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Potential investors of the Offer Shares should note that the Joint Global Coordinators (for themselves and on behalf of the Joint Bookrunners and the other Hong Kong Underwriters) shall be entitled to terminate their obligations under the Hong Kong Underwriting Agreement with immediate effect upon the occurrence of any of the events set out in the paragraph headed “Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination” in the Prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is currently expected to be on June 20, 2014 (Friday)).



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)

GLOBAL OFFERING

Announcement of Offer Price and Use of Proceeds

Reference is made to the prospectus dated June 9, 2014 (the “**Prospectus**”). Terms used in this announcement shall, unless otherwise defined, have the same meaning as defined in the Prospectus.

OFFER PRICE

The Offer Price has been determined at HK\$1.80 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).

NET PROCEEDS AND USE OF PROCEEDS

Based on the Offer Price of HK\$1.80 per Offer Share and 2,043,000,000 New Shares offered by the Company (before the exercise of the Over-allotment Option), the net proceeds from the Global Offering to be received by the Company, after deduction of the underwriting fees and commissions and estimated expenses payable by the Company in connection with the Global Offering, are estimated to be approximately HK\$3,520.5 million.

As disclosed in the Prospectus, in the event that the Offer Price is fixed at a lower level compared to the mid-point of the Offer Price range, the allocation of the proceeds will be adjusted on a pro rata basis. It is also disclosed in the Prospectus that the shareholder's loan from Driven Goal will be settled in full by utilising part of the proceeds from the Global Offering. As such, the Company intends to apply the proceeds in the manner set forth below, so that the shareholder's loan from Driven Goal will be settled, while the amount for development of lubricant additives and specialty fluorochemical products will be reduced on a pro rata basis:

- approximately 27.4%, or HK\$964.8 million, allocated to development of lubricant additives, including special fluorized lubricating oil products. In particular, the Company intends to allocate (i) HK\$153.7 million to develop an ashless dispersant products production project with an expected design production capacity of 30,000 tonnes per year at Bawang Village, Liaoning Province; (ii) HK\$628.9 million to develop the production facility for lubricant additives with an aggregated expected design production capacity of 100,000 tonnes per year at Qinzhou, Guangxi Province; and (iii) HK\$182.2 million to develop R&D capacities for lubricant additives production, including establishing R&D facilities and purchasing R&D and Quality Control equipment.
- approximately 27.4%, or HK\$964.9 million, allocated to development of specialty fluorochemical products. In particular, the Company intends to allocate (i) HK\$290.9 million to develop a TFE production facility with an expected design production capacity of 5,000 tonnes per year at Fuxin, Liaoning Province; (ii) HK\$163.6 million to develop a TI/TEI production project with an expected design production capacity of 2,000 tonnes per year at Fuxin, Liaoning Province; (iii) HK\$328.3 million to develop a fluorinated latex paint project with an expected design capacity of 30,000 tonnes per year at Fuxin, Liaoning Province; and (iv) HK\$182.1 million to develop specialty fluorochemical products R&D capacities including establishing relevant R&D facilities and purchasing R&D equipment.
- approximately HK\$1,590.8 million (representing approximately 45.2% of the net proceeds from the Global Offering) will be used for repayment of the shareholder's loan granted to the Company by Driven Goal. The shareholder's loan from Driven Goal is unsecured, interest-free and repayable on demand. The increase in the amount of Hong Kong dollars required for settlement of the shareholder's loan was mainly caused by exchange rate fluctuations and an additional shareholder's loan of US\$4.3 million from Driven Goal for the settlement of expenses in relation to the Listing. As of the date this announcement, the total amount of shareholder's loan was approximately US\$205.2 million.

The Directors confirm the statements made in the Prospectus and are of the view that all material information relevant to the Global Offering and the Group has been disclosed in the Prospectus. The Directors consider that the above information does not constitute a significant change affecting any matter contained in the Prospectus and that no significant new matter has arisen that would require the issuance of a supplemental prospectus under Rule 11.13 of the Listing Rules.

By order of the Board of Directors
Tianhe Chemicals Group Limited
Wei Qi
Chairman

Hong Kong, June 16, 2014

As at the date of this announcement, the Board of Directors of the Company comprises Wei Qi, Wei Xuan, Joseph Lee and Jiang Po, as executive Directors; Homer Sun, as non-executive Director; Loke Yu (alias Loke Hoi Lam), Chan Kin Sang and Xu Xiaodong, as independent non-executive Directors.