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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)

CLARIFICATION ANNOUNCEMENT AND RESUMPTION OF TRADING

The Company recognizes the publication of this clarification announcement has taken a considerable amount of time due to the comprehensiveness of both the rebuttal materials prepared and the regulatory review undertaken in respect of the responses. We regret the prolonged lack of trading liquidity in our Shares that has resulted from this process.

The Reports have twisted facts and intertwined fiction, including a combination of falsified information, forged signature of the Company's Chairman and blatantly untrue statements. This type of anonymous and hyperbolic market discourse has no accountability for truth. The Company, on the other hand, is fully responsible for every fact that we meticulously set forth in the pages to follow.

As the rebuttal is rather lengthy, we set forth a summary below.

Accounts

- We do not have two sets of books as alleged by the Reports.
- The Jinzhou DPF-TH accounts for 2011 and 2012 filed with the local AICs were the financial statements issued by the Company and audited by Moores Rowland and Deloitte respectively.
- The Reports used fabricated financial statements to mislead investors.

Tax

- We have paid all taxes we were liable to pay during the Track Record Period.
- The PRC tax authorities have issued a confirmation that we have paid all taxes due and we have no tax dispute with the PRC tax authorities.
- All income tax paid amounts shown in our tax filings, accounting records, tax receipts, historical audited financial statements, tax confirmations issued by the local tax bureaus and the Accountants' Report are consistent.
- We will make available all income tax and VAT receipts during the Track Record Period for inspection by our shareholders at our principal office in Hong Kong.

Specialty Fluorochemical Customers

- Unlike standardised products such as apparel or beverages, the application of the Company's specialty fluorochemical products may need to be chemically tailored to an end-customer's product formulation which may need further processing by the trading companies (the trading companies may possess professional chemical processing capability and may need to further process our specialty fluorochemical products to suit their end-customer's specific needs). Completing a sale requires iterative technical interactions and deep existing understanding of an end-customer's chemical requirements, which are functions typically provided by trading companies for the end customers.
- Over the past decade, we have been primarily focused on developing the technologies to produce the products we sell rather than on the sales capability.
- We have and will continue to work with trading companies which have extensive experience and customer networks, while we gradually build our own sales team and complete direct sales with major multinational customers. Currently, most of our major customers of specialty fluorochemicals are trading companies.
- The major customers for our specialty fluorochemical products are CITIC International, Shanghai Xidatong, Shanghai Top and Heilongjiang Taina. They are not our "connected persons" and are independent of the Company.
- The sales to these customers are genuine. The Company emphasize that its transactions are conducted on normal commercial terms and are on an arm's length basis and the Group generally requires customers to make payments prior to delivery of relevant products

The announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and is made further to the Announcements of the Company dated 2 September 2014, 5 September 2014 and 10 September 2014 with respect to the First Report.

This announcement is a restatement of the Company's announcement dated 10 September 2014 and has included further details in response to the enquiries of the Stock Exchange and the allegations in the Second Report.

The Company unequivocally denies and vigorously refutes the groundless allegations in the Reports.

The Reports twist facts and intertwines fiction, include a combination of falsified information, forged signature of the Company's Chairman and blatantly untrue statements, which the Company believes have been used to undermine the Company's reputation and to manipulate the price of the Shares. The industry analysis set forth in the Reports also clearly demonstrates a lack of understanding of the specialty fluorochemicals industry, which has contributed to wildly inaccurate conclusions.

The author of the Reports has concealed itself behind a shroud of anonymity with no information on its identity or background, or its purported expert sources. As stated in the Reports, the author is neither regulated nor licensed in any jurisdiction. As also stated in the Reports, the author's affiliates and/or clients may have a short position in the Shares and would benefit if the price of the Shares decreases.

The Company, its controlling shareholders and the Directors will take all appropriate actions against the author of the Reports and anyone responsible for disseminating misleading and malicious statements designed to manipulate the price of the Shares for their gains. The controlling shareholders of the Company would also consider conducting on-market purchases of the Shares in the event of disorderly market trading of the Shares.

The Group is a specialty chemicals producer in China with leading market positions in lubricant additives and specialty fluorochemicals. The Group is the largest lubricant additives producer headquartered in China and one of the top players in the world supplying to a number of the leading global lubricant oil producers. In addition, the Group is also one of the few companies globally capable of producing specialty fluorochemicals, which have applications in a wide array of end markets around the world.

Unauthorised access to our Director's email account

The Company has been in active communication with the Stock Exchange in relation to their enquiries on the allegations in the First Report since it was released. The Company aims to provide a clear, unequivocal and compelling rebuttal in response to the false allegations in the Reports, and has enclosed evidence in the clarification announcement in support of the rebuttal.

The Company submitted its clarification announcement to the Stock Exchange for review on 8 September 2014. This announcement was submitted to the Stock Exchange on a confidential basis, and had never been provided to any third party other than the Company's advisers. In the afternoon of 10 September 2014, the public relations adviser of the Company was approached by an internationally renowned news agency to comment on the First Report. The queries made by the news agency bore a strong resemblance to key items in the clarification announcement. The Company instructed the public relations adviser to enquire with the news agency whether they had seen the announcement, but the agency declined to comment. The Company, together with its advisers, immediately conducted an investigation into the possible leakage of information, and it was discovered that there had been unusual log-ins sessions on to a Director's email account that day, including repeated successful log-in into that email account from different internet protocol (IP) addresses in Hong Kong, Liaoning and Guangdong, respectively, at around similar times.

In light of the seriousness of the incident and the imminent risk of the leakage of the information in the clarification announcement, the Company immediately notified the Stock Exchange and reported the incident to the local police in Jinzhou (where the Company's main server is located). (*See Attachment 1 for the police report.*) The Company is uncertain about the identity of the hacker, or its rationale for forwarding the announcement to at least one news agency. The Company was concerned about the market confusion that may occur if any news report based on the draft announcement was released. As such, for the purposes of transparency and equal dissemination of information, the Company asked permission from the Stock Exchange to release the clarification announcement on the evening of 10 September 2014.

The Company had made clear on the front page of the clarification announcement that resumption of trading of the Shares may only take place when all relevant information has been provided to the Stock Exchange and properly disclosed. The Company is in the process of upgrading the security of its email server and the relevant regulatory authorities are currently investigating the incident.

Save as disclosed in this announcement, the Directors confirm that they are currently not aware of any information which must be announced due to the above incident or any other inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

Set forth below is the Company's response to the allegations made in the Reports.

1. Allegations Regarding the Group's Profitability and Two Sets of Books

The Reports allege that the Company has overstated its profitability in the Prospectus and presented two sets of books. The Reports refer to local AIC filings which included the 2011 and 2012 audited accounts for Jinzhou DPF-TH and Fuxin Hengtong, and claim that the author of the Reports received the documents as is, following an SAIC request handled by a professional market body. The Reports allege that the documents they have received show materially different results compared with the financial information included in the Prospectus.

None of these allegations are true. The Group has only ONE SET of books. The Company confirms that Jinzhou DPF-TH engaged both local and international accounting firms to audit its financial statements in 2011 and 2012. There are no material differences between these financial statements.

The reasons why the author of the Reports arrived at such erroneous conclusions are as follows:

1.1 *The Company believes that the documents presented in the First Report as supporting evidence have been fabricated as stated below.*

- **Specifically, the financial statements exhibited on pages 9, 10 and 11 of the First Report ("AA Report Financial Statements") are not from the financial statements of Jinzhou DPF-TH and Fuxin Hengtong as audited by Liaoning Zhongheng.**[1]

  - The Company has compared the AA Report Financial Statements with the relevant pages of the financial statements audited by Liaoning Zhongheng. The comparison clearly shows that they are materially different. In particular, the financial statements included in the First Report claim that Jinzhou DPF-TH incurred losses in 2011 and 2012, while the financial statements audited by Liaoning Zhongheng confirm that Jinzhou DPF-TH recorded a profit in these years (see 1.2 below). Liaoning Zhongheng has also confirmed in writing to the Company that the AA Report Financial Statements are not from the financial statements which they audited. (*See Attachment 2 for confirmation letter issued by Liaoning Zhongheng.*) The Company did not make the AA Report Financial Statements nor did it file such financial statements with the local AIC.

  - Further, the signature shown on a so called "summary financial page" (page 12 of the First Report) is not the signature of the Chairman Mr. Wei Qi. Mr. Wei Qi has never authorised or signed such document. Accordingly, the Company believes that the signature is a forgery. (*See Attachment 3 for a comparison of Mr. Wei Qi's genuine signature and the one on page 12 of the First Report.)* This document is also not dated. Further, the Company and counsel have carried out searches at the Jinzhou and Fuxin AIC which prove that the extracts on pages 9 to 12 of the First Report are not from their official records. (*See Attachment 4 for confirmation letters issued by Jinzhou and Fuxin local AICs.)*

[1] Liaoning Zhongheng is one of the largest accounting firms in Liaoning Province.

- Pages 25, 26, 28 and 30 of the First Report appear to be cover pages only of the financial statements for 2011 and 2012 audited by Liaoning Zhongheng. The Company notes that the relevant authentication codes on such photocopies grant access to a webpage operated by the Liaoning Institute of Certified Public Accountants[2]. The webpage only provides basic information about the relevant audit report, including the date the report was issued and the names of the audited company, the auditing firm and the auditors involved. Similar to the cover letters to the relevant audit reports, the webpage does not set out any financial statements or other financial information of the relevant company.

- On page 27 of the First Report, it was further suggested that the financial statements audited by Deloitte that were filed at the AIC stated the name of the auditor as Liaoning Zhongheng. This is also incorrect. The Company notes that the reference to the "auditor of the capital verification report" (as stated on page 27 of the First Report) is not a reference to and does not have any connection with the auditor of a company's financial statements.[3]

- The Company would like to emphasise that the Second Report claimed that the author received the documents from an unnamed "professional market body" without disclosing any due diligence work that the author undertook to verify the credibility of such body or the veracity of the information they provided.

- The Second Report suggests that an easy way to verify the authenticity of SAIC filings would be to check the provincial or national AIC computer base for 2011 and 2012 for Jinzhou DPF-TH and Fuxin Hengtong. The Company agrees with this suggestion and notes that, on 4 and 5 September 2014, Commerce & Finance Law Offices, the Company's PRC legal advisers, attended the Fuxin and Jinzhou AICs, respectively, being the competent local authorities of the SAIC for the handling of relevant filings by Fuxin Hengtong and Jinzhou DPF-TH, and were provided the results of searches conducted by relevant AIC officials on the AIC computer databases. The Company confirms that the figures as shown in the results of such searches on the AIC databases for Fuxin Hengtong and Jinzhou DPF-TH for 2011 and 2012 are consistent in all material respects with the figures in the financial statements attached to the auditors' reports issued by Liaoning Zhongheng, Moores Rowland and Deloitte, respectively.

- As advised by Commerce & Finance Law Offices, companies that come under the administration of local level AICs, such as Jinzhou DPF-TH[4] and Fuxin Hengtong, are not required to make any filings with the SAIC at the provincial or national levels. Accordingly, the Company did not make any filing of the financial statements of Jinzhou DPF-TH or Fuxin Hengtong with any other local, provincial or national SAIC authority besides the Jinzhou and Fuxin AICs, respectively.

[2] The Company is not able to confirm whether such scanned copies of the cover pages reproduced in the First Report are true copies of the cover pages of the originals.

[3] The Company notes that a "capital verification report" is prepared and issued by an auditing firm to verify the registered capital amount of a company but it is not an audit report. Capital verification reports must be prepared in connection with the establishment of a PRC company and any change to the registered capital of a PRC company. The Company confirms that Liaoning Zhongheng prepared the capital verification report.

[4] Jinzhou DPF-TH came under the administration of the Liaoning provincial AIC as of 2014 upon the registration of the increase in its registered capital. Prior to 2014, it had come under the administration of the local Jinzhou AIC.

- The Company believes that by placing the AA Report Financial Statements and pages 25, 26, 28 and 30 into the First Report, the author of the Reports is trying to mislead investors and legitimise the AA Report Financial Statements. As confirmed by Liaoning Zhongheng, the AA Report Financial Statements have never been audited by it. The Company believes that it is the AA Report Financial Statements (i.e. pages 9, 10, 11 of the First Report) that have been fabricated.

■ **The allegations in the Reports that the auditors' report issued by Deloitte and filed at Jinzhou AIC must be fraudulent because there is no authentication code attached to it is unfounded.**

- The First Report states that according to the Anti-Counterfeit Code Regulation for Liaoning Province CPA Report (the "**Measures**"), all audit firms conducting business in Liaoning province must register and apply for an authentication code. The First Report then alleges that the auditors' report issued by Deloitte and filed at the Jinzhou AIC must be fraudulent because there is no authentication code attached to it. This allegation is based on an incorrect understanding of PRC law and is false.

- As advised by Commerce & Finance Law Offices, the Company's PRC legal advisers, according to the Measures, the affixation of an anti-counterfeit code to an audit report evidences only that the report was issued by a duly established accounting firm; it is not a requirement under the Measures or any PRC laws or regulations that an authentication code must be affixed to an audit report to prove its authenticity or to ensure the validity and effectiveness of any government filing of the report. Further, as advised by the Commerce & Finance Law Offices, according to the Measures, failure to affix an anti-counterfeit code to an audit report may result in the Liaoning Institute of Certified Public Accountants taking disciplinary action against the relevant auditing firm. The scope of such disciplinary actions is restricted to actions that may be taken against local audit firms established in Liaoning Province; accordingly, no such disciplinary measures may be taken against audit firms established outside of Liaoning Province, such as Deloitte.

- Deloitte delivered a number of copies of the relevant audited financial statements to the Company. Only one such copy was affixed with an anti-counterfeit stamp used by auditing firms registered in Beijing. Such practice is consistent with local regulations for auditing firms registered in Beijing, such as Deloitte. Deloitte has confirmed that the audit report set out on page 32 of the First Report is consistent with the one issued by it and that the anti-counterfeit stamp had not been applied in that copy of the audit report. The Company confirms that Jinzhou AIC accepted the filing of the audit report issued by Deloitte notwithstanding that it did not have an authentication code and Jinzhou DPF-TH passed the relevant annual inspection.

- Deloitte has not withdrawn their audit opinion in the Accountants' Report included in the Prospectus.

1.2 ***The financial statements were audited by different auditors based on only ONE SET of books maintained by the Group to fulfil different requirements and obligations. For the relevant years, these financial statements audited by different auditors contained no material difference.***

■ **The Group, including Jinzhou DPF-TH and Fuxin Hengtong, maintains only ONE SET of books of accounts in accordance with relevant accounting rules and regulations.**

- The Company confirms that Jinzhou DPF-TH engaged Liaoning Zhongheng to audit its standalone company level financial statements in 2011 and 2012. At the same time, the Company also engaged Moores Rowland and Deloitte to audit its consolidated (including company level) financial statements in 2011 and 2012, respectively. The standalone company level financial statements and consolidated (including company level) financial statements were prepared to fulfil different filing, reporting and financial information disclosure obligations with the local AIC, the lending banks and the pre-IPO investors of the Company.

- The Company has confirmed that there are no material differences between the financial statements attached to the auditors' reports issued by Liaoning Zhongheng, Moores Rowland or Deloitte. The table below summarises the net revenue and net profit amounts of Jinzhou DPF-TH (at the company level) extracted from the aforementioned financial statements:

RMB million	2011		2012	
Financial statements audited by	Liaoning Zhongheng	Moores Rowland	Liaoning Zhongheng	Deloitte
Net revenue	3,539	3,248*	4,134	4,134
Net profit	1,158	1,158	2,042	2,042

*(*The difference is due to Moores Rowland presenting a sales transaction of marine equipment of RMB291 million and the corresponding cost on a net basis in the line item of other operating income whilst Liaoning Zhongheng presents such transaction in the line of net revenue and cost of sale on a gross basis.)*

- The Company provided Deloitte with copies of the financial statements of Jinzhou DPF-TH for 2011 and 2012 audited by Liaoning Zhongheng, and a copy of the consolidated financial statements of Jinzhou DPF-TH for 2011 audited by Moores Rowland. Deloitte compared the relevant figures for net revenue and net profit with the figures stated in the financial statements audited by Liaoning Zhongheng and Moores Rowland and found them to be in agreement.

- The Company has filed the financial statements of Jinzhou DPF-TH for 2011 and 2012 audited by Liaoning Zhongheng with the local AIC at Jinzhou, The Company subsequently re-filed the consolidated financial statements for Jinzhou DPF-TH audited by Moores Rowland and Deloitte with the local AIC at Jinzhou. The Company considered that such financial statements would be helpful to investors as they not only contain financial information about Jinzhou DPF-TH on a standalone basis but also information of Jinzhou DPF-TH and its subsidiary on a group basis. Commerce & Finance Law Offices, the Company's PRC legal advisers, have advised that the re-filing is permitted under PRC laws so long as the re-filing is effected during the annual inspection period. The Company confirms that its re-filing of the relevant financial statements in 2011 and 2012 occurred during the annual inspection period.

- The Company will make available a copy of the aforementioned financial statements for inspection by registered shareholders of the Company. See "Documents available for inspection by registered shareholders" below for further information.

■ **The Company believes that the extracts included in the First Report are fabricated. Consequently, the analysis in the Reports on the Group's profitability is misleading and erroneous.**

2. Allegations Regarding Tax Discrepancies

2.1 ***The Reports allege that the Group did not pay the amount of taxes it claimed to have paid. This is totally false.***

Tax payment of the Group

- As disclosed in the Prospectus, the Group paid income tax amounting to RMB201.0 million, RMB365.8 million and RMB438.3 million for the three years ended 31 December 2013, respectively.

- The Company has obtained tax confirmations from Liaoning Yi County State Tax Bureau (遼寧省義縣國家稅務局) and Fuxin City Haizhou District State Tax Bureau (阜新市海州區國家稅務局), both dated 4 September 2014. (*See Attachment 5 for confirmation letters issued by local tax bureaus.*) Such letters confirm the amounts of income tax received from Jinzhou DPF-TH and Fuxin Hengtong in the aforementioned financial years. The sums of the amounts shown in the confirmations are identical to the amounts of income tax paid in the respective years as disclosed in the Prospectus.

  The Group has also duly paid its VAT. The aforementioned tax confirmations from local tax bureaus also confirmed the amount of VAT paid by the Group. Such amounts match the tax returns of the Group. The table below sets forth details of tax payments of Jinzhou DPF-TH and Fuxin Hengtong for the Track Record Period:

	For the year ended 31 December		
	2011	***2012***	***2013***
		(RMB in thousands)	
Jinzhou DPF-TH[(1)]			
Income tax	201,000.0	361,000.0	432,000.0
VAT	257,258.4	419,867.8	307,211.6
Total	458,258.4	780,867.8	739,211.6
Fuxin Hengtong[(1)]			
Income tax	-[(2)]	4,801.1	6,324.9
VAT	5,414.1	1,187.7	-[(3)]
Total	5,414.1	5,988.8	6,324.9
The Group			
Income tax	**201,000.0**	**365,801.1**	**438,324.9**
VAT	**262,672.5**	**421,055.5**	**307,211.6**
Total	**463,672.5**	**786,856.6**	**745,536.5**

Notes:

(1) Jinzhou DPF-TH contributed to 93.2%, 97.4% and 96.0%, and Fuxin Hengtong contributed to 6.8%, 2.6% and 4.0% of the Group's revenue for 2011, 2012 and 2013 respectively.

(2) Fuxin Hengtong did not make any payment of income tax because it had a tax credit in 2011 due to losses it incurred prior to 2011.

(3) Fuxin Hengtong did not make any payment of VAT in 2013 primarily because it had a net VAT credit as a result of its purchase of equipment and machinery in 2012 for the construction of 2,400-tonne telomer production lines at Fuxin Hengtong that were carried forward to 2013, the amount of which exceeded the VAT payable it incurred as a result of sale of products in 2013.

- Deloitte compared the figures for income tax and VAT with the accounting records of the Group and found them to be in agreement.

- In summary, the amount of income tax for the Track Record Period stated in (i) the tax filings, (ii) the accounting records, (iii) the tax receipts, (iv) the audited financial statements of each of Jinzhou DPF-TH and Fuxin Hengtong, (v) the tax confirmations issued by the local tax bureaus, and (vi) the Accountants' Report in the Prospectus are consistent. The amount of VAT stated in (i) the tax filings, (ii) the accounting records, (iii) the tax receipts of, and (iv) the tax confirmations issued by the local tax bureaus, each of Jinzhou DPF-TH and Fuxin Hengtong are consistent[5].

- The Second Report suggests that the Company obtained its tax confirmation through bribes, which is totally groundless. The Company has retained tax receipts for the income tax payments and VAT made, copy of which are available for inspection by registered shareholders of the Company. See "Documents available for inspection by registered shareholders" below for further information.

Tax calculation in the Reports

- The calculations in the Reports are based on incorrect assumptions. The Reports state that equipment and machinery (which offers tax returns) was minimal and was ignored for calculation purposes. This is incorrect because, as disclosed in the Prospectus, the Group's business experienced substantial expansion from 2011 to 2013, including material additions of plant and equipment during those years. According to Articles 8 and 10 of the *Implementation Rules of Provisional Measures of VAT in the PRC* (中華人民共和國增值稅暫行條例) and Articles 21 and 23 of *Implementation Rule of the Provisional Regulations of the People's Republic of China on Value-Added Tax* (中華人民共和國增值稅暫行條例實施細則), purchasing costs of the following items are permitted to be included in the calculation of VAT credits: (i) machinery and equipment with expected life over 12 months and (ii) machinery, equipment and tools in relation to manufacturing. The Company recorded purchase costs in relation to equipment and machinery installed in new plants under the item of "construction in progress".

- The Second Report mentions that the author's calculation for the income tax and VAT of Jinzhou DPF-TH and Fuxin Hengtong was not based on incorrect assumptions. The Second Report suggests that "construction in progress" cannot obtain any VAT tax credits. This is totally incorrect. The Company strongly believes that the author of the Reports does not have a thorough understanding of the nature of the construction in progress and VAT accounting treatments in the PRC. According to Articles 21 and 23 of *Implementation Rule of the Provisional Regulations of the People's Republic of China on Value-Added Tax* (中華人民共和國增值稅暫行條例實施細則), "construction in progress" includes not only building construction expenditure, but also machinery, equipment and tools with expected life over 12 months and in relation to manufacturing. That is, machinery and equipment for construction or installation of production lines are valid for claiming VAT credits and that the VAT credits obtained by the Company in purchasing relevant machinery and equipment can be deducted from VAT payables in the particular year.

- Deloitte is of the opinion that the VAT rules that were adopted by the Company above

[5] VAT paid are not shown on the historical audited financial statements of Jinzhou DPF-TH and Fuxin Hengtong or the Accountants' Report in the Prospectus because VAT is not a separate line item in the financial statements.

were applicable to the Company.

- According to the Company's financial information for 2013, accumulated VAT credits obtained from the purchase of plant and machinery amounted to approximately RMB390 million. The Company is allowed to set off these VAT credits against the VAT payables arising from its operations. As a result, the analysis in Exhibit 3 on page 17 of the First Report missed a substantial amount of VAT credits, which led to the wrong estimation of VAT.

- The Reports also based one of their allegations on an assumption that revenue from the sales of specialty fluorochemicals is split equally between Jinzhou DPF-TH and Fuxin Hengtong. However, as explained in detail in 2.2 below and shown in Attachment 6, revenue of specialty fluorochemicals by Fuxin Hengtong represented 14.9%, 4.5% and 6.8%, respectively, of the Company's revenue from specialty fluorochemicals segment for 2011, 2012 and 2013. For the revenue of 2011, 2012 and 2013 that set out in the attachment 6, Deloitte compared the amounts with the accounting records of the Group and found them to be in agreement.

2.2 ***Allegations made based on extracts of the news articles and website contents (pages 13 to 21 of the First Report)***

Revenue of Fuxin Hengtong

- The Reports are erroneous in assuming that Fuxin Hengtong contributed half of the Group's revenue from specialty fluorochemicals products.

- During the Track Record Period, the Group mainly produced TI, HFE and PTFE at Fuxin Hengtong, which have lower average selling prices than specialty fluorochemicals manufactured at Jinzhou DPF-TH, such as TEI and other downstream specialty fluorochemicals products. In addition, the majority of the products from Fuxin Hengtong were used by the Group to produce TEI and downstream specialty fluorochemicals at Jinzhou DPF-TH. During the Track Record Period, the external sales of Fuxin Hengtong were mainly attributed to sales of HFE and PTFE. For an introduction and details of the average selling prices of different categories of specialty fluorochemical products, pleases see pages 150 to 153 of the Prospectus.

- Please refer to Attachment 6 for the breakdown of revenue generated from external sales of Jinzhou DPF-TH and Fuxin Hengtong under its specialty fluorochemicals segment during the Track Record Period, which shows that Jinzhou DPF-TH contributed to 85% or more of the Group's revenue from specialty fluorochemicals segment during the Track Record Period.

Allegations in the Reports

- Pages 13 and 14 of the First Report

  As discussed above and shown in Attachment 6, revenue of specialty fluorochemicals by Fuxin Hengtong represented 14.9%, 4.5% and 6.8%, respectively, of the Company's revenue from specialty fluorochemicals segment for 2011, 2012 and 2013.

  The Company confirms that the financial figures stated in the relevant news on pages 13 and 14 are materially different from the unaudited management accounts of Fuxin Hengtong for the relevant periods.

The Company did not provide the relevant publishers or reporters with the information described on pages 13 and 14 of the First Report. The Company is not aware of the source of such information.

The erroneous assumptions of the Reports led the author to arrive at the wrong allegations.

- Page 15 of the First Report

  The revenue generated from external sales of Fuxin Hengtong during the Track Record Period only represented 14.9%, 4.5% and 6.8%, respectively, of the Company's revenue from specialty fluorochemicals segment for 2011, 2012 and 2013. As a result, the news on page 15 is not inconsistent with financial results of Fuxin Hengtong. The erroneous assumptions of the Reports led the author to arrive at the wrong allegations. The Company would like to emphasise that the news on page 15 did not have an explicit definition for the term "overall industrial production value (工業總產值)" and accordingly, it is not in a position to confirm the accuracy of its calculation.

- Page 16 of the First Report

  The Company confirms that the information from the extract of the industry website on page 16 of the First Report is correct and corroborates with the actual revenue generated from external sales of Fuxin Hengtong, which represented 14.9%, 4.5% and 6.8%, respectively, of the Company's revenue from specialty fluorochemicals segment for 2011, 2012 and 2013. The erroneous assumptions of the Reports led the author to arrive at the wrong allegations. Fuxin Hengtong provided the relevant information to ec21.com for business development purposes.

- Pages 18 to 20 of the First Report

  The Company has retained receipts for its tax payments, and the relevant tax bureaus have both issued confirmations confirming the amount of tax paid during the Track Record Period.

  The Company is not in a position to comment on the reason for its name not being in the government announcements set out on pages 18 to 20 of the First Report or the criteria on which the relevant institutions selected names of companies to be published in such announcements.

- Page 21 of the First Report

  The First Report's claim that Fuxin Hengtong should have paid RMB396 million in VAT and income taxes in 2013 is false as it was based on an incorrect assumption that revenue from the sales of specialty fluorochemicals is split equally between Jinzhou DPF-TH and Fuxin Hengtong as stated in 2.1 above. According to the confirmation letter issued by the relevant PRC tax bureau, the total taxes paid by Fuxin Hengtong in 2013 amounted to RMB6.3 million, which only represented a small portion of the total amount of taxes collected in Haizhou District based on the news report on page 21 of the First Report.

3. Allegations Regarding Customers

Unlike standardised products such as apparel or beverages, the application of the Company's specialty fluorochemical products may need to be chemically tailored to an end-customer's product formulation which may need further processing by the trading companies (the trading companies may possess professional chemical processing capability and may need to further process our specialty fluorochemical products to suit their end-customer's specific needs). Completing a sale requires iterative technical interactions and deep existing understanding of an end-customer's chemical requirements, which are functions typically provided by trading companies for the end customers.

Over the past decade, we have been primarily focused on developing the technologies to produce the products we sell rather than on the sales capability. We have and will continue to work with trading companies which have extensive experience and customer networks, while we gradually build our own sales team and complete direct sales with major multinational customers. Currently, most of our major customers of specialty fluorochemicals are trading companies.

3.1 ***The Reports allege that the Group failed to disclose the name of CITIC International because its transactions with CITIC International are fictitious. This is simply not true.***

- As disclosed in the Prospectus, for the year ended 31 December 2013, approximately 40.2% of the Group's sales of specialty fluorochemicals were made to the subsidiary of one of the largest conglomerates in China. The Company confirms that the entity referred to is CITIC International.

- The Company did not disclose the name of this entity in the Prospectus because CITIC International was undergoing the necessary procedures required for issuing the formal consent to disclose its name and business relationship with the Company in the Prospectus.

- The formal consent was dated 9 June 2014 and received by the Company on 10 June 2014, i.e., one day after the publication of the Prospectus. (*See Attachment 7 for authorisation letter from CITIC Group Corporation, the parent company of CITIC International.*)

3.2 ***After the Company released evidence regarding CITIC International in its announcement, the Second Report alleges that the Company has overstated its sales to CITIC International because (i) CITIC International only generated revenue of RMB1.31 billion and net profit of RMB29 million in 2009 and (ii) CITIC International does not export specialty fluorochemicals except for limited sales of polybasic alcohol. The Second Report also questions whether CITIC International has indeed confirmed the relevant disclosure in the Prospectus. These allegations are not true.***

- The Second Report ignored credible public sources of information in relation to CITIC International.

- Based on public information, the revenue of CITIC International exceeded RMB6 billion in 2013 and CITIC International does conduct export sales of fine chemicals, which includes specialty fluorochemicals. Set forth below are public news articles which demonstrate this:

News	Link
Website: official website of CITIC International **Key information:** CITIC International mainly engages in export of the following goods: wheel hub, **fine chemicals** and non-metallic mineral products.	http://www.intl.citic.com/iwcm/zxgjsmyxgs/zh/ns:LHQ6NixmOjI2LGM6LHA6LGE6LG06/channel.vsml
Website: recruitment advertisement of CITIC International **Publish Date:** 30 December 2013 **Key information:** The annual sales revenue of CITIC International has reached **RMB6 billion**.	http://www.yingjiesheng.com/job-001-720-977.html

- The Company provided CITIC International with a draft of the disclosure in the Prospectus relating to CITIC International for their review. This draft included, among other things, (i) the type of products the Company sold to CITIC International, (ii) a statement that CITIC International sells such products to its clients in the PRC and overseas markets, and (iii) in 2013, approximately 40.2% of the Company's sales of specialty fluorochemicals were made to CITIC International. CITIC International issued the authorisation letter after reviewing such disclosure provided to it by the Company.

- Moreover the export data listed on page 10 of the Second Report cannot be located through searching public information available on the relevant website referred to in the Second Report. We have not been able to find any public export data for CITIC International, but as demonstrated above, CITIC International's revenue exceeded RMB6 billion in 2013.

- In addition, the Company would like to emphasise that page 10 of the Second Report quoted a statement extracted from a working draft of the prospectus, rather than the published version of the Prospectus. The Company has not stated in the Prospectus that CITIC International "*further re-sells a large portion of [the Company's] products to their clients overseas*." Instead, the Prospectus disclosed that "*during the Track Record Period, a significant portion of [the Company's] specialty fluorochemical products were sold to a few trading companies, such as a subsidiary of one of the largest conglomerates in China, who in turn resell [the Company's] products to end-users **in the PRC and overseas***." The Company believes that, in using statements extracting from a working draft of the prospectus, rather than the published version of the Prospectus, the Second Report was attempting to mislead its readers.

3.3 ***The Reports allege that the Group's sales to certain customers of specialty fluorochemicals are fraudulent because those customers are (i) related parties of the Company; (ii) have very small business scale; and (iii) are related to each other. These customers include Shanghai Xidatong, Shanghai Top and Heilongjiang Taina. These allegations are groundless.***

The Company confirms that all of these customers are bona fide independent third parties with whom it has been conducting arm's length transactions.

■ **All these customers are bona fide independent third parties.**

- The Company confirms that all of the customers highlighted by the Reports are independent third parties and that the Company does not have ownership control or any related relationship. Save as otherwise disclosed in this announcement, the only relationship between the Group and these parties involve contractual agreements to sell the Group's specialty fluorochemicals to these customers.

- These transactions are conducted on normal commercial terms and are on an arm's length basis. In line with the Group's marketing and sales policy disclosed in the Prospectus, the Group generally requires customers to make payments prior to delivery of relevant products.

- The Company does not know the identities of the end-user customers who entered into sales contract with trading companies because such information is trade secret of these trading companies. As disclosed on page 160 of the Prospectus, the Company has no information about whom the trading companies resell its products to.

- The Company also intends to build up its marketing and sales team to expand sales to end-user customers in the future.

■ **The allegations against the credit worthiness of select customers and the suggestion of issues related to overlapping premises or management are unfounded.**

- The financial information of the Group included in the Prospectus is true and accurate in all material respects.

- In addition, while relevant PRC regulations provide that the local AIC should publicly disclose the registration and filing information of enterprises [6], the information that is publicly accessible is limited to basic information including the type of enterprise, the identities of the shareholders and legal representative, the investment amount, the registered address, the scope of business, the business term and the local registration authority. PRC laws and regulations do not provide that third parties may lawfully access income statements and audit reports filed by enterprises with the local AIC. In practice, only the enterprise itself, persons authorised by the enterprise or relevant government authorities are permitted to access such financial statements. As a result, the Company is not in a position to comment on how those financial statements were obtained and the authenticity of the financial statements of third party companies that were mentioned in the Reports. Further, the Company notes that on page 10 of the Second Report, its author admitted that it was not able to retrieve the AIC filings of CITIC International. Instead, it suggested that the relevant government authorities access such filings. This admission by the author is consistent with the Company's understanding that financial statements filed with the local AIC are not public information and are not accessible by unauthorised third parties, such as the author of the Reports or its

[6] For example, Article 54 of the Administrative Measures on the Registration of Enterprises of the PRC (中華人民共和國企業法人登記管理條例實施細則), which was promulgated on February 20, 2014, and came into effect on March 1, 2014, provides that the registration authorities should make registration and filing information of enterprises publicly available. Such registration and filing information is provided via the National System for Publication of Enterprise Credit Information, a web based system maintained by the SAIC and which is accessible at http://gsxt.saic.gov.cn/.

agents.

- The Company believes that many companies, including listed companies, have registered office addresses in offshore jurisdictions while maintaining their major business address in different jurisdictions. In China, Article 4 of *Notice to Publish "Advice on Various Reasons of Implementation of Civil Procedure Laws of the PRC" issues by the Supreme People's Court of China* (最高人民法院印發《關於適用＜中華人民共和國民事訴訟法＞若干問題的意見》的通知) states that the address of a legal person refers to either the address of its major business or address of its major office, acknowledging the common practice where a company's registered address is different from its principal business address. As trading companies tend to be asset-light businesses, the Company understands that it is not uncommon for such trading companies to move to new premises from time to time as they deem appropriate. It is also not the Company's role to comment on the quality or location of other companies' office addresses.

- The basic information about each of Shanghai Xidatong, Shanghai Top and Heilongjiang Taina, including its registered address, registered capital, shareholders and permitted scope of business operations, can be obtained from relevant public filings. Based on the public search results, the purchase and sales of specialty fluorochemicals are within such companies' permitted business scope.

- The registered office addresses of Shanghai Xidatong, Shanghai Top and Heilongjiang Taina shown on the public search results are different from the correspondence addresses the Company maintained for daily contact with these companies. There is no overlapping registered address or correspondence address among these companies.

Customer	**Registered address shown on public search results**	**Current correspondence address with the Company**
Shanghai Xidatong	Room 388, No. 14, 1700 Luoshan road, Huamu county, Pudong District, Shanghai[7] (上海浦東新區花木鎮羅山路 1700 弄 14 號 388 室)	No. 688, Chengliu Highway, Jiading District, Shanghai (上海嘉定區澄瀏公路 688 號) No. 1205, Huancheng Road 2222, Jiading District, Shanghai[8] (上海嘉定區環城路 2222 號 1205 弄)
Shanghai Top	Room 10F, No. 726, Yan'an West Road, Shanghai (上海延安西路 726 號 10F 室)	No. 479, Chundong Road, Xinzhuang Industrial Area, Minhang District, Shanghai (上海閔行區莘莊工業區春東路 479 號)
Heilongjiang Taina	High Technology Industrial Development Zone, Anda City, Suihua, Heilongjiang Province (No.1 Chaoyang Street, Hada Gonglu Qiao Nan)（黑龍江省綏化市安達市高新產業開發區(哈大公路橋南 30 米朝陽街 1 委)）	Beisidao Street, Anda City, Heilongjiang Province（黑龍江省綏化市安達市北四道街）

[7] Shanghai Xidatong used this registered address at Pudong district to enjoy the policy benefits available there.

[8] the location at which Taifu processes fluorochemical products for Shanghai Xidatong.

- Based on the Company's enquiry with Shanghai Xidatong and Shanghai Top, Shanghai Xidatong used to conduct its businesses at Room 10F，No. 726, Yan'an West Road, Shanghai (上海延安西路 726 號 10F 室) between July 2004 and April 2009. When Shanghai Top was established by Mr. Jimmy Chen in April 2008, it used the office of Shanghai Xidatong for registration purposes only. Shanghai Xidatong later moved out from this address in April 2009 and then it rented the office premises and laboratory of Shanghai Top at 3rd floor, Block C2, No. 479 Chundong Road, Xinzhuang Industry Garden, Minhang District, Shanghai (上海市閔行區莘莊工業園春東路 479 號 C2 棟 3 樓) until 2011. To the best knowledge of the Company, Shanghai Xidatong moved out from Shanghai Top's office premises and laboratory and Mr. Zhang also ceased to be the external sales consultant in 2011 after Ms. Zhuo purchased Shanghai Top in January 2011.

- Shanghai Xidatong has been operating at No. 688, Chengliu Highway, Jiading District, Shanghai (上海嘉定區澄瀏公路 688 號) since May 2011 and has since January 2012 established another office at No. 1205, Huancheng Road 2222, Jiading District, Shanghai (上海嘉定區環城路 2222 號 1205 弄), which is also the location at which Taifu processes fluorochemical products for Shanghai Xidatong. Shanghai Top has been operating at No. 479, Chundong Road, Xinzhuang Industrial Area, Minhang District, Shanghai (上海閔行區莘莊工業區春東路 479 號) since June 2008. Other than Shanghai Xidatong and Shanghai Top during the aforementioned periods, the Company is not aware of any office premises or storage spaces sharing by these customers.

- Based on the Company's enquiry with Heilongjiang Taina, Heilongjiang Taina conducts its business operations at Beisidao Street, Anda City, Heilongjiang Province（黑龍江省綏化市安達市北四道街）. Heilongjiang Taina maintains its registered address at the High Technology Industrial Development Zone to enjoy the policy benefits available there.

- In accordance with the sales agreements with these customers, the products sold are collected by these customers at the Company's manufacturing plants. As such, the Company did not arrange for the delivery of its specialty fluorochemical products to these customers in the past.

- Whether customers share office premises is not a relevant factor that affects the Company's decision to enter into agreements with them. Based on the understanding of the Company, Shanghai Xidatong, Shanghai Top and Heilongjiang Taina do not have overlapping management or owners, business cooperation or joint R&D /projects.

The Company confirms that it has made enquiries to its senior management and scientists regarding their relationship with CITIC International, Shanghai Xidatong, Shanghai Top and Heilongjiang Taina. The Company has also made enquires to CITIC International, Shanghai Xidatong, Shanghai Top and Heilongjiang Taina. Based on its best knowledge upon duly enquiry, the Company is not aware of any relationship (other than normal business relationship through our Company) between the Company's shareholders, senior management, scientists, personnel and staff, on one hand, and each of CITIC International, Shanghai Xidatong, Shanghai Top and Heilongjiang Taina, on the other hand.

3.4 ***The allegations of influence from relevant individuals upon the Group are wholly unfounded.***

■ **Shanghai Xidatong**

- The Company has a long-term business relationship with Shanghai Xidatong and Mr. Zhang Silang, its CEO.

- Mr. Zhang has extensive experience in marketing specialty fluorochemicals. The Company once invited him to co-author an article introducing the characteristics of a fluorochemical product called blowing agent HFE-254.

- The Group has never entered into any employment relationship with Mr. Zhang Silang. In addition, the Group has not employed Ms. Wang in the past.

- The Company is not aware of the source of relevant news and information contained in the Reports claiming Mr. Zhang and Ms. Wang used to be employees of the Group. The Company did not provide the relevant publishers or reporters with the information described on pages 12 to 14 of the Second Report.

■ **Shanghai Top**

- Mr. Jimmy Chen was previously the legal representative of Shanghai Top but the Company has confirmed with Mr. Chen that he has sold his interest in Shanghai Top to an independent third party in January 2011. As a 4.5% shareholder of the Company prior to its IPO, Mr. Chen is not a substantial shareholder of the Company. He is also not a member of the management of the Company.

- Shanghai Top has confirmed with the Company that Mr. Zhang Silang has neither been an employee nor the CEO of Shanghai Top. The Company is not aware of the source of the relevant news or information contained in the Reports in relation to the position of Mr. Zhang in Shanghai Top.

- Our scientists would occasionally provide technical advice on specifications of our specialty fluorochemical products to our trading company customers (including Shanghai Top) to improve marketing of such products. Our Company and our scientists did not receive any consideration/reward from our customers for such technical advice..

- The Company understands Shanghai Top previously used the contact of Dr. Alan Offord[9] in its marketing materials to provide pre-sale technical advice of our specialty fluorochemical products to potential purchasers. The assistance from Dr. Offord to Shanghai Top is limited to providing technical advice on specifications and applications of relevant fluorochemicals. Dr. Offord might be contacted by the technical staff of entities that are interested in purchasing fluorochemicals. Dr. Offord has not received any consideration/reward from Shanghai Top for providing technical advice and he has never entered into any employment relationship with Shanghai Top, and was not involved in the negotiation of sales contracts of Shanghai Top or the decision making procedures of Shanghai Top in developing further business relationship with its customers, Therefore, Dr. Offord and our Company do not know the identities of the end-user customers who entered into sales contract with Shanghai Top.

[9] Our chief technical officer for surface protectant.

The Company has made enquiries with Shanghai Xidatong, Shanghai Top and Heilongjiang Taina respectively and each of them has confirmed to the Company that it is independent from the other two customers of the Company.

Set out below is a table describing the relationships of Mr. Zhang, Ms. Wang, Mr. Chen, Ms. Zhuo and Mr. Sun with the Company and its major customers:

	Mr. Zhang Silang	**Ms. Wang Xidi**	**Mr. Jimmy Chen**	**Ms. Zhuo Shufeng**	**Mr. Sun Deqing**
The Group	*(1)*	× *(4)*	*(6)*	×	*(9)*
CITIC International	×	×	×	×	×
Shanghai Xidatong	*(2)*	*(5)*	×	×	×
Shanghai Top	*(3)*	×	*(7)*	*(8)*	×
Heilongjiang Taina	×	×	×	×	*(10)*

(1) The Company and its controlling shareholders got to know Mr. Zhang Silang, the CEO of Shanghai Xidatong, when it started selling its products to Shanghai Xidatong. The Company has never entered into any employment relationship with Mr. Zhang Silang. The Company has participated in various marketing and sales events with Mr. Zhang to promote the sale of specialty fluorochemicals together.

(2) Based on the best knowledge of the Company, Mr. Zhang Silang has been CEO of Shanghai Xidatong since before the Company commenced business with Shanghai Xidatong. Mr. Jimmy Chen introduced Shanghai Xidatong and Mr. Zhang Silang to the Company in 2007.

(3) Based on inquiry with Shanghai Top, Shanghai Top had engaged Mr. Zhang Silang as an external sales consultant between May 2009 and January 2011. According to the Company's best knowledge, Shanghai Top did not have much sales channel (i.e. trade secrets) in its early days of establishment after April 2008. And Mr. Zhang was engaged by Shanghai Top for the business development of very limited range of products for Shanghai Top. Mr. Zhang Silang has not been an employee of Shanghai Top thereafter nor has he acted as the CEO of Shanghai Top. Shanghai Top and Mr. Zhang Silang have confirmed that there is no other past or present relationship between Mr. Zhang Silang and Shanghai Top, its shareholders and their respective associates.

(4) The Company and its controlling shareholders do not know Ms. Wang and do not have any past or present relationship with her.

(5) Based on the AIC public search records[10] on Shanghai Xidatong, the Company understands that Ms. Wang Xidi is a shareholder of Shanghai Xidatong.

[10] The Company is only able to retrieve the registration details of this entity that are available for public inspection via the National System for Publication of Enterprise Credit Information at http://gsxt.saic.gov.cn/. The scope of such registration details is limited to basic information about the entity, including the type of enterprise, the identities of the shareholders and legal representative, the investment amount, the registered address, the scope of business, the business term and the local registration authority of such entity.

(6) As disclosed in the Prospectus, Mr. Jimmy Chen is our consultant, and held 4.5% equity interests of the Company prior to its IPO. Mr. Jimmy Chen is one of the founders of Fuxin Hengtong and the Company's controlling shareholders got to know Mr. Chen when Fuxin Hengtong was established. There is no other business relationship between the Company and Mr. Jimmy Chen.

(7) Mr. Jimmy Chen established Shanghai Top in 2008 and engaged Mr. Zhang as an external sales consultant between May 2009 and January 2011. Mr. Jimmy Chen sold his interests in Shanghai Top to Ms. Zhuo Shufeng in 2011, a third party independent of the Company and, as confirmed by Jimmy Chen, a third party independent of him**.**

(8) Ms. Zhuo Shufeng is a current shareholder of Shanghai Top. Mr. Jimmy Chen sold his interests in Shanghai Top to Ms. Zhuo Shufeng in 2011. The Company has confirmed with Mr. Jimmy Chen and Ms. Zhuo Shufeng that they are independent of each other.

(9) The Company and its controlling shareholders got to know Mr. Sun Deqing when the Company began selling its products to Helongjiang Taina in 2012.

(10) Based on the AIC public search records[11] on Heilongjiang Taina, Mr. Sun Deqing is a shareholder of Heilongjiang Taina. As confirmed with Mr. Sun, he is the chairman of Helongjiang Taina, but he is neither the chairman nor an employee of Taifu.

✕ The Company is not aware of any relationship between the two parties.

Taifu is not a customer of the Company and the Company does not have any relationship with it. Based on inquiry with Shanghai Xidatong, Taifu is its fluorochemical processor and therefore Shanghai Xidatong established an office at Taifu's factory[12] for the facilitation of communication and business development. To the best knowledge of the Company, Shanghai Xidatong uses Taifu's professional chemical processing capability to further process our specialty fluorochemical products to suit their end-customer's specific needs. Shanghai Xidatong also confirmed it is independent from Taifu.

The Company understands that Mr. Jimmy Chen and Mr. Zhang Silang are acquainted with each other. The table below sets forth details of the relationship between the Company, on one hand, and Mr. Jimmy Chen and Mr. Zhang Silang, on the other hand.

August 2004	Mr. Jimmy Chen, together with Dr. David Flanigan, Dr. Paul Resnick and Liaoning Tianhe, established Fuxin Hengtong to engage in the production of specialty fluorochemicals. The Company engaged Mr. Jimmy Chen as a Taiwan consultant with the responsibility of (i) identifying and developing customers and (ii) identifying talented personnel for the development of the Company's specialty fluorochemicals.
March 2006	Shanghai Xidatong became a distributor of DuPont for its fluoro compound products.
February 2007	Through the introduction of Mr. Jimmy Chen, the Group began working closely with Shanghai Xidatong to improve the marketing and sales of specialty fluorochemicals, including anti-mar products. Between February 2007 and February 2009, Mr. Zhang Silang, as the CEO of Shanghai Xidatong, participated in many marketing events together with the Company.

[11] See footnote 10 above.

[12] At No. 1205, 2222 Huancheng Road, Jiading District, Shanghai.

April 2008	Mr. Jimmy Chen established Shanghai Top to sell specialty fluorochemicals to overseas markets in anticipation of the expected growth in demand for such products.
May 2009 – January 2011	Through the introduction of Mr. Jimmy Chen, Shanghai Top engaged Mr. Zhang Silang as an external sales consultant to further expand its overseas sales.
January 2011	Mr. Jimmy Chen sold Shanghai Top to Ms. Zhuo Shufeng. Ms. Zhuo Shufeng is a third party independent of the Company. As confirmed by Mr. Jimmy Chen, Ms. Zhuo Shufeng is a third party independent of Mr. Jimmy Chen. After January 2011, Mr. Zhang Silang no longer worked as an external sales consultant for Shanghai Top.

Save as described above and based on the Company's best knowledge, each of the Company and its senior management members[13] does not have any other relationship with, and is not aware of any other relationship among Ms. Zhuo Shufeng, Mr. Zhang Silang, Ms. Wang Xidi, Mr. Jimmy Chen, Mr. Sun Deqing, CITIC International, Shanghai Xidatong, Shanghai Top and Helongjiang Taina and their respective shareholders (if applicable) and associates. None of these persons/entities is a connected person of the Company. The Company also emphasizes that Shanghai Xidatong has been a distributor of DuPont's fluoro compound products since 2006. Nothing has come to the attention of the Directors that causes them to believe that these customers operate in concert or that the aforementioned individuals are connected to each other. This view has been confirmed by these customers themselves.

3.5 *The specialty fluorochemicals market and other information regarding the Group's customers*

- The Company believes it is a normal practice for manufacturers of specialty fluorochemicals to sell their products to trading companies, which then resell the products to end-user customers. See Attachment 8 for further information. Besides CITIC International, Shanghai Xidatong, Shanghai Top and Heilongjiang Taina, the Company also sells specialty fluorochemicals to various customers who primarily engage in the trading of specialty fluorochemicals. The Company only sold its anti-mar products to CITIC International and Shanghai Xidatong, both of which are trading companies.

- To provide more information on sales of specialty fluorochemicals of Shanghai Xidatong, Shanghai Top and Heilongjiang Taina, the Company sets forth below the breakdown of the sales of specialty fluorochemicals segment of the Company for each of the three years ended 31 December 2013 and the six months ended 30 June 2014. Deloitte compared the figures for revenue for 2011, 2012 and 2013 with the accounting records of the Group and found them to be in agreement:

	Year ended 31 December						Six months ended 30 June	
	2011		2012		2013		2014	
Customers	**Sales volume (tonne)**	**Revenue (RMB in millions)**	**Sales volume (tonne)**	**Revenue (RMB in millions)**	**Sales volume (tonne)**	**Revenue (RMB in millions)**	**Sales volume (tonne)**	**Revenue (RMB in millions)**
Subtotal for Shanghai Xidatong, Shanghai Top and Heilongjiang Taina	**434**	**778.1**	**425**	**1,620.0**	**737**	**1,446.7**	**726**	**1,023.4**

[13] Please refer to the section "Directors and Senior Management – Senior management" section of the Prospectus for details of the Company's senior management members.

Other customers[(1)]	1,917	764.3	1,831	798.1	2,321	1,524.0	1,351	1,022.6
Total	**2,351**	**1,542.4**	**2,256**	**2,418.1**	**3,058**	**2,970.7**	**2,077**	**2,046.0**

Note:

(1) Include CITIC International and other customers.

As disclosed in the Prospectus, the Group sold a broad range of specialty fluorochemical products with different average selling prices. Shanghai Xidatong, Shanghai Top and Heilongjiang Taina primarily purchased high revenue generating products from the Company, including downstream specialty fluorochemical products and telomers and specialty fluorochemical intermediates. For introduction and average selling prices of different categories of specialty fluorochemicals, pleases see pages 150 to 153 of the Prospectus.

- As disclosed on page 162 of the Prospectus, the Company is actively expanding its customer base in both China and overseas to mitigate the potential risks associated with concentration of customers. For the specialty fluorochemicals segment, the Company invests in developing and maintaining good relationships with various downstream specialty fluorochemicals developers and manufacturers, as well as other trading companies. In addition, it has engaged an exclusive distributor for sales of its specialty fluorochemicals in North America, Latin America and select European countries, through which the Company intends to develop and secure direct contacts with relevant overseas customers. In March 2014, the Company entered into a non-legally binding framework agreement with a well-known multinational fluorine chemical company in Japan to develop a strategic cooperation and supply partnership in the specialty fluorochemical business.

4. Allegations Regarding Anticipated Market Demand for Specialty Fluorochemicals

4.1 *The Reports are totally wrong in alleging that the Group's sales of approximately RMB1 billion worth of anti-mar products has been fabricated.*

- **The Reports have understated the size of the anti-mar market size by at least five times. In addition, the anti-mar market size is likely to be much larger because of anti-mar applications in many other areas besides smartphones and tablets.**

  - The author of the Reports claims that they have spoken to industry experts, consulted application manuals and engaged a "highly qualified outside firm" to conduct research into the industry. The Company's review of the industry "analysis" set forth in the First Report leads the Company to believe that no such expert entity was actually engaged, and indeed, there is no information on who the mysterious expert entity actually is.

  - The First Report contains extremely flawed market sizing methodologies that would certainly be dismissed as incorrect by anyone who has even a cursory understanding of the specialty fluorochemicals industry.

- The First Report bases its claims on the global anti-mar market size by using simplistic assumptions including the size of the smartphones and tablets market and by using mathematical calculations to arrive at the conclusion that the global demand of pure anti-mar is 4 tons a year. The Company strongly disagrees with the reasonableness of this conclusion as it is based on multiple and overlapping factual errors in an attempt to extrapolate the potential global market for anti-mar products in a misleading fashion.

  (i) The First Report misquoted the management on purity of anti-mar solution.

  The First Report, misquoting the Company's management, claims that 1 gram of 20% concentration anti-mar solution can coat approximately 200 smartphones. This is an incorrect quote. The Company used an example that 1 gram of anti-mar solution can potentially coat approximately 200 smartphones. For this example, the Company was referring to its own anti-mar solution which has a concentration of close to 100%, rather than 20% concentration.

  Accordingly, it is clear that the Reports have underestimated the size of the anti-mar market by at least five times since approximately 1 gram of 100% concentration anti-mar product (and not 20% concentration anti-mar product as stated in the Reports) is needed to coat 200 smartphones

  (ii) The Reports made wrong reference to selling price of anti-mar products of Daikin.

  The Reports claim that price checks with Daikin show 20% concentration anti-mar products are sold for RMB100 million per ton. The Company does not know the source of the price information (RMB100 million per ton) claimed by the Reports. The link provided on page 56 of the First Report does not have any price information of OPTOOL™. Instead, according to public sources[14], Daikin's OPTOOL™ product[15] (which is a 20% concentration anti-mar solution) is sold for USD6,906 per kg, or approximately RMB42 million per tonne (instead of RMB100 million per ton as the Reports claim).

  (iii) The Reports made reference to an online product catalogue referencing Shinetsu on cost of applying anti-mar per touch panel.

  The Reports claim that the online product catalogue was referencing Shinetsu. The Company does not know the source and therefore is not in the position to comment on the accuracy of this information. The Company's anti-mar product (which has approximately 100% concentration) is sold for approximately RMB110 million per tonne (excluding value-added tax). This means that 1 gram of anti-mar costs approximately RMB110 (one tonne is equivalent to 1 million grams). Accordingly, based on the Company's example that 1 gram of its anti-mar solution can coat approximately 200 smartphones, it would cost RMB0.55 to coat one smartphone (RMB110 million divided by 1,000,000 and 200). We do not know the source and therefore is not in the position to comment on the accuracy of this online product

[14] https://www.zauba.com/importanalysis-daikin+optool/unit-KGS-report.html

[15] The Company's understanding regarding anti-mar products is that, compared with the Company's anti-mar products, Daikin's OPTOOL™ has different molecular architecture, which results in different thickness of anti-mar layer on the surface of the object to which it is applied. However, both products are based on fluorochemicals and offer similar functions, including oil and water resistance. Since fingerprints are primarily caused by oil depositing on the surface of objects, anti-mar products help reduce fingerprints on the surface of the object to which it is applied. As a result, the price of OPTOOL™ offers a relevant reference for the price of all anti-mar products in the market.

catalogue, but it appears that it is in line with our calculation on cost of applying anti-mar per touch panel.

(iv) The Reports ignored the loss of anti-mar products during utilisation when it derives its market size.

Furthermore, one factor that may have been ignored in all the calculations stated above is the so-called "yield" in the coating process, i.e. the amount of the active silane compound in the solution of the anti-mar product that will actually be attached to the surface.

There are handling losses and side reactions of the silane with impurities in the solvent and in the coating equipment. In most cases, not all the silane in the treating solution will end up coating the surface in question. The example used by the Company that its 1 gram of approximately 100% anti-mar product can treat 200 smartphones is based on the assumption that the end customers who use the product will have a good coating process with good yield. Without a good coating process, the amount of anti-mar product needed to cover the surfaces will increase rapidly. The amount of additional anti-mar product needed will depend on the efficiency of the coating process as well as on the purity of the solvent used in its dilution and the care taken during the coating process.

(v) The Reports are wrong in focusing only on smartphones, tablets and eye-glasses in their analysis of the end-markets for anti-mar products.

Another major flaw in the Reports is that they focus mainly on smartphones, tablets and eye-glasses in their analysis of the end-markets for anti-mar products. However, there are many other end-markets in which anti-mar products are utilised, with varying degrees of market penetration. Set forth below are a few examples of applications of anti-mar products:

i. Automatic Teller Machines (ATMs) / Ticketing kiosks
ii. Industrial/Automotive touch screen panels
iii. Touch screen computers/Touch screen televisions/Printers
iv. Digital cameras/Camcorders
v. Portable/Automobile navigation devices
vi. Personal Media Player (PMP)/MP3 players and portable game consoles
vii. Medical information monitors/Casino game monitors
viii. Solar panels[16].

Many of such applications are also set out in the product description of Daikin's OPTOOL™[17].

[16] Anti-mar coatings can be used in solar panels to ensure that the light-catching surface remains free of any water, dust or dirt that may reduce the panel's efficiency. With regard to the potential market represented by the solar panel applications for anti-mar, according to European Photovoltaic Industry Association (EPIA), 38,352 megawatt of solar generation capacity was installed globally in 2013. Industry average area/power yield is usually estimated at 8-10 (average of 9) watt per square feet. Accordingly, it is estimated that the total solar panel area installed in 2013 could reach approximately 4,261.3 million square feet. This represents a much larger potential market for the use of anti-mar product than the smartphones and tablets market combined.

[17] See http://www.daikin.com/press/2007/070425, where it was stated that antifouling, anti-fingerprints and easy-clean properties of the OPTOOL™ product can be applied on substrate surfaces (for example, liquid crystal displays, plasma displays, touch panels, casing for mobile devices such as cellular phones and portable game consoles, optical disc surface and optical lenses). See also http://www.daikin.com/chm/products/coating/

4.2 ***The Reports allege that it is doubtful that the Group supplies anti-mar products as big manufacturers including Apple, LG and Lenovo have very strict certification requirements which make it unlikely that they would change suppliers to a newcomer like the Company.***

- **The Company has never represented that it is a supplier of anti-mar products to Apple, LG and Lenovo.**

  - This is another illustration of where the author of the Reports either lacks knowledge of the specialty fluorochemicals market or has intentionally attempted to mislead investors.

  - As disclosed in the Prospectus, specialty fluorochemicals can be applied to a wide variety of consumer and industry markets (such as coating, oil and gas, textiles, healthcare, crop protection, electronics and automotives). Due to the geographic and industry breadth of fluorochemicals end markets, the Group has sold and expects to continue to sell to trading companies that possess long-term relationships with a broad range of customers around the globe. The Group continues to establish its global marketing and sales network, promote its brand name and expand its sales to end-user customers.

  - Under the specialty fluorochemicals segment, the Group's sales to trading companies accounted for approximately 65% to 90% of the Group's total sales for the years ended 31 December, 2011, 2012 and 2013. The Company has also disclosed the revenue, sales volume and average selling prices of its three main types of specialty fluorochemicals on page 153 of the Prospectus. Please see Attachment 6 for the sales break-down by three major types of specialty fluorochemicals (including sub-breakdown of anti-mar products) of Jinzhou DPF-TH and Fuxin Hengtong for the Track Record Period. In addition, as disclosed in the Prospectus, the Group generally requires customers to make payment prior to delivery of its products.

4.3 ***The Second Report alleges that the Company has neither provided an estimate for the anti-mar market size nor provided the names of any of the end-users of its anti-mar product.***

- The Company has not provided the identity of any of the end-users of its anti-mar product as the Company's business involves selling specialty fluorochemicals to trading companies which then resell the products to end-user customers. Given that the sales are made through trading companies, the Company does not know the identities of the end-user who entered into sales contract with the trading companies. Correspondingly, the end-user customers may also not be aware that the specialty fluorochemicals they are purchasing from the trading companies are manufactured by the Company. This is in accordance with the disclosure in the Prospectus.

- The Second Report does not provide any new evidence to support its allegation. The Second Report alleges that the Company could not possibly have sold 8 tonnes of anti-mar product on the basis that the anonymous author of the Reports has been told by so called "industry experts" (who remained unnamed) that the Company does not sell anti-mar. No further evidence was produced other than to claim throughout their research that the Company was never mentioned as a visible player in the anti-mar market.

- The Second Report also claims that the Company's sources on the price of Daikin's 20% concentration OPTOOL™ product was incorrect. The author based its claims on conversations with Daikin experts and an IHS consultant, all of whose identities remain anonymous. The Company's source was from a publicly available website. On the other hand, the Second Report claims that its source was from a customs data website and it makes a general statement that the customs value of OPTOOL™ is different from the final average selling price that Daikin charges its customers. It is unclear how the author of the Reports makes a general conclusion that the customs value of products will differ from the final average selling price. In fact, the customs value of products tends to be higher than the ex-work price as it includes transport, insurance and other miscellaneous charges. Accordingly, the website information that was quoted in the Second Report (which states that the average selling price of Daikin was RMB51,870 per kg (or equivalent to RMB52 million per tonne)) only corroborates the Company's sources regarding the price of Daikin's 20% concentration OPTOOL™ product which state that the selling price is approximately RMB42 million per tonne, and not RMB100 million per tonne as claimed on page 17 of the Second Report.

- The Company believes it has reasonable grounds to question the credibility and industry knowledge of those anonymous interviewees that the Reports mentioned. The Company has established a leading market position and is well-recognised by many well-known industry players. As disclosed in the Prospectus, according to Frost & Sullivan, in 2013, the Group is the largest specialty fluorochemicals producer headquartered in the PRC in terms of revenue. Also, in March 2014, the Company entered into a non-legally binding agreement with a well-known multinational fluorine chemical company in Japan to develop a strategic cooperation and supply partnership in the specialty fluorochemical business. The Company expects that its market influence will be further improved in line with the expansion of its sales network to cover a larger group of end-user customers.

5. Allegations Regarding Frost & Sullivan

5.1 ***The Reports allege that Frost & Sullivan was not an independent, unbiased research firm.***

In fact, Frost & Sullivan is an independent global consulting firm with more than 2,000 industry consultants, market research analysts, technology analysts and economists. The firm has been engaged by many other listed companies to provide industry data for use in their IPOs.

- As is typical practice for a Hong Kong IPO, a listing applicant would customarily commission an industry consultant to prepare a report on the relevant industry for inclusion in the Prospectus. To facilitate the investors' understanding of the industry in which the Group operates, Frost & Sullivan was commissioned by the Group to provide business, industry and Company-specific data for inclusion in the Prospectus.

- The Prospectus has duly disclosed that the Group paid a total of RMB4.65 million to Frost & Sullivan for the preparation and use of the Frost & Sullivan report.

- Frost & Sullivan relied on various sources in preparing its report for the Group including various PRC government authorities and industry associations.

- The Company understands that Frost & Sullivan had also engaged an international niche market research firm with specialist knowledge of the specialty chemicals industry to conduct research independent from that conducted by Frost & Sullivan in order to corroborate and substantiate the findings in its report.

- The commissioning of an external consultant to prepare an industry report is commonly accepted practice and the payment of fees would not impair the independence, competence and credibility of Frost & Sullivan.

- The Reports fail to produce any supporting materials to validate its allegation.

6. Research & Development of the Group

6.1 *R&D team*

As disclosed in the Prospectus, as of 31 December 2013, the Group's R&D team consisted of 105 R&D staff, including 14 scientists and 91 research staff. The table below sets forth details of the three divisions of our R&D team as of 31 December 2013 as disclosed on page 155 of the Prospectus.

	Number of scientists	Number of staff	Leading team member
Lubricant additives research team	7	38	Our Chief Executive Officer of lubricant additives, Mr. Ravi Girimaji. Details of his experience can be found on page 193 of the Prospectus.
Specialty fluorochemicals research team	5	41	Our Chief Technical Officer of specialty fluorochemicals, Dr. David Allen Flanigan. Details of his experience can be found on page 192 of the Prospectus.
Lubricant base oil and fluoride lubricating oil team	2	12	Our Chief Technical Officer of specialty fluorochemicals, Dr. David Allen Flanigan. Details of his experience can be found on page 192 of the Prospectus.

Dr. Flanigan spent a substantial amount of time each year working on-site in Jinzhou and Fuxin to supervise the R&D and production activities of the Group. Aside from Dr. Flanigan, the Group has four other scientists in its specialty fluorochemicals research team who work closely with him in the R&D of specialty fluorochemicals. Details of these team members are below:

Name	Position in the Group	Nationality	Degree	Major achievements	Time of joining the Group
Paul R Resnick	Chief scientist	U.S.	Doctor	Please see page 192 of the Prospectus	August 2004
David Offord	Chief technical officer for surface protectant	U.S.	Doctor	Please see page 192 of the Prospectus	December 2006

Gu Feng	Head of Technology Department	PRC	Doctor	Received a doctorate degree from Nara Institute of Science and Technology in Japan	September 2008
Wang Zhonghua	Chief of laboratory	PRC	Doctor	Received a doctorate degree from Nara Institute of Science and Technology in Japan	September 2008

6.2 ***Key Achievements***

As disclosed on pages 167 and 168 of the Prospectus, the Group has a combination of trade secrets, patents and trademarks to protect the technological innovations developed by the Group's R&D team. The Group treats proprietary technological know-how, technology and data that are not covered or are not able to be covered by patents as trade secrets. In addition, the Group owned 25 patents in China, including five patents it acquired from Liaoning Tianhe as of 30 May 2014. Most of the Group's patents are related to the production of lubricant additives and specialty fluorochemicals. Details of the Group's patents can be found on page V-9 of the Prospectus.

6.3 ***R&D Procedures***

As disclosed on pages 153 and 155 of the Prospectus, the Group has an established set of procedures to supervise and review its R&D activities. For a detailed description of each phase of the Group's R&D activities and the criteria the Group's management use to determine whether to approve further development of each R&D project, please see pages 155 and 156 of the Prospectus. The Company believes that these procedures help it to identify projects with good market potential and improve the success of commercial production of new products it develops. For details on the Group's ongoing R&D projects as of 30 May 2014, please see page 154 of the Prospectus.

6.4 ***R&D Facilities***

As disclosed on page 155 of the Prospectus, the Group has a dedicated R&D facility at each production plant to focus on various stages of product testing and development. The Group's main R&D center, Jinzhou Technology Center, is located in Jinzhou, Liaoning Province. As of 31 December 2013, the aggregate area of the Group's R&D facilities amounted to 13,484 m^2, among which Jinzhou Technology Center occupies approximately 6,729m^2.

6.5 ***R&D Expenses***

The Company records its overall R&D expenses as one category in its accounts. As disclosed in the Prospectus, for each of the three years ended 31 December 2013, the Group's expenses in relation to R&D activities amounted to RMB8.3 million, RMB7.0 million and RMB10.6 million, respectively. Such amount primarily included the salaries for its key R&D staff and procurement costs for materials used in its laboratory for experiments.

However, there are two additional components that should be taken into account in evaluating the Group's expenses for R&D related activities. These include (i) Shares of the Company owned by its key scientists and (ii) R&D cost in respect of certain products that it recorded and capitalised as intangible assets, upon completion of relevant R&D activities and commencement of commercial production of such products. The R&D expenditures capitalised as intangible assets in each of the three years ended 31 December 2013 amounted to RMB79.7 million, RMB11.1 million and nil, respectively. The R&D expenditures the Company capitalised as intangible assets in 2011 were mainly related to the development of downstream specialty fluorochemicals products. As the Company has successfully completed and utilised such development results in commercial production, the Group has experienced rapid expansion of specialty fluorochemicals segment.

As disclosed in the Prospectus, as of 31 December 2013, the net carrying value of its intangible assets amounted to RMB246.7 million. In addition, as shown on page I-35 the Prospectus, as of 31 December 2013, the cost of the Company's intangible assets amounted to RMB359.6 million. For the R&D expenses of 2011, 2012 and 2013, the cost and net carrying value of the intangible assets of the Company, Deloitte compared the amounts with the accounting records of the Group and found them to be in agreement.

As disclosed in note 17 to the Accountants' Report set out in appendix I to the Prospectus, the intangible assets mainly consists of:

- Technical know-how, which mainly relates to certain manufacturing process for the production of specialty fluorochemicals, in particular, the Group's telomerization process at moderate temperature and pressure;

- Rights to use of patent, which represents the exclusive right of Jinzhou DPF-TH to use the patent of Liaoning Tianhe, a connected person of the Company, in relation to production of long-chain alkyl benzene sulphonic acid, which has been transferred to the Company in 2014; and

- Development costs primarily in relation to production of specialty fluorochemicals. Development costs are reclassified to technical know-how when the relevant development project is complete. Development costs in relation to patents that the Company has obtained are included in the item named "technical know-how" as well.

The Company considers that its intangible assets are critical to its business success in terms of cost saving and enhanced capacity in producing designated products with desired characteristics. For example, as disclosed on page 149 of the Prospectus, through special production processes and utilising the equipment designed by the Group, it can produce desired TI products, a key product used for production of downstream specialty fluorochemicals, at lowered temperature and pressure, and increased yields. As a result, compared to the traditional process, the Group is able to produce TI in a safer and more cost-efficient manner.

According to Frost & Sullivan, the Company is the only company worldwide that is able to carry out this telomerization process at moderate temperature and pressure. In addition, another key advantage of the Group's telomerization process is the utilisation of the flexible production and separation technology in which the same production line can be used to produce (i) individual TI with desired number of carbon atoms, such as C-6 or C-8 only, which can be sold to other specialty fluorochemicals producers as individual intermediates for their production based on desired performance of the end-products or (ii) TI with a mixture of carbon atoms that can be used in the preparation of other downstream products.

Documents available for inspection by registered shareholders

In support of its rebuttal, the Company will make available copy of the following documents for viewing by duly registered shareholders of the Company at the Company's registered principal business place in Hong Kong at Unit 6208, 62/F, The Center, 99 Queen's Road Central, Central, Hong Kong:

(1) tax receipts for income tax and VAT paid by Jinzhou DPF-TH and Fuxin Hengtong for the Track Record Period;

(2) financial statements for 2011 and 2012 of Jinzhou DPF-TH audited by Liaoning Zhongheng;

(3) consolidated financial statements for Jinzhou DPF-TH audited by Moores Rowland and Deloitte for 2011 and 2012 respectively; and

(4) financial statements for 2011 and 2012 of Fuxin Hengtong audited by Liaoning Zhongheng.

Shareholder(s) shall be required to produce appropriate documents of title (i.e., share certificate) that is acceptable to the Company for proof of his/her/its identity(ies) as the registered shareholders of the Company prior to inspection. Inspection time frame will be from 9 October 2014 to 22 October 2014 (both days inclusive), between 2:00p.m. to 4:00p.m from Monday to Friday (exclusive of Saturdays, Sundays and Hong Kong public holidays).

Conclusion

The Company reiterates that the allegations in the Reports are groundless, misleading and malicious. The Directors are at a loss to understand why a firm such as Anonymous Analytics would publish such a wholly refutable report aside from wanting to directly or indirectly profit from such an action. The Company reserves all rights to take legal action for damages or other relief against such entity and/or associated individuals responsible for the Reports.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 11:20 a.m. on 2 September 2014 pending the release of clarification announcement(s). Application has been made by the Company to The Stock Exchange of Hong Kong Limited for the resumption of trading of the Shares from 9:00 a.m. on 9 October 2014.

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

"**AIC**"	The Administration for Industry & Commerce of the People's Republic of China
"**Announcements**"	the announcements of the Company dated 2 September 2014, 5 September 2014 and 10 September 2014
"**CITIC International**"	Citic International Co., Ltd.
"**CNPC**"	China National Petroleum Corporation
"**Company**"	Tianhe Chemicals Group Limited
"**Daikin**"	Daikin Industries Ltd,
"**Deloitte**"	Deloitte Touche Tohmatsu, the reporting accountants of the Company in its IPO, or its affiliate, Deloitte Touche Tohmatsu Certified Public Accountants LLP
"**Directors**"	the directors of the Company
"**DuPont**"	E.I. du Pont de Nemours and Company
"**First Report**"	the negative report issued by Anonymous Analytics against the Company dated 2 September 2014
"**Fuxin Hengtong**"	Fuxin Hengtong Fluoride Chemicals Co., Ltd. (阜新恒通氟化學有限公司), an indirect wholly-owned subsidiary of the Company
"**Group**"	the Company and its subsidiaries
"**Heilongjiang Taina**"	Heilongjiang Taina Technologies Development Co., Ltd. (黑龍江泰納科技發展有限責任公司)
"**HFE**"	hydrofluoroethers
"**IPO**"	initial public offering
"**Jinzhou DPF-TH**"	Jinzhou DPF-TH Chemicals Co., Ltd. (錦州惠發天合化學有限公司), an indirect wholly-owned subsidiary of the Company
"**Liaoning Tianhe**"	Liaoning Tianhe Fine Chemicals Co., Ltd. (遼寧天合精細化工股份有限公司), a company established under the laws of the PRC and wholly owned by the controlling shareholders of the Company
"**Liaoning Zhongheng**"	Liaoning Zhongheng Certified Public Accountants Co., Ltd. (遼寧中衡會計師事務所有限責任公司)
"**Moores Rowland**"	Moores Rowland Certified Public Accountants

"**Mr. Jimmy Chen**" or "**Mr. Chen**"	Mr. Chen Chieh-Hung (陳玠宏, previously known as 陳介宏), the Taiwan consultant of the Company
"**Mr. Sun**"	Mr. Sun Deqing (孫德慶)
"**Ms. Wang**"	Ms. Wang Xidi (王錫娣)
"**Mr. Zhang**"	Mr. Zhang Silang (張泗鋃), also known as Mr. Chang Szu-lang
"**Ms. Zhuo**"	Ms. Zhuo Shufeng (卓淑鳳)
"**PRC**" or "**China**"	The People's Republic of China, except where the context requires otherwise excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"**Prospectus**"	the prospectus of the Company dated 9 June 2014
"**PTFE**"	polytetrafluoroethylene
"**R&D**"	research & development
"**Reports**"	the First Report and the Second Report
"**SAIC**"	The State Administration for Industry & Commerce of the People's Republic of China
"**Second Report**"	the response issued by Anonymous Analytics against the Company dated 15 September 2014
"**Shanghai Top**"	Top (Shanghai) Fluorochemicals Trading Co., Ltd. (太普（上海）氟化工貿易有限公司)
"**Shanghai Xidatong**"	Shanghai Xidatong International Trading Co., Ltd. (上海錫達通國際貿易有限公司), also known as Hope Land International Co., Ltd.
"**Shares**"	ordinary shares of the Company with a nominal value of US$0.000001 each, which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
"**Shinetsu**"	Shin-Etsu Chemical Co., Ltd.
"**Sinopec**"	China Petroleum & Chemical Corporation
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Taifu**"	Taifu Chemical Technologies (Shanghai) Co., Ltd. (泰氟化工技術（上海）有限公司)
"**TEI**"	perfluoroalkyl ethyl iodides or telomer ethyl iodide
"**TI**"	perfluoroalkyl iodides or telomer iodide

"**Track Record Period**"	the three financial years of the Company ended 31 December 2011, 2012 and 2013
"**VAT**"	value-added tax

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

Hong Kong, 8 October 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.

Attachment 1

Police report submitted to Jinzhou City Police Bureau Taihe Sub-bureau

报警情况登记表

编号：

案别	治安	报警形式	口头报案	接警人	魏玉松
报警	接报警时间	2014年9月10日18时00分	被害人	姓名	魏宣	性别	男	年龄	53
	发生情况时间	15时30分		单位	锦州惠发天合化学有限公司	职务	总裁
	地点	锦州市太和区解放西路100号南部五十八-3号	西部	现住址	锦州市太和区解放西路100号		
报案人姓名		邓柯		现住址	锦州市太和区厚和里27-666号		
工作单位		锦州惠发天合化学有限公司		身份证号码	210702197907180612		
到达现场时间		月 日 时 分		出警人			

报警情况及损失

2014年9月10日18时许，锦州惠发天合化学有限公司副总邓柯来所报案称，其公司总裁魏宣的公司邮箱（账号Xuan.wei@tianhechem.com）在其本人所在地以外地区被频繁登陆，与其本人所在位置不一致，怀疑邮箱被人攻击，邮箱内存有大量公司商业机密文件，可能导致大量公司机密文件泄露造成公司巨大损失。

注：被举报人自然情况和体貌特征在本栏内填写

处理情况

1、报立刑事案件；2、立治安案件；3、作民事纠纷调解；4、救助服务；5、其他

侦查员（签字）

备注：

注：报警形式指110指令、执勤巡逻发现、口头报警、书面报告、报案自首、接转报警、报刊文办、其他部门移送等。

此复印件与原件一致

Attachment 2

Confirmation letter issued by Liaoning Zhongheng

声　明

天合化工（集团）有限公司：

就贵单位派人核查附件是否系经本所注册会计师审计并由本所出具之《审计报告》一事，现声明如下：

经核查，附件所列报表未经本所注册会计师审计，亦非本所出具之《审计报告》所记载内容，该等报表所列数字并非本所审计结果。

特此声明。

辽宁中衡会计师事务所有限责任公司锦州分所

二零一四年九月五日

[Translation for Reference]

Declaration

Tianhe Chemicals Group Limited,

In relation to your delegates verifying whether the Audit Report was audited by us, we hereby declare as follow:

The attached financial statements have not been audited by us or extracted from the audit reports audited by us. Figures in the attached financial statements are different from the content of the results audited by us.

Liaoning Zhongheng Certified Public Accountants Co., Ltd, Jinzhou Branch
5 September 2014

Jinzhou DPF-TH (Chinese: 锦州惠发天合化学有限公司)

2011 SAIC Income Statement
Revenue: RMB485 million (US$76 million)
Net Income: -RMB1 million (-US$0.16 million)

利 润 表

会企02表

编制单位：锦州惠发天合化学有限公司　　2011年度　　单位：元

项　　目	本年金额	上年金额
一、营业总收入	485,390,496.05	297,769,042.95
其中：主营业务收入	433,375,211.15	288,382,128.75
其他业务收入	52,015,284.90	9,386,914.20
二、营业总成本	490,761,338.33	316,466,542.73
营业成本	435,503,254.81	272,618,739.49
其中：主营业务成本	384,833,394.72	263,714,443.64
其他业务成本	50,669,860.09	8,904,295.85
营业税金及附加	2,117.30	
销售费用	5,569,295.30	4,225,391.76
管理费用	49,622,578.62	29,970,345.48
其中：业务招待费		
研究与开发费		
财务费用	2,123,263.97	9,652,066.00
其中：利息支出		
利息收入		
汇兑净损失（净收益以"-"号填列）		
资产减值损失	-2,079,171.67	
加：公允价值变动收益（损失以"-"号填列）		
投资收益（损失以"-"号填列）		
其中：对联营企业和合营企业的投资收益		
三、营业利润（亏损以"-"号填列）	-5,370,842.28	-18,697,499.78
加：营业外收入	4,664,625.29	2,916,593.12
减：营业外支出	381,623.12	3,920,748.40
其中：非流动资产处置损失		
四、利润总额（亏损总额以"-"号填列）	-1,087,840.11	-19,701,655.06
减：所得税费用		
五、净利润（净亏损以"-"号填列）	-1,087,840.11	-19,701,655.06

Jinzhou DPF-TH (Chinese: 锦州惠发天合化学有限公司)

2012 SAIC Income Statement
Revenue: RMB506 million (US$82 million)
Net Income: -RMB9 million (-US$1.5 million)

利 润 表

会企02表

编制单位：锦州惠发天合化学有限公司　　2012年度　　单位：元

项　　目	本年金额	上年金额
一、营业总收入	505,617,874.64	485,390,496.05
其中：主营业务收入	482,591,602.41	433,375,211.15
其他业务收入	23,226,272.23	52,015,284.90
二、营业总成本	512,986,007.39	490,761,338.33
营业成本	416,983,855.57	439,593,254.81
其中：主营业务成本	395,630,711.32	384,833,394.72
其他业务成本	21,353,144.25	50,669,860.09
营业税金及附加		2,117.30
销售费用	7,699,138.89	5,599,295.30
管理费用	45,095,436.84	49,822,578.62
其中：业务招待费		
研究与开发费		
财务费用	43,209,574.09	2,123,263.97
其中：利息支出		
利息收入		
汇兑净损失（净收益以“-”号填列）		
资产减值损失		-2,079,171.57
加：公允价值变动收益（损失以“-”号填列）		
投资收益（损失以“-”号填列）		
其中：对联营企业和合营企业的投资收益		
三、营业利润（亏损以“-”号填列）	-7,170,132.75	-5,370,842.28
加：营业外收入	1,088,790.72	4,654,625.29
减：营业外支出	2,832,633.71	381,623.12
其中：非流动资产处置损失		
四、利润总额（亏损总额以“-”号填列）	-8,913,975.74	-1,087,840.11
减：所得税费用		
五、净利润（净亏损以“-”号填列）	-8,913,975.74	-1,087,840.11
六、每股收益：		

Fuxin Hengtong (Chinese: 阜新恒通 化学有限公司)

2011 SAIC Income Statement
Revenue: RMB275 million (US$37 million)
Net Income: RMB56 million (US$9 million)

利 润 表

企业02表

编制单位：阜新恒通氯化学有限公司　　2011年度　　单位：元

项　　目	本年金额	上年金额
一、营业总收入	275,040,400.63	89,805,045.98
其中：主营业务收入	194,772,929.86	88,519,026.89
其他业务收入	80,267,470.77	1,286,019.09
二、营业总成本	216,812,711.79	102,276,435.15
营业成本	203,745,060.25	79,274,306.31
其中：主营业务成本	124,053,363.37	77,998,600.62
其他业务成本	79,691,696.88	1,275,705.69
营业税金及附加	649,687.59	
销售费用	1,138,387.15	636,734.89
管理费用	12,287,049.36	20,660,960.40
其中：业务招待费		
研究与开发费		
财务费用	5,446,024.45	1,702,433.55
其中：利息支出		
利息收入		
汇兑净损失（净收益以"-"号填列）		
资产减值损失	-6,453,497.11	
加：公允价值变动收益（损失以"-"号填列）		
投资收益（损失以"-"号填列）		
其中：对联营企业和合营企业的投资收益		
三、营业利润（亏损以"-"号填列）	58,227,688.84	-12,471,389.17
加：营业外收入	1,415,822.91	2,789.43
减：营业外支出	7,548,301.94	1,996.97
其中：非流动资产处置损失		
四、利润总额（亏损总额以"-"号填列）	52,095,209.81	-12,470,616.71
减：所得税费用	-3,536,424.73	-3,115,309.63
五、净利润（净亏损以"-"号填列）	55,631,634.54	-9,355,307.08

Attachment 3

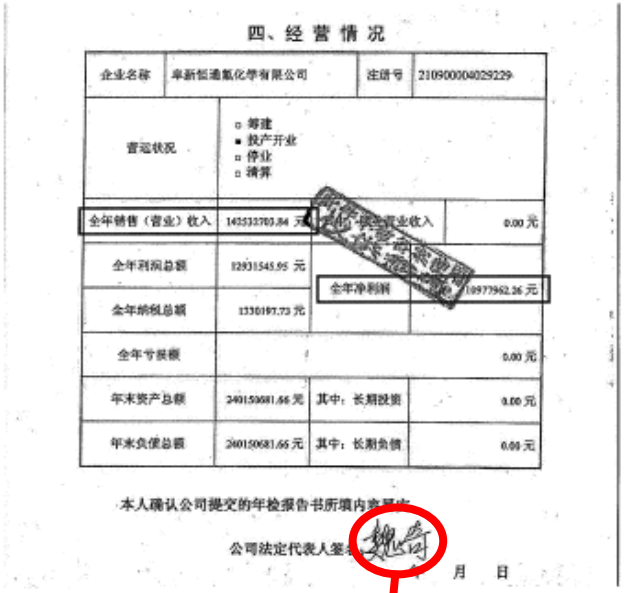
Comparison of Mr. Wei Qi's genuine signature with that shown in the First Report

Signature of Mr. Wei Qi on page 12 of the First Report

Fuxin Hengtong (Chinese: 阜新恒通 化学有限公司)

2012 SAIC Financial Summary
Revenue: RMB143 million (US$23 million)
Net Income: RMB11 million (US$1.7 million)

The 2012 SAIC filings contained a financial summary page which shows revenue and net income figures for the year. This form is signed by the Chairman Wei Qi, under a sentence which reads "I confirm the content of the submitted annual audited report is true."



四、经营情况

企业名称	阜新恒通氯化学有限公司	注册号	210900004029229
营运状况	□ 筹建 ■ 投产开业 □ 停业 □ 清算		
全年销售（营业）收入	143533703.84 元	其中：出口营业收入	0.00 元
全年利润总额	12931545.95 元	全年净利润	10977962.26 元
全年纳税总额	1330197.73 元		
全年亏损额			0.00 元
年末资产总额	240150681.66 元	其中：长期投资	0.00 元
年末负债总额	240150681.66 元	其中：长期负债	0.00 元

本人确认公司提交的年检报告书所填内容属实。

公司法定代表人签名：魏奇　　月　日

12



Genuine signature of Mr. Wei Qi

2014 年 8 月 22 日
22 August 2014

至：天合化工集团有限公司董事会
香港皇后大道中 99 号
中环中心 62 层 6208 室

To: The Board of Directors
Tianhe Chemicals Group Limited
Unit 6208, 62/F
The Center
99 Queen's Road Central
Hong Kong

敬启者：
Dear Sirs,

关于：遵守上市公司董事进行证券交易的标准守则
Re: Compliance with the the Model Code for Securities Transactions by Directors of Listed Issuers

我确认我已细阅作为香港联合交易所有限公司证券上市规则附件十的上市公司董事进行证券交易的标准守则（「标准守则」），并确认我在 2014 年 6 月 20 日至 2014 年 8 月 22 日期间已遵守了标准守则。
I confirmed I have carefully read the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as provided in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and I confirmed that I have complied with the Model Code for the period between 20 June 2014 and 22 August 2014.

魏奇
Wei Qi



Attachment 4

Confirmation letters issued by Jinzhou and Fuxin AIC

关于锦州惠发天合化学有限公司工商档案之证明

北京市通商律师事务所：

就你单位派人核查锦州惠发天合化学有限公司企业年检材料中的辽宁中衡会计师事务所 2012 年 211 号、2013 年 324 号审计报告未在我局存档。



二零一四年九月五日

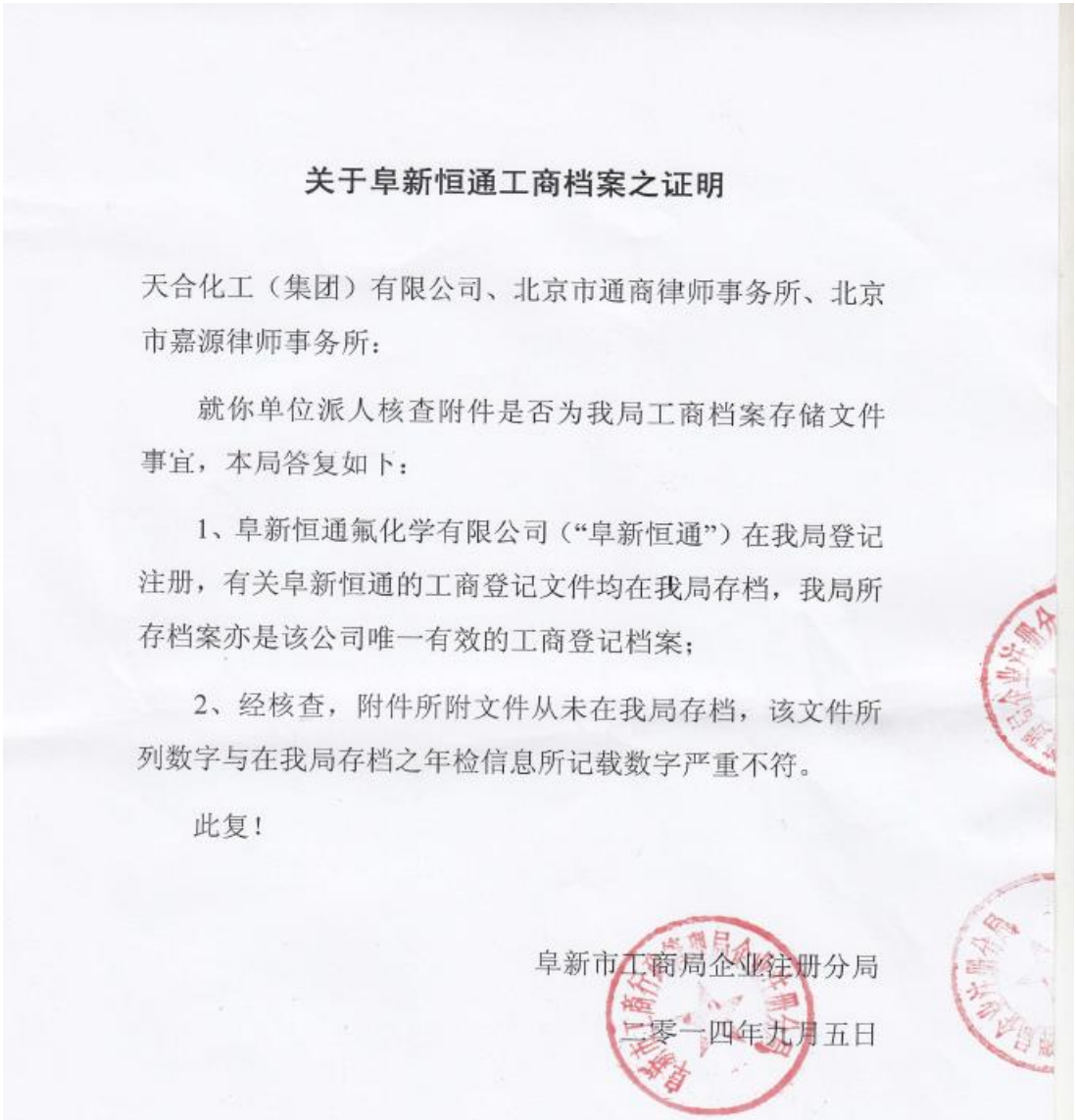
[Translation for Reference]

Certification in relation to Records in Jinzhou AIC

Beijing Commerce & Finance Law Offices,

We hereby confirm the auditors' reports that are claimed to be audited by Liaoning Zhongheng (2012-211, 2013-324), which you brought to us for verification, are not recorded in our system.

Jinzhou Municipal AIC
5 September 2014



关于阜新恒通工商档案之证明

天合化工（集团）有限公司、北京市通商律师事务所、北京市嘉源律师事务所：

就你单位派人核查附件是否为我局工商档案存储文件事宜，本局答复如下：

1、阜新恒通氟化学有限公司（“阜新恒通”）在我局登记注册，有关阜新恒通的工商登记文件均在我局存档，我局所存档案亦是该公司唯一有效的工商登记档案；

2、经核查，附件所附文件从未在我局存档，该文件所列数字与在我局存档之年检信息所记载数字严重不符。

此复！

阜新市工商局企业注册分局

二零一四年九月五日

[Translation for Reference]

Certification in relation to Records in Fuxin AIC

Tianhe Chemicals Group Limited, Beijing Commerce & Finance Law Offices, Jia Yuan Law Offices,

In relation to your delegates verifying whether the attachments hereof are documents filed with us, we reply as below:

1. Fuxin Hengtong Fluoride Chemicals Co., Ltd. (“Fuxin Hengtong”) is registered at our Bureau. The documents from Fuxin Hengtong for registration should be filed with our Bureau only. Only the documents filed with our Bureau are legitimate registration documents for Fuxin Hengtong with full legal effect;
2. Per checking, the files attached to this confirmation letter have never been filed with us. Figures in the attached files are materially different from the relevant documents that Fuxin Hengtong filed with us in corresponding years.

Fuxin Municipal AIC
Corporate Registration Branch
5 September 2014

Fuxin Hengtong (Chinese: 阜新恒通 化学有限公司)

2012 SAIC Financial Summary
Revenue: RMB143 million (US$23 million)
Net Income: RMB11 million (US$1.7 million)

The 2012 SAIC filings contained a financial summary page which shows revenue and net income figures for the year. This form is signed by the Chairman Wei Qi, under a sentence which reads "I confirm the content of the submitted annual audited report is true."

四、经营情况

企业名称	阜新恒通氟化学有限公司	注册号	210900004029229
营运状况	□ 筹建 ■ 投产开业 □ 停业 □ 清算		
全年销售（营业）收入	142532703.84 元	其中：服务营业收入	0.00 元
全年利润总额	12931545.95 元	全年净利润	10977962.26 元
全年纳税总额	1330197.73 元		
全年亏损额	0.00 元		
年末资产总额	240150681.66 元	其中：长期投资	0.00 元
年末负债总额	240150681.66 元	其中：长期负债	0.00 元

本人确认公司提交的年检报告书所填内容属实。

公司法定代表人签名：魏岂

年　月　日

Fuxin Hengtong (Chinese: 阜新恒通 化学有限公司)

2011 SAIC Income Statement
Revenue: RMB275 million (US$37 million)
Net Income: RMB56 million (US$9 million)

利 润 表

编制单位：阜新恒通氯化学有限公司　　2011年度　　会企02表　　单位：元

项　　目	本年金额	上年金额
一、营业总收入	275,040,400.63	89,805,045.98
其中：主营业务收入	194,772,929.86	88,519,026.89
其他业务收入	80,267,470.77	1,286,019.09
二、营业总成本	216,812,711.79	102,276,435.15
营业成本	203,745,060.25	79,274,306.31
其中：主营业务成本	124,053,363.37	77,998,600.62
其他业务成本	79,691,696.88	1,275,705.69
营业税金及附加	649,687.69	
销售费用	1,138,387.15	638,734.89
管理费用	12,287,049.36	20,660,960.40
其中：业务招待费		
研究与开发费		
财务费用	5,446,024.45	1,702,433.55
其中：利息支出		
利息收入		
汇兑净损失（净收益以“-”号填列）		
资产减值损失	-6,453,497.11	
加：公允价值变动收益（损失以“-”号填列）		
投资收益（损失以“-”号填列）		
其中：对联营企业和合营企业的投资收益		
三、营业利润（亏损以“-”号填列）	58,227,688.84	-12,471,389.17
加：营业外收入	1,415,822.91	2,769.43
减：营业外支出	7,548,301.94	1,996.97
其中：非流动资产处置损失		
四、利润总额（亏损总额以“-”号填列）	52,095,209.81	-12,470,616.71
减：所得税费用	-3,536,424.73	-3,115,309.63
五、净利润（净亏损以“-”号填列）	55,631,634.54	-9,355,307.08

Attachment 5

Confirmation letters issued by Jinzhou and Fuxin local tax bureaus

关于惠发天合纳税情况之确认函

锦州惠发天合化学有限公司（以下简称“惠发天合”）系我局辖区内纳税企业，本局确认已全额收到惠发天合下述所列增值税及企业所得税税款（以人民币“元”为单位）：

纳税年度	2011 年度	2012 年度	2013 年度
增值税	257,258,369.52	419,867,772.23	307,211,552.15
企业所得税	201,000,000.00	361,000,000.00	432,000,000.00
合计	458,258,369.52	780,867,772.23	739,211,552.15

特此确认！

辽宁省义县国家税务局

二零一四年九月四日

[Translation for Reference]

Confirmation letter regarding the tax payments of Jinzhou DPF-TH

Jinzhou DPF-TH Chemicals Co., Ltd. ("Jinzhou DPF-TH") is a tax-paying enterprise within our bureau's administrative area. Our bureau confirms the full receipt from Jinzhou DPF-TH of the following value added taxes and corporate income taxes (in RMB) (in RMB):

Tax year	2011	2012	2013
Value added tax	257,258,369.52	419,867,772.23	307,211,552.15
Corporate income tax	201,000,000.00	361,000,000.00	432,000,000.00
Total	458,258,369.52	780,867,772.23	739,211,552.15

Liaoning Yi County State Tax Bureau
(Seal)
4 September 2014



关于阜新恒通纳税情况之确认函

阜新恒通氟化学有限公司（以下简称“阜新恒通”）系我局辖区内纳税企业，本局确认已全额收到阜新恒通下述所列增值税及企业所得税税款（以人民币“元”为单位）：

纳税年度	2011 年度	2012 年度	2013 年度
企业所得税	0	4,801,092.21	6,324,918.68
增值税	5,414,064.56	1,187,676.54	0
合计	5,414,064.56	5,988,768.75	6,324,918.68

特此确认！

阜新市海州区国家税务局

二〇一四年九月四日

[Translation for Reference]

Confirmation letter regarding the tax payments of Fuxin Hengtong

Fuxin Hengtong Fluoride Chemicals Co., Ltd. ("Fuxin Hengtong") is a tax-paying enterprise within our bureau's administrative area. Our bureau confirms the full receipt from Fuxin Hengtong of the following value added taxes and corporate income taxes (in RMB):

Tax year	2011	2012	2013
Value added tax	0	4,801,092.21	6,324,918.68
Corporate income tax	5,414,064.56	1,187,676.54	0
Total	5,414,064.56	5,988,768.75	6,324,918.68

Fuxin City Haizhou District State Tax Bureau
(Seal)
4 September 2014

Attachment 6

Revenue split between Jinzhou DPF-TH and Fuxin Hengtong

during Track Record Period

Jinzhou DPF-TH		**2011**			**2012**			**2013**		
		Sales Volume	**Revenue**		**Sales Volume**	**Revenue**		**Sales Volume**	**Revenue**	
		(tonne)	**(RMB in millions)**	**%**	**(tonne)**	**(RMB in millions)**	**%**	**(tonne)**	**(RMB in millions)**	**%**
Downstream specialty fluorochemical products		15	289.8	22.1	64	1,343.1	58.2	88	1,702.3	61.5
- Anti-mar products[18]		2	165.9	12.6	7	811.8	35.2	8	866.4	31.3
- Other downstream products		13	123.9	9.5	57	531.3	23.0	80	835.9	30.2
Telomers and specialty fluorochemical intermediates		763	1,022.6	77.9	831	965.8	41.8	1,044	1,067.6	38.5
Others		-	-	0.0	-	-	0.0	-	-	0.0
Total		**778**	**1,312.4**	**100.0**	**895**	**2,308.9**	**100.0**	**1,132**	**2,769.9**	**100.0**
As percentage of sales of specialty fluorochemicals of the Group		***33.1%***	***85.1%***		***39.7%***	***95.5%***		***37.0%***	***93.2%***	

Fuxin Hengtong		**2011**			**2012**			**2013**		
		Sales Volume	**Revenue**		**Sales Volume**	**Revenue**		**Sales Volume**	**Revenue**	
		(tonne)	**(RMB in millions)**	**%**	**(tonne)**	**(RMB in millions)**	**%**	**(tonne)**	**(RMB in millions)**	**%**
Downstream specialty fluorochemical products		-	-	0.0	-	-	0.0	-	-	0.0
Telomers and specialty fluorochemical intermediates		145	79.2	34.4	83	28.8	26.4	355	130.9	65.2
Others		1,428	150.8	65.6	1,278	80.4	73.6	1,571	69.9	34.8
Total		**1,573**	**230.0**	**100.0**	**1,361**	**109.2**	**100.0**	**1,926**	**200.8**	**100.0**
As percentage of sales of specialty fluorochemicals of the Group		***66.9%***	***14.9%***		***60.3%***	***4.5%***		***63.0%***	***6.8%***	

[18] Only Jinzhou DPF-TH sells anti-mar products.

Group		**2011**			**2012**			**2013**		
		Sales Volume	**Revenue**		**Sales Volume**	**Revenue**		**Sales Volume**	**Revenue**	
		(tonne)	**(RMB in millions)**	**%**	**(tonne)**	**(RMB in millions)**	**%**	**(tonne)**	**(RMB in millions)**	**%**
Downstream specialty fluorochemical products		15	289.8	18.8	64	1,343.1	55.6	88	1,702.3	57.3
Telomers and specialty fluorochemical intermediates		908	1,101.8	71.4	914	994.6	41.1	1,399	1,198.5	40.3
Others		1,428	150.8	9.8	1,278	80.4	3.3	1,571	69.9	2.4
Total		**2,351**	**1,542.4**	**100.0**	**2,256**	**2,418.1**	**100.0**	**3,058**	**2,970.7**	**100.0**

Attachment 7

Authorisation letter from CITIC Group Corporation

中国中信集团有限公司

锦州惠发天合化学有限公司：

贵公司《关于天合化工集团有限公司IPO回执问题的说明》（锦惠天合办字[2014]16号）收悉。

我办同意在贵公司上市资料中提及我公司名称和业务，并描述我公司与天合化工集团有限公司的真实商务往来关系。

我公司理解贵司函件中提及的保密要求，并会对上市有关事宜保持绝密。

中国中信集团有限公司

董事会办公室

2014年6月9日

Attachment 8

Examples of specialty fluorochemicals manufacturers selling through middlemen

For instance, in recognition of Acota's strength as a leading European specialty fluorochemicals distributor with expert technical knowledge in the field, 3M UK plc appointed Acota as their sole distribution channel with effect from 20th November 2012. Acota is officially the 3M sole distributor for fluorochemical products. (http://www.acota.co.uk/news-acota)

According to the 2013 annual report of DuPont (http://investors.dupont.com/files/doc_financials/2013/AR/DD-12.31.2013-10K%20FILED%20-%202.5.14.pdf), DuPont relies on sales through distributors in select regions to leverage off the market knowledge and customer relationship of such distributors. According to public information, the list below sets forth select trading companies, distributors or sale agents that engage in the sale of fluorochemicals produced by DuPont in China:

- 美國杜邦亞太地區中國（廣東）總代理 (http://www.1688.com/company/dubangyouqi114.html?fromSite=company_site&tab=companyWeb_contact)
- 漢蔚(上海)有限公司 (http://hanwayzcc.cn.makepolo.com/)
- 上海享金化工有限公司 (http://china.makepolo.com/product-detail/100446261774.html)
- 東莞奧亞塑膠原料有限公司(http://www.eastsoo.com/buy/plastic-15805065.html)

In addition, according to the 2012 annual report of Daikin (http://www.daikin.com/investor/library/annual_archive/pdf/ar_12.pdf), it continued to expand the scope of its marketing operations for mainstay commercial-use air-conditioning products by developing new dealers in all regions of China. (The coolant in air-conditioning units came from fluorochemical products.) According to public information, the list below sets forth select trading companies, distributors or sale agents that engage in the sale of fluorochemicals produced by Daikin:

- 杜然中國股份有限公司 (http://www.chinaiol.com/company/5072707.html)
- 上海鳴旭電子科技有限公司 (http://www.glass.cn/c_mingxu36/productinfo_1248584.html)
- 深圳市恩訊浦科技有限公司 (http://www.dzsc.com/product/infomation/850873/201351815947618.html)
- 東莞玖馳工程塑膠原料有限公司 (http://product.ch.gongchang.com/d28942096.html)
- 美科泰科技公司(http://www.zj123.com/member/Product-6F86DFA9C82C-6206730-detail.htm)