
MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of Directors of Jiutian Chemical Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the unaudited full year financial results announcements for the financial year ended 31 December 2019 (“**FY2019**”) released via the SGXNet on 26 February 2020 (the “**Unaudited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Company would like to announce and clarify the material variances between the Unaudited Financial Statements and the audited financial statements for the financial year ended 31 December 2019 (“**Audited Financial Statements**”).

The material variances between the Audited Financial Statements and the Unaudited Financial Statements, and the explanations thereon, are set out as follows:

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2019

	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance		Notes
			RMB'000	%	
Other expenses	129,067	96,753	32,314	33	1
Impairment loss on financial assets	17,893	-	17,893	nm	1

nm: not meaningful

Notes:

- (1) Additional impairment loss on property, plant and equipment amounting to RMB50,207,000, was recognised in other expenses. The impairment loss on financial assets was a reclassification from other expenses.

The additional impairment loss on property, plant and equipment arose following the finalisation of the periodic assessment of the recoverable amounts based on expected future cash flows derived from the property, plant and equipment of its subsidiary, Henan Herunsheng Isotope Technology Co., Ltd. (“**Herunsheng**”).

As Herunsheng recorded losses in the current and previous financial years, Management had performed an impairment review on the carrying amount of property, plant and equipment and assessed it vis a vis the recoverable amounts based on expected future cash flows derived from the property, plant and equipment of Herunsheng. As a result of the additional impairment loss, the carrying value of the Group’s property, plant and equipment reduced by RMB 50,207,000 and the accumulated losses and non-controlling interest decreased by RMB 22,593,000 and RMB 27,614,000 respectively.

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated statement of Financial Position as at 31 December 2019

	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance		Notes
			RMB'000	%	
<u>NON-CURRENT ASSETS</u>					
Property, plant and equipment	208,433	258,642	50,207	(19)	1
<u>CURRENT LIABILITIES</u>					
Bank borrowings	444,098	120,000	324,098	270	2
Trade and other payables	423,835	754,670	(330,835)	44	2,3
Contract liabilities	20,491	13,754	6,737	49	3
<u>CAPITAL AND RESERVES</u>					
Accumulated losses	(358,923)	(336,330)	(22,593)	(7)	1
Non-controlling interests	(1,285)	26,329	(27,614)	nm	1

nm: not meaningful

Notes:

- (2) Reclassification of bill payables to banks from trade and other payables to bank borrowings.
(3) Reclassification of contract liabilities from trade and other payables to contract liabilities.

By Order of the Board,

HAN LIANGUO
Non-Executive and Non-Independent Chairman
Date: 1 April 2020

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 Catalyst.

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).