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If you have sold or transferred all your shares in **China Zenith Chemical Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 362)

PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening an extraordinary general meeting of China Zenith Chemical Group Limited to be held at Unit 1101-12, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, on 20 December 2012, Thursday at 4:30 p.m. or any adjournment thereof is set out on pages 18 to 20 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and lodge the same with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof if you so wish.

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is adopted by resolution of the Company in general meeting;
“Articles of Association”	the articles of association of the Company;
“associates”	has the meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“Company”	China Zenith Chemical Group Limited 中國天化工集團有限公司, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules;
“Date of Expiry”	date of expiry of the Existing Share Option Scheme;
“Director(s)”	director(s) of the Company;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 18 November 2002;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at Unit 1101–12, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on 20 December 2012, at 4:30 p.m. or any adjournment thereof, notice of which is set out on pages 18 to 20 of this circular;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	23 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange;

DEFINITIONS

“New Share Option Scheme”	the new share option scheme proposed to be adopted at the Extraordinary General Meeting, a summary of the principal terms of which is set out in the Appendix to this circular;
“Option Period”	in respect of any particular option, a period (which may not expire later than ten (10) years from the offer date of that option) to be determined and notified by the Directors to the grantee thereof and, in the absence of such determination, from the offer date to the earlier of the date on which such option lapses under the provisions for early termination thereof or ten (10) years from the offer date of that option;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.



China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 362)

Executive Directors:

Chan Yuk Foebe (*Chairman and Chief Executive Officer*)
Chiau Che Kong
Peng Zhanrong
Wu Jianwei

Independent non-executive Directors:

Ma Wing Yun Bryan
Tam Ching Ho
Wong Sin Just
Wong Sin Lai

Registered Office:

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

*Principal Place of Business
in Hong Kong:*

Unit 1101-12
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

29 November 2012

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A. INTRODUCTION

As the Existing Share Option Scheme has expired on 17 November 2012, an ordinary resolution will be proposed at the Extraordinary General Meeting to approve the adoption of the New Share Option Scheme.

The purpose of this circular is to provide you with information regarding the resolution to be proposed at the Extraordinary General Meeting relating to, among other things, the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

B. PROPOSED ADOPTION OF A NEW SHARE OPTION SCHEME

Pursuant to an ordinary resolution duly passed on 18 November 2002 by the then shareholders of the Company, the Company has adopted the Existing Share Option Scheme pursuant to which the Directors were authorised to grant options to employees of the Company or its subsidiaries, including executive directors of such company, to subscribe for Shares.

As the Existing Share Option Scheme has expired on 17 November 2012, the Board proposes to adopt the New Share Option Scheme so that the Company can continue to provide incentives and/or rewards to eligible participants, by way of granting options, after the expiry of the Existing Share Option Scheme. An ordinary resolution will be proposed at the Extraordinary General Meeting to seek Shareholders' approval for the adoption of the New Share Option Scheme.

The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the adoption of the New Share Option Scheme is subject to the approval of the Shareholders at the Extraordinary General Meeting.

The Directors believe that attracting and motivating high-quality personnel is a key to the success and growth of the Company. The purpose of the New Share Option Scheme is to provide incentives or rewards to the eligible participants for their contribution to the Group.

As at the Latest Practicable Date, there were a total of 18,998,343 share options outstanding and unexercised under the Existing Share Option Scheme, which entitle their respective holders to subscribe for a total of 18,998,343 Shares (representing approximately 0.8% of the issued share capital of the Company as at the Latest Practicable Date). These outstanding options are valid and will remain valid under the Existing Share Option Scheme after the Date of Expiry.

The particulars of the options granted as at the Latest Practicable Date under the Existing Share Option Scheme are set out below:

	Originally granted	Adjusted upon completion of the open offer on 20 July 2012	Exercised	Cancelled or lapsed	Outstanding as at the Latest Practicable Date
Number of Shares being subject of the options issued under the Existing Share Option Scheme	18,750,000	248,343	–	–	18,998,343

LETTER FROM THE BOARD

For the avoidance of doubt, no further options will be granted under the Existing Share Option Scheme after its expiry. All options granted prior to the expiry of the Existing Share Option Scheme and not then exercised shall remain valid and shall continue to be subject to the provisions of the Existing Share Option Scheme and Chapter 17 of the Listing Rules. Apart from the Existing Share Option Scheme, there were no other subsisting share option schemes of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 2,236,899,519 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date, the total number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 223,689,951 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date.

The Existing Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of the outstanding options (the “**Existing Options**”). The Existing Options will continue to be valid and exercisable in accordance with the provisions of the Existing Share Option Scheme.

Although the New Share Option Scheme is not subject to any performance target and does not prescribe any minimum period for which an option must be held before it can be exercised, the Directors believe that the requirements and conditions of the New Share Option Scheme (as summarized in the Appendix to this circular), including the requirement for a minimum subscription price, and the necessary conditions that may be imposed by the Board as it thinks fit when it offers to grant any option to any employee, will serve to protect the value of the Shares as well as achieve the purpose of the New Share Option Scheme.

The New Share Option Scheme

Set out in the Appendix to this circular are the principal terms of the New Share Option Scheme, under which the maximum number of Shares which might be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes could represent up to 10% of the issued share capital of the Company on the date of approval of the New Share Option Scheme by the Shareholders at the Extraordinary General Meeting, which maximum number may however be refreshed as detailed in paragraph (iii) of the Appendix to this circular.

Conditions of the adoption of the New Share Option Scheme

The New Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting approving the adoption of the New Share Option Scheme and the allotment and issue of the Shares which fall to be allotted and issued upon the exercise of the options granted under the New Share Option Scheme; and

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- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which fall to be allotted and issued pursuant to the exercise of the options granted under the New Share Option Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of the options granted under the New Share Option Scheme.

Values of all options that can be granted under the New Share Option Scheme

The Directors consider that it is not appropriate to state the value of all the options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date, given that a number of variables which are crucial for the calculation of the value of such options cannot be determined. Such variables include the subscription price for the Shares to be issued upon the exercise of the options, the timing of the grant of such options and other conditions, if any, that an option is subject to. Accordingly, the Directors believe that any calculation of the value of the options based on a large number of speculative assumptions will not be meaningful and may be misleading to the Shareholders.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as if they had been granted at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

General mandate to Directors to grant options

Subject to the approval of the New Share Option Scheme by the Shareholders, a resolution will be proposed at the Extraordinary General Meeting for the grant of general authority to the Directors to grant options under the New Share Option Scheme for the subscription of not more than 10% of the entire issued capital of the Company as at the date of the passing of the relevant resolution.

The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

A copy of the terms of the New Share Option Scheme will be available for public inspection at the principal place of business of the Company in Hong Kong at Unit 1101-12, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekday, except public holiday, for the period from the date of this circular, i.e. 29 November 2012 to 14 days thereafter, i.e. 19 December 2012.

LETTER FROM THE BOARD

C. EXTRAORDINARY GENERAL MEETING

A notice of the Extraordinary General Meeting is set out on pages 18 to 20 of this circular. A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting or any adjournment thereof if they so wish.

D. VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Save for a resolution which relates purely to a procedural or administrative matter, the chairman of the meeting will therefore demand a poll for every resolution put to the vote at the Extraordinary General Meeting in accordance with the Articles of Association. An announcement on the poll vote results will be made by the Company after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5).

E. RESPONSIBILITY STATEMENT

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

So far as the Directors are aware having made all reasonable enquiries, there is no Shareholder who is required to abstain from voting at the Extraordinary General Meeting under the Listing Rules.

F. RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the Extraordinary General Meeting.

LETTER FROM THE BOARD

G. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular. The English text of this circular shall prevail over the Chinese text.

Yours faithfully,
For and on behalf of the Board
China Zenith Chemical Group Limited
Chan Yuk Foebe
Chairman and Chief Executive Officer

Set out below is a summary of the principal terms of the New Share Option Scheme. It does not form part of the New Share Option Scheme and does not affect the interpretation of it.

(i) PURPOSE OF THE SCHEME

The purpose of the New Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

(ii) WHO MAY JOIN

The Directors may at their absolute discretion, invite any person belonging to any of the following classes of participants (the “**Eligible Participants**”) to take up options to subscribe for Shares:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries (the “**Subsidiary**”) or any entity (the “**Invested Entity**”) in which any member of the Group holds any equity interest (the “**Eligible Employee**”);
- (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- (d) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity;
- (e) any adviser (professional or otherwise) or consultant to the Group relating to business development of the Group or any member of the Group or any Invested Entity; and
- (f) any joint venture partner or counterparty to business transactions of the Group,

and, for the purposes of the New Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the New Share Option Scheme.

The basis of eligibility of any of the above class of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

(iii) MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of passing the relevant resolution adopting the New Share Option Scheme (the “**General Scheme Limit**”). As at the Latest Practicable Date, there were 2,236,899,519 Shares in issue. On the assumption that no further Shares will be allotted and issued by the Company prior to the Extraordinary General Meeting, the General Scheme Limit will represent 223,689,951 Shares.
- (c) Subject to (a) above and without prejudice to (d) below, the Company may issue a circular to the Shareholders and seek approval of the Shareholders at general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may issue a circular to the Shareholders and seek separate Shareholders’ approval at general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of such specified participants who may be granted options, the number and the terms of the options to be granted and other information required under the Listing Rules.

(iv) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval at general meeting of the Company with such participant and his associates abstaining from voting.

(v) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of options under the New Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is also the grantee of the options).
- (b) Where any grant of options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (aa) representing in aggregate over 0.1% of the Shares in issue; and
 - (bb) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders at general meeting. The Company must send a circular to the Shareholders containing the information required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates must be approved by the Shareholders at general meeting.

(vi) TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an option before it can be exercised.

(vii) PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the New Share Option Scheme can be exercised.

(viii) SUBSCRIPTION PRICE FOR SHARES

The subscription price for Shares under the New Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

(ix) RANKING OF SHARES

- (a) Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until completion of the registration of the grantee as the holder thereof.

- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, reclassification or reduction of the share capital of the Company from time to time.

(x) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

- (a) No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the manner prescribed by the Listing Rules from time to time. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of the Directors for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (bb) the last date on which the Company must publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the announcement of the results, no option may be granted.
- (b) The Directors may not grant any option to a participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to such circumstances as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme becomes unconditional.

(xii) RIGHTS ON CEASING EMPLOYMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or for persistent or serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation or termination and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation or termination, which will be taken to be the last day on which the grantee is at work with the Group or the Invested Entity, whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity.

(xiii) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee is at work with the Group or the Invested Entity, whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine.

(xiv) RIGHTS ON DISMISSAL

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) RIGHTS ON BREACH OF CONTRACT

If the Directors shall at their absolute discretion determine that (a) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; and (b) the option granted to the grantee under the New Share Option Scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(xvi) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT

If a general or partial offer, whether by way of take-over offer, share re-purchase offer or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is

declared unconditional or such scheme of arrangement is formally proposed to the shareholders in the Company, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) RIGHTS ON WINDING UP

In the event of a notice being given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to convene the general meeting, give notice thereof to all Grantees and thereupon, the Grantees (or their respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company (such notice to be received by the Company not later than two (2) Business Days prior to the proposed general meeting of the Company) exercise the Option (to the extent that it has become exercisable and has not already been exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid. The Grantee shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution.

(xviii) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of a capitalisation issue, rights issue, open offer, subdivision or consolidation of Shares or reduction of share capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the New Share Option Scheme and the option so far as unexercised and/or the option price, provided that (a) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (b) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (c) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

(xix) CANCELLATION OF OPTIONS

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and approved by the Directors.

(xx) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution at general meeting at any time terminate the New Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(xxi) RIGHTS ARE PERSONAL TO THE GRANTEE

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any option granted to such grantee to the extent not already exercised.

(xxii) LAPSE OF OPTION

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods or the dates referred to in paragraph (xii), (xiii), (xiv), (xv) and (xvi);
- (c) the date of commencement of the winding-up of the Company; and
- (d) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph (xxi) by the grantee in respect of that or any other option.

(xxiii) MISCELLANEOUS

- (a) The New Share Option Scheme is conditional on the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the New Share Option Scheme.

- (b) The terms and conditions of the New Share Option Scheme relating to the matters set out in Chapter 17 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders at general meeting.
- (c) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders at general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (d) The amended terms of the New Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme shall be approved by the Shareholders at general meeting.

(xxiv) PRESENT STATUS OF THE NEW SHARE OPTION SCHEME

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the New Share Option Scheme.



China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 362)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of China Zenith Chemical Group Limited (the “**Company**”) will be held at Unit 1101–12, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on 20 December 2012, Thursday at 4:30 p.m. or any adjournment thereof (if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted on 20 December 2012, the provisions contained in Note 5 below shall be applicable) for the purpose of considering as special business and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company (the “**Shares**”) (not exceeding 10% of the Company’s issued share capital on the date of this resolution) which may fall to be allotted and issued pursuant to the share option scheme of the Company (the “**New Share Option Scheme**”), the terms of which are contained in the document marked “A” produced to the meeting and signed by the chairman of the meeting for identification purposes), the New Share Option Scheme be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation:
 - (a) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
 - (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) to allot and issue from time to time such number of Shares in the capital of the Company which may fall to be allotted and issued pursuant to the exercise of the options granted under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
- (d) to make applications at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and for permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme, and where any such application has been made prior to the date of passing of this resolution, the same be approved, confirmed and ratified; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme."

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

Hong Kong, 29 November 2012

As at the date hereof, Ms. Chan Yuk Foebe, Mr. Chiau Che Kong, Mr. Peng Zhanrong and Mr. Wu Jianwei are the executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho, Dato' Wong Sin Just and Mr. Wong Sin Lai are the independent non-executive Directors.

Notes:

- (1) Please refer to the circular for the extraordinary general meeting of the Company for details of New Share Option Scheme.
- (2) The members of the Company whose names appear on the register of members held by the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on 20 December 2012 shall qualify for attending and voting at the extraordinary general meeting. The register of members of the Company will be closed from 19 December 2012 to 20 December 2012, both days inclusive, during which period no share transfer will be registered. In order to qualify to attend and vote on the proposed resolution set out in this notice, all transfers accompanied by the relevant share certificates must be lodged with Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 December 2012.
- (3) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (4) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or at any adjournment thereof.
- (5) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted at or after 11:30 a.m. on 20 December 2012 and/or the Hong Kong Observatory has announced at or before 11:30 a.m. on 20 December 2012 that either of the above mentioned warnings is to be issued within the next two hours, the meeting shall automatically be postponed to the next Business Day on which no "black" rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 11:30 a.m. to 1:30 p.m. and in such case the meeting shall be held at 1:30 p.m. on that Business Day at Unit 1101-12, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. "Business Day", in this context, shall mean a day (not being a Saturday) on which banks are open for general banking business in Hong Kong.