

# JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

## Unaudited Financial Statement Announcement for the Full Year Ended 31 December 2020.

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited Group Twelve months ended 31-Dec-20 RMB'000	Audited Group Twelve months ended 31-Dec-19 RMB'000	Increase/ (Decrease) %	Unaudited Group Three months ended 31-Dec-20 RMB'000	Unaudited Group Three months ended 31-Dec-19 RMB'000	Increase/ (Decrease) %
Revenue	1,146,253	1,054,460	9	403,513	212,971	89
Cost of sales	(871,483)	(979,571)	(11)	(279,785)	(199,632)	40
Gross profit	274,770	74,889	267	123,728	13,339	828
Other income	30,505	3,696	725	25,697	186	13,716
Distribution costs	(14,016)	(22,672)	(38)	(4,549)	(4,335)	5
Administrative expenses	(21,573)	(23,621)	(9)	(4,783)	(7,176)	(33)
Other expenses	(10,316)	(146,960)	(93)	(5,894)	(146,522)	(96)
Finance costs	(7,447)	(7,911)	(6)	(1,597)	(1,783)	(10)
Share of result of associated companies	(9,491)	(146,772)	(94)	(7,380)	(118,603)	(94)
Profit/(loss) before tax	242,432	(269,351)	n/m	125,222	(264,894)	n/m
Tax expense	(69,314)	(9,541)	626	(38,789)	(2,824)	1,274
Profit/(loss) and total comprehensive income/(loss) for the period	173,118	(278,892)	n/m	86,433	(267,718)	n/m
Profit/(loss) and total comprehensive income/(loss) for the period attributable to:						
Equity holders of the Company	173,685	(248,418)		86,180	(237,591)	
Non-controlling interest	(567)	(30,474)		253	(30,127)	
	173,118	(278,892)		86,433	(267,718)	

n/m - not meaningful

**(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-**

	Unaudited Group Twelve months ended 31-Dec-20 RMB'000	Audited Group Twelve months ended 31-Dec-19 RMB'000	Increase/ (Decrease) %	Unaudited Group Three months ended 31-Dec-20 RMB'000	Unaudited Group Three months ended 31-Dec-19 RMB'000	Increase/ (Decrease) %
Profit before tax is arrived at after charging/(crediting):						
Amortisation of deferred income	(64)	(64)	-	(16)	(16)	-
Amortisation of land use rights	643	644	(0)	160	161	(1)
Depreciation of property, plant and equipment	25,830	27,182	(5)	6,417	6,125	5
Interest expenses	5,745	5,836	(2)	1,244	1,516	(18)
Interest income	(3,614)	(2,189)	65	(765)	(95)	705
Net gain on disposal of property, plant and equipment	-	(239)	n/m	-	-	n/m
Property, plant and equipment written off	4,799	-	n/m	398	-	n/m
Net (gain)/loss on foreign exchange	(205)	169	(221)	(226)	(269)	(16)
Impairment loss on investment in associates	-	78,692	n/m	-	78,692	n/m
Impairment loss on financial asset	4,577	17,892	(74)	4,577	17,892	(74)
Reversal of impairment loss on property, plant and equipment	(23,000)	-	n/m	(23,000)	-	n/m
Impairment of property, plant and equipment	-	50,207	n/m	-	50,207	n/m
n/m – not meaningful						

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Unaudited Group <u>31-Dec-20</u> RMB'000	Audited Group <u>31-Dec-19</u> RMB'000	Unaudited Company <u>31-Dec-20</u> RMB'000	Audited Company <u>31-Dec-19</u> RMB'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	454,053	400,842	48,889	565
Trade and other receivables	665,146	475,450	288	394
Inventories	38,937	23,975	-	-
<b>Total current assets</b>	<b><u>1,158,136</u></b>	<b><u>900,267</u></b>	<b><u>49,177</u></b>	<b><u>959</u></b>
<b><u>Non-current assets</u></b>				
Land use rights	3,337	3,980	-	-
Property, plant and equipment	209,481	208,433	308	-
Investment in subsidiary companies	-	-	257,736	257,736
Investment in associated companies	62,258	71,749	62,258	71,749
Deferred tax assets	1,608	8,987	-	-
<b>Total non-current assets</b>	<b><u>276,684</u></b>	<b><u>293,149</u></b>	<b><u>320,302</u></b>	<b><u>329,485</u></b>
<b>Total assets</b>	<b><u>1,434,820</u></b>	<b><u>1,193,416</u></b>	<b><u>369,479</u></b>	<b><u>330,444</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Bank borrowings	344,299	444,098	-	-
Trade and other payables	501,187	423,835	544	11,022
Contract liabilities	24,007	20,491	-	-
Income tax payables	37,350	1,983	-	-
<b>Total current liabilities</b>	<b><u>906,843</u></b>	<b><u>890,407</u></b>	<b><u>544</u></b>	<b><u>11,022</u></b>
<b><u>Non-current liabilities</u></b>				
Amount owing to subsidiary	-	-	11,374	-
Deferred tax liabilities	3,090	-	-	-
Deferred income	2,000	2,064	-	-
<b>Total non-current liabilities</b>	<b><u>5,090</u></b>	<b><u>2,064</u></b>	<b><u>11,374</u></b>	<b><u>-</u></b>
<b><u>Capital and reserves</u></b>				
Share capital	709,977	661,153	709,977	661,153
Reserve fund	13,733	-	-	-
Accumulated losses	(198,971)	(358,923)	(352,416)	(341,731)
<b>Equity attributable to equity holders of the Company</b>	<b><u>524,739</u></b>	<b><u>302,230</u></b>	<b><u>357,561</u></b>	<b><u>319,422</u></b>
Non-controlling interests	(1,852)	(1,285)	-	-
<b>Total equity</b>	<b><u>522,887</u></b>	<b><u>300,945</u></b>	<b><u>357,561</u></b>	<b><u>319,422</u></b>
<b>Total liabilities and equity</b>	<b><u>1,434,820</u></b>	<b><u>1,193,416</u></b>	<b><u>369,479</u></b>	<b><u>330,444</u></b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

	<u>(Unaudited)</u>		<u>(Audited)</u>	
	As at 31 December 2020		As at 31 December 2019	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	110,000	-	120,000	-
Bills payable to banks	234,299	-	324,098	-
Total	344,299	-	444,098	-

Details of any collaterals

As at 31 December 2020, there were RMB 90 million (31 December 2019: RMB 90 million) short-term borrowings guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("**Anhua**").

As at 31 December 2020, there were RMB 20 million (31 December 2019: RMB 30 million) short-term borrowings guaranteed by a related party of the Group, Henan Energy and Chemical Co., Ltd ("**HNEC**"). A security deposit of RMB 3 million were pledged to HNEC for the aforementioned corporate guarantee provided.

Bills payable to banks

As at 31 December 2020, there were RMB 234.30 million (31 December 2019: RMB 324.10 million) in bills payable to bank. Bills payable to banks have an average maturity period of 60 to 120 days and are interest-free as repayments will be made within the credit period. The bills payable to banks are secured by pledged bank deposits amounting of RMB 194.33 million (31 December 2019: RMB 264.12 million).

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	(Unaudited) Group Twelve months ended 31-Dec-20 RMB'000	(Audited) Group Twelve months ended 31-Dec-19 RMB'000	(Unaudited) Group Three months ended 31-Dec-20 RMB'000	(Unaudited) Group Three months ended 31-Dec-19 RMB'000
<b>Cash flows from operating activities</b>				
Profit/ (loss) before tax	242,432	(269,351)	125,222	(264,894)
Adjustments for:				
Amortisation of deferred income	(64)	(65)	(16)	(17)
Amortisation of land use rights	643	644	160	161
Bank charges	1,702	1,452	1,702	1,452
Depreciation of property, plant and equipment	25,830	27,182	6,417	6,125
Impairment loss on financial asset	4,577	17,893	4,577	17,893
Impairment loss on investment in associated companies	-	78,692	-	78,692
Impairment loss on property, plant and equipment	-	50,207	-	50,207
Interest expense	5,745	5,836	1,244	1,516
Interest income	(3,614)	(2,190)	(765)	(96)
Net gain on disposal of plant and equipment	-	(239)	-	-
Property, plant and equipment written off	4,799	-	398	-
Reversal of impairment loss on property, plant and equipment	(23,000)	-	(23,000)	-
Share of profit from associates	9,491	146,772	7,380	118,603
Unrealised exchange loss	(672)	(156)	(672)	(156)
Operating cash flows before movement in working capital	267,869	56,677	123,319	9,486
Inventories	(14,962)	26,804	(18,210)	4,688
Receivables	(189,685)	105,044	21,581	106,579
Payables	80,739	(118,396)	15,138	(16,569)
Cash generated from operations	143,961	70,129	141,828	104,184
Interest received	3,614	2,190	765	96
Income tax paid	(23,476)	(11,111)	(12,652)	2,181
Net cash generated from operating activities	124,099	61,208	129,941	106,461
<b>Cash flows from investing activities</b>				
Advances to associated company	(4,577)	(17,451)	163	33
Purchase of property, plant and equipment (Note 1)	(8,677)	(3,332)	(3,364)	-
Proceed from disposal of property, plant and equipment	-	239	-	-
Net cash (used in)/ generated from investing activities	(13,254)	(20,544)	(3,201)	33
<b>Cash flows from financing activities</b>				
Drawdown of bank borrowings	110,000	120,000	20,000	-
Repayment of bank borrowings	(120,000)	(110,000)	-	-
Decrease/ (increase) in pledged bank deposits	69,789	(96,965)	67,454	(93,138)
(Decrease)/ increase in bill payables to bank	(89,799)	126,948	(87,320)	93,146
Net proceed from share placement	48,824	-	48,824	-
Interest paid	(5,745)	(5,724)	(1,244)	(1,516)
Bank charges paid	(1,702)	(1,452)	(1,702)	(1,452)
Net cash generated from/ (used in) financing activities	11,367	32,807	47,714	(2,960)
Net increase in cash and cash equivalents	122,212	73,471	174,454	103,534
Cash and cash equivalents at beginning of period	136,727	63,287	77,859	33,224
Effect of exchange rate changes on cash and cash equivalents	788	(31)	788	(31)
Cash and cash equivalents at end of period	259,727	136,727	253,101	136,727
Cash and bank balances at end of period	454,053	400,842	339,639	400,842
Less: Pledged bank deposit	(194,326)	(264,115)	(261,780)	(264,115)
	259,727	136,727	77,859	136,727
<b>Note 1:Purchase of property, plant and equipment</b>				
Aggregate cost of property, plant and equipment acquired	8,677	5,016	3,364	-
Add: outstanding payables at the beginning of the period	30,534	28,850	30,534	30,534
Less: outstanding payables at the end of the period	(30,534)	(30,534)	(30,534)	(30,534)
	8,677	3,332	3,364	-

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share capital	Accumulated losses	Reserve fund	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>						
<b>Balance at 1 January 2020 (Unaudited)</b>	661,153	(358,923)	-	302,230	(1,285)	300,945
Issuance of ordinary share, net of expenses	48,824	-	-	48,824	-	48,824
Profit and total comprehensive income for the financial period	-	173,685	-	173,685	(567)	173,118
Transfer	-	(13,733)	13,733	-	-	-
<b>Balance at 31 December 2020 (Unaudited)</b>	<b>709,977</b>	<b>(198,971)</b>	<b>13,733</b>	<b>524,739</b>	<b>(1,852)</b>	<b>522,887</b>
<b>Balance at 1 January 2019 (Audited)</b>	661,153	(110,505)	-	550,648	29,189	579,837
Loss and total comprehensive loss for the financial period	-	(248,418)	-	(248,418)	(30,474)	(278,892)
<b>Balance at 31 December 2019 (Audited)</b>	<b>661,153</b>	<b>(358,923)</b>	<b>-</b>	<b>302,230</b>	<b>(1,285)</b>	<b>300,945</b>

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
<b>Balance at 1 January 2020 (Unaudited)</b>	661,153	(341,731)	319,422
Issuance of ordinary share, net of expenses	48,824	-	48,824
Loss and total comprehensive loss for the financial period	-	(10,685)	(10,685)
<b>Balance at 31 December 2020 (Unaudited)</b>	<b>709,977</b>	<b>(352,416)</b>	<b>357,561</b>
<b>Balance at 1 January 2019 (Audited)</b>	661,153	(113,138)	548,015
Loss and total comprehensive loss for the financial period	-	(228,593)	(228,593)
<b>Balance at 31 December 2019 (Audited)</b>	<b>661,153</b>	<b>(341,731)</b>	<b>319,422</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	Issued and paid-up share capital
		RMB
As at 31 December 2019	1,818,444,000	661,152,648
Issue of new shares pursuant to share placement <sup>(1)</sup>	170,000,000	48,824,030
As at 31 December 2020	1,988,444,000	709,976,678

Notes:

(1) The Company completed a proposed placement of up to 170,000,000 new ordinary shares on 27 October 2020

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 December 2020 and 31 December 2019.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There were no treasury shares as at 31 December 2020 and 31 December 2019. The total number of issued shares of the Company are:

	Number of shares	Issued and paid-up share capital
		share capital
		RMB
As at 31 December 2019	1,818,444,000	661,152,648
As at 31 December 2020	1,988,444,000	709,976,678

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the financial year reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the financial year reported on.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Company's audit issue is a material uncertainty relating to going concern.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current financial year are consistent with those described in the audited financial statements for the financial year ended 31 December 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	(Unaudited) Group Twelve months ended 31 Dec 2020	(Audited) Group Twelve months ended 31 Dec 2019	(Unaudited) Group Three months ended 31 Dec 2020	(Unaudited) Group Three months ended 31 Dec 2019
Basic/Diluted earnings/(loss) per share (RMB fen)	9.39	(13.66)	4.66	(13.07)

Earnings/(loss) per share ("**EPS/(LPS)**") for the respective financial periods are computed based on the net profit/(loss) attributable to equity holders of the Company and the weighted average number of the shares of 1,849,099,737 (FY2019: 1,818,444,000).

The basic and diluted EPS/(LPS) are the same as there were no potentially dilutive ordinary shares outstanding during the respective financial years.



**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	(Unaudited) Group 31 Dec 2020	(Audited) Group 31 Dec 2019	(Unaudited) Company 31 Dec 2020	(Audited) Company 31 Dec 2019
Net asset value per ordinary share (RMB fen)	26.29	16.55	17.98	17.57

Net asset value per ordinary share as at 31 December 2020 and 31 December 2019 respectively have been computed based on total issued shares (excluding treasury shares) of 1,988,444,000 and 1,818,444,000.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.**

**Commentaries on performance**

**FY2020**

Revenue increased mainly due to a higher selling price of Dimethylformamide (“**DMF**”) and Methylamine. During FY2020, the average selling price of DMF and Methylamine were RMB 5,983 per tonne and RMB 7,525 per tonne respectively, which were 34% and 3% higher than that for FY2019. The sales volume of DMF and Methylamine in FY2020 were 15% lower and 10% higher than that of FY2019 respectively. The increase in average selling prices of the products were mainly due to the recovery of China's economy from the depth of the COVID-19 crisis resulting in stronger demand for our products, and permanent closure of one of our largest competitor.

Year on year, capacity utilisation of the Anyang Jiutian Fine Chemical Co., Ltd's (“**Anyang Jiutian**”) DMF plant decreased from 62% to 56% whilst capacity utilisation of the Anyang Jiutian methylamine plant increased from 99% to 100%. The lower utilisation rate of the DMF plant was primarily due to management's balancing of the production mix to maximise profit given strong prices of methylamines especially in the 4th quarter 2020.

Gross profit increased by RMB 199.88 million mainly due to increase in average selling price of our products and decrease in purchase price per tonne of Methanol, one of the key raw materials, resulting in lower cost of production for DMF and Methylamine during the financial year.

As a result of the foregoing, gross profit margins increased from 7% in FY2019 to 24% in FY2020.

Other income increased by RMB 26.81 million mainly due to reversal of impairment loss of property, plant and equipment arising from the significant improvement in financial performance of Anyang Jiutian.

Total operating expenses decreased by RMB 284.63 million was mainly due to

a) RMB 137.28 million improvement in share of results of associated companies in FY2020 mainly due to:

- (i) Decrease in share of loss of RMB 4.75 million (FY2019: share of loss RMB 19.12 million) in the Company's 49% associated company, Anyang Jiulong Chemical Co., Ltd ("**Anyang Jiulong**") mainly due to improvement in operational performance; and
  - (ii) Decrease in share of loss of RMB 4.74 million (FY2019: share of loss of RMB 127.65 million) from Anyang Jiujiu Chemical Technology Co., Ltd ("**Anyang Jiujiu**"), an associated company in which the Group has an effective interest of 74%. This was mainly due to significant impairment of property, plant and equipment in FY2019, thus resulting in lower depreciation charges for the current financial period.
- b) RMB 136.64 million improvement in other expenses in FY2020 was mainly due to:
- (i) An absence of impairment of property, plant and equipment at subsidiary, Henan Herunsheng Isotope Technology Co., Ltd and impairment of investment in associated companies which occurred FY2019;
  - (ii) Decrease in impairment of financial assets.
  - (iii) Partially offset by an increase in property plant and equipment written off incurred in FY2020 which did not occurred in FY2019.
- c) Distribution costs decreased mainly due to lower transportation cost, which resulted from more customers opting to use their own transportation.

Increase in tax expenses is in line with the increase in profit before tax.

**Commentaries on balance sheet and cash flow**  
**Group's balance sheet:**

The Group's increase in current assets was largely attributed to:

- a. an increase in trade and other receivables, as more customers opted to use trade bills as a form of repayment during FY2020 and this led to a longer credit repayment period. However, part of the trade bills received from customers during FY2020 were then used to repay the supplier as trade bills payables. Other receivable comprised advance payment to suppliers for purchasing of raw material to ensure no interruption to the continuous operation of plants.
- b. an increase in cash and cash equivalents as presented in cash flow statements.

The Group's increase in current liabilities was largely attributed to:

- a. an increase in gross trade and other payables due to increase of in trade bills payables to suppliers as described above;
- b. an increase in income tax payables in line with the increase in profit before tax;
- c. an increase in contract liabilities due to more advance receipts from customers; and
- d. partially offset by the repayment of bank borrowings.

The Group's increase in non-current liabilities was largely attributed to provision of deferred withholding tax liabilities arising from undistributed profits of Anyang Jiutian. Pursuant to the People's Republic of China ("**PRC**") Corporate Income Tax Law, a withholding tax of 10% is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%.

In accordance with the Company Law of the PRC, the subsidiaries in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve fund until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries. As at 31 December 2020, RMB 13.7 million has been allocated by Anyang Jiutian to the reserve fund.

### **Working Capital**

The Group is in a net current assets position as at 31 December 2020 of RMB 251.29 million.

### **Group's cash flow**

Net cash generated from operating activities in FY2020 was mainly due to profit before tax partially offset by outflow in working capital changes caused by increase in inventories and increase in trade and other receivables.

Net cash used in investing activities in FY2020 was mainly due to purchase of property, plant and equipment and advance provided to Anyang Jiujiu for working capital purposes.

Net cash generated from financing activities in FY2020 was mainly due to proceeds raised from the share placement that was completed on 27 October 2020, drawdown of bank borrowings and decrease in pledged bank deposit. This was partially offset by repayment of bank borrowings, decrease in bill payables to bank and interest paid.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statements have been previously disclosed to shareholders.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Amid the global COVID-19 pandemic, China's economy is recovering from the depth of the COVID-19 crisis resulting in stronger demand for our main products of DMF and methylamine, from downstream users, who in turn are experiencing strong growth in both local and export markets for their products. With the rising demand for our methylamine products from users in sectors experiencing high growth rates including electric vehicle (EV) batteries, semiconductor, pharmaceuticals and animal feeds, we expect to see significant and steady rise in the prices of our products across the board.

Going forward, we will focus on continuing to operate efficiently, and moving our utilisation rates higher to take advantage of the current favourable operating margins of our main products. Barring any significant resurgence of COVID-19 in China, we do not anticipate the impact of the COVID-19 pandemic to be material to the production operations of the Group in the coming financial year.

The Company refers to the announcement dated 27 October 2020 in relation to the completion of the placement of 170,000,000 new ordinary shares in the capital of the Company. 100% of the net proceeds will be used for the Company's general working capital which may include investments in asset enhancement and improvement should such need arises. Apart from plant enhancement and improvement, the Group has been constantly exploring potential investment opportunities including acquisition of synergistic businesses or manufacturing facilities, and plant expansion where the market demand for the product is expected to be strong and sustainable. On this front, we are in the process of finalising an expansion plan comprising a new 100,000 ton

methylamine plant adjacent to our current 120,000 ton methylamine/ DMF facility. Details of the proposed expansion plan will be announced in due course.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**  
Nil

**(b)(i) Amount per share (cents)**  
Nil.

**(ii) Previous corresponding period (cents)**  
Nil.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**  
NA.

**(d) The date the dividend is payable.**  
NA.

**(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**  
NA.

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been recommended for the current financial year reported on as the Company was not profitable and was not in a position to declare dividend to Shareholders as at 31 December 2020.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company had at its annual general meeting held on 23 June 2020 obtained shareholders' approval for the renewal of the general mandate for IPTs. Save as disclosed below, there are no other IPTs equal to or above S\$100,000 entered into during FY2020.

Name of interested person / Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	FY2020	FY2020
Anyang Chemical Industry Group Co., Ltd ("Anhua") <sup>(1)</sup>	Sales of Dimethylacetamide ("DMAC")  RMB 0.54 million	Sales of Repair Material, industrial steams and electricity  RMB 64.77 million
	Sales of Raw Materials I  RMB 3.20 million	Purchase of Raw Materials I and II  RMB 342.90 million

		Purchase of Repair Materials RMB 17.68 million
		Rental of equipment RMB 0.79 million
		Advance payment for purchase of Raw Materials I and II <sup>(4)</sup> RMB 51.85 million
Anyang Jiujiu Chemical Technology Co., Ltd <sup>(2)</sup>	Advances given for working capital purposes RMB 4.58 million	Nil
Anyang Jiulong Chemical Co., Ltd <sup>(3)</sup>		Sale of Dimethylamine RMB 39.36 million
		Purchase of electricity and industrial steam RMB 50.81 million
		Rental of equipment RMB 0.69 million
		Advance payment for purchase of electricity and industrial steam <sup>(4)</sup> RMB 21.37 million

Notes:

- (1) Anhua is the holding company of Anyang Longyu (HK) Development Co., Ltd. ("Anyang Longyu"), a controlling shareholder of the Company. Anyang Longyu holds approximately 25.27% of the issued share capital of the Company.
- (2) Anyang Jiujiu is a joint venture between Jiutian Chemical Group Limited and Anyang Jiulong pursuant to which Anyang Jiulong holds 51% and Jiutian Chemical Group Limited holds 49% of the registered capital of Anyang Jiujiu. The effective interest of the Group in Anyang Jiujiu is therefore approximately 74%. However, it was assessed and concluded that the Group has no control but only significant influence over Anyang Jiujiu as the majority voting rights and representative of the board of the directors in Anyang Jiujiu are held by Anyang Jiulong. As Anyang Jiulong is a subsidiary company of HNEC, the parent of Anhua who is in turn the holding company of the controlling shareholder, Anyang Longyu. HNEC would have control over Anyang Jiujiu through Anyang Jiulong.

The Advances were made for Anyang Jiujiu's working capital and were provided by the joint venture partners, namely the Company and Anyang Jiulong, in proportion to their respective equity interest in Anyang Jiujiu and on the same terms and conditions. The Advances are interest-free, payable on demand and is guaranteed by a related party of the Group, Anhua.

Pursuant to Rule 916(3) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst, the Audit Committee of the Company, having considered the terms of the Advances and the joint venture, is of the view that (i) the provision of the Advances is not prejudicial to the interest of the Company and its minority shareholders, and (ii) the risk and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are on normal commercial terms and are not prejudicial to the interest of the Company and its minority shareholders.

- (3) Anyang Jiulong is a joint venture between Jiutian Chemical Group Limited and Anhua and Henan Energy and Chemical Industry Group Co., Ltd. ("HNEC") pursuant to which Anhua holds 15.9% and HNEC holds 35.1% and Jiutian Chemical Group Limited holds 49% of the registered capital of Anyang Jiulong. HNEC is the parent of Anhua.

- (4) The advanced payments to Anhua and Anyang Jiulong for purchase of raw materials was to ensure no interruption to the continuous operation of Anyang Jiutian production plants. The Audit Committee had reviewed the transactions and concurred that these transactions were carried out on normal commercial terms and were not less favourable compared to third party suppliers and were conducted in accordance with the procedures of the IPT mandate. As at 31 January 2021, Anhua and Anyang Jiulong had delivered 48% and 36% respectively of the raw materials against the advance payments.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group has only one major reportable segment, which is manufacturing and selling of chemical-based products, i.e. Methylamine and DMF. All the Group's sales and major assets are in the People's Republic of China. Accordingly, no segment information is presented.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

See paragraph 8 above.

**16. A breakdown of sales**

The following table shows the breakdown of sales and net profit during the first and second halves of FY2020 and FY2019.

Group	FY2020 RMB'000	FY2019 RMB'000	% increase / (decrease)
a) Sales reported for first half year	475,734	596,161	(20.20)
b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	35,569	(13,256)	n/m
c) Sales reported for second half year	670,519	458,299	46.31
d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	138,116	(235,162)	n/m

n/m- not meaningful

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. There were no dividend paid for FY2020 and FY2019.

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

The Board of Directors confirms that there is no person occupying managerial position in the Company or any of its principal subsidiaries who is a relative of a director, executive officer or substantial shareholder of the Company during the financial year and up to the date of this announcement.

**19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in format set out in Appendix 7(H)) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the required format.

**20. Use of Net Proceeds**

The following relates to the net proceeds of S\$9.97 million raised from the Placement that was completed on 27 October 2020:

Purpose	Amount allocated (S\$'000)	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
<b><u>Working capital</u></b>			
- Wages and staff related costs		83	
- Office rental		15	
- Professional fees		24	
- Office expenses		3	
Total	9,967	125	9,842

The use of proceeds is consistent with the Company's proposed use of funds as set out in the announcement dated 27 October 2020.

**21. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A**

Not applicable. During FY2020, there were no incorporation, acquisition or disposal of shares in subsidiaries, associated companies of the Company or in any company which became or ceased to be a subsidiary or an associated company (as the case may be) resulting from such incorporation, acquisition or disposal, as required by Rule 706A.

**BY ORDER OF THE BOARD**

Name: Han Lianguo  
Designation: Non-executive and Non-independent Chairman  
Date: 23 February 2021

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This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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