

**CHINA ZENITH CHEMICAL GROUP LTD:
WILL THIS MATTER OPEN PANDORA'S BOX OF HORRORS ?**

Writ of Summons, Number 1331, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), seems as though it could well be the catalyst to open Pandora's Box of horrors.

This High Court Action is between Mr Ho Kin Hang () and China Zenith Chemical Group Ltd () (Code: 362, Main Board, The Stock Exchange of Hongkong Ltd).

The Statement of Claim, attached to the Writ of Summons, alleges that the Plaintiff (Mr Ho Kin Hang) subscribed to 112 million Warrants, issued by China Zenith Chemical, at the Issue Price Per Warrant of \$HK0.002.

The date of the Subscription Agreement was March 12, 2013, it is alleged at Paragraph Two of the Statement of Claim.

The Warrants conferred the right to the holder to subscribe up to \$HK21.28-million worth of shares in the Issued Share Capital of China Zenith Chemical on the basis of a Subscription Price of 19 cents per share, during the period of 15 months, commencing from the date of the issuance of the Warrants.

The share price of China Zenith Chemical, today, is about 40 cents.

Paragraph 20 of the Statement of Claim alleges that, on May 29, 2013, the Plaintiff, via Emperor Securities Ltd ([]) '*exercised his Subscription Rights by delivering a Subscription Form together with the required documents, including a cheque dated 29 May 2013 in the sum of HK\$3,800,000, on the Defendant (China Zenith Chemical), during the Subscription Period, thus requiring the Defendant to allot and issue 20,000,000 Shares for HK\$3,800,000 to the Plaintiff*'.

The Plaintiff never received that which was due to him, he alleges, and, today, he is asking for his 20 million shares, or, in the alternative, damages in lieu of and/or in addition to specific performance.

For its part, China Zenith Chemical announced, on July 22, 2013, inter alia:

'An independent investigation committee (the "Committee") of the Company was formed on 11 July 2013 to investigate this possible dispute between Mr. Ko Kin Hang and the Company. The Committee members include Mr. Wong Sin Lai (), an independent non-executive Director, and Mr. Chiau Che Kong (), an executive Director.

'The Company is currently seeking legal advice in relation thereto. Further announcement will be made by the Company in compliance with the Listing Rules as and when appropriate.

'The Company considers that the Claims do not have any material adverse effect on the operation or financial position of the Group.'

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