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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) UPDATE ON SUSPENSION OF TRADING
(2) UNAUDITED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014
AND
(3) DELAY IN DESPATCH OF 2014 ANNUAL REPORT**

This announcement is made by Tianhe Chemicals Group Limited (the **Company**) pursuant to Rule 13.09(2) 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 announcement published by the Company of 26 March 2015 (the **Previous Announcement**) in relation to the suspension of trading in the Company's shares pending release of the 2014 Annual Results. Unless otherwise stated herein, capitalised terms used in this announcement bear the same meanings as defined in the Previous Announcement.

Update on Suspension of Trading

As stated in the Previous Announcement, additional time is required by the Company to provide further information to its Auditors for the audit of the 2014 Annual Results. The Company reminds investors that it has two primary business segments: lubricant additives and specialty fluorochemicals. The Auditors have raised questions regarding certain equipment purchase transactions in 2014 for project-under-construction under the lubricant additives division. The Company has been working with the Auditors on the investigation of such transactions. It is in the final stages of completing such work as required by the Auditors (the **Remaining Work**). The investigative work required by the Auditors does not relate to any financial statements of the Company for the financial years prior to 2014. The Company is using its best endeavours to complete the Remaining Work required of the Company during the first half of June 2015. The Company continues to focus on fully co-operating with the Auditors and satisfying the related audit procedures.

Unaudited Financial Information for the year ended 31 December 2014

Rule 13.49(3) of the Listing Rules provides that where an issuer is unable to issue its preliminary results as agreed by its auditors, it must, so far as the information is available, announce its financial results based on the unaudited financial statements.

The Group has applied the same accounting policies throughout the years. The unaudited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014, together with the audited comparative figures for corresponding year ended 31 December 2013 of the Group, is provided below. These results have been reviewed by the Company's Audit Committee.

	Year ended 31 December		Year-on-Year change
	2014 RMB million (unaudited)	2013 RMB million (audited)	
Revenue	6,715.9	5,033.8	33.4%
Cost of sales	<u>(2,398.1)</u>	<u>(1,986.8)</u>	
Gross Profit	4,317.8	3,047.0	41.7%
Other income	66.2	177.1	
Other gains and losses	(12.2)	37.2	
Selling and distribution expenses	(14.1)	(12.1)	
Administrative expenses	(135.9)	(75.0)	
Other expenses	(81.4)	(10.6)	
Finance costs	<u>(91.8)</u>	<u>(63.2)</u>	
Profit before taxation	4,048.6	3,100.4	30.6%
Income tax expenses	<u>(639.8)</u>	<u>(474.2)</u>	
Profit and total comprehensive income for the year attributable to the owners of the Company	<u>3,408.8</u>	<u>2,626.2</u>	29.8%

The Board emphasises that the financial information contained in this announcement has not been audited or reviewed by the Auditors and may be subject to audit adjustments.

Delay in Despatch of 2014 Annual Report

Pursuant to Rule 13.46 of the Listing Rules, the Company was required to despatch its annual report for the year ended 31 December 2014 (the **2014 Annual Report**) to its shareholders by 30 April 2015. Due to the delay in the publication of the 2014 Annual Results, the despatch of the 2014 Annual Report has been delayed.

The Company will publish further announcement(s) to inform the Company's shareholders the date of the Board Meeting and the publication of the 2014 Annual Results, the expected date of despatch of the 2014 Annual Report, as well as any other material information as and when appropriate.

The Company continues to execute its business plans and the operations of the Company's subsidiaries and the Group's financial position have not been affected. As at 31 March 2015, the Group had cash balances (including bank deposits, pledged bank deposits, and cash and cash equivalents) of RMB3,476.2 million (unaudited) and total bank borrowings of RMB3,593.2 million (unaudited).

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 pending release of the 2014 Annual Results which is inside information of the Company. Trading in the Company's shares will continue to be suspended until further notice.

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

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

Hong Kong, 29 May 2015

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.