

**DATE: 3 April 2023**

**CHINA ZENITH CHEMICAL GROUP LIMITED**

**(as Company)**

**AND**

**KOALA SECURITIES LIMITED**

**(as Placing Agent)**

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**PLACING AGREEMENT  
relating to convertible bonds of  
China Zenith Chemical Group Limited**

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**Michael Li & Co.  
19<sup>th</sup> Floor, Prosperity Tower  
39 Queen's Road Central  
Central, Hong Kong  
(Ref: CCL/KV/CN/2317417)**

**THIS PLACING AGREEMENT** is made on the 3 April 2023

**BETWEEN:**

- (A) **CHINA ZENITH CHEMICAL GROUP LIMITED**, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and having its registered office at Victoria Place, 5th Floor, 2 Church Street, 31 Victoria Street, Hamilton HM10, Bermuda and its head office and principal place of business in Hong Kong at Room 4007, 40/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong (the “Company”); and
- (B) **KOALA SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability and having its registered office at Units 01-02, 13/F Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong (the “Placing Agent”).

**WHEREAS:**

- (A) As at the date of this Agreement, the Company has an authorised share capital of HK\$500,000,000 divided into 5,000,000,000 Shares, of which 527,548,168 Shares have been issued and are fully paid up or credited as fully paid up. All the issued Shares are currently listed on the Main Board of the Stock Exchange.
- (B) The Company has agreed to appoint the Placing Agent as placing agent of the Company for the purpose of procuring, on a best efforts basis, subscribers for the Convertible Bonds (as defined below) on the terms and subject to the conditions set out in this Agreement.
- (C) The Conversion Shares (as defined below) will be allotted and issued under the specific mandate to be sought at the EGM.

**IT IS HEREBY AGREED:**

1. **INTERPRETATION**

- (A) In this Agreement, including the recitals and schedule hereto, unless the context otherwise requires:

“**Announcement**” means a public announcement in the form or substantially in the form of the draft annexed or contained in the Schedule 1 proposed to be issued by the Company as soon as possible following the execution of this Agreement;

“**Business Day**” means a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business;

“**Completion**” means completion of the Placing in accordance with the terms and condition set out in this Agreement;

“**Completion Date**” means within three (3) Business Days after the day on which the conditions set out in Clause 3(A) is satisfied (or waived, if applicable) (or such later date as may be agreed between the parties hereto in writing);

“**Conversion Price**” means HK\$0.21 per Conversion Share, subject to adjustment;

“**Conversion Shares**” means those Shares to be issued upon the exercise of the conversion rights attached to the Convertible Bonds at the Conversion Price in full (subject to adjustment);

“**Convertible Bonds**” means the convertible redeemable bonds at the coupon rate of 3% per annum, payable annually, to be issued by the Company to the Placees procured by the Placing Agent in a maximum aggregate principal amount up to HK\$44,100,000 due 2025 and to be created by the Instrument;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Instrument**” means the instrument to be executed by the Company by way of deed poll constituting the Convertible Bonds substantially in the form set out in the Schedule 2 (subject to such amendments as the Company and the Placing Agent may agree in writing)

“**Listing Rules**” means the Rules Governing the Listing of Securities on the Stock Exchange;

“**Maturity Date**” means the maturity date as set out in clause 1 of the Convertible Bonds;

“**Placee(s)**” means any person or entity procured by the Placing Agent or its agent(s) to subscribe for any principal amount of the Convertible Bonds;

“**Placing**” means the placing of the Convertible Bonds on and subject to the terms and condition set out in this Agreement;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

“**Shares**” means the ordinary shares of HK\$0.10 each in the share capital of the Company;

“**Shareholders**” means holders of the Shares;

“**Specified Event**” means an event occurring or matter arising on or after the date of this Agreement and prior to the Completion Date which if had occurred or arisen before the date of this Agreement would have rendered any of the undertakings, warranties and representations contained in Clause 4(A) untrue or incorrect and such would have an adverse impact or effect on the Placing;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited; and

“**HK\$**” means Hong Kong dollars, the lawful currency of Hong Kong.

- (B) In this Agreement, references herein to “**Clauses**” and the “**Schedule**” are to clauses of and the schedule to this Agreement.
- (C) In this Agreement, the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) Headings inserted are for convenience only and shall not affect the interpretation of this Agreement.

## 2. PLACING

- (A) Upon and subject to the terms and condition set out in this Agreement, the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six (6) Placees to subscribe for the Convertible Bonds during the period commencing from the date of this Agreement to the Completion Date. The Placing Agent may carry out the Placing itself and/or through such other agents as the Placing Agent may agree with the Company. The Placing Agent shall procure that such other agents shall comply with all relevant obligations to which the Placing Agent is subject under the terms of this Agreement.
- (B) The Company hereby appoints the Placing Agent as its agent to procure on a best effort basis Placees to subscribe for the Convertible Bonds on and subject to the terms and condition set out in this Agreement. Any transaction properly carried out by the Placing Agent pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage (except for any loss or damage which is caused, directly or indirectly, by fraud, wilful default or gross negligence on the part of the Placing Agent, or any sub-agent appointed by the Placing Agent pursuant to Clause 2(A)) to the Company arising directly or indirectly from any such transaction (other than as a result of non-compliance by the Placing Agent with its obligations under this Agreement).
- (C) The Company hereby confirms that the foregoing appointment confers on the Placing Agent all powers, authorities and discretion on its behalf which are necessary for, or incidental to, the Placing and hereby agrees to ratify and confirm any act which the Placing Agent shall or may lawfully and reasonably do or have done pursuant to or in anticipation of the terms and condition of this Agreement subject to the provisions contained herein.
- (D) Subject to the terms and conditions set out in this Agreement, the Company shall on Completion create and issue the Convertible Bonds and execute the Instrument in accordance with the memorandum of association and bye-laws of the Company and with all the applicable laws of Hong Kong and Bermuda;

- (E) By no later than 5:00 pm on two (2) Business Days prior to the Completion Date (or such later date as may be agreed between the parties hereto in writing), the Placing Agent shall deliver to the Company a list of the Placees, the amount of Convertible Bonds to be subscribed by each Placee, the names and addresses in which the Convertible Bonds are to be registered. The choice of the Placees shall be determined by the Placing Agent at its sole discretion subject to the requirements of the Listing Rules and/or any objection the Stock Exchange may have to any particular person or company being a Placee PROVIDED that the Placing Agent undertakes to use its best endeavours to procure that the Convertible Bonds shall only be placed to such persons or companies whose themselves and their respective ultimate beneficial owners (if applicable) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### 3. CONDITION

- (A) The Placing is conditional upon the following matters:
- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Conversion Shares;
  - (ii) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules in a special general meeting of the Company to be held and convened of resolution(s) to approve this Agreement and the transactions contemplated hereunder including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares;
  - (iii) if required, all necessary consents and approvals required to be obtained on the part of the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained; and
  - (iv) none of the warranties given by the Company under this Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.
- (B) The Company shall use its best endeavours to procure the fulfillment of the conditions referred to in Clause 3(A). The conditions precedent set out in Clauses 3A(i), (ii) and (iii) are incapable of being waived and the Placing Agent may at any time by notice in writing waive the condition precedent set out in Clause 3A(iv).
- (C) In the event the conditions referred to in Clause 3(A) are not fulfilled (or waived, if applicable) on or before 31 May 2023 (or such later date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach of any right or obligation under this Agreement prior to such termination.

4. **REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

- (A) The Company hereby represents, warrants and undertakes to the Placing Agent that:
- (i) the Convertible Bonds shall be allotted and issued in accordance with the memorandum of association and bye-laws of the Company and with all the applicable laws of Hong Kong and Bermuda;
  - (ii) subject to the fulfillment of the conditions referred to in Clause 3(A), the Company has full power and authority to issue the Convertible Bonds and has obtained all the relevant approval(s), consent(s) and licenses required for the issue of the Convertible Bonds (if any); and
  - (iii) the Company has the power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Company which shall be enforceable against the Company in accordance with its terms and condition.
- (B) The Placing Agent hereby represents, warrants and undertakes to the Company that:
- (i) it has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Placing Agent which shall be enforceable against the Placing Agent in accordance with its terms and condition;
  - (ii) the Placing Agent will procure not less than six (6) Placees to subscribe for the Convertible Bonds on and subject to the terms of this Agreement;
  - (iii) in each jurisdiction in which the Placing Agent solicits subscription for the Convertible Bonds the Placing Agent will do so in accordance with all applicable laws, rules and regulations in force in such jurisdiction. The Convertible Bonds shall not be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or in any other place or in any manner in which the securities laws, rules or regulations of any place may be infringed or not complied with;
  - (iv) the Placing Agent will use its best endeavours and make all reasonable enquiries to ensure that the Placees and their respective ultimate beneficial owners (if applicable) will be third parties independent of the Company and its connected persons (as defined under the Listing Rules);
  - (v) the Placing Agent will make available and promptly supply, or use its best endeavours to procure the relevant Placees to make available and

promptly supply, to the Stock Exchange and the SFC or any other relevant authority all information in relation to the Placees which may be required by the Stock Exchange, the SFC and/or such other authority; and

(vi) the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and if applicable, the rules and codes of the SFC in relation to its role as placing agent for the Placing, and will issue appropriate written confirmation of such fulfilment and compliance upon request by the Company and/or the relevant authority.

(C) The representations and warranties contained in this Clause are deemed to be given as at the date of this Agreement and shall remain in full force and effect notwithstanding the issue of the Convertible Bonds to the Placees. Each party hereto hereby undertakes to notify the other party to this Agreement of any matter or event coming to its attention which may render any of the representations or warranties untrue or inaccurate at any time prior to the Completion Date.

## 5. COMPLETION

Completion of this Agreement shall take place at 12:00 noon on the Completion Date at the principal office of the Company in Hong Kong (or such other date, time and/or place as the parties hereto may agree in writing) when all (but, not part only) of the following businesses shall be transacted:

- (i) the Placing Agent shall effect payment to the Company by way of cheque or cashier order (or such other method agreed between the parties hereto) in Hong Kong dollars for value to the Company of an amount equal to the aggregate principal amount of the Convertible Bonds actually placed by the Placing Agent less the amounts deducted by the Placing Agent under Clause 6; and
- (ii) the Company shall provide to the Placing Agent the Convertible Bonds certificates (in such denomination as the Placing Agent may instruct) substantially in the form as the draft certificate hereto annexed issued in favour of each of the Placees in respect of the relevant principal amount of Convertible Bonds subscribed for by each Placee.

## 6. COMMISSIONS AND EXPENSES

(A) Subject to completion of this Agreement, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 1% of the amount which is equal to the aggregate principal amount of the Convertible Bonds actually placed by the Placing Agent, and the Placing Agent is hereby authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 5(i).

- (B) Subject to Clause 6(C), the Company shall pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing.
- (C) Each of the parties hereto shall be respectively liable for its own legal and other professional fees and expenses in connection with the preparation of this Agreement.

7. **TERMINATION**

- (A) Notwithstanding anything contained in this Agreement to the contrary, the Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the Business Day immediately preceding the Completion Date to forthwith terminate this Agreement if any Specified Event comes to the attention of the Placing Agent.
- (B) If notice is given pursuant to Clause 7(A), this Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of this Agreement save for any antecedent breach of any right or obligation under this Agreement prior to such termination.

8. **MISCELLANEOUS**

- (A) All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters which have already been performed.
- (B) This Agreement may be executed in two or more counterparts each of which shall be binding on the parties hereto and shall together constitute one agreement.
- (C) This Agreement shall be binding on and endure for the benefit of the successors of the parties hereto but assignment may only be made after prior written consent of the other party has been given.

9. **NOTICE**

- (A) All notices delivered hereunder shall be in writing and shall be communicated to the following addresses:

If to the Company, to:

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

If to the Placing Agent to:



Address : Units 01-02, 13/F Everbright Centre, 108 Gloucester  
Road, Wanchai, Hong Kong  
Facsimile : (852) 2117-1831  
Attention : Teresa Yung

- (B) Any such notice shall take effect in the case of delivery by hand upon delivery; in the case of despatch by local mail 24 hours after posting; and in the case of facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient.

**10. TIME OF ESSENCE**

Time shall be of the essence of this Agreement.

**11. GOVERNING LAW AND JURISDICTION**

- (A) This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong.
- (B) The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.
- (C) Unless expressly provided to the contrary, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Agreement.

**Schedule 1**  
**Announcement**

**Schedule 2**

**Instrument**

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

**THE COMPANY**

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

**THE PLACING AGENT**

SIGNED by KWAN KAR CHING. )  
 )  
for and on behalf of )  
 )  
**KOALA SECURITIES LIMITED** )  
 )  
in the presence of :- CHAN MIU LING. )

*M. L. Chan*



