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China Zenith Chemical Group Limited

中國天化工集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 362)

LAPSE OF MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 70% EQUITY INTERESTS IN MUDANJIANG TRANSPORTATION GROUP INVESTMENT LIMITED

Reference is made to the announcement of China Zenith Chemical Group Limited (the “**Company**”) dated 1 March 2016 (the “**Announcement**”) in relation to, among other things, the major transaction regarding the acquisition of 70% equity interest in Mudanjiang Transportation Group Investment Limited (牡丹江廣運交通集團投資有限公司). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

Pursuant to the Framework Agreement, completion of it was subject to the fulfilment of certain conditions precedent set out therein. The Definitive agreements would only be entered into after various consents, licences and approvals from relevant government departments for commencement of operation of Phase 1 of the Logistics Centre had been granted. It was the intention of the parties that if those consents, licences and approvals for the operation of Phase I of the Logistics Centre were not obtained on or before 31 October 2016, the Framework Agreement would be terminated and no definitive agreements would be entered into by the parties. As those consents, licences and approvals were not obtained as at 31 October 2016, the Framework Agreement had lapsed pursuant to the terms thereof.

The Board considers that the lapse of the Framework Agreement does not have any material impact on the business, operation and financial position of the Group.

On behalf of the board of
China Zenith Chemical Group Limited
Chan Yuk Foebé
Chairman and Chief Executive Officer

Hong Kong, 1 November 2016

As at the date hereof, Ms. Chan Yuk Foebé, 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.