

News release

Jiutian revenue increased by 30% in 1H2018 and 41% in 2Q2018

The Board of Directors of Jiutian Chemical Group Limited (“Jiutian” and together with its subsidiaries, the “Group”) is pleased to announce that the unaudited net profit of the Group for the half year ended 30 June 2018 (“1H2018”) increased by 25% to RMB37.7 million from RMB30.1 million in the same period in FY2017. The Group’s revenue for 1H2018 was up by 30% from the corresponding prior period. The Group’s revenue for the three months ended 30 June 2018 (“2Q2018”) was up by 41%, while net profit was lower by 36% at RMB15.5 million mainly due to share of loss of RMB14.2 million from the sodium hydrosulfite project.

The significant improvement in the Group’s revenue in 1H2018 was mainly attributed to increase in both sales volume and selling prices of its main products, DMF and methylamine. The sales volume of DMF and Methylamine in 1H2018 were 13.9% and 5.8% higher than that of 1H2017 respectively. Average selling price of DMF in 1H2018 at RMB5,839 per tonne was 5.8% higher than 1H2017. Average selling price of methylamine in 1H2018 at RMB8,802 per tonne was 27% higher than 1H2017. The increase in average selling prices of the products were mainly due to a tighter industry supply arising from production stoppage and cut by other producers for various environmental compliance reasons.

Jiutian’s CEO, Zhou Hong Xuan, said, “We are pleased to see the significant improvement of our operating results in 1H2018 compared to the corresponding prior year period despite the general weakness in sodium hydrosulfite market. Our sodium hydrosulfite project, which commenced commercial production on 31 December 2017, recorded a loss in 1H2018 resulting from additional costs incurred in the fine tuning and adjustment of production processes, and softer than expected sodium hydrosulfite prices. Notwithstanding market price fluctuations, we are confident that we will be able to improve on our production efficiency in 2H2018 which will allow us to reduce our production costs and make our products more competitive.

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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