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## **Tsaker Chemical Group Limited**

**彩客化學集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1986)**

### **Profit Warning**

This announcement is made by Tsaker Chemical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment on the Group’s unaudited management accounts for the 11 months ended 30 November 2015 and the information currently available to the Board, the Group expects to record a reduction of 15% to 25% in its consolidated profit attributable to the Shareholders (with listing expenses excluded in the administrative expenses) for the year ended 31 December 2015, as compared to that for the corresponding year in 2014. The reduction in the consolidated profit attributable to the Shareholders (with listing expenses included in the administrative expenses) for the year ended 31 December 2015 is expected to be 25% to 35%, as compared to that for the corresponding year in 2014.

According to the information currently available, the Board believes the main reasons for the reduction are as follows:

- (i) the price of raw materials, including 4-nitrotoluene or para-nitrotoluene (PNT), for the Group’s products continued to fall throughout 2015 and lingered at a low level, which caused the price of the Group’s main product, namely 4,4’-Diaminostilbene-2,2’-disulfonic acid (DSD Acid), and other dye intermediates to decrease significantly as compared to that for the corresponding year in 2014;
- (ii) the production facilities (“**Phase I Dongao Chemicals**”) with annual production capacity of (a) 40,000 tonnes of mononitrotoluene (consisting of PNT, ONT and MNT) and of (b) 6,000 tonnes of N-methyl-2-pyrrolidone (NMP) were leased from Shengli Oil Field Dongao Chemicals Co., Ltd. (勝利油田東奧化工有限責任公司, “**Dongao Chemicals**”) from January 2015, and therefore, additional costs and expenses were incurred for production and market development of such new products of the Group at their initial stage of operation;

- (iii) the delay in obtaining regulatory approval at the production plant to be leased from Dongao Chemicals (“**Phase II Dongao Chemicals**”), for production of an additional 40,000 tonnes of mononitrotoluene (consisting of PNT, ONT and MNT), which postponed the Group’s further production and sales plans of mononitrotoluene; and
- (iv) the professional parties expenses incurred for the listing of the Company.

Nonetheless, the Board considers the Group’s overall operation, including its operation in Phase I Dongao Chemicals, to be stable. The sales volume of the Group’s major products for the 11 months ended 30 November 2015 is comparable to that for the corresponding period in 2014. The relationships between the Group and its customers and suppliers remain stable. The Group’s research and development activities were carried out according to the Group’s plan. Commercial production and sales of the Group’s new product, mononitrotoluene, has commenced. It is the Group’s plan to observe changes in the industry, control the Group’s operational costs, engage in research and development and conduct sales of the new products.

The Group is still in the process of finalising its results for the year ended 31 December 2015. The information contained in this announcement is only a preliminary assessment based on the unaudited consolidated management accounts for the 11 months ended 30 November 2015 and information currently available to the Board. Such management accounts and information have not been reviewed by or discussed with the Company’s auditor or the Board’s audit committee. Actual financial results of the Group for the year ended 31 December 2015 may be different from what is disclosed in this announcement. The Company expects to publish the 2015 annual results announcement by the end of March 2016 pursuant to the requirements of the Listing Rules.

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

By Order of the Board  
**Tsaker Chemical Group Limited**  
**Ge Yi**  
*Chairman*

Beijing, PRC, 6 January 2016

*As at the date of this announcement, the Board comprises Mr. Ge Yi, Mr. Duan Weidong, Ms. Dong Zhongmei and Ms. Jin Ping as executive Directors, Mr. Xiao Yongzheng and Mr. Fontaine Alain Vincent as non-executive Directors and Mr. Ho Kenneth Kai Chung, Mr. Zhu Lin and Mr. Yu Miao as independent non-executive Directors.*

\* *For identification purpose only*