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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)

(1) UNAUDITED FINANCIAL INFORMATION
(2) DELAY IN PUBLICATION OF THE ANNUAL RESULTS FOR
THE YEAR ENDED 31 DECEMBER 2015
AND
(3) DELAY IN DESPATCH OF 2015 ANNUAL REPORT

This announcement is made by Tianhe Chemicals Group Limited (the “**Company**”) pursuant to Rules 13.09(2) and 13.49(3) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcements published by the Company on 26 March, 29 May 2015 and 16 March 2016 in relation to, among others, (i) delay in publication of the audited financial information for the year ended 31 December 2014 (“**2014 Annual Results**”), (ii) delay in despatch of the 2014 Annual Report and (iii) update on fulfilment of Resumption Conditions. Capitalised terms used in this announcement shall have the same meanings as defined in the abovementioned announcements unless the context otherwise requires.

Unaudited Financial Information for the Year Ended 31 December 2015

In order to provide additional information to the shareholders and potential investors of the Company for a better assessment of the most recent financial performance of the Group, the Board announces the Group’s unaudited consolidated financial information for the year ended 31 December 2015 as set out below.

	Year ended 31 December		Year-on- Year changes
	2015	2014	
	RMB million (unaudited)	RMB million (unaudited)	
Revenue	4,417.2	6,715.9	(34.2)%
Cost of sales	(1,791.8)	(2,398.1)	
Gross profit	2,625.3	4,317.8	(39.2)%
Other income	88.9	66.2	
Other losses	(34.8)	(12.2)	
Selling and distribution costs	(15.1)	(14.1)	
Administrative expenses	(121.6)	(135.9)	
Other expenses	(15.2)	(81.4)	
Profit from operations	2,527.5	4,140.4	(39.0)%
Finance costs	(154.5)	(91.8)	
Profit before taxation	2,373.0	4,048.6	(41.4)%
Income tax expense	(372.4)	(639.8)	
Profit and total comprehensive income for the year attributable to the owners of the Company	2,000.6	3,408.8	(41.3)%

Note: Certain amounts and percentage figures above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Based on the unaudited consolidated management accounts, the Group recorded a net profit of approximately RMB2,000.6 million for the year ended 31 December 2015, representing a decline of approximately 41% when compared with that of approximately RMB3,408.8 million for the year ended 31 December 2014 as disclosed in the Company's announcement dated 29 May 2015. The decline is mainly due to the slowdown of global and China's economic growth which resulted in a softening of demand for our products, particularly for the specialty fluorochemical products. As specialty fluorochemical products are designed to enhance the performance of consumer and industrial products, the demand for our specialty fluorochemical products tends to be more sensitive to the macro-economic environment. In addition, the Group also faced challenges arising from prolonged suspension of trading in the Company's shares and delay in publication of 2014 Annual Results including, among others, extra acceptance procedures by new customers and lengthier negotiation process on expansion of orders with existing customers. Despite these issues, the Group continued to focus its resources on business development and overseas market penetration. As a result of these efforts, our lubricant additives business had a slight increase in revenue in 2015. The Group continued its effort in building direct long-term customer relationships in both segments in 2015 which we believe will help the Group manage more effectively through future macro-economic cycles.

Due to slowing economic growth trends in China and broader global economic uncertainties, the Company also adopted a more conservative approach and slowed down the on-going production capacity expansion projects which were principally driven by forecasted demand from customers.

As at 31 December 2015, the Group had cash balances (including bank deposits, pledged bank deposits, and cash and cash equivalents) of approximately RMB5,613.0 million (unaudited) and total bank borrowings of approximately RMB3,204.9 million (unaudited).

The above financial information has been reviewed by the Audit Committee of the Company, but has not been audited or reviewed by the Company's independent auditor and may be subject to audit adjustments. Further details of the Group's financial information will be disclosed as and when audited consolidated financial statements of the Group are published.

Delay in Publication of 2015 Annual Results and Despatch of 2015 Annual Report

As disclosed in the Company's announcement dated 16 March 2016, the Company's auditor is in the final stage of completing the audit work in relation to the 2014 Annual Results and the Company is addressing certain outstanding comments from the Stock Exchange. Due to the delay in the publication of the 2014 Annual Results, the Company will not be able to publish its audited financial information for the year ended 31 December 2015 ("**2015 Annual Results**") on or before 31 March 2016 as well as despatch its annual report for the year ended 31 December 2015 ("**2015 Annual Report**") to its shareholders on or before 30 April 2016.

The Board acknowledges that the delay in the publication of the 2015 Annual Results and the despatch of 2015 Annual Report will constitute a non-compliance of Rules 13.49(1) and 13.46(2) of the Listing Rules respectively.

The Company will publish further announcement(s) to inform the Company's shareholders the date of board meeting and the publication of the 2015 Annual Results, the expected date of despatch of the 2015 Annual Report as well as any other material information as and when appropriate.

At the request of the Company, trading in the Company's shares on the Stock Exchange has been suspended with effect from 1:01 p.m. on 26 March 2015 and will continue to be suspended until further notice.

By order of the Board of Directors
Tianhe Chemicals Group Limited
WEI Qi
Chairman and Executive Director

Hong Kong, 23 March 2016

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.