OPTION SCHEME**

Pursuant to the Share Option Scheme the Directors were authorised to grant options to subscribe for up to a maximum number of 223,689,951 Shares, which represented 10% of the then total issued share capital of the Company at the date of approving the Share Option Scheme by the Shareholders. Up to the date of this announcement, 258,297,030 Share Options had been granted and a total of 60,376,238 Share Options had lapsed or been cancelled and only 25,769,159 Share Options are available for grants, representing approximately 0.6% of the total issued shares of the Company as the date of this announcement. At the EGM, an ordinary resolution will be proposed to the Shareholders to approve the Proposed Refreshment so as to allow the Company to grant further Share Options under the Share Option Scheme.

## **LISTING RULES IMPLICATION**

Each of the proposed Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. None of the Shareholders or their associates would have any interest in the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment. Accordingly, no Shareholders would be required to abstain from voting on the resolutions relating to the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment at the EGM.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment.

The Circular containing, among other things, details of the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium, and the Proposed Refreshment and a notice convening the EGM will be despatched to the Shareholders on or before 20 January 2017.

## **WARNING**

**Shareholders should take note that the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment are conditional upon satisfaction of respective conditions set out in this announcement. Therefore, the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## **PROPOSED CHANGE OF DOMICILE**

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The Board also proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective, details of which are set out in the section headed “Proposed Capital Reorganisation” below.

### **Effect of the Change of Domicile**

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company’s legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Existing Shares, any issue of new Existing Shares, any issue of new Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. The implementation of the Change of Domicile will not affect the continuity of the Company and its listing status on the Stock Exchange.

## **Reasons for the Change of Domicile**

As advised by the Company's legal advisers as to the laws of the Cayman Islands, if the Company proceeds with the Capital Reorganisation, which include, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required, and such sanction cannot be obtained in a commercially expedient time frame. If the Capital Reorganisation will be effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through deregistration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after deregistration of the Company in the Cayman Islands and its continuation in Bermuda. The Board considers that it would save the Company's time for carrying out the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

The Board believes that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole.

## **Conditions of the Change of Domicile**

The Change of Domicile is conditional upon:

- (1) the passing of the necessary special resolution(s) by the Shareholders at the EGM to approve (i) the Amendment to Articles; (ii) the Change of Domicile; and (iii) the Adoption of New Memorandum of Continuance and Bye-laws;
- (2) compliance with the relevant requirements under the Listing Rules and the relevant legal procedures and requirements under the laws of the Cayman Islands and the laws of Bermuda in respect of the Change of Domicile; and
- (3) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile.

The Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

## **PROPOSED AMENDMENT TO ARTICLES**

To facilitate the Change of Domicile, it is proposed that a new article be added to the Articles to allow the Company to be de-registered in the Cayman Islands and registered by way of continuation in another jurisdiction. Further details of the proposed Amendment to Articles will be set out in the Circular to be despatched to the Shareholders on or before 20 January 2017.

### **Condition of the Amendment to Articles**

The Amendment to Articles is conditional upon the passing of a special resolution by the Shareholders to approve the Amendment to Articles at the EGM.

# **PROPOSED ADOPTION OF NEW MEMORANDUM OF CONTINUANCE AND BYE-LAWS**

In connection with the Change of Domicile, it is proposed that the New Memorandum of Continuance and the Bye-laws be adopted by the Company to replace, respectively, the Memorandum and the Articles in order to comply with the company law of Bermuda.

## **Condition of the Adoption of New Memorandum of Continuance and Bye-laws**

The Adoption of New Memorandum of Continuance and Bye-laws is conditional upon the passing of a special resolution by the Shareholders to approve the Adoption of New Memorandum of Continuance and Bye-laws at the EGM.

# **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation after the Change of Domicile becoming effective which involves the following:

- (1) the proposed Share Consolidation whereby every four (4) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$0.40 each;
- (2) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;
- (3) following the Share Consolidation, (i) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.30 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.10; and (ii) the par value of all Consolidated Shares in the authorised share capital of the Company be reduced from HK\$0.40 each to HK\$0.10 each resulting in the reduction of authorised share capital of the Company from HK\$500,000,000 to HK\$125,000,000 divided into 1,250,000,000 shares of par value of HK\$0.10 each;
- (4) subject to and forthwith upon the Capital Reduction becoming effective, the authorised share capital be increased from HK\$125,000,000 (divided into 1,250,000,000 New Shares) to HK\$500,000,000 (divided into 5,000,000,000 New Shares) by the creation of 3,750,000,000 New Shares;
- (5) the credits arising from the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation and the Capital Reduction be transferred to the Contributed Surplus Account; and



- (6) the amount standing to the credit of the Contributed Surplus Account be applied in any manner as may be permitted under the Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended) in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying dividend and/or making any other distribution out of the contributed surplus account from time to time without further authorisation from the Shareholders.

### **Conditions of the Capital Reorganisation**

The implementation of the Share Consolidation and the Capital Reduction are inter-conditional on each other. The implementation of the Capital Reorganisation is conditional upon, among other things:

- (1) the Change of Domicile becoming effective;
- (2) the passing of the necessary special resolution(s) by the Shareholders approving the Capital Reorganisation at the EGM;
- (3) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective and the New Shares which may fall to be allotted and issued upon exercise of the share options outstanding and to be granted under the share option scheme of the Company;
- (4) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (5) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

### **Effects of the Capital Reorganisation**

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Existing Shares, of which 4,312,349,277 Existing Shares are in issue. Upon the proposed Share Consolidation becoming effective and based on the issued share capital as at the date of this announcement, the issued share capital of the Company will be consolidated into 1,078,087,319 Consolidated Shares of nominal value of HK\$0.40 each. Upon the proposed Capital Reduction becoming effective, the nominal value of each issued Consolidated Share shall be reduced from HK\$0.40 each to HK\$0.10 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.30 per Consolidated Share in issue. Upon completion of the Share Consolidation and the Capital Reduction, the issued share capital of the Company will be reduced to HK\$107,808,731.90 divided into 1,078,087,319 New Shares of nominal value of HK\$0.10 each.

The New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Any fractional Share arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the New Shares will be aggregated, sold and retained for the benefit of the Company.

Any credit arising as a result of the Capital Reduction will be transferred to the Contributed Surplus Account within the meaning of the Companies Act which, together with the amount to be transferred to the Contributed Surplus Account as a result of the Reduction of Share Premium and any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will then be applied by the Board to set off against the accumulated losses of the Company (if any) in full or by the amount of such credits on the date of the Capital Reorganisation becoming effective.

Assuming that there are no other changes in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	<b>As at the date of this announcement</b>	<b>Immediately after the Capital Reorganisation becoming effective</b>
Amount of authorised share capital	HK\$500,000,000	HK\$500,000,000
Par value	HK\$0.10 per Existing Share	HK\$0.10 per New Share
Number of authorised shares	5,000,000,000 Existing Shares	5,000,000,000 New Shares
Amount of issued share capital	HK\$431,234,927.70	HK\$107,808,731.90
Number of issued shares	4,312,349,277 Existing Shares	1,078,087,319 New Shares
Amount of unissued share capital	HK\$68,765,072.30	HK\$392,191,268.10
Number of unissued shares	687,650,723 Existing Shares	3,921,912,681 New Shares

*Note:* The above share capital structure of the Company is for illustration purpose only.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

As at the date of this announcement, save for the Share Options entitling the holder(s) thereof to subscribe for 51,920,792 Existing Shares, the Company has no other outstanding warrants, options or convertible securities.

Under the laws of Bermuda, the Directors may apply the credits in the Contributed Surplus Account in any manner permitted by the laws of Bermuda and the Bye-laws of the Company in effect from time to time.



Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled to. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company, nor will it result in any change in the relevant rights of the Shareholders.

### **Reasons for the Capital Reorganisation**

Pursuant to the Bye-laws which will be adopted by the Company and become effective upon continuation of the Company in Bermuda, the Company shall not issue any shares at a price below par value. In order to lower the par value of the shares of the Company for facilitating possible fund raising activities in the future, it is necessary to implement the Capital Reorganisation.

In the approval letter of the Stock Exchange dated 14 November 2016 granting the listing of, and permission to deal in, the open offer shares and bonus shares issued pursuant to the open offer prospectus of the Company dated 11 November 2016, the Stock Exchange noted the share price of the Company was HK\$0.074 per share at the close of trading on 11 November 2016. The Stock Exchange drew to the attention of the Company that under Rule 13.64 of the Listing Rules, where the share price approaches the extremity of HK\$0.01, the Stock Exchange may require the issuer either to change the trading method or consolidate its shares. The Stock Exchange consider the trading price below HK\$0.10 is close to such extremity. The Stock Exchange stated clearly in the aforesaid approval letter that it would not consider approving listing on the Company's future fund raising if the share price is close to such extremity. The closing price of the Shares on 12 January 2017 the day of this announcement was HK\$0.068. Accordingly, the Board proposes the Share Consolidation to resolve the issue of extremity of share price raised by the Stock Exchange.

It should however be noted that the Company currently has no projects on hand which would require equity fund raising exercise in the coming twelve months. However it takes time to conduct the Change of Domicile and the Capital Reorganisation. The Board considers it is interest of the Company and the Shareholders as a whole to complete the exercise as soon as possible.

Furthermore, the credits in the Contributed Surplus Account within the meaning of the Companies Act arising from the Capital Reorganisation and the Reduction of Share Premium will enable the Company to set off against its accumulated losses (if any) in full or by the amount of such credits and may facilitate or be applied in any future distribution to the Shareholders or be applied in any other manner permitted by the laws of Bermuda and the bye-laws of the Company in effect from time to time.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

## **PROPOSED REDUCTION OF SHARE PREMIUM**

Subject to the approval of the Shareholders at the EGM by way of a special resolution, the Board proposes to reduce the entire amount standing to the credit of the share premium account of the Company to nil and transfer the credits arising from the reduction of share premium to the Contributed Surplus Account after the Change of Domicile becoming effective. As at 30 June 2016, the Company had a credit balance of approximately HK\$1,837,370,000 standing in its share premium account.

### **Condition of the Reduction of Share Premium**

The Reduction of Share Premium is conditional upon the Change of Domicile becoming effective, and the passing of a special resolution by the Shareholders at the EGM to approve the reduction of the entire amount standing to the credit of the share premium account of the Company to nil and the transfer the credits arising from the reduction of share premium to the Contributed Surplus Account after the Change of Domicile becoming effective.

### **Listing and dealings**

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares in issue and to be issued arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options outstanding and to be granted under the share option scheme of the Company.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **Adjustment in relation to the Share Options**

As at the date of this announcement, the Company had outstanding Share Options entitling the holders thereof to subscribe for 51,920,792 Existing Shares. The Capital Reorganisation will cause adjustments to be made to the exercise prices and/or the number of the Share Options. The Company will engage the auditors of the Company to certify the adjustments to the Share Options and will inform the holders of the Share Options of the adjustments accordingly. Save as aforesaid, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into any share of the Company as at the date of this announcement.

## **Free exchange of share certificates and arrangement for matching service for odd lots**

Should the Capital Reorganisation become effective, Shareholders may, during the period to be specified in a further announcement to be made by the Company, submit existing certificates for the Existing Shares to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the New Shares (on the basis of four (4) Existing Shares for one (1) New Share). Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reorganisation is ascertained. All existing certificates of the Existing Shares will continue to be good evidence of entitlement to such Existing Shares and be valid for delivery, transfer and settlement purpose. Nevertheless, they will not be acceptable for trading, settlement and registration purpose after the Capital Reorganisation becomes effective (except in a temporary counter after the commencement of dealings in the New Shares until parallel trading ends as specified in a further announcement to be made by the Company).

## **Arrangements for trading of odd lots**

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, a designated broker will be appointed to match the purchase and sale of odd lots of the New Shares at the relevant market price per New Share for the period from 11 April 2017, to 5 May 2017 (both dates inclusive). Holders of odd lots of the New Shares should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the Circular.

## **EXPECTED TIMETABLE**

<b>Event</b>	<b>2017 (Hong Kong Time)</b>
Expected date of despatch of the Circular with notice and proxy form of the EGM . . . . .	Friday, 20 January
Latest date and time for lodging forms of proxy for the EGM. . . . .	4:30p.m. on Saturday, 11 February
Date and time of the EGM . . . . .	4:30p.m. on Monday, 13 February
Announcement of voting results of the EGM. . . . .	Monday, 13 February
Expected effective date of the Change of Domicile and Adoption of New Memorandum of Continuance and Bye-Laws* . . . . .	Monday, 6 March (Bermuda time)
Expected effective date of the Reduction of Share Premium* . . . . .	Monday, 27 March
Expected effective date of the Capital Reorganisation* . . . . .	Monday, 27 March

First day for free exchange of existing certificates for the Existing Shares into new certificates for the New Shares . . . . .	Monday, 27 March
Commencement of dealings in New Shares . . . . .	9:00 a.m. on Monday, 27 March
Original counter for trading in the Existing Shares (in the form of existing share certificates and in board lot size of 10,000) temporarily closes. . . . .	9:00 a.m. on Monday, 27 March
Temporary counter for trading in the New Shares in board lot size of 2,500 (in the form of existing share certificates) opens. . . . .	9:00 a.m. on Monday, 27 March
Original counter for trading in the New Shares (in the form of new share certificates and in board lot size of 10,000) re-opens . . . . .	9:00 a.m. on Tuesday, 11 April
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Tuesday, 11 April
Designated broker starts to stand in the market to provide matching services for odd lots of New Shares . . . . .	Tuesday, 11 April
Temporary counter for trading in the New Shares (in the form of existing share certificates and in board lot size of 2,500) closes . . . . .	4:00 p.m. on Friday, 5 May
Parallel trading in the New Shares (in the form of new share certificates and existing share certificates) ends. . . . .	4:00 p.m. on Friday, 5 May
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares . . . . .	4:00 p.m. on Friday, 5 May
Last day for free exchange of existing certificates for the Existing Shares into new certificates for the New Shares . . . . .	Tuesday, 9 May

All times and dates specified in the timetable above refer to Hong Kong times and dates unless otherwise specified. Dates or deadlines specified in expected timetable above depend on the results of the EGM and are therefore for indicative purpose only. An announcement will be made regarding any changes to the expected timetable as and when appropriate.

\* The expected effective dates for the Change of Domicile, the Capital Reorganisation and the Reduction of Share Premium are subject to the relevant conditions precedent (including Shareholders' approval) being fulfilled.

**This timetable is indicative only and may be varied due to additional time required for compliance with regulatory requirements in the Cayman Islands or Bermuda. Any consequential changes to the expected timetable will be announced by the Company.**

## **PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT FOR THE SHARE OPTION SCHEME**

The Share Option Scheme was approved and adopted by the Shareholders of the Company at the Shareholders' meeting held on 20 December 2012. The Company has not refreshed the Scheme Mandate Limit since then. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force.

Pursuant to the Share Option Scheme the Directors were authorised to grant options to subscribe for up to a maximum number of 223,689,951 Shares, which represented 10% of the then total issued share capital of the Company at the date of approving the Share Option Scheme by the Shareholders. Up to the date of this announcement, 258,297,030 Share Options had been granted and a total of 60,376,238 Share Options had lapsed or been cancelled and only 25,769,159 Share Options are available for grants, representing approximately 0.6% of the total issued shares of the Company as the date of this announcement. The Directors are of the view that in order to provide incentives and rewards to the eligible participants for their contribution or potential contribution to the Group by granting share options to them, the Scheme Mandate Limit shall be refreshed to provide the Company with greater flexibility on recruiting and retaining high calibre employees and attracting human resources that are valuable to the Group. The Directors further consider that the Proposed Refreshment is in the interest of the Group and Shareholders as a whole as it enables the Company to reward appropriately and motivate the eligible participants.

At the EGM, an ordinary resolution will be proposed to the Shareholders to approve the Proposed Refreshment so as to allow the Company to grant further Share Options under the Share Option Scheme for subscription of up to 10% of the Shares in issue as at the date of passing the resolution. Further details in relation to the Proposed Refreshment will be included in the Circular.

## **LISTING RULES IMPLICATION**

Each of the proposed Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. None of the Shareholders or their associates would have any interest in the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment. Accordingly, no Shareholders would be required to abstain from voting on the resolutions relating to the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation and the Reduction of Share Premium and the Proposed Refreshment at the EGM.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment.

The Circular containing, among other things, details of the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment and a notice convening the EGM will be despatched to the Shareholders on or before 20 January 2017.

## **WARNING**

**Shareholders should take note that the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment are conditional upon satisfaction of respective conditions set out in this announcement. Therefore, the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Adoption of New Memorandum of Continuance and Bye-laws”	the proposed adoption of the New Memorandum of Continuance and the Bye-laws in compliance with the laws of Bermuda to replace, respectively, the Memorandum and the Articles
“Amendment to Articles”	the proposed amendment to the Articles by adding a new article to allow the Company to be deregistered in the Cayman Islands and registered by way of continuation in another jurisdiction
“Articles”	the existing articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors



“Bye-laws”	a new set of bye-laws of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“Capital Reduction”	the proposed reduction of the Company’s issued share capital whereby: (i) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.30 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.10; (ii) the par value of all Consolidated Shares in the authorised share capital of the Company be reduced from HK\$0.40 each to HK\$0.10 each resulting in the reduction of authorised share capital of the Company from HK\$500,000,000 to HK\$125,000,000 divided into 1,250,000,000 shares of par value of HK\$0.10 each; and (iii) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Increase of Authorised Share Capital
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda
“Circular”	the circular containing, among other things, further details of the Change of Domicile, the Amendment to Articles, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation, the Reduction of Share Premium and the Proposed Refreshment and a notice convening the EGM to be despatched to the Shareholders
“Companies Act”	the Companies Act 1981 of Bermuda
“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
“Consolidated Share(s)”	ordinary share(s) of HK\$0.40 each in the issued share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction becoming effective

“Contributed Surplus Account”	the account designated as the contributed surplus account of the Company within the meaning of the Companies Act upon the Change of Domicile becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Change of Domicile, the Amendment to Articles, the Reduction of Share Premium, the Adoption of New Memorandum of Continuance and Bye-laws, the Capital Reorganisation and the Proposed Refreshment
“Existing Share(s)”	the ordinary share(s) of HK\$0.10 each in the existing share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase of Authorised Share Capital”	the increase of the authorised share capital of the Company from HK\$125,000,000 (divided into 1,250,000,000 New Shares) to HK\$500,000,000 (divided into 5,000,000,000 New Shares) by the creation of 3,750,000,000 New Shares following the Capital Reduction
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the existing memorandum of association of the Company, as amended from time to time
“New Memorandum of Continuance”	a new memorandum of continuance of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective

“Proposed Refreshment”	the Scheme Mandate Limit proposed to be refreshed by the Shareholders at the EGM pursuant to which the Board may grant options to eligible participants under the Share Option Scheme and any other share option schemes of the Company to subscribe for up to 10% of the Shares in issue as at the date of the EGM;
“Reduction of Share Premium”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company and transfer of all of the credit arising from the reduction to the contributed surplus account of the Company
“Scheme Mandate Limit”	the total number of shares in the capital of the Company which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other schemes of the Group
“Share Consolidation”	the proposed consolidation of every four (4) issued and unissued Existing Shares into one (1) Consolidated Share
“Share Options”	the share options granted pursuant to the Share Option Scheme
“Share Option Scheme”	the Share Option Scheme of the Company adopted on 20 December 2012
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Shareholder(s)”	the holder(s) of the Existing Share(s), the Consolidated Share(s), and/or the New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 12 January 2017

*As at the date hereof, Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric and Mr. Yu Defa are the executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.*