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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) UPDATE ON FULFILMENT OF RESUMPTION CONDITIONS**  
**(3) DELAY IN PUBLICATION OF THE ANNUAL RESULTS FOR**  
**THE YEAR ENDED 31 DECEMBER 2016**  
**AND**  
**(4) DELAY IN DESPATCH OF 2016 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, 14 August, 31 August 2015, 23 March, 30 August, 31 October 2016 and 11 January 2017 in relation to, among others, (i) delay in publication of the 2014 Annual Results and delay in despatch of the 2014 Annual Report, (ii) delay in publication of the 2015 Interim Results and delay in despatch of the 2015 Interim Report, (iii) delay in publication of the 2015 Annual Results and delay in despatch of the 2015 Annual Report, (iv) delay in publication of the 2016 Interim Results and delay in despatch of the 2016 Interim Report and (v) updates 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 2016

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 summary extracted from its management accounts for the year ended 31 December 2016 as set out below.

	Year ended 31 December		Year-on-Year changes
	2016	2015	
	RMB million (unaudited)	RMB million (unaudited)	
<b>Revenue</b>	2,821.1	4,417.2	(36.1)%
Cost of sales	(1,424.1)	(1,791.9)	
Gross profit	1,397.0	2,625.3	(46.8)%
Other income	9.8	88.5	
Other gains and (losses)	14.7	(20.4)	
Selling and distribution costs	(19.5)	(15.1)	
Administrative expenses	(198.8)	(138.2)	
Other expenses	(14.3)	(15.2)	
<b>Profit from operations</b>	1,189.0	2,524.9	(52.9)%
Finance cost	(119.3)	(154.5)	
<b>Profit before taxation</b>	1,069.7	2,370.5	(54.9)%
Income tax expense	(168.7)	(366.7)	
<b>Profit and total comprehensive income for the year attributable to the owners of the Company</b>	901.0	2,003.8	(55.0)%

(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 RMB901.0 million for the year ended 31 December 2016, representing a decrease of approximately 55.0% when compared with that of approximately RMB2,003.8 million for the year ended 31 December 2015. The decline was mainly attributed by our specialty fluorochemicals segment.

For the specialty fluorochemicals segment, as disclosed in the Company's announcement dated 30 August 2016, the administrative order issued by the local government in early 2016 required Fuxin Hengtong to relocate to a fluoride industrial park along with other local fluoride-related chemical facilities according to local government's unified planning. That resulted in significant negative impact to the production, sales and performance of this segment. Based on the negotiation with the local government up to early 2017, the relocation appears unavoidable. The Company will commence a comprehensive plan for the relocation and an in-depth communication with the local government for the arrangement. The Company will propose the relocation to be carried out in phases to minimise the impact to the production at the other production bases. The Company hopes to conclude the relocation plan in the second quarter of 2017. On this basis, the production and sales of specialty fluorochemical products will then be gradually ramped up in 2018. The adverse impact of the relocation to the specialty fluorochemicals segment will likely extend to the full year of 2017.

Nevertheless, our lubricant additives segment continued the momentum of steady growth. The revenue and gross profit of this segment recorded an increase over 6% and 24% respectively for the year ended 31 December 2016 as compared with 2015. This was mainly contributed by the continued growth in the export sales of our lubricant additive products to multinational customers.

As at 31 December 2016, the Group had cash balances (including bank deposits and cash and cash equivalents) of approximately RMB6,644.7 million (unaudited) and total borrowings and shareholder's loans of approximately RMB2,994.2 million (unaudited).

### **Update on Fulfilment of Resumption Conditions**

The Internal Control Consultant has completed the review on the financial reporting procedures and internal control systems of the Group, and issued its Internal Control Review Report on 23 February 2017. Details of the major findings and the conclusion of the internal control review have been disclosed by the Company in its announcement dated 11 January 2017.

At the request of the Stock Exchange, the Company had submitted the draft 2014 Annual Results announcement in late January 2017, in addition to other information, to the Stock Exchange for its review and approval. Based on communication with the Stock Exchange, the Company understands that the Stock Exchange has been reviewing those information in totality, and may raise additional queries which the Company will be required to address to the satisfaction of the Stock Exchange before the trading of the Company's shares may resume.

The Company's independent auditor ZHONGHUI ANDA is in the stage of finalising its work relating to the audit for the year ended 31 December 2016. ZHONGHUI ANDA is now finalising the auditor's reports for each of the years ended 31 December 2014, 2015 and 2016 and review reports for each of the six months period ended 30 June 2015 and 2016.

As of the date of this announcement, the Company is still waiting for the Stock Exchange's consent for publication of its outstanding financial results. The Company has been using, and will continue to use, its best endeavours to co-operate with the Stock Exchange and address any potential queries that may be raised by the Stock Exchange so as to publish all the outstanding financial results as soon as possible. The Company will make further announcement(s) on any material development on the fulfilment of the Resumption Conditions as and when appropriate.

## **Delay in Publication of 2016 Annual Results and Despatch of 2016 Annual Report**

Due to the delay in the publication of the 2014 Annual Results, 2015 Interim Results, 2015 Annual Results and 2016 Interim Results, the Company will not be able to publish its annual results for the year ended 31 December 2016 (“**2016 Annual Results**”) on or before 31 March 2017 as well as despatch its annual report for the year ended 31 December 2016 (“**2016 Annual Report**”) to its shareholders on or before 30 April 2017.

The Board acknowledges that the delay in the publication of the 2016 Annual Results and the despatch of 2016 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 for approval of all outstanding financial results, the expected date of despatch of the respective annual reports and interim reports 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, 30 March 2017

*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.*