

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dongguang Chemical Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DONGGUANG CHEMICAL LIMITED
東光化工有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1702)

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting to be held at 10:00 a.m. at 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Thursday, 24 May 2018 is set out on pages 16 to 20 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the Annual General Meeting (i.e. by 10:00 a.m. on Tuesday, 22 May 2018) or any adjournment thereof to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

20 April 2018

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 10:00 a.m. at 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Thursday, 24 May 2018, the notice of which is set out on pages 16 to 20 of this circular, and any adjournment thereof
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Dongguang Chemical Limited 東光化工有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that the total number of Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with new Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting

DEFINITIONS

“Latest Practicable Date”	13 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase the Shares on the Stock Exchange the aggregate number of which shall not exceed 10% of the aggregate number of the Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* *for identification purposes only*



DONGGUANG CHEMICAL LIMITED

東光化工有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1702)

Executive Directors:

Mr. Wang Zhihe

Mr. Sun Yi

Mr. Sun Zushan

Mr. Xu Xijiang

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Non-executive Director:

Ms. Chen Jimin

Principal place of business

in Hong Kong:

Independent non-executive Directors:

Ms. Lin Xiuxiang

Mr. Liu Jincheng

Mr. Ng Sai Leung

Unit 1201-5, China Resources Building

No. 26 Harbour Road

Wanchai

Hong Kong

20 April 2018

To the Shareholders

Dear Sir/Madam

**PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include, inter alia: (a) ordinary resolutions on the proposed grant of each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (b) ordinary resolutions relating to the proposed re-election of the Directors.

LETTER FROM THE BOARD

ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with new Shares up to 20% of the aggregate number of Shares in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 620,000,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 124,000,000 Shares.

REPURCHASE MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will also be proposed to give the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the aggregate number of Shares in issue as at the date of passing of the relevant resolution. In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting to authorise the increase in the total number of new Shares which may be allotted and issued under the Issue Mandate by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate.

The Repurchase Mandate and the Issue Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or by any applicable law or Companies Law to be held; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in the Appendix I to this circular.

RE-ELECTION OF DIRECTORS

According to Article 105(A) of the Articles, at each annual general meeting, one third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

LETTER FROM THE BOARD

According to Article 105(B) of the Articles, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

By virtue of Articles 105(A) and 105(B) of the Articles, Mr. Wang Zhihe, Mr. Sun Yi and Mr. Sun Zushan will retire as Directors at the Annual General Meeting, and they, being eligible, will offer themselves for re-election at the Annual General Meeting.

According to Article 109 of the Articles, any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

By virtue of Article 109 of the Articles, the office of Ms. Chen Jimin will end at the Annual General Meeting. Ms. Chen Jimin, being eligible, will offer herself for re-election at the Annual General Meeting.

Particulars of Mr. Wang Zhihe, Mr. Sun Yi, Mr. Sun Zushan and Ms. Chen Jimin are set out in Appendix II to this circular.

ACTIONS TO BE TAKEN

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the following:

- (a) the proposed grant of the Issue Mandate, Repurchase Mandate and Extension Mandate; and
- (b) the proposed re-election of Directors.

A form of proxy for use at the Annual General Meeting is enclosed herewith and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dg-chemical.com. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time for the Annual General Meeting (i.e. by 10:00 a.m. on Tuesday, 22 May 2018) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the Annual General Meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to article 72 of the Articles. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the ordinary resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

CLOSURE OF REGISTER OF MEMBERS

For determination of the entitlement to attend and vote at the Annual General Meeting, the transfer books and register of members will be closed from Friday, 18 May 2018 to Thursday, 24 May 2018 (both days inclusive) during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 17 May 2018.

For determination of the entitlement to the proposed final dividend, conditional upon the passing of the resolution approving the declaration of the proposed final dividend at the Annual General Meeting, the transfer books and register of members will be closed from Wednesday, 30 May 2018 to Thursday, 31 May, 2018 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at the address stated above not later than 4:30 p.m. on Tuesday, 29 May 2018.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

LETTER FROM THE BOARD

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board of
Dongguang Chemical Limited
東光化工有限公司
Wang Zhihe
Chairman

This Appendix I serves as an explanatory statement, as required by the Listing Rules, to provide requisite information as to the proposed Repurchase Mandate.

1. Listing Rules relating to the repurchase of shares

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. Share capital

As at Latest Practicable Date, there were a total of 620,000,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 62,000,000 Shares which represents 10% of the aggregate number of Shares in issue as at the date of passing such resolution.

3. Reasons for the repurchase

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

4. Funding of repurchases

In repurchasing the Company's securities, the Company may only apply funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2017, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. Share prices

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during the period from 11 July 2017 (the date of listing of the Shares on the Stock Exchange) up to and including the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2017 (<i>Note 1</i>)	2.80	1.00
August 2017	2.22	1.85
September 2017	2.83	1.92
October 2017	2.21	1.95
November 2017	2.12	1.77
December 2017	2.10	1.75
January 2018	4.40	1.88
February 2018	4.50	2.96
March 2018	4.90	4.15
April 2018 (<i>Note 2</i>)	4.70	4.17

Notes:

1. From 11 July 2017 (the date of listing of the Shares on the Stock Exchange)
2. Up to the Latest Practicable Date

6. The Takeovers Code and minimum public holding

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

On the basis of the respective shareholding held by Sino-Coal Chemical Holding Group Limited ("**Sino-Coal Holding**") and Bloom Ocean Investments Limited ("**Bloom Ocean**") as at the Latest Practicable Date set out below, the exercise in full of the Repurchase Mandate may give rise to an obligation for Sino-Coal Holding and/or Bloom Ocean to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not have any present intention to exercise the proposed Repurchase Mandate to such an extent as would give rise to such an obligation.

Name	Number of Shares	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Sino-Coal Holding	279,680,000 Shares (Note 1)	45.11%	50.12%
Bloom Ocean	180,320,000 Shares (Note 2)	29.08%	32.32%
Total:	<u>460,000,000 Shares</u>	<u>74.19%</u>	<u>82.44%</u>

Notes:

1. These Shares were registered in the name of and beneficially owned by Sino-Coal Holding (which is owned as to approximately 33.059% by Timely Moon Limited (“**Timely Moon**”), 18.75% by Plenty Sun Limited (“**Plenty Sun**”), 6.908% by Power Moon Limited (“**Power Moon**”) and 6.908% by Decent Magic Limited (“**Decent Magic**”). Each of Timely Moon, Plenty Sun, Power Moon and Decent Magic is wholly owned by Mr. Wang Zhihe, Mr. Sun Yi, Mr. Sun Zushan and Mr. Xu Xijiang, respectively, each an executive Director.
2. These Shares were registered in the name of and beneficially owned by Bloom Ocean which is owned as to approximately 44.27% by Timely Moon and 44.01% by Plenty Sun.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

7. Share repurchase made by the Company

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

8. General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands and the regulations set out in the memorandum of association of the Company and the Articles.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

The biographical details of the Directors eligible for re-election at the Annual General Meeting are set out below:

EXECUTIVE DIRECTORS

Mr. Wang Zhihe (王治河), aged 60

Mr. Wang is the executive Director and chairman of the Board. He was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. He is one of the founders of the Group and the controlling shareholder of the Company.

Mr. Wang has entered into a service contract with the Company pursuant to which he agreed to act as executive Director for an initial term of three years with effect from 20 June 2017 which may be terminated by either party by giving not less than three months' written notice. The term of service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice to the other. During the term of the service contract, he is entitled to a basic salary and a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the shareholders of the Company (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. As at the Latest Practicable Date, he was entitled to an annual salary of HK\$2,520,000 which is covered under his service contract. Such salary is subject to an annual increment after 1 January 2018 at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase. Mr. Wang's emolument was determined by the Board with reference to his duties and responsibilities.

Mr. Wang has over 39 years of experience in operation, and over 25 years of experience in managing the business of manufacturing coal-based fertiliser. Mr. Wang joined the Group in July 1998. He has been the chairman of Hebei Dongguang Chemical Co., Ltd* (河北省東光化工有限責任公司) ("**Dongguang Chemical**") since July 1998. Mr. Wang was the general manager of Dongguang Chemical from July 1998 to February 2012, the factory director of Hebei Dongguang Huafei Factory* (河北省東光縣化肥廠) ("**Dongguang Huafei**") from November 1992 to June 1998, the deputy factory director of Dongguang Huafei from January 1992 to October 1992, the office director of Dongguang Huafei from June 1986 to December 1991, the chief of sales division of Dongguang Huafei from January 1984 to May 1986 and the statistician of Dongguang Huafei from January 1978 to December 1983. He completed a semi-sabbatical study junior college professional certificate course in industrial management organised by Hebei Faculty of Technology* (河北工學院) (currently known as Hebei University of Technology (河北工業大學)) in June 1990. He is also a director of certain subsidiaries of the Group.

As at the Latest Practicable Date, Mr. Wang was interested in 460,000,000 Shares. Among these 460,000,000 Shares, 279,680,000 Shares were held by Sino-Coal Holding (which is owned as to approximately 33.059% by Timely Moon); and 180,320,000 Shares were held by Bloom Ocean (which is owned as to approximately 44.27% by Timely Moon). Timely Moon is wholly owned by Mr. Wang. By virtue of the SFO, each of Timely Moon and Mr. Wang is taken to be interested in the Shares held by each of Sino-Coal Holding and Bloom Ocean. Mr. Wang is also a director of Sino-Coal Holding and Bloom Ocean respectively.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Wang did not have any other interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was he related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. He did not hold directorship in other listed public companies in the last three years.

Mr. Sun Yi (孫毅), aged 63

Mr. Sun is an executive Director and vice chairman of the Board. He was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. Mr. Sun is one of the founders of the Group.

Mr. Sun has entered into a service contract with the Company pursuant to which he agreed to act as executive Director for an initial term of three years with effect from 20 June 2017 which may be terminated by either party by giving not less than three months' written notice. The term of service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice to the other. During the term of the service contract, he is entitled to a basic salary and a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the shareholders of the Company (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. As at the Latest Practicable Date, he was entitled to an annual salary of HK\$2,160,000 which is covered under his service contract. Such salary is subject to an annual increment after 1 January 2018 at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase. Mr. Sun's emolument was determined by the Board with reference to his duties and responsibilities.

Mr. Sun has over 41 years of experience in accounting and financial management and over 24 years of experience in operation and managing the business of manufacturing coal-based fertiliser. Mr. Sun joined the Group in July 1998. He has been the deputy general manager of Dongguang Chemical since July 1998. Mr. Sun was the deputy factory director and a director of Dongguang Huafei from April 1997 to June 1998, the assistant factory director of Dongguang Huafei from December 1992 to April 1997, the chief of finance division of Dongguang Huafei from August 1987 to November 1987, the cashier

and chief accountant of finance division of Dongguang Huafei from January 1976 to July 1987, the statistician of the mechanical workshop of Dongguang Huafei from February 1974 to December 1975 and the fitter of the mechanical workshop of Dongguang Huafei from September 1970 to January 1974. He completed a professional study course in economic management organised by Beijing Economic Correspondence University* (北京經濟函授大學) (currently known as Beijing Economic Management Correspondence College* (北京經濟管理函授學院)) in December 1989. He is also a director of certain subsidiaries of the Group.

As at the Latest Practicable Date, Mr. Sun was interested in 180,320,000 Shares. These 180,320,000 Shares were held by Bloom Ocean, the entire issued shares of which are owned as to approximately 44.01% by Plenty Sun. Plenty Sun is wholly owned by Mr. Sun. By virtue of the SFO, each of Plenty Sun and Mr. Sun is taken to be interested in the Shares held by Bloom Ocean. Mr. Sun is also a director of Sino-Coal Holding (which is owned as to approximately 18.75% by Plenty Sun) and Bloom Ocean respectively.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Sun did not have any other interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was he related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. He did not hold directorship in other listed public companies in the last three years.

Mr. Sun Zushan (孫祖善), aged 65

Mr. Sun is an executive Director and chief operating officer of the Group. He was appointed as a Director on 12 June 2014 and re-designated as executive Director on 20 June 2017. Mr. Sun is one of the founders of the Group.

Mr. Sun has entered into a service contract with the Company pursuant to which he agreed to act as executive Director for an initial term of three years with effect from 20 June 2017 which may be terminated by either party by giving not less than three months' written notice. The term of service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice to the other. During the term of the service contract, he is entitled to a basic salary and a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of the Company shall not exceed 10% of the audited consolidated or combined net profit attributable to the shareholders of the Company (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of the Company. As at the Latest Practicable Date, he was entitled to an annual salary of HK\$1,200,000 which is covered under his service contract. Such salary is subject to an annual increment after 1 January 2018 at the discretion of the Directors of not more than 10% of the average annual salary for the 12 months immediately prior to such increase. Mr. Sun's emolument was determined by the Board with reference to his duties and responsibilities.

Mr. Sun has over 47 years of experience in operation, and over 19 years of experience in managing the business of manufacturing coal-based fertiliser. Mr. Sun joined the Group in July 1998. He was the general manager of Dongguang Chemical from March 2012 to December 2017. Mr. Sun was the deputy general manager of Dongguang Chemical from July 1998 to February 2012, the deputy factory director and director of Dongguang Huafei from May 1998 to June 1998, assistant factory director of Dongguang Huafei from March 1997 to April 1998, chief of sales division of Dongguang Huafei from April 1994 to February 1997, the director of the technology transformation office of Dongguang Huafei from April 1991 to April 1994, the chief of production division of Dongguang Huafei from June 1989 to April 1991, the chief of supply division of Dongguang Huafei from January 1989 to June 1989, the deputy branch chemical factory director of Dongguang Huafei from September 1986 to January 1989, the deputy chief of equipment division of Dongguang Huafei from July 1984 to August 1986, the deputy director of chemical workshop of Dongguang Huafei from September 1978 to June 1984, the repairman of repair workshop of Dongguang Huafei from May 1974 to August 1978 and the operator of transform workshop of Dongguang Huafei from June 1970 to May 1974. He is also a director of certain subsidiaries of the Group.

Mr. Sun is also a director of Sino-Coal Holding which is owned as to approximately 6.908% by Power Moon. Power Moon is wholly owned by Mr. Sun.

Save as disclosed herein, as at the Latest Practicable Date, Mr. Sun did not have any interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was he related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. He did not hold directorship in other listed public companies in the last three years.

NON-EXECUTIVE DIRECTOR

Ms. Chen Jimin (陳繼敏), aged 44

Ms. Chen is a non-executive Director. She was appointed as a non-executive Director on 6 April 2018.

Ms. Chen has entered into an appointment letter with the Company for an initial term of three years with effect from 6 April 2018 which may be terminated by either party by giving not less than three months' written notice. The term of appointment shall be renewed and extended automatically for successive terms of two years upon expiry of the then current term until terminated by either party giving not less than three months' written notice to the other. Ms. Chen does not receive any directors' fee nor entitled to any other emoluments for her appointment as non-executive Director.

Ms. Chen has over 16 years of experience in finance, management and investment. Ms. Chen had worked for Hebei Guofu Agricultural Investment Group Limited (河北省國富農業投資集團有限公司) from July 1996 to May 2006. Since then, she has been working for its subsidiary, Guofu (Hong Kong) Holdings Limited (國富(香港)控股有限公司), and currently as the general manager who is in charge of the company operation, management and team formation. She had worked for Longyaozhongwang Food Limited (隆堯中旺食品有限公司) as its chief financial officer from October 2008 to October 2010. From June 2009 to October 2010, she had also worked for Great Desire International Limited (宏望國際有限公司) as its chief financial officer and had been primarily responsible for financial management and operations. Besides, she had worked as the vice general manager of China U-Ton Holdings Limited (中國優通控股有限公司), a company then listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8232), and was in charge of investment, finance and external relationships from November 2010 to July 2012. Ms. Chen was awarded the designation of a Fellow Chartered Financial Practitioner by the Asia Pacific Financial Services Association in February 2008 and obtained the qualification of an Accredited Financial Planner from the American Association for the Certification of Training Program in April 2008. Ms. Chen obtained a diploma in computerised accounting and statistics in June 1996 from Northwest Normal University (西北師範大學) and a diploma from the Advanced Course for Financial Planners (財務策劃師高級研修班) organised by the School of Continuing Education of Tsinghua University (清華大學繼續教育學院) in August 2008.

As at the Latest Practicable Date, Ms. Chen did not have any interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO, nor was he related to any other Directors, senior management, or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. She did not hold directorship in other listed public companies in the last three years.

GENERAL

Save as disclosed herein, there are no other matters concerning any of the above Directors that need to be brought to the attention of the Shareholders in relation to their re-election and there is no information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



DONGGUANG CHEMICAL LIMITED

東光化工有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1702)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Dongguang Chemical Limited (“**Company**”) will be held at 10:00 a.m. at 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong on Thursday, 24 May 2018 to consider and, if thought fit, transact the following ordinary businesses:

ORDINARY RESOLUTIONS

1. to receive and approve the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company and the auditors of the Company for the year ended 31 December 2017;
2. to declare a final dividend for the year ended 31 December 2017 of HK\$0.02 per share of US\$0.0001 each in the capital of the Company;
3. (a) to re-elect, each as a separate resolution, the following person as a director of the Company:
 - (i) Mr. Wang Zhihe;
 - (ii) Mr. Sun Yi;
 - (iii) Mr. Sun Zushan; and
 - (iv) Ms. Chen Jimin;
- (b) to authorise the board of directors of the Company to fix the directors' remuneration;
4. to re-appoint BDO Limited as the auditors of the Company and to authorise the board of directors of the Company to fix their remuneration;

to consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions:

NOTICE OF ANNUAL GENERAL MEETING

5. “THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the directors of Dongguang Chemical Limited (“**Company**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “**Share**”) of US\$0.0001 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate number of Shares in issue on the date of the passing of this resolution; and
 - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of Shares purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of Shares in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

6. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of Dongguang Chemical Limited (“**Company**”) during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (each, a “**Share**”) of US\$0.0001 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate number of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate number of Shares in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
 - (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
7. “**THAT** conditional on the passing of resolutions numbered 5 and 6 above, the general mandate granted to the directors of Dongguang Chemical Limited (“**Company**”) pursuant to paragraph (a) of resolution numbered 5 above be and it is hereby extended by the addition to the aggregate number of the shares (each, a “**Share**”) of US\$0.0001 each in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate number of Shares purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 6 above.”

PRC, 20 April 2018

By order of the Board
Dongguang Chemical Limited
東光化工有限公司
Wang Zhihe
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
Unit 1201-5, China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time of the above meeting (i.e. by 10:00 a.m. on Tuesday, 22 May 2018) or any adjourned meeting.
3. For the purpose of determining members who are qualified for attending the annual general meeting, the register of members of the Company will be closed from Friday, 18 May 2018 to Thursday, 24 May 2018, both days inclusive, during which no transfer of share will be effected. In order to qualify for attending the annual general meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch register and transfer office in Hong Kong at the address stated in note 2 above not later than 4:30p.m. on Thursday, 17 May 2018 for registration.
4. For the purpose of determining members who are qualified for the proposed final dividend, conditional on the passing of resolution no.2 set out in this notice, the register of members of the Company will be closed from Wednesday, 30 May 2018 to Thursday, 31 May 2018, both days inclusive, during which no transfer of Share will be effected. In order to qualify for the proposed final dividend, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch register and transfer office in Hong Kong at the address stated in note 2 above not later than 4:30p.m. on Tuesday, 29 May 2018 for registration.
5. In relation to proposed resolutions numbered 5 and 7 above, approval is being sought from the shareholders of the Company for the grant to the directors of the Company a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The directors of the Company wish to state that they will exercise the powers conferred thereby to allot and issue Shares in circumstances which they deem appropriate for the benefit of the Company and its shareholders as a whole.
6. In relation to proposed resolution numbered 6 above, the directors of the Company wish to state that they will exercise the powers conferred thereby to purchase Shares in circumstances which they deem appropriate for the benefit of the Company and its shareholders as a whole. An explanatory statement containing the information necessary to enable the shareholders of the Company to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in the Appendix I to the circular of which this notice of the Annual General Meeting forms part.
7. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto to, but if more than one of such joint holders are present at the above meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Share shall alone be entitled to vote in respect thereof.
9. References to time and dates in this notice are to Hong Kong time and dates.