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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)

BUSINESS UPDATE

This announcement is made by Tianhe Chemicals Group Limited (the “**Company**”) pursuant to Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcement published by the Company on 1 November 2018. Capitalised terms used in this announcement shall have the same meanings as defined in the abovementioned announcement unless the context otherwise requires.

Business Update

Reference is made to the announcements published by the Company on 29 June and 30 August 2018 which, among others, disclosed the details of recent progress on the operation and business development of the Company.

As of the date of this announcement, the Group is carrying out business and operation activities as usual, and the tasks and projects of both specialty fluorochemicals segment and lubricant additives segment are under smooth progress. As disclosed in the abovementioned announcements, one of the imminent focuses of the Company is to complete the relocation of the production lines of Fuxin Hengtong. Currently, the Company’s relocation team is proactively working on relevant tasks including the construction of primary and supplementary manufacturing facilities as well as the installation and tuning of the production equipment. The Company maintains the target timeframe of commencing trial run of the production lines in the beginning of 2019. In addition, the Company’s sales team continues to approach major customers of the specialty fluorochemicals segment to negotiate potential purchase orders in 2019, with a purpose of carrying out essential preparations for the re-commencement of production of this segment. For the lubricant additives segment, the product upgrades of certain major customers are approaching to completion, and the purchase orders of our lubricant additive products from such customers are recovering gradually. The Company expects that the sales of this segment will gradually increase to the normal level in this quarter.

The Company continues to commit to the researching, developing and marketing of innovative products with a market demand oriented approach. For instance, the Company's newly developed products of class SN and class SL lubricant additive packages, namely the product P-TEC90003 and P-TEC9100, have been put in production and launched to the market, and such products are well received by customers attributable to the outstanding performance and quality of the products. Recently, the Company's R&D team has achieved encouraging results by conducting successful research, running test and systematic evaluation on more than ten types of new lubricant additive products, which includes the T109EA (salicylate), the EAC30081 (a lubricant additive packages for marine cylinder oil) and the HDD0 (a lubricant additive packages for China's heavy duty vehicles). The Company has recently filled the domestic gap by the newly developed specialty coating products which can be applied in many areas such as aviation and marine industries. The Company believes that the abovementioned results have laid down a solid foundation for the production of new products, expansion of markets and increase of revenue in the future. In addition, the Company will also continue to strengthen the marketing efforts of our products by different means such as participating in the renowned exhibitions in the industry.

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, 9 November 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.