

# JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

## Unaudited Financial Statement Announcement for the Quarter Ended 31 December 2017.

### 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 31-Dec-17 RMB'000	Unaudited Group Three months ended 31-Dec-16 RMB'000	Increase/ (Decrease) %	Unaudited Group Twelve months ended 31-Dec-17 RMB'000	Audited Group Twelve months ended 31-Dec-16 RMB'000	Increase/ (Decrease) %
Revenue	371,461	249,989	49	1,124,439	708,512	59
Cost of sales	(311,285)	(243,121)	28	(976,296)	(669,077)	46
Gross profit	60,176	6,868	776	148,143	39,435	276
Other income	1,383	5,576	(75)	3,293	9,506	(65)
Distribution costs	(4,669)	(6,085)	(23)	(19,583)	(16,873)	16
Administrative expenses	(7,001)	(6,050)	16	(27,638)	(24,624)	12
Other expenses	(1,593)	56	n/m	(1,703)	(551)	209
Finance costs	(1,470)	(1,579)	(7)	(5,381)	(5,496)	(2)
Share of result of associated companies	(6,236)	(4,886)	28	(6,716)	(1,136)	491
Profit/ (loss) before tax	40,590	(6,100)	n/m	90,415	261	34,542
Tax (expense)/ credit	(12,741)	98	n/m	(20,340)	98	n/m
Profit/ (loss) and total comprehensive income/ (loss) for the period	27,849	(6,002)	n/m	70,075	359	19,419
Profit/ (loss) and total comprehensive income/ (loss) for the period attributable to:						
Equity holders of the Company	28,104	(5,848)		70,817	586	
Non-controlling interest	(255)	(154)		(742)	(227)	
	27,849	(6,002)		70,075	359	

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 31-Dec-17 RMB'000	Unaudited Group Three months ended 31-Dec-16 RMB'000	Increase/ (Decrease) %	Unaudited Group Twelve months ended 31-Dec-17 RMB'000	Audited Group Twelve months ended 31-Dec-16 RMB'000	Increase/ (Decrease) %
Profit/ (loss) before tax is arrived at after charging/(crediting):						
Amortisation of deferred income	(16)	(16)	-	(65)	(65)	-
Amortisation of land use rights	233	233	-	933	934	-
Depreciation of property, plant and equipment	8,170	7,699	6	30,171	28,739	5
Interest expense	1,470	1,579	(7)	5,381	5,496	(2)
Interest income	(74)	(127)	(42)	(322)	(957)	(66)
Net loss on disposal of property, plant and equipment	800	-	n/m	800	360	122
Net (gain)/ loss on foreign exchange	(5)	(57)	(91)	97	190	(49)
Property, plant and equipment written off	773	-	n/m	781	-	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 31-Dec-17 <u>RMB'000</u>	Audited Group 31-Dec-16 <u>RMB'000</u>	Unaudited Company 31-Dec-17 <u>RMB'000</u>	Audited Company 31-Dec-16 <u>RMB'000</u>
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	148,713	29,608	2,346	2,288
Trade and other receivables	648,334	498,323	66	81
Inventories	36,568	21,628	-	-
<b>Total current assets</b>	<b><u>833,615</u></b>	<b><u>549,559</u></b>	<b><u>2,412</u></b>	<b><u>2,369</u></b>
<b><u>Non-current assets</u></b>				
Land use rights	5,345	6,278	-	-
Property, plant and equipment	305,320	307,988	-	-
Investment in subsidiary companies	-	-	203,023	87,027
Investment in associated companies	345,596	352,312	339,709	339,709
Deferred tax assets	12,157	13,596	-	-
<b>Total non-current assets</b>	<b><u>668,418</u></b>	<b><u>680,174</u></b>	<b><u>542,732</u></b>	<b><u>426,736</u></b>
<b>Total assets</b>	<b><u>1,502,033</u></b>	<b><u>1,229,733</u></b>	<b><u>545,144</u></b>	<b><u>429,105</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Bank borrowings	110,000	70,000	-	-
Trade and other payables	824,544	623,894	11,658	10,897
Income tax payables	11,909	269	-	-
<b>Total current liabilities</b>	<b><u>946,453</u></b>	<b><u>694,163</u></b>	<b><u>11,658</u></b>	<b><u>10,897</u></b>
<b><u>Non-current liabilities</u></b>				
Bank borrowings	-	50,000	-	-
Deferred income	194	259	-	-
<b>Total non-current liabilities</b>	<b><u>194</u></b>	<b><u>50,259</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>Capital and reserves</u></b>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(132,584)	(203,401)	(127,667)	(242,945)
<b>Equity attributable to equity holders of the Company</b>	<b><u>528,569</u></b>	<b><u>457,752</u></b>	<b><u>533,486</u></b>	<b><u>418,208</u></b>
Non-controlling interests	26,817	27,559	-	-
<b>Total equity</b>	<b><u>555,386</u></b>	<b><u>485,311</u></b>	<b><u>533,486</u></b>	<b><u>418,208</u></b>
<b>Total liabilities and equity</b>	<b><u>1,502,033</u></b>	<b><u>1,229,733</u></b>	<b><u>545,144</u></b>	<b><u>429,105</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> As at 31 December 2017		<u>(Audited)</u> As at 31 December 2016	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	110,000	-	70,000	-

**Amount repayable after one year**

	<u>(Unaudited)</u> As at 31 December 2017		<u>(Audited)</u> As at 31 December 2016	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	-	-	50,000	-

Details of any collaterals

As at 31 December 2017, there were RMB 80 million (31 December 2016: RMB 40 million) short-term borrowings guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

As at 31 December 2017 and 31 December 2016, RMB 30 million of the short-term borrowings was guaranteed by a related party of the Group, Henan Energy and Chemical Co., Ltd ("HNEC"). In addition, property, plant and equipment with carrying value of RMB 60 million and a security deposit of RMB 3 million were pledged to HNEC for the aforementioned corporate guarantee provided.

As at 31 December 2017, there were no non-current borrowings (31 December 2016: RMB 40 million) guaranteed by Anhua.

Bills payable to banks

As at 31 December 2017, there were RMB 85.0 million (31 December 2016: RMB 15.5 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 85.0 million (31 December 2016: RMB 15.5 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 31-Dec-17 RMB'000	(Unaudited) Group Three months ended 31-Dec-16 RMB'000	(Unaudited) Group Twelve months ended 31-Dec-17 RMB'000	Audited Group Twelve months ended 31-Dec-17 RMB'000
<b>Cash flows from operating activities</b>				
Profit/ (loss) before tax	40,590	(6,100)	90,415	261
Adjustments for:				
Amortisation of deferred income	(16)	(16)	(65)	(65)
Amortisation of land use rights	233	233	933	934
Depreciation of property, plant and equipment	8,170	7,699	30,171	28,739
Interest expense	1,470	1,579	5,381	5,496
Interest income	(74)	(127)	(322)	(957)
Net loss on disposal of property, plant and equipment	800	-	800	360
Property, plant and equipment written off	773	-	781	-
Share of result of associated companies	6,236	4,886	6,716	1,136
Unrealised exchange gain	(50)	(165)	(50)	(165)
Operating cash flows before movement in working capital	<b>58,132</b>	7,989	<b>134,760</b>	35,739
Inventories	(14,356)	3,342	(14,940)	3,536
Receivables	(123,873)	(63,908)	(152,387)	(69,251)
Payables	151,252	27,018	128,134	39,315
Cash generated from /(used in) operations	<b>71,155</b>	(25,559)	<b>95,567</b>	9,339
Interest received	74	51	322	300
Income tax paid	(2,751)	-	(2,751)	-
Net cash generated from/(used in) operating activities	<b>68,478</b>	(25,508)	<b>93,138</b>	9,639
<b>Cash flows from investing activities</b>				
Advances to associated company	(13,096)	31,457	(3,539)	(37,355)
Purchase of property, plant and equipment (Note 1)	(1,176)	(11,798)	(26,440)	(40,959)
Proceed from disposal of property, plant and equipment	348	-	348	39
Repayment of advances to related parties	-	11,646	1,404	17,646
Net cash (used in)/ generated from investing activities	<b>(13,924)</b>	31,305	<b>(28,227)</b>	(60,629)
<b>Cash flows from financing activities</b>				
Drawdown of bank borrowings	-	-	60,000	70,000
Repayment of bank borrowings	-	-	(70,000)	(15,000)
Decrease/(increase) in pledged bank deposits	14,000	18,500	(69,500)	6,800
(Decrease)/ increase in bill payables to bank	(14,000)	(18,500)	69,500	(21,800)
Decrease in pledged bank balance	-	-	-	2,000
Interest paid	(1,360)	(1,402)	(5,271)	(5,319)
Net cash (used in)/ generated from financing activities	<b>(1,360)</b>	(1,402)	<b>(15,271)</b>	36,681
Net increase/ (decrease) in cash and cash equivalents	<b>53,194</b>	4,395	<b>49,640</b>	(14,309)
Cash and cash equivalents at beginning of period	10,554	9,837	14,108	28,541
Effect of exchange rate changes on cash and cash equivalents	(35)	(124)	(35)	(124)
Cash and cash equivalents at end of period	<b>63,713</b>	14,108	<b>63,713</b>	14,108
Cash and bank balances at end of period	<b>148,713</b>	29,608	<b>148,713</b>	29,608
Less: Pledged bank deposit	(85,000)	(15,500)	(85,000)	(15,500)
	<b>63,713</b>	14,108	<b>63,713</b>	14,108
<b>Note 1:Purchase of property, plant and equipment</b>				
Aggregate cost of property, plant and equipment acquired	4,168	43,096	29,432	60,157
Add: outstanding payables at the beginning of the period	19,316	7,443	19,316	7,443
Less: outstanding payables at the end of the period	(22,308)	(19,316)	(22,308)	(19,316)
Less: advance payments at the beginning of the period	-	(19,425)	-	(7,325)
	<b>1,176</b>	11,798	<b>26,440</b>	40,959

**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 holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>					
<b>Balance at 1 January 2017</b>	661,153	(203,401)	457,752	27,559	485,311
Profit/ (loss) and total comprehensive income (loss) for the financial year	-	70,817	70,817	(742)	70,075
<b>Balance at 31 December 2017 (Unaudited)</b>	<b>661,153</b>	<b>(132,584)</b>	<b>528,569</b>	<b>26,817</b>	<b>555,386</b>
<b>Balance at 1 January 2016</b>	661,153	(203,987)	457,166	27,786	484,952
Profit/ (loss) and total comprehensive income (loss) for the financial year	-	586	586	(227)	359
<b>Balance at 31 December 2016</b>	<b>661,153</b>	<b>(203,401)</b>	<b>457,752</b>	<b>27,559</b>	<b>485,311</b>

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
<b>Balance at 1 January 2017</b>	661,153	(242,945)	418,208
Profit and total comprehensive income for the financial year	-	115,278	115,278
<b>Balance at 31 December 2017 (Unaudited)</b>	<b>661,153</b>	<b>(127,667)</b>	<b>533,486</b>
<b>Balance at 1 January 2016</b>	661,153	(237,790)	423,363
Loss and total comprehensive loss for the financial year	-	(5,155)	(5,155)
<b>Balance at 31 December 2016</b>	<b>661,153</b>	<b>(242,945)</b>	<b>418,208</b>

**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 30 September 2017	1,818,444,000	661,152,648
As at 31 December 2017	1,818,444,000	661,152,648

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 December 2017 and 31 December 2016.

**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 2017 and 31 December 2016. The total number of issued shares of the Company are:

	Number of shares	Issued and paid-up share capital
		RMB
As at 31 December 2016 and 31 December 2017	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 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 or 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.**

Except as disclosed in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period compared to the most recently audited financial statements for the financial year ended 31 December 2016.

**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 has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017, where applicable. The adoption of these standards from the effective date did not result in substantial changes to the Group's accounting policies, and there is no material impact to the financial statements of the Group for the financial year ended 31 December 2017.

**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 31 Dec 2017	(Unaudited) Group Three months ended 31 Dec 2016	(Unaudited) Group Twelve months ended 31 Dec 2017	(Audited) Group Twelve months ended 31 Dec 2016
Basic/ Diluted earnings/ (loss) per share (RMB fen)	1.55	(0.32)	3.89	0.03

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 1,818,444,000.

The basic and diluted EPS/LPS are the same as there were no potentially dilutive ordinary shares outstanding during the respective financial 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 31 Dec 2017	(Audited) Group 31 Dec 2016	(Unaudited) Company 31 Dec 2017	(Audited) Company 30 Dec 2016
Net asset value per ordinary share (RMB fen)	29.07	25.17	29.34	23.00

Net asset value per ordinary share as at 31 December 2017 and 31 December 2016 respectively have been computed based on total issued 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**

#### **FY2017**

Revenue in FY2017 increased by 59% from RMB 708.5 million in FY2016 to RMB 1,124.4 million, mainly due to increases in both sales volume and selling price of DMF and Methylamine (collectively, the “**Products**”). Sales volumes of DMF and Methylamine in FY2017 were 8% and 16% higher than that of FY2016 respectively. For FY2017, average selling prices per tonne of DMF and Methylamine were RMB 5,527 and RMB 7,558 respectively, which were 33% and 49% higher than that of FY2016. The increase in average selling prices was mainly due to a tighter industry supply arising from production stoppages and cuts by other producers for environmental reasons.

Between FY2016 to FY2017, capacity utilisation at the Anyang Jiutian DMF plant increased from 57% to 65%, whilst capacity utilisation at the Anyang Jiutian Methylamine plant increased from 92% to 100%.

Gross profit increased from RMB 39.4 million in FY2016 to RMB 148.1 million in FY2017 correspondingly with the increase in revenue, while gross profit margins increased from 6% in FY2016 to 13% in FY2017 mainly due to the higher selling prices during the financial year.

Other income decreased by 65% to RMB 3.3 million in FY2017 mainly due to an absence of a one-off government grants amounting to RMB 3.0 million present in FY2016 and lower interest income, rental income and management fees received.

Distribution costs increased by 16% to RMB 19.6 million in FY2017, in line with the increase in sales volume of the Products and increase in transportation costs as more customers opted to purchase goods inclusive of transportation rather than ex-factory.

Administrative expenses increased by 12% to RMB 27.6 million in FY2017 mainly due to higher staff and related cost incurred in subsidiary companies (Anyang Jiutian Fine Chemical Co., Ltd and Henan Herunsheng Isotope Technology Co., Ltd.).

Other expenses for FY2017 mainly consists of property, plant and equipment written off of RMB 0.8 million (FY2016: Nil) and loss on disposal of property, plant and equipment RMB 0.8 million (FY2016: RMB 0.4 million).

Share of result of associated companies mainly pertains to share of loss from Anyang Jiulong and Anyang Jiujiu, of RMB 5.7 million and RMB 1.0 million respectively. Anyang Jiulong generated revenue from the production and sales of DMAC to third parties, industrial steam and electricity to Anyang Jiutian and Anhua, while Anyang Jiujiu generated revenue from sales of the main feedstocks of sodium hydrosulfite which are mainly sodium metabisulfite and liquid sulphur dioxide. Both Anyang Jiulong and Anyang Jiujiu suffered financial losses mainly due to an order from the Environmental Protection Department of Anyang City to limit the production of the chemical industry, to effectively control and reduce air pollution during the year-end winter period. Both Anyang Jiulong and Anyang Jiujiu have resumed their operations on 31 December 2017.

**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 balance sheet and cash flow**

**Group's balance sheet:**

The Group's current assets as at 31 December 2017 was RMB 833.6 million, an increase of RMB 284.0 million from RMB 549.6 million as at 31 December 2016. The net increase was largely attributed to:

- a. An increase in cash and cash equivalents of RMB 119.1 million mainly due to cash generated from operating activities;
- b. An increase in inventories of RMB 15.0 million, mainly due to higher cost of raw material; and
- c. An increase in trade and other receivables of RMB 150.0 million mainly due to (i) the increase in trade receivables of RMB 147.8 million consistent with the increase in revenue in FY2017; (ii) further advances of RMB 3.6 million to Anyang Jiujiu for working capital; and partially offset by a repayment of RMB 1.4 million from a related party.

The Group's non-current assets decreased by RMB 11.8 million due largely to share of loss of associated companies of RMB 6.7 million and utilisation of deferred tax assets of RMB 1.4 million.

The Group's current liabilities as at 31 December 2017 was RMB 946.5 million, an increase of RMB 252.3 million from RMB 694.2 million as at 31 December 2016, largely attributed to:

- a. An increase in trade bills payables to banks of RMB 69.5 million as more suppliers opted for trade bills as a form of repayment;
- b. An overall increase in trade and other payables of RMB 131.1 million in line with higher cost of sales in FY2017 as compared to FY2016;
- c. Reclassification of non-current bank borrowings of RMB 50.0 million to current liabilities;
- d. Increase in tax payables of RMB 11.7 million due to profit generated during the financial year and fully utilized prior year tax losses carried forward; and
- e. Partially offset by repayment of bank borrowings of RMB 10.0 million.

**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 balance sheet and cash flow (cont'd)**

**Working Capital**

As at 31 December 2017, current liabilities of the Group exceeds current assets by RMB 112.8 million attributable to the losses incurred in prior years. The Group believes that it will be able to repay its current liabilities as and when it falls due as a part of the Group's current liabilities are owing to its principal supplier and strategic partner, Anhua Group and to its associated company, Anyang Jiulong of RMB 147.4 million, the Group has obtained continued financial support from Anhua and Anyang Jiulong, which had agreed to defer payments of trade payables owing to them till Anyang Jiutian is able to settle its other liabilities.

With the continued financial support from Anhua Group and Anyang Jiulong, the Board believes that the Group will be able to operate as a going concern, despite the negative working capital.

**Group's cash flow**

**FY2017**

Net cash generated from operating activities of RMB 93.1 million in FY2017 was mainly due to higher profit before tax and adjustment of depreciation of property, plant and equipment partially offset by outflow from working capital changes.

Net cash used in investing activities of RMB 28.2 million in FY2017 was mainly due to additions of property, plant and machinery.

Net cash used in financing activities of RMB 15.3 million in FY2017 was mainly due to net repayment of bank borrowings and interest paid during the financial year.

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

The Group's profitability for 4Q2017 was in line with the Paragraph 10 commentary within the Company's 3Q2017 results announcement for the financial period ended 30 September 2017.

**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.**

Currently, our DMF and methylamine plants are operating at high efficiency levels, with the market price of both our products remaining stable. Meanwhile, the management remains optimistic about the market demand of our products.

For 1Q2018, sales volume of the products is expected to be impacted as our manufacturing customers traditionally halt productions during the Chinese New Year festive period. Notwithstanding, barring any unforeseen circumstances and assuming a stable trend of product prices of DMF and Methylamine, the management expects the Group to remain profitable in 1Q2018.

**11. Dividend****(a) Current Financial Period Reported On**

Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Nil

**(c) Date payable**

NA.

**(d) Books closure date**

NA.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been recommended for the current financial year reported on.

**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.**

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)
	FY2017	FY2017
Anyang Chemical Industry Group Co., Ltd	(a) One-off interest payment by Anyang Jiujiu Chemical Technology Co., Ltd with respect to loan provided by Anyang Chemical  RMB 4.86 million	(b) Sales of Repair Material, industrial steams and electricity  RMB 40.92 million
		(c) Purchase of Raw Materials I and II (as defined in shareholders' mandate)  RMB 156.95 million
		(d) Purchase of Repair Materials  RMB 12.77 million
		(e) Rental of equipment  RMB 2.57 million
Anyang Jiulong Chemical Co., Ltd	(f) Rental of equipment by Anyang Jiutian Fine Chemical Co., Ltd.  RMB 0.61 million	(g) Purchase of electricity and industrial steam  RMB 130.21 million
		(h) Sale of Dimethylamine  RMB 30.49 million

Transaction (a) and (f) represented approximately 1.04% and 0.13% of the Group latest audited net tangible assets of RMB 465.44 million respectively.

Save as disclosed above, there are no other IPTs above S\$100,000 in FY2017.

**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 business or geographical 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 business or geographical segments.**

See paragraph 14 above.

**16. A breakdown of sales**

The following table shows the breakdown of sales and net profit during the first and second halves of FY2017 and FY2016.

<b>Group</b>	<b>FY2017 RMB'000</b>	<b>FY2016 RMB'000</b>	<b>% increase / (decrease)</b>
a) Sales reported for first half year	519,707	313,343	65.9
b) Net profit attributable to the equity holders of the Company for the first half year	30,571	5,858	421.9
c) Sales reported for second half year	604,732	395,169	53.0
d) Net profit/ (loss) attributable to the equity holders of the Company for the second half year	40,246	(5,272)	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.

**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 as at 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.

**BY ORDER OF THE BOARD**

Name: Zhou Hongxuan  
Designation: Chief Executive Officer  
Date: 23 February 2018

*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 Catalist. 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.*

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