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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)

BUSINESS UPDATE POSSIBLE DISPOSAL OF A SUBSIDIARY

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of China Zenith Chemical Group Limited (the “**Company**”) to provide shareholders and potential investors of the Company with the latest business update of the Company.

The Board has approved the proposed disposal of 90% equity interest in Heihe Longjiang Chemical Limited* (黑河龍江化工有限公司) (“**Heihe Longjiang**”) (the “**Possible Disposal**”) at a meeting held on 8 November 2024. As at the date of this announcement, Heihe Longjiang is an indirect 90% owned subsidiary of the Company.

Upon completion of the Possible Disposal, it is expected that the Company will not hold equity interest in Heihe Longjiang, and the financial results of Heihe Longjiang will no longer be consolidated in the financial statements of the Company. As at the date of this announcement, the Company is in negotiations with an independent third party in relation to the Possible Disposal and is in the process of further finalizing the specific transaction plan.

REASONS FOR THE POSSIBLE DISPOSAL

Heihe Longjiang has been suffering from poor operating results and continuous losses in recent years, which has had a substantial impact on the Company’s overall operating results. The Possible Disposal is based on the Company’s overall business development needs, is in line with the Company’s overall business transformation, and is conducive to the Company’s focus on the development of new businesses. It will further enhance the Company’s cash flow position and positively impact the Company’s future financial conditions and operating results, thus contributing to the long-term stable development of the Company. Therefore, the Possible Disposal is in the interest of the Company and all its shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company has not entered into any agreement in respect of the Possible Disposal. The Possible Disposal, if materialized, may constitute a very substantial disposal of the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

The Company will make further announcements in respect of the Possible Disposal as and when appropriate in accordance with the Hong Kong Listing Rules.

As there is no certainty that the Possible Disposal will be consummated, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 8 November 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.