

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION

DISPOSAL OF PROPERTY

THE DISPOSAL

On 26 September 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, the Joint Purchasers, and the Agent entered into the Preliminary Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Joint Purchasers agreed to purchase, the Property at the Consideration.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Company in respect of the Disposal exceed(s) 25% but is or are less than 75% pursuant to Rule 14.07 of the Listing Rules, the Disposal constitutes a major transaction on the part of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal and transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, as no Shareholder has a material interest in the Disposal and transactions contemplated thereunder, therefore no Shareholder will be required to abstain from voting at the SGM to approve the ordinary resolution(s) regarding the Disposal and transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Disposal; (ii) the financial information of the Group; (iii) an independent property valuation report on the Property; (iv) a notice convening the SGM and related form of proxy; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 18 October 2024.

THE PRELIMINARY SALE AND PURCHASE AGREEMENT

On 26 September 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, the Joint Purchasers and the Agent entered into the Preliminary Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Joint Purchasers agreed to purchase, the Property at a consideration of HK\$72,000,000. The principal terms and conditions of the Preliminary Sale and Purchase Agreement are set out below:

Date

26 September 2024

Parties

- (1) The Vendor;
- (2) The Joint Purchasers; and
- (3) The Agent

Property to be disposed of

The Property was acquired by the Vendor in 2008 for investment purpose. The Property is located at duplex flat B on 8th Floor and 9th Floor including its Roof thereover of Tower I and Car Park Nos 14 and 15 on Ground Floor of Tower I, South Bay Palace, No 25 South Bay Close, Repulse Bay, Hong Kong.

The Property (excluding car parking spaces) and the ancillary roof have a saleable area of approximately 2,914 sq. ft. (equivalent to 270.72 sq. m.) and 3,999 sq. ft. (equivalent to 371.52 sq. m.) respectively.

Consideration and basis of determining the Consideration

The consideration of the Disposal is HK\$72,000,000, which has been paid/is payable by the Joint Purchasers to the Vendor in the following manner:

- (a) HK\$3,000,000.00 has been paid upon signing of the Preliminary Sale and Purchase Agreement as initial deposit;

- (b) HK\$4,200,000.00 shall be payable on or before 13 November 2024 as further deposit; and
- (c) the balance in the sum of HK\$64,800,000.00 shall be payable in full upon the Completion.

Pursuant to the Preliminary Sale and Purchase Agreement, the Agent shall be entitled to receive commission in an amount of HK\$720,000 (being 1% of the Consideration) from the Vendor and an amount of HK\$360,000 (being 0.5% of the Consideration) from the Joint Purchasers on the Completion Date respectively.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Joint Purchasers and determined with reference to, among other things, the prevailing market conditions and the preliminary valuation of the Property made by a professional property valuer (an Independent Third Party) by way of market approach as at 30 June 2024 of HK\$69,000,000 in respect of the Property.

Stamp duty

All ad valorem stamp duty shall be borne by the Joint Purchasers.

Formal agreement

A formal agreement for sale and purchase of the Property will be signed by the Vendor and the Joint Purchasers on or before 13 November 2024.

Completion

The Completion shall take place on or before the Completion Date, being 16 December 2024. Upon Completion, the Property will be sold to the Joint Purchasers on an "as is" basis and the Vendor shall deliver vacant possession of the Property to the Joint Purchasers.

INFORMATION OF THE PARTIES

The Vendor, an indirect wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong with limited liability. The principal business of the Vendor is investment holding.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of coal-related chemical products and chemical products for agriculture.

Based on the information provided by the Joint Purchasers, both Joint Purchasers are merchants.

The Agent is a company incorporated in Hong Kong and operates property agencies in Hong Kong.

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Joint Purchasers, the Agent and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Taking into consideration the prevailing property market conditions, the increasing competition and unstable future outlook in the property market in Hong Kong and the current financial, indebtedness and liquidity position of the Group, the Board is of the opinion that the Disposal represents a good opportunity for the Group to realise the value of the Property at a reasonable price. In addition, the proceeds from the Disposal will strengthen the financial position of the Group and increase the general working capital of the Group.

The Directors consider that the Disposal is conducted in the ordinary course of the Group's property investment business and on normal commercial terms, and the entering into of the Preliminary Sale and Purchase Agreement is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the preliminary valuation of the Property prepared by a professional property valuer (an Independent Third Party) by way of market approach as at 30 June 2024, the value of the Property was HK\$69,000,000. As at 30 June 2024, the book value of the Property was approximately HK\$61,996,000. The Group is expected to recognize a gain on the Disposal of approximately HK\$9,000,000 (being the difference between the Consideration over the book value, exclusive of expenses). The Group intends to use HK\$11,500,000 and HK\$52,000,000 of the net proceeds from the Disposal for repayment of bank loan and other payables respectively and the remaining balance of the net proceeds for the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Company in respect of the Disposal exceed(s) 25% but is or are less than 75% pursuant to Rule 14.07 of the Listing Rules, the Disposal constitutes a major transaction on the part of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal and transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, as no Shareholder has a material interest in the Disposal and transactions contemplated thereunder, therefore no Shareholder will be required to abstain from voting at the SGM to approve the ordinary resolution(s) regarding the Disposal and transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Disposal; (ii) the financial information of the Group; (iii) an independent property valuation report on the Property; (iv) a notice convening the SGM and related form of proxy; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 18 October 2024.

DEFINITIONS

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

“Agent”	Ricacorp Properties Limited
“associates”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“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 (stock code: 362)
“Completion”	completion of the Disposal in accordance with the terms and conditions under the Preliminary Sale and Purchase Agreement
“Completion Date”	the date on which the Completion shall take place
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$72,000,000, being the consideration for the Disposal pursuant to the Preliminary Sale and Purchase Agreement

“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Property pursuant to the terms and conditions of the Preliminary Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) (and in the case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is or are third party(ies) independent of and not connected with the Company and its connected persons
“Joint Purchasers”	Mr. Chan Hong Sang and Ms. Yang Yufeng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Preliminary Sale and Purchase Agreement”	the preliminary sale and purchase agreement dated 26 September 2024 entered into among the Vendor, the Joint Purchasers and the Agent in relation to the Disposal
“Property”	duplex flat B on 8th Floor and 9th Floor including its Roof thereover of Tower I and Car Park Nos 14 and 15 on Ground Floor of Tower I, South Bay Palace, No 25 South Bay Close, Repulse Bay, 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 Disposal and transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Success Eagle Investment Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“sq. ft.”	square feet
“sq. m.”	square metre(s)
“%”	per cent.

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

Hong Kong, 2 October 2024

As at the date of this announcement, Mr. Law Tze Ping Eric, Mr. Tang Yiduan, Mr. Shing Pan Yu James and Mr. Chin Chun Hin are the executive Directors; and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.