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)

INSIDE INFORMATION
CESSATION OF PRODUCTION OF A SUBSIDIARY

This announcement is made by Tiande Chemical Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited 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).

References are made to (i) the Company's announcement dated 10 August 2018 (the "**Announcement** ") and (ii) the Company's annual results announcement dated 25 March 2019 (the "**Results Announcement**").

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to announce that it has resolved to cease the production of Jiangsu Chunxiao Pharmaceutical & Chemical Co. Ltd. (江蘇春曉醫葯化工科技有限公司) ("**Jiangsu Chunxiao**") (the "**Cessation**"), an indirect wholly-owned subsidiary of the Company, in the current year. Jiangsu Chunxiao was established in the People's Republic of China with limited liability and is principally engaged in new pharmaceutical products research and development, 1,1-Cyclohexanediacetic acid mono amide (CAM) production, chemical products sales, import and export of various commodities and technologies. As set out in the financial statements of Jiangsu Chunxiao, Jiangsu Chunxiao accounted for turnover of approximately RMB27.3 million for the year ended 31 December 2018, representing 2.3% of the Group's total turnover and net loss of approximately RMB22.5 million.

As set out in the Announcement and the Results Announcement, the management of Jiangsu Chunxiao had closely communicated with the relevant local authorities regarding the environmental improvement and rectification works for the resumption of production of Jiangsu Chunxiao (the "**Resumption**"). However, after the major explosion on 21 March

2019 of a chemical plant in Yancheng city (the "**Incident**"), the government of Jiangsu province has prompted to (i) reduce the number of chemical production enterprises and (ii) reduce the number of industrial estates. In addition, the local officials of Yancheng city also advocated "chemical-free zones" established in various regions of Jiangsu Province. After the Incident, the management of Jiangsu Chunxiao has discussed with the relevant local authorities over various options for the Resumption and noted that the environmental improvement and rectification works carried out by Jiangsu Chunxiao alone may not be enough to support the Resumption because the local authorities will also consider the overall environmental standards of the whole chemical industrial park of Lianyungang (the "**Industrial Park**"), in which the production site of Jiangsu Chunxiao is located, according to the requirements under the directive issued by the government of Jiangsu province on 18 June 2018. It is expected that the local government officials are facing more pressures and are taking more aggressive measures to improve and tighten industrial safety and environmental protection standards for chemical manufacturers. The Board understands that it is highly unlikely of the Resumption in the foreseeable future because the overall environmental standards of the Industrial Park is beyond the control of the Group. The Board believes that the Cessation can save and reallocate the resources to develop other core business activities of the Group. Hence, the Board considers that the Cessation is in the best interest of the Company and the shareholders of the Company (the "**Shareholders**") as a whole.

The Company is still ascertaining the extent of financial impact on the Group in respect of the Cessation as of the date of this announcement. The Board will take appropriate action to minimize the negative impact on the Group. The Board will make further announcement to inform the Shareholders and potential investors of any material developments of the Cessation if and when appropriate.

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, 18 April 2019

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.