Tiande Chemical Holdings Limited
天德化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 609)

PROFIT WARNING
SUPPLEMENTAL INFORMATION

This announcement is made by Tiande Chemical Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”) pursuant to Rule 13.09 (2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s profit warning announcements dated 8 May 2018 and 22 June 2018 (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

Further to the Announcements, the Board wishes to inform the Shareholders and potential investors that the loss attributable to the Shareholders for the six months period ended 30 June 2018 is expected to further increase due to written off of property, plant and equipment made by Jiangsu Chunxiao Pharmaceutical & Chemical Co. Ltd.（江蘇春曉醫葯化工科技有限公司）(“**Jiangsu Chunxiao**”), an indirect wholly-owned subsidiary of the Company.

On 18 June 2018, the government of Jiangsu province issued the Work Plan for Rectification of Coastal Chemical Industry Parks (Concentrated Areas) in the Province (《全省沿海化工園區（集中區）整治工作方案》) (the “**Directive**”) to deal with environmental pollution problems arising from the chemical industrial parks located in the coastal regions, namely Nantong, Lianyungang and Yancheng and all the chemical manufacturing enterprises located at these chemical industrial parks. The production site of Jiangsu Chunxiao is located at the chemical industrial park of Lianyungang which falls within the scope of the Directive and subject to stringent environmental improvement works according to the requirements of the

Directive. After due consideration, the additional investment cost in order to comply with the Directive for several non-core production lines (the "**Non-core Production Lines**") and other outdated production equipment of Jiangsu Chunxiao will outweigh its future economic benefits. Hence, the Board has decided to shut down the Non-core Production Lines. Based on preliminary assessment, the Board expected that the aggregate net book values of the Non-core Production Lines and the outdated production equipment are of approximately RMB18.3 million which will be written-off for the six months period ended 30 June 2018. The actual amount of losses from written-off is subject to review by the auditor of the Company. The Board wishes to inform the Shareholders and potential investors that the written-off losses are accounting related adjustments, such losses are non-cash in nature and do not affect the Group's cash flow condition.

As at the date of this announcement, Jiangsu Chunxiao has temporary suspended all its production and is carrying out environmental improvement and rectification works. Save for the Non-core Production Lines which will be closed down, other production and operations of Jiangsu Chunxiao will be resumed once the environmental standards of the chemical industrial park of Lianyungang and Jiangsu Chunxiao under the requirements of the Directive are accepted and approved by the relevant governmental authorities.

By reference to the 2017 audited consolidated financial statements of the Group, Jiangsu Chunxiao contributed 12.7% of the Group's total turnover and net loss of approximately RMB4.2 million. The Board considers the financial impact of this temporary suspension of operations will not have significant effect on the Group.

As at the date of this announcement, the Group is in the process of finalising its interim results for the six months period ended 30 June 2018. The information contained in this announcement is only based on aforementioned assessment reviewed by the Board in accordance with the latest unaudited consolidated management accounts of the Group, which have not yet been reviewed by the independent auditor of the Company as well as the audit committee to the Board. The interim results of the Group for the six months period ended 30 June 2018 are expected to be published before the end of August 2018.

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

By order of the Board
Tiande Chemical Holdings Limited
Liu Yang
Chairman

Hong Kong, 10 August 2018

As at the date of this announcement, the executive Directors are Mr. Liu Yang and Mr. Wang Zijiang; the non-executive Directors are Mr. Liu Hongliang and Mr. Guo Yucheng; whilst the independent non-executive Directors are Mr. Gao Baoyu, Mr. Leung Kam Wan and Mr. Liu Chenguang.