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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review of the management accounts of the Group for the six months ended 31 December 2016 and the management's estimate, the Group is expected to record a significant improvement in the unaudited consolidated net profit for the six months ended 31 December 2016 as compared to the unaudited consolidated net loss for the previous corresponding period in 2015. The Group will record a positive net profit attributable to equity holders for the six months ended 31 December 2016.

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 Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and the potential investors that based on the preliminary review of the management accounts of the Group for the six months ended 31 December 2016 and the management's estimate, the Group is expected to record a significant improvement in the unaudited consolidated net profit for the six months ended 31 December 2016 as compared to the unaudited consolidated net loss for the previous corresponding period in 2015. The Group will record a positive net profit attributable to equity holders for the six months ended 31 December 2016. Such turnaround mainly resulted from (i) the gain on disposal of interest in Better Day Bio-Chem Technology Limited; and (ii) the substantial increase in residential heat supplying areas.

The information contained in this announcement is only based on the preliminary assessment by the Company's management according to the management accounts of the Group, which have not been reviewed nor audited by the Company's auditors. Details of the unaudited interim results of the Group for the six months ended 31 December 2016 are expected to be announced on 28 February 2017.

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

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

Hong Kong, 20 February 2017

As at the date hereof, Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric, Mr. Yu Defa are the executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho, Mr. Hau Chi Kit are the independent non-executive Directors.