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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 and continued in Bermuda with limited liability)*

**(Stock Code: 362)**

## **INSIDE INFORMATION ANNOUNCEMENT**

This announcement is made by China Zenith Chemical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) announces that Mudanjiang Better Day Power Limited (“**Mudanjiang BD Power**”), an indirect wholly-owned subsidiary of the Company has received a notice (the “**Notice**”) issued by 牡丹江市住房和城乡建设局 (in English, for identification purpose only, Mudanjiang Authority of Housing and Urban-Rural Development) (the “**Authority**”) stating that in order to ensure the stability of the heat supply to the residents of Mudanjiang in the coming winter, the Authority has temporarily taken over the operations of Mudanjiang BD Power. In view of the escalating coal price resulting in huge operating costs of Mudanjiang BD Power, the Group had not been able to meet the requirements on coal storage, maintenance of the plants and the capital requirements imposed by the Authority, the Group has been discussing with the Authority in the past few months to deliver the operation of Mudanjiang BD Power to the Authority. The Authority has issued the Notice to the Group for taking over the operation of Mudanjiang BD Power subsequent to such discussion.

The Group has engaged its legal advisers as to the PRC laws (the “**PRC Legal Advisers**”) to advise on the implication of the Notice. The PRC Legal Advisers has attended site visit to Mudanjiang BD Power and conducted interviews with the local government and advised the Group that the Authority has applied PRC laws and regulation to temporarily taking over the operations of Mudanjiang BD Power to ensure continual heat supply during the coming winter in order to protect the public interest of the local residents. As further advised by the PRC Legal Advisers, Mudanjiang BD Power would be under the control and management of the Authority as long as the Notice is imposed.

As of the date of this announcement, notwithstanding that the Authority's taking over of Mudanjiang BD Power, the overall operations and business of the Group remain normal. The Group is liaising with the Authority relating to the Notice and the control and operation of Mudanjiang BD Power and shall make further announcements relating to this matter as and when required by the Listing Rules.

**Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the Shares.**

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

Hong Kong, 6 September 2022

*As at the date of this announcement, Ms. Chan Yuk Foebe, Mr. Gao Ran and Mr. Law Tze Ping Eric are the executive Directors; Mr. Liu Yangyang is the non-executive Director; and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit are the independent non-executive Directors.*