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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)

PROFIT WARNING AND PRICE SENSITIVE INFORMATION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the unaudited annual results of the Group for the year ended 30 June 2011 may decrease substantially as compared with that of the last corresponding year.

Update on the operation of the production facilities of Mudanjiang Daytech Chemical Limited (“Mudanjiang Daytech”) in the aftermath of an industrial accident

Reference is made to the Company’s announcements dated 13 and 14 June 2011 in relation to an industrial accident which occurred in the calcium carbide production facilities of Mudanjiang Daytech, a wholly-owned subsidiary of the Company, in the morning of 30 May 2011. The Board wishes to make this announcement to update investors on the latest development of status of the Mudanjiang Daytech.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that the unaudited results of the Group for the year ended 30 June 2011 (the “2011 Annual Results”) may decrease substantially as compared with that of the last corresponding year mainly due to (i) the increase in turnover was not in line with the increase in cost of sale; (ii) recognition of financing and promotion expenses resulting from the Company’s discontinued financing exercises including the issuance of Taiwan Depositary Receipts of the Company and the proposed spin-off and

separate listing of the shares of China Zenith Construction Materials Limited on the main board of The Stock Exchange of Hong Kong Limited; (iii) recognition of share-based payment; and (iv) loss incurred as a result of an industrial accident occurred in the Mudanjiang calcium carbide production facilities.

As mentioned in the Company's 2010 interim report, the profit margins of the Company's major coal-related chemical products: polyvinyl-chloride and vinyl acetate had dwindled. To further capture the value-added chain in the production of coal-related chemical products, the Group started to produce calcium carbide, one of the major raw materials for polyvinyl-chloride and vinyl acetate, internally since last October. Although trial run of the production facilities took longer than expected, the production facilities had been running smoothly since April 2011. Unfortunately, the production facilities of calcium carbide were fully stopped after the industrial accident which occurred on 30 May 2011.

The Board believes that it was the high time for the Company to review and streamline the calcium carbide production procedures during the discontinued production period. The directors expect that the streamlined calcium carbide production facilities will start to make contribution to the Group steadily after the resumption of production. Moreover, the other unfavorable factors contributed to the decline in results of the Group were one-off events. Such adverse events would not continue to affect the results of the Group after the resumption of production of the calcium carbide and its downstream products.

Update on the operation of the production facilities of Mudanjiang Daytech Chemical Limited (“Mudanjiang Daytech”) in the aftermath of an industrial accident

Reference is made to the Company's announcements dated 13 and 14 June 2011 in relation to an industrial accident which occurred in the calcium carbide production facilities of Mudanjiang Daytech, a wholly-owned subsidiary of the Company, in the morning of 30 May 2011.

On 18 August 2011, Mudanjiang Daytech applied to the Mudanjiang Administration of Work Safety for the resumption of the operation of its production facilities. The application has since been passed to the relevant provincial authorities for its final approval. It is expected that the final approval will be obtained in three to four weeks' time.

The management expected that the manufacturing activities of calcium carbide in Mudanjiang will be resumed in one month.

Mudanjiang Daytech has completed a safety inspection and review of its operational safety procedures in strict accordance with the guidelines from the relevant regulatory authorities in Mudanjiang to prevent the occurrence of similar accidents. In respect of the industrial accident, Mudanjiang Administration of Work Safety had completed an accident inspection report and imposed a fine of RMB400,000 to Mudanjiang Daytech and imposed individual penalty on seven concerned persons on 18 August, 2011.

At the date of this announcement, two out of five claims from the relatives of the deceased workers had been agreed and settled. Local government joined in the claims discussion for the remaining three claims since August 2011. The local government and the management of Mudanjiang Daytech estimated that it will take two to three weeks from now to finalize the discussion. The directors had treated all the claims seriously and ordered the local management to make sure all the relatives of the deceased workers will obtain reasonable and sufficient compensation.

As the Company is still in the process of finalizing the unaudited results of the Group for the 2011 Annual Results, the information contained in this announcement is only based on a preliminary assessment by the management of the Company in accordance with the unaudited management accounts of the Group. Shareholders and potential investors should read the Group's 2011 Annual Results announcement carefully, which is expected to be published before end of September 2011.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
China Zenith Chemical Group Limited
Chan Yuk Foebe
Chief Executive Officer

Hong Kong, 25 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Chan Yuen Tung, Ms. Chan Yuk Foebe, Mr. Peng Zhanrong, Mr. Chiau Che Kong and Mr. Wu Jianwei and the independent nonexecutive directors of the Company are Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho, Dato' Wong Sin Just and Mr. Wong Sin Lai.