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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)**

### **PROFIT WARNING**

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**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary unaudited consolidated management accounts of the Group for the year ended 30 June 2022 (the “**Year**”), the Group is expected to record a substantial net loss of not less than HK\$1,000 million for the Current Year as compared with the net loss of approximately HK\$459 million for the year ended 30 June 2021.

The Board considers that the expected increase in net loss is mainly attributable to the following reasons:

- (i) the increase in operating loss of 牡丹江佳日熱電有限公司 (in English, for identification purpose only, Mudanjiang Better-Day Power Limited) (“**Mudanjiang BD Power**”), an indirect wholly-owned subsidiary of the Company from HK\$70 million to HK\$120 million due to increase in coal prices for the Year; and
- (ii) the recognition of an impairment loss on fixed assets and right-of-use assets of Mudanjiang BD Power of approximately HK\$690 million due to the expected negative operating cashflows from Mudanjiang BD Power based on the preliminary valuation prepared by an independent qualified professional valuer.

As the Company is still in the process of finalising the Group's annual results for the Year, the information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group with reference to the information currently available to the Board which may be subject to the further finalization and other potential adjustments, if any, and have not been reviewed or confirmed by the Company's auditors or the audit committee of the Board. The actual financial results of the Group for the Year may be different from the disclosure herein. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Company for the Year which is scheduled to be released on or before 29 September 2022.

**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, 8 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.*