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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)

LAPSE OF SUBSCRIPTION AGREEMENT

Reference is made to the announcements made by China Zenith Chemical Group Limited (the “**Company**”) dated 30 June 2016, 21 July 2016 and 9 August 2016 (the “**Announcements**”) in relation to the proposed issue of convertible bonds in the aggregate principal amount of HK\$400,000,000 in eight separate batches of HK\$50,000,000 each (the “**Convertible Bonds**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those in the Announcements.

As certain conditions precedent under the Subscription Agreement have not been fulfilled upon expiry of two months from the date of signing the Subscription Agreement (i.e. on or before 30 August 2016) (the “**Subscription Agreement**”), the Subscription Agreement had lapsed on 31 August 2016. Pursuant to the Subscription Agreement, all obligations and liabilities of the Subscriber and the Company under the Subscription Agreement shall cease and determine. Neither the Company nor the Subscriber has any claim against each other save for any antecedent breach of the terms of the Subscription Agreement.

The Board is of the view that the termination of the Subscription Agreement will not have any material adverse impact on the operation and financial position of the Company.

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

Hong Kong, 31 August 2016

As at the date of this announcement, Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric and Mr. Yu Defa 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.