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TIANHE CHEMICALS GROUP LIMITED

天合化工集團有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1619)

TRANSITIONAL ARRANGEMENTS FOR THE AMENDMENTS TO THE DELISTING FRAMEWORK AND RESUMPTION PROGRESS

This announcement is made by Tianhe Chemicals Group Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

TRANSITIONAL ARRANGEMENT FOR THE AMENDMENTS TO THE DELISTING FRAMEWORK

Reference is made to (i) the Company’s announcement dated 26 March 2015 in relation to the suspension of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange; (ii) the Company’s announcement dated 3 November 2015 in relation to the resumption conditions imposed on the Company by the Stock Exchange; (iii) the Company’s announcements dated 25 May 2017 in relation to the trading suspension in the Shares directed by the Securities and Futures Commission (the “**Commission**”) pursuant to Section 8(1) of the Securities and Futures (Stock Market Listing) Rules; (iv) the guidance letter published by the Stock Exchange on 25 May 2018; and (v) the amendments to the delisting framework under the Listing Rules which comes into effect on 1 August 2018 (the “**Effective Date**”).

As the Shares have been suspended from trading for more than 12 months as at the Effective Date, under Rule 6.01A(2)(b)(ii) of the Listing Rules, the Stock Exchange may cancel the Company’s listing if trading in the Shares has remained suspended for 12 continuous months from the Effective Date.

The 12-month period will expire on 31 July 2019. If the Company fails to resume trading in the Shares by 31 July 2019, the Listing Department will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. This is subject to the Stock Exchange’s right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules if appropriate.

RESUMPTION PROGRESS

The following information is published by the Company pursuant to Rule 13.24A of the Listing Rules. Reference is made to the announcements published by the Company on 26 March, 14 August, 3 November 2015, 31 October 2016, 11 January, 25 May 2017 and 29 June 2018. Capitalised terms used in this announcement shall have the same meanings as defined in the abovementioned announcements unless the context otherwise requires.

Resumption Conditions imposed by the Stock Exchange and progress of fulfilment

Due to the delay of publication of 2014 Annual Results, trading in the Shares on the Stock Exchange has been suspended with effect from 1:01p.m. on 26 March 2015.

On 3 November 2015, the Company announced the Resumption Conditions imposed by the Stock Exchange. Upon which, the Company has been proactively following up and implementing the following actions to meet the Resumption Conditions. A summary of actions taken is listed as follows:

- (i) In March 2016, the Company engaged Grant Thornton as the Company's independent forensic specialist to conduct the forensic investigation on the potential audit issues raised by the previous auditor. Details of the major findings and the conclusion of the forensic investigation have been disclosed by the Company in its announcement dated 31 October 2016. Grant Thornton has subsequently signed and issued the forensic investigation report. The Company is of the view that the relevant resumption condition has been fulfilled.
- (ii) In February 2016, the Company engaged the Internal Control Consultant to conduct the review on the Company's financial reporting procedures and internal control systems. Details of the results of the internal control review, and actions and steps taken by the management of the Group have been disclosed by the Company in its announcement dated 11 January 2017. The Internal Control Consultant has subsequently signed and issued the internal control review report. The Company is of the view that the relevant resumption condition has been fulfilled.
- (iii) The Company's auditor is in the stage of finalising the auditor's reports for each of the years ended 31 December 2014, 2015 and 2016, respectively, and review reports for each of the six months period ended 30 June 2015, 2016 and 2017, respectively. The auditor has commenced its work relating to the audit for the year ended 31 December 2017. Subject to obtaining a consent from the Stock Exchange, the Company will publish all outstanding results announcements as soon as practicable.
- (iv) The Company has been informing the market all its material information timely by way of announcements.

Issues and concerns raised by the Commission and latest developments

On 25 May 2017, the Commission exercised its power under section 8(1) of the Securities and Futures (Stock Market Listing) Rules to direct the Stock Exchange to suspend all dealings in the Shares with effect from 9:00 a.m. on 25 May 2017. The Commission issued the Rule 8(1) Direction because it appears to the Commission that:

- (1) the prospectus dated 9 June 2014 and the clarification announcements dated 10 September and 8 October 2014 issued by the Company contained materially false, incomplete or misleading information;
- (2) it is necessary or expedient to do so in the interest of maintaining an orderly and fair market in the shares of the Company; and
- (3) it is in the interest of the investing public or in the public interest, or it is appropriate for the protection of investors generally or for the protection of investors in the shares of the Company to do so.

The Company has been proactively taking steps to address the Commission's concerns. In June 2018, the Company has made the latest submission to the Commission to address its concerns and to seek the Commission's consent to permit the Company to recommence the dealing in the Shares. The Company is awaiting the Commission's reply regarding the submission made by the Company for the recommencement of dealing in the Shares in June 2018. Since the Company is unable to estimate the time the Commission needs for the assessment or whether it has further comments, the Company will closely monitor the progress of the above. When there is a more solid development, the Company will devise a concrete timetable based on actual work plan and inform the market by announcements.

Business Update

The Company has published its latest business update in its announcement dated 29 June 2018 and is implementing the business plan according to the prescribed schedule. There is no further material update in relation to the Company's business up to the date of this announcement.

CONTINUED SUSPENSION OF TRADING

The Company will keep its shareholders and potential investors informed of any material development in connection with the above matters, including but not limited to any material change to the resumption progress, by way of quarterly announcements and/or further announcements as and when appropriate.

Trading in the Shares on the Stock Exchange will remain suspended until further notice.

By order of the Board of Directors
Tianhe Chemicals Group Limited
WEI Qi
Chairman and Executive Director

Hong Kong, 1 August 2018

As at the date of this announcement, the Board of Directors of the Company comprises WEI Qi, WEI Xuan and JIANG Po, as executive Directors; Homer SUN and Joseph LEE, as non-executive Directors; LOKE Yu (alias LOKE Hoi Lam), CHAN Kin Sang and XU Xiaodong, as independent non-executive Directors.