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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 and continued in Bermuda with limited liability)*

**(Stock Code: 362)**

### **(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED CHANGE IN BOARD LOT SIZE; AND (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD ON RECORD DATE**

#### **Underwriter of the Rights Issue**



#### **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation involving (i) the Share Consolidation whereby every forty (40) Existing Shares will be consolidated into one (1) Consolidated Share; (ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid up capital of the Company to the extent of HK\$3.9 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$4.0 to HK\$0.1; (iii) the Share Sub-division whereby each of the authorised but unissued Consolidated Shares will be divided into forty (40) Adjusted Shares of HK\$0.1 each; (iv) the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and (v) the transfer of all the credits arising from the Capital Reduction and the

Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act which will be applied to reduce the accumulated losses of the Company or be applied by the Board in any other manner in accordance with the by-laws of the Company and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

**Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Therefore, the Capital Reorganisation may or may not proceed.**

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

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Adjusted Shares subject to and upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.028 per Existing Share (equivalent to HK\$1.12 per Adjusted Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Adjusted Shares, assuming the Capital Reorganisation and the Change in Board Lot Size had become effective, would be HK\$5,600.

#### **PROPOSED RIGHTS ISSUE**

Subject to the Capital Reorganisation becoming effective, the Board proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.92 per Rights Share, to raise gross proceeds up to approximately HK\$62.2 million before expenses by way of a rights issue of 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date). The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be not more than approximately HK\$59.9 million. Assuming the net proceeds from the Rights Issue will amount to approximately HK\$59.9 million, the Company intends to apply the net proceeds as to (i) approximately HK\$50 million for repayment of the Group’s indebtedness and interest expenses (representing approximately 83.5% of the net proceeds); and (ii) approximately HK\$9.9 million for general working capital of the Group (representing approximately 16.5% of the net proceeds). In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained.

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then Adjusted Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

## **UNDERWRITING ARRANGEMENT AND UNDERTAKING**

### **The Underwriting Agreement**

On 3 March 2025 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares of 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the paragraph headed “The Underwriting Agreement” in this announcement.

**The Rights Issue is only underwritten on a best effort basis and is not on a fully underwritten basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, subject, however, to any Scaling-down vis-a-vis the MGO Obligation and/or the Public Float Requirement.**

**In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

The Company has not received, as at the date of this announcement, any information or irrevocable undertakings from any substantial Shareholders of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the SGM by poll in accordance with the requirements of Rule 7.19A(1) of the Listing Rules and any Controlling Shareholder and their respective associates or where there is no Controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the date of this announcement, the Company does not have any Controlling Shareholder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or their respective associates are interested in any Existing Share. Therefore, no Shareholder is required to abstain from voting on the resolution(s) relating to the Rights Issue at the SGM.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Capital Reorganisation and the Rights Issue.

The Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole and how to vote on the SGM, taking into account the recommendations of the Independent Financial Adviser to be appointed by the Company.

A circular containing, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice convening the SGM, is expected to be despatched to the Shareholders on or before Friday, 28 March 2025.

The Company expects to despatch the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date and the Prospectus with the Overseas Letter for information only to the Non-Qualifying Shareholders (if any). A copy of the Prospectus will also be made available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.chinazenith.com.hk](http://www.chinazenith.com.hk)).

**Shareholders and potential investors of the Company should note that the Rights Issue is upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Wednesday, 7 May 2025. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 20 May 2025 to Tuesday, 27 May 2025 (both dates inclusive).**

**Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the Rights Shares in their nil-paid form from Tuesday, 20 May 2025 to Tuesday, 27 May 2025 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

## **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation involving (i) the Share Consolidation whereby every forty (40) Existing Shares will be consolidated into one (1) Consolidated Share; (ii) the Capital Reduction whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid up capital of the Company to the extent of HK\$3.9 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$4.0 to HK\$0.1; (iii) the Share Sub-division whereby each of the authorised but unissued Consolidated Shares will be divided into forty (40) Adjusted Shares of HK\$0.1 each; (iv) the Share Premium Reduction whereby the entire amount standing to the credit of the Share Premium Account will be reduced to nil; and (v) the transfer of all the credits arising from the Capital Reduction and the Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act which will be applied to reduce the accumulated losses of the Company or be applied by the Board in any other manner in accordance with the bye-laws of the Company and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders.

As at the date of this announcement, the total authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Existing Shares of HK\$0.1 each, of which 1,351,548,168 Existing Shares have been issued and fully paid or credited as fully paid. Immediately following the Capital Reorganisation, 5,000,000,000 Existing Shares of HK\$0.1 each will become 5,000,000,000 Adjusted Shares of HK\$0.1 each, of which 33,788,704 Adjusted Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will become HK\$3,378,870.4 (assuming that no further Existing Shares are issued or repurchased or surrendered from the date of this announcement until the Effective Date). A credit of HK\$131,775,945.6 will arise as a result of the Capital Reduction becoming effective

after the Capital Reorganisation. As at 30 June 2024, the Company has a credit balance of approximately HK\$513,550,000 standing in the Share Premium Account. The credit arising from the Capital Reduction and the Share Premium Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act and be applied towards reducing the accumulated losses of the Company as at the effective date of the Capital Reduction and Share Premium Reduction.

Assuming no further Existing Shares are issued or repurchased or surrendered from the date of this announcement until the Effective Date, the share capital structure of the Company will be as follows:

|                                                                              | As at the date<br>of this<br>announcement | Immediately upon<br>the Share<br>Consolidation<br>becoming effective | Immediately upon<br>the Capital<br>Reorganisation<br>becoming effective |
|------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------|
| Amount of authorised share capital                                           | HK\$500,000,000                           | HK\$500,000,000                                                      | HK\$500,000,000                                                         |
| Nominal value of each Existing Share/<br>Consolidated Share/Adjusted Share   | HK\$0.1 per<br>Existing Share             | HK\$4.0 per<br>Consolidated Share                                    | HK\$0.1 per<br>Adjusted Share                                           |
| Number of authorised Existing Shares/<br>Consolidated Shares/Adjusted Shares | 5,000,000,000<br>Existing Shares          | 125,000,000<br>Consolidated Shares                                   | 5,000,000,000<br>Adjusted Shares                                        |
| Number of issued Existing Shares/<br>Consolidated Shares/Adjusted Shares     | 1,351,548,168<br>Existing Shares          | 33,788,704<br>Consolidated Shares                                    | 33,788,704<br>Adjusted Shares                                           |
| Issued and fully paid-up share capital                                       | HK\$135,154,816.8                         | HK\$135,154,816                                                      | HK\$3,378,870.4                                                         |

Under the laws of Bermuda, the Directors may apply the amount standing to the credit of the contributed surplus account of the Company in any manner permitted by the Companies Act and the bye-laws of the Company.

### **Fractional entitlement to the Consolidated Shares**

Any fractional Consolidated Share to which an individual Shareholder is entitled to will not be issued by the Company to such Shareholder, but will be aggregated, sold and retained for the benefit of the Company. Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Adjusted Shares.

## **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary special resolution(s) by the Shareholders approving the Capital Reorganisation at the SGM;
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation;
- (c) the compliance with the relevant procedures and requirements under the Listing Rules and the Companies Act to effect the Capital Reorganisation; and
- (d) all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation having been obtained.

The requirements of the Companies Act include (i) publication of a notice in relation to the Capital Reduction and the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and (ii) that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date would be, unable to pay its liabilities as they become due.

## **Effects of the Capital Reorganisation**

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses.

The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group or its overall net asset value. The Board does not expect that on the Effective Date, there will be any reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No outflow of resources will be caused by the Capital Reorganisation, except for the expenses expected to be insignificant in the context of the net asset value of the Company. The Capital Reorganisation itself does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

## **Listing application and dealings**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted 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 Adjusted 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. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Status of the Adjusted Shares**

The Adjusted Shares in issue will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid.

### **Free exchange of share certificates**

Subject to the Capital Reorganisation becoming effective, which is expected to be on Friday, 6 May 2025, Shareholders may, during the prescribed period between Tuesday, 6 May 2025 and Wednesday, 11 June 2025 (both days inclusive), submit existing share certificates in the colour of yellow for the Existing Shares to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates in the colour of green for the Adjusted Shares. Thereafter, the existing share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each existing share certificate for the Existing Shares cancelled or each new share certificate issued for Adjusted Shares, whichever number of certificates issued or cancelled is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Monday, 9 June 2025 and thereafter will not be accepted for delivery, trading and settlement purposes. Nevertheless, existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Adjusted Shares at any time.

As at the date of this announcement, the Company does not have any share options, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares, Consolidated Shares or Adjusted Shares.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Adjusted Shares subject to and upon the Capital Reorganisation becoming effective.

Based on the closing price of HK\$0.028 per Existing Share (equivalent to HK\$1.12 per Adjusted Share) as quoted on the Stock Exchange as at the date of this announcement, the market value of each board lot of 5,000 Adjusted Shares, assuming the Capital Reorganisation and the Change in Board Lot Size had become effective, would be HK\$5,600.

## **REASONS FOR THE CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) the expected value per board lot should be greater than HK\$2,000. As at the date of this announcement, the closing price of the Existing Share is HK\$0.028 per Share, with a board lot size of 10,000 Shares, the existing board lot value is only HK\$280, which is less than HK\$2,000. In view of the recent market price of the Existing Shares, the Directors resolved to propose the Share Consolidation with the view to complying with the trading requirements under the Listing Rules. In view of the recent trading prices of the Existing Shares at the level of below HK\$0.10 and board lot value of below HK\$2,000, the Share Consolidation would bring about a corresponding upward adjustment in the market price of the Consolidated Shares which would enable the Company to comply with the trading requirements under the Listing Rules. Assuming that the Capital Reorganisation and the proposed Change in Board Lot Size has become effective, based on the closing price of HK\$0.028 per Existing Share (equivalent to the theoretical closing price of HK\$1.12 per Adjusted Share) as at the date of this announcement, the estimated new board lot value would be HK\$5,600.

Upon the Share Consolidation becoming effective but before implementation of the Capital Reduction, the par value of the Existing Shares will be consolidated from HK\$0.1 into HK\$4.0 per Consolidated Share. In view of the prevailing trading prices of the Existing Shares, the Board proposes to implement the Share Consolidation. It is expected that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. As a result, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules. The Board expects that the reduction in board lot size will lower the threshold for investors to purchase the Shares, thus facilitating the trading and improving the

liquidity of the Shares, which will enable the Company to attract more investors and therefore broaden the shareholders' base of the Company. Under Bermuda law, a company may not issue shares at a discount to the par value of such shares. The Capital Reorganisation involves the Capital Reduction which will reduce the par value of the Consolidated Shares and keep the par value of the Adjusted Shares at a level of HK\$0.1 per Adjusted Share, which will facilitate the proposed Rights Issue as discussed below and allow greater flexibility in the pricing for any issue of new Shares in the future when necessary.

Further, the credit in the contributed surplus account arising from the Capital Reorganisation will enable the Company to reduce its accumulated losses. As such, the Board proposes to implement the Capital Reorganisation.

In view of the above, the Board considers that the Capital Reorganisation and the proposed Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

## **PROPOSED RIGHTS ISSUE**

Subject to the Capital Reorganisation becoming effective, the Board proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.92 per Rights Share, to raise gross proceeds up to approximately HK\$62.2 million before expenses by way of a rights issue of 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date). The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be not more than approximately HK\$59.9 million.

On 3 March 2025 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares of 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the paragraph headed "The Underwriting Agreement" in this announcement.

The terms of the Rights Issue are set out below:

### **Issue Statistics**

|                            |                                                                                |
|----------------------------|--------------------------------------------------------------------------------|
| Basis of the Rights Issue: | Two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date |
| Subscription Price:        | HK\$0.92 per Rights Share                                                      |

|                                                                                                                                                                                        |                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of existing Shares in issue as at the date of this announcement:                                                                                                                | 1,351,548,168 Shares                                                                                                                                                                                                      |
| Number of the Adjusted Shares in issue upon the Capital Reorganisation becoming effective (assuming no further issue of Shares from the date of this announcement to the Record Date): | 33,788,704 Adjusted Shares                                                                                                                                                                                                |
| Number of Rights Shares:                                                                                                                                                               | 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date)                                                                                                            |
| Aggregate nominal value of the Rights Shares:                                                                                                                                          | HK\$6,757,740.8 (assuming no change in the share capital of the Company on or before the Record Date)                                                                                                                     |
| Maximum funds to be raised before expenses:                                                                                                                                            | Up to approximately HK\$62.2 million (assuming no change in the share capital of the Company on or before the Record Date)                                                                                                |
|                                                                                                                                                                                        | The Underwriter has conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares of 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date) |
| Right of excess applications:                                                                                                                                                          | Qualifying Shareholders may apply for Rights Shares in excess of their provisional entitlements                                                                                                                           |
| Total number of Shares in issue as enlarged by the Rights Shares upon completion of the Rights Issue:                                                                                  | 101,366,112 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date)                                                                                                            |
| Underwriter:                                                                                                                                                                           | Silverbricks Securities Company Limited                                                                                                                                                                                   |

Assuming no change in the share capital of the Company on or before the Record Date, 67,577,408 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 200% of the Company's entire issued share capital as at the date of this announcement (assuming the Capital Reorganisation has taken effect) and will represent approximately 66.67% of the Company's entire issued share capital as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

As at the date of this announcement, Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date.

**The Rights Issue is only underwritten on a best effort basis and is not on a fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, subject, however, to any Scaling-down vis-a-vis the MGO Obligation and/or the Public Float Requirement.**

**In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be Thursday, 15 May 2025 and such Shareholder must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the branch share registrar of the Company in Hong Kong for registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Friday, 9 May 2025 to Thursday, 15 May 2025, both days inclusive.

The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The last day of dealings in the Adjusted Shares on a cum-rights basis is Tuesday, 6 May 2025. The Adjusted Shares will be dealt with on an ex-rights basis from Wednesday, 7 May 2025.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date.

**Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

The Company expects to send the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL or EAF to them. A copy of the Prospectus will also be made available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website.

### **Closure of Register of Members**

For the purpose of determining entitlements to the Rights Issue, the register of members of the Company will be closed from Friday, 9 May 2025 to Thursday, 15 May 2025, both days inclusive. No transfer of Shares will be registered during this period.

### **Non-Qualifying Shareholders**

The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules and will only exclude from the Rights Issue the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus with the Overseas Letter to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would

otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

**The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.**

## **TERMS OF THE RIGHTS ISSUE**

### **Subscription Price**

The Subscription Price of HK\$0.92 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 17.9% to the Last Closing Price;
- (ii) a discount of approximately 18.4% to the theoretical average closing price of approximately HK\$1.128 per Adjusted Share with reference to the average closing price per Share as quoted on the Stock Exchange for the five (5) consecutive trading days ending on and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 43.5% to the theoretical average closing price of approximately HK\$1.628 per Adjusted Share with reference to the average closing price per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days ending on and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

- (iv) a discount of approximately 63.1% to the theoretical average of the closing prices of approximately HK\$2.49 per Adjusted Share with reference to the average closing price per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (v) a discount of approximately 7.1% to the theoretical ex-right price of approximately HK\$0.99 per Adjusted Share, based on the theoretical ex-right price of approximately HK\$0.0248 per Share and the Last Closing Price;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.05%, represented by a discount of the theoretical diluted price of approximately HK\$0.99 per Adjusted Share to the benchmarked price of approximately HK\$1.144 per Adjusted Share (as defined under Rule 7.27BA of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.028 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement of HK\$0.0286 per Share); and
- (vii) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the placing of new shares under specific mandate conducted by the Company in June 2024 of approximately 13.4%, represented by a discount of the cumulative theoretical diluted price of approximately HK\$3.6 per Adjusted Share to the theoretical benchmarked price of HK\$4.16 in respect of the the placing of new shares under specific mandate conducted by the Company in June 2024 (after taking into account the effect of the Capital Reorganisation) (as defined under Rule 7.27B of the Listing Rules, taking into account the benchmarked price of the the placing of new shares under specific mandate conducted by the Company in June 2024, being HK\$0.104 per Share).

The par value of each Rights Share is HK\$0.10.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.89.

The Subscription Price and the subscription ratio were determined by the Directors with reference to (i) the market price of the Shares prior to and including the Last Trading Day; (ii) the prevailing market conditions; and (iii) the fund-raising size intended by the Company after taking into consideration of the par value per Share of the Company. According to the relevant Bermuda laws, the Company shall not issue shares at a price below its par value.

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

## **Basis of Provisional Allotments**

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited on or before the Latest Time for Acceptance.

## **Fractional Entitlements to the Rights Shares**

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

## **Odd lot trading arrangement**

Upon completion of the Rights Issue, the board lots of the Company will change from 10,000 to 5,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company will procure the Underwriter to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period between Tuesday, 20 May 2025 to Monday, 9 June 2025 (both days inclusive). Holders of odd lots Shares who wish to take advantage of this facility either to dispose of their odd lots of Shares or to top up to board lots of 5,000 Shares may contact the Underwriter as soon as possible during the period. The Underwriter is an independent third party not connected with the Company or any of the directors, chief executives, or substantial shareholders of the Company or any of its subsidiaries or associates. Holders of Shares in odd lots should note that the matching services mentioned above are on a "best effort" basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements. Further details of the odd lot matching services will be provided in the Prospectus.

## **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then Adjusted Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

## **Application for Excess Rights Shares**

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAFs, and the Excess Rights Shares represent:

- (i) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Non-Qualifying Shareholder provisionally allotted to a nominee of the Company which are left unsold;
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and
- (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

Application for Excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the branch share registrar of the Company in Hong Kong no later than 4:00 p.m. on Friday, 30 May 2025. The Directors will, upon consultation with the Underwriter, allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to topping up odd-lots to whole board lots.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the branch share registrar of the Company in Hong Kong for registration by no later than 4:30 p.m. on Thursday, 8 May 2025. Shareholders and investors of the Company should consult their professional advisers if they are in doubt as to their status.

### **Share Certificates and Refund Cheques for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Monday, 9 June 2025. Each Shareholder will receive one share certificate for all allotted Rights Shares, except HKSCC Nominees Limited. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Monday, 9 June 2025.

### **Scale-down of subscriptions to avoid the triggering of MGO Obligation and/or non-compliance of Public Float Requirement**

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriters on a best effort basis, and so as to avoid the unwitting triggering of the MGO Obligation and/or any non-compliance with the Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriters (or either of them, whichever shall be appropriate) will be made on the basis that the applications are to be scaled-down by the Company to a level which (i) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation and/or non-compliance of the Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (i) EAF(s) should be scaled down before PAL(s); and (ii) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited on or before the Latest Time for Acceptance.

### **Application for Listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any other stock exchange. Nil-paid Rights Shares are expected to be traded in board lots of 5,000 Adjusted Shares.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Stamp duty and other applicable fees and charges**

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

## **UNDERWRITING ARRANGEMENT**

The Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

## **The Underwriting Agreement**

On 3 March 2025 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares of 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

## **Principal terms of the Underwriting Agreement**

Date: 3 March 2025 (after trading hours)

Issuer: The Company

Underwriter: Silverbricks Securities Company Limited

The Underwriter is a licensed corporation to carry out business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes underwriting of securities

Number of Underwritten Shares: 67,577,408 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date), underwritten by the Underwriter on a best effort basis pursuant to the terms and conditions of the Underwriting Agreement

Underwriting Commission: 1% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares procured by the Underwriter for subscription pursuant to the Underwriting Agreement

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

Save for the Underwriting Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriter or any of its connected persons and their respective associate.

### **Conditions precedent of the Underwriting Agreement**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the passing of the necessary resolutions at the SGM to approve the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other application laws and regulations if necessary);
- (ii) the Capital Reorganisation having become effective;
- (iii) the Company and the Underwriter having obtained all necessary consent and/or approval (including passing of all necessary resolutions) for entering into the Underwriting Agreement and the transactions contemplated therein;
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong one copy of each of the Rights Issue Documents duly signed by two Directors (or by their attorneys or agents duly authorised in writing) in accordance with section 342C of the Companies (WUMP) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;

- (v) the posting of the Rights Issue Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders for information purpose only, if any, by no later than the Posting Date;
- (vi) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and the permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of dealings in the nil-paid Rights Shares (or such other date as may be agreed between the Company and the Underwriter in writing), and such listing and permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (vii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination;
- (viii) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination;
- (ix) the compliance with and performance by the Company and the Underwriter of all the undertakings and obligations under the terms of the Underwriting Agreement at the Latest Time for Termination;
- (x) the entering into of binding agreements by the Underwriter with certain subscriber(s) procured by the Underwriter and/or sub-underwriter(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriter nor any of the subscriber(s) procured by the Underwriter and/or sub-underwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue;
- (xi) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (xii) there being no Specified Event occurring on or before the Latest Time for Termination;  
and
- (xiii) the Underwriter having received from the Company all the documents required under the Underwriting Agreement in such form and substance satisfactory to the Underwriter in accordance with the times specified therein.

Save for the conditions (viii), (ix), (xii) and (xiii) which can be waived by the Underwriter and the Company in whole or in part jointly, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or
- (v) there occurs any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the Posting Date and not having been disclosed in the Rights Issue Documents, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive trading days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of this announcement or other matters in connection with the Underwriting Agreement and/or the Rights Issue; or
- (viii) the Rights Issue Documents when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

The Underwriter shall be entitled by a notice in writing to the Company, served on or prior to the Latest Time for Termination, to terminate the Underwriting Agreement and the Rights Issue shall not proceed.

Upon termination pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter thereunder (save for certain exceptions) shall cease and determine and no Party shall have any claim against the other Party under the Underwriting Agreement for costs, damages, compensation or otherwise save for any antecedent breaches.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (i) any material breach of any of the representations, warranties or undertakings as specified in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

## **CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE CAPITAL REORGANISATION AND RIGHTS ISSUE**

For illustration purposes only, set out below is the shareholding structure of the Company as at the date of the announcement, and the effect on the shareholding structure of the Company upon completion of the Capital Reorganisation and the Rights Issue in the manner contemplated under the Underwriting Agreement:

Assuming no change in the share capital of the Company from the date of this announcement up to the Record Date:

| Shareholders                                                                | As at the date of this announcement |               | Immediately upon completion of the Capital Reorganisation |               | Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders) |               | Immediately after completion of the Rights Issue (assuming no acceptance by the Qualifying Shareholders; and (b) all the Untaken Shares are taken up by the Underwriter and its subscribers procured by the Underwriter) |               |
|-----------------------------------------------------------------------------|-------------------------------------|---------------|-----------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
|                                                                             | No. of Shares                       | Approximate % | No. of Shares                                             | Approximate % | No. of Shares                                                                                              | Approximate % | No. of Shares                                                                                                                                                                                                            | Approximate % |
| <b>Substantial shareholders</b>                                             |                                     |               |                                                           |               |                                                                                                            |               |                                                                                                                                                                                                                          |               |
| Mr. Cheung Hung                                                             | 238,460,000                         | 17.64         | 5,961,500                                                 | 17.64         | 17,884,500                                                                                                 | 17.64         | 5,961,500                                                                                                                                                                                                                | 5.88          |
| China Mining United Holding Group Co., Ltd                                  | 154,960,000                         | 11.47         | 3,874,000                                                 | 11.47         | 11,622,000                                                                                                 | 11.47         | 3,874,000                                                                                                                                                                                                                | 3.82          |
| <b>Public Shareholders</b>                                                  |                                     |               |                                                           |               |                                                                                                            |               |                                                                                                                                                                                                                          |               |
| Underwriter, sub-underwriter(s) and/or subscriber(s) procure by it (Note 1) | -                                   | -             | -                                                         | -             | -                                                                                                          | -             | 67,577,408                                                                                                                                                                                                               | 66.67         |
| Other public Shareholders                                                   | 958,128,168                         | 70.89         | 23,953,204                                                | 70.89         | 71,859,612                                                                                                 | 70.89         | 23,953,204                                                                                                                                                                                                               | 23.63         |
| <b>Total</b>                                                                | <b>1,351,548,168</b>                | <b>100.00</b> | <b>33,788,704</b>                                         | <b>100.00</b> | <b>101,366,112</b>                                                                                         | <b>100.00</b> | <b>101,366,112</b>                                                                                                                                                                                                       | <b>100.00</b> |

*Notes:*

1. The Underwriter confirmed to the Company that each of the Underwriter and its sub-underwriter(s) (i) will be a third party independent of, not acting in concert with and will not be connected with the Directors, chief executive or substantial Shareholders of the Company or their respective associates; (ii) will ensure that the Public Float Requirement be fulfilled by the Company upon completion of the Rights Issue; and (iii) will not, together with party(ies) acting in concert with each of them or their respective associates, hold in aggregate 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue.
2. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

## **EXPECTED TIMETABLE**

Set out below is the expected timetable for the implementation of the Capital Reorganisation and Rights Issue. The expected timetable is subject to the satisfaction of all the conditions of the Capital Reorganisation and Rights Issue, and is therefore for indicative purpose only. Further announcement(s) (if any) will be made by the Company regarding any significant change to the following expected timetable as and when appropriate:

**2025**

|                                                                                                                                                                        |                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Announcement in relation to the Capital Reorganisation and the Rights Issue. . . . .                                                                                   | Friday, 28 February                          |
| Despatch of circular in relation to the Capital Reorganisation and the Rights Issue together with the notice of SGM and proxy form for SGM . . . . .                   | Friday, 28 March                             |
| Latest time for lodging transfer documents of the Existing Shares to qualify for attendance and voting at the SGM. . . . .                                             | 4:30 p.m. on<br>Wednesday, 23 April          |
| Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive) . . . . . | Thursday, 24 April to<br>Wednesday, 30 April |
| Latest time for lodging proxy forms for the SGM . . . . .                                                                                                              | 11:30 a.m. on<br>Monday, 28 April            |
| Record date for attendance and voting at the SGM . . . . .                                                                                                             | Wednesday, 30 April                          |

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| Expected date and time of the SGM to approve<br>the Capital Reorganisation and the Rights Issue . . . . .                                                                          | 11:30 a.m. on<br>Wednesday, 30 April |
| Announcement of the poll results of the SGM. . . . .                                                                                                                               | Wednesday, 30 April                  |
| Register of members of the Company re-opens . . . . .                                                                                                                              | Friday, 2 May                        |
| Effective date of the Capital Reorganisation . . . . .                                                                                                                             | Tuesday, 6 May                       |
| Commencement of dealings in the Adjusted Shares. . . . .                                                                                                                           | 9:00 a.m. on<br>Tuesday, 6 May       |
| Original counter for trading in Existing Shares<br>in the board lot size of 10,000 Existing Shares<br>(in the form of existing share certificates)<br>temporarily closes . . . . . | 9:00 a.m. on<br>Tuesday, 6 May       |
| Temporary counter for trading in the Adjusted<br>Shares in the board lot size of 250 Adjusted<br>Shares (in the form of existing share certificates) opens . . . . .               | 9:00 a.m. on<br>Tuesday, 6 May       |
| First day of free exchange of existing share certificates<br>for new share certificates for Adjusted Share. . . . .                                                                | Tuesday, 6 May                       |
| Last day of dealings in Adjusted Shares on a cum-rights basis . . . . .                                                                                                            | Tuesday, 6 May                       |
| First day of dealings in Adjusted Shares on an ex-rights basis. . . . .                                                                                                            | Wednesday, 7 May                     |
| Latest time for lodging transfer of Adjusted Shares in order<br>to qualify for the Rights Issue . . . . .                                                                          | 4:30 p.m. on<br>Thursday, 8 May      |
| Register of members of the Company closes<br>(both days inclusive) . . . . .                                                                                                       | Friday, 9 May to<br>Thursday, 15 May |
| Record Date for determining entitlements to the Rights Issue . . . . .                                                                                                             | Thursday, 15 May                     |
| Register of members of the Company re-opens . . . . .                                                                                                                              | Friday, 16 May                       |

|                                                                                                                                                                     |                                  |
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| Despatch of Prospectus Documents (in the case of<br>Non-Qualifying Shareholders, the Prospectus only) . . . . .                                                     | Friday, 16 May                   |
| First day of dealing in nil-paid Rights Shares . . . . .                                                                                                            | Tuesday, 20 May                  |
| Original counter for trading in the Adjusted Shares<br>in the board lot size of 5,000 Adjusted Shares<br>(in the form of new share certificates) re-opens . . . . . | 9:00 a.m. on<br>Tuesday, 20 May  |
| Parallel trading in the Adjusted Shares (in the form of both<br>existing share certificates and new share certificates)<br>commences . . . . .                      | 9:00 a.m. on<br>Tuesday, 20 May  |
| Designated broker starts to stand in the market to<br>provide matching services for odd lots of the<br>Adjusted Shares . . . . .                                    | 9:00 a.m. on<br>Tuesday, 20 May  |
| Latest time for splitting of the PAL . . . . .                                                                                                                      | 4:00 p.m. on<br>Thursday, 22 May |
| Last day of dealing in nil-paid Rights Shares . . . . .                                                                                                             | Tuesday, 27 May                  |
| Latest time for Acceptance of and payment for<br>the Rights Shares and application and payment<br>for excess Rights Shares . . . . .                                | 4:00 p.m. on<br>Friday, 30 May   |
| Latest time for Termination of the Underwriting<br>Agreement and for the Rights Issue to become<br>unconditional. . . . .                                           | 4:00 p.m. on<br>Monday, 2 June   |
| Announcement of results of the Rights Issue . . . . .                                                                                                               | Friday, 6 June                   |
| Designated broker ceases to provide matching services<br>for odd lots of the Adjusted Shares . . . . .                                                              | 4:00 p.m. on<br>Monday, 9 June   |

Temporary counter for trading in the Adjusted Shares  
in the board lot size of 250 Adjusted Shares  
(in the form of existing share certificates) closes . . . . . 4:10 p.m. on  
Monday, 9 June

Parallel trading in Adjusted Shares (represented  
by both existing share certificates and  
new share certificates) ends . . . . . 4:10 p.m. on  
Monday, 9 June

Despatch of certificates for fully-paid Rights Shares  
and refund cheques, if any, in respect of wholly  
or partially unsuccessful applications . . . . . Monday, 9 June

Expected first day of dealings in fully-paid Rights Shares . . . . . 9:00 a.m. on  
Tuesday, 10 June

Last day for free exchange of existing share certificates  
for new share certificates . . . . . Wednesday, 11 June

*Note:* All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the board of directors of the Company if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

## **EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoon issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement of any change to the expected timetable as soon as practicable in this regard.

## **REASONS FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS**

The Directors currently intend to use the net proceeds of approximately HK\$59.9 million as follows:

- approximately 83.5% of the net proceeds (approximately HK\$50 million) will be used for repayment of the Group’s indebtedness and interest expenses; and
- approximately 16.5% of the net proceeds (approximately HK\$9.9 million) will be used for general working capital of the Group.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.**

The estimated expenses in relation to the Rights Issue, including underwriting commission, financial, legal and other professional expenses, of approximately HK\$2.2 million, will be borne by the Company. Assuming (1) full acceptance by the Qualifying Shareholders; and (2) no other change in the share capital of the Company on or before the Record Date, the estimated net proceeds of the Rights Issue will be not more than approximately HK\$59.9 million.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

The Company has conducted the following fund-raising activity involving issue of securities in the twelve (12) months before the date of this announcement:

| <b>Date of announcement/<br/>circular/prospectus</b> | <b>Fund raising activity</b>                 | <b>Net proceeds (approximate)</b> | <b>Intended use of proceeds as announced</b>                                                                                                                                                               | <b>Actual use of proceeds</b>                                                                                                                                                                              |
|------------------------------------------------------|----------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20 May 2024,<br>29 May 2024 and<br>28 June 2024      | Placing of new shares under specific mandate | HK\$29.4 million                  | HK\$24 million and approximately HK\$5.4 million of such net proceeds for repayment of the Group's indebtedness and interest expenses; and for replenishing the working capital of the Group, respectively | HK\$27 million and approximately HK\$2.4 million of such net proceeds for repayment of the Group's indebtedness and interest expenses; and for replenishing the working capital of the Group, respectively |
| 13 March 2024,<br>10 April 2024 and<br>19 April 2024 | Placing of shares under general mandate      | HK\$10.3 million                  | HK\$10.3 million for general working capital                                                                                                                                                               | HK\$10.3 million for general working capital                                                                                                                                                               |

Save as disclosed above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

## **TAXATION**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the manufacturing and sales of coal-related chemical products, the generation and supply of electricity and thermal energy and construction services.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval by the Independent Shareholders at the SGM by poll in accordance with the requirements of Rule 7.19A(1) of the Listing Rules and any Controlling Shareholder and their respective associates or where there is no Controlling Shareholder, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue.

As at the date of this announcement, the Company does not have any Controlling Shareholder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or their respective associates are interested in any Existing Share. Therefore, no Shareholder is required to abstain from voting on the resolution(s) relating to the Rights Issue at the SGM.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Capital Reorganisation and the Rights Issue.

The Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Shareholders as a whole and how to vote on the SGM, taking into account the recommendations of the Independent Financial Adviser to be appointed by the Company.

A circular containing, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice convening the SGM, is expected to be despatched to the Shareholders on or before Friday, 28 March 2025.

The Company expects to despatch the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date and the Prospectus with the Overseas Letter for information only to the Non-Qualifying Shareholders (if any). A copy of the Prospectus will also be made available on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website.

**Shareholders and potential investors of the Company should note that the Rights Issue is upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Wednesday, 7 May 2025. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 20 May 2025 to Tuesday, 27 May 2025 (both dates inclusive).**

**Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the Rights Shares in their nil-paid form from Tuesday, 20 May 2025 to Tuesday, 27 May 2025 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

## **DEFINITIONS**

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

“Adjusted Share(s)”                      ordinary share(s) of par value HK\$0.1 each in the issued and unissued share capital of the Company upon the Capital Reorganisation becoming effective

“Board”                                      the board of Directors

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Business Day(s)”          | any day (other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours                                                                                                                                                                                                                                                                                                                                                      |
| “Capital Reduction”        | the proposed reduction of the issued share capital of the Company whereby the issued share capital of the Company will be reduced by (a) rounding down the total number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company; and (b) cancelling the paid up capital of the Company to the extent of HK\$3.9 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$4.0 to HK\$0.1                                                                                      |
| “Capital Reorganisation”   | the proposed capital reorganisation of the share capital of the Company involving (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the Share Sub-division, (iv) the Share Premium Reduction, and (v) the transfer of all the credits arising from the Capital Reduction and Share Premium Reduction to the contributed surplus account of the Company within the meaning of the Companies Act which will be applied to reduce the accumulated losses of the Company and be applied by the Board in any other manner in accordance with the bye-laws of the Company and all applicable laws of Bermuda from time to time without further authorisation from the Shareholders |
| “CCASS”                    | the Central Clearing and Settlement System established and operated by HKSCC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Change in Board Lot Size” | the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Existing Shares to 5,000 Adjusted Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Companies Act”            | the Companies Act 1981 of Bermuda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Companies Ordinance”      | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| “Companies (WUMP) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Company”                    | China Zenith Chemical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange                                                                                                                                                                                                                                                                                                                                              |
| “connected person(s)”        | has the meaning ascribed to it in the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Consolidated Share(s)”      | the ordinary share(s) of par value of HK\$4.0 each in the issued and unissued share capital of the Company immediately upon the Share Consolidation becoming effective                                                                                                                                                                                                                                                                                                                                                                         |
| “Controlling Shareholder”    | shall have the meaning as ascribed to it under the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Director(s)”                | director(s) of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “EAF(s)”                     | the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Effective Date”             | the date on which the Capital Reorganisation shall become effective, being Tuesday, 6 May 2025                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Excess Rights Shares”       | any nil-paid Rights Share(s) provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall include any of the Rights Shares created from the aggregation of fractions of the Rights Shares and the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any) |
| “Existing Share(s)”          | the ordinary share(s) of par value of HK\$0.1 each in the issued and unissued share capital of the Company prior to the Share Consolidation becoming effective                                                                                                                                                                                                                                                                                                                                                                                 |

|                                 |                                                                                                                                                                                                                                                                                               |
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| “Final Acceptance Date”         | the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Friday, 30 May 2025 or such later date as determined by the Company                      |
| “Group”                         | the Company and its subsidiaries                                                                                                                                                                                                                                                              |
| “HKSCC”                         | Hong Kong Securities Clearing Company Limited                                                                                                                                                                                                                                                 |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                                                                                                 |
| “Independent Board Committee”   | the committee of the Board comprising all independent non-executive Directors to be established for the purpose of giving recommendations to the Independent Shareholders in respect of the Rights Issue                                                                                      |
| “Independent Financial Adviser” | an independent financial adviser to be appointed by the Company for the purpose of giving recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue                                                                                  |
| “Independent Shareholder(s)”    | any Shareholder(s) other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates                                                                                                                           |
| “Independent Third Party(ies)”  | any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules |
| “Last Closing Price”            | the theoretical closing price of HK\$1.12 per Adjusted Share with reference to the closing price of HK\$0.028 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation                                                     |
| “Last Day for Transfer”         | Thursday, 8 May 2025, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company in order to qualify for the Rights Issue                                                                                                                  |
| “Last Trading Day”              | Monday, 3 March 2025, being the last full trading day for the Shares before the release of this announcement                                                                                                                                                                                  |

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| “Latest Time for Acceptance”    | a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date                                                                                                                                                                                            |
| “Latest Time for Termination”   | 4:00 p.m. on Monday, 2 June 2025 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement                                                                                        |
| “Listing Committee”             | has the meaning ascribed thereto in the Listing Rules                                                                                                                                                                                                                      |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                        |
| “Main Board”                    | the main board of the Stock Exchange                                                                                                                                                                                                                                       |
| “MGO Obligation”                | the obligation to make a mandatory general offer under the Takeovers Code                                                                                                                                                                                                  |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places, consider it necessary or expedient to exclude them from the Rights Issue (if any)                                               |
| “Overseas Letter”               | the letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders (if any) are not permitted to participate in the Rights Issue                                                                         |
| “Overseas Shareholder(s)”       | Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong                                                                        |
| “PAL(s)”                        | the provisional allotment letter(s) to be issued in connection with the Rights Issue                                                                                                                                                                                       |
| “Posting Date”                  | Friday, 16 May 2025 or such other date as the Company determines for the despatch of the Rights Issue Documents to the Qualifying Shareholders or the Prospectus with Overseas Letter for information only to the Non-Qualifying Shareholders (if any), as the case may be |
| “Prospectus”                    | the prospectus to be issued by the Company in relation to the Rights Issue                                                                                                                                                                                                 |

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| “Public Float Requirement”  | the public float requirement under Rule 8.08 of the Listing Rules                                                                                                                                                                                                                                                                                                                                                                    |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date                                                                                                                                                                                                                                                                                      |
| “Record Date”               | Thursday, 15 May 2025, or on such other date as the Company may determine, being the date of reference to which the Shareholders’ entitlements to the Rights Issue are to be determined                                                                                                                                                                                                                                              |
| “Rights Issue”              | the issue of 67,577,408 Rights Shares at the Subscription Price on the basis of two (2) Rights Shares for every one (1) Adjusted Share held on the Record Date payable in full on acceptance                                                                                                                                                                                                                                         |
| “Rights Issue Documents”    | the Prospectus, PAL and EAF                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Rights Share(s)”           | 67,577,408 new Adjusted Share(s) to be allotted and issued in respect of the Rights Issue                                                                                                                                                                                                                                                                                                                                            |
| “Scale-down EAF Shares”     | such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant and/or the failure to comply with the Public Float Requirement on the part of the Company                                                                                                                                         |
| “Scale-down PAL Shares”     | such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant and/or the failure to comply with the Public Float Requirement on the part of the Company                                                                                                                                                               |
| “Scaling-down”              | the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation and/or non-compliance with the Public Float Requirement |
| “SFC”                       | the Securities and Futures Commission of Hong Kong                                                                                                                                                                                                                                                                                                                                                                                   |

|                           |                                                                                                                                                                                                                                                                                                                                                                                 |
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| “SFO”                     | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                                                                                                                                                                                                                                                                                     |
| “SGM”                     | the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Capital Reorganisation and the Rights Issue                                                                                                                                                                                                |
| “Share(s)”                | the Existing Share(s), the Consolidated Share(s) and/or the Adjusted Share(s), whichever shall be appropriate                                                                                                                                                                                                                                                                   |
| “Share Consolidation”     | the proposed consolidation of share(s) in the share capital of the Company whereby every fourty (40) Existing Shares will be consolidated into one (1) Consolidated Share                                                                                                                                                                                                       |
| “Share Premium Account”   | the share premium account of the Company                                                                                                                                                                                                                                                                                                                                        |
| “Share Premium Reduction” | the proposed reduction of the entire amount standing to the credit of the Share Premium Account of the Company to nil                                                                                                                                                                                                                                                           |
| “Share Sub-division”      | the proposed sub-division of each of the authorised but unissued Consolidated Shares of HK\$4.0 each into fourty (40) Adjusted Shares of HK\$0.1 each                                                                                                                                                                                                                           |
| “Shareholder(s)”          | the holder(s) of the Existing Share(s), or the Consolidated Share(s), and/or the Adjusted share(s), as the case may be                                                                                                                                                                                                                                                          |
| “Specified Event”         | an event occurring or matter arising on or after the date of execution of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect |
| “Stock Exchange”          | the Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                         |
| “Subscription Price”      | the subscription price of HK\$0.92 per Rights Share                                                                                                                                                                                                                                                                                                                             |
| “substantial Shareholder” | shall have the meaning as ascribed to it under the Listing Rules                                                                                                                                                                                                                                                                                                                |
| “Takeovers Code”          | the Code on Takeovers and Mergers published by the SFC                                                                                                                                                                                                                                                                                                                          |

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|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Underwriter”            | Silverbricks Securities Company Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes underwriting of securities |
| “Underwriting Agreement” | the underwriting agreement dated 3 March 2025 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the Rights Issue                                                                                                                                                   |
| “Underwritten Shares”    | all the Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement                                                                                                                                                                                                      |
| “Untaken Shares”         | all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance                                                                                                                                                                                                |
| “HK\$”                   | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                  |
| “%”                      | per cent.                                                                                                                                                                                                                                                                                                            |

By order of the Board  
**China Zenith Chemical Group Limited**  
**Law Tze Ping Eric**  
*Acting Chief Executive Officer*

Hong Kong, 3 March 2025

*As at the date of this announcement, Mr. Law Tze Ping Eric, Mr. Tang Yiduan and Mr. Shing Pan Yu James are the executive Directors; Ms. Tsang Naomi and Dato’ Sri Lai Chai Suang are the non-executive Directors; and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.*