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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

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 and 5 September 2014 with respect to the Report.

The Company is in active communication with the Stock Exchange in relation to their enquiries on the Report. However, it has come to the attention of the Company this afternoon that its email system has been hacked into. As a result, there is an imminent risk of leakage of such communications which may result in further market rumours. In the circumstances, the Company has decided to publish this announcement.

As the Company is still in the process of addressing the Stock Exchange's queries, trading of the Shares remains suspended. 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 unequivocally denies and vigorously refutes the groundless allegations in the Report.

The Report includes 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 Report also clearly demonstrates a lack of understanding of the specialty fluorochemicals industry, which has contributed to wildly inaccurate conclusions.

The authors of the Report have concealed themselves behind a shroud of anonymity with no information on their identity or background, or their purported expert sources. As stated in the Report, the authors are neither regulated nor licensed in any jurisdiction. As also stated in the Report, the entity'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 authors of the Report 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.

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

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

The Report alleges that the Company has overstated its profitability in the Prospectus and presented two sets of books. The Report refers to local AIC filings which included the 2011 and 2012 audited accounts for Jinzhou DPF-TH and Fuxin Hengtong. The Report alleges that these 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 Report has arrived at such erroneous conclusions are as follows:

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

■ **Specifically, the financial statements exhibited on pages 9, 10 and 11 of the Report are not from the financial statements of Jinzhou DPF-TH and Fuxin Hengtong as audited by Liaoning Zhongheng.¹**

- The Company has compared these pages with the relevant pages of the financial statements audited by Liaoning Zhongheng. This clearly shows that they are materially different. In particular, the financial statements included in the 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 pages shown in the Report are not from the financial statements which they audited. (*See attachment A for confirmation letter issued by Liaoning Zhongheng.*)
- Further, the signature shown on a so-called "summary financial page" (Page 12 of the Report) is not the signature of the Chairman Mr. Wei Qi. Mr. Wei Qi has never authorised or signed such a document. Accordingly, the Company believes that the signature is a forgery. (*See attachment B for a comparison of Mr. Wei Qi's genuine signature and the one on page 12 of the Report.*) This document is also not dated. Further, the Company and counsels have carried out searches at the Jinzhou and Fuxin AIC which prove that the extracts on pages 9 to 12 of the Report are not from their official records. (*See attachment C for confirmation letters issued by Jinzhou and Fuxin local AICs.*)

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

■ **The Report's allegation 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 Company confirms that Jinzhou AIC accepted the filing of the audit report notwithstanding that it did not have an authentication code and Jinzhou DPF-TH passed the relevant annual inspection.
- Deloitte has confirmed that such report is the true copy of the audit report it prepared and issued for Jinzhou DPF-TH.

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 company level) as audited by the aforementioned accounting firms respectively:

RMB million	2011		2012	
	<u>Liaoning Zhongheng</u>	<u>Moores Rowland</u>	<u>Liaoning Zhongheng</u>	<u>Deloitte</u>
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 believes that the extracts included in the Report are fabricated. Consequently, the analysis in the Report on the Group's profitability is misleading and erroneous.**

2. Allegations Regarding Tax Discrepancies

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

- As disclosed in the Prospectus, the Group paid income tax amounting to RMB201.0 million, RMB365.8 million and RMB438.3million for the three years ended 31 December 2013, respectively. The Company has retained tax receipts for the income tax payments made.
- 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, confirming 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 value-added taxes. The amount of value-added taxes paid as shown in the confirmations from the local tax bureaus match the records of the Group.
- The calculations in the Report are based on incorrect assumptions. For example, the Report states that equipment and machinery (which offer tax returns) was minimal and was ignored for calculation purposes. This is incorrect because the Group's businesses experienced substantial expansion over 2011 to 2013, including material additions of plant and equipment during those years.

3. Allegations Regarding Customers

3.1 *The Report alleges 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 was 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 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 D for authorization letter from CITIC Group Corporation, the parent company of CITIC International.)

3.2 *The Report alleges 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.

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 Report are independent third parties and that the Company does not have ownership control or any related relationship. 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 allegations against 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, in practice, no one is allowed to access financial statements of third party companies filed with the local AIC without authorization from the relevant companies or PRC government authorities. As a result, the Company is not in a position to comment on the authenticity of the financial statements of third party companies that were mentioned in the Report.
 - The Company believes that it is a generally accepted practice in Hong Kong, the U.S. and China for a company to have a registered office address that is different from its principal business address. In addition, as trading companies tend to be asset-light businesses, it is not uncommon for such trading companies to move to new premises from time to time as they deem appropriate.
 - 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.

3.3 *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 Report claiming Mr. Zhang and Ms. Wang used to be employees of the Group.

■ 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 its CEO. The Company is not aware of the source of the relevant news or information contained in the Report in relation to the position of Mr. Zhang in Shanghai Top.

4. Allegations Regarding Anticipated Market Demand for Specialty Fluorochemicals

4.1 *The Report is totally wrong in alleging that the Group's sales of approximately RMB 1 billion worth of anti-mar products has been fabricated.*

■ **The Report has 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 Report claims that it has 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 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 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 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 the 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.
- The 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's management had stated that 1 gram of anti-mar solution can coat approximately 200 smartphones. When making this statement, the Company was referring to its own anti-mar product which has a concentration of close to 100%. The Company was stating that 1 gram of approximately 100% concentration anti-mar solution can coat approximately 200 smartphones.

- The Report's claim that the 1 gram is 20% concentration is based on an inaccurate assumption regarding the price of anti-mar, namely that Daikin and Shinetsu's 20% concentration anti-mar products sell for RMB100 million per ton. According to public sources², Daikin's 20% concentration OPTOOL product sells for USD6,906 per kg, or approximately RMB42 million per ton (instead of RMB100 million per ton as the Report claims). This erroneous assumption of the price of anti-mar results in an underestimation of market size.
- Given that the Company's approximately 100% pure anti-mar sells for approximately RMB110 million per ton (excluding value-added tax), this means that 1 gram of anti-mar costs approximately RMB110 (one ton is equivalent to 1 million grams). Accordingly, based on the Company's statement that 1 gram of its anti-mar solution can coat approximately 200 smartphones, it would cost RMB 0.55 to coat one smartphone. This is consistent with the example quoted in the Report that Shinetsu's cost of applying anti-mar is around RMB 0.5 – 0.6 per touch panel using spray coating. Based on these calculations, it is evident that 1 gram of anti-mar at approximately 100% concentrate (rather than 20% concentrate) is needed to treat 200 smartphones.
- Accordingly, it is clear that the Report has underestimated the size of the anti-mar market by at least five times since approximately 100% concentration anti-mar product (and not 20% concentration anti-mar product as stated by the Report) is needed to treat 200 smartphones.
- Furthermore, one factor that may have been ignored in all the calculations stated above is the so-called "yield" in the coating process, in other words, 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, 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 statement made by the Company that its 1 gram of approximately 100% anti-mar product can treat 200 smartphones is based on the assumption that the 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 rise rapidly. The amount of additional anti-mar product needed will depend on the efficiency of the coating process as well as the purity of the solvent used in its dilution and the care taken during the coating process.

- Another major flaw in the Report is that it focuses mainly on smartphones, tablets and eye-glasses in its 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

² <https://www.zauba.com/importanalysis-daikin+optool/unit-KGS-report.html>

- 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 panels³.

4.2 *The Report alleges 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 Report either lacks knowledge of the specialty fluorochemicals market or has intentionally attempted to mislead investors.
- Due to the geographic and industry breadth of fluorochemicals end markets, the Group has and will continue to sell to a combination of trading companies that possess long-established relationships with global customers and end-user customers that typically pre-pay for our products. 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.

5. Allegations Regarding Frost & Sullivan

5.1 *The Report alleges 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

³ 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.

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 Report fails to produce any supporting materials to validate its allegation.

Conclusion

The Company reiterates that the allegations in the Report 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 Report.

SUSPENSION 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 this announcement. As the Company is still in the process of addressing the Stock Exchange's queries, trading of the Shares remains suspended. Resumption of trading of the Shares may only take place when all relevant information has been provided to the Stock Exchange and properly disclosed.

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

DEFINITIONS

"Announcements"	the announcements of the Company dated 2 September 2014 and 5 September 2014
"AIC"	The State Administration for Industry & Commerce of the People's Republic of China
"CITIC International"	Citic International Co., Ltd.
"Company"	Tianhe Chemicals Group Limited
"CNPC"	China National Petroleum Corporation

"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
"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)
"IPO"	initial public offering
"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
"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 Zhongheng"	Liaoning Zhongheng Certified Public Accountants Co., Ltd. (遼寧中衡會計師事務所有限責任公司)
"Ms. Wang"	Ms. Wang Xidi (王錫娣)
"Mr. Zhang Silang" or "Mr. Zhang"	Mr. Zhang Silang (張泗銀), also known as Mr. Chang Szu-lang
"Moores Rowland"	Moores Rowland Certified Public Accountants
"Prospectus"	the prospectus of the Company dated 9 June 2014
"Report"	the negative report issued by Anonymous Analytics against the Company dated 2 September 2014
"Shanghai Xidatong"	Shanghai Xidatong International Trading Co., Ltd. (上海錫達通國際貿易有限公司)
"Shanghai Top"	Top (Shanghai) Fluorochemicals Trading Co., Ltd. (太普(上海)氟化工貿易有限公司)
"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
"Sinopec"	China Petroleum & Chemical Corporation
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 10 September 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 A

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

编制单位: 锦州惠发天合化学有限公司		2011年度	单位: 元
项 目	本年年额	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	258,382,128.75	
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	272,518,739.49	
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	5,589,295.30	4,229,391.76	
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	2,128,263.97	9,652,068.00	
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: 公允价值变动损益(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	2,918,593.12	
减: 营业外支出	361,623.12	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	-19,701,665.06	
减: 所得税费用			
五、净利润(净亏损以“-”号填列)	-1,087,840.11	-19,701,665.06	

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

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	433,375,211.16	
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	430,503,254.81	
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		2,117.39	
销售费用	7,698,138.89	5,599,295.30	
管理费用	45,095,438.84	49,822,578.62	
其中: 业务招待费			
研究与开发费			
财务费用	43,208,574.09	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	4,654,825.29	
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	-1,087,640.11	
减: 所得税费用			
五、净利润(净亏损以“-”号填列)	-8,913,975.74	-1,087,640.11	
六、每股收益:			

锦州惠发天合化学有限公司

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

会计报表

编制单位: 阜新恒通化学有限公司

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	649,687.69	
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	2,766.43
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 B

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

Signature of Mr. Wei Qi on page 12 of the 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	阜新恒通化学有限公司		注册号	210900004029229
营运状况	<input type="checkbox"/> 筹建 <input checked="" type="checkbox"/> 投产开业 <input type="checkbox"/> 停业 <input type="checkbox"/> 清算			
全年销售(营业)收入	143532703.84 元	全年营业收入	0.00 元	
全年利润总额	12931545.95 元	全年净利润	19977962.36 元	
全年纳税总额	1330191.73 元			
全年专项债	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真实

公司法定代表人签:  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.



Wei Qi



Attachment C

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。



[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	<input type="checkbox"/> 筹建 <input checked="" type="checkbox"/> 投产开业 <input type="checkbox"/> 停业 <input type="checkbox"/> 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: 

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

会企02表

单位: 元

编制单位: 阜新恒通化学有限公司

2011年度

项 目	本年年额	上年金额
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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
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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 D

Authorization 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。



[Translation for Reference]

[Letter Head of CITIC Group Corporation]

Jinzhou DPF-TH Chemicals Co., Ltd.,

RE: IPO of Tianhe Chemicals Group Limited

We agree that you can disclose (i) the name and business of our group; and (ii) our genuine business transactions with your group in your listing documents.

We understand the non-disclosure obligations and we will keep your IPO plan confidential.

CITIC Group Corporation
Office of the Board
9 June 2014