

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

Unaudited Financial Statement Announcement for the Quarter Ended 30 June 2019.

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 Three months ended 30-Jun-19 RMB'000	Unaudited Group Three months ended 30-Jun-18 RMB'000	Increase/ (Decrease) %	Unaudited Group Six months ended 30-Jun-19 RMB'000	Unaudited Group Six months ended 30-Jun-18 RMB'000	Increase/ (Decrease) %
Revenue	295,521	351,310	(16)	596,161	677,294	(12)
Cost of sales	(273,260)	(300,066)	(9)	(553,595)	(569,664)	(3)
Gross profit	22,261	51,244	(57)	42,566	107,630	(60)
Other income	(428)	955	n/m	1,617	2,446	(34)
Distribution costs	(5,063)	(5,523)	(8)	(12,313)	(12,436)	(1)
Administrative expenses	(5,810)	(8,047)	(28)	(11,619)	(15,142)	(23)
Other expenses	(72)	(26)	177	(25)	60	n/m
Finance costs	(1,440)	(1,668)	(14)	(2,830)	(3,086)	(8)
Share of result of associated companies	(14,174)	(13,248)	7	(26,566)	(21,941)	21
(Loss)/ profit before tax	(4,726)	23,687	n/m	(9,170)	57,531	n/m
Tax expense	(2,238)	(8,210)	(73)	(4,358)	(19,810)	(78)
(Loss)/ profit and total comprehensive (loss)/ income for the period	(6,964)	15,477	n/m	(13,528)	37,721	n/m
(Loss)/ profit and total comprehensive (loss)/ income for the period attributable to:						
Equity holders of the Company	(6,941)	16,086		(13,256)	39,445	
Non-controlling interest	(23)	(609)		(272)	(1,724)	
	(6,964)	15,477		(13,528)	37,721	

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 Three months ended 30-Jun-19	Unaudited Group Three months ended 30-Jun-18	Increase/ (Decrease)	Unaudited Group Six months ended 30-Jun-19	Unaudited Group Six months ended 30-Jun-18	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Profit before tax is arrived at after charging/(crediting):						
Amortisation of deferred income	(16)	(17)	(6)	(32)	(33)	(3)
Amortisation of land use rights	161	165	(2)	322	399	(19)
Depreciation of property, plant and equipment	6,928	7,147	(3)	13,782	14,306	(4)
Interest expenses	1,440	1,663	(13)	2,830	3,081	(8)
Interest income	(371)	(245)	51	(767)	(366)	110
Net loss/ (gain) on disposal of property, plant and equipment	782	-	n/m	(239)	(295)	n/m
Net loss/ (gain) on foreign exchange	72	26	177	25	(60)	(142)

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 30-Jun-19 RMB'000	Audited Group 31-Dec-18 RMB'000	Unaudited Company 30-Jun-19 RMB'000	Audited Company 31-Dec-18 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	279,749	230,437	1,270	1,825
Trade and other receivables	480,659	580,943	119	117
Inventories	37,557	42,512	-	-
Total current assets	797,965	853,892	1,389	1,942
<u>Non-current assets</u>				
Land use rights	4,302	4,624	-	-
Property, plant and equipment	278,949	289,073	-	-
Investment in subsidiary companies	-	-	218,023	218,023
Investment in associated companies	270,646	297,213	339,709	339,709
Deferred tax assets	10,954	12,264	-	-
Total non-current assets	564,851	603,174	557,732	557,732
Total assets	1,362,816	1,457,066	559,121	559,674
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Bank borrowings	120,000	110,000	-	-
Trade and other payables	661,450	736,113	8,545	11,659
Contract liabilities	12,960	22,157	-	-
Income tax payables	-	6,830	-	-
Total current liabilities	794,410	875,100	8,545	11,659
<u>Non-current liabilities</u>				
Deferred income	2,097	2,129	-	-
Total non-current liabilities	2,097	2,129	-	-
<u>Capital and reserves</u>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(123,761)	(110,505)	(110,577)	(113,138)
Equity attributable to equity holders of the Company	537,392	550,648	550,576	548,015
Non-controlling interests	28,917	29,189	-	-
Total equity	566,309	579,837	550,576	548,015
Total liabilities and equity	1,362,816	1,457,066	559,121	559,674

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> As at 30 June 2019		<u>(Audited)</u> As at 31 December 2018	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	120,000	-	110,000	-

Amount repayable after one year

	<u>(Unaudited)</u> As at 30 June 2019		<u>(Audited)</u> As at 31 December 2018	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	-	-	-	-

Details of any collaterals

As at 30 June 2019, there were RMB 90 million (31 December 2018: RMB 80 million) short-term borrowings guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

As at 30 June 2019, there were RMB 30 million (31 December 2018: 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 30 June 2019, there were RMB 237.65 million (31 December 2018: RMB 197.15 million) in bills payable to banks, under trade and other payables. 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 177.65 million (31 December 2018: RMB 167.15 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 Three months ended 30-Jun-19 RMB'000	(Unaudited) Group Three months ended 30-Jun-18 RMB'000	(Unaudited) Group Six months ended 30-Jun-19 RMB'000	(Unaudited) Group Six months ended 30-Jun-18 RMB'000
Cash flows from operating activities				
(Loss)/ profit before tax	(4,726)	23,687	(9,170)	57,531
Adjustments for:				
Amortisation of deferred income	(16)	(17)	(32)	(33)
Amortisation of land use rights	161	165	322	399
Depreciation of property, plant and equipment	6,928	7,147	13,782	14,306
Interest expense	1,440	1,663	2,830	3,081
Interest income	(371)	(245)	(767)	(366)
Net gain on disposal of plant and equipment	782	-	(239)	(295)
Share of result of associated companies	14,175	13,248	26,567	21,941
Operating cash flows before movement in working capital	18,373	45,648	33,293	96,564
Inventories	(10,867)	10,250	4,955	(3,058)
Receivables	(58,737)	(36,333)	112,949	5,906
Payables	56,668	33,839	(125,155)	788
Cash generated from operations	5,437	53,404	26,042	100,200
Interest received	371	245	767	366
Income tax paid	(6,415)	(11,518)	(10,461)	(15,522)
Net cash (used in)/ generated from operating activities	(607)	42,131	16,348	85,044
Cash flows from investing activities				
Advances to associated company	(2,487)	(10,730)	(12,082)	(97,637)
Purchase of property, plant and equipment (Note 1)	(2,707)	839	(3,700)	(629)
Proceed from disposal of property, plant and equipment	-	-	1,021	367
Net cash used in investing activities	(5,194)	(9,891)	(14,761)	(97,899)
Cash flows from financing activities				
Bank borrowings	-	-	10,000	-
Increase in pledged bank deposits	(23,500)	(6,500)	(10,500)	(1,500)
Increase in bill payables to bank	83,500	6,500	40,500	1,500
Interest paid	(1,412)	(1,663)	(2,775)	(3,081)
Proceeds from issuance of ordinary shares to non-controlling interests	-	1,000	-	1,000
Net cash generated from/ (used in) financing activities	58,588	(663)	37,225	(2,081)
Net increase/ (decrease) in cash and cash equivalents	52,787	31,577	38,812	(14,936)
Cash and cash equivalents at beginning of period	49,312	17,200	63,287	63,713
Cash and cash equivalents at end of period	102,099	48,777	102,099	48,777
Cash and bank balances at end of period	279,749	135,277	279,749	135,277
Less: Pledged bank deposit	(177,650)	(86,500)	(177,650)	(86,500)
	102,099	48,777	102,099	48,777
Note 1: Purchase of property, plant and equipment				
Aggregate cost of property, plant and equipment acquired	2,707	(839)	4,440	629
Add: outstanding payables at the beginning of the period	29,590	24,456	28,850	24,456
Less: outstanding payables at the end of the period	(29,590)	(24,456)	(29,590)	(24,456)
	2,707	(839)	3,700	629

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	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>					
Balance at 1 April 2019 (Unaudited)	661,153	(116,820)	544,333	28,940	573,273
Loss and total comprehensive loss for the financial period	-	(6,941)	(6,941)	(23)	(6,964)
Balance at 30 June 2019 (Unaudited)	661,153	(123,761)	537,392	28,917	566,309
Balance at 1 April 2018 (Unaudited)	661,153	(109,225)	551,928	25,702	577,630
Capital injection by non-controlling interest	-	-	-	1,000	1,000
Profit/(loss) and total comprehensive income/(loss) for the financial period	-	16,086	16,086	(609)	15,477
Balance at 30 June 2018 (Unaudited)	661,153	(93,139)	568,014	26,093	594,107

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
Balance at 1 April 2019 (Unaudited)	661,153	(108,721)	552,432
Loss and total comprehensive loss for the financial period	-	(1,856)	(1,856)
Balance at 30 June 2019 (Unaudited)	661,153	(110,577)	550,576
Balance at 1 April 2018 (Unaudited)	661,153	(123,848)	537,305
Loss and total comprehensive loss for the financial period	-	(1,782)	(1,782)
Balance at 30 June 2018 (Unaudited)	661,153	(125,630)	535,523

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, 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 March 2019 and 30 June 2019	1,818,444,000	661,152,648

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

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.

The total number of issued shares (excluding treasury shares) of the Company are:

	Number of shares	Issued and paid-up share capital
		RMB
As at 31 December 2018 and 30 June 2019	1,818,444,000	661,152,648

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 period 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 qualifications or emphasis of a matter).

Not applicable.

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 Group's financial statements for the current financial reporting period is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC").

Other than adoption of new framework and the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, there were no changes in accounting policies and methods of the computation adopted in the financial statements for the current period as compared to the most recent audited annual financial statements as at 31 December 2018.

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.

The Group and the Company have adopted all new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2019, where applicable. The adoption of new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the current financial reporting period.

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 Three months ended 30 June 2019	(Unaudited) Group Three months ended 30 June 2018	(Unaudited) Group Six months ended 30 June 2019	(Unaudited) Group Six months ended 30 June 2018
Basic/ Diluted (loss)/ earnings per share (RMB fen)	(0.38)	0.88	(0.73)	2.17

LPS/EPS for the respective financial periods are computed based on the net (loss)/profit attributable to equity holders of the Company and the weighted average number of the shares of 1,818,444,000.

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

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 30 June 2019	(Audited) Group 31 Dec 2018	(Unaudited) Company 30 June 2019	(Audited) Company 31 Dec 2018
Net asset value per ordinary share (RMB fen)	29.55	30.28	30.28	30.14

Net asset value per ordinary share as at 30 June 2019 and 31 December 2018 respectively have been computed based on total issued shares (excluding treasury shares) of 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

2Q2019

Revenues decreased mainly due to decreases in selling price of Dimethylformamide ("**DMF**") and Methylamine partially offset with the increase in sale volume of Methylamine. For 2Q2019, average selling prices of DMF and Methylamine were RMB 4,275 per tonne and RMB 7,526 per tonne respectively, which were 24% and 11% lower than that for 2Q2018. The decrease in average selling prices of the products were mainly due to challenging market condition. Sales volume of DMF and Methylamine in 2Q2019 were 9% lower and 2% higher than that of 2Q2018 respectively.

Between 2Q2018 to 2Q2019, capacity utilisation of the Anyang Jiutian DMF plant increased from 71% in 75%, whilst capacity utilisation of the Anyang Jiutian methylamine plant remained at 100%.

Gross profit margin decreased mainly due to the lower selling prices during the financial period.

Other income decreased mainly due to a loss on disposal of property, plant and equipment of RMB 0.78 million and the absence of receipt of government grant of RMB 0.6 million that was present in 2Q2018.

Distribution costs decreased mainly due to a decrease of transportation costs under Anyang Jiutian in line with lower sales volume of DMF during the financial period.

Administrative expenses decreased mainly due to lower staff related expenses as lesser performance bonus given against the corresponding period.

The decrease in finance cost was mainly due to an absence of interest expense of 0.28 million on a short term borrowings incurred by the subsidiary Henan Herunsheng Isotope Technology Co., Ltd. that was present in 2Q2018.

Share of results of associated companies in 2Q2019 mainly pertains to:

- (i) share of loss of RMB 3.03 million (2Q2018: share of profit RMB 1.00 million) from the Company's 49% associated company, Anyang Jiulong Chemical Co., Ltd ("**Anyang Jiulong**"); Anyang Jiulong generated revenue from the production and sales of dimethylacetamide ("**DMAC**") to third parties, industrial steam and electricity to Anyang Jiutian and Anhua; and
- (ii) share of loss of RMB 11.14 million (2Q2018: share of loss of RMB 14.20 million) from Anyang Jiujiu Chemical Technology Co., Ltd ("**Anyang Jiujiu**"), an associated company in which the Group has an effective interest of 74%. Anyang Jiujiu generated revenue from sales of sodium hydrosulfite and its main feedstocks which are sodium metabisulfite and liquid sulphur dioxide. Anyang Jiujiu suffered a financial loss in 2Q2019 due to low production level of its sodium hydrosulfite facility arising from strict industry-wide environmental controls and lowered product prices as a result of decreased demand caused by ongoing global trade tensions.

Commentaries on balance sheet and cash flow

Group's balance sheet:

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

- a. a decrease in trade receivables of RMB 112.95 million as a result of higher collection; partially offset by an increase in advances of RMB 12.09 million to Anyang Jiujiu for its working capital, The said advances were provided in proportion to the Group's effective interest in Anyang Jiujiu;
- b. a decrease in inventories due largely to lesser finished goods kept as at 30 June 2019; and
- c. partially offset by an increase in cash and cash equivalents due largely to cash generated from operating activities and financing activities as presented in the cash flow statements.

The Group's non-current assets decreased largely due to:

- a. The decrease in investment in associated companies arising from share of loss from associated companies as explained in the preceding paragraphs; and
- b. The decrease in property, plant and equipment comprising mainly of depreciation charges partially offset by purchase of property, plant and equipment of RMB 4.44 million.

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

- a. Decrease in gross trade and other payables of RMB 115.95 million due to higher repayment during the financial period, partially offset with an increase in trade bills payables to banks of RMB 40.50 million as more suppliers opted for trade bills as a form of repayment;
- b. Decrease in contract liabilities of RMB 9.20 million due to lesser advance receipts from customers.
- c. Absence of income tax payable of RMB 6.83 million attributable to losses incurred for the financial period; and
- d. Partially offset by a drawdown of bank borrowings of RMB 10.00 million during the 3 months' financial period ending 31 March 2019.

Working Capital

The Group is in a net current assets position as at 30 June 2019 of RMB 3.56 million.

Group's cash flow

Net cash used in operating activities of RMB 0.61 million in 2Q2019 was mainly due to loss before tax, adjustment for depreciation of property, plant and equipment and outflow from working capital changes mainly due to increase in inventory, trade receivables and trade payables.

Net cash used in investing activities of RMB 5.19 million in 2Q2019 was mainly due to advance provided to Anyang Jiujiu for working capital purposes and purchase of property, plant and machinery.

Net cash generated from financing activities of RMB 58.59 million in 2Q2019 was mainly due to increase in bill payables to banks of RMB 83.50 million partially offset by an increase in pledged bank deposit of RMB 23.50 million and interest paid during the financial period.

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.

As stated in the last quarter's commentary, our main products of DMF and Methylamine continue to face margin squeeze arising from weaker demand for these chemical products. The main challenge faced by the Group since FY2018 is the low production level and poor product prices of sodium hydrosulfite arising from weak demand, which is expected to remain, as China's economy continues to slow down.

The Group will continue monitor the market condition closely, adapting its business strategies as and when appropriate.

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 period reported on. The Company wishes to reserve adequate resources for the Company's ongoing projects and to respond to any adverse changes in the macroeconomic environment.

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 25 April 2019 obtained its 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 in 1H2019.

Name of interested person	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)
Anyang Chemical Industry Group Co., Ltd	Sales of DMAC RMB 2.02 million	Sales of Repair Material, industrial steams and electricity RMB 35.31 million
		Purchase of Raw Materials I and II (as defined in shareholders' mandate) RMB 92.97 million
		Purchase of Repair Materials RMB 8.71 million
		Rental of equipment RMB 0.32 million
Anyang Jiujiu Chemical Technology Co., Ltd	Advances given for working capital purposes RMB 12.09 million	Nil
Anyang Jiulong Chemical Co., Ltd	Nil	Sale of Dimethylamine RMB 17.20 million
		Purchase of electricity and industrial steam RMB 76.30 million

Notes:

Anhua is the holding company of Anyang Longyu (HK) Development Co., Ltd. ("Anyang Longyu"), a major shareholder of the Company. Anyang Longyu holds approximately 27.63% of the issued share capital of the Company.

Anyang Jiulong is a joint venture between Jiutian Chemical Group Limited and Anhua pursuant to which Anhua holds 51% and Jiutian Chemical Group Limited holds 49% of the registered capital of Anyang Jiulong.

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 advances were for Anyang Jiujiu's working capital and provided in proportion to the Group's effective interest in Anyang Jiujiu.

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Han Lianguo and Wang Gang, being two directors of Jiutian Chemical Group Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Company and the Group for the second quarter ended 30 June 2019 to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Name: Han Lianguo
Designation: Non-executive and Non-independent Chairman
Date: 13 August 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).